

U. S. Congress.

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE
SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 78—PART 5

MARCH 15, 1934, to MARCH 28, 1934

(Pages 4565 to 5692)



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

CONSTITUTIONAL HISTORY

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE
SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 13—PART 2

WASHINGTON: U.S. GOVERNMENT PRINTING OFFICE
(1915)



26,479

Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

THURSDAY, MARCH 15, 1934

The Chaplain, Rev. Z. Barney T. Phillips, D.D., offered the following prayer:

O God, the fountain of wisdom, whose statutes are good and gracious, and whose law is truth, redeem, we humbly beseech Thee, Thy promises of old, and put Thy law in our inward parts and write it in our hearts; for so shalt Thou be our God and we shall be Thy people. Pour out Thy spirit upon us, that our sons and our daughters may prophesy, our old men may dream dreams, our young men may see visions; and as the soul of our Nation becomes conscious of a will for creation, grant that this awakening may be manifest in a fragrant flowering of holiness in our lives, a perfect obedience to Thy will.

We dare not trust ourselves, for we are weakness; but, casting all our care upon Thee, do Thou bring us home at last, where Thy children shall be safe forever in their Father's house, the sheep gathered forever into the Shepherd's fold. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On motion of Mr. ASHURST, and by unanimous consent, the reading of the Journal for the calendar day of Wednesday, March 14, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, and 23 to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. GRANFIELD, Mr. WIGGLESWORTH, and Mr. GOSS were appointed managers on the part of the House at the conference; and that the House had agreed to the amendments of the Senate numbered 14 and 22 to the said bill, each with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. ASHURST. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Caraway	Cutting
Ashurst	Borah	Carey	Davis
Bachman	Brown	Clark	Dickinson
Bailey	Bulkey	Connally	Dieterich
Bankhead	Bulow	Coolidge	Dill
Barbour	Byrd	Copeland	Duffy
Barkley	Byrnes	Costigan	Erickson
Black	Capper	Couzens	Fess

Fletcher	Keyes	Nye	Stephens
Frazier	King	O'Mahoney	Thomas, Okla.
George	La Follette	Overton	Thomas, Utah
Gibson	Lewis	Patterson	Thompson
Glass	Logan	Pittman	Townsend
Goldsbrough	Loneragan	Pope	Trammell
Gore	Long	Reed	Tydings
Hale	McAdoo	Reynolds	Vandenberg
Harrison	McCarran	Robinson, Ark.	Van Nuys
Hastings	McGill	Robinson, Ind.	Wagner
Hatch	McKellar	Russell	Walcott
Hatfield	McNary	Schall	Walsh
Hayden	Metcalf	Sheppard	Wheeler
Hebert	Murphy	Shipstead	White
Johnson	Neely	Smith	
Kean	Norris	Steiwer	

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. AUSTIN] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Ninety-four Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from Max Adler, of Bridgeport, Conn., praying for the passage of legislation for the benefit of war veterans, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Women's Bar Association, of Brooklyn, N.Y., favoring the passage of legislation to permit the sending of birth-control information through the mails, which was referred to the Committee on the Judiciary.

Mr. KEYES presented a resolution adopted by the Woman's Christian Temperance Union of East Manchester, N.H., favoring the holding of prompt hearings and favorable action on House bill 6097, the so-called "Patman motion-picture bill", providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

Mr. COPELAND presented a concurrent resolution of the Legislature of the State of New York memorializing Congress to provide Federal funds to supplement the appropriations of the State of New York for the proper river regulation and flood control of waterways in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley north of the Federal lock at Troy, N.Y., which was referred to the Committee on Appropriations.

(See resolution printed in full when laid before the Senate by the Vice President on the 12th instant, p. 4227, CONGRESSIONAL RECORD.)

Mr. COPELAND also presented a resolution adopted by the Buffalo (N.Y.) Chamber of Commerce protesting against certain provisions in proposed legislation to regulate stock exchanges, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Associated Organizations of Ridgewood and vicinity, in the State of New York, favoring an extension of the term for the repayment of bonds and mortgages of the Home Owners' Loan Corporation to 18 years, and the enactment of legislation to guarantee the principal of said bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Community Councils of the City of New York, Inc., remonstrating against high salaries paid to officials of banks, public utilities, and other semipublic institutions, which was referred to the Committee on Banking and Currency.

He also presented resolutions adopted by sundry women's organizations in the State of New York, favoring the pas-

sage of House bill 6097, providing higher standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by various railroad employees' organizations in the State of New York, favoring the passage of legislation relating to hours of labor and service of railroad employees, length of trains, and disposition of disputes between carriers and their employees, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the United Irish-American Societies of New York, of New York City, remonstrating against the ratification of the World Court protocols and involvement of the United States in foreign entanglements, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted at Rome, N.Y., by the Interdenominational Council, favoring world peace, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Staten Island Lodge, No. 319, Independent Order B'rith Abraham, of Staten Island, N.Y., remonstrating against mistreatment of Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Women's International League for Peace and Freedom of New York City, favoring the enactment of antilynching legislation, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by St. Lawrence County (N.Y.) Pomona Grange favoring the passage of House bill 6612, relative to the manufacture and sale of products made for butter substitutes, which was referred to the Committee on Agriculture and Forestry.

He also presented resolutions adopted by Lowville Grange, No. 71, of Lowville, and Lewis County Pomona Grange, of Deer River, in the State of New York, favoring a tax of 5 cents per pound on coconut, palm, sesame, sunflower, whale, and imported fish oils, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Women's International League for Peace and Freedom, of New York City, favoring an investigation of makers of munitions and shipbuilders, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Common Council of Buffalo, N.Y., favoring the erection of a suitable public building in that city for the housing of the activities of the Federal Government, which was referred to the Committee on Public Buildings and Grounds.

He also presented a resolution adopted by the board of trustees of the First Church of Christ, Scientist, of Glens Falls, N.Y., and endorsed by members or friends of said church, remonstrating against the passage of House bill 5812, for the compulsory administering of a silver nitrate solution to the eyes of all new-born children in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented a resolution adopted by Orange County (N.Y.) Pomona Grange, favoring the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

He also presented a resolution adopted by the Women's International League for Peace and Freedom, of New York City, remonstrating against the enactment of legislation providing for the building of the Navy to the strength permitted by the Washington and London Naval Treaties, which was ordered to lie on the table.

TREATMENT OF THE JEWS IN GERMANY

Mr. WALSH. Mr. President, I present resolutions adopted by the Workmen's Circle, Branch No. 908, of Holyoke; Pride of Brockton Lodge, No. 373, Independent Order of B'rith Abraham, of Brockton; South Boston Lodge, No. 210, Independent Order of B'rith Abraham, and City of Boston Lodge, No. 63, Independent Order of B'rith Abraham, both of Boston; and the Worcester Lodge, No. 118, Independent Order of B'rith Abraham, Worcester, all in the State of Mas-

sachusetts, urging favorable consideration of Senate Resolution 154, submitted by the senior Senator from Maryland [Mr. TYDINGS], opposing discriminations against the Jews in Germany.

The VICE PRESIDENT. The resolutions will be received and referred to the Committee on Foreign Relations.

FEDERAL SUPERVISION OF MOTION PICTURES

Mr. WALSH. Mr. President, I present resolutions adopted by the Plymouth County Woman's Christian Temperance Union, the Abington Woman's Christian Temperance Union, the Everett Woman's Christian Temperance Union, the Reading Woman's Christian Temperance Union, and the Newton Woman's Christian Temperance Union, all in the State of Massachusetts, urging favorable consideration of House bill 6097, the so-called "Patman bill", for the Federal supervision of motion pictures.

The VICE PRESIDENT. The resolutions will be received and referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 2864) for the relief of Weymouth Kirkland and Robert N. Golding, reported it without amendment and submitted a report (No. 472) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 60) for the relief of Richard J. Rooney, reported it with an amendment and submitted a report (No. 473) thereon.

He also, from the same committee, to which was referred the bill (H.R. 7229) for the relief of the estate of Victor L. Berger, deceased, reported it without amendment and submitted a report (No. 474) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (S. 895) for the relief of Thomas J. Gardner, reported it with an amendment and submitted a report (No. 483) thereon.

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 336. An act for the relief of the Edward F. Gruver Co. (Rept. No. 475);

S. 2338. An act for the relief of Robert V. Rensch (Rept. No. 476); and

S. 2709. An act for the relief of Trifune Korac (Rept. No. 477).

Mr. GIBSON also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 365. An act for the relief of Archibald MacDonald (Rept. No. 481);

S. 1901. An act for the relief of William A. Delaney (Rept. No. 478); and

S. 1998. An act for the relief of the estate of Martin Flynn (Rept. No. 479).

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, reported it with amendments and submitted a report (No. 482) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H.R. 2743) for the relief of William M. Stoddard, reported it without amendment and submitted a report (No. 480) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 791) for the relief of Elmer Blair, reported it with an amendment and submitted a report (No. 484) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 2526) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission, reported it without amendment and submitted a report (No. 485) thereon.

Mr. THOMAS of Utah, from the Committee on Mines and Mining, to which was referred the bill (S. 1665) to provide for the establishment and maintenance, under the Bureau of Mines, of a research station at Salt Lake City, Utah, reported it with amendments and submitted a report (No. 486) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (S. 1361) for the relief of Obadiah Simpson, reported it with an amendment and submitted a report (No. 487) thereon.

He also, from the same committee, to which was referred the bill (S. 896) for the relief of James Tulley Hazel, reported it without amendment and submitted a report (No. 488) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2026) providing for payment of \$50 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States, reported it with amendments and submitted a report (No. 489) thereon.

REPORT OF FOOD, DRUG, AND COSMETIC BILL

Mr. COPELAND. Mr. President, from the Committee on Commerce I report back favorably, with amendments, the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes.

I ask that the bill be printed in the RECORD, together with a statement regarding it which I have prepared. This is based on a radio address I gave recently and is formulated with a view to describing the bill and its purposes.

There being no objection, the bill as reported and statement were ordered to be printed in the RECORD, as follows: [Omit the part in black brackets and insert the part printed in italic]

Be it enacted, etc., That this act may be cited as the "Federal Food and Drugs Act."

DEFINITION OF TERMS

SEC. 2. As used in this act, unless the context otherwise indicates—

(a) The term "food" includes all substances and preparations used for, or entering into the composition of, food, drink, confectionery, or condiment for man or other animals.

(b) The term "drug", for the purposes of this act and not to regulate the legalized practice of [medicine] the healing art, includes (1) all substances and preparations recognized in the United States Pharmacopœia, Homeopathic Pharmacopœia of the United States, or National Formulary or supplements thereto; and (2) all substances, preparations, and devices intended for use in the cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) all substances and preparations, other than food, and all devices intended to affect the structure or any function of the body.

(c) The term "cosmetic" includes all substances and preparations intended for external or oral use in cleansing, or altering the appearance of, or promoting the attractiveness of, the person.

(d) The term "Territory" means any Territory or possession of the United States, including the District of Columbia.

(e) The term "interstate commerce" means (1) commerce between any State or Territory and any place outside thereof, [or between points within the same State or Territory but through any place outside thereof,] and (2) commerce or manufacture within the District of Columbia or within any other Territory not organized with a legislative body.

(f) The term "person" includes individual, partnership, corporation, and association.

(g) The term "Secretary" means the Secretary of Agriculture.

(h) The term "label" means the principal label or labels (1) upon the immediate container of any food, drug, or cosmetic, and (2) upon the outside container or wrapper, if any there be, of the retail package of any food, drug, or cosmetic.

(i) The term "labeling" includes all labels and other written, printed, and graphic matter, in any form whatsoever, accompanying any food, drug, or cosmetic.

(j) The term "advertisement" includes all representations of fact or opinion disseminated in any manner or by any means other than by the labeling.

(k) The term "medical profession" means the professions of [physicians, pharmacologists, dentists,] and [veterinarians] medicine, pharmacology, dentistry, veterinary medicine; and the term "medical opinion" means the opinion of [physicians, pharmacologists, dentists, or veterinarians] members of these professions relating to the fields of their respective professions.

(l) The term "official compendium" means the United States Pharmacopœia, Homeopathic Pharmacopœia of the United States,

National Formulary, or any supplement thereto, official at the time any drug to which the provisions thereof relate is introduced into interstate commerce.

ADULTERATED FOOD

SEC. 3. A food shall be deemed to be adulterated—

(a) (1) If it bears or contains any poisonous or deleterious substance which may render it dangerous to health; or (2) if it bears or contains any added poisonous or added deleterious substance prohibited, or in excess of the limits of tolerance prescribed, by regulations as provided by sections 10 and 22; or (3) if it consists in whole or in part of any filthy, putrid, or decomposed substance; or (4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth; or (5) if it is the product of a diseased animal or of an animal which has died otherwise than by slaughter; or (6) if its container is composed of any poisonous or deleterious substance which may by contamination render the contents injurious to health.

(b) (1) If any valuable constituent has been in whole or in part abstracted therefrom; or (2) if any substance has been substituted wholly or in part therefor; or (3) if damage or inferiority has been concealed in any manner; or (4) if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight [in a deceptive manner,] or reduce its quality or strength, or create a deceptive appearance.

(c) If it is confectionery and bears or contains any alcohol, resinous glaze, or nonnutritive substance except masticatory substances in chewing gum, coloring, and flavoring.

(d) If it contains a coal-tar color other than one from a batch that has been certified in accordance with regulations as provided by sections 10 and 22.

(e) *Nothing in this act shall be construed to prohibit the enhancement of the color of mature and wholesome citrus fruits to the varietal color thereof, by means harmless to the consumer of such fruits, nor to require any declaration of such enhancement, by labeling or otherwise.*

ADULTERATED DRUGS

SEC. 4. A drug shall be deemed to be adulterated—

(a) If it is dangerous to health under the conditions of use prescribed in the labeling thereof.

(b) If its name is the same as or simulates a name recognized in an official compendium, or if it purports to be a drug the name of which is so recognized, and it (1) fails to meet the definition, manufacturing formula, and description set forth therein, or (2) differs from the standard of strength, quality, or purity as determined by the tests or methods of assay set forth therein; except that whenever tests or methods of assay have not been prescribed therein, or such tests or methods of assay as are prescribed are insufficient, for determining whether or not such drug complies with such standard, the Secretary is hereby authorized to bring such fact to the attention of the appropriate body charged with the revision of such compendium, and if such body fails within a reasonable time to prescribe tests or methods of assay which are sufficient, then the Secretary may prescribe for the purposes of this act such tests or methods of assay by regulations as provided by section 22. No drug shall be deemed to be adulterated under subdivision (2) of this paragraph if its label bears, in juxtaposition with the name of the drug, a statement indicating wherein its strength, quality, and purity differ from the standard of strength, quality, and purity set forth in the appropriate official compendium, as determined by the tests or methods of assay applicable under this paragraph. Whenever a drug is recognized in both the United States Pharmacopœia and the Homeopathic Pharmacopœia of the United States it shall be subject to the requirements of the United States Pharmacopœia unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homeopathic Pharmacopœia of the United States and not to those of the United States Pharmacopœia.

(c) If it is not subject to the provisions of paragraph (b) of this section and its identity or strength differs from, or its purity or quality falls below, that which it purports or is represented to possess.

(d) If any substance has been (1) mixed or packed therewith so as to reduce its quality or strength [in a deceptive manner,] or (2) substituted wholly or in part therefor.

ADULTERATED COSMETICS

SEC. 5. A cosmetic shall be deemed to be adulterated—

(a) If it bears or contains any poisonous or deleterious substance in such quantity as may render it injurious to the user under the conditions of use prescribed in the labeling thereof, or under such conditions of use as are customary or usual.

(b) If it bears or contains any poisonous or deleterious ingredient prohibited, or in excess of the limits of tolerance prescribed, by regulations as provided by sections 10 and 22.

MISBRANDED FOOD, DRUGS, AND COSMETICS—GENERAL

SEC. 6. A food, drug, or cosmetic shall be deemed to be misbranded—

(a) If its labeling is false or misleading in any particular. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts.

(b) If in package form it fails to bear a label containing:

(1) The name and place of business of the manufacturer, packer, seller, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical

count: *Provided*, That under subdivision (2) of this paragraph reasonable variations shall be permitted, and exemptions as to small packages shall be established, by regulations prescribed by the Secretary.

(c) The Secretary is hereby authorized to promulgate regulations exempting from any labeling or packaging requirement of this act food, drugs, and cosmetics which are, in accordance with the practice of the trade, processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such articles are in conformity with the provisions of this act upon removal from such processing, labeling, or repacking establishment.

(d) If any word, statement, or other information required on the label to avoid adulteration or misbranding under any provision of this act is not prominently placed thereon in such a manner as to be easily seen and in such terms as to be readily intelligible to the purchasers and users of such articles under customary conditions of purchase and use.

MISBRANDED FOOD

Sec. 7. A food shall be deemed to be misbranded—

(a) (1) If its container is so made, formed, or filled as to mislead the purchaser, or (2) if its contents fall below the [minimum] standard of fill prescribed by regulations as provided by sections 11 and 22.

(b) If it is offered for sale under the name of another food.

(c) If it is an imitation of another food, except that no imitation shall be deemed to be misbranded under this paragraph if its label bears the word "imitation" in juxtaposition with and in type of the same size and prominence as the name of the food imitated.

(d) If it purports to be or is represented as a food for which a definition and standard of identity have been prescribed by regulations as provided by sections 11 and 22, and (1) its label fails to bear the name of the food prescribed in the definition and [minimum] standard, or (2) it fails to conform to such definition and [minimum] standard.

(e) If it purports to be or is represented as a food for which a minimum standard of quality has been prescribed by regulations as provided by sections 11 and 22, and (1) its label fails to bear, if so required by the regulations, a statement of a standard of quality in such terms as the regulations specify, or (2) it falls below such standard.

(f) If it purports to be or is represented as a food for which a standard of quality has been prescribed by regulations as provided by sections 11 and 22 and its quality falls below such standard, and its label fails to bear a statement in such terms as the regulations specify showing that it falls below such standard.

(g) If it is not subject to paragraph (d) of this section and its label fails to bear (1) the common or usual name of the food, if any there be, and (2) the common or usual name of each ingredient such food bears or contains in order of predominance by weight; except that spices, flavors, and colorings, other than those sold as such, may be designated as spices, flavors, and colorings without naming each: *Provided*, That, to the extent that compliance with the requirements of subdivision (2) of this paragraph is impracticable because of normal variations in ingredients or their quantities, usual to good manufacturing or packing practice, reasonable variations from the stated order of such ingredients shall be permitted, and exemptions as to packages of assorted food shall be established, by regulations promulgated by the Secretary.

(h) If it [is] purports to be or is represented for special dietary uses, such as by infants or invalids or for other special nutritional requirements, and its label fails to bear, if so required by regulations as provided by section 22, statements concerning its vitamin, mineral, and other dietary properties which fully inform the purchaser as to its nutritional value.

MISBRANDED DRUGS

Sec. 8. A drug shall be deemed to be misbranded—

(a) If its labeling bears the name of any disease for which the drug is not a specific cure but is a palliative, and fails to bear a plain and conspicuous statement, so placed as to be readily observable where such name occurs, indicating that the drug is a palliative and [how the palliation is effected] *the nature of its palliative action*.

(b) If it is for internal use by man and contains any quantity of any of the following narcotic or hypnotic substances: Alpha eucaine, barbital, beta eucaine, bromal, cannabis, carbomal, chloral, coca, cocaine, codeine, heroin, marihuana, morphine, opium, paraldehyde, peyote, sulphonmethane, or any narcotic or hypnotic substance chemically derived therefrom, or any other narcotic or hypnotic substance which is habit forming, and its label fails to bear the name and quantity or proportion of such substance or derivative in juxtaposition with the statement "Warning—May be habit forming."

(c) If it contains any quantity of (1) any of the stimulant-depressant substances ethyl alcohol, ethyl ether, chloroform, or isopropyl alcohol; or (2) any of the sedative substances acetanilid, acetphenetidin, amidopyrine, antipyrine, atropine, bromides, hyoscine, or hyoscyamine; or (3) any of the cumulative substances arsenic, digitalis glucosides, mercury, ouabain, strophanthin, or strychnine; or (4) any crude plant material or preparation thereof in which any substance named in subdivision (2) or (3) above is present; or (5) any chemical compound of any substance named above possessing stimulant-depressant, sedative, or cumulative properties; and its label fails to bear a statement of the name and quantity or proportion of such substance, or crude plant material

or preparation thereof, or chemical compound, as the case may be: *Provided*, That no drug shall be deemed subject to the provisions of this paragraph by reason of its containing arsenic as arsenic trioxide in a quantity less than one five-hundredths grain per single maximum dose and such arsenic is derived solely from crude plant material in which such arsenic is a natural constituent.

(d) If it is not designated solely by a name recognized in an official compendium and its label fails to bear a common or usual name of the drug, if such there be.

(e) If its labeling fails to bear plainly and conspicuously (1) complete and explicit directions for use, and (2) such warnings in such manner and form as may be prescribed by regulations, as provided by section 22, against use in such pathological conditions or by children where its use contraindicated and may be dangerous to health, or against unsafe dosage or methods of administration or application: *Provided*, That where any requirement of subdivision (1) of this paragraph, as applied to any drug, is not necessary for the protection of the public health, the Secretary shall promulgate regulations, as provided by section 22, exempting such drug from such requirement.

(f) If its name is the same as, or simulates, a name recognized in an official compendium and it is not packaged and labeled as prescribed therein. Whenever a drug is recognized in both the United States Pharmacopoeia and the Homeopathic Pharmacopoeia of the United States it shall be subject to the requirements of the United States Pharmacopoeia with respect to packaging and labeling unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homeopathic Pharmacopoeia of the United States and not to those of the United States Pharmacopoeia.

(g) If it has been designated by regulations, as provided by section 22, as a drug liable to deterioration, and is not packaged in such form or manner, or its label fails to bear a statement of such precautions, as such regulations require for the protection of public health. No such regulation shall be established for any drug recognized in an official compendium until the Secretary shall have informed the appropriate body charged with the revision of such compendium of the need for such packaging or labeling requirements and such body shall have failed within a reasonable time to prescribe such requirements.

(h) (1) If its container is so made, formed, or filled as to mislead the purchaser; or (2) if it is an imitation of another drug; or (3) if it is offered for sale under the name of another drug.

(i) If it purports to be or is represented as a germicide, bactericide, disinfectant, or antiseptic for any use on or within the body and its labeling fails to bear a plain and conspicuous statement of such use, including the strength or dilution, manner, and duration of application, and when tested by methods simulating as nearly as practicable the conditions of such use, or in the absence of such methods, when tested by a standard method, it does not have the germicidal effect within the duration so prescribed of a 1 to 80 dilution of phenol used by a standard testing method for 10 minutes at 37° C. All testing methods for the purposes of this paragraph shall be prescribed by regulations as provided by section 22: *Provided*, That no drug shall be deemed to be misbranded under this paragraph by reason of failure of its labeling to bear a statement of any advertised use if such advertising is disseminated to members of the medical and pharmaceutical professions only, or appears in scientific publications of these professions.

(j) If it purports to be or is represented as an inhibitory antiseptic for any use as a wet dressing, ointment, dusting powder, or such other use as involves prolonged contact with the body and its labeling fails to bear a plain and conspicuous statement of such use, including strength or dilution and manner of application, and when tested by methods simulating as nearly as practicable the duration of application and other conditions of such use, or in the absence of such methods when tested by a standard method, it fails to prevent the growth of micro-organisms within the entire time of such duration. All testing methods for the purposes of this paragraph shall be prescribed by regulations as provided by section 22: *Provided*, That no drug shall be deemed to be misbranded under this paragraph by reason of failure of its labeling to bear a statement of any advertised use if such advertising is disseminated to members of the medical and pharmaceutical professions only, or appears in scientific publications of these professions.

FALSE ADVERTISEMENT

Sec. 9. (a) An advertisement of a food, drug, or cosmetic shall be deemed to be false if it is false or misleading in any particular relevant to the purposes of this act regarding such food, drug, or cosmetic. Any representation concerning any effect of a drug shall be deemed to be false under this paragraph if that representation is not supported by substantial medical opinion or by demonstrable scientific facts.

(b) An advertisement of a drug shall also be deemed to be false if it contains the name of any disease for which the drug is not a specific cure but is a palliative and fails to contain a plain and conspicuous statement, so placed as to be readily observable where such name occurs, indicating that the drug is a palliative [and how the palliation is effected] *the nature of its palliative action*.

(c) To discourage the public advertisement for sale in interstate commerce of drugs for diseases wherein self-medication may be especially dangerous, or patently contrary to the interests of public health, any advertisement of a drug representing it to have any effect in the treatment of any of the following diseases

shall be deemed to be false: Albuminuria, appendicitis, arteriosclerosis, blood poison, bone diseases, cancer, carbuncle, cataract, cholecystitis, dental caries or erosion, diabetes, diphtheria, dropsy, encephalitis, epilepsy, erysipelas, gallstones, goiter, heart diseases, high blood pressure, mastoiditis, measles, meningitis, mumps, nephritis, otitis media, paralysis, periodontal diseases, pneumonia, poliomyelitis, prostrate gland disorders, pyelitis, scarlet fever, sexual impotence, sinus infections, smallpox, tuberculosis, tumors, typhoid, uremia, venereal diseases, and whooping cough; except that no advertisement not in violation of paragraph (a) or (b) of this section shall be deemed to be false under this paragraph if it is disseminated to members of the medical and pharmaceutical professions only or appears in the scientific periodicals of these professions, or if it is disseminated for the purpose of public health education by persons not commercially interested, directly or indirectly, in the sale of such drugs: *Provided*, That whenever the Secretary determines that an advance in medical science has made any type of self-medication safe as to any of the diseases enumerated above, he shall promulgate regulations, as provided by section 22, exempting the advertisement of drugs having curative or therapeutic effect for such disease from the operation of this paragraph, subject to such conditions and restrictions as may be necessary in the interests of public health.]

TOLERANCES FOR POISONOUS INGREDIENTS IN FOOD AND COSMETICS AND CERTIFICATION OF COAL-TAR COLORS FOR FOOD

SEC. 10. (a) If an added poisonous or added deleterious substance in or on food or cosmetics is or may be injurious to health, the Secretary is hereby authorized to promulgate regulations, as provided by section 22, prohibiting such added substance in or on any food or cosmetic, or establishing tolerances limiting the amount therein or thereon, for the protection of public health, taking into account the extent to which the use of such substance is required in the production of such food or cosmetic and the other ways in which the consumer may be affected by the same or other poisonous or deleterious substances.

(b) The Secretary is hereby authorized to promulgate regulations, as provided by section 22, for the certification of coal-tar colors which are harmless and suitable for use in food.

DEFINITIONS AND STANDARDS FOR FOOD

SEC. 11. For the effectuation of the purposes of this act the Secretary is hereby authorized to promulgate regulations, as provided by section 22, fixing and establishing for any food [(1)] a definition and standard of identity, and [(2)] one objectively determinable minimum [a reasonable standard of quality and fill of container: *Provided*, That no standards of quality shall be established for fresh fruits and fresh vegetables.

PERMIT FACTORIES

SEC. 12. (a) Whenever the Secretary finds that the distribution in interstate commerce of any class of food, drugs, or cosmetics may, by reason of conditions surrounding the manufacture, processing, or packing thereof be injurious to health, and such injurious nature cannot be adequately determined after such articles have entered interstate commerce, and in such case only, he is authorized to promulgate regulations, as provided by section 22, governing the conditions of manufacture, processing, or packing necessary to protect the public health, and requiring manufacturers, processors, and packers of such class of articles to hold permits conditioned on compliance with such regulations.

(b) The Secretary is authorized to issue such permits for such periods of time as he may by regulations prescribe and to make regulations governing the issuance and renewal thereof. The Secretary is authorized to suspend immediately upon notice any permit issued under authority of this section if it is found that any of the conditions of the permit have been violated. The Secretary shall reinstate the permit whenever, after hearing and an inspection of the establishment, it is found that adequate measures have been taken to comply with and maintain the conditions of the original permit.

(c) Any officer or employee duly designated by the Secretary shall have access to any factory or establishment, the operator of which holds a permit from the Secretary, for the purpose of ascertaining whether or not the conditions of the permit are being complied with, and denial of access for such inspection shall be ground for suspension of the permit until such access is freely given by the operator.

FACTORY INSPECTION

SEC. 13. (a) In order adequately to regulate interstate commerce in food, drugs, and cosmetics, and enforce the provisions of this act, officers or employees duly designated by the Secretary, after first making reasonable request and obtaining permission of the owner, operator, or custodian thereof, are authorized (1) to enter any factory, warehouse, or establishment in which food, drugs, or cosmetics are manufactured, processed, packed, or held for shipment in interstate commerce or are held after such shipment, or to enter any vehicle being used to transport such food, drugs, or cosmetics, in interstate commerce; and (2) to inspect such factory, warehouse, establishment, or vehicle and all equipment, finished and unfinished materials, containers, and labels there used or stored.

(b) The several district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, the shipment in interstate commerce or delivery after receipt in interstate commerce of any food, drug, or cosmetic from or by any factory, warehouse, establishment, or vehicle, designated in paragraph (a) of this section if the owner, operator, or cus-

todian thereof has denied to officers or employees duly designated by the Secretary permission, after reasonable request, so to enter and inspect such factory, warehouse, establishment, or vehicle and equipment, finished and unfinished materials, containers, and labels there used or stored. Whenever such permission is granted, the injunction issued pursuant to this paragraph shall be dissolved, or may be continued in force subject to such conditions governing the inspection as the court may order. Violation of any injunction issued pursuant to this paragraph may be summarily tried and punished by the court as a contempt. Such contempt proceedings may be instituted by order of the court or by the filing of an information by the United States attorney.

RECORDS OF INTERSTATE SHIPMENT

SEC. 14. For the purpose of enforcing the provisions of this act, carriers subject to the Interstate Commerce Act, as amended (U.S.C., title 49), and other carriers engaged in interstate commerce, and persons receiving food, drugs, or cosmetics in interstate commerce, shall, upon the request of an officer or employee duly designated by the Secretary, permit such officer or employee to have access to and to copy all records showing the movement in interstate commerce of any food, drug, or cosmetic, and the quantity, shipper, and consignee thereof; and it shall be unlawful for any such carrier or person to fail to permit such access to and copying of any such record so requested when such request is accompanied by a definite statement in writing specifying the nature or kind of food, drug, or cosmetic to which such request relates: *Provided*, That evidence obtained under this section shall not be used in a criminal prosecution of the person from whom obtained: *Provided further*, That carriers hereinbefore designated shall not be subject to the provisions of this act by reason of their receipt, carriage, or delivery of food, drugs, cosmetics, or advertising matter in the usual course of business as carriers.

INVESTIGATIONS AND INSTITUTION OF PROCEEDINGS

SEC. 15. (a) The Secretary is authorized to conduct examinations and investigations for the purposes of this act through officers and employees of the Department of Agriculture or through any health, food, or drug officer or employee of any State, Territory, or political subdivision thereof, duly commissioned by the Secretary. For the purposes of consultation in formulating general administrative policies for the enforcement of this act, the Secretary is authorized to appoint an advisory committee from each of the following groups: The food industry, the drug industry, the cosmetic industry, disseminators of advertising, the public. To aid in securing compliance with the requirements of this act, the Secretary is further authorized to accept plans for such self-regulation of advertising [and commercial] practices as tend to effectuate the purposes of this act, when presented by associations or groups representative of their industries: *Provided*, That [such plans shall not restrict] nothing in this paragraph shall be construed as restricting the responsibilities and powers conferred upon the Secretary by this [act and shall not be] act, and no plans shall be accepted which are designed to promote monopolies or eliminate or oppress legitimate enterprise.

(b) It shall be the duty of each United States attorney to whom satisfactory evidence has been presented by the Secretary of any violation for institution of criminal, libel for condemnation, or other proceedings under this act, or to whom any health, food, or drug officer of any State or Territory, or political subdivision thereof, presents evidence satisfactory to the United States attorney of any such violation, to cause appropriate proceedings to be instituted in the proper courts of the United States without delay. All suits instituted under this act shall be by and in the name of the United States.

(c) The Secretary shall, before reporting any violation of this act to the United States attorney for institution of criminal proceedings thereunder, afford due notice and opportunity for hearing to interested persons in accordance with such regulations as the Secretary shall prescribe. The report of the Secretary to the United States attorney for the institution of criminal proceedings under this act shall be accompanied by findings of the appropriate officers and employees, duly authenticated under their oaths. Nothing in this act shall be construed as requiring the Secretary to report for prosecution or for the institution of libel or injunction proceedings minor violations of this act whenever he believes that the purposes of the act can best be accomplished by a suitable notice or warning.

SEIZURE

SEC. 16. (a) Any article of food, drug, or cosmetic in interstate commerce that is adulterated or misbranded or that has been manufactured, processed, or packed in a factory or establishment, the operator of which did not, at the time of manufacture, processing, or packing, hold [a] an unsuspended valid permit, if so required by regulations under section 12, shall be liable to be proceeded against while in interstate commerce or at any time thereafter on libel of information and condemned in any district court of the United States within the jurisdiction of which the article is found. The article shall be liable to seizure (1) by process pursuant to the libel, or (2) if a chief of station or other officer of the Food and Drug Administration, duly designated by the Secretary, has probable cause to believe that the article is so adulterated as to be imminently dangerous to health, then, and in such case only, by order of such officer, issued under his oath of office, particularly describing the article to be seized, the place where located, and the officer or employee to make the seizure. In case of seizure pursuant to any such order, the jurisdiction of the court shall attach upon such seizure. Any article seized

pursuant to any such order shall thereupon be promptly placed in the custody of the court and a libel of information shall be promptly filed for condemnation thereof.

(b) When, upon the trial of any cause instituted pursuant to paragraph (a), subdivision (2), of this section, judgment is rendered for the claimant, but it appears to the court that there was reasonable cause for the seizure, the court shall cause a proper certificate thereof to be entered, and no officer or employee of the United States shall be liable to suit or judgment by reason of the seizure of the goods or the institution of such proceedings.

(c) The court [may] shall, by order at any time before trial, allow any party to a condemnation proceeding to obtain a representative sample of the article seized.

(d) Any article of food, drug, or cosmetic condemned under this section shall, after entry of the decree, be disposed of by destruction or sale as the court may, in accordance with the provisions of this section, direct and the proceeds thereof, if sold, less the legal costs and charges, shall be paid into the Treasury of the United States; but such article shall not be sold under such decree contrary to the provisions of this act or the laws of the jurisdiction in which sold: *Provided*, That after entry of the decree and upon the payment of the costs of such proceedings and the execution of a good and sufficient bond conditioned that such article of food, drug, or cosmetic shall not be sold or disposed of contrary to the provisions of this act or the laws of any State or Territory, the court may by order direct that such article be delivered to the owner thereof to be destroyed or brought into compliance with the provisions of this act under the supervision of an officer or employee duly designated by the Secretary, and the expenses of such supervision shall be paid by the party obtaining release of the article under bond. Any article condemned by reason of the manufacturer, processor, or packer not holding [a] *an unsuspended* valid permit when so required by regulations under section 12 shall be disposed of by destruction.

(e) The proceedings in cases under this section shall conform, as nearly as may be, to the proceedings in admiralty; except that either party may demand trial by jury of any issue of fact joined in any such case.

(f) When a decree of condemnation is entered against the article, court costs and fees, and storage and other proper expenses, shall be awarded against the person, if any, intervening as claimant of the article.

PENALTIES

SEC. 17. (a) The following acts are hereby prohibited:

(1) The introduction into interstate commerce of any food, drug, or cosmetic that is adulterated or misbranded.

(2) The adulteration or misbranding of any food, drug, or cosmetic in interstate commerce.

(3) The receipt in interstate commerce of any food, drug, or cosmetic that is adulterated or misbranded and the delivery or proffered delivery thereof in the original unbroken package for pay or otherwise.

(4) The dissemination of any false advertisement by radio broadcast, United States mails, or in interstate commerce for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics.

(5) The dissemination of a false advertisement by any means for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics in interstate commerce.

(6) The introduction into interstate commerce of any food, drug, or cosmetic if the manufacturer, processor, or packer does not hold [a] *an unsuspended* valid permit when so required by regulations under section 12.

(7) The refusal to permit access to or copying of any record as required by section 14.

(b) Any person who violates or causes to be violated any of the provisions of paragraph (a) of this section shall be guilty of a misdemeanor and shall on conviction thereof be subject to imprisonment for not more than 1 year, or a fine of not less than \$100 nor more than \$1,000, or both such imprisonment and fine; and for a second or subsequent offense imprisonment for not more than 2 years, or a fine of not less than \$100 nor more than \$3,000, or both such imprisonment and fine.

(c) Notwithstanding the provisions of paragraph (b) of this section, in case of a willful offense the penalty shall be imprisonment for not more than 3 years, or a fine of not less than \$1,000 nor more than \$10,000, or both such imprisonment and fine.

[(d) No person acting in the capacity of publisher, advertising agency, or radio broadcast licensee shall be deemed in violation of paragraphs (b) or (c) of this section by reason of the dissemination of any false advertisement. Any such person who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section.]

(d) No publisher, radio broadcast licensee, or other agency or medium for the dissemination of advertising shall be deemed to have violated the provisions of paragraph (b) or (c) of this section by reason of the dissemination of any false advertisement, but the liability shall rest upon the manufacturer, packer, distributor, or seller who caused the dissemination of such advertisement. Any publisher, radio broadcast licensee, or other agency or medium for the dissemination of advertising who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person

who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section.

[(e) No dealer shall be prosecuted under paragraph (b) of this section (1) because of commerce in any article he has purchased or received in good faith if he furnishes on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article, or (2)] (e) No dealer shall be prosecuted under paragraph (b) of this section (1) for having received in interstate commerce an article and in good faith sold it, unless he refuses to furnish on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article and all documents pertaining to the delivery of the article to him, or (2) if he establishes a guaranty or undertaking signed by the person residing in the United States from whom he received in good faith the article of food, drug, or cosmetic, or the advertising copy therefor, to the effect that such person assumes full responsibility for any violation of this act, designating it, which may be incurred by the introduction of such article into interstate commerce or by the dissemination of such advertising. To afford protection, such guaranty or undertaking shall contain the name and address of the person furnishing such guaranty or undertaking, and such person shall be amenable to the prosecution and penalties which would attach in due course to the dealer under the provisions of this act. No retail dealer shall be prosecuted under this section for the dissemination, other than by radio broadcast, of any advertisement offering for sale at his place of business any product which is not distributed or sold in interstate commerce.

(f) Any person who forges, counterfeits, simulates, or falsely represents, or without proper authority uses any mark, stamp, tag, label, or other identification device required by regulations promulgated for the enforcement of the provisions of section 12 shall be guilty of a misdemeanor, and shall on conviction thereof be subject to imprisonment for not more than 1 year or a fine of not less than \$1,000 nor more than \$5,000, or both such imprisonment and fine.

(g) Any person who uses to his own advantage or reveals, other than to the Secretary or his officers or employees, or to the courts when relevant in the trial of any case under this act, any information acquired under authority of sections 12 or 13 concerning any method or process which is entitled to protection in equity as a trade secret, shall be guilty of a felony, and shall on conviction thereof be subject to imprisonment for not more than 2 years or a fine of not more than \$5,000 or both such imprisonment and fine.

LIABILITY OF CORPORATIONS AND THEIR OFFICERS

SEC. 18. (a) When construing and enforcing the provisions of this act, the act, omission, or failure of any officer, employee, or agent acting for or employed by any person, within the scope of his employment or office, shall in every case be deemed to be the act, omission, or failure of such person, as well as that of the officer, employee, or agent.

(b) Whenever a corporation or association violates any of the provisions of this act, such violation shall also be deemed to be a violation of the individual directors, officers, or agents of such corporation or association who personally ordered, or did any of the acts constituting, in whole or in part, such violation.

INJUNCTION PROCEEDINGS

SEC. 19. (a) Each of the following acts is hereby declared to be a public nuisance:

(1) The repetitious introduction into interstate commerce of any adulterated or misbranded food, drug, or cosmetic.

(2) The repetitious dissemination of any false advertisement by radio broadcast, United States mails, or interstate commerce for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics.

(3) The repetitious dissemination of a false advertisement by any means for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics in interstate commerce.

(b) In order to avoid multiplicity of criminal prosecutions or libel for condemnation proceedings, the district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, any person from continuing any such nuisance. In such injunction proceedings it shall not be necessary to show on the part of such person an intent to continue such nuisance.

(c) Further to avoid multiplicity of libel for condemnation proceedings without impairing the protection of the public or the opportunity for the prompt trial on the merits of alleged violations, the district courts of the United States are hereby vested with jurisdiction to restrain by injunction, as hereinafter provided, the institution of more than one seizure action under section 16 against any product if (1) the alleged violation is one of misbranding only, (2) all current shipments of the article alleged to be misbranded bear the same labeling, (3) such alleged misbranding does not involve danger to health or gross deception, and (4) such misbranding has not been the basis of a prior judgment in favor of the United States in any criminal prosecutions or libel for condemnation proceeding under this act.

(d) Any injunction issued pursuant to paragraph (c) of this section shall be dissolved on motion of the United States attorney, (1) upon the presentation by him of a duly certified judgment of condemnation in a seizure case against such product, or (2) at the expiration of the term of court next ensuing after the term in which such injunction issued, unless the complainant files with

the court a duly certified judgment rendered upon a determination of the issue of misbranding, and entered pursuant to section 16 after the issuance of such injunction, or evidence satisfactory to the court of his inability to secure such determination.

[(c)] (e) Violation of any [such] injunction issued pursuant to this section may be summarily tried and punished by the court as a contempt. Such contempt proceedings may be instituted by order of the court or by the filing of an information by the United States attorney; and process of the court for the arrest of the violator may be served at any place in the United States or subject to its jurisdiction.

IMPORTS AND EXPORTS

SEC. 20. (a) The Secretary of the Treasury shall deliver to the Secretary of Agriculture upon his request, from time to time, samples of food, drugs, and cosmetics which are being imported or offered for import into the United States, giving notice thereof to the owner or consignee, who may appear before the Secretary of Agriculture and have the right to introduce testimony. If it appears from the examination of such samples or otherwise that (1) any false advertisement of such food, drug, or cosmetic has been disseminated in the United States by the importer or exporter thereof, or any person in privity with him, within 3 months prior to the date such article is offered for import, or (2) such article has been manufactured, processed, or packed under insanitary conditions, or (3) such article is forbidden or restricted in sale in the country in which it was produced or from which it was exported, or (4) such article is adulterated or misbranded within the meaning of this act, then such article shall be refused admission.

(b) The Secretary of the Treasury shall refuse delivery to the consignee and shall cause the destruction of any such article refused admission, unless such article is exported by the consignee within 3 months from the date of notice of such refusal, under such regulations as the Secretary of the Treasury may prescribe: *Provided*, That the Secretary of the Treasury may deliver to the consignee any such article pending examination and decision in the matter on execution of a bond as liquidated damages for the amount of the full invoice value thereof, together with the duty thereon, and on refusal to return such article or any part thereof for any cause to the custody of the Secretary of the Treasury when demanded for the purpose of excluding it from the country or for any other purpose, said consignee shall forfeit the full amount of the bond as liquidated damages.

(c) All charges for storage, cartage, and labor on any article which is refused admission or delivery shall be paid by the owner or consignee and in default of such payment shall constitute a lien against any future importations made by such owner or consignee.

(d) A food, drug, or cosmetic intended for export [which is not adulterated within the meaning of section 3, paragraph (a); section 4, paragraph (a); or section 5] shall not be deemed to be adulterated or misbranded under this act if it (1) accords to the specifications of the foreign purchaser, (2) complies with the laws of the country to which it is intended for export, and (3) is labeled on the outside of the shipping package with the words "For Export." But if such article is sold or offered for sale in domestic commerce, this paragraph shall not exempt it from any of the provisions of this act.

PUBLICITY

SEC. 21. The Secretary shall cause to be published periodically a report summarizing all judgments, decrees, and court orders which have been rendered, including the nature of the charge and the disposition thereof. The Secretary shall also cause to be disseminated such information regarding food, drugs, or cosmetics as may be necessary to protect against danger to public health or fraud upon the consumer: *Provided*, That no such information shall be so disseminated regarding any brand of food, drug, or cosmetic before rendition of final judgment in proceedings against it except in cases involving imminent danger to health or gross deception of the consumer.

GENERAL ADMINISTRATIVE PROVISIONS

SEC. 22. (a) The authority to make regulations for the efficient enforcement of this act, except as otherwise provided in this section, is hereby vested in the Secretary.

(b) To aid and advise the Secretary in promulgating regulations for the protection of public health, as contemplated by section 3, paragraphs (a) and (d); section 4, paragraph (b); section 5, paragraph (b); section 7, paragraph (g); section 8, paragraphs (e), (g), (i), and (j); section 9, paragraph (c); section 10; and section 12, paragraph (a), a Committee on Public Health is hereby provided which shall consist of five members designated by the President with a view to their distinguished scientific attainment and interest in public health and without regard to their political affiliation.

(c) To aid and advise the Secretary in the promulgation of regulations with respect to food as contemplated by section 7, paragraphs (a), (d), and (e); and section 11, a Committee on Food Standards is hereby provided which shall consist of seven members, three of whom shall be selected from the public, two from the food-producing, -processing, and -manufacturing industry, and two from the Food and Drug Administration. The members selected from the public and the food industry shall be appointed by the President without regard to political affiliation, and the members from the Food and Drug Administration shall be designated by the Secretary.

(d) Whenever the Secretary deems that any regulation contemplated by the provisions of this act enumerated in paragraphs (b)

and (c) of this section should be established, he shall so advise the appropriate committee. With the approval of a majority of its members, the committee shall recommend to the Secretary a proposed regulation, and the Secretary shall give notice of the proposal and of the time and place of a public hearing to be held thereon not less than 30 days after the date of such notice. After such public hearing the Secretary is authorized to formulate and promulgate such regulation, but no such regulation shall be promulgated without the approval of a majority of the members of the committee. The regulation so promulgated shall become effective on a date fixed by the Secretary, which date shall not be prior to 90 days after its promulgation, and may be amended or repealed in the same manner as is provided for its adoption: *Provided*, That regulations setting up exemptions pursuant to section 8, paragraph (e), and section 9, paragraph (c) may be promulgated without notice or hearing and shall become effective at such time as the Secretary determines.

(e) The term of office of members of the committees provided by paragraphs (b) and (c) of this section, other than members from the Food and Drug Administration, shall be 5 years, but the terms of office of such members first appointed shall expire at the end of 1, 2, 3, 4, and 5 years, as shall be designated by the President in their respective appointments. The President shall designate the chairmen of the committees. No person who is a member of the Department of Agriculture or who has a financial interest in the manufacture, advertising, or sale of any food, drug, or cosmetic shall be eligible to serve on the Committee on Public Health, or as a member from the public on the Committee on Food Standards.

(f) Each committee shall convene at least once each year in the city of Washington at a time to be designated by its chairman, but action by either committee under this section may be taken by the members thereof acting individually without convening in meeting. In each case in which approval by either committee of a regulation is required under this section, the Secretary shall transmit to each member of such committee a transcript of the record of the public hearing held by him. Members of the committees shall be given due notice of and may sit with the Secretary or his representatives at all such public hearings relating to the functions of their respective committees. Each committee on its own motion or at the request of the Secretary may advise him of its views on any question concerning the enforcement of this act.

(g) The Secretary of the Treasury and the Secretary of Agriculture shall jointly prescribe regulations for the efficient enforcement of the provisions of section 20. Such regulations shall be promulgated in such manner and take effect at such time as the Secretary of Agriculture shall determine.

(h) Hearings authorized or required by this act shall be conducted by the Secretary of such officer or employee as he may designate for the purpose. [In formulating regulations under paragraphs (b) and (c) of this section, the findings of fact by the Secretary shall be conclusive if in accordance with law.]

COURT REVIEW OF REGULATIONS

SEC. 23. The district courts of the United States are hereby vested with jurisdiction to restrain by injunction, temporary or permanent, the enforcement by any [officer] officer, representative, or employee of the Department of Agriculture of any regulation promulgated as provided in section 22 if it is shown that the regulation is unreasonable, arbitrary, or capricious, or not in accordance with law, and that the petitioner will suffer substantial damage by reason of its enforcement: *Provided*, That the foregoing shall not be deemed to abridge the right of any person against whom a criminal prosecution or suit for injunction shall have been brought under this act or who shall intervene as claimant in any proceeding of libel for condemnation to plead that the regulation whose violation is alleged as the ground for such prosecution, suit, or libel, is invalid.

SEPARABILITY CLAUSE

SEC. 24. If any provision of this act is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE AND REPEALS

SEC. 25. (a) This act shall take effect [six months after the date of approval] twelve months after the date of approval. The Federal Food and Drugs Act of June 30, 1906, as amended (U.S.C., title 21, secs. 1-15), shall remain in force until such effective date, and, except as otherwise provided in this paragraph, is hereby repealed effective upon such date: *Provided*, That upon the approval of this act and before its effective date the Secretary is authorized to (1) conduct hearings and to promulgate regulations under the provisions hereof which shall become effective on or after the effective date of this act as the Secretary shall direct and (2) designate upon the approval of this act foods having common or unusual names and exempt such food from the requirements of subdivision (2) of paragraph (f) of section 7 for a reasonable time to permit the formulation, promulgation, and effective application of definitions and standards of identity therefor as provided by sections 11 and 22: *Provided further*, That the act of March 4, 1932 (U.S.C., title 21, sec. 6; 42 Stat. 1500, ch. 268), defining butter and providing a standard therefor, and the act of July 24, 1919 (U.S.C., title 21, sec. 10; 41 Stat. 271, ch. 26), defining wrapped meats as in package form, shall remain in force and effect and be applicable to the provisions of this act.

(b) The provisions of this act shall not be held to modify or repeal any of the existing laws of the United States except as provided by paragraph (a) of this section.

The statement submitted by Mr. COPELAND is as follows:

THE PROPOSED FOOD, DRUG, AND COSMETIC LAW

It is a matter of great concern to every man what he shall put into his stomach. Every mother is anxious that the food and medicine given her baby shall be above suspicion. The welfare of every man, woman, and child is involved in the quality and preparation of the foods and drugs sold in America. In view of these facts, we can well understand the public interest attached to the proposed revision of the food and drug law.

The amount of money invested in the affected industries is tremendous. The revision goes to the heart of their manufacturing, chemical research, and advertising of every type. Legislators must deal wisely in solving a problem so important, because what they shall determine upon vitally affects the welfare of many industries and particularly of the American people.

Personally, I am more concerned over the public health than with anything else in the world. A lifetime of activity in this field has demonstrated to me that nothing within the purview of a legislator is more important to Americans than the protection against doubtful claims and actual fraud in the sale of products that may serve to undermine health.

One of my heroes is Dr. Harvey W. Wiley. The culmination of his work was the establishment of the Food and Drug Administration of the Department of Agriculture, as well as the passage of the present pure food law and the beginnings of its enforcement. Mr. Campbell, Dr. Wiley's able successor, and his aides, Mr. Crawford, Dr. Dunbar, and others, deserve public commendation for their loyal devotion to the public service and never-failing watch over the public welfare.

Under the original statute much has been accomplished. The purity and honesty of our national food and drug supply are measurably higher and measurably better than in 1906. But, able as its administrators are, I believe the Food and Drug Bureau is operating under serious legal handicaps. A law which permits the continued manufacture and sale of utterly worthless remedies for cancer, tuberculosis, diabetes, and other maladies considered incurable by such means, is certainly defective. Because their manufacturers cannot be shown to know that their products are worthless creates a legal situation which is unbearable. That actually poisonous cosmetics and injurious slenderizing compounds can be distributed without interference from the Federal Government is positively indecent. Something is seriously wrong with the present law, and a new and effective statute is needed. When this is provided, Dr. Wiley's fondest dream will be realized.

For years the Food and Drug Administration has been recommending modifications of our present law. But it is clear to most of us that something more comprehensive and useful than mere amendment is needed. On this account I gladly introduced the Department's bill, recognizing that the experience gained in enforcement activities for more than a quarter of a century, qualified the specialists in the Department of Agriculture to know what is necessary if the public is to be protected.

The original bill passed through a series of senatorial hearings and, by a process of evolution, has developed into the measure now known as "S. 2800." It has the approval of the President and of the Department of Agriculture, and will, I earnestly hope, receive favorable action by Congress at an early date.

I agree with statements that this bill is not perfect. Legislation seldom is. But I am convinced it will give the American consumer a large measure of protection which has been denied him under the operations of the present law. What is just as important is that it will maintain those other safeguards which the present law has so effectively guaranteed.

Efforts have been made to defeat this bill. Worse than that, ingenious methods have been used during the campaign to weaken the law as it now stands.

I ask you to bear in mind that the purpose of this legislation is not primarily to control industry. Its purpose is to protect the public, to protect the mothers and the children, to protect the consumers.

I would not have you believe regulation is needed because reputable concerns are unwilling to conform to high standards. They are willing and anxious to do this. But, I regret to say, there are those in this country who are exploiting the public and foisting unworthy products upon the public for gain.

It is proposed to enlarge the Food and Drug Act to cover cosmetics, outlawing those which are dangerous to health, and requiring all to be sold truthfully. At present there is no Federal law controlling cosmetics.

Advertising regulation is another new feature. At present there is no control over advertising, except what is printed right on the label or put inside the package. As to this, the present law says merely that that must be truthful. The new bill goes further than that. It says that all advertising of foods, drugs, and cosmetics must tell the truth—over the radio, in magazines, newspapers, handbills, and on billboards. As the bill was originally printed there were omissions here that made some believe the act might be construed as unconstitutional. They forgot there are a dozen lawyers, including several ex-judges, on the Commerce Committee. They promptly cured this and other legal defects. There need be no worry about the constitutionality of the measure when it is finally enacted.

It is our purpose to prohibit traffic in foods dangerous to health, whether the dangerous ingredient is normal or added. It forbids the use in food of uncertified and impure coal-tar colors, and it prohibits the use of poisonous containers. It says that confectionery containing metallic trinkets, which have been found to be a serious menace to the welfare and even the lives of children, simply cannot be sold at all. It compels the observance of reasonable standards of cleanliness in the preparation and handling of food products. It forbids slack-filling and the use of deceptive containers. It provides for the setting up of standards of identity and a standard of quality. For unstandardized foods it requires the disclosure of ingredients. In the case of dietary foods, it demands properly informative labeling.

What about drugs? First of all, the bill says there can be no traffic in drugs that are dangerous to health under the conditions of use prescribed on the label. Then it lays down requirements designed to insure as fully as possible the strength and quality and purity of drugs that are safe to use under proper conditions.

There is no more common or mistaken criticism of this bill than that it denies the right of self-medication, or, as the objector usually put it, "You can't take an aspirin tablet without a doctor's prescription." Nothing could be further from the truth. The proposed law simply contributes to the safety of self-medication by preventing medicines from being sold as "cures" unless they really are cures. It requires that drugs which have only palliative effect shall say as much on the label.

Habit-forming drugs must bear warning labels. There is a long list of dangerous drugs, each of which must be declared on the label if it is used as an ingredient in a medicine.

There must be plain and explicit directions for use, as well as warnings that in certain pathological conditions the use of drugs would not be safe. Antiseptics, disinfectants, and the like must possess definite germicidal power and fulfill their promises under the advertised conditions of use.

When public health cannot be protected otherwise, the bill authorizes control through licensing. It also authorizes executive seizure of imminently dangerous products.

The bill, I think, materially promotes the ease of administering the food and drug law. It imposes heavier penalties than the old law, and takes care of chronic offenses through legal injunctions. Perhaps I should point out, too, that it fixes responsibility in a practical way by exempting publishers from a charge of false advertising when they supply information identifying the advertiser.

A common misunderstanding as to the effects and purposes of the bill, at least if the daily mail of the President and of the Members of Congress is any indication, is that it will interfere with the practice of the various schools of healing, such as chiropractic, osteopathy, hydrotherapy, and the like. There is no ground whatever for this belief. It is just too bad that well-meaning persons make these protests and thereby actually interfere with their own best interests.

In no way will it interfere with the usual methods or the use of apparatus or devices employed in their regular practice by licensed healers of any school. No practitioner of the healing art can reasonably complain about the provisions of S. 2800.

Perhaps the most conspicuous difference between S. 2800 and the original Department draft lies in the provision for two expert and nonpolitical committees to be appointed by the President of the United States. As the bill now stands, one of these is a committee of public health; the second, a committee on food standards.

At this point our critics have argued at greatest length. There are those who believe that all the administrative acts of the Secretary of Agriculture should be subject to review by a committee of some sort. They swing far away from the original bill, where the Secretary was given final and conclusive power. For myself, I agree, and did from the first, that such power as was proposed by the first bill, S. 1944, was too great to repose in one man. My colleagues of the subcommittee, Senator McNARY and Senator CARAWAY, took the same view. It was on this account that the bill which we are now considering was modified to make it necessary for the Secretary to submit proposed regulations to one of these committees for final approval.

Having been an administrator of health laws myself, I should consider it a material weakening of the bill to have every administrative act of the Secretary subject to disapproval or modification by a reference committee. Of necessity, a committee of this sort would not be so well informed regarding the intricacies of administration as are the officials of the Food and Drug Bureau of the Department of Agriculture. It would be a mistake, as I see it, and would cause too serious a lag in the effectiveness of control to have this arrangement.

I do sympathize with the idea that advertising of foods, drugs, and cosmetics having been provided for, for the first time, there might well be an advisory committee to confer with the Secretary of Agriculture regarding problems in connection with advertising.

Likewise there should be a similar committee made up of food representatives if problems relating to that industry were under discussion; and of drug or cosmetic representatives if either of those industries were being considered. The modified bill provides for such committees.

In the making of regulations the public is fully protected, because it stands to reason that of the food standards committee the three appointed by the President to represent the consumer would be likely to vote with those from the Food and Drug Administration. At the same time, any technical matters of special

interest would be properly represented by members from the industries.

I hope this plan, if it is adopted by the Senate, will satisfy the objections of some of our critics, except their desire to have every administrative act of the Secretary reviewed. The advisory committees are designed to offset what was regarded as arbitrary and unreasonable power to be given the Secretary of Agriculture. Since this particular matter has been the target of the original bill's opponents, it is hoped and believed that the appointment of advisory committees will answer all reasonable objection to the measure.

Effort was made to have the Senate committee do away with the demand for a disclosure of formulas upon the packages of proprietary foods. We did not feel free to do this because of the importance of giving the public knowledge of the ingredients. Knowing what the package contains, a person who is sensitive to a given article of food will be warned that it is included in the make-up of the product. In some instances, certainly, that is very important.

As regards drugs, the bill provides that particularly potent drugs are to be declared. The label must carry a warning against habit-forming drugs and overdosage. We believe these provisions insure adequate public protection without imposing unreasonable hardships on anybody. For the public safety everybody must make sacrifices if necessary.

I want to make it clear that in my opinion S. 2800 is the bill the women of this country should support. History repeats itself in that the opposition, just as in Dr. Wiley's day, has sought to confuse the issue by introducing a multitude of other food and drug bills.

The first of the red herrings to be dragged across the trail was a bill which was formulated by the patent-medicine interests. According to Department officials that measure is actually far weaker than the present inadequate law. Its passage would, in the main, give less protection than we have today.

Another bill, no matter what its author intended, quite obviously complicates procedure and minimizes penalties. Still another measure came to my attention. It is a curious combination of some of the provisions of S. 2800 and provides for an extremely complicated administrative set-up to enforce it—literally an army of inspectors and chemists would be demanded. The number of these, together with administrative officers, is conservatively estimated at not less than 25,000 persons, an impossible and unnecessary army to harass and embarrass everybody.

As I see it, S. 2800, as reported, is a sane, sensible, workable bill. My own experience in the administration of food and drug laws makes me believe that the measure can be applied in a way to give protection to the American people. Of course, there are those who continue in bitter opposition to the bill. But, in my opinion, they are largely those who would be in opposition to any attempt whatever at regulation. We cannot hope to please them, and of course, have no desire to please them.

The bill, S. 2800, is reported out of committee. I trust it will meet the favorable consideration of the Congress. With all the earnestness at my command, I ask support for this bill because I believe it is in the public interest. Enacted into law, it will add to the safety of the American family, and I hope serve to save many a life. Mother, father, and the babies—men, women, and children—all will be better guarded in health and pocketbook than ever before in American history.

BILLS INTRODUCED

The VICE PRESIDENT. The introduction of bills and joint resolutions is in order.

Mr. LONG. I send to the desk a bill which I ask unanimous consent may be immediately considered without being referred to a committee, which is not necessary. I have taken it up—

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Senator wait until morning business shall have been concluded.

Mr. LONG. Very well.

The VICE PRESIDENT. The Chair understands the Senator from Louisiana is now introducing a bill, which is the appropriate time for the introduction of bills.

Mr. ROBINSON of Arkansas. Very well. I thought the Senator was asking unanimous consent for the immediate consideration of the bill.

Mr. SHEPPARD. Mr. President, as I understand, the Senator is not introducing the bill. He wishes to ask unanimous consent that it be now considered. I suggest that it lie on the table until we reach that order.

The VICE PRESIDENT. The Senator from Louisiana announced he was introducing the bill at this time.

Mr. ROBINSON of Arkansas. I understand he also desired to have it considered immediately.

Mr. LONG. I do.

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the bill after the routine morning business shall have been disposed of.

Mr. LONG. Very well.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. VAN NUYS:

A bill (S. 3059) for the relief of Joseph M. Thomas; to the Committee on Military Affairs.

A bill (S. 3060) granting a pension to Sarah C. Hackleman; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 3061) for the relief of Joseph W. Atkinson; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 3062) authorizing the Secretary of the Treasury to convey certain land, together with building thereon, to the city of Altoona, Pa., for a public library; to the Committee on Public Buildings and Grounds.

By Mr. NEELY:

A bill (S. 3063) granting an increase of pension to Robert Blake; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3064) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture and Forestry.

By Mr. HASTINGS:

A bill (S. 3065) for the relief of the Mutual Savings & Loan Association, Wilmington, Del.; to the Committee on Claims.

By Mr. PATTERSON:

A bill (S. 3066) for the relief of John Evans; to the Committee on Claims.

By Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY:

A bill (S. 3068) to provide deportation of aliens upon conviction of a felony; to the Committee on Immigration.

A bill (S. 3069) relative to coercing of witnesses;

A bill (S. 3070) making it a felony to willfully fail to appear after having been admitted to bail;

A bill (S. 3071) to prevent the promotion of frauds through interstate communication;

A bill (S. 3072) making it an offense against the United States to resist, assault, or kill an officer or employee of the United States in or on account of the execution of his duty;

A bill (S. 3073) to amend section 1015 of the Revised Statutes; and

A bill (S. 3074) to amend section 1016 of the Revised Statutes; to the Committee on the Judiciary.

By Mr. COPELAND:

A bill (S. 3075) to permit the appointment of special agents of the Division of Investigation as State officers; to the Committee on the Judiciary.

A bill (S. 3076) to prohibit the transportation in interstate or foreign commerce and carriage through the mails of certain gambling devices, and for other purposes; to the Committee on Interstate Commerce.

By Mr. ROBINSON of Indiana:

A bill (S. 3078) granting a pension to Ernest Cooper (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 3079) for the relief of N. N. Self (with accompanying papers); to the Committee on Claims.

MISSISSIPPI RIVER BRIDGE, LOUISIANA

Mr. LONG introduced a bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La., which was read twice by its title.

Mr. LONG subsequently said: Mr. President, this morning I introduced Senate bill 3067 to which I believe there can be no possible objection. I have taken it up with the members of the committee. It merely gives the State of Louisiana an extension of the right to construct a bridge over the Mississippi River. That right has already been granted by the Congress, but the time has expired and this

is a renewal or extension of the time. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Louisiana?

Mr. ROBINSON of Arkansas. Mr. President, this is a bill which was introduced this morning. I said to the Senator from Louisiana at the time that I had no objection to the consideration of the bill at the proper time. I think leave for its consideration should be granted in view of the fact that it involves merely an extension of time.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3067

Be it enacted, etc., That the consent of Congress is hereby granted to the Louisiana Highway Commission, an administrative body created and acting under the constitution and laws of the State of Louisiana, to construct, maintain, and operate a free highway bridge, or a railway bridge in combination with a free highway bridge, and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near Baton Rouge, La., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

FRENCH SPOILIATION CLAIMS

Mr. WALSH. Mr. President, I introduce, by request, a bill to carry into effect the decisions of the Court of Claims in favor of claimants in French spoliation cases not heretofore paid.

In explanation thereof, I ask that a short memorandum be printed in the CONGRESSIONAL RECORD.

There being no objection, the bill (S. 3077) to carry into effect the decisions of the Court of Claims in favor of claimants in French spoliation cases not heretofore paid was read twice by its title and referred to the Committee on Claims, and the memorandum was ordered to be printed in the RECORD, as follows:

FRENCH SPOILIATION CLAIMS—MEMORANDUM

On January 20, 1885, in order to settle definitely the liability of the United States for these French spoliation claims, Congress passed an act referring them to the Court of Claims (23 Stat.L. 283), a court of its own creation.

Upon this reference by which the Government designated its own arbitrator, the court was directed to "examine and determine the validity and amount of all the claims * * * together with their present ownership. * * *"

After the passage of this act claimants filed their petitions in the court. The validity of the claims was contested by the Government attorneys. The argument was exhaustive, lasting more than a week, and the court unanimously decided that the claims were just and valid claims against our Government, the property of the claimants having been taken without just compensation to pay and cancel our national obligations against France (21 C.Cls., R. 340). A rehearing was had upon the request of the Government, who employed new counsel, and the court again decided that the claims were valid (22 C.Cls., R. 1).

Twenty-five years later, after the personnel of the court had entirely changed, the five new judges, on an independent reexamination of the questions, reaffirmed the decision of their predecessors, and held the United States liable to the citizens for all property lost by the illegal action of French cruisers and privateers. The court said:

"The spoliation claims as a class were valid obligations from France to the United States, and our Government surrendered them to France for a valuable consideration benefiting the Nation and this use of the claims raised an obligation founded upon right (46 Ct.Cls., R. 214, 224).

The main question, the liability of our Government to pay for the losses, having been decided, the Court of Claims thereupon proceeded with the trial of the individual cases, and from time to time duly certified to Congress its awards covering not only their validity but the ownership and amount of loss as well. In each case the court insisted upon strict proof of citizenship, ownership, value of property, and all other facts essential to show the validity of the claim against France, and consequently against the United States, upon its release to France of the claims of its citizens in exchange for the release by France of treaty obligations to it on the part of the United States. Most of the cases were dismissed for insufficient proof.

Congress has heretofore made four appropriations to pay the court's awards, as follows:

Mar. 3, 1891, 26 Stat.L. 897 (51st Cong.)	\$1,304,095.37
Mar. 3, 1899, 30 Stat.L. 1161 (56th Cong.)	1,055,473.04
May 27, 1902, 32 Stat.L. 207 (57th Cong.)	798,631.27
Feb. 24, 1905, 33 Stat.L. 743 (58th Cong.)	752,660.93

Total ----- 3,910,860.61

Since 1905 the Court of Claims has disposed of all the remaining cases, so that every case filed under the Jurisdictional Act of 1885 has been passed on and certified to Congress; those in which favorable awards were made and those which were dismissed. This being so, all outstanding claims have now been decided and certified to Congress.

Those that are now before Congress and unpaid amount to approximately \$3,250,000. Whatever opinion may still be entertained by anyone, it cannot fail to be recognized as violative of justice and good faith not to provide for these remaining awards, when the majority of them have been paid, especially so when we realize that their validity and justice have been ratified by the three coordinate branches of our Government—the judicial, legislative, and executive.

Whenever the court decided adversely to the claimants in any one case and certified its conclusion to Congress, such action was final. If that be so, an award in favor of the claimants should be as final and binding upon the Government.

On December 6, 1910 (61st Cong.), which was since the last appropriation of February 24, 1905, President Taft (later Chief Justice), in his annual message brought to the attention of Congress its delay in not making provision for the payment of these awards. He says:

"I invite the attention of Congress to the great number of claims which, at the instance of Congress, have been considered by the Court of Claims and decided to be valid claims against the Government. The delay that occurs in the payment of the money due under the claims injures the reputation of the Government as an honest debtor, and I earnestly recommend that those claims which come to Congress with the judgment and approval of the Court of Claims be promptly paid."

No action being taken in the Sixty-first Congress, President Taft on December 21, 1911, again referred to the question of the payment of the awards of the Court of Claims as follows:

"The findings and awards were obtained after a very bitter fight, the Government succeeding in about 75 percent of the cases. The amount of the awards ought, as a matter of good faith on the part of the Government, to be paid."

On April 7, 1924, Charles E. Hughes, Secretary of State (now Chief Justice), in reply to a request from the Chairman of the Committee on Claims in the Senate (Senator CAPPER) wrote:

"Inasmuch as these claims were referred to the Court of Claims by act of Congress and the Court of Claims, in proceedings in which the right of claimants to recover was contested by the Government of the United States, found and certified to the Congress that claimants were entitled to relief, it would seem that, as recommended by President Taft, provision should be made for their payment."

Since the judicial, legislative, and executive branches of our Government have all said that these claims are valid obligations of the Government, their payment should not be longer delayed.

AMENDMENT OF HOME OWNERS' LOAN ACT

Mr. TRAMMELL submitted two amendments intended to be proposed by him to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, which were ordered to lie on the table and to be printed, as follows:

On page 5, to strike out subsection (1), being lines 10 to 21, inclusive.

On page 6, line 13, after the word "section", add the following: "That not less than \$500,000,000 of the proceeds derived from the sale of bonds of the corporation shall be used in making cash advances or loans to individual home owners."

IMPORTATION OF LOBSTERS AND LOBSTER MEAT

Mr. WALSH submitted a resolution (S.Res. 210), which was ordered to lie on the table, as follows:

Resolved, That the United States Tariff Commission be, and hereby is, requested to make an investigation, under its general powers, of the importation into the United States of lobsters and lobster meat and the effect of such importations on the domestic production of lobsters and on the enforcement of State laws relating to conservation and size limitations on lobsters landed by United States fishermen.

USE OF PULPWOOD, PULP, AND PAPER

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 205), submitted by Mr. HALE on the 12th instant, as follows:

Resolved, That the Secretary of Agriculture be, and he is hereby, requested to submit to the Senate at his early convenience a report based on information already available covering—

(a) The extent to which the United States now depends upon imports of pulpwood, pulp, and paper to meet national requirements.

(b) Whether and the extent to which it is now possible with known pulp and paper processes to supply from the forest lands of the United States all of the pulpwood needed to meet the national pulp and paper requirements.

(c) What adjustments are feasible and necessary and what program of forest conservation is recommended for the immediate and more distant future by the Federal Government, the States, the pulp and paper industry, and private owners of forest lands to make the United States self-supporting in its pulpwood, pulp, and paper requirements.

(d) Whether it would advance or retard the program of forest conservation to make the United States self-supporting as to pulpwood, pulp, and paper requirements from American forests.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Senator from Maine explain the provisions of the resolution.

Mr. HALE. Mr. President, recently much has been said about the pulpwood, pulp, and paper industries being failing industries, and it has frequently been stated that if we are to preserve our fast-vanishing soft-wood forests we have got to depend largely upon foreign production. In the State of Maine, where I live, the pulp, paper, and newsprint industries are the principal industries of the State, which supplies about one half the newsprint production in this country and about 20 percent of the woodpulp production. Through a careful system of cutting, our spruce, our fir, and our hemlock forests, instead of vanishing, are increasing, and our available supply of pulpwood, instead of diminishing, is increasing.

Through improvements and modern methods of manufacturing and using wood pulp, it is not improbable that through the development of this product in the Southern and Northwestern States, the business can be put on a basis where the entire supply for the United States can be produced in this country without sacrificing our forests.

The Bureau of Forestry has made an extensive survey of the whole question and has much valuable information in its possession already compiled. I believe that such information should be available for the Congress. All that the resolution seeks is to have the information furnished to the Congress. I cannot see why anyone should object to the resolution.

Mr. ROBINSON of Arkansas. Mr. President, it appears that the resolution, by subparagraph (c), calls upon the Secretary of Agriculture for the expression of an opinion as to what adjustments are feasible and necessary and what program of forest conservation is recommended for the immediate and more distant future by the Federal Government; and also, by subparagraph (d), for an expression of opinion as to whether it would advance or retard the program of forest conservation to make the United States self-supporting as to pulpwood, pulp, and paper requirements from American forests.

While the resolution is not, strictly speaking, a request for information, but does call for the expression of an opinion by the Secretary of Agriculture, I do not object to its consideration.

Mr. HALE. It simply requests the Department to give its idea about the proper steps to be taken for forest conservation as far as these various products are concerned.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

The VICE PRESIDENT. The Chair lays before the Senate another resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 207) submitted by Mr. NYE on the 14th instant, as follows:

Whereas it has been publicly charged that the Great Lakes-St. Lawrence Deep Waterway Treaty, now pending in the Senate, betrays American rights and interests to a foreign nation; and

Whereas this charge has repeatedly been made by the members of a political organization known as the "Republican Party" among others by the temporary chairman of the last Republican National Convention, and by a member of the Cabinets of Presidents Harding, Coolidge, and Hoover, under whom the treaty was negotiated; Be it

Resolved, That a select committee be appointed by the Chair to investigate these charges, said committee to consist of the Senator from Iowa [Mr. DICKINSON], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Oregon [Mr. McNARY], the Senator from Rhode Island [Mr. HEBERT], the Senator from New Jersey [Mr. KEAN], the Senator from New Hampshire [Mr. KEYES], the Senator from Connecticut [Mr. WALCOTT], the Senator from Delaware [Mr. HASTINGS], and the Senator from Maine [Mr. HALE]; and be it further

Resolved, That a select committee forthwith summon the Secretaries of State by whom this treaty was negotiated, and by whom it is charged American rights and interests have been betrayed, namely, Charles Evans Hughes, of New York, Secretary of State from 1921 to 1925; Frank B. Kellogg, of Minnesota, Secretary of State from 1925 to 1929; and Henry L. Stimson, of New York, Secretary of State from 1929 to 1933.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. NORRIS. Mr. President, I desire to have read, as a sort of preface to my remarks, the resolution which is now before the Senate. Since I am quite hoarse I will ask that the clerk read the resolution.

The VICE PRESIDENT. The clerk will read, as requested. The Chief Clerk again read the resolution.

Mr. NORRIS. Mr. President, as a conservative Republican and as a believer in party regularity, I rise to oppose the resolution. [Laughter.] The objection to it, as I see it, is that it calls public attention to a very unfortunate incident and gives greater publicity to the dissension that has grown up in the ranks of the Republican Party. Why bring up this matter now? The less that is said about it the better. [Laughter.]

It is true that the Senators named in the resolution have been guilty of a very grave injustice to the Republican Party. They have insured against the platform adopted at the last Republican National Convention. [Laughter.] But they are Members of the Senate, and I believe, speaking as a regular, that we need them in the various activities and councils of the Republican Party. In a sense, this will have a tendency to anger them, calling public attention to their insurgency, and it may drive them out of the party. [Laughter.]

Mr. President, I am opposed to any action on the part of the Senate that would drive these Senators out of the Republican Party. In some future contest we may need them. The results of the last election indicate that we ought to have had more members of the party. If we keep on with this kind of procedure we may drive everybody out of the regular organization except the Senator from Ohio [Mr. FESS] and myself. [Laughter.]

Mr. President, it is a grave thing to insurge against a political party. I am not speaking from personal experience, of course. [Laughter.] As a general proposition we ought to be very careful lest we drive some of our members out of the organization. Some of the Senators whose names have been mentioned in the resolution have shown that they can become, and probably will become if we let them remain in the party, very useful members of the organization. The value of regularity has been, by some of these Members of the Senate, very clearly illustrated and demonstrated in the past. The Senator from Iowa [Mr. DICKINSON] showed by his activities during the last campaign, particularly by an address that he made to the farmers of America, that he can take great credit and ask for great praise for the Republican candidate for doing a thing that he himself condemned and against which he later voted in the Senate. A man who can do that may in time become a very useful member of the regular organization. [Laughter.]

Mr. DICKINSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. I will yield a little later.

Mr. DICKINSON. I think my position was made perfectly clear when I made the statement with reference to the St. Lawrence Treaty that there was no knowledge on my

part, that we were absolutely locked at Chicago by lack of diversion rights so far as the benefits to the Mississippi Valley from the canal were concerned and as to the improvement of the Mississippi Valley and the improvement of the Missouri River.

I wish to suggest that my position is substantiated by some of the best engineering authorities and that the writing into the treaty of a Supreme Court decision which happened to be rendered just at that time is inexcusable on the part of those who were supporting the treaty, and that for that reason there was an absolutely different treaty before the Senate from that which was expected by the friends of the waterway in the Middle West.

Mr. NORRIS. The Senator's interruption, which he has made without my consent, demonstrates the wonderful possibilities that he possesses to become a guiding star in the regular organization. In the great speech that he made at Chicago on the 30th day of July over the radio to the farmers of America, two weeks after the treaty was published, he praised highly—and it was the climax in his effort to convert the farmers to vote for Mr. Hoover—the wonderful work of Mr. Hoover in negotiating this treaty. For fear he has forgotten it, I will read again what he said.

After discussing in his address to the farmers the various appropriations that had been made for the farmers' benefit, the Senator from Iowa said:

Another subject of vast concern to American agriculture and particularly to this industry in the great Northwestern States is the Great Lakes-St. Lawrence seaway. Favoring this route from the first, President Hoover has succeeded in negotiating a treaty with Canada by which this waterway will be built and a cheap transportation outlet to the Atlantic will be given to the farmers of the Middle Western and Northwestern States.

Mr. ROBINSON of Arkansas and Mr. COUZENS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Arkansas, who, I think, rose first.

Mr. ROBINSON of Arkansas. Mr. President, is it true that after making that speech and declaration the Senator from Iowa this morning said that he did not know what he was talking about then; that he did not understand what the treaty provided?

Mr. NORRIS. I am trying to convince the Senate against this resolution. One of the great assets of regularity is the ability to do that very thing—to talk about something and get somebody to start something that you do not know anything about yourself.

Mr. ROBINSON of Arkansas. And then turn around and vote against it yourself.

Mr. NORRIS. Or, if you do know anything about it, your view and what you are trying to get to the farmers of America are absolutely contrary to each other.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. NORRIS. Let me read the rest of the quotation. Then I will yield.

Here is what the Senator from Iowa said further:

Just where the Democratic Party stands on this seaway is questionable. It failed to make any mention of it in the party platform. The story goes that a declaration in favor of it was proposed and rejected. Upon learning this, Senator Walsh of Montana, permanent chairman of the Democratic Convention, raised a fog, but without success in having a declaration written into the platform.

That evening President Roosevelt, the Democratic candidate, made a speech over the radio and announced that he was for the treaty. He construed the Democratic platform to mean that he could, under that platform, be for the treaty. As I said the other day, the statement of the Democratic platform on the treaty would let you in or let you out, just as you preferred.

The next morning after Mr. Roosevelt made that speech, the Senator from Iowa wrote him an open letter, and gave it to the public. I shall not read all of it, but in that letter he said:

Can it be the intention of your managers—

He was writing this to Mr. Roosevelt—

to foist this rewritten platform together with your comments thereon upon the American people as the original and genuine article? If so, it is significant that it will be done only after President Hoover had successfully concluded the St. Lawrence Seaway Treaty, and after you undoubtedly had learned of the immense popularity of that project with the farmers of the Middle West.

I have taken it upon myself—

Says the distinguished Senator whom this resolution would read out of the Republican Party—

I have taken it upon myself to direct this inquiry to you because only a few hours prior to your speech I addressed myself over the radio to the American farmer on this very subject. I stated:

"Just where the Democratic Party stands on this seaway is questionable. It failed to make any mention of it in the party platform."

Mr. President, I say from a long observation of regularity and some experience with it in the Republican Party that we are in danger of injuring the Republican Party if, on account of the insurgency of the Senator from Iowa, we read him out of the party. What he said there demonstrates that he can be a very valuable member of the party. He can try, at least, with a straight face to convince the farmers of America that this treaty is one of the greatest things that ever came down the pike, and that the man who negotiated it, Mr. Hoover, was one of the greatest statesmen who ever lived, when as a matter of fact, if we accept what he says now, he did not know what the treaty provided, although it had been published for 2 weeks.

A man who can work the farmers of America, or even try to, on that kind of a thing, ought never to be put out of the regular organization, because such tactics will be useful in many campaigns that are to come in the future.

Mr. HARRISON, Mr. NEELY, Mr. LEWIS, and Mr. DIETERICH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Mississippi.

Mr. HARRISON. Mr. President, I desire to ask the Senator if this is the same acrobatic Senator who, as temporary chairman of the Republican National Convention in 1932 in Chicago, in making the keynote speech, employed this language, speaking of President Hoover and the waterways:

The President also has carried forward negotiations with Canada for the construction of the long-visualized deep waterway from the Great Lakes to the Atlantic to give the Middle West an outlet to the sea, as the waterway from the Great Lakes to the Gulf, construction of which has been in progress many years, now is coming into full operation.

Mr. LEWIS. Mr. President—

Mr. NORRIS. Mr. President, will Senators let me proceed for just a little while? I shall yield the floor in a very few minutes.

It is true that the Senators mentioned in this resolution perhaps, technically, deserve expulsion from the regular Republican organization; but, as one of the regulars, I desire to advise against it. [Laughter.] I do not believe we ought to punish them in that way when we may need their services, especially when it is demonstrated that at least one of them can show such political acrobatic ability as to be on all sides of a question without ever knowing what the question was. [Laughter.]

Mr. President, it is true that the Senators mentioned in the resolution, under the leadership of the Senator from Louisiana [Mr. LONG], strayed away from the fold and voted against a party platform pledge. That might be said as justification for their expulsion; but I desire at least to give them another chance to stay in the organization and see if they cannot be regular.

If we shall adopt this resolution, what will happen? My seat-mate, the Senator from Pennsylvania [Mr. REED], who is not here now, will be injured in his candidacy. It will be said in Pennsylvania, "Why, that man has violated a platform pledge of the Republican Party"; and while the Senator is trying to get a Republican nomination in Pennsylvania, the very action of the Senate may be used against

him, and possibly may defeat him in that great State of regularity.

Then, Mr. President, we ought to have some regard for our own physical safety. The Senator from New Jersey [Mr. BARBOUR], a man that we all look up to, is named in this resolution. If we should anger him by keeping on with this kind of work, I do not know what would happen. I think all the regulars who would remain would turn on their heels and run for shelter. I know I would. [Laughter.]

So we do not know what dangers we are going into if we pass a resolution of this kind. What we ought to do, it seems to me, is to put the brotherly arm of affection about these poor Senators who have temporarily gone astray, tell them how we love them, ask them never to sin any more, and tell them the past will be forgiven. [Laughter.]

Mr. LEWIS. Mr. President, I have listened with something of commanding interest to the remarks of the distinguished Senator from Nebraska [Mr. NORRIS]. Of course, I am not informed as to the particular details which smoldered in his brain undisclosed, or the stimulus for this address he makes to his brother in the party, the Senator from Iowa. That the able Senator from Nebraska has some reason for this engagement in attractive satire, and no doubt great justification, may be conceded. I am not greatly interested, beyond an inclination to say that in this alluring controversy between the Montagues and the Capulets of the party, my response is, in the language of the philosopher of that particular event—

A plague on both your houses.

[Laughter.]

The Senator from Iowa has correctly noted a reference in the document called a "treaty," which assumed to cite the opinion of the Supreme Court of the United States, rendered in the Drainage District cases, wherein it is asserted that the Court made adverse declarations against the imperial city of Chicago, which I have the honor in part, with my distinguished colleague, Senator DIETERICH, to represent. I desire to say that truth must record that this recital in the treaty did not quote the Court's opinion. It proceeded to quote what it concluded was its construction of the opinion. Now we are informed by the papers this morning that our very distinguished President, eminent in capacity and elevated in the regard, without limitation of Senators on both sides of the Chamber, while deeply in the affection on this side, of the Democracy, has, if reported correctly, likewise fallen into the error, under the advice of someone. The President is reported as asserting that it is the common law, so-called, that declares that there is no right on the part of those insisting that Lake Michigan is an American lake within American territory, and that one body of land with water has no right to take other water from a watershed of another area. It is reported that our President said that such is the law of the United States.

It would be assumed, from that statement, if the honorable President is correctly quoted, that the Senate, made up of lawyers of very high standing, must have fallen into very great error. The information from the press states that the distinguished President said he was quoting an able lawyer, one who was eminent as a lawyer of international law. It is reported that such a one informed him that there is no authority whatever for those of America to take the water from another watershed, wherever located, for the necessities of any particular location.

I would like to respond by saying that I had alluded, in an address I made here a few days ago, to the fact that an officer of the University of Toronto, Canada, in writing letters to America, had assumed to convince certain persons in this community, and certain officials of America, that such a doctrine prevailed. He, in behalf of Canada and the British Empire, proceeded to enforce such doctrine by those communications.

I read now the letter that was omitted from the RECORD of my general address, I having stated I would record it in the report on the reservations. This letter written by this eminent representative of the law department of the Uni-

versity of Toronto declared in behalf of the position which I am sure the President must be misquoted as having affirmed. The writer says:

I agree that Michigan is an American lake in the sense that it is wholly surrounded by American territory.

So says this letter of this eminent representative of the law faculty of the University of Toronto, addressing an American whom he seeks to convert to the theory that the British Empire has a right to Lake Michigan. The letter continues:

I agree, too, that it has been placed on a different footing from the boundary waters and from the St. Lawrence in the treaties of 1871 and 1909. But the fact still remains that the natural flow of Lake Michigan is into Lake Huron and from there via the St. Lawrence to the Atlantic. In other words, it is part of the Great Lakes-St. Lawrence Watershed and the generally accepted principles of the common and civil law are that there are certain duties on the part of riparian owners toward other riparian owners in such cases.

This writer has been reading something of the law touching irrigation on the farms of the Western States of America, and upon that has sought to educate himself upon international law and international themes of international waters. He concludes:

One of these principles is that of refraining from interference with the natural and undiminished flow of waters of this kind. International law is not as definite in this and other matters as is the common law, but the general and growing opinion seems to be that diversions of this kind are an unjust interference with the rights of other riparian owners, in this case.

Meaning Canada.

Mr. President, the distinguished President of the United States is reported as one having fallen under the influence of some wise director who professes to be learned in ancient international law. This one is reported as informing the President that it is the law that there is no right to draw from one watershed to another; that such is the common law; therefore is the law governing as between States, and as international law between our country and other lands.

I take the liberty of bringing to the attention of those who informed the able President, who, had he not been removed from the active bar, where he stood in eminence—removed by the consuming activities as Governor of New York and as President of the United States—he would have recalled that the Supreme Court of the United States, the source to which they could go for their direct information, had decided the question opposed to the advice given the President, as quoted. Those opinions, beginning in a case that was cited here by the eminent Senator from Idaho [Mr. BORAH] some time past, in *Wyoming v. Colorado* (259 U.S.Repts.). Here I add, from my own researches, that lately the Supreme Court of the United States has handed down a decision sustaining the views expressed by myself and the Senator from Iowa [Mr. DICKINSON], and that of those of us who sustain the doctrine that it is the right of these States to protect themselves in their necessity for water, or to enjoy the supply, through whatever cause the necessity may come and without regard to where the watershed is. So held the Supreme Court of the United States in the case of *State of New Jersey against State of New York*, in Two Hundred and Eighty-third United States Reports; and, sir, more fully will the reasoning of the Court be found in a case in Two Hundred and Eighty-third United States Reports, the case of *Connecticut against Massachusetts*, just lately decided.

I mention these cases that all may observe that somebody has fallen in error in assuming that United States Senators are ignorant of the law, that these who presented both sides of the contention as to this treaty are ignorant of the law, and that some form of stupendous ignorance has upset their minds, and that it is a form of irregularity to oppose any doctrine urged by those who in other lands wish to consume the rights and destroy the privileges of the United States in one form or another under the Constitution and the laws.

Mr. President, I conclude these observations by inviting the attention of my able friend from Nebraska to one of these very irregular Senators who, I would assume, is

one of those whom my eminent friend feels have gone a little afield and become what has been called "irregular." I desire to read the utterance of one of the regular Senators:

The dead but sceptred sovereigns who still rule our spirits from their urns.

I refer to that distinguished leader, Senator Lodge, and I wish to read a few lines from his address, when this subject of surrendering to a partnership with Britain for Canadian ownership of American waterways was being discussed in this body. What I read appears in the CONGRESSIONAL RECORD of February 18, 1919, page 3845. Senator Lodge was speaking as the representative of that great party which my eminent friend from Nebraska feels has drifted from regularity, and wants it to be considered seriously as to whether they shall be brought back into the fold with forgiveness or dismissed with punishment. Said Senator Lodge:

We ought to think long before we join with another country to make a waterway which we cannot control. The people who control the mouth of a river control the river. If a waterway can be found through our own country, I think the canal should be built through that way. The route should be through American territory, which would give cheapness of transport to the products of the agricultural West, and yet at the same time keep it within our own boundaries. As long as a waterway is in our own territory there is no danger of any international discussion. One way of making our good relations with Canada as close as possible is to avoid subjects of disputes. We are taking some risk when we put control of a large portion of our most important commerce in the hands of another country.

Mr. President, I submit these views, not that I wish to engage in delayed posthumous obituaries after the funeral and burial of the subject; I only intrude to call attention to what is appropriate in the justification of the position taken by those who have advocated the defeat of this treaty upon greater and broader grounds of the preservation of American sovereignty, than upon the mere matter of the accommodation of transportation or interest in commercial power.

I appreciate the observations of the eminent Senator from Nebraska, and in many regards I approve their sentiment. I rose at this particular time, however, to correct an impression which the public press has indicated has been given by some eminent international lawyer to our distinguished President.

Mr. NYE. Mr. President, how thoroughly thoughtless I was yesterday in offering the pending resolution is best evidenced by the eloquence with which the Senator from Nebraska [Mr. NORRIS] has presented the embarrassment which is his, occasioned by the resolution.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. DICKINSON. Would the Senator have any objection, on line 5, page 2, of the resolution, to adding the following Senators to the group already submitted: Senator ADAMS, of Colorado; Senator BAILEY, of North Carolina; Senator BYRD, of Virginia; Senator CLARK, of Missouri; Senator CONNALLY, of Texas; Senator COOLIDGE, of Massachusetts; Senator COPELAND, of New York; Senator DIETERICH, of Illinois; Senator GEORGE, of Georgia; Senator LEWIS, of Illinois; Senator LONERGAN, of Connecticut; Senator LONG, of Louisiana; Senator McCARRAN, of Nevada; Senator MCGILL, of Kansas; Senator NEELY, of West Virginia; Senator OVERTON, of Louisiana; Senator REYNOLDS, of North Carolina; Senator RUSSELL, of Georgia; Senator STEPHENS, of Mississippi; Senator TYDINGS, of Maryland; Senator WAGNER, of New York; and Senator WALSH, of Massachusetts?

Mr. NYE. Mr. President, after listening to the very eloquent appeal made by the Senator from Nebraska in behalf of regularity, I certainly do not want to disrupt the committee which had been originally in mind. What I wanted was a very select committee, and I would have to object to any such amendment as that proposed by the Senator from Iowa. Frankly, I am not desirous of continuing the embarrassment which seems to confront my friend from Nebraska, and I do not think that in all propriety I should press the consideration of the resolution. But what to do with it now is a question that is giving me more than a little concern.

I had thought that since there was no standing committee to which the resolution could be referred it might be referred to the Republican caucus, but the Senator from Nebraska objects to that and tells me that it would bob up there to embarrass him again, as it has already embarrassed him here in the Senate.

I have given consideration to the possibility of referring it to the code authority that is operating under the N.R.A. set-up, but I fail to recollect that there has been any authority named to deal with partisan campaign platforms. Someone has suggested that it be referred to the Federal Trade Commission, with a request that the Federal Trade Commission report to the Senate whether or not there have been unfair practices or inaccurate advertising involved in connection with this pending controversy.

So that, all in all, it seems that there is no place to which such a resolution might properly be referred. Therefore, Mr. President, I ask unanimous consent to withdraw the resolution.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from North Dakota has the right to withdraw the resolution.

Mr. BORAH. I object.

Mr. ROBINSON of Arkansas. Mr. President, I do not desire to prevent the execution of the regular order, which is consideration of unobjected bills on the calendar. I ask that the resolution of the Senator from North Dakota [Mr. NYE] be passed over.

The PRESIDING OFFICER. The Senator from North Dakota withdrew his resolution, which he had a right to do under rule XXI.

Mr. BORAH. Mr. President, the Senator from North Dakota asked unanimous consent for the withdrawal of the resolution, and I objected.

Mr. ROBINSON of Arkansas. Yes, Mr. President; the Senator from North Dakota asked unanimous consent to withdraw the resolution, and objection was made by the Senator from Idaho.

The PRESIDING OFFICER. But the Senator from North Dakota has an absolute right to withdraw his resolution if he wishes to do so.

Mr. ROBINSON of Arkansas. But, Mr. President, the Senator from North Dakota did not announce that he withdrew his resolution. If he wishes to withdraw it, he has a right to do so.

Mr. NYE. Mr. President, I hope the Senator from Idaho [Mr. BORAH] will not be overly angry if I insist upon the resolution being withdrawn at this time. We are torn to such shreds over on this side of the aisle that I am sure the Senator from Idaho will serve a real purpose if he withdraws his objection.

The PRESIDING OFFICER. The Senator from North Dakota has a right to withdraw his resolution if he wishes to do so.

Mr. KEAN. Mr. President, on the request for unanimous consent I object.

Mr. BORAH. Of course, Mr. President, the Senator from North Dakota can withdraw the resolution if he wishes to do so; but the Senator asked unanimous consent that the resolution might be withdrawn.

Mr. NYE. Mr. President, do I understand that it is the ruling of the Chair that the resolution has been withdrawn?

The PRESIDING OFFICER. The Senator from North Dakota has the right to withdraw the resolution if he desires so to do. However, the Senator did not do so. He asked unanimous consent to withdraw his resolution, and objection was made by the Senator from Idaho.

Mr. NYE. Mr. President, I withdraw the resolution.

The PRESIDING OFFICER. The resolution of the Senator from North Dakota is withdrawn.

MARKETING OF GOVERNMENT SECURITIES

Mr. COUZENS. Mr. President, I send to the desk a resolution and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The clerk will read the resolution.

The Chief Clerk read the resolution (S.Res. 209), as follows:

Resolved, That the Secretary of the Treasury is requested to furnish to the Senate, at the earliest practicable date, the following information:

(a) A list of all Government securities offered to the public during the present fiscal year, together with the terms of each such offering.

(b) The allotments made of each such offering, specifying in each case the amount allotted (1) to Federal Reserve banks, (2) to member banks of the Federal Reserve System, (3) to banks not members of the Federal Reserve System, (4) to insurance companies, (5) to corporations other than insurance companies, and (6) to private individuals, together with the market price of all outstanding Government securities at the time such allotments were made.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Michigan a question? Has the resolution been exhibited to the Chairman of the Committee on Finance?

Mr. COUZENS. Yes; it has. The Chairman of the Committee on Finance thought it was in order. The primary purpose of the resolution is to secure information for the Committee on Finance, because that committee is considering taxing banks on the cost of handling nontaxable securities.

Mr. ROBINSON of Arkansas. I have no objection.

Mr. BORAH. Mr. President, is it the purpose of the resolution to secure information as to who were the purchasers of the securities?

Mr. COUZENS. The purpose of the resolution is to secure information as to who were the purchasers of the securities by groups, I will say to the Senator from Idaho, and not by names.

Mr. BORAH. What would be the objection to having the information as to the names of the purchasers of the securities?

Mr. COUZENS. It would take a long time to secure such information and would involve a considerable amount of work. I think if we could obtain a list of purchasers of nontaxable securities by groups, it would not be necessary to get the individual names.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution offered by the Senator from Michigan?

There being no objection, the resolution was considered and agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. McMILLAN, Mr. WOODRUM, Mr. BACON, and Mrs. KAHN were appointed managers on the part of the House at the conference.

ARTICLE FROM CHICAGO JOURNAL OF COMMERCE

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Phil S. Hanna, in the Chicago Journal of Commerce of March 12, 1934, entitled "A Blue Cat in Every Home for Depression Cure."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Journal of Commerce, Mar. 12, 1934]

ROUND TABLE OF BUSINESS—A BLUE CAT IN EVERY HOME FOR DEPRESSION CURE—MISCELLANY
By Phil S. Hanna

Government statistics show that in the 30,000,000 homes in this country there are only 3,000,000 cats. It is also well established that one cat will consume as much milk as the average human.

Hence, if the cat population was increased to 120,000,000, the consumption of milk would be increased fortyfold.

Since a sufficient number of consumer cats can be acquired by refraining from drowning them for a few months, there should be no necessity of increasing taxes or enlarging the P.W.A. to obtain the necessary cat inventory with which to start our cat recovery program. If the cat population was increased 4,000 percent, it would mean at least 1925 prices for milk and complete parity with industrial prices.

With milk demand increased fortyfold there would be required 40 times more cow feed, barns, milk pails, motor trucks, clerks, etc., than at present. This would furnish an immediate stimulus to the can-producing industry, which would in turn stimulate activities at the tin mines. This would cause a great increase in freight-car loadings, which would cause the railroads to hire more men, buy more cars and locomotives, and use more coal.

But more important than these the increased demand for cow feed would solve the farm-surplus problem. The demand for farm hands to milk cows and to drive milk delivery wagons would solve the farm unemployment problem and help the President in tapering off the C.W.A. in the country districts by May 1. Since the earnings of the railroads would increase as the cat population increased, there would be a great rise in the stock market. The combination of a rise in stocks, and a rise in grain prices, due to the enlarged demand for cow feed to come from the cat movement, would unfreeze billions of dollars of collateral loans and would bring the reopening of many closed banks. The market for farm lands would also open up nicely under these new conditions and there would be a cessation of foreclosures on farms and the reopening of many small country banks. It should not be long before the farmers would be paying off their new loans from the Farm Credit Administration and the Government would thus be enabled to reduce the income taxes.

As the business expansion continued, under our sell-more-milk-by-raising-cats program, the business of Sears, Roebuck and Montgomery Ward would greatly increase; in fact, if space permitted, it would be easy to show how the ramifications would improve all lines of business and the depression would be completely and satisfactorily solved.

But Dr. Moulton, whose story we are repeating from memory, goes further. He points out that the inevitable mortality of the cat population could be capitalized to create many new demands for labor and capital which would cure technocracy. There could be time-payment cat-financing institutions to help those late in getting into the game and who are without surplus cat-buying funds. This paper would be self-liquidating and would create a great amount of paper which the banks would be glad to buy in order to acquiesce in the demands of Jesse Jones to expand credit. And there could be created great financing companies to build cat-cemetery associations which would spend their money to see that these patriotic dead cats received respectable burials. These activities would help to revive the Indiana Limestone Co. and the marble quarries in Vermont. Since each cat has nine lives this corporation could incorporate for at least 99 years.

Those who may wish to particularly commemorate the special service which our felines would contribute to humanity might like to build cat crypts with bronze ornaments. This would help the industries of Connecticut.

And to minister to the cats that might be ill from time to time, public-spirited citizens could organize cat-benefit societies which would employ many veterinarians; to keep householders informed on how to care for the tabbies a number of cat-trade journals would be needed, which would aid unemployed newspapermen.

The cat radio hour would come along in due course and some enterprising Washington bureaucrat would organize a system of reporting on cat economics.

In order to make this enterprise understood quickly and to rally the people the first requisite would be a symbol. This should be a blue cat, which should hang in the front window of every home.

But someone would be sure to find fault with this program. Sooner or later would be great overproduction of cats, which would be accompanied, no doubt, by a great inflation in cat credits and cat stocks. Then a great deflation would ensue—cats would come raining from the skies and from under the beds. Dead cats would fill the air. Secretary Wallace would be called out of retirement to launch a cat-killing program at \$5 a head in order to balance production and get a parity between farm and city cat prices. General Johnson would come on the scene demanding that each cat drink more milk, but live a shorter life, to share the work with the unemployed cats. Householders would be required to sign codes of fair cat competition, and a great bureaucracy of compliance officials would grow up.

Finally, the people would find that it took so much milk to feed the bureaucrats (sic) that there would not be enough to feed the recovery cats. Great numbers would decide to dispense with cats, as well as bureaucrats. The blue cats would come raining down out of the windows and after 4 or 5 years the country would be back to where it started, with the 3,000,000 cats for 30,000,000 families, and all would be resigned to go to work again.

Plenty of developments over the week-end; by a 39 to 38 vote the Senate approved the bill to make dairy and beef cattle basic commodities, which means that they will be subject to processing taxes, and if the experience with hogs is a criterion, will go down in price. The lowly peanut, along with flax, rye, barley, and grain sorghum, were added by the Senate to receive A.A.A. benefits.

Inventive business finds a way around the drastic securities act, and hungry bankers get remunerative loans, by converting what

is in fact a long-term obligation of the American Metal Co. into short-term paper. With huge reserves, and under the wing of government guarantee, this is good banking now, but some look ahead and declare that some strong antifreeze mixture will be needed later on. Others reflect a bit and opine that these are exactly the kind of loans which the Comptroller told us not to make. It has been truly said that politics has no memory, no foresight, and no conscience.

WAGES AND SALARIES—EDITORIAL FROM WASHINGTON HERALD

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial in the Washington Herald of March 15, 1934, signed by William Randolph Hearst, entitled, "What Is Sauce for the Goose Is Applesauce for the Gander." Through the years Mr. Hearst has stood firmly for the increase of purchasing power through well-filled pay envelopes in the hands of the workers. He has upheld the right of collective bargaining and high wages at times when it was unpopular to do so until today it has become the accepted custom of the land. He has insisted on fair play between labor and management to the end that the interests of both might become one. He now asks that the Government practice in relation to its employees what it preaches to industry in the maintenance of living wages.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Thursday, Mar. 15, 1934]

WHAT IS SAUCE FOR THE GOOSE IS APPLESauce FOR THE GANDER

The Democratic administration and its representatives demand that industry increase the number of its employees whether needed or not, and that it increase wage scales and salaries by increasing the per diem compensation.

The administration has a right to urge this method of increasing employment and adding to the purchasing power of the community; and if industry has been able to absorb the very recent increases in pay and shortening of hours it should endeavor to comply with this governmental demand.

But the demand of the administration would come with much better grace and much greater force if the Government itself were adopting the principle embodied in this requisition upon private industry.

The administration, however, is not following its own preachment.

It has reduced the wages of Government employees at Washington.

It has cut some 26,000 wage earners from the rolls of the Post Office Department.

It has destroyed the Air Mail Service of the United States, and thrown many thousands of its pilots, mechanics, and other workers out of employment by the conditions it has compelled.

Must private industry not only bear its own burdens of relieving unemployment but also absorb the unemployment which the policies of the administration create?

If the administration is going to establish regulations for industry under the N.R.A., should it not show its sincerity by making those regulations equally applicable to the operations of the Government?

It is easy for the Government to find the money to pay salaries and to provide employment.

It is easy for the Government to find the money to increase salaries and expand employment.

All it has to do is to impose additional taxes on the already heavily burdened backs of the American people.

This the Government apparently does not hesitate to do with or without good reason and with or without beneficial purpose.

It is not so easy for private industry to find the income to bear additional burdens.

Private industry has no power to compel the public to support it.

Private industry cannot maintain a perpetual deficit and issue bonds to meet it, or print new money to meet it.

But there is nothing to prevent the Government from piling up huge indebtednesses, which the public must pay off eventually, whether it wishes to or not.

The Government, therefore, ought to be at least as strict in its adherence to the basic principles of the N.R.A. as it asks private industry to be.

Of course, in fairness to the Government it must be said that it is employing great numbers of people at vast expense on public works and civil works programs; but it also must frankly be said that a considerable part of the vast sums so expended are being wasted through misdirection, through incompetence, through outright crookedness, and through the inevitable waste inherent in the hasty expenditure of large appropriations.

Would it not be better, therefore, for the Government to reduce somewhat the expenditure in the direction where there is so much waste and dishonesty, and to retain on the public pay rolls at living wages the loyal workers who served the country faithfully and skillfully for many years?

The Hearst newspapers cannot be considered to oppose the Public Works programs.

In fact, it was the Hearst papers which first advocated a \$5,000,000,000 fund with which to build needed public works and to provide needed relief for the unemployed.

And if this amount had been appropriated in the beginning and spent when and where it was most needed, the depths of the depression could have been avoided, and a larger and more reckless expenditure later could have been prevented.

It is a singular thing in this connection that when the Cosmopolitan Corporation's moving picture, *Gabriel Over the White House*, was produced it was sent on to Washington for the inspection of the administration and for the benefit of any suggestion the Government might have to make.

This was at the end of March 1933.

The only recommendation of importance made was that the amount of \$5,000,000,000 for public works—which the President in the picture was made to demand of Congress—be reduced, as such a sum was excessive and unreasonable.

The amount, therefore, was reduced to \$4,000,000,000 in the picture.

That was in the latter part of March. Six months later in the same year the administration was demanding of Congress \$10,000,000,000 for public expenditure.

In such rather dangerous ways do extravagances grow.

What was considered excessive and unreasonable in the first months of the administration's term of office was considered inadequate by half before the first year of office had ended.

Government expenditure is definitely necessary in times of depression.

But that expenditure must be conservatively directed and distributed.

And what is more conservative, more legitimate, than for the Government to retain in its employment its own faithful and skillful employees, and to refrain from driving out of employment the faithful and skillful employees of private industry through drastic and ill-considered interference with private enterprise?

The policy of the N.R.A. is sound in many respects, and should be supported as far as it can be complied with; but that policy should be a cooperative policy, a harmonious, helpful policy, not a policy dictated by government to private industry and rejected by government itself.

WILLIAM RANDOLPH HEARST.

WHERE DO WE GO FROM HERE?—ARTICLE BY MRS. GEORGE B. SIMMONS

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in this week's issue of the Saturday Evening Post, entitled "Where Do We Go From Here?" by Mrs. George B. Simmons, whose address is Arrow Rock star route, Marshall, Mo. This is a discussion of the new deal from the viewpoint of a Missouri housewife.

Mrs. Simmons is a Missouri farm woman who with her husband has lived on and operated their present farm for the past 21 years. She therefor has personal knowledge of farm problems. She has also been correspondent of a farm journal for a number of years. From Mrs. Simmons's article it will be gathered that both she and her forefathers have been of the same political faith as the present administration. Her article is unusually able and unusually interesting.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post, Mar. 17, 1934]

WHERE DO WE GO FROM HERE?

By Mrs. George B. Simmons

As I work here in our farm home in Missouri I try to think about what I hear and read. I want to see if I can find any hope of making the many pieces of our Nation's present schemes for recovery fit in with what I know about the practical facts of farming and farm life to complete any sort of picture that later can be hung upon the walls of history. I think of what our more than 20 years of working together here on our farm have taught me about simple business honesty and its safe expectations of reward, and try to see if I can find any parallel lines in governmental business and the results it can reasonably expect.

Day after day I listen to explanations of the corn-hog plan as put out over the radio. It seems strange that nobody ever questions its rightness or its success openly. I hear how the cotton-acreage-reduction plan with its attendant cash benefits has helped, and how many checks have gone out to wheat growers for sowing less fields to wheat. I hear occasional mention of the cost of all that is being done, but it seems that figures are so big they have lost any meaning. I hear what the farmers are reported to be thinking and saying, and my husband and I look at each other across the soup we are having for supper, and we say, "We don't think those things. Maybe we are not alone. Maybe we are not the only ones those talkers are mistaken about. Maybe there are others so busy trying to cram the days full of work they are too tired to write or say what they think; or who feel that it would be no use anyway."

WHEN THE RECOVERY POTTAGE IS GONE

I hear and read about gold, in chunks and in dollars, at home and in foreign countries. I cannot remember having ever had a gold dollar in my life, but if I had I reckon that I would not particularly thank anybody to take it from me and hand me back

only three fifths of the gold it held before. But then I am doubtless a simple soul needing governmental salvation more than I am able to realize. I smile to myself about how I read years ago that the writer, Clarence Budington Kelland, said his favorite color was the shade of yellow used on gold certificates, and I presume he will have to find his color somewhere else. Maybe he can raise yellow roses. I look outside across the winter-dulled countryside and wonder if it will be any use for me to figure upon putting out any more roses in our back yard, what with taxes and present livestock prices and the crop failures that are inevitable about every so often.

I hear about surpluses and hunger and want, about corporation taxes and brotherly love and the valley of the shadow if we farm people do not cooperate with Government plans made for us, and Government bond issues, and regulation of utilities; and I look at our beloved electric lights that we waited more than 20 years to have, and wonder whether or not the power company will be able to keep on sending us current at any price we can pay. I read about graft and listen to cute conversations between experts put through the radio by various sponsors. I wonder what God thinks of it all, and I ask myself: Where do we go from here?

What of our children and our grandchildren? Can farmers hope for the security some of us knew as children? Can any business dare to hope to grow and profit? Will there be any incentive to work hard and try to get ahead when personal income from hard work must be turned over in such large amounts to the Government in income taxes? What will it do to the souls of people that they may find no encouragement to do their best, it appearing that a premium is set upon inefficiency and waste and idleness? We have grown children, married, and bewildered by the problems of achieving any decent existence. They were taught the strange old creed of trying to do all they could and expecting to profit better by doing so—better than those who did not choose to make their utmost effort. What can we teach our baby, now only 5 years of age? What hope can we hold out to her, as she grows up, in a nation that having gulped its recovery pottage must forego its heritage for taxpaying?

I consider these things as I wash dishes and cook three meals a day, and wash and iron and sew and mend and bake and clean, and wonder how we are to meet the next mortgage interest, and pray for fortitude to help me bear it if we cannot, and so have to join that long line of foreclosed farmers who have been carrying out with them from their lost homes the remains of what laid the foundation of our national progress in the years before the Government began hunting new ways to tax, so that it could spend and spend more money and take on more power.

DYNAMITING DEMOCRACY

I wonder about dictatorships which can be only because power has been bestowed or seized, and what may be the outcome of them. It seems to me that power in the hands of a dictator is like a rope—give him enough and he will hang himself sooner or later. And the despair or the lack of thinking or the indifference that allows dictatorship can carry a capacity for sudden change and vitriolic blame that is consistent with the feeling that it is the dictator's fault when things go wrong. For all concerned, I have to conclude that any kind of dictatorship is dynamite to democracy and to order and to progress. I look out across our land that we still hold by only such a narrow margin, and I know that if my husband cannot make it pay, nobody else can tell him how, and I know that the blood of generations of independent farm people rises within me to hate dictation, no matter how soft the velvet may be laid over its mailed fist, or how beautiful the bribery it offers us for our inalienable rights, which it is trying to deceive us into giving up.

I study and think and try to be fair, to make allowances for conditions; but reducing things the best I am able to, their lowest common denominators, I am forced to keep on believing that what is honesty for the individual is honesty for the group, and what is good business ethics and is reasonable business management for the man is good for the Nation. If I took my neighbor's gold and handed him back three fifths of it, I would be a thief and I would be prosecuted. I cannot see that it is any better for a government to take its citizens' property and appropriate nearly half of it for government use.

If my husband borrowed money and put up big barns he did not really need, and hired help he could get along without, and more help to run around and see what the others were doing, and left some of his fields idle, it would make him a sorry sight.

But then my husband is a farmer, and from what I can gather, while he may at present be in the king row, the farmer is only a checker in our political game, to be moved around and jumped across where the player in power can get the most good out of him.

I am not yet persuaded that it is anybody's unselfish love for the farmer that gives him his present place in the news and views of those who seek to find ways to get around reaping the whirlwind that was to be expected from what was sowed. The politicians need the farmer's vote and his buying power and the food he and his wife and children dig and drudge to produce, yet farmers themselves are too often lacking decent food and respectable clothing or adequate housing or any real pleasure in living, or time or strength soberly to figure out the whys and wherefores of their own overhead exploitation.

DOES LESS CORN MEAN MORE BROTHERLY LOVE?

I know that it would be difficult to find a farm family where dental work is not needed, where more could not be sanely spent for fresh fruit and green vegetables in winter, where self-denial and self-sacrifice are not the rule. But I do not think these

conditions are due to overproduction as much as they have come from underconsumption. I still believe—and while I am not trying to represent others' beliefs, for we have far too much stuff put out by self-styled leaders who say they are speaking for other farmers, I must say that I have heard others express the same opinion—that if every man, woman, and child in our Nation could have all that would be required for three satisfying meals every day for 6 months there would be no surplus. I do not see how consumption can be increased by making prices still higher and taxing the poor on the food they eat, so that, afterward, the Government can make levies upon processors of foods to get money to pay some farmers to do less work, and also to pay a lot of Government employees we do not need, to see that the farmers specified do loaf as per agreement. Any who can read market reports must know the processing tax on hogs is being paid by us who produce hogs.

I try to see it all straightly, but the suspicion will not lie down that back of all of these strange schemes is the iron-clad determination of those in power to maintain their positions and to add unto themselves more officials who, within their walls of privilege, can help them hold and add to their personal authority. They are not willing to take their losses to amount to anything more than nice political gestures, and in order to justify themselves they build a fictitious stage scenery of prosperity on borrowed money, and tell us to look and see how pretty it is. But I keep imagining that when I wake up all I can find will be a debt for more money than there is in the entire world, and I look at our land that I love so well, in about the mood that the ancient Hebrew must have known when he built the fire to sacrifice his son. Only God can help me now.

I agree with an Australian visitor who has recently said that cutting production is only creating artificial shortage and artificial poverty. As I look back, I have to remember that here in the second richest county in Missouri, agriculturally speaking, we have had only one really good corn crop in 5 years, and I wonder if those who would cut production have made the necessary arrangements with the weather man.

I cannot help wondering if those who so gayly destroy pigs ever sat up through a zero night in January, cramped into a farrowing shed, trying to help save the babies, or thrilled later to their contending gruntings around the feed troughs, or watched growing children truck away juicy slices of ham, sure they could eat just all they wanted, for there would be plenty? I doubt if those who would advocate the farmer's working on a no-profit basis would be willing to milk twice a day with no shelter from a northwest winter gale but a barbed-wire fence, so be they even knew from which side of the cow to begin the task.

We are exhorted to let brotherly love grow in our hearts, and growing, make us willing to sign the various agreements that we are told will benefit us. I have no objection to brotherly love, but if it is to be my guiding star I do not want it to set in California or New York or on the Canadian line or the Mexican border. It can just shine right around the world, for I had far rather give our surplus pigs and corn and wheat and cotton, so be they demonstrate to my satisfaction that there are any real surpluses, to the blackest cannibal in any African jungle, or the yellow children of China, or the needy anywhere you may find them, than to destroy them, either by doing away with them after they have been produced or to destroy them by not producing them.

I believe in God and in prayer, but I cannot pray for blessings from Him unless I have made the most of my time and strength and opportunity. I cannot ask for further gifts when I have wasted, for any reason whatsoever, what I have already been given. The moral issue here is plain, and for me it must forever take its place in front of any economic expediency.

THE OTHER FACE OF CREDIT IS DEBT

It would be a great deal more comfortable if I could just believe all I am told, but I cannot get so much of it to make any sense. I think it would be just lovely to believe that we shall pay a debt running well above \$30,000,000,000 and not notice it, so great will be our returns from the investment, but somehow I am afraid to believe it. The debt my husband and I made when we thought we should buy a farm home has proved a scourge that never lets us rest, and I have come to abominate debt as a curse. We can too easily forget that, as Garet Garrett once wrote, the other face of credit is debt. When I hear and read of all the ways the Government offers credit to farmers, provided they will do as dictated, I want to cry aloud, "Don't you know that credit that promises so enticingly is only debt that leers and mocks and ruins on its other face?" But now wouldn't I be just too unpopular if I did make mention of anything like that! I fear it might be a waste of breath, and, as stated, I do not admire waste.

It would, perhaps, give me the kind of fiendish glee it appears to give to some I have observed could I think of all rich people as greedy and selfish and cruel and needing only to be soaked with another tax, but I cannot so regard them, being, or having been, in my small way, when farming used to pay a little, a partner capitalist with my farmer husband, and having an obsolete respect for property owning and for the ability to be helpful and serviceable that money can give, and which it has given to many who have so used it in the history of our Nation. I realize that there are light-minded rich people who spend their days in pleasure seeking, but there are tramps on our highways who do not possess a dollar who are just as light-minded and just as pleasure seeking. We have this kind of folk in every stratum of human-kind. I once heard a woman say of another, "Well, she is ugly, but I'm sure she is good." Quite impolitely, I laughed aloud, as

I remember; but there is about the same validity in supposing, because a man has a bit of money, that he is bad and fit only for the taxgatherer.

Why is it that the Government can sell its bonds bearing interest rates as low as 1½ percent? Can it be because, having lost faith in using money for regular business undertakings, those who still have any money feel that to have their principal safe and free from taxes is about all they can expect, and so they must accept the low interest? And after the Government has successfully borrowed all the loose cash of its citizens, how is business ever to get to going again so that it can hire and produce, when the Government has its money? I just often wish I had a brain-truster head, so I could figure it all out as neatly as they do. You see, about all I can do is to ask questions.

I am not upholding the sins of past administrations or the dishonesty of certain individuals who cheated in business deals they represented to be safe and income producing. I am not regarding what I can see and hear and learn from any opposing partisan viewpoint. All my people for several generations have been southern, and it is no trouble to guess the party to which they have belonged and given their loyalty. But they were land-owning, land-working people, who saw in their country homes good business investments, an interesting life helping things grow and flourish, and security for leisurely old age, when they properly could enjoy the returns from the labor and thrift of their younger years. While using every honest means they had to increase their holdings, they believed in living as they could afford, and paying their debts and not spending faster than they could make.

If the only grandfather whom I can remember were living now, I can just see how he would get up out of his chair and stomp across the floor on his ninety-and-odd-year-old legs, and say, "Tut, tut, it won't work. It's too much debt", and how the little tuft of whiskers on his lower lip would stick straight out in the way they always did when he shut his mouth upon his honest beliefs, which usually were about exactly right.

PAYING THE PIPER

Of course, I hear how times and conditions have changed, and how now human nature must change, too, and how, since one thing is so, another has got to be, even though nothing in principle or history indicates that it ever has been that way; and I try to persuade myself that maybe the hayseed is in my hair too thick for thought, but I cannot quite succeed. I still believe that what we sow we reap—only more so—that debts must be paid or defaulted upon, and to default does things to character and self-respect that leave scars that are not good to look upon.

I hear that this is an emergency and presently we shall have borrowed ourselves out of it, and everything will be grand, but I cannot find any positive assurance that it will not be just as necessary to put out Government money next winter as this winter. If it was necessary to do all that has been done to avert revolution this winter, what will we do to avert it when the Government can no longer dish out the billions?

A man who tries to think said to me, "When even a part of the people are on the receiving end of ten billions of Government money, it can buy from them a lot of favor and votes; but when it is gone, and there isn't any more, the kick-back will be terrific. Then will come the test."

Where will it all lead? Is a Government-dictated agriculture, with acreage allotments for those who would plant and only so many head of livestock for those who would raise them, coming swiftly upon us? As Government reaches out farther all of the time to get into and control what has hitherto been private business, will we come to nothing better than serfdom made the more poisonous by our modern knowledge of transportation and of communication? Are we heading into State-controlled and enforced socialism? Is democracy, as we have known and loved it, doomed? Are private initiative and private enterprise and personal thrift and personal desire for ownership of property to be thrown useless away? Is the day passing when we can learn anything from history to help us with the present, and are we just naturally too smart to have to abide any longer by the old laws of supply and demand, and right and wrong?

It does no good to retort that these are silly questions. It will do no good to taunt me with the fact that I do not know how to answer some of them. I admit that I do not, and so took for my subject a question, and did not promise to answer it.

AS A FARM WOMAN THINKS

It may be that, as a farm woman, I really should think about the potatoes while I am peeling the potatoes, and not about somebody's unctuous promises or explanations to us farm people coming in over the radio. It may be that when I eat the potatoes I should still cogitate upon them instead of managing my fork with a kind of involuntary motion while I devour the news in the daily paper. The way we are being regulated, I probably should cut down mental production and put part of my brain out to permanent pasture, with a fence around it that wouldn't let an idea get through; but I was brought up in the days when, if a farmer worked and saved, he could send his children to college, and so my father almost ruined me for anything like that. In spite of how much I tell it that it is a futile waste of effort, my mind just will work. I reckon it got the habit, and you know how minds are—if they like to work, there is no stopping them.

And misery loving company, I find it hard not to be a little glad that there are others who also try to think. I know that some of them are today keeping still not because they agree with all these costly schemes for getting over our stomach ache without taking our medicine but because they have such sweet

forbearance that they do not want to say a word that could hurt any possible chance of helping anybody. It may be that the administration is trying its best to do what it thinks is best, but human nature is still what it is, and it cannot be changed through any manipulation of the pocket nerve. Economic pills will not cure spiritual ills. It is going to have to be the other way around, and that means a long and arduous road over which only God can guide us. Politicians do not even always know how to read the signposts along the way.

It seems to me that we need to guard our rights as private citizens as never before in the history of our Nation, that we need to examine to see if we have not tacitly abrogated our precious privileges of doing our own thinking, in yielding so much, no matter how imperative may have seemed to be the emergency. It is easier, it takes less mental effort, to take directions from a boss than to figure out how to manage a job oneself. And if things go wrong, we can just sit back and blame the boss; but these are not the ways expectable of the children of our pioneer ancestors who fought to give us a land where there could be freedom of speech and of press and of religious belief, and where we were to perpetuate and make glorious the liberty they envisaged for us. It may be time that we see the shame we have allowed to be brought upon us and the danger that stalks through the very noonday of our national life, and save what we are able of the fragments that are left of the heritage we should have been able to pass on to our children.

For no matter how all-wise might be any dictatorship, it must reflect ignominiously upon any people that they suffer it. Swept by the gales of political clamor, our Congressmen rush too madly to add to the power of the few, and those who try to stop them, to set limits upon them, have little chance. It may be time for things thought out down on the farm to be voiced by somebody.

QUESTIONS WE SHOULD STUDY

I cannot answer all of the questions I am asking or that I have heard others asking. But I believe they are questions we need to study with all the concentration of which we are capable, and all the love of country, and all the loyalty we have to the work we have chosen as a profession. We know we are in the midst of change, but even change works according to rules and principles. It would pay us to hold this in mind.

I love the country and to do what I can to help things grow. I have always chosen to help anything that needed help, and not to let it suffer and die if I could do something to help to save it. I think that it is all wrong that a business as basic as agriculture in a nation such as ours should have to exist upon government subsidies, or deliberately cripple itself, like stepsisters cutting off pieces of their feet to try to make them fit Cinderella's slipper, to try to make itself fit the shoe somebody else says it ought to walk in, if it is to get along. It should stand upon its own strong feet, serving as only it can.

No man or woman should be limited from making any fortune that can be made honestly, and it is wrong that a government should have wasted until confiscatory taxation must be practiced. Such waste must not longer be tolerated.

No other business is as completely dependent upon private initiative and private personal devotion and labor as is farming. Take out of American farming the incentive to prosper, to own, to have, to hold, to improve, to enjoy, to be certain of keeping, and the Government had as well have the farms, for you cannot hire anything to take the place of the love of home that has carried so many of us through scorching days of summer and the exposure of winter weather, through sacrifice and losses and shabbiness and deprivation, and made us feel that none of these mattered if some day we could have a good farm home and a bit of time to rest in it.

THREE THINGS FARM PEOPLE NEED

Where do we go from here? Your answer may be far better than mine; but as sure as we live, or anybody lives, we shall go on to something, somewhere, from here, and now is the time to be having something to say about the direction to be taken. The daughter of debt is hate, a terrible thing wherever seen, and we need less of her and more of the contentment that can be the offspring only of thrift and good management and courage and faith.

I know that some of the beliefs I have set out here may look very different from those many have been reading, but I still believe in personal independence of thought and action, as long as one holds to law and order. I still believe in that individualism that some have lately held up to ridicule and scorn. God gives it to each of us and leaves no directions for later handing it over to scoffers. I believe that lower taxes, lower interest rates, and to have been let alone were all, and still are all, that we farm people need. I believe the same three suggestions would work for many another business now being crippled and maimed beyond recognition by Government interference and political dictatorship.

These simple means would have enabled much more help to have been used by private business and much more capital to have been invested in it. Of course, there would not have been as many Government jobs, but some of us could have endured that.

Experiments may be all very well, but the patient can die if they last too long. Sometimes, thinking from what we have come to what we have come, I cannot help it that tears fall into the dishwasher, or that a cold wind of fear makes me shiver when I consider whither we can be going. This is your country and mine, whether we live in country or in town, are poor or well to

do, and it is your concern and mine that we assume the responsibility we shall never have any alibi for having shirked, and do what we are able, be it little or much, to see that there shall be no more jeopardizing of the rights of our Constitution set forth as ours to have and to cherish.

CARRIAGE OF AIR MAIL BY THE ARMY—LETTER FROM GENERAL MITCHELL

Mr. BONE. Mr. President, I ask unanimous consent to have inserted in the RECORD the text of a letter from Gen. William Mitchell, bearing date March 13, 1934, to Senator Hugo L. BLACK, of Alabama. This letter appeared in the Washington Herald of March 14.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

MARCH 13, 1934.—I believe the time has come when the air-mail situation should be presented to the people of the United States in its true light and dispel the distorted impression which has been created in their minds by the persistent and carefully planned malicious propaganda of the air-mail contractors and their affiliates.

I feel that the President and the Government should be justly proud of the position they have taken with respect to our aeronautics. The people of the United States had the right to expect that the Army Air Corps could fly the air mail with ease because conditions of war will be much more trying.

For years we were assured by the Republicans and by the civilian air contractors that we had the best air equipment in the world and it is only through the wise move of the President that we discovered the appalling state of the most important arm of our national defense.

INADEQUATE PLANES

The skill, courage, and the chivalry of our splendid Army fliers have been completely nullified by inadequate equipment and curtailment of the number of hours they could fly by the War Department. This did not give them an opportunity to perfect themselves in flying through storms and bad weather conditions.

It is only through continuing the present mail operations that the true facts can be found out and remedies applied. Our whole aircraft set-up must be reorganized and particularly our present aircraft industry, which is controlled and held down by holding companies who have little or no knowledge of aviation.

It is a fact that much the same groups that have obtained our air-mail contracts by collusion and fraud control the supply of aircraft and military equipment. It is they who are responsible for the poor equipment of our military fliers.

While it is very distressing that the lives of our brave pilots have been lost, think of what would have occurred to the lives of millions of our innocent population who would be mercilessly annihilated in the next conflict if these facts had not been uncovered. Our national defense, possibly our existence, are really at stake. We might have continued on in blissful ignorance if it had not been for the courageous move of our President.

51 DIE ON AIR LINES

I have before me a list of 51 people that have been killed as a result of aircraft accidents in civil aircraft in the last 3 months. Many of these have been killed in the regular air liners.

These air liners are not properly equipped for their work with the safety devices which can be put on airplanes today. They were not so equipped because these civilian lines either did not know what they should have or they considered it too expensive to install it. The public, through their propaganda, were led to believe that these planes were safe, and the lives of these innocent passengers were sacrificed through the greed for financial profits.

The air companies' stock was sold to widows and orphans as well as to people in high places and key positions, with the understanding that their aircraft and service were not only the best but would continue indefinitely to return them handsome dividends. Their stock has been manipulated so that in some cases it was boosted from \$1 to \$10,000, while their nonflying executives have given themselves enormous salaries really at the public expense.

Today Senator Fess, in a speech in the Senate, resumed his efforts to have the air mail restored immediately to the private contractors. He is the father of the man that was employed by the air-mail contractors as a lobbyist and paid three or five thousand dollars by the commercial air interests for 2 days' work here as a lobbyist for getting through air-mail legislation.

Senator Fess also stated that one of the air-line companies offered to turn over its aviators and ground facilities for use of the War Department. This was prohibited in the Executive order which was issued when the Army took over the air mail, that none of the facilities of the companies whose contracts had been canceled for collusion and fraud would be used.

HIRE MAIL PILOTS

The Army Air Corps has been attempting to hire or employ former pilots of the commercial companies and about 25 or 30 have been hired up to date. They, however, have to be trained on the Army equipment, which is different from the civil equipment. This, of course, should not be tolerated in any future arrangement.

The equipment of any of the air lines should be well known and understood both by the military fliers as should be the case with the military transport planes to the civilian fliers. What has really happened is that the commercial companies with their pilots have practically defied the Government. This might prove a very serious matter in case of war.

I believe that a thorough investigation should be made of the connection of some of our civilian contractors for aircraft equipment and aircraft accessories, bomb sights, and fire-control devices with foreign governments. It appears probable that foreign powers are able to get information from these factories which our Government has paid for, regards as confidential, and should remain secret.

The whole truth should be told to the American people, and the courageous attitude assumed by the President should be maintained by all who have the future of this country nearest their hearts.

Sincerely,

WILLIAM MITCHELL,
Brigadier General.

FEDERAL CONTROL OF NEWS-DISSEMINATING AGENCIES

Mr. ROBINSON of Indiana. Mr. President, one of the most brilliant Senators who ever sat in this body was James A. Reed, of Missouri, who also happened to be a distinguished member of the Democratic Party, and was one of the candidates for President of that party in 1928. Recently in Cedar Rapids, Iowa, ex-Senator Reed gave an interview to the press, which was published in the Chicago Daily Tribune on March 7. I quote the headlines:

Ex-Senator Reed sees Federal blow to press. Fears united control of news channels.

I will read only a portion of the language attributed to ex-Senator Reed. The article says:

"A good illustration", he continued, "is the radio, which is employed many hours each week in disseminating arguments in favor of what the Government is doing. I have no knowledge as to whether this propaganda is paid for or not, but if anyone would want to present the other side of the question and were to undertake to get as many hours for his side as is being used by Government agencies, the bill would speedily run into millions of dollars."

"The result is", Reed asserted, "that the American people—who might be called the 'great American jury'—are in the position of a jury in court which hears only the attorney for the plaintiff, who presents not only the arguments but all the statements of fact."

There is more in the interview, and I ask that it may all be printed in the RECORD, especially since ex-Senator Reed is not only a very distinguished Democrat but a prominent American citizen for whom everybody has the greatest respect.

The PRESIDING OFFICER. Without objection, it is so ordered.

The newspaper article referred to is as follows:

[From Chicago Daily Tribune, Mar. 7, 1934]

EX-SENATOR REED SEES FEDERAL BLOW TO PRESS—FEARS UNIFIED CONTROL OF NEWS CHANNELS

CEDAR RAPIDS, IOWA, March 6.—Danger to the freedom of the American press if Federal control of communication lines, as advocated by President Roosevelt, is enacted by Congress was cited in an interview here today by former Senator James A. Reed, of Missouri. Mr. Reed is a Democrat leader.

The extent to which radio is controlled and influenced by the Government was pointed to by Reed as one of the hazards imminent to newspapers, if the Government is permitted to take control or possession of telegraph and telephone lines. Such a plan, he said, would enable an administration in control of such lines of communication largely to influence and circumscribe the dissemination of news.

SEES LESSON IN RADIO

"A good illustration", he continued, "is the radio, which is employed many hours each week in disseminating arguments in favor of what the Government is doing. I have no knowledge as to whether this propaganda is paid for or not; but if anyone would want to present the other side of the question and were to undertake to get as many hours for his side as is being used by Government agencies, the bill would speedily run into millions of dollars."

"The result is", Reed asserted, "that the American people—who might be called the 'great American jury'—are in the position of a jury in court which hears only the attorney for the plaintiff, who presents not only the arguments but all the statements of fact. I do not say that any misuse has been made, but it is easy to see how it could occur."

FOR OPEN NEWS CHANNELS

"There is nothing so important in a democracy as a free and fair dissemination of information. The telegraph, the telephone, and the radio have become almost as important as the press itself."

Reed, who was a candidate for the Democratic nomination for President in 1928, criticized the general principle of Government in business.

"In any business that can be conducted by private companies governmental management is almost invariably a mistake", he added. "Costs increase and inefficiency in management inevitably result."

RECOVERY IN ECONOMIC CONDITIONS

Mr. ROBINSON of Arkansas. Mr. President, before proceeding with the regular order I ask, as something of a counterstatement to the statement inserted in the RECORD by the Senator from Indiana [Mr. ROBINSON], to supply for the RECORD a statement by that great Republican leader, the Honorable Ogden Mills, who makes the very significant and, to me, highly gratifying announcement, in contradiction of the attitude taken by the Senator from Ohio [Mr. FESS] and the Senator from Indiana [Mr. ROBINSON], that the United States is experiencing a recovery of economic conditions. I read into the RECORD an International News Service report from Chicago. The headline is:

Ogden Mills sees United States turning the corner.

Of course, that is a very significant headline. We were told during the last administration, the administration of President Hoover, that prosperity was just around the corner. Now the former Secretary of the Treasury, who, for this purpose, certainly is entitled to credence, announces that the United States is turning that corner. I read:

CHICAGO, March 10.—"Business conditions not only in the United States but throughout the world are improving." That was the declaration today of Ogden Mills, of New York, Secretary of the Treasury under President Hoover. Mr. Mills said: "Retail sales are picking up. Public expenditures are helping that pick-up. Conditions all over the world are improving, because public confidence is improving."

I ask for the regular order.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order, and the clerk will state the first bill thereon.

BILLS PASSED OVER

The bill (S. 882) to provide for the more effective supervision for foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. JOHNSON. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. REED. I ask that that bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. JOHNSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1974) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce was announced as next in order.

Mr. JOHNSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, since the bill has been reported from the committee a number of suggestions have been made looking toward several important amendments. I should be glad to have the bill disposed of, but, in view of the suggestions made, I ask that it be passed over temporarily.

The PRESIDING OFFICER. At the request of the Senator from Utah, the bill will be passed over temporarily. The clerk will state the next bill on the calendar.

The bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, was announced as next in order.

Mr. HASTINGS. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2652) to include peanuts as a basic agricultural commodity under the Agricultural Adjustment Act was announced as next in order.

Mr. BYRD. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. REED. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

STATISTICAL STUDIES BY THE DEPARTMENT OF LABOR

The bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Department of Labor be, and hereby is, authorized, within the discretion of the Secretary of Labor, upon the written request of any person, to make special statistical studies within the general scope of the Department's activities; to prepare from its records special statistical compilations; and to furnish transcripts of its studies, tables, and other records, upon the payment of the actual cost of such work by the person requesting it.

Sec. 2. All moneys hereinafter received by the Department of Labor in payment of the cost of such work shall be deposited to the credit of the appropriation of that bureau, service, office, division, or other agency of the Department of Labor which supervised such work, and may be used, in the discretion of the Secretary of Labor, and notwithstanding any other provision of law, for the ordinary expenses of such agency and/or to secure the special services of persons who are neither officers nor employees of the United States.

Sec. 3. The Secretary of Labor shall prescribe rules and regulations for the enforcement of this act.

BILLS PASSED OVER

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2796) to authorize payments for the purchase of or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2835) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States was announced as next in order.

Mr. KING. Mr. President, I should like some explanation of the bill.

Mr. ROBINSON of Arkansas. Mr. President, in the absence of the chairman of the committee reporting the bill, I suggest that it go over.

The PRESIDING OFFICER. On objection, the bill will be passed over. The clerk will state the next bill on the calendar.

The bill (H.R. 1403) for the relief of David I. Brown was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 2509) for the relief of John Newman was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. The bill will be passed over.

JOANNA A. SHEEHAN

The bill (S. 628) for the relief of Joanna A. Sheehan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of Joanna A. Sheehan, of Haverhill, Mass., United States Liberty loan permanent coupon bond no. 321498 in the denomination of \$1,000, of the third 4¼'s, issued May 9, 1918, matured September 15, 1928, with interest from the date of issue to the date of maturity, at the rate of 4¼ percent per annum, without presentation of said bond, the said bond, together with coupons due September 15, 1922, to September 15, 1928, inclusive, attached, having been lost, stolen, or destroyed: *Provided*, That the said bond shall not have been previously presented and paid, and that payment shall not be made hereunder for any coupons which shall have been previously presented and paid: *And provided further*, That the said Joanna A. Sheehan, shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said Liberty loan bond and the unpaid interest which had accrued thereon when the principal became due and payable, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any loss on account of the Liberty loan bond or the coupons thereof hereinbefore described: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

HARRY F. STERN

The bill (S. 1114) for the relief of the estate of Harry F. Stern was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. KING. Mr. President, I should like to have the Senator from Pennsylvania explain the bill.

Mr. REED. Mr. President, this case is a matter of an overpayment of an inheritance tax to the State of Pennsylvania and the estate tax to the Federal Government. At the time Stern died there was pending in the Supreme Court the question of the constitutional right of Pennsylvania to collect 80 percent of the calculated Federal tax. The right of the State so to collect was finally sustained. The executors very promptly paid what they thought was due to the State of Pennsylvania and also to the Federal Government, but they overpaid the Federal Government by some \$18,000. They did not learn of the act requiring the payment of 80 percent of the Federal tax to the State until 3 weeks after the time for filing a claim for refund had expired; but inasmuch as in a perfectly innocent way they have paid the Federal Treasury \$18,000 more than is admittedly due from them, it seems to me that the bill is just.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. I observe from a casual inspection of the record that an adverse report on the bill was made by former Acting Secretary of the Treasury Mr. A. A. Ballantine. The report was submitted under date of May 6, 1933.

Mr. REED. That is correct, Mr. President. The Treasury Department uniformly has reported against bills of this character, no matter what the equity is or the admitted justice. If the Senator will read the report of the Treasury Department, he will see that the Department admits that the Federal Government was not entitled to this money and was not entitled to keep it if a timely claim for refund had been made.

If there had been any excuse, then, I doubt whether the Committee on Claims would have reported the bill favorably, but the circumstance of this litigation, which held up the case so that no one knew how much should be paid, seemed to the committee, and it seems to me, to make a justifiable difference.

Mr. ROBINSON of Arkansas. Mr. President, in view of the state of the record, I shall ask that the bill go over. I will give consideration to the matter.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

NOANK SHIPYARD, INC.

The bill (S. 2324) for the relief of the Noank Shipyard, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to the Noank Shipyard, Inc., of Noank, Conn., the sum of \$1,700, with interest at 4 percent per annum from March 1, 1928, to complete the payment to the said Noank Shipyard, Inc., of a bill for repairs, which it completed under contract no. W-971-qm-247, dated January 7, 1928, of Quartermaster Department on Army mine planter *Brigadier General Absalom Baird*, which sum represents a penalty of \$100 per day for 17 days' alleged delay in delivery of said steamship *Baird* after completion of repairs, said delay being due to causes partly attributable to acts of Government agents and wholly beyond the control of the contractor.

BILL PASSED OVER

The bill (S. 2719) for the relief of A. Randolph Holladay was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. On objection, the bill will be passed over.

ANSON H. PEASE

The bill (S. 838) for the relief of Anson H. Pease was announced as next in order.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. KING. Mr. President, there are on the calendar a number of measures reported by the Chairman of the Committee on Indian Affairs. If any member of the committee is present, I should like to ask whether all these measures, some of them relating to the granting of patents to Indians, are in harmony with the new policy, as I understand that new policy to be, of restricting the right of alienation upon the part of the Indians—in view of the fact that so many of the lands to which they have received title have been obtained from them by methods that are scarcely ethical—to their great disadvantage. I do not like to object to any measure that is for the relief of the Indians, but there are a number of these measures, and I suggest that this one be passed over temporarily.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

BILL PASSED OVER

The bill (S. 2870) to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes, was announced as next in order.

Mr. REED. Over.

The PRESIDING OFFICER. On objection, the bill will be passed over.

NEZ PERCE TRIBE OF INDIANS

The bill (S. 847) for the relief of the Nez Perce Tribe of Indians was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress approved February 20, 1929 (45 Stat. 1249) entitled "An act for the relief of the Nez Perce Tribe of Indians", be amended by inserting the following provision at the end of section 4 thereof, namely: "Provided, That any necessary costs and expenses heretofore or hereafter incurred by the attorneys for the said Nez Perce Tribe of Indians in the prosecution of proceedings under this act, under the terms and provisions of the attorneys' contract approved by the Secretary of the Interior, shall be paid out of the funds of the said Indians in the Treasury of the United States upon proper vouchers, to be examined and approved by the Commissioner of Indian Affairs."

E. C. SAMPSON

The bill (S. 1498) authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he hereby is, authorized and directed to pay, upon proper vouchers, out of the tribal funds belonging to the Crow Tribe of Indians of Montana in the Treasury of the United States, a sum not exceeding \$600 to E. C. Sampson, irrigation engineer, of Billings, Mont., employed by the Crow Tribe to investigate, report, and testify in the manner of the claims pending in the Court of Claims entitled "The Crow Tribe of Indians against the United States", arising out of construction of irrigation project within the Crow Reservation with tribal funds: *Provided*, That the said E. C. Sampson shall submit with his vouchers satisfactory evidence of services rendered the said tribe.

BILL PASSED OVER

The bill (S. 1882) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah on the Quinault Indian Reservation, Wash., was announced as next in order.

Mr. KING. Let that bill go over, for reasons indicated a few moments ago.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

HOMESTEAD DESIGNATIONS ON ALLOTTED INDIAN LANDS

The bill (S. 1887) to authorize the change of homestead designations on allotted Indian lands, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That where any Indian who now has or may hereafter acquire an allotment designated as a homestead and such Indian owns other restricted allotted lands acquired by inheritance or otherwise, the Secretary of the Interior be, and he is hereby, authorized, in his discretion and under such rules and regulations as he may prescribe, to allow such Indian owner to change the designation of his or her homestead to other restricted lands owned by the said Indian. Upon acceptance by the Secretary of the Interior of relinquishments and the designation of lieu homestead lands, appropriate patents or other evidence of title as may now or hereafter be provided for by law shall be issued to the Indian owner for the lands so redesignated: *Provided, however*, That this act shall not apply to the Indians of the Five Civilized Tribes, nor to the Osage and the Kaw Indians in Oklahoma.

GRAZING RESOURCES OF CEDED INDIAN LANDS

The bill (S. 1888) to provide for the protection and conservation of the grazing resources of the undisposed-of ceded Indian lands, the tribal title to which remains unextinguished, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized in his discretion to withdraw from settlement, location, sale, or entry any ceded Indian lands containing springs or living waters, or lands deemed to be valuable for stock-watering purposes, tribal Indian title to which has not been extinguished, together with lands necessary for access thereto, and to conserve said lands for the benefit of the particular tribe of Indians whose undisposed-of ceded lands may be affected pursuant to this act.

FOREST AND GRAZING LANDS ON INDIAN RESERVATIONS

The bill (S. 1889) to facilitate a more economical administration of forest and grazing lands on Indian reservations,

was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, with the consent of the Indians occupying a reservation, expressed in general council, the Secretary of the Interior may use such tribal funds as may be appropriated therefor by Congress, which appropriations are hereby authorized, for the purchase of alienated lands or lands allotted to individual Indians which are needed for the effective administration of forest or grazing lands held for the benefit of the tribe as community property.

RESERVOIR SITES ON INDIAN IRRIGATION PROJECTS

The bill (S. 1890) to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agriculture, grazing, or for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to grant concessions on reservoir sites, reserves for canals or flowage areas, and other lands under his jurisdiction in connection with irrigation projects constructed or being constructed or operated and maintained for the benefit of Indians, and to lease such lands for agricultural, grazing, or other purposes: *Provided*, That such concessions may be granted or lands leased by the Secretary of the Interior under such rules and regulations as he may prescribe, for such considerations and for such periods of time as he may deem proper, the term of no concession to exceed a period of 10 years: *Provided further*, That the funds derived from such concessions or leases, except funds so derived from Indian tribal property for which the tribe has not been compensated, shall be available for use in accordance with the existing laws in the operation and maintenance of the irrigation projects with which they are connected. The funds so derived from Indian tribal property shall be deposited to the credit of the proper tribe.

SHOALWATER INDIAN RESERVATION, WASH.

The bill (S. 1881) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to reserve and set aside for Indian-village purposes, and to survey and plat into village blocks, lots, streets, and alleys a suitable area of land within the Shoalwater (Georgetown) Reservation, and thereafter dispose of the village lots in accordance with section 10 of the act of June 25, 1910 (36 Stat.L. 855-858).

Sec. 2. That the Secretary of the Interior is hereby authorized, in his discretion, to expend so much of the \$15,150 derived from the sale of timber on the reservation and now carried in "Special deposits" to the credit of the Superintendent of the Taholah Agency, as may be needed to carry out the provisions of section 1 of this act and to assist the Indians who receive lots in developing the village and building homes therein, including the construction of such water, sewer, and fire-protection facilities as may be practicable: *Provided*, That the balance of said funds remaining unexpended after development of the village may be used in promoting the health and the educational and industrial welfare of the Indians living therein.

BILL PASSED OVER

The bill (S. 2754) to add certain public-domain land in Montana to the Rocky Boy Indian Reservation was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. ROBINSON of Arkansas. Mr. President, that appears to be a bill ceding in the aggregate a large area of public lands to the Indian reservation. In the absence of the Chairman of the Committee on Indian Affairs, I think the bill had better go over.

The PRESIDING OFFICER. Objection being made, the bill will go over. The clerk will state the next bill on the calendar.

UNSOLICITED MERCHANDISE IN THE MAILS

The Senate proceeded to consider the bill (S. 2101) to prohibit the sending of unsolicited merchandise through the mails, which had been reported from the Committee on Post Offices and Post Roads with amendments, in section 2, page 1, line 9, after the word "mails", to strike out "it shall not be delivered to the addressee, but," and insert "and the addressee thereof refuses to accept the same, then,"; and,

on page 2, line 2, after the word "prescribe", to insert "such unsolicited merchandise", so as to make the bill read:

Be it enacted, etc., That hereafter unsolicited merchandise which any person desires to send for the purpose of sale to the addressee shall not be accepted for mailing. The term "person", when used in this act, means an individual, partnership, corporation, or association.

SEC. 2. If such unsolicited merchandise is deposited in the mails and the addressee thereof refuses to accept the same, then, under such regulations as the Postmaster General may prescribe, such unsolicited merchandise shall be returned to the sender charged with postage due at double the regular rates to be collected from him upon delivery. On failure of the sender to pay such return postage, the matter shall be disposed of as other dead matter.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The joint resolution (S.J.Res. 83) amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts, be amended to read as follows:

"That a sum not to exceed \$250 is hereby authorized to be appropriated annually to meet the share of the United States of the expenses of the International Technical Committee of Aerial Legal Experts, beginning with the year 1930.

"SEC. 2. An annual appropriation in the sum of \$3,000, or so much thereof as may be necessary, to be expended under the direction of the Secretary of State, is hereby authorized for the expenses of participation by the Government of the United States in the meetings of the International Technical Committee of Aerial Legal Experts and/or of the commissions established by that committee, including traveling expenses; personal services in the District of Columbia and elsewhere without reference to the Classification Act of 1923, as amended; stenographic and other services, by contract if deemed necessary, without regard to the provisions of section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5); rent; purchase of necessary books and documents; printing and binding; official cards; entertainment; and such other expenses as may be authorized by the Secretary of State."

RUFUS J. DAVIS

The Senate proceeded to consider the bill (S. 1072) for the relief of Rufus J. Davis, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words "sum of", to strike out "\$5,000" and insert "\$1,223.50"; and on line 11, after the date "1928", to insert the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Rufus J. Davis, Hope Mills, N.C., the sum of \$1,223.50, in full settlement of all claims against the Government of the United States arising out of personal injuries sustained by him as the result of an accident involving a United States Army truck on North Carolina State Highway No. 22, on March 13, 1928: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GEORGE VOELTZ

The Senate proceeded to consider the bill (S. 1232) for the relief of George Voeltz, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the numerals "\$5,000", to insert "in full settlement of all claims against the Government", and in line 9, after the word "service", to insert the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. And person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to George Voeltz the sum of \$5,000 in full settlement of all claims against the Government for damages suffered by reason of being struck by a Government motor truck which was driven by a clerk in the United States Mail Service: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAMPA MARINE CO.

The Senate proceeded to consider the bill (S. 826) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla., which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Tampa Marine Co., a corporation, of Tampa, Fla., out of any money in the Treasury not otherwise appropriated, the sum of \$2,130, representing a penalty imposed upon said company in connection with a contract made between said company and the Government, dated August 15, 1928, for certain work and repairs on the United States lightship tender *Ivy*.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2018) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. GOLDSBOROUGH. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1874) relative to leasing restricted lands of Indians to the Five Civilized Tribes of Oklahoma, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, let that bill go over.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

The bill (S. 1657) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108), was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. KING. Mr. President, I inquire if any Senator is present who is willing to explain this measure? I do not like to object, but in the absence of any member of the committee I will ask that the bill be laid aside.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

BOUNDARY LINE BETWEEN DISTRICT OF COLUMBIA AND VIRGINIA

The bill (H.R. 6223) to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to determine the boundary line between the District of Columbia and the State of Virginia, and to provide for settlement of claims to property along or affected by said boundary line, the President of the United States is hereby requested to designate and appoint one commissioner, who is hereby directed, authorized, and empowered to act in conjunction with a like commissioner to be appointed pursuant to an act of the Legislature of Virginia. The said two commissioners so appointed and a third person to be selected by them are hereby constituted a commission for the purpose of surveying and ascertaining the boundary line between the District of Columbia and the State of Virginia, and are hereby directed, authorized, and empowered to survey and fix said boundary line and to mark the said line when so determined by suitable monuments, acting within the limits of their authority and guided by the provisions herein set forth. The said commissioners so selected shall serve until the completion of their report or not later than March 1, 1935.

SEC. 2. In determining the location of said boundary said commissioners shall take into consideration, amongst other things, the several decisions of the Supreme Court of the United States in relation thereto, the findings and reports of the Maryland and Virginia Boundary Commission of 1877, the compact of 1785 between the State of Maryland and the Commonwealth of Virginia, the claims of ownership of the United States and all private persons and corporations along the Virginia shore line, and the equitable and prescriptive rights, if any, of the United States and private claimants growing out of long, continued, and uninterrupted possession; and shall mark such line as they may recommend as the boundary line and shall report their findings and recommendations to Congress and to the Legislature of Virginia for action to finally ratify and establish said boundary line.

SEC. 3. To provide for the settlement of titles to the property adjoining or affected by the determination of said boundary line, the said commissioners are further authorized and instructed to investigate all questions of title as between the United States and private citizens over such lands, all questions of equitable and prescriptive rights arising from long and continued possession and occupancy either on the part of the United States or private citizens, and all improvements of said lands either by the United States or private citizens made in good faith and upon belief of good title, and said commissioners shall report their findings and recommendations in this respect for the equitable settlement of all such disputed titles, including proposed payments to and from the United States, and such other recommendations as in their opinion may promote a just and reasonable settlement of the title to said property. Nothing contained in said recommendation with respect to title shall be binding upon either the United States or private claimants.

SEC. 4. Said commissioners shall receive compensation for such days as they may actually work at the rate of \$15 per day, plus travel and subsistence expenses, and shall have authority to employ such assistants at such rates of pay as they may deem appropriate without regard for the Classification Act of 1923. The said commissioners may call upon all officers and agencies of the Federal Government and the District of Columbia for information and advice, and said officers are hereby authorized and directed to supply such information on request. Said commission shall make such surveys, hold such hearings, and conduct such other investigations as it may deem necessary and advisable to carry out the purposes of this act.

SEC. 5. For the purpose of carrying out the provisions of this act and the payment of salaries and compensation herein provided for, the sum of \$10,000, or as much thereof as may be necessary, is hereby authorized to be appropriated from any funds in the Treasury not otherwise appropriated.

CLAIMS FOR LAND ALONG POTOMAC RIVER

The Senate proceeded to consider the bill (S. 2508) authorizing the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission and the Attorney General of the United States, to make equitable adjustments of conflicting claims between the United States and other claimants of lands along the shores of the Potomac River, Anacostia River, and Rock Creek in the District of Columbia, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 5, after the word "water", to strike out the words "in the District of Columbia", so as to make the bill read:

Be it enacted, etc., That for the purpose of establishing and making clear the title of the United States in and to any part or parcel of land or water in, under, and adjacent to the Potomac River, the Anacostia River, or Eastern Branch, and Rock Creek, including the shores and submerged or partly submerged land, as well as the banks of said waterways, and also the upland immediately adjacent thereto, including made land, flat lands, and marsh lands, in which persons and corporations and others may have or pretend to have any right, title, claim, or interest adverse to the complete title of the United States as set forth in an act entitled "An act providing for the protection of the interest of the United States in lands and water comprising any part of the Potomac River, the Anacostia River, Eastern Branch, and Rock Creek, and adjacent lands thereto", approved April 27, 1912 (37 Stat. 93), and in order to facilitate the same, by making equitable adjustments of such claims and controversies between the United States of America and such adverse claimants, the Secretary of the Interior is authorized to make and accept, on behalf of the United States, by way of compromise when deemed to be in the public interest such conveyances, including deeds of quitclaim and restrictive and collateral covenants, of the lands in dispute as shall be also approved by the National Capital Park and Planning Commission and the Attorney General of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REGULATION OF INDUSTRIAL LIFE INSURANCE

The bill (S. 195) respecting contracts of industrial life insurance in the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That policies of industrial weekly payment life insurance hereafter issued or delivered in the District of Columbia shall be subject to the following conditions, in addition to any others prescribed by law and not inconsistent with the provisions of this act.

GOOD FAITH

SEC. 2. If payment of such a policy shall be refused because of unsound health at or prior to the date of the policy, the good faith of both applicant and insured shall constitute a material element in determining the validity of the policy; and it shall not be held invalid because of unsound health unless the insurer shall prove that, at or before the date of issue of the policy, the insured or applicant had knowledge of, or reason to know, the facts on which the defense is based, or shall prove that the insurance was procured by the insured or applicant in bad faith or with intent to defraud the company, any provision, agreement, condition, warranty, or clause contained in said policy, or endorsed thereon, or added or attached thereto, to the contrary notwithstanding. Proof by the insurer of fraud, intent to deceive, unsound health, bad faith, breach or warranty or condition precedent, or other matter of defense, shall be subject to the provisions of section 657 of the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended (D.C. Code, title 5, sec. 183).

INCONTESTABILITY

SEC. 3. Every such policy shall be incontestable upon any ground relating to health after 2 years from its date of issue (notwithstanding a longer period may be named therein), provided the insured shall be alive at the end of said period. If the policy by its terms shall be incontestable after a shorter period than herein provided, the terms of the policy with regard to such period of limitation shall govern.

ASSIGNMENT

SEC. 4. Nothing contained in the terms of any such policy shall operate to prevent its valid assignment by the insured; but the company issuing the policy so assigned shall be discharged of all liability thereon by payment of its proceeds in accordance with its terms, unless before such payment the company shall have written notice of such assignment.

BENEFICIARY

SEC. 5. Any individual designated with the consent of the insurer, evidenced by the signature of its president or secretary, or designated upon a form furnished by and filed with the insurer, as beneficiary of such a policy shall be entitled to the proceeds of such policy after the death of the insured in priority to all other claimants, and may sue in his own name for such proceeds if payment is refused by the insurer: *Provided*, That upon the expiration of 15 days after the death of the insured, unless proof of claim in the manner and form required by the policy, accompanied by the policy for surrender, has theretofore been made by or on behalf of such designated beneficiary, the insurer may pay to any other claimant permitted by the policy. A person specified as one to whom the insured desires payment made, but not formally designated as beneficiary, shall be deemed a beneficiary for the purposes of this section, provided such designation be made in writing and filed with the company during the lifetime of the insured.

PINKIE OSBORNE

The Senate proceeded to consider the bill (S. 2153) for the relief of Pinkie Osborne, which had been reported from

the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "\$5,000" and insert "\$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Pinkie Osborne, of Elizabethtown, Hardin County, Ky., the sum of \$2,500 in full settlement of all claims against the United States for injuries arising out of a gunshot wound inflicted by the discharge of a machine gun in Elizabethtown on April 6, 1918: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act, on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIDELITY TRUST CO. OF BALTIMORE

The bill (S. 1461) for the relief of the Fidelity Trust Co., of Baltimore, Md., was announced as next in order.

Mr. KING. Mr. President, before giving consent to the consideration of the bill I should like to have an explanation of it.

Mr. LOGAN. Mr. President, a few years ago a bill was passed by the Congress providing for a bankers' special tax, and many of the banks paid that special tax. Then the Supreme Court held the act unconstitutional, and the banks, of course, were entitled to have their money refunded. That tax applied to only a part of the capital of the Fidelity Trust Co. of Baltimore. A number of similar bills have been passed since that time, and several are still pending. Instead of writing each one separately the committee have simply provided that any such claim may be filed with the Treasury, and the bank may have its tax money refunded. That is the real purpose.

Mr. KING. The Senator will observe that Mr. Ballantine, when he was Acting Secretary of the Treasury, submitted a report and stated:

For the reasons stated, the Department is opposed to the enactment of the bill.

Mr. LOGAN. But that did not apply to this bill. There have been a number of these bills passed. There is no reason why they should not all be passed. The money was illegally collected and the Treasury should refund it.

Mr. KING. I think the Senator is in error. I find an adverse report accompanying the bill, and in that adverse report submitted by Mr. Ballantine he refers to the Fidelity Trust Co. of Baltimore and others, so the adverse report relates apparently to the bill under consideration.

Mr. LOGAN. There were quite a number of these bills, probably several dozen of them. One case involved had been tried in the district court, and the court had decided against the bank. They had not appealed from the decision involving that particular claim, and that gave us some difficulty. But the fact is that in all these cases the Congress has paid every claim that has been presented, except those which are still on the calendar.

In the Fidelity Trust Co. cases which we have under consideration there was a question involved in that a part of the capital was used for banking and a part of it for the surety business. The company had paid the tax only upon that portion used in the banking business. They had to pay the tax, and there is no reason why the Government should illegally collect the tax and then keep it.

The PRESIDING OFFICER (Mr. Duffy in the chair). Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert:

That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to receive, consider, and adjudicate claims

for refund of the bankers' special tax paid under the acts of June 13, 1898, and October 22, 1914, in view of the decision of the Supreme Court of the United States in the case of *Fidelity and Deposit Co. v. United States* (259 U.S. 296) and *United States v. Fidelity and Deposit Co.* (266 U.S. 587), and in accordance with the agreement made March 3, 1925, between the Attorney General and the Secretary of the Treasury as a basis for settlement of such claims: *Provided*, That no claim shall be considered which is filed later than 6 months after the passage of this act.

Sec. 2. That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to such claimants any amount due and allowed in the determination of any such claims which shall have been presented in accordance with this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others."

LEONARD L. DILGER

The bill (H.R. 1413) for the relief of Leonard L. Dilger was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Leonard L. Dilger, who was a member of Company L, Third Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 25th day of September 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

JAMES WALLACE

The bill (H.R. 2670) for the relief of James Wallace was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws, conferring rights, privileges, and benefits upon honorably discharged soldiers James Wallace, who was a member of Troop K, Sixth Regiment United States Cavalry, and who was honorably discharged therefrom on January 17, 1902, and reenlisted April 8, 1902, in Troop K, Fourth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on June 22, 1902, and notwithstanding any provisions to the contrary in the act relating to pensions approved April 26, 1898, as amended by the act approved May 11, 1908: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

BILLS PASSED OVER

The bill (H.R. 3997) for the relief of Erney S. Blazer was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 3985) for the relief of Charles T. Moll was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. The bill will be passed over.

LANDS FOR USE OF UNIVERSITY OF ARIZONA

The bill (S. 2379) to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, subject to lawful claims initiated by settlement or otherwise prior to August 2, 1932, and maintained in the manner required by law, the State of Arizona may select for the use of the University of Arizona by legal subdivisions all or any portions of sections 11, 14, 22, and 28 and the east half section 21, township 14 south, range 16 east, Gila and Salt River meridian, Arizona, and upon the submission of satisfactory proof that the land selected contains saguaro groves or growths of giant cacti or are necessary for the care, protection, and conservation of such groves or growths, the Secretary of the Interior shall cause patents to issue therefor: *Provided*, That there shall be reserved to the United States all coal, oil, gas, or other mineral contained in such lands, together with the right to prospect for, mine, and remove the same at such times and under such conditions as the Secretary of the Interior may prescribe.

LIMITATION OF OPERATION OF STATUTES OF LIMITATIONS

The Senate considered the bill (S. 2460) to limit the operation of statutes of limitations in certain cases, which

had been reported from the Committee on the Judiciary with an amendment, on page 1, line 7, after the word "following", to strike out "the expiration of said period of limitations" and insert "such findings", so as to make the bill read:

Be it enacted, etc., That whenever an indictment is found defective or insufficient for any cause, after the period prescribed by the applicable statute of limitations has expired, a new indictment may be returned at any time during the next succeeding term of court following such finding, during which a grand jury thereof shall be in session.

SEC. 2. Whenever an indictment is found defective or insufficient for any cause, before the period prescribed by the applicable statute of limitations has expired, and such period will expire before the end of the next regular term of the court to which such indictment was returned, a new indictment may be returned not later than the end of the next succeeding term of such court, regular or special, following the term at which such indictment was found defective or insufficient, during which a grand jury thereof shall be in session.

SEC. 3. In the event of reindictment under the provisions of this act the defense of the statute of limitations shall not prevail against the new indictment, any provision of law to the contrary notwithstanding.

SEC. 4. The provisions of this act shall not apply to any indictment against which the statute of limitations has run at the date of approval hereof.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 822) to amend the act entitled "An act to amend section 217, as amended, of the act entitled 'An act to codify, revise, and amend the penal laws of the United States' approved March 4, 1909", approved January 11, 1929, with respect to the use of the mails for the shipment of certain drugs and medicines to cosmetologists and barbers was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto was announced as next in order.

Mr. HASTINGS. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1891) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 1015) for the relief of Frank D. Whitfield was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2425) to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations", approved January 5, 1927, was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of the measure.

The PRESIDING OFFICER. The Senator from North Dakota [Mr. FRAZIER], who introduced and reported the bill, is not present.

Mr. KING. Very well; let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

RELIEF OF ALBERT N. EICHENLAUB

The bill (H.R. 891) for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf, was announced as next in order.

Mr. KING. Mr. President, will the Senator from Massachusetts [Mr. COOLIDGE] explain the bill?

Mr. COOLIDGE. Mr. President, two enlistments in the Army by this man are involved. He had a nominal discharge in both cases. At the time he enlisted he was using the short name of Oakleaf, which was not his real name. He wanted his record in the Army clear and in his second enlistment used the name Eichenlaub, which his father was using. He wants his record clear so that the same name will appear in the record of both enlistments. There is no money involved.

Mr. KING. I have no objection.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Albert N. Eichenlaub, alias Albert N. Oakleaf, who was a member of Company G, Seventh Regiment Ohio Volunteer Infantry, and Company K, Seventeenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 22d day of October 1900: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

FRANK D. WHITFIELD

Mr. DUFFY. Mr. President, when I was in the chair as presiding officer a few moments ago objection was made to the consideration of the bill (H.R. 1015) for the relief of Frank D. Whitfield, being calendar 438. I ask unanimous consent that we may return to that order of business.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none.

Mr. KING. Mr. President, I should like to have the Senator make an explanation of the purpose of the bill.

Mr. DUFFY. Mr. President, this is a case where the House has passed the bill involving a situation where there was inducted into the service a man who had a very severe physical disability, the fingers of his hand being curled inward, and it was known that he would have to be discharged sooner or later. His brother died and the commanding officer of the camp not only gave permission to him to attend the funeral of his brother, but told him it would not be necessary for him to return, that his discharge was on the way. In addition to that, his commanding officer loaned \$6 with which to pay his car fare to enable him to go to the funeral.

The young man expected the discharge to be sent to him, but shortly after that he was arrested by the civil authorities. Upon communicating with the military authorities, they decided that he was not to be held. He was, however, listed on the rolls as a deserter, but knew nothing of that fact until he applied for compensation in 1921. Both the House committee and the Senate Committee on Military Affairs feel that this was an injustice to him and that his record should be cleared. There is the usual provision that no back pay of any kind shall be held to have accrued prior to the passage of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Frank D. Whitfield, who served as a private in Company F, One Hundred and Twenty-third Regiment United States Infantry, Army serial no. 1348550, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on March 14, 1921: *Provided*, That no bounty, back pay, pension, allowance, or any payment provided under the World War Veterans' Act, 1924, as amended, the World War Adjusted

Compensation Act, 1924, as amended, or other benefit whatsoever to which said person may be or become entitled to by law, shall be held to have accrued prior to the passage of this act.

JOHN ERNST

The PRESIDING OFFICER. The next bill in order on the calendar will be stated.

The bill (S. 557) for the relief of John Ernst was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws and laws conferring rights and privileges upon honorably discharged soldiers, their widows and dependent relatives, John Ernst, late of Company F, Twenty-eighth Regiment Kentucky Volunteer Infantry, Civil War, shall be held and considered to have been honorably discharged from the military service of the United States as a member of said organization on May 7, 1864: *Provided,* That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act.

CONSTRUCTION OF BRIDGES OVER NAVIGABLE WATERS

The bill (S. 1194) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended, was announced as next in order.

Mr. FESS. Mr. President, I should like to ask what changes are made in the bridge law by this bill.

Mr. SHEPPARD. Mr. President, the bill merely makes inapplicable regulation by the Federal Government where a bridge is wholly within a State.

Mr. FESS. I have no objection.

The Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the last sentence of section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided,* That the foregoing provisions of this sentence shall not apply with respect to any bridge constructed under the provisions of this act which is wholly within the limits of a single State and which is operated by the State or any of its political subdivisions or by any public body organized under the laws of such State."

BILL PASSED OVER

The bill (S. 236) to provide funds for cooperation with the school board of Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash., was announced as next in order.

The PRESIDING OFFICER (Mr. CLARK in the chair). Let that go over.

USE BY INDIAN SERVICE OF VEHICLES, ETC., SEIZED FOR VIOLATION OF LIQUOR LAWS

The bill (S. 2891) to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws was announced as next in order.

Mr. McKELLAR. May we have an explanation of this bill?

Mr. FRAZIER. Mr. President, a bill similar to this one was passed by the Senate in the previous Congress. The bill simply provides for turning over to the Indian Service, for use on Indian reservations, some of the automobiles and other paraphernalia seized under the old prohibition act. The Indian Affairs Committee thought the bill was a good one, and should be passed. It will give some assistance in furnishing automobiles to the Indian agencies, instead of their having to be purchased out of public funds.

The Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any vehicle, vessel, or other conveyance used in the transportation of intoxicating liquors, unlawfully, into the Indian country or other restricted area within or adjoining an Indian reservation, and which under proper proceedings by the Federal court is authorized to be sold or destroyed, may upon order of the court be transferred to the Indian Service for its use in the enforcement of the law or other official purposes; said property, when so transferred to the Indian Service, to be accounted for as is all other property of a similar nature.

Sec. 2. Any articles of supplies seized and ordered sold or destroyed, under similar conditions by the Federal court, may be

transferred to the Indian Service for use in its activities and when so transferred shall be accounted for by the bonded superintendent or other official.

BILLS PASSED OVER

The bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 2632) for the relief of Wilson G. Bingham was announced as next in order.

Mr. KING. Let us have an explanation of that bill. [A pause.] Let it go over.

Mr. McKELLAR. Let it go over for another reason. I see that this soldier is now receiving \$888 per annum.

The PRESIDING OFFICER. The bill will be passed over.

GEORGE A. CARDEN AND ANDERSON T. HERD

The Senate proceeded to consider the bill (S. 2898) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States, which had been reported from the Committee on Claims with an amendment.

Mr. SHEPPARD. Mr. President, I move to strike out all after the enacting clause and substitute the language of a bill on this subject which has been reported by the House committee and is now on the House Calendar.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and to insert in lieu thereof the following:

That jurisdiction is hereby conferred upon the Court of Claims of the United States, notwithstanding lapse of time or any statute of limitations, or other limitations upon the jurisdiction of such court, to hear, consider, and render judgment upon any claims, legal or equitable, of George A. Carden and Anderson T. Herd, or their legal representatives, against the United States, involving the steamships *Erny, Lucia, Anna, Teresa, Clara, Ida, Dora, Himalaia, Franconia, and Campania*: *Provided,* That in determining the amount of any judgment on any such claim, allowance shall be made for any amount heretofore awarded the claimants on account of such claim: *Provided further,* That separate suits may be maintained (by or on behalf of the claimants or their legal representatives) with respect to any such claims, but no suit shall be brought after the expiration of 1 year from the date of the enactment of this act: *And provided further,* That the record of the proceedings before the War Department heretofore had with respect to certain of such ships and the evidence there taken may be introduced, together with the exhibits therein offered, before the Court of Claims, with the full force of depositions, subject to objections as to competency and relevancy: *Provided further,* That if the Court of Claims shall upon the evidence reach the conclusion that the contract of sale included any right to the operation of the ships and that such right was not satisfied by the subsequent payment by the Secretary of War as an accord and satisfaction, then the recovery shall be limited to the duration of the World War.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHARLES C. FLOYD

The bill (S. 841) for the relief of Charles C. Floyd was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Charles C. Floyd, who was a member of Company A, Eighth Regiment United States Field Artillery, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 10th day of December 1930: *Provided,* That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

CLAYTON M. THOMAS

The bill (S. 2661) for the relief of Clayton M. Thomas was considered by the Senate, and was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Clayton M. Thomas, who was a member of Company F, Thirty-first Regiment United States Volunteer Infantry, shall here-

after he held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 15th day of July 1900: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING. Let us have an explanation of this bill.

Mr. OVERTON. Mr. President, this is a case where a soldier enlisted in 1838 and remained in the service for a year and was honorably discharged. Shortly afterward he reenlisted and was called to respond to hospital duty and failed to answer. On his way, accompanied by a corporal, it was necessary for him to delay his response to the call, and he was then court-martialed and imprisoned for a whole year and dishonorably discharged. He had been absent from two or three roll calls prior to that. This happened a great many years ago. He has been leading the life of a very straightforward and honorable citizen since then.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. OVERTON. Yes.

Mr. KING. The record indicates that he was dishonorably discharged twice.

Mr. OVERTON. No; he was honorably discharged from his first enlistment, and dishonorably discharged from the second.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THOMAS SALLENG

The Senate proceeded to consider the bill (S. 610) for the relief of Thomas Salleng, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 8, after the words "on the", to strike out "13th day of July 1903" and insert "5th day of September 1905", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Thomas Salleng, who was a member of Company D, Ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on the 5th day of September 1905: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING. Mr. President, I think there are too many of these measures restoring to pensionable status or seeking pensionable status for men who have been dishonorably discharged. Some of them have been imprisoned for 1 or 2 years. I think further consideration ought to be given to these measures; and I object to the consideration of this one.

Mr. LOGAN. Mr. President, I assume that the Senator has objected without studying the bill.

Mr. KING. Yes.

Mr. LOGAN. The record in this case shows that this soldier served in the Philippines during the insurrection, and saw much battle service. It is the policy of the Military Affairs Committee at this time, where a man has a very good excuse, to correct the records of those who deserted, or did things of that kind, if they had battle service.

This particular man served through all the Philippine insurrection. He came home, and then went to see his old mother, as has been explained by affidavit. He is a very conscientious fellow, so later he went back and hunted up the authorities and told them he wanted to serve his term, and they sent him over to Fort Thomas, Ky., and kept him in prison for a year.

This was 28 years ago. There is printed in the report the affidavit of a State senator down there who knows this man very well, and a number of others, stating that since then he has been a most excellent citizen, and always was, and he had this battle service. His offense was not in time of war; it was after he came back home, and in peace time, that he went home to see his old mother. He did not go back until about 2 years later, when, as I have stated, he was imprisoned.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILLIAM HEROD

The bill (H.R. 3780) for the relief of William Herod was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William Herod the sum of \$4,000 in full settlement of all claims against the Government of the United States for injuries sustained by being injured by an automobile truck owned and operated by the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

JOHN L. SUMMERS

The bill (S. 1857) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes, was announced as next in order.

Mr. VANDENBERG and Mr. McKELLAR. Let that go over.

Mr. FRAZIER. Mr. President, will the Senator withhold his objection to the bill for a moment? I should like to explain it very briefly.

The PRESIDING OFFICER. Does the Senator from Michigan withhold his objection?

Mr. VANDENBERG. I do.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. FRAZIER. Mr. President, this is a bill to correct some errors that were made during two or three terms of office by different Treasurers under different administrations. It seems that they are errors that have been made through no fault of anyone in the Treasury Department at the time. One of these periods was during the service of former Gov. Frank White, of North Dakota, as Treasurer of the United States. Some of these shortages are due to dealings with certain national banks where bondsmen were involved. Governor White is well up in years now, and in poor health, and is anxious to have these matters straightened out. The former administration of the Treasury Department, and the present administration of the Treasury Department, recommended the bill, as I understand. It is simply to clarify the records of the Treasury Department.

Mr. VANDENBERG. What is the attitude of the Comptroller General?

Mr. FRAZIER. I understand it is favorable.

Mr. VANDENBERG. I understood it was unfavorable. I will stand on the objection for the time being, Mr. President.

The PRESIDING OFFICER. The Senator from Michigan objects, and the bill will be passed over.

LOWER SALEM COMMERCIAL BANK, LOWER SALEM, OHIO

The bill (S. 1993) for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of the Lower Salem Commercial Bank, Lower Salem, Ohio, 4¼-percent United States Treasury notes, series B-1927, nos. 99886, 99891, 99892, 99893, 99894, 99895 in the denomination of \$100 each, and 61646, in the denomination of \$500, dated May 15, 1923, matured March 15, 1927, without interest and without presentation of the said notes which are alleged to have been lost or destroyed: *Provided*, That the said notes shall not have been previously presented and paid: *And provided further*, That the said the Lower Salem Commercial Bank shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said notes in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the Treasury notes hereinbefore described.

ROY LEE GROSECLOSE

The bill (S. 2141) for the relief of Roy Lee Groseclose was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Roy Lee Groseclose, of Alderson, W. Va., the sum of \$37.50, in full satisfaction of his claim against the United States for damages to his automobile resulting from a collision on May 26, 1933, on State Highway No. 3, 3½ miles west of Alderson, W. Va., when such automobile was struck by a cow owned by the Federal Industrial Institution for Women, Alderson, W. Va.

MRS. CHARLES L. REED

The Senate proceeded to consider the bill (S. 2142) for the relief of Mrs. Charles L. Reed, which had been reported from the Committee on Claims with amendments.

The first amendment was, on page 1, line 6, after the words "sum of", to strike out "\$15,000" and insert "\$4,000", so as to read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Charles L. Reed, of Huntington, W. Va., the sum of \$4,000 in full satisfaction of her claim against the United States for injuries suffered when struck by a United States mail truck at Huntington, W. Va., on October 16, 1929:

Mr. KING. Mr. President, I move to amend the amendment by striking out "\$4,000" and inserting in lieu thereof "\$3,000."

The PRESIDING OFFICER. The Senator from Utah offers an amendment to the committee amendment, which will be stated.

The CHIEF CLERK. On page 1, line 7, in the committee amendment, it is proposed to strike out "\$4,000" and insert "\$3,000."

Mr. NEELY. Mr. President, in behalf of justice I beseech the able Senator from Utah to withdraw his amendment.

The material facts in the case are as follows: Mrs. Reed, the claimant, who is more than 57 years of age, was, without fault on her part, run over by a United States mail truck in the city of Huntington. The Post Office Department admits that the accident was caused by the negligence of a Government employee. Mrs. Reed suffered two compound fractures of the left jaw and a simple fracture of the right jaw. As the result of her injuries she was confined in the hospital for 2 weeks. Although the accident occurred more than 3 years ago, Mrs. Reed still suffers occasionally from the fractures which she sustained. In the circumstances, I contend that the sum of \$4,000, which the committee has recommended that the Government pay to Mrs. Reed, is by no means excessive.

Mr. KING. I was induced to offer the amendment by the reason that the report indicates that the claimant was in the hospital just 2 weeks, and I thought \$3,000 was rather liberal compensation under the circumstances.

Mr. NEELY. She was in the hospital only 2 weeks, but she suffered intensely for more than a year after the accident. She never has fully recovered her former good health.

Mr. KING. On the statement of the Senator I will withdraw the amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Utah is withdrawn. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 1, line 10, after "1929", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

I. T. McREE

The bill (S. 2342) for the relief of I. T. McRee, was announced as next in order.

Mr. KING. Let us have an explanation of that bill.

Mr. McKELLAR. Mr. President, this is a bill for the relief of I. T. McRee, providing for the payment of \$2,500 in full settlement of damages sustained April 11, 1922, in a prohibition raid in Lewis County, Tenn.

The claimant, now 53 years of age, was a posseman engaged by two prohibition agents to help raid a distillery in Lewis County, Tenn., on April 11, 1922. Five minutes after arriving at the distillery two men, Andrew Chenault and Frank Hines, arrived on the scene and upon seeing the Federal officers began shooting. The fire was returned and Chenault was shot in the leg, the other party at the time making his escape. Mr. McRee and Richard Wiley were asked by the prohibition agents to go to the house of Esquire Hicks, who lived a few miles away, and get a horse and buggy to take the wounded man to a doctor or a hospital. After they had gone about one half mile, one or more parties shot them from ambush. McRee was shot in the back, the slug entering his back 2½ inches from his spine. The other man, Wiley, was seriously wounded and later died. McRee was confined at his home for 6 or 8 weeks, and for 6 or 8 months was unable to work, and has not been able to do much hard work since being shot.

The papers in the case contain an affidavit from the claimant's physician, dated February 8, 1933, in which he states that Mr. McRee suffers with pain in back and right hip; that pain is particularly noted in the right lumbar region, the right sacroiliac region, and region immediately posterior to the right hip joint; that there is slight limitation of motion in all directions with pain in extreme motion in any direction; that there is tenderness alongside lumbar spine on the right; that X-ray examination shows foreign body (bullet) embedded in the right side of the body of the fourth lumbar vertebra; and that there is no evidence of arthritis. Another physician submits a sworn statement that claimant suffers in back and right hip much when he does manual labor and that he is greatly incapacitated on account of his injury to do manual labor. Claimant is uneducated and unable to make a living except by manual labor.

It is just a case of where a man was shot in enforcing the prohibition law, and it seems to me it is just that he should be paid.

Mr. KING. Mr. President, I have no objection.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to I. T. McRee, out of any money in the Treasury not otherwise appropriated, the sum of \$2,500 in full settlement of damages sustained April 11, 1922, in a prohibition raid in Lewis County, Tenn., when he was shot from ambush: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

ISIDOR GREENSPAN

The Senate proceeded to consider the bill (S. 2373) for the relief of Isidor Greenspan.

Mr. KING. I should like to have an explanation of that bill.

Mr. COOLIDGE. Mr. President, this is a claim similar to others which have been passed upon by the Congress. It has to do with a fine paid by certain people under the Lever Act, which was later held by the Supreme Court to be unconstitutional. This bill seeks to refund the amount this man paid. Other bills of similar nature have been previ-

ously settled, since the Court found that the payments made were unconstitutional. The bill has the approval of the Attorney General.

Mr. KING. Mr. President, I notice that the sum sought to be appropriated represents the amount of a fine paid by Mr. Greenspan.

Mr. COOLIDGE. Yes; all the bills of a similar nature related to fines.

Mr. KING. For violating the prohibition law?

Mr. COOLIDGE. Yes.

Mr. KING. Why should there be a reimbursement if the people broke the law, paid the fines assessed, and took no appeals?

Mr. COOLIDGE. There is ample ground. In every case where they were said to have broken the law as covered by the Lever Act, the Supreme Court said they were not liable, that they did not break the law, and the fines which have been imposed in every other case have been returned. Bills of this kind have had the unanimous approval of the Committee on Claims.

Mr. KING. Mr. President, it seems a most remarkable situation, that when the law is violated and a fine has been paid and no appeal taken there should be a reimbursement. But I shall not object.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Isidor Greenspan the sum of \$1,500. Such sum represents the amount of a fine paid by Isidor Greenspan pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration by the Supreme Court of the United States of the unconstitutionality of such provisions.

ARVIN C. SANDS

The Senate proceeded to consider the bill (S. 2627) for the relief of Arvin C. Sands.

Mr. DICKINSON. Mr. President, in order to cure a typographical error, I move to amend by inserting the word "General" after the "Comptroller" in line 3.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow and credit to the accounts of Arvin C. Sands, postmaster at Mallard, Iowa, the sum of \$78.21, being the amount due the United States on account of loss resulting from the closing in 1927 of the First National Bank of Mallard, Iowa.

JAMES SLEVIN

The bill (S. 2636) for the relief of James Slevin was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to James Slevin, Island Park, Long Island, N.Y., \$1,425, being the amount found due him as damages to his property at Island Park, N.Y., by reason of an Army airplane crash on September 8, 1933.

NEPHEW K. CLARK

The Senate proceeded to consider the bill (S. 2798) for the relief of Nephew K. Clark.

Mr. KING. What is the purpose of that bill?

Mr. GEORGE. Mr. President, I will say, for the benefit of the Senator from Utah, that the beneficiary in this case, Mr. Clark, was a United States commissioner for the southern district of Georgia. By inadvertence, his commission was not renewed on the date specified in the bill, but he continued to render services, and this bill seeks to enable him to collect his legal fees for services rendered.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow to Nephew K. Clark, United States commissioner for the southern

district of Georgia, Savannah division, the fees earned by him from March 29, 1933, to July 3, 1933, both dates inclusive, in performing the duties incident to the office of commissioner. The commission of the said Nephew K. Clark as United States commissioner expired on March 28, 1933, and, through inadvertence, he was not reappointed until July 4, 1933.

GERMANIA CATERING CO., INC.

The Senate proceeded to consider the bill (S. 2807) for the relief of the Germania Catering Co., Inc.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. COPELAND. Mr. President, this is similar to a bill we have just passed, where the Lever Act was held to be unconstitutional.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Germania Catering Co., Inc., the sum of \$5,000. Such sum represents the amount of fine paid by the Germania Catering Co., Inc., pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration by the Supreme Court of the United States of the unconstitutionality of such provisions.

NANCY ABBEY WILLIAMS

The bill (S. 2398) for the relief of Nancy Abbey Williams was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of Nancy Abbey Williams 3½-percent United States Treasury note, series C-1930-32, no. 5182 B, in the denomination of \$100, issued January 16, 1928, called for redemption December 15, 1931, without interest and without presentation of said note, which is alleged to have been lost, stolen, or destroyed: *Provided,* That the said note shall not have been previously presented: *And provided further,* That the said Nancy Abbey Williams shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of said note in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the note hereinbefore described.

WILLIAM J. COCKE

The bill (S. 2558) for the relief of William J. Cocke was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

SANFORD & BROOKS CO.

The Senate proceeded to consider the bill (S. 2879) for the relief of the Sanford & Brooks Co., which had been reported from the Committee on Claims with an amendment.

Mr. McKELLAR. Let us have an explanation of the bill.

Mr. LOGAN. Mr. President, the report is rather lengthy, but the facts are very simple.

This case grows out of a contract by the Government. A suit was brought in the Court of Claims to recover a considerable amount of money. After some years the company recovered something over \$200,000. Thereupon the Income Tax Division of the Treasury Department assessed taxes against that as profits. Of course, the company contended that it was not profits; that it was part of the return for the work which had been done.

The matter dragged on for some time, until the Treasury Department appears to have conceded that \$72,000 in taxes had been paid that was improper, but there was certain interest that had accumulated, which they charged against the company, amounting to about \$16,000, so the Treasury Department said that \$56,000 was due.

Mr. McKELLAR. Mr. President, did this case go to the Supreme Court of the United States?

Mr. LOGAN. The case went to the Supreme Court. The money was recovered by the company; then the Treasury charged that it was profits and sought to collect an income tax on it. So they had to get that adjusted. The Treasury Department recommends that the bill be paid.

Mr. McKELLAR. I see that the Secretary recommends the payment of the bill on account of the unusual character of the claim. Offhand, it would look to be a very peculiar thing for the Supreme Court of the United States finally to

pass upon a case, and then for the Congress to remit a portion of the money.

Mr. LOGAN. To a certain extent the Senator is right, but afterward the Treasury Department figured the matter out and said they had received too much.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Sanford & Brooks Co., a corporation organized and existing under the laws of the State of Maryland, the sum of \$53,208.49, in full satisfaction of its claim against the United States for refund of income taxes assessed and collected for the year 1920 on amounts paid by the United States to such corporation during such year to compensate the said Sanford & Brooks Co. for the cost to it of certain work done in dredging the Delaware River for the Government of the United States, of which work the said Government got the benefit, said work having been done during the years 1913 to 1916, both inclusive, under contract with the United States: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTERNATIONAL MANUFACTURERS SALES CO. OF AMERICA, INC.

The bill (S. 411) for the relief of the International Manufacturers Sales Co. of America, Inc., was announced as next in order.

Mr. McKELLAR. Mr. President, I will have to ask the Senator from Kentucky to explain that bill.

Mr. LOGAN. Mr. President, let me suggest that the facts are particularly involved and it would not be possible to explain the measure in detail in the time we have. So I myself will ask that the bill go over, with the understanding that the Senator from Tennessee, and particularly the Senator from Utah [Mr. KING] will read the report. This is a just claim and ought to have been paid years ago, but any Senator will have to read the report and consider the facts before he can make up his mind about it. So I will ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

STATISTICAL STUDIES IN THE DEPARTMENT OF LABOR

Mr. WALSH. Mr. President, I ask unanimous consent that we return to Calendar 357, Senate bill 2689, to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, and that the votes by which the bill was ordered to a third reading and passed be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the votes are reconsidered.

Mr. WALSH. Mr. President, this is a bill which was introduced at the request of the Madam Secretary of Labor. Many requests have been made of the Department of Labor to provide statistical information for private groups. The Department has no funds with which to obtain such information and make special studies.

The Secretary of Labor sets forth the reasons in a letter, which states:

There is a great need for the passage of this bill. From time to time persons request the Department of Labor to make special statistical studies within the general scope of the Department's activities and in relation to labor matters and offer to pay the full cost of this work. This has been particularly true since the passage of the National Industrial Recovery Act. Various code authorities, including, for example, the planning and coordination committee of the petroleum industry, have asked the Department to collect data relating to hours of work, wages, and similar working conditions. These statistics would have been of great value not only to the person or authority requesting the survey but also

to the Department of Labor and to the Government generally since they would have served not only to show the existing state of facts but to help formulate policies for future action. Moreover, if the Department of Labor had made the studies which it was asked to undertake, a closer cooperation between business and Government would have resulted, and if the work had been satisfactorily performed, there is no doubt that business would have had an increased confidence in the accuracy, efficiency, and thoroughness of this Department.

Unfortunately at the present time the Department of Labor cannot undertake this work even though the person requesting the statistical or other information is willing to pay the full costs of the enterprise. The reason is that the act of March 3, 1918 (39 Stat. 1106, 5 U.S.C. 66), provides that no Government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the Government of the United States. This statute as interpreted by the courts and administrative officers makes it impossible for the Department of Labor to accept from outsiders the cost of special services even though rendered for their exclusive benefit. (See *International Railway Co. v. Davidson*, 257 U.S. 506, 515 (1922); 31 Op. Atty. Gen. 1919; 16 Comp. Dec. 43.)

To overcome this bar, other departments have from time to time asked Congress for permission to enter into arrangements to perform compensated services for private persons. Thus, for example, section 18 of the act of June 18, 1929 (46 Stat. 25, 26; 13 U.S.C. 218), authorizes the Bureau of the Census to make statistical compilations at cost for private individuals; and the appropriation act for the Department of Agriculture for 1920 (act of July 24, 1919, 41 Stat. 270; 5 U.S.C. 513), and section 14 of the Perishable Agricultural Commodities Act (act of June 10, 1930, 46 Stat. 577; 7 U.S.C. 564) authorize the Department of Agriculture to enter into cooperative arrangements with States and private agencies as a result of which these non-Federal agencies contribute in part to expenses incurred by the Federal Government.

UNITED STATES SENATE,
February 13, 1934.

HON. DAVID I. WALSH,

United States Senate.

DEAR SENATOR: Your letter of February 12, relating to Senate bill 2689, has had my careful consideration.

When I first began my work as Secretary of Labor, there were numerous appeals directed to the Office asking the Department to make certain surveys at the expense of those desiring the surveys. The work was not a part of the regular program and would have necessitated additional personnel. We considered it thoroughly. For a time I was inclined to look with favor upon a plan which would have enabled the Department of Labor to extend this service. However, as I gained experience in the work, I came to believe that it would be unwise for the Government to take on this work of a temporary nature—the product of men and women working under a temporary responsibility. In other words, all of the employees of the Bureau of Labor Statistics are civil service, and under the proposed act it would mean that the Secretary of Labor would select those who were supposed to be competent to make the survey.

As you know, reports of this kind will be given out with the sanction of the Government and generally accepted as Government documents. The intentions of the Secretary of Labor would be the very best, but under these circumstances I fear trouble would arise—reports not closely related to the Department of Labor might come under hostile fire in the Halls of Congress; hence, although I was favorably disposed to the idea when I first began my work in the Department, I gradually began to believe that it was best for the Department to undertake only those research projects which grew up out of regular departmental needs. Under the present plan, Congress is notified when a certain particular survey is needed; if money is appropriated for that work, and it is necessary to get the appropriation to carry on the work, that puts these particular surveys in the hands of Congress to be passed on by Congress. With the passing of years, I was glad that the Department followed the course of submitting the project for survey to Congress to be passed on by Congress. With the passing of years, I was glad that the Department followed the course of submitting the project for survey to Congress for its approval and appropriation.

We have in the city and throughout the country, research establishments such as the Brookings Institute which are well qualified to make these special investigations. The stamp of approval which they give to reports issued under their auspices is quite sufficient to carry them wherever they should go, and yet obviously they are not Government documents nor official in any sense.

Most cordially yours,

JAMES J. DAVIS.

UNITED STATES SENATE,
COMMITTEE ON EDUCATION AND LABOR,
February 14, 1934.

HON. DAVID I. WALSH,

United States Senate.

DEAR SENATOR: I wrote you yesterday concerning Senate bill 2689, and by way of suggestion, I should like to say that the Bureau of Labor Statistics is most important and the best statistical bureau in the United States.

It is thoroughly reliable, and I would suggest in place of seeking appropriations to make surveys and investigations that we unite in asking for an appropriation from the Congress of at least a half million dollars for that Bureau to make its staff permanent, which will meet the needs of the country in this connection. Right now, I presume there is a great demand for the services of the statistical Bureau from those who come under the codes of fair competition.

Assuring you of my hearty support of any appropriation for the Bureau of Labor Statistics, I am,
Most cordially yours,

JAMES J. DAVIS.

Mr. LA FOLLETTE. Mr. President, I think no Member of this body is more interested than am I in improving and enlarging the statistical and economic services of the Federal Government. I wish the Senator would direct his attention to the question of the policy which is involved in the bill. I have serious doubt of the wisdom, as a matter of public policy, of permitting private corporations and individuals to pay for services rendered by departments or by bureaus of the Federal Government in carrying on particular types of research or other activities. I would join with the Senator at any time in support of any properly drawn legislation which sought to improve our statistical services, which sought to fill up the gaps, the glaring inadequacies, in our statistical material, which exist, but I wish the Senator would give consideration to the broader aspects of policy which are involved in this legislation.

In that regard I should like to remind the Senator of the rather severe and, I think, somewhat justified criticism under the last administration of permitting the private financing of activities carried on officially by the Government, the reports and the information of which naturally bear the impress of the Government when the results are given to the public.

Mr. WALSH. The observations of the Senator from Wisconsin are very appropriately made. We must first of all agree that there are many demands made on the Department of Labor for useful statistical information. A good deal of the information is information which would be useful to the Department of Labor, and which industry or labor organizations also desire. The bill, realizing the objection made, carefully limits the character of the statistical information which they can obtain to matters within the scope of the Labor Department.

The committee has authorized me to offer an amendment to the bill which restricts the character of the information that can be obtained. The amendment proposes to strike out the words "within the general scope of the Department's activities" and to insert "relating to employment, hours of work, wages, and other conditions of employment."

This amendment would limit the inquiry for the statistical information to the purposes enumerated in the bill. No money is available from the public funds for this information. It is information helpful to private industry, helpful to labor, and also helpful to the Department of Labor. The bill permits the Department of Labor to undertake this work on condition that the private parties asking for the information pay the expense of the study requested.

Mr. President, there was also an amendment authorized to be offered by the committee to the bill that the Secretary of Labor shall report to the Congress just what agreements are entered into, the parties for whom statistical information is given, and the amount of money paid.

I should agree with the Senator from Wisconsin if it were possible to get an appropriation for these studies. The Secretary of Labor informs me that the information requested, which private parties are willing to pay for, is desirable, is in the public interest, and will be helpful in working out some of the problems under the N.R.A. and be most useful to the Labor Department.

While I agree that it would be preferable to have an appropriation from the Public Treasury to do this work, yet it seems to me that if private individuals are ready and willing to pay, and desire the specific information, that we should let the Secretary of Labor arrange for the obtaining of the information and make a report to Congress of the amounts of money received and the amounts of money paid

out or distributed and the kind and character of the information obtained.

Mr. LA FOLLETTE. Mr. President, what would be the Senator's attitude toward an amendment to the measure which would provide a limitation on time, so that we might experiment with it and see how it works?

Mr. WALSH. Mr. President, I would be agreeable to that suggestion. Would the Senator suggest a limitation of 1 year?

Mr. LA FOLLETTE. I should think it should be not less than 1 year, because a shorter period would not give time to work out any exhaustive or long statistical study.

Mr. WALSH. Mr. President, I now send to the desk the committee amendment referred to, which I ask may be agreed to.

The PRESIDING OFFICER. The Senator from Massachusetts offers a committee amendment, which the Clerk will state.

The CHIEF CLERK. On page 1, line 6, after the word "studies", it is proposed to strike out "within the general scope of the Department's activities" and insert in lieu thereof "relating to employment, hours of work, wages, and other conditions of employment."

Mr. WALSH. That is a perfecting amendment already explained and which limits the scope of the original bill. I think it ought to be agreed to.

Mr. KING. Mr. President, I ask the Senator from Massachusetts now to explain the amendment.

Mr. WALSH. The bill provides that within the discretion of the Secretary of Labor special statistical studies may be made within the general scope of the Department's activities. That language seemed to be too general, so this amendment strikes out "within the general scope of the Department's activities" and defines just what statistical studies she can make. They are enumerated in the amendment and relate to employment, hours of work, wages, and other conditions of employment. So it is a perfecting amendment.

Mr. KING. May I ask the Senator what the additional cost will be?

Mr. WALSH. There will be no cost at all. This bill is a permissive bill. It seeks to give the Department of Labor the right, if private parties will pay the money, to make statistical studies dealing with the problems of industry and of labor. The money will be paid by these private parties seeking information, and reports must be made to the Congress of what moneys are received and what contracts are entered into for this purpose.

Mr. KING. I ask the Senator from Massachusetts whether he regards it as wise to have departments of the Government made vehicles to be set into operation or motion by private persons?

Mr. WALSH. I should not think it advisable if the Department of Labor did not consider the information, which private parties were willing to pay for, valuable to the Government. If it was simply to give information to private parties for their own use and benefit, and beneficial to them alone, I would agree with the Senator; but the Department of Labor says this is information they ought to have. They would like to have the Congress appropriate the funds to furnish this information, but, in the absence of public funds, private parties are willing to pay for the expense. I hope the Senator will approve the amendment, it being a perfecting amendment.

Mr. LONG. Mr. President, how long are Senators allowed to speak on bills that are not objected to? Is this bill objected to or not? If the discussion of the bill is going to continue up until 2 o'clock, it is going to take up all the time we have for the consideration of unobjected bills, and there is a bill which I am particularly anxious to have considered before the time is up. How long a time is allowed Senators in which to discuss a bill?

The PRESIDING OFFICER. Under the rule 5 minutes.

Mr. LONG. Mr. President, this bill has been under discussion for at least 15 minutes. If there will be only an-

other minute or so consumed in the further discussion of the bill, I have no objection.

Mr. KING. A parliamentary inquiry. Does the Chair rule that each bill can only be considered for 5 minutes?

The PRESIDING OFFICER. That no Senator can speak on any bill for more than 5 minutes.

The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. WALSH. Mr. President, I offer the committee amendment to which I have heretofore referred.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 11, after the word "act", it is proposed to insert:

; and the Secretary of Labor shall make a report to Congress at the beginning of each regular session, giving a detailed statement showing (1) the name of every person for whom work has been performed under the authority of this statute, (2) the nature of the services rendered to him, (3) the price charged for these services by the Department of Labor, and (4) the manner in which the moneys received were deposited or used.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. 4. This act shall cease to be effective 1 year after the date of its enactment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXTENSION OF LABOR PROVISIONS OF TRANSPORTATION ACT

The bill (S. 2411) to amend the Emergency Railroad Transportation Act, 1933, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. DILL. This is a bill to apply the labor provision of the Railroad Emergency Act to the employees who work on Pullman cars and refrigerator cars, as well as express-company employees. The labor provision prohibits the dropping of more than 5 percent of the employees as the result of consolidation or elimination made by the coordinator and also applies the provision prohibiting company unions from being supported by the railroads. It simply extends the labor provision of the Emergency Railroad Transportation Act to these three classes of employees that were not covered by the original act.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. FESS. Mr. President, I see no objection to this bill. I voted to report it from the committee. But a Senator on this side of the aisle has requested that it go over.

The PRESIDING OFFICER. Does the Senator object?

Mr. FESS. Yes; on behalf of another Senator.

The PRESIDING OFFICER. The bill will be passed over on objection.

BILL PASSED OVER

The bill (S. 411) for the relief of the International Manufacturers Sales Co. of America, Inc., was announced as next in order.

Mr. FESS. Over.

The PRESIDING OFFICER. The bill will be passed over.

TAXATION OF CERTAIN INTERSTATE SALES

The Senate proceeded to consider the bill (S. 2897) to regulate interstate commerce by granting the consent of Congress to taxation by the several States of certain interstate sales, which had been reported from the Committee on Interstate Commerce with an amendment on page 2, line 1, after the word "commerce", to insert "no such property shall be exempt from taxation by reason of being introduced

into any State or Territory in original packages, or containers, or otherwise", so as to make the bill read:

Be it enacted, etc., That all taxes or excises levied by any State upon sales of tangible personal property, or measured by sales of tangible personal property, may be levied upon, or measured by, sales of like property in interstate commerce, by the State into which the property is moved for use or consumption therein, in the same manner, and to the same extent, that said taxes of excises are levied upon or measured by sales of like property not in interstate commerce and no such property shall be exempt from such taxation by reason of being introduced into any State or Territory in original packages, or containers, or otherwise: Provided, That no State shall discriminate against sales of tangible personal property in interstate commerce, nor shall any State discriminate against the sale of products of any other States: Provided further, That no State shall levy any tax or excise upon, or measured by, the sales in interstate commerce of tangible personal property transported for the purpose of resale by the consignee: Provided further, That no political subdivision of any State shall levy a tax or excise upon, or measured by, sales of tangible personal property in interstate commerce. For the purposes of this act a sale of tangible personal property transported, or to be transported, in interstate commerce shall be considered as made within the State into which such property is to be transported for use or consumption therein, whenever such sale is made, solicited, or negotiated in whole or in part within that State.

Mr. McKELLAR. Mr. President, will the Senator from Connecticut explain the bill?

Mr. LONERGAN. This bill, Mr. President, relates to the payment of the sales tax in connection with the shipment of goods for sales purposes in original packages from one State to another; that is, from a State that does not levy such a tax into a State that imposes such a tax. In the case of gasoline there are instances where stations are set up on the border lines of States, and people who reside in a State where the sales tax prevails go over into the State where the tax does not prevail in order to get gasoline and thus to save money. The time is short, and the Senator from Louisiana desires to make a statement with reference to the bill.

Mr. LONG. Mr. President, the only purpose of this bill is to prevent interstate commerce from being used as a cloak for depriving States of taxes. In other words, those who ship goods in interstate commerce cannot only avoid payment of taxes in States where sales taxes are levied, but also in States to which they are shipped. All the supervisors and revenue collectors of the 48 States of America have asked for this bill. The bill makes provision for nothing except shipment in interstate commerce, and its purpose is to prevent shipments in interstate commerce to avoid the collection of a sales tax.

Mr. McKELLAR. In the event of goods being shipped to any city in the United States and there warehoused for distribution, would the goods be liable to taxation in the State wherein that city is located?

Mr. LONG. The goods would be liable to taxation in the State where they were sold.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment; and if there shall be no objection to it, I ask that it may be added to the bill.

The PRESIDING OFFICER. The amendment proposed by the Senator from Louisiana will be stated.

The CHIEF CLERK. On page 2, after line 19, at the end of the bill, it is proposed to add a new section, as follows:

SEC. —. Receivers, liquidators, referees, and other officers of any court of the United States, are required to pay all taxes and licenses levied by any State or subdivision thereof the same as corporations, partnerships, concerns, persons, or association of persons are required to pay the same.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. FESS. Mr. President, I should like to have an explanation of the amendment.

Mr. LONG. I shall be glad to state what the amendment proposes. The only purpose of the amendment is this: A very unique and, I might say, almost unheard-of ruling has

recently been made by two United States district judges, in which by some reasoning they have reached the conclusion that the receiver of a corporation does not have to pay the tax that the corporation itself would have to pay. So the Standard Oil Co. would have to pay a tax; but if the Texas Co. were in receivership, it could sell its gasoline and not pay the 5 cents a gallon gasoline tax. That simply means that every concern will have to go into the hands of receivers. In order that there may be no doubt about the law, I have simply offered a little amendment to this bill to provide that receivers of corporations shall pay whatever tax the corporation itself would have to pay; in other words, that a receiver cannot operate a gasoline business and not pay a sales tax if the corporation itself has to pay such a tax. That is all there is to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LONERGAN. Mr. President, in connection with the bill which has just been passed I ask unanimous consent to have inserted in the RECORD a letter written to the Senator from Louisiana [Mr. LONG].

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

BATON ROUGE, March 9, 1934.

Senator HUEY P. LONG,

United States Senate, Washington, D.C.

DEAR SIR: In a recent case in the United States Court for the Western District of Missouri, entitled *Howe v. Atlantic, Pacific & Gulf Oil Co.*, the court held that the Missouri gasoline tax could not be enforced against a receiver who was conducting a business, and was, in fact, a distributor and dealer in gasoline, for the reason that the statute provided, in substance, that distributors and dealers shall pay to the State treasury an amount equal to 2 cents for each gallon of motor-vehicle fuel sold or distributed by such dealer in the State. The court holding that a privilege tax of this character cannot be enforced against a Federal receiver for the reason that a receiver is not a person or corporation engaged in business within the purview of this statute. It was held in another case in Missouri that a similar tax levied by the city of Kansas City could not be enforced against a Federal receiver.

A suit has been filed by Federal receivers in Oklahoma to recover tax paid under protest, alleging that the Oklahoma tax cannot be enforced against a Federal receiver. If the Federal court in Oklahoma should take the same view as the Missouri court, it would create a serious condition. Some State statutes may be so worded that the courts will uphold them against receivers, but until the matter is finally adjudicated in each State it creates a doubt as to each State statute and will result in much annoying litigation.

The State gasoline tax throughout the United States now averages over 4 cents per gallon. If Federal receivers can operate free from this tax, they would have this great margin over their competitors, and the receivers would drive their taxpaying competitors out of business, forcing them into the hands of receivers, and all of the business would then be done by receivers and the States would lose the revenue. At this time I consider it very serious to imperil the revenue of the States. I also believe that it would be injustice unspeakable to permit the solvent to be driven out of business by the insolvent who are operating in receivership.

It is impossible for me to see why a receiver authorized by the court to conduct a business is not a distributor or dealer engaged in business within a State. While I am unable to believe that the appellate courts will sustain these decisions of the inferior courts, it creates a condition of uncertainty as to the solvent dealer. He is afraid that a condition will arise from a court decision which will immediately destroy him. It creates an uncertainty as to the States' revenue and makes it impossible for the States to plan with certainty to meet their obligations, for if these decisions are upheld with reference to the gasoline tax it will likewise make doubtful the enforcement against receivers of State levies of sales taxes, beer taxes, etc.

It is nothing but just that a receiver who is actually conducting a business, and is authorized to conduct that business by the court, should pay the same taxes that his competitor, a private individual or corporation, must pay, and to the end that the question may forever be set at rest, I believe that Congress should immediately pass an act looking to that end. There is prepared and submitted herewith for your consideration a proposed bill which I believe will accomplish this purpose. I urge that you support the bill, or if such a bill has already been introduced in Congress that you give it support and do everything you can to see it enacted into law at the earliest possible date. I would not make this request of you if I did not believe it was manifest justice and was necessary to prevent possible decisions which would work the greatest injustice and hardship upon those who are not in such a favored position and at the same time embarrass the State. All forms of sales taxes are competitive. Those

who pay the tax cannot compete with those who can escape such taxes. The States must, therefore, be as diligent to see that no one actually engaged in business can legally avoid the tax as it is to see that no one illegally evades the tax. The highest duty rests on the State to protect the taxpayer from this class of unfair competition.

Yours very truly,

ALICE LEE GROSJEAN,
Supervisor of Public Accounts.

BONDS OF HOME OWNERS' LOAN CORPORATION

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

APPROPRIATIONS FOR STATE, JUSTICE, ETC., DEPARTMENTS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MCKELLAR. I move that the Senate insist upon its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MCKELLAR, Mr. RUSSELL, Mr. PITTMAN, Mr. HALE, and Mr. NYE conferees on the part of the Senate.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. BYRNES. I ask the Chair to lay before the Senate the action of the House in connection with House bill 6663, being the independent offices appropriation bill.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, and 23 to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, agreeing to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and appointing conferees; also agreeing to the amendment of the Senate numbered 14, with an amendment as follows:

SEC. 21. (a) Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended as follows:

(1) Section 2 is amended by inserting after "1934" the following: "and the fiscal year ending June 30, 1935"; and

(2) Section 3 (b) is amended by striking out "15 percent" and inserting in lieu thereof the following: "10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, and shall not exceed 5 percent during the fiscal year ending June 30, 1935."

(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident Commissioners, and persons on the rolls of the Senate or House of Representatives) of the Legislative Appropriation Act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures "1933" shall be read as "1935"; except that in the application of such section with respect to the fiscal year ending June 30, 1935, subsection (a) is amended by striking out "15 percent" wherever it appears and inserting in lieu thereof "the percentage of reduction applicable to officers and employees of the Federal Government generally." In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

(c) Section 107 (except paragraph (5) of subsection (a) thereof and subsection (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of insular possessions); section 13 (relating

to the retired pay of certain judges), section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures "1933" (except in such sections 13, 14, and 15) shall be read as "1935" and the figures "1934" shall be read as "1935"; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally. In the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

(d) Notwithstanding the provisions of the antideficiency acts, deficiencies in their respective appropriations made during the second session of the Seventy-third Congress and available for obligation during the fiscal year ending June 30, 1935, may be incurred during such fiscal year by any executive department or independent establishment and the municipal government of the District of Columbia, upon written order of the President specifying the amount of the deficiency which may be incurred, and by the legislative branch of the Government and the agencies customarily considered a part of such branch; but such deficiencies may be incurred only to the extent necessary to enable the payment to officers and employees of such activities of sums for which the available appropriation is inadequate by reason of a diminution in the percentage of reduction of compensation in pursuance of action of the President under the provisions of section 3 of title II of such act of March 20, 1933, as continued for the fiscal year 1935.

(e) There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this subsection. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years.

And agreeing to the amendment of the Senate numbered 22 with an amendment, as follows:

TITLE III. VETERANS' PROVISIONS

SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, pertaining to hospitalized cases.

SEC. 27. Where service connection for a disease, injury, or disability not caused by his own willful misconduct was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under, Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished, and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918; (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided*, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933.

SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows: "Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to

conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph, as amended, takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran, the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph, as amended, takes effect as service-connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph, as amended, takes effect, the surviving widow, child, or children, and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto."

SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: "*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow as long as she remains unmarried and/or dependents of any such veteran, shall be reduced by more than 25 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases and except where his disability is the result of his own willful misconduct: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax: *Provided, however*, That a veteran in Federal employ shall not receive more than \$6 per month if his salary if single exceeds \$1,000 and if married \$2,500: *Provided further*, That this section shall not apply to any person who enlisted after August 12, 1898, and who did not serve in either the Boxer rebellion or the Philippine insurrection.

All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

SEC. 31. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be

awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this Act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

Sec. 32. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

Sec. 33. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled "compensation" and not "pension."

Sec. 34. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

Sec. 35. That notwithstanding the provisions of section 17 of title I of an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, and section 20 of an act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws.

Mr. BYRNES. I move the Senate disagree to the amendments of the House to the amendments of the Senate numbered 14 and 22 and ask for a conference with the House on the disagreeing votes of the two Houses on those amendments.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. BYRNES. I yield.

Mr. BORAH. What are the amendments to which we shall have agreed if we adopt the motion?

Mr. BYRNES. The two amendments cover all the legislative amendments in dispute.

Mr. CUTTING. Mr. President, I respectfully desire to call the attention of the Chair to paragraph 17 of the Manual of the Law and Practice in regard to conferences and conference reports in reference to the appointment of conferees, from which I desire to quote the following language:

In the selection of the managers the two large political parties are usually represented, and, also, care is taken that there shall be a representation of the two opinions which almost always exist on subjects of importance. Of course the majority party and the prevailing opinion have the majority of the managers.

I respectfully hope that that rule will be followed in the appointment of conferees.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina [Mr. BYRNES] that the Senate disagree to the amendments of the House to the amendments of the Senate numbered 14 and 22, request a conference with the House on the disagreeing votes of the two Houses on those two amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER conferees on the part of the Senate.

BONDS OF HOME OWNERS' LOAN CORPORATION

The Senate resumed the consideration of the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

Mr. McKELLAR. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Barbour	Brown	Capper
Ashurst	Barkley	Bulkley	Caraway
Bachman	Black	Bulow	Carey
Bailey	Bone	Byrd	Clark
Bankhead	Borah	Byrnes	Connally

Coolidge	Hale	McKellar	Shipstead
Copeland	Harrison	McNary	Smith
Costigan	Hastings	Metcalf	Stefwer
Couzens	Hatch	Murphy	Stephens
Cutting	Hatfield	Neely	Thomas, Okla.
Davis	Hayden	Norris	Thomas, Utah
Dickinson	Hebert	Nye	Thompson
Dieterich	Johnson	O'Mahoney	Townsend
Dill	Kean	Overton	Trammell
Duffy	Keyes	Patterson	Tydings
Erickson	King	Pittman	Vandenberg
Fess	La Follette	Pope	Van Nuys
Fletcher	Lewis	Reed	Wagner
Frazier	Logan	Reynolds	Walcott
George	Loneragan	Robinson, Ark.	Walsh
Gibson	Long	Robinson, Ind.	Wheeler
Glass	McAdoo	Russell	White
Goldsborough	McCarran	Schall	
Gore	McGill	Sheppard	

The PRESIDING OFFICER (Mr. DUFFY in the chair). Ninety-four Senators having answered to the roll call, a quorum is present.

Mr. COUZENS. Mr. President, this is a very important bill and I think it ought to be read. It has not as yet been read to the Senate.

Mr. BULKLEY. Mr. President, I acquiesce in the request of the Senator from Michigan for the reading of the bill.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk proceeded to read the bill, as follows:

Be it enacted, etc., That (a) section 4 (c) of the Home Owners' Loan Act of 1933 is amended to read as follows:

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed \$2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than 18 years from the date of their issue, shall bear such rates of interest not exceeding 4 percent per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection which are guaranteed as to interest and principal, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

Mr. COUZENS. Mr. President, at this point may I interrupt the reading to ask the Senator from Ohio a question? I understand there are no exemptions in this case, as there are with reference to some bond issues of \$5,000, so far as surtaxes are concerned?

Mr. BULKLEY. The exemptions are carefully stated in the bill. There is no exception.

The Chief Clerk resumed the reading of the bill, and read as follows:

"The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed. No such bonds shall be issued in excess of the assets of the Corporation, including the assets to be obtained from the proceeds of such bonds, but a fail-

ure to comply with this provision shall not invalidate the bonds or the guaranty of the same. The Corporation shall have power to purchase in the open market at any time and at any price any of the bonds issued by it."

Mr. COUZENS. Mr. President, let me interrupt again to submit an inquiry to the Senator from Ohio. The bill provides that "the Corporation shall have power to purchase in the open market at any time and at any price any of the bonds issued by it." Does not the Senator believe there ought to be a limitation on the price they may pay, and that they ought not to be permitted to pay above par? The bonds may be at a premium, and under the language of the bill they could pay a premium or any other price they might desire.

Mr. BULKLEY. I had not thought of it in that light. I see no reason why the Corporation should not have authority to buy at such prices as they deem advantageous.

Mr. COUZENS. Even above par?

Mr. BULKLEY. Yes; even above par.

Mr. COUZENS. I have in mind at the appropriate time to offer an amendment, on page 4, line 3, after the word "price", to insert "not above par", so that it would read:

The Corporation shall have power to purchase in the open market at any time and at any price not above par any of the bonds issued by it.

The Chief Clerk resumed and concluded the reading of the bill, as follows:

"Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. For a period of 6 months after the date this subsection, as amended, takes effect, the Corporation is authorized to refund any of its bonds issued prior to such date or any bonds issued after such date in compliance with commitments of the Corporation outstanding on such date, upon application of the holders thereof, by exchanging therefor bonds of an equal face amount issued by the Corporation under this subsection as amended, and bearing interest at such rate as may be prescribed by the Corporation with the approval of the Secretary of the Treasury; but such rate shall not be less than that first fixed after this subsection, as amended, takes effect on bonds exchanged by the Corporation for home mortgages. For the purpose of such refunding the Corporation is further authorized to increase its total bond issue in an amount equal to the amount of the bonds so refunded. Nothing in this subsection, as amended, shall be construed to prevent the Corporation from issuing bonds in compliance with commitments of the Corporation on the date this subsection, as amended, takes effect.

"(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act."

Sec. 2. Section 4 of the Home Owners' Loan Act is further amended by adding at the end thereof the following new subsections:

"(1) No home mortgage or other obligation or lien shall be acquired by the Corporation under subsection (d), and no cash advance shall be made under subsection (f), unless the applicant was in default on June 13, 1933, with respect to the indebtedness on his real estate: *Provided*, That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

"(m) In all cases where the Corporation is authorized to advance cash to provide for necessary maintenance and to make necessary repairs it is also authorized to advance cash or exchange bonds for the rehabilitation, modernization, rebuilding, and enlargement of the homes financed; and in all cases where the Corporation has acquired a home mortgage or other obligation or lien it is authorized to advance cash or exchange bonds to provide for the maintenance, repair, rehabilitation, modernization, rebuilding, and enlargement of the homes financed and to take an additional lien, mortgage, or conveyance to secure such additional advance or to take a new home mortgage for the whole indebtedness; but the total amount advanced shall in no case exceed the respective amounts or percentages of value of the real estate as elsewhere provided in this section. Not to exceed \$200,000,000 of the proceeds derived from the sale of bonds of the Corporation shall be used in making cash advances to provide for necessary maintenance and necessary repairs and for the rehabilitation, modernization, rebuilding, and enlargement of real estate securing the home mortgages and other obligations and liens acquired by the Corporation under this section."

Sec. 3. The sixth sentence of section 4 (d) of the Home Owners' Loan Act of 1933 is amended to read as follows: "The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed

by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension."

Sec. 4. Section 4 (g) of the Home Owners' Loan Act of 1933 is amended by striking out "within 2 years prior to such exchange or advance" and inserting in lieu thereof "within 3 years prior to the filing of an application with the Corporation to accomplish such redemption or recovery."

Mr. COPELAND. Mr. President, may I ask the Senator if he would object to changing "3 years" to "4 years", on line 6, page 7?

The Senator will remember that many bona fide home owners conveyed or lost their property early in 1930, and, of course, they would be denied relief if the time should be placed at 3 years instead of 4.

Mr. BULKLEY. Mr. President, I think I would rather not accept that amendment offhand. It is a matter that has had the attention and consideration of the committee. I will say to the Senator that there is no one magic date that is sure to be right, with every other date wrong, but the committee thought 3 years was long enough. The original bill provided for only 2 years.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. COPELAND. Yes.

Mr. COUZENS. I think the Senator has misinterpreted this language. It means 3 years from the application to the Home Owners' Loan Corporation, and not from the date of default.

Mr. BULKLEY. According to this bill, it goes back 3 years from the time application is made.

Mr. COPELAND. The point I tried to bring out is that those applications began to come in about the early part of 1930.

Mr. COUZENS. Oh, no!

Mr. COPELAND. Am I wrong about that?

Mr. COUZENS. They could not have begun to come in until after the Home Owners' Loan Corporation Act was passed. The provision refers to application to the Home Owners' Loan Corporation. That act had not been passed in 1930.

Mr. COPELAND. I shall have to get the full text of the bill to see the point; but this amendment was presented to me by some of the building and loan people. I ask that the statement I send to the desk regarding the reasons for the amendment be inserted in the RECORD at this point. In the meantime I will find the original bill, and see whether or not the amendment is appropriate.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

MEMORANDUM RE S. 2999, REPORT NO. 466 (GUARANTEE OF H.O.L.C. BONDS, ETC.)—AMENDMENT PROPOSED BY UNITED STATES BUILDING AND LOAN LEAGUE

On page 7, section 4, line 6, strike out the word "three", and insert in lieu thereof the word "four."

REASONS FOR AMENDMENT

1. A fixed date would be preferable and approximately January 1, 1930, marks the beginning of loss of homes through voluntary conveyance or foreclosure. The substitution of 4 years for 3 years in the amendment proposed to the bill is the simplest way of accomplishing this purpose.

2. Many bona fide home owners conveyed or lost their property early in 1930 and, under the present language in the bill, they are denied relief as time passes, often due to delays in the action of the H.O.L.C. Many cases where applications were filed some 8, 9, or 10 months ago have not yet received attention.

3. The number of homes thus to be recouped will not be substantial, but it may include some of the very worthiest cases who, for example, conveyed to their mortgagee when first encountering unemployment and who would now repossess their homes if the favorable terms of Government relief legislation were available.

4. The only argument against the proposal is the suggestion that fraud or collusion on the part of mortgagees might develop. This argument is not substantial, as the Corporation makes ample records and investigation and should be able to recognize bona fide transactions in which sincere home owners desire to repossess and carry on their property.

The Chief Clerk resumed the reading of the bill and read as follows:

Sec. 5. Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following new subsections:

"(j) In addition to the authority to subscribe for preferred shares in Federal savings and loan associations, the Secretary of the Treasury is authorized on behalf of the United States to subscribe for any amount of full paid income shares in such associations, and it shall be the duty of the Secretary of the Treasury to subscribe for such full paid income shares upon the request of the Federal Home Loan Bank Board. Payment on such shares may be called from time to time by the association, subject to the approval of said Board and the Secretary of the Treasury, and such payments shall be made from the funds appropriated pursuant to subsection (g) of this section; but the amount paid in by the Secretary of the Treasury for shares under this subsection and such subsection (g), together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by said Board and such receipts shall be evidence of the interest of the United States in such full paid income shares to the extent of the amount so paid. No request for the repurchase of the full paid income shares purchased by the Secretary of the Treasury shall be made for a period of 5 years from the date of such purchase, and thereafter requests by the Secretary of the Treasury for the repurchase of such shares by such associations shall be made at the discretion of the Board; but no such association shall be requested to repurchase any such shares in any one year in an amount in excess of 10 percent of the total amount invested in such shares by the Secretary of the Treasury. Such repurchases shall be made in accordance with the rules and regulations prescribed by the Board for such associations.

"(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it. Any Federal savings and loan association may act as agent for any other instrumentality of the United States when designated for that purpose by such instrumentality of the United States."

Mr. TYDINGS. Mr. President, section (k) has just been read. I should like to inquire if an amendment to that section would now be in order. There are no committee amendments, and it strikes me that at the time a section is read amendments from the floor would be in order.

The PRESIDING OFFICER. The Chair would rule that they would be in order.

Mr. TYDINGS. I offer the following amendment:

On page 8, line 23, after the word "association", insert:

Or any member of the Federal home-loan bank.

I wish to offer the same amendment on page 9, line 2, after the word "association":

Or any member of the Federal home-loan bank.

I have submitted that amendment to the counsel of the Home Owners' Loan Corporation here in Washington, and also to the assistant counsel here, and neither of them has any objection to it. I have also submitted it to the chairman of the committee, and I understand he has no objection to it.

Mr. BULKLEY. Mr. President, these amendments, of course, have not been considered in committee; but inasmuch as authority is given to the Secretary of the Treasury to designate who shall act as fiscal agent in his discretion, I cannot see any possible harm in the adoption of the amendments proposed by the Senator from Maryland. I suggest, however, that instead of reading "member of the Federal home-loan bank" it should read "member of a Federal home-loan bank."

Mr. TYDINGS. Oh, no!

Mr. NORRIS. There is only one.

Mr. BULKLEY. There are 12.

Mr. TYDINGS. Yes; but they are all simply branches of the Federal home-loan bank.

Mr. COUZENS. May I ask the purpose of the amendment?

Mr. TYDINGS. Yes; just as soon as I get this matter cleared up, I shall be glad to answer the Senator's question.

Mr. BULKLEY. There are 12 independent banks. I think the word "any" is much more appropriate.

Mr. TYDINGS. I said, "or any member."

Mr. BULKLEY. "Any member of any."

Mr. TYDINGS. I have no objection to that modification.

Let me say to the Senator from Michigan that the purpose of the amendment primarily is as follows:

Under the bill as drawn, the Secretary of the Treasury has the power to designate fiscal agents of the Government. The building associations to which I have referred in my amendment are federalized building associations. They have complied with the terms of the Home Owners' Loan Act. This amendment simply permits them to be designated to collect the money in a transaction in which they are interested, because they are already covered in the Home Owners' Loan Association just as a bank is covered in the Federal Reserve System.

There are 800 building associations in Baltimore, I understand, and they feel that this is only a proper amendment, in that they have already been federalized; and therefore, having been federalized, they feel that they should be permitted to act as the agents of the Government.

Mr. COUZENS. I am afraid I do not understand the amendment, because, on line 21, the bill begins with the language:

When designated for that purpose by the Secretary of the Treasury, any Federal savings-and-loan association—

And that is the kind of loan association the Senator is referring to as having been federalized. Is not that true?

Mr. TYDINGS. No. As I understand, the Federal Government anticipates going into Detroit, for example, and setting up its own building association, and that will be known as the "Federal Savings & Loan Association."

Mr. COUZENS. That is already mentioned in the bill. Why the amendment? I do not get the point.

Mr. TYDINGS. Because other building associations have complied with the terms of the act, and have been federalized, so that they are in the position of branch agencies now; but without this amendment they would not be entitled to carry on all the functions of a branch agency. Only these Federal building associations which are new associations, set up after the passage of this bill, would be permitted to do that. In other words, the building associations have been asked to come in and become members under the Federal act; yet after having complied with the law in all particulars they would be denied the right to act as fiscal agents of the Government.

Mr. BULKLEY. Mr. President, I understand that the amendments are modified pursuant to my suggestion. I have no objection to them.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Maryland, as modified.

The amendments, as modified, were agreed to.

Mr. NORRIS. Mr. President, I offer an amendment to that section which I should like to have stated from the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 6, line 18, it is proposed to insert the following subsection:

(M) In the appointment of agents and the selection of employees for said corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board.

Mr. NORRIS. Mr. President, the Home Owners' Loan Corporation is going to be one of the largest business institutions in the United States, if not the largest. It has its agents and its attorneys in every city and every town, and practically every hamlet, in the country. It is conducting a business operation. There is nothing in it that is not business, and everything that is not transacted along business lines ought to be kept out of it.

The amendment I have offered simply provides that the Board, in appointing an agent or an employee, shall be guided solely by efficiency and shall not give any partisan consideration to such appointment.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. I think the amendment of the Senator from Nebraska is a very good one. I know that in my own State, owing to the workings of politics, most of the appointments have come from the party with which I am affiliated. I want to suggest to the Senator that I believe he would accomplish more of what I know he desires to accomplish if he would word his amendment a little differently. I simply offer this as a suggestion—that he say in the amendment that not more than 75 percent of the employees of any organization shall come from any one political party. I am afraid that, if we wished to, we could all get around the provision as the Senator has worded it.

Mr. NORRIS. No, Mr. President. In the first place, the Senator's suggestion, I believe, would not remove the evil which he, with me, admits exists, and we want to remove it. If his suggestion were followed, we would have a bipartisan consideration. Each party would be represented and would see that it got its proper proportion of the appointments and the employees, and we would make this a partisan activity. I want to make it nonpartisan, because the organization is doing a nonpartisan business, and certainly no one could ask that an agent in my town, or in some other city, should be appointed because he was a Republican, or that an attorney should be selected because he was a Democrat.

Mr. TYDINGS. Mr. President, I agree with the theory of the Senator, but I should like to call this attention to his attention: I nominated in my State the present manager of the Home Owners' Loan Corporation. I am glad to say that the Department here in Washington say he is the best manager in the country. I hope they are right. Quite often, however, when vacancies have occurred, I have suggested names to the manager for appointment out of some twenty or thirty thousand applications for positions which have come to my office. I have not said in any of my letters to the manager that "John Brown is a good Democrat and deserving", but I have tried to give him men who were qualified to do the particular work, so that Mr. Stiefel, the manager of the Maryland branch, acting upon my letters, would not know whether the men were Republicans or Democrats, except that he would assume they were Democrats, for the most part, if I recommended them.

Mr. NORRIS. The assumption would be justifiable, would it not?

Mr. BORAH. Rather a conclusive presumption.

Mr. TYDINGS. I do not mean to say that I would not recommend Democrats—I intend to recommend Democrats for most of these places—but I want to be fair about it. I can see the injustice of that, and I would be very glad to have an amendment which would allow Republican representation in the functioning of the Board. But there is no way by which Mr. Stiefel would know, from my recommendation, whether a man were a Republican or a Democrat.

Mr. BORAH. As I understand, the Senator is willing to be restrained to 75 percent?

Mr. TYDINGS. I am; and if I am not restrained to 75 percent, I will probably not be restrained 1 percent.

Mr. BORAH. If the amendment offered by the Senator from Nebraska were enacted into law, the Senator would be restrained entirely.

Mr. TYDINGS. How?

Mr. BORAH. I assume that the Senator would obey the law.

Mr. TYDINGS. I would, of course; but the people who are applying to me for positions are Democrats. The manager is a Democrat. Therefore, as these people write in to me for these places, I write letters of recommendation and send them over to Mr. Stiefel and say, "When you are requested to take on more employees, I will appreciate it if you will give John Brown and Bill Jones consideration."

What is there to stop me from doing that, or what is there to stop Mr. Stiefel from taking those people on?

Mr. BORAH. The amendment contemplates that there will not be any political recommendations.

Mr. TYDINGS. That would not stop it.

Mr. NORRIS. The amendment contemplates that in the appointments there shall not be any Democratic appointments or Republican appointments; that the appointing power shall ascertain the efficiency of any number of applicants for a vacant position, and shall appoint on the ground of efficiency.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. NORRIS. I should like to make a statement myself in regard to the amendment before I am interrupted further.

Mr. President, here is a bank, and we are going to appoint officials in the bank. Let us do for the Government exactly what we would do if we were individuals and running a bank. If we were individuals, we would not hunt for Republicans and Democrats. If we had a cashier to appoint, we would hunt a man who was, in our judgment, qualified to act as cashier. We would give no consideration to his politics. It would never be taken into consideration.

Here is a business which the Government is going to transact. It is the biggest business in the United States. The taxpayers of the United States, whether they are Republicans or Democrats, have contributed the money that is to be expended in the management of that business. It will amount to hundreds and hundreds of millions of dollars. Moreover, the work they are performing is in no way partisan. We are going to build homes for poor people, we are going to modernize homes for poor people. Fifty percent of the houses in the United States do not have bathrooms in them today. The men who are running this business are going to buy millions and millions of dollars' worth of equipment. There are going to be carpenters employed. There are to be bathrooms and toilet facilities bought for these improvements. Why in the name of business and economy, acting for the taxpayers of the United States, should we let politics enter into the matter?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I will yield later. It is said that we cannot have the Government doing any business because politics always gets into it. The Government is going into this business, and we are met at the threshold with the proposition on one side that we are going to make the business partisan, and on the other side we are asking that it be made nonpartisan, that every employee everywhere shall be employed according to his efficiency.

The amendment does not touch members of the Board in their appointment. It says nothing about them. They can all be Democrats. Perhaps they are; I do not know. But it provides that when we are transacting this business, when we are building homes, when we are saving homes for the poor people of our country, we want the Board to keep out of politics.

Where is there any defense for a business operation, or a Government operation of business, going into politics? Why should we not do just the same as business corporations would do?

Let me say also that this language, with one or two slight exceptions, as far as it applies to the naming of officials and agents, is identical with the provision we put into the law which authorized the Tennessee Valley Authority to go into the construction of dams and the improvement of the country in the Tennessee Valley.

Mr. President, I want to say to the Senator from Maryland that in the operation of that law this provision has been the savior of those who are operating it. I have talked with at least two of the members of the board as to how they were operating under that law, and both expressed their gratification at the inclusion of that feature in the law. One of them told me that but for that, he would have been compelled to resign, that he could not have gone on, that the pressure would have been too great, and he could not have withstood it. It is greater than under ordinary circumstances because of the depression, because of the large

number of men and women who are out of employment. They have had something over 100,000 applications filed with them. It was difficult for them to sift them out. It cost a great deal of money and took a great deal of time, but they kept politics out of it. It was amazing to see. For instance, there came to my office, as I presume to the offices of other Senators, numberless applications, especially the Senators from the South have been bothered the same way, but the applicants come to me probably because I was the author of the language. Men have come to me by the thousands seeking positions under the Tennessee Valley Authority. Without exception I have said to them, "I cannot give you any recommendation. I will tell you where to go to file your applications, and they will be given consideration the same as those of others."

Some of them have said, "I will stand no show there. There are thousands of applications for this job which I want. Unless I can get political pull, I will not stand one chance in a thousand of getting the position." They have gone to the Board with the same kind of a plea. I have seen those men; they have been in my office. One I remember now very well who wanted to be employed as an expert in chemistry. I called his attention to the law. He said, "I am familiar with that. I have read it, but it does not amount to anything." I said, "Why does it not amount to anything?" He said, "Because it is not going to be enforced. Politicians are going to make these appointments; they are going to pick the experts, they will pick the stenographers; they will pick everybody they want to pick."

I said, "I do not believe you. I think you are entirely wrong." He said, "I have been around getting recommendations. I come to you and want your recommendation." He had a wonderful showing. If what he produced was 100 percent true, he was a wonderful chemist. He showed me the recommendations he had. He had a letter from a Member of Congress saying to him, in so many words, in black and white, "You get an endorsement from your Democratic county central committee, and I will give you my endorsement."

I said, "Did this man know you?" He replied, "No; he had never seen me, but I was guided to him by others who said politics is going to control this matter; the Government has control of it, and the law will not have any effect."

I said to that man, "You are going to be woefully disappointed. You will run up against men who will enforce the law, and these recommendations will not do you one cent's worth of good. They will investigate you. They will find out whether your recommendations are valid. They will see whether or not you are a chemist. They will ascertain what kind of a chemist you are, and whether you fit into the niche where there is a vacancy, if there is one."

That is what they have been doing, Mr. President. These men said that it was their salvation; and the members of the board will hail with the greatest of delight the adoption of the amendment which I have proposed. It will relieve them from embarrassment a million times if they want to do their duty, as I assume they do.

I have not talked with the head of the Home Loan Owners' Corporation, Mr. Fahey. I have never met him. I have not been in correspondence with him, so I am not authorized to speak; but I believe he is doing a good job under difficult circumstances. He is trying to do the best he can. He is certainly embarrassed, as I know some others under him have been embarrassed, by politics. They do not want any trouble with a Senator, or a Member of the House, or a Governor of a State, or a chairman of a committee. They want to avoid trouble if they can, because they know these men might make them trouble, whether they feel inclined to do it or not. They like to accommodate such men, but they want efficient men to do the work.

Mr. TYDINGS. Mr. President—

Mr. NORRIS. Permit me to finish.

I know of some instances in this great corporation where men under appointment by the board are not efficient, are not doing their work properly. I have had my attention called to two or three of them. One of them, in particular,

did not want to hurry up when he was asked to do so by the board; he did not want to do it, because he said, "When this work is finished I shall be out of a job. I want it to last as long as possible."

That is the politics that is involved in this matter. It seems to me it is perfectly plain that if this amendment shall be adopted, the Senator from Maryland will be relieved of a thousand embarrassments by reason of applications for jobs, because he will be able to say to the applicants, "Politics does not go. We are looking for efficiency. You can put in your application." If the Senator knows the applicant and knows he is qualified, he can say, "I endorse you."

Mr. TYDINGS and Mr. CLARK addressed the Chair.

Mr. NORRIS. I shall have to yield, I presume. I yield first to the Senator from Maryland.

Mr. TYDINGS. In order that I may not be put into an unfavorable position—

Mr. NORRIS. Mr. President, I do not put the Senator from Maryland into an unfavorable position.

Mr. TYDINGS. No; but let me say to the Senator from Nebraska that, as the record will show, perhaps 99 percent of all the persons appointed in the Home Owners' Loan Corporation office at Baltimore, outside of a few attorneys, are people that I do not know. In cases where a number of applications have come to me, I have sent them back to be investigated and have asked the applicants to furnish their biographies, and have tried to recommend only people who could render the services the public required.

Mr. NORRIS. The Senator is doing a remarkably good work. I have no doubt about that.

Mr. TYDINGS. So long as that point has been raised, I desire to clear my own record. I have done this to such an extent that I have been criticized by the powers that be in the city of Baltimore; and I have said, in a recent speech in Baltimore, that I thought it was the best kind of politics to give the people who were about to lose their homes the very best service which the Government could give them to save their homes.

Mr. NORRIS. Exactly.

Mr. TYDINGS. My fear is, however, that while the Senator's amendment will tend to bring that about, in its actual operation, where the agency is all within a State, it will not accomplish what he hopes it will accomplish. That is my fear.

Mr. NORRIS. I think it will.

The Senator says he has been criticized. Why? Because he has been insisting that the appointees shall be qualified. That is very commendable of the Senator. He is doing a good work along that line. He will not be criticized, however, when he is able to say, "Here is the law. I cannot recommend you unless you are qualified. Show your qualifications to the Board and you will stand a show; otherwise, not."

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. What I am afraid of is not the picture the Senator from Nebraska visualizes, but rather that other people will endorse applicants for political reasons, and that the system now in effect in Maryland will not be in effect if the Senator's amendment shall be agreed to. I know now that the manager of the Maryland branch has had practically all the leaders of my party in Baltimore City after him constantly to put people on, regardless of merit; and I am afraid—

Mr. NORRIS. Would he not like to see this amendment become the law? Would not the manager like to be able to say that that was the law?

Mr. TYDINGS. That would not stop it.

Mr. NORRIS. Yes; it would. The manager wants good service. He wants efficient men. Here is a provision which says that he shall not consider political qualifications, but shall base employment upon efficiency. If he were able to point to such a law he would relieve himself from a great deal of criticism, and it could all be put onto me. That is what I told the officials of the Tennessee Valley Authority: "If you get into trouble, lay it onto me. I wrote the law."

It was born in my own brain. It is on the statutes; and if anybody wants to blame anybody, blame me." I have had to tell people by the hundreds myself that I was going to do my best to uphold the law that I helped to pass. I believed it was a good law. The officials of the Tennessee Valley Authority have told me, over and over again, that it was their saving grace. They would have fallen down if it had not been for that law.

Mr. TYDINGS. Mr. President, I know the provision suggested by the Senator has worked successfully in the operations of the Tennessee Valley Authority; I have not had much connection with it, but I am sure his observation is correct. I am trying to point out to the Senator that that is something away off, over which no local boards or leaders have much to say. Within the States, however, that reasoning will not altogether apply, and I will be very much mistaken if human nature does not get around the provision when it applies to one small section of the country that is highly organized.

Mr. NORRIS. Mr. President, I hope the Senator from Missouri [Mr. CLARK] did not get the impression I was not going to yield to him. The Senator from Missouri asked me a while ago if I would yield, and I now yield.

Mr. CLARK. I do not wish to bother the Senator from Nebraska, but since he has been talking about the Tennessee Valley Authority, I may say that the provision of the law about which the Senator has been speaking has been carried to a much greater extent than I think even the Senator from Nebraska ever intended when he drew it. In other words, the Tennessee Valley Authority has considered it an absolute disqualification for employment of a man to have the good opinion of a Senator or Representative of the United States.

Mr. NORRIS. I think the Senator is entirely wrong. He is 100 percent wrong about that. I happen to know of some cases where the opinions of Senators and Representatives were sought by that organization, where the letters of recommendation said the applicant had had a long acquaintance with this or that Member of Congress. Inquiries have been made of the Congressman himself as to what he knew about the individual and what he thought about him.

Mr. CLARK. I will say to the Senator from Nebraska, if he will permit me, that I have in mind a case where I recommended a young man with whom I had not been personally acquainted, but he brought very strong personal letters to me from persons in Missouri in whom I had the utmost confidence, not through political channels but from persons who were competent in every way to recommend him for his particular qualifications. He went to the Tennessee Valley Authority and was told by some smart aleck college professor who was acting as personnel officer down there that it was practically a disqualification for him to bring a letter from a United States Senator.

Mr. NORRIS. Mr. President, I have no doubt the Senator has been told that, but in my judgment no such reply ever emanated from the Authority. They are too careful. They are too anxious to get good men. They are too anxious to enforce the law just as it is. But I presume they have said many times that political recommendations would not result in appointments.

I will refer to the very case which the Senator has mentioned. He said he had given a recommendation to a young man whom he did not know on the strength of recommendations to him by men in whom he had the greatest confidence. Let us consider that case just as the Senator has given it to us. Why should the Senator's letter receive consideration? The evidence upon which the Senator's letter is based consists of recommendations from other men, and those recommendations ought to have been filed with the appointing power. Why did he want the Senator's recommendation when the Senator did not know him? If the Senator could help him in any way, it would be by writing a letter and saying, "These men, A, B, and C, who have recommended this man, are well known to me. I have known them for years. They would not deceive you, and I have absolute confidence in what they say."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CLARK. Of course, it may be presumed that a man who has lived in a State all his life is thoroughly familiar with the people of the State, and has some idea about the standing of the people who are making recommendations in the State in which he lives. I do not profess that the opinion of a United States Senator should have any weight as against the opinion of a college professor in the Tennessee Valley Authority, but my acquaintance in Missouri with the outstanding engineers and people of that State might be presumed for just a moment to be sufficient to set up against the opinion of some personnel officer in the Department. In other words, it might be presumed that when I recommend a man and state in a letter all the circumstances about him, that would not be exactly a disqualification to the applicant.

Mr. NORRIS. Of course not.

Mr. CLARK. But this man, when he went down there, was told by the college professor that the recommendation of a United States Senator was practically a disqualification.

Mr. NORRIS. Mr. President, if the Senator could give me the names of all the applicants and the name of the college professor, I would take it upon myself to find out what was said along that line.

Mr. CLARK. I have the names and I will be glad to give them to the Senator. That was the last man I ever recommended to that organization.

Mr. NORRIS. I am of the opinion, if that were done, that the Senator would find that he had been misinformed, and that the college professor did not say what he is alleged to have said.

I had a man come to my office and say, "I want a letter from you that will get me in touch with the Chairman of the Tennessee Valley Authority", and when I declined to give it to him and asked him why he wanted it, when I told him that he could go there and make his application the same as could anybody else, that I did not know him from Adam and had never seen him before, he told me—and he was probably telling me the truth—what a great man he was and what an expert he was in his line. Perhaps he had a letter from somebody. I said to him, "Take that letter down; that is what you are going to use to influence me, why not influence the Board with it? Why do you want my letter? I would have to say, if I told the truth, that I never saw you before in my life."

I remember an incident that occurred some years ago, but it will illustrate the point. A lady came to my office. She wanted a letter of recommendation to a Cabinet officer for a position. I had never seen her before; she was an old lady. She told me who she was; she told me all about herself; and then she said, "Here are letters of recommendation"; and she gave me letters, which I read. They were fine letters; they were from Members of the Senate, from Governors of States, many of whom I knew personally, and in whom I had great confidence and respect. I said, "My dear lady, why do you not present these letters down there?" "Well, I intend to", she said, "but I want yours, too." "Well", I said, "I have never seen you before; I am not questioning but what you are telling me the truth, but I have no knowledge about you. You do not want me to tell anything that is not true in my letter?" She said, "Of course not." I said, "Well, I will write you a letter and I will say in that letter that I met you for the first time today; that I never heard of you in my life and that in trying to get a letter from me you presented letters of indorsement from Senator So-and-so, whom I know very well and in whom I have great confidence. I believe that this Senator would not recommend this lady if he did not believe she was all right. She also presented to me a letter from a Governor, whom I know very well and in whom I have great faith, and I think he believes what he says in his letter. Would that be satisfactory?" And she said, "Oh, no; I would not have such a letter; I want you to write a letter like Senator So-and-so has written, who tells who I am and that I am qualified to do this work; and I will tell you

honestly that I am qualified to do it." She wanted me to take her word for it.

It seems to me if the other Senators and Governors knew her, it would have been sufficient for her to have presented their letters. It is evident, on the very face of things, that such people want political influence behind them. Why would they come to me and to you, Mr. President, who have never seen them before, and get letters of recommendation? Yet, it is remarkable how many letters can be had in just that way. It is remarkable how many people write such letters of recommendation.

The Senator from Maryland [Mr. TYDINGS] referred to a recommendation he had made. Suppose a man came to the Senator from Maryland and wanted a position under this Board, and he said to the Senator from Maryland, "Here is my diploma; I am a graduate from the State University of Maryland"; and then the Senator from Maryland wrote a letter recommending Mr. So-and-So, saying that he did not know anything about the facts; that he had never seen him before and did not know him, but he would say in favor of the man that he had a diploma from the State University of Maryland? What would be the good of that kind of letter? If we are only looking for proficiency, why could the applicant not present to the appointing Board his diploma just as he presented it to the Senator from Maryland? Why did he want a letter from the Senator from Maryland? He wanted it because he felt that some political influence would help back him up.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. OVERTON. I should like to ask the Senator whether his amendment goes far enough to eliminate consideration of factional politics as well as party politics? There are some States where there are very few who are not allied with one party. In the State of Louisiana, for instance, the people are practically all Democrats. If we were to undertake to officer the Home Owners' Loan Corporation agencies in that State with Republicans we might have a great deal of trouble. The Senator has evidently been informed that we have some factional politics in the State of Louisiana; and I should like to know whether the Senator's amendment goes far enough to eliminate the consideration of factional politics in the appointment of those who are to serve the people through the medium of the Home Owners' Loan Corporation.

Mr. NORRIS. Yes; it would. The amendment says, "no partisan political test or qualification shall be permitted or given consideration", and that includes every member of every party and every faction of every party. Under the amendment political recommendations would not be given consideration, but appointments would have to be made on the basis of efficiency.

If we want to make this great institution a success, an institution that deals with the homes of our people, an institution from the operations of which the taxpayers, all of them, regardless of party, must stand to lose if there is a loss, for we must furnish the money from the pockets of the taxpayers—are we going to turn over the appointment of its attorneys and agents to politicians, instead of making such appointments on the basis of proficiency alone?

Mr. DILL and Mr. OVERTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Washington.

Mr. DILL. With men who have been appointed as members of a political party, and who have built up an organization that is admittedly largely a partisan organization, composed mostly of members of the majority party in the administration, does the Senator from Nebraska believe that his amendment can really be effective?

Mr. NORRIS. I do.

Mr. DILL. Does the Senator think that these men—

Mr. NORRIS. It has been tried and has been a great success.

Mr. DILL. I understand that, but I am talking about this particular organization.

Mr. NORRIS. Yes; this organization. The only difference is this organization is a great deal larger than the other one where it applies.

Mr. DILL. But this organization, up to this time, to a large extent has been built up by the appointment of men of the administration party.

Mr. NORRIS. Yes; and under the amendment they would not be removed, if they should do their duty.

Mr. DILL. I understand that.

Mr. NORRIS. There is no attempt to put anybody out of office.

Mr. DILL. I am asking whether we can introduce successfully the merit system in this instance, when that has not been the basis of the organization in the past, but rather political influence has had its weight in this organization up to the present time?

Mr. NORRIS. Yes; I think it has; but I think this would be true. There are men in the organization now, put there by political influence, who will become better men, better agents, better employees if this amendment shall be adopted than if it shall not be adopted. Their positions would be based on efficiency, and in order to hold their jobs they would have to be efficient, regardless of their politics. If they should be inefficient, if they should fall down on the job, they would be removed, and the man who should take the place of one who was removed would be appointed without regard to any consideration except his efficiency and ability to perform the work.

Mr. HEBERT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Rhode Island?

Mr. NORRIS. I yield to the Senator.

Mr. HEBERT. I wonder if the Senator might not accomplish his purpose more effectually by providing that these appointees, at any rate the appointees in the field, shall be chosen from the Civil Service lists? Then, there could be no politics, and we would have absolute assurance there would not be any political considerations in the choice of these employees.

Mr. NORRIS. That might reach the difficulty. It would not affect those who are now employed there as much as would the amendment. The amendment, I think, would assure good appointments, to start with, and would improve the caliber of men who are already engaged in the work, for they would realize, "Now my political pull is ended; I have got to make good on this job or I will lose it."

Mr. HEBERT. Mr. President, if the Senator will yield further, my observation of appointments that have been made with which I am at all familiar has led me to the conclusion that no one but those of the political faith of the party in power have as yet been appointed. I do not see how the Senator's amendment is going to change that condition. I do not know of anyone else except those who are members of the party in power who has been appointed.

Mr. NORRIS. I think most of them have been appointed in that way. I presume there are sections of the country where that is not true, and other sections where it is 100 percent true, but there are going to be much greater funds provided; we are going to modernize homes; we are going to be, in effect, in the market for all kinds of conveniences to be put into homes; we are doing a noble work, if we do it right; we are doing a Christian work. We are going to modernize the homes of America; we are going to put into them bathrooms and toilet facilities and running water where they have not had those conveniences. If we leave the law as it is, we are going to have it done by men who must prove conclusively, to start with, that they are members of some political party. They may not have any qualifications for the office which they are seeking.

Mr. HEBERT. Mr. President, I am not questioning the Senator's sincerity of purpose, and I am quite in accord with what he seeks to accomplish, but as I read his amendment I do not see how it is going to effectuate his purpose. Even

if what he now seeks had been the law, even if this amendment had been part of the original statute, it would not have prohibited the doing of that which has already been done, as I read it.

Mr. NORRIS. It depends upon what has been done. I do not know as to that. I think it would prohibit it. I think there are agents and employees now in this service who, if they had not had political pull, could not have come within 10 miles of being appointed and who are in reality disqualified for the places which they hold.

Mr. HEBERT. I question, Mr. President, if one could ever get those who have made these appointments in the past to say that they ever appointed anyone for political considerations.

Mr. NORRIS. When we shall have such a law as is now proposed, they will be able to say it. I do not know, but I have an idea that if we would send for Mr. Fahey, for instance, who, I understand, is at the head of the Home Owners' Loan Corporation, and ask him about it, I could rest the whole case on him. I have never talked with him; I have never heard from him; but I believe he is an honest man and good man. I assume he is a Democrat, but I do not know as to that, and I do not care whether he is or not. I believe he wants to do a good work, and if he is half the man he certainly is he, himself, does not want this great business undertaking to fail on account of any weakness. I should be willing to leave it to him whether the amendment would be helpful or otherwise.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. The Senator would have to leave the administration of his amendment in the same hands that make the appointment.

Mr. NORRIS. Yes.

Mr. LONG. I am in sympathy with the Senator's amendment, but I think the Senator from Rhode Island [Mr. HEBERT] is correct. I say that because I know how these matters are administered. If the Senator would put the appointing power in the hands of the Civil Service Commission, that would be a protection; but—and I hate to say this to the Senator—this will never do him or any of us a bit of good, not only with reference to those who are in the service now, but as to those who will come hereafter. How is the Senator going to prove that they are appointed through any political motive?

Mr. NORRIS. Very well. We will put them to work and see how well they perform their work. I venture the prophecy that in less than 10 days many of those men would walk out of the office if they were appointed through political influence and political motives.

Mr. LONG. There is no question that in my State we have had more employees than there were loans made, and probably after some time there will be more employees than there are dollars involved. I should like to have the Senator accomplish what he is undertaking. I should like to see a workable amendment adopted. I wish the Senator would consider modifying his amendment to provide that the appointments shall be made through the Civil Service. This is the highest order of what may be termed "public charity", coming from the Government, undertaking to relieve the people from loans they are unable to discharge and having an agency of the Government created to take them over. I wish the Senator would modify his amendment and put these appointments under the Civil Service. There can be no objection to that.

Mr. NORRIS. Let me answer the Senator's suggestion. I would not have any objection, if we had time, to consulting those in charge of this work. If they would say they preferred that all of the appointments be made through the Civil Service Commission instead of under the provision I have offered, I would willingly consent to adopting that method.

I doubt very much whether the Civil Service Commission would be able to help in this case, however. Just think of

the wonderful machine involved, that reaches in every direction clear across the United States, that is going to have thousands and thousands of employees of all kinds—attorneys and what not. I doubt very much whether the Civil Service Commission would have the machinery to select the necessary employees within the time that it is going to be necessary to have them.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. May I point out that the organization is now running and in operation. The provision the Senator proposes is to apply only to new employees, and that would be true if it were under civil service. There will be plenty of time to fill the vacancies either through civil-service examinations or under the Senator's amendment.

Mr. NORRIS. I will make this proposition. Let us adopt this amendment. Probably the bill will be here 2 or 3 days before being passed. Then let us get the gentleman who is at the head of this institution and find out whether he would prefer to have a civil-service provision. If he says he would, then I will move to reconsider the adoption of the amendment and we will take it out of the bill and adopt the other method.

Mr. THOMPSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to his colleague?

Mr. NORRIS. I will yield in a moment. I first want to answer what the Senator from Louisiana and several other Senators have suggested, that my amendment will not prove effective.

If it will not be effective, then nobody ought to be afraid of it. If anyone who wants to have these appointments made through political influence thinks the provision which I have offered will not amount to anything, then he ought to be in favor of it. I want to say to the Senate that as nearly as a man can know anything and be absolute about it, I know that the kind of provision in the law to which I have referred, relating to the Tennessee Valley Authority, has been effective.

I know from my own experience in that identical case that it has done wondrous work and accomplished great good. I know that to be so from what at least two members of that Authority have said to me, and I have not as yet seen the third one about it. They have said that if it had not been for such a provision in their law they would have fallen down completely because the political pressure was so great, and they had an awful job anyway to choose from among the thousands of men who had applied those who were the most competent. They realize that they perhaps have made a great many mistakes, but they did the best they could. I think that would be true with reference to this board. I believe that this board would welcome such a provision as I have proposed, or at least it would be welcomed by the man who has charge of it.

I yield now to my colleague.

Mr. THOMPSON. Mr. President, I merely wish to invite my colleague's attention to the situation as it has existed in the past.

I agree with him that the right way to run the enterprise is without political influence; but I remind him that many of the banking institutions of a governmental nature were organized before the Democratic Party came into power. They were organized by the Republicans. They were supposed to be nonpolitical organizations. They are not, as we all know. If the Senator will but make a close examination of the situation in the State of Nebraska, he will learn, if he does not already know, that they are not of a nonpolitical nature.

Mr. NORRIS. Mr. President, I do not have to make an examination. I know it as a matter of common knowledge. I have not drawn any distinction between political parties. I am not claiming that my party is any better in this respect than any other party. When it comes to handing out offices or appointments, there is no difference; at least, I do not see

any difference. The situation applies to one party the same as it does to another. The Democratic Party may not always be in power. Some of the men who have been making mistakes in the past may correct them, may reform themselves and become better men, and the country may at some future day go Republican again. I do not know. It may go something else.

But whatever party comes into power, whatever organization has charge of it, what I have said applies to all of them alike. I would not have any Member of the Senate get the idea that this is intended to be a blow at the Democratic Party, because it is not. I had no such idea in mind. I do not want to strike a blow at one party any more than I do at another. I want to remove politics from these business appointments, just as the Senator would if he were organizing a bank, just as the Senator would if he were organizing an office force to conduct a business of any kind. I want the Government, when it goes into business, to do just as honest business men would do and nothing else.

Mr. THOMPSON. I agree with my colleague. I think that where an industry is having the support of both Republicans and Democrats it ought to be kept out of politics, so far as possible. But that has not been the policy of either party during my lifetime, so far as I have ever observed. Today the situation is somewhat different than existed at the time the land banks and the other farmers' aid banks were operated under recent administrations of the Republican Party. I know that, and other Senators know it.

Therefore, when this new organization was created as it was under this administration, it was supposed that it would be organized in the same way. That is the way those in charge began the organization and began the manning of it. It is not fair to criticize a Democratic Senator for having recommended persons that he wanted appointed by these different organizations, because that has been the policy of both parties during their entire history.

If the condition before us warrants a change in that respect, and we are ready to make such change, I am ready to join with the Senator; but I want the new policy to apply to all organizations, not alone to this organization. The Federal Reserve banks, the farm-loan banks that were organized and manned before the present administration was installed were organized and manned by Republicans. I know that, and I think everybody in the hearing of my voice knows it. The senior Senator from Nebraska was in the Senate at that time and is aware of this fact.

If we are starting out now on a new basis, then the theory of the Senator is correct.

Mr. NORRIS. Now, Mr. President, let me continue. I desire to refer to the interruption of my colleague. I think he protests too much. He is protesting because the Republican Party, before the Democratic Party, was guilty of the same sin that covers us now. His argument is "The Republican Party was wrong; it was sinful; it was wicked in doing these things. Now we have come into power, and we are going to do identically the same things, and we are going to use the action of the Democratic Party as a precedent."

Mr. BARKLEY. Mr. President—

Mr. THOMPSON. Just let me answer that.

Mr. NORRIS. Let me talk for a little while now. [Laughter.] I have the floor. "We are going to use the sins of the Republican Party as a precedent for the Democratic Party to go and do likewise." That is the proposition.

The Senator cannot put those words into my mouth. I do not care anything about what the Republican Party or the Democratic Party did in the past. I am arguing that this is justice; that it is fair. Everybody knows that the Republican Party did the same thing that the Democratic Party did in this respect; but did not you promise to be better? Did you not tell us, before election, that you were going to give us a better government? Then, why, in the name of God, are you now saying, "Why, you did all these things, and we are going to do them, too?" [Laughter.]

Mr. BARKLEY. Mr. President, if the Senator will yield there, we did promise to do better and to give the country

a better government; but we did not promise to do it by keeping Republicans in office or appointing nobody but Republicans to office.

Mr. NORRIS. Nobody wants you to do that. That is begging the question. Nobody asked you to do that, and that is not involved in this amendment.

I confess I am tired of hearing men say, "Oh, this is a good thing. We ought to have it. It would be an awfully good thing if we did have it; but the Republican Party 10 years ago sinned. Therefore, we are going to sin now just as they did. We are going to continue this method of dealing out the offices. We are going to do better," we say before election; but after election we say, "We are going to do just as you did. You were wrong. You sinned yourselves." That, however, is not any precedent if you want to be righteous. If you want to give the country a good government, you ought to improve upon the Republican Party; and if you cannot improve upon the Republican Party you are in a pretty darned bad fix, I tell you! [Laughter in the galleries and on the floor.]

The PRESIDING OFFICER. The Chair must inform the occupants of the galleries that the rules of the Senate prohibit any manifestations of approval or disapproval by them.

Mr. BARKLEY. Mr. President, I agree with the Senator from Nebraska absolutely in his last statement; but the word "politics" has two or three different meanings, and the word "political" has many shades of meaning. Politics as the science of government is one thing. Politics, in the sense of running for office, is entirely another thing. There is no activity of the Government of the United States or any other government that is not political.

Assuming that the Senator is right as a matter of principle, that man ought not to be appointed or denied appointment merely because they are Democrats or Republicans, I should like to ask the Senator from Nebraska if he does not believe that when a new administration comes into power, or a new activity is inaugurated by that administration or any other administration, the men who are put in charge of the activity ought to be in sympathy with its administration and with the purposes of the law. Does the Senator agree to that?

Mr. NORRIS. As to some of them, I do. I will answer that question right now. I agree that if we were selecting a Cabinet officer, he ought to be in sympathy with the policies of the administration of which he is a part; but when we go into a business operation I deny most emphatically that that ought to be true. When a cashier is to be appointed to run a bank, I deny most emphatically that that ought to apply. When appraisers are to be selected to go out and look over a man's home, I most emphatically deny that they should be only Democrats or only Republicans?

Mr. BARKLEY. Is the Home Owners' Loan Corporation any more of a business organization than the Internal Revenue Bureau?

Mr. COUZENS. Oh, yes.

Mr. BARKLEY. Or many other of the activities of the Government?

Mr. NORRIS. Yes. The Internal Revenue Bureau and all the other Departments are following a policy of the Government.

Mr. BARKLEY. That policy is to collect taxes.

Mr. NORRIS. That policy may be different under this administration than it was under the old administration, and the men running the Bureau ought to be men who are in sympathy with the present policy; but when you ask a man to go out and appraise my house to see whether it is worth \$10,000 or \$5,000, that policy does not apply. That is a matter that ought to be taken out of politics entirely. It is a business matter.

Mr. BARKLEY. I agree with the Senator.

Mr. NORRIS. Then the Senator ought to vote for this amendment.

Mr. BARKLEY. But I know cases in my own State where appraisers sent out by the Federal land bank deliberately

undervalued farm land because they were not in sympathy with the administration that was trying to save these farms; and the land bank under which they worked had to fire every one of them in order to get men who were in sympathy with the program of the Federal land bank to reappraise these farms, in order that men might borrow money on them and save their property.

Mr. NORRIS. That only carries out a principle in this amendment which says that those men ought to be appointed without regard to their political affiliations.

Mr. BARKLEY. The same principle says also that when men are appointed or found in office who are entirely out of sympathy with the administration which is trying to put over a thing, and by their official acts are deliberately prejudicing the minds of the people against the administration, they ought not to be kept on the pay roll.

Mr. NORRIS. Why, no; of course, not. They ought to be put out of office. This amendment will not prohibit putting such men out of office. I am astonished that Senators should argue against this amendment because a "t" is not crossed or an "i" dotted somewhere, when the real reason they give is because, under a Republican administration, things were done that they rightly condemn and that this very amendment seeks to eliminate. They want the law to remain as it was when the Republicans were in power, before we had this great business institution, and let the evil continue under Democratic rule just as it did under Republican rule.

Mr. BARKLEY. If the administration now in power found occupying a certain position a man wholly out of sympathy with the policies of the administration, and found that he was using his position to embarrass the administration in the exercise of its jurisdiction to put forth policies, and that man was dismissed and a man appointed who happened to be a Democrat who was in sympathy with these policies, would the Senator say that he was appointed by reason of political considerations?

Mr. NORRIS. He might have been. The Senator has not given me enough facts on which to base my judgment.

Mr. BARKLEY. Would that be in violation of the Senator's amendment?

Mr. NORRIS. No; it would not. It would absolutely carry it out. That is what I want to do. I want to eliminate from the service, in this great business institution that we are about to set up, all such men who have no sympathy with what we are trying to do.

Mr. THOMPSON. Mr. President, will the senior Senator from Nebraska again yield?

Mr. NORRIS. Yes; I yield.

Mr. THOMPSON. As I told the Senator when I first rose, I agree with him in theory in what he is trying to do; but I do not agree with him in the proposition that in order to make a thing nonpartisan, all the officials have to be members of one party.

Mr. NORRIS. I have not said anything of that kind. My colleague cannot put me in that false attitude. I have not said anything and I do not believe anything of that kind. When the Senator says he does not agree with me when I want to put all these activities under one political party, he misstates my position.

Mr. THOMPSON. I did not mean to.

Mr. NORRIS. I hope the Senator will not do it, then. I do not believe in anything of that kind.

Mr. THOMPSON. I attempted to get the land bank at Omaha and the Federal Reserve bank to remodel their policy by appointing more Democrats and fewer Republicans, and in this connection I said, "You have this organization here so thoroughly honeycombed with Republicans that the administration is unable to create a friendly atmosphere throughout the State."

Mr. NORRIS. Well, let us get rid of some of them. Let us adopt this amendment and put out the unworthy ones.

Mr. THOMPSON. How are they to be put out? They are all in. They were in when the Democratic Party came into control of the Government.

Mr. NORRIS. Now, Mr. President, I want to add one word to the amendment.

Mr. THOMPSON. Before the Senator does that, will he let me correct his misunderstanding of what I said?

The PRESIDING OFFICER. Does the Senator from Nebraska further yield to his colleague?

Mr. NORRIS. Yes.

Mr. THOMPSON. When I brought this matter up with the president of the bank, he said, "We are running a nonpartisan organization." I took the same matter up to the Department here, and I told them the condition out in our State. They said, "Well, we are running this concern on business lines." I said, "Are there no business men in the Democratic Party? Must we have all Republicans in order to have a nonpolitical organization, or can we get a few Democrats mixed in with the Republicans who are running over our State and appraising our property?"

I have had the same experience, Mr. President, that the Senator from Kentucky [Mr. BARKLEY] just told us about. I have had letters by the thousands from my constituents telling me that they could not get appraisals so that they could get a fair value of their property; that the appraisers were creating a sentiment against the President of the United States and against my party. I have asked that these matters be investigated and changed. However, the situation remains unchanged, as the Senator will find if he will go out now and investigate it.

I told my colleague when I first started in with this discussion that I did not think all of the men should be Democrats.

I worked on that theory. I came back after the first time I had been here and told my colleague that I believed that this organization should be built on the theory that it was out of politics, because of the fact that both sides of the Senate had given the President the power to appoint these different officers, and therefore that the organization ought to be run as a nonpolitical organization.

Mr. NORRIS. The Senator still thinks that he was right when he said it ought to be run as a nonpartisan institution, but that all the offices ought to be held by Democrats. [Laughter.]

Mr. THOMPSON. No; I told the Senator long ago that I did not believe in that.

Mr. NORRIS. I thought from what the Senator said that he did believe in it.

Mr. THOMPSON. I said that I thought that some of the officers in these different departmental organizations ought to be Democrats, and that if Democrats were not appointed to some of them, then the Democrats might retaliate and take the home-land banks and fill the offices with Democrats as far as they could to offset the situation with which they are confronted. I do not think either one of them is right. What I have said reflects the true situation.

Mr. NORRIS. Mr. President, if I may proceed a while, in order to satisfy Democrats who have been kept out of office by the wicked Republicans when they were in, in the Federal Reserve offices and other offices, we are going to fill the home-loan organization with Democrats. In other words, the Republicans have put in a lot of men in other offices on the ground of politics, and to offset that we want this organization made a political machine and filled with Democrats, and that will make it bipartisan, and everybody will be happy!

Mr. President, I call attention to the fact that this question involves a matter of business, in which the people of the United States are deeply interested, in which every man who pays taxes and every man or woman who has a heart is deeply interested. They want the homes of this country saved; they want the business conducted honestly and efficiently. They do not want it conducted as a matter of political connivance. They do not want it turned over to one political party, no matter what it may be named. They would just as lief have it turned over to the Democratic Party, if it had to go to a political party, as to the Republican Party. I do not think the people would care to which

party it went. It would at least only be a choice of evils, and it would be pretty difficult to know what choice to make. They would both be so bad that the people would want to keep away from both of them.

The people want the business done on a business basis. We are going to spend the taxpayers' money, we are going to spend it ostensibly for the purpose of saving the homes of American citizens, and not to furnish jobs for partisans. We are going to give modern homes to women and little children who are now deprived of them, and we want it done in a businesslike way. We want every penny of the taxpayers' money to be accounted for honestly. We do not want it to be part of a political machine, of anybody's political machine, and it is no answer to say that because in times past or times present some other business has been turned over to politicians to run as a political adjunct, this business should be handled in the same way.

My Democratic friends are saying, "We do not want this amendment because we want the matter in the hands of the Democratic Party." In the next breath they censure the Republican Party for doing the same kind of thing when they were in office. If we are going to get things of this kind out of politics, when should we begin? Now is the time. I think this amendment would accomplish what we desire.

Mr. BULKLEY. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. BULKLEY. I want to assure the Senator that I have not the slightest criticism of the merit of his amendment, but I want to ask him about the place at which he has offered it. He proposes it as an amendment which would appear in section 5 of the Home Owners' Loan Act. Section 5 deals with Federal savings-and-loan associations. It seems to me that the appropriate place for the amendment would be in section 4 of the bill, which deals with the structure of the corporation. I would suggest to the Senator that instead of offering it on page 9 of the bill, he put it on page 6, at the end of line 18.

Mr. NORRIS. Very well; I will change it. The amendment will be offered to be inserted on page 6, at the end of line 18.

CANCELANON OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Arkansas. Mr. President, I am constrained to interrupt the discussion on the pending amendment in order to take note of the position taken by the senior Senator from Ohio [Mr. Fess] during the course of an address delivered in the Senate yesterday on the subject of the air-mail contracts.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Utah?

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Dieterich	Lewis	Schall
Bankhead	Dill	Logan	Sheppard
Barbour	Duffy	Loung	Shipstead
Barkley	Erickson	Long	Smith
Black	Fess	McAdoo	Steinwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Bulow	Glass	Metcalf	Townsend
Byrd	Goldsborough	Murphy	Trammell
Eyres	Gore	Neely	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Van Nuys
Carey	Hastings	O'Mahoney	Wagner
Clark	Hatch	Overton	Walcott
Connally	Hatfield	Patterson	Walsh
Coolidge	Hayden	Pittman	Wheeler
Copeland	Hebert	Pope	White
Costigan	Johnson	Reed	
Couzens	Kean	Reynolds	

The PRESIDING OFFICER. Ninety-four Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, the speech of the Senator from Ohio [Mr. Fess], to which reference was made before I was interrupted, consumed several hours, and discussed many phases of problems pertaining to aviation, which it is not my intention this afternoon to touch upon. The conclusion of his argument, as stated by the Senator from Ohio, it seems to me, may be fairly summarized to the following effect, that no such facts exist and no such evidence has been submitted to the select committee of the Senate investigating mail contracts as would justify, in law or in equity, a cancellation of the air-mail contracts.

The Senator stated that he was willing to concede that, insofar as the information of the Senator who now has the floor extends, there is no valid ground upon which to controvert the assertion that the contracts referred to were made through collusion and fraud. His final conclusion I interpret to be that gross injustice has been perpetrated by the administration through the cancellation of the contracts and through the requirement or order that the air mail be carried by Army flyers. Indeed while there was nothing that I recall in the address of the Senator from Ohio yesterday to that effect, it has been asserted in the Senate from time to time by the Senator from Indiana [Mr. ROBINSON] and others, that the action of the executive department in canceling the contracts, and the further action in requiring the mails to be carried by the Army, was so ill-considered and unfair that it justified placing upon those responsible for the cancellation of the contracts the responsibility also for the lives that had been lost during the period of the carriage of the mails by the Army.

My object this afternoon is to make clear, if I can, some of the grounds which appear to me as a lawyer and as a citizen, as well as a Senator, to refute the arguments of the able Senator from Ohio and of others who have taken more radical or extreme positions than he has with reference to the subject matter involved and to emphasize that under the law and the facts there was no other course open to the Postmaster General than to declare the contracts annulled.

There arise differences in this debate as to what are the facts and consequently there have resulted differences of conclusions. I assert that the proof relied upon to support the declaration that the contracts were entered into through collusion and fraud, is sustained by both direct and circumstantial evidence.

It has not been possible for me to familiarize myself with all the testimony that has been taken by the committee of the Senate which has had this matter under investigation, but I am familiar with a portion of it, and my assertion is that, accepting the statements made by the beneficiaries of the contracts, their agents and representatives, there was not only ample authority upon which to form the conclusion that the contracts should be annulled, but there was also such forceful evidence supporting that conclusion that it was the duty, under the statute, of the Executive to annul the contracts.

I quite naturally must admit in the beginning that it would probably be an impossible task to convince the Senator from Ohio of the correctness of this assertion, but this is a matter which, before it is concluded, is going to be thought about all over this broad land. Whether it be made a political issue, as has been attempted, I believe, in the Senate, or whether it be treated as a matter strictly of public interest, this subject is going to be familiar to every intelligent man and woman who resides in the United States.

Responsibility for error, if error occur, must be borne by those who commit the error. Responsibility for misrepresentation, if misrepresentation be made, must be charged to and accepted by those who attempt to misinform or misrepresent the public.

The reference in his speech, particularly at page 4491 of the CONGRESSIONAL RECORD, by the Senator from Ohio, to the subject of competitive bidding and to the provision relating to extension and consolidation of routes, in my judg-

ment discloses a hostile attitude on his part to the provisions of law referred to, and lack of comprehension or of sympathy, if you please, with the purposes of the statute I have mentioned.

There was nothing very new about the cancelation of air-mail contracts by Postmaster General Farley because of indicated fraud and collusion in the making of these contracts. The records of the Post Office Department are filled with instances of the cancelation of mail contracts because of fraud and collusion. They come all the way down to and including the administration of Postmaster General Harry S. New.

Cancelation of contracts on the grounds of fraud and collusion in private business and in public business is a recognized right of the person defrauded. This practice is neither strange nor unusual.

The recent cancelation of air-mail contracts because of fraud and collusion was in keeping with the principles of morals and law, and the fraud of the contractors was accomplished with the connivance and the incitement of Postmaster General Walter F. Brown and some of his chief deputies.

Moreover, involved in the queer deals were extraordinary fees to connections of influential Members of the Senate and other prominent politicians, which gave a political tinge to the whole matter and which brought about an attack on the present administration by various hack politicians of the opposing political party.

They could not defend the deals. They could not deny or controvert the confessions and other testimony which showed that the former Postmaster General had deliberately called together the representatives of the aviation companies which had enormously productive subsidy contracts and with them arranged a program which utterly nullified the law in regard to awarding these contracts by competitive bids and which actually parceled out about 92 percent of the Air-Mail Service of the United States to three great aviation combinations—United Aircraft & Transport Corporation, North American Aviation Corporation, now controlled by General Motors Corporation, and the Aviation Corporation of Delaware, now controlled by the Cord Corporation—assuring to them enormous profits from their monopoly. Certainly one who has no respect for the restraints sought to be imposed by law would not regard with a great degree of seriousness violations of those restrictions, but those who believe that the public interest should be safeguarded by well-considered restrictions designed to prevent partiality and favoritism in the awarding of Federal contracts will recognize the importance of the action of the former Postmaster General in inviting and bringing about a combination under which the contracts would be let without competitive bidding.

In 1930 these three great corporations controlled 93.21 percent of the air-mail companies; in 1931, 92.66 percent; in 1932, 92.56 percent; and in 1933, 91.88 percent.

In their predicament following the cancelation of the contracts these critics seized upon the deaths of Army pilots engaged in or preparing for the carrying of the mails in the emergency resulting from the cancelation of the commercial contracts.

These critics sought to put the blame for these unfortunate accidents upon the administration, and in more than one instance intimated that the administration had deliberately and recklessly forced a hazardous service on the Army aviators for which they were unprepared and incompetent.

In addition, they sought to convey the impression that this was done without consultation with those best qualified to express an opinion of the Army air branch's capacity.

Maj. Gen. Benjamin D. Foulois is Chief of the Army Air Corps. He has had years of experience in this service and has an accurate knowledge of the equipment and training of the aviation unit. He advised the Post Office Department that the Army was fully capable of carrying the air mail and that this would afford them excellent and advantageous experience.

Surely there can be no better authority as to the training and equipment of the Army Air Corps personnel than its chief.

The President has said definite assurances were given that the Army Air Corps could fly the mails. These assurances were given before the contracts with the commercial carriers were annulled.

Critics have demanded—and that demand has found voice in the Senate—that the President mention names; that he reveal by name the person who gave the assurance of the Army's ability to fly the mail. In reply to these critics, I give again, as I gave day before yesterday in an address to this body, the name of Maj. Gen. Benjamin D. Foulois, no less a person than the Chief of the Army Air Corps himself. And General Foulois himself has testified before a Senate committee that he made the statement. So much for that.

The Army was not asked to begin carrying the mails until 11 days after the contracts were annulled. The Army had 11 days in which to prepare itself for this job. In those 11 days not a single word of objection was heard from any official of the War Department or any officer of the Army. On the other hand, officials of the War Department and officers of the Army said that it was not necessary to give as much as 11 days for this work of preparation.

It is unquestionably true that the Army has been flying the mail during one of the worst periods of bad weather this country has known in a generation, and that this has contributed to regrettable crashes, not only in the Army but in commercial flying. Since the Army took over the mail there have been 4 crashes of commercial planes and 12 people have lost their lives as a result of these crashes. These commercial planes were under the guidance of pilots of long experience in exactly the kind of flying in which they were engaged when they met disaster.

However, the necessity for a red herring to draw across the trail of the collusive and fraudulent contracts prompted these critics, such as the Senator from Ohio [Mr. Fess], the Senator from Indiana [Mr. ROBINSON], Chairman Sanders, of the Republican National Committee, former Senator Bingham, of Connecticut, and a few others, to charge the tragedies to the administration and to describe these tragedies as political murders.

The law under which the air-mail contracts were canceled is perfectly plain. Section 432 of title 39 of the United States Code, reads as follows:

Combinations to prevent bids. No contract for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending is a contractor for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

Let me meet here squarely the issue that has been raised in the press and in both branches of the Congress of the United States. It has been stated that, granting the Executive was justified, on the ground of fraud and collusion to prevent competitive bidding in the making of these contracts, to cancel them, nevertheless it is his duty and obligation to make new contracts with those who were guilty of the alleged fraudulent contracts. But here is the statute, which imposes upon him not only the obligation to determine the question of the validity of the contracts but whether to cancel them, and having canceled them it makes it impossible for him, without violating the law, to renew the contracts with those who justified by collusion or fraud the nullification of the contracts. That, in my judgment, is a complete answer to the propaganda going through the country that it is not only the duty but the obligation of the President to take back in some form or another those whose contracts were repudiated and have them carry the mails under new contracts. The law says that they shall be disqualified to contract for carrying the mail for a period of 5 years.

Every provision of that act was violated in the making of the contracts recently canceled. There were combinations to prevent the making of competitive bids. There were agreements, with reference to the purchasing of property, made and carried out for the express purpose of preventing competitive bidding, and the persons making such agreements were officers and agents of air-mail contractors. This was a clear violation of the statute, and demanded the annulment of the contracts.

What would you, what would any of you do if you were Postmaster General and discovered these things?

Particularly, what would you do if you found that the public documents concerning these transactions had been destroyed or removed from the files?

We have the testimony of Col. Paul Henderson, vice president of the United Aircraft & Transport Co., that he had engaged Mr. Lehr Fess to expedite the passage of the Watres bill, under which Postmaster General Brown had sought to escape the obligation to submit contracts to competitive bidding, and we have the admission of young Mr. Fess himself that he was so engaged. According to Colonel Henderson, the service consisted of 2 days' work in April 1930, after the Watres bill had already passed the House and Senate committees, and the fee was \$3,000 or \$5,000—the uncertainty being due to the hazy memory of the witness. And even Colonel Henderson told the Senate committee that he had considered a conference of operators called by Postmaster General Brown as improper and had sought to have it adjourned.

Similar payments to young men who might ordinarily not be suspected of great influence bob up elsewhere in the testimony regarding these unsavory proceedings.

There is the instance of Mr. Ernest W. Smoot, who sent in a bill for \$15,000 to Western Air for services rendered for his representation work before Comptroller General McCarl and the Appropriations Committee. At about this time young Smoot was the secretary of the Senate Finance Committee, of which his father was the chairman.

Postmaster General Brown arranged it in such a way that a contract for an air line from New York by way of St. Louis to Los Angeles should go to a combination which embraced the Transcontinental Air Transport, the Western Air Express, and the Pittsburgh Aviation Industries, Inc.

One of the moving spirits in the Transcontinental Air Transport was Gen. W. W. Atterbury, president of the Pennsylvania Railroad. The Western Air Express had associated with it Mr. R. B. Chandler, publisher of the Los Angeles Times.

The Pittsburgh Aviation Industries, Inc., was a strong political factor in Pennsylvania and the Mellons were prominent stockholders and officers in that company. This combination put in a bid of 97½ percent of the maximum rate allowed by law. The United Aviation Co. bid on the same line on a basis of 64 percent of the maximum rate.

Although the original plan of Postmaster General Brown had contemplated ignoring the provisions of law requiring competitive bids, the Comptroller General made a ruling which required competitive bids on the transcontinental routes. Thereafter Mr. William P. MacCracken, the representative in Washington of a number of airlines, and former Assistant Secretary of Commerce, and an associate of Mr. Brown in that Department, submitted to Mr. Brown a memorandum suggesting specifications and provisions for bids. One of these suggestions of Mr. MacCracken was that 6 months' experience in night flying should be required to qualify any company to bid.

This night-flying qualification barred from the competitive bids all except those which belonged to the favored few.

Thereupon the Comptroller General again rendered an opinion, holding that Postmaster General Brown did not have the right to thus amend the law and arbitrarily add this restrictive qualification.

Immediately thereafter Mr. Warren Irving Glover, Assistant Postmaster General, collaborated with others in offering further arguments and excuses against the acceptance of the aviation company's low bid. Mr. Glover, writing to an-

other post-office official and urging that the Department insist upon the award to the Chandler, Atterbury, Mellon, and Hoover, Jr., group, which had made the high bid, stated "we must stick together or we will hang together."

These are but a few of the details that have been produced in the evidence of the unlawful award of this contract.

These details perhaps explain a letter from young Mr. Smoot to President Hanshue, of the Transcontinental & Western Air Express, with which he enclosed his \$15,000 bill. According to Smoot's letter—

Both of these projects, the decision of the Comptroller General of the United States, and the matter of domestic air-mail appropriations, have now reached a successful conclusion. You will note in my bill that I take into consideration the \$2,500 advanced me by James Woolley on December 13, 1930.

And on the bottom of this letter was this notation:

Jim (James Woolley, formerly vice president of the Western Air Express), you will have to get in touch with Erny and get this cut down. It's way too much. H. N. H.

President Hanshue's full name is Harris N. Hanshue.

There were all sorts of devious transactions involved in this splitting up of the Air Mail Service among the favored Big Three, such as buying off a possible competitor for \$1,400,000, double the price at which that possible competitor valued its assets, and the extermination by the Mellon Airport Co. of an active Pittsburgh Air Transport Co. in order to make good the former's demand for a share in the great Atlantic-to-Pacific mail line; the subletting of a profitable subcontract for the price of another possible competitor's refraining from bidding, all of which worked out as planned by Brown and his coconspirators.

Now, I ask again, what any of you would have done had you been Postmaster General and such a condition had been brought to your attention?

Perhaps I should make an exception. I do not think that I would put that question to the eminent former Senator from Connecticut, who said the other day:

It appears to be true that the President did not consult any of the regular military authorities who should have been called upon to express their judgment—

On the capacity of the Army to take over the mail service. Mr. Bingham is now president of the National Aeronautic Association. He presumes to criticize the President for unethical conduct. If one were disposed to reply in kind, it might be said that Mr. Bingham is the only Senator in a hundred years to have been officially censured by the Senate for unethical practices. He is not regarded here as an authority on what constitutes ethical conduct. Perhaps one who surreptitiously introduced a lobbyist into an executive tariff hearing under the guise of his clerk or secretary might not see anything wrong in awarding contracts in defiance of the law which provides for the letting of such contracts by competitive bids.

Perhaps the most bare-faced instance of double-crossing the Government was the employment of the extension provision of the new law to avoid asking for bids on contracts. It seemed reasonable when that law was passed that there should be some latitude in regard to comparatively small feeder systems to the main stem in order to round it out. As the thing was worked under Postmaster General Brown and his assistants, the extensions were frequently longer than the original route. For example, there was a line from St. Paul to Chicago for which a contract was given. Later an extension was granted to Mandan, N.Dak., followed by two extensions granted on March 2, 1933. One of these was from Milwaukee across Lake Michigan to Detroit and was immediately sublet to another company which had been flying that route commercially and which in no way or by any construction of law was eligible to receive an extension. The other was an extension on the west end of the line from Mandan, N.Dak., to Billings, Mont. These extensions were approximately three times the mileage of the original contract, making the tail a great deal longer than the dog. The Chicago-to-St. Louis line was extended in various directions. It finally reached New Orleans by the extension method, and all without competitive bidding. The original route from

Cleveland to Albany was stretched by extensions all the way to Boston. The little jump from Cleveland to Pittsburgh was stretched out to Washington, D.C., after the pioneer flying the route had it taken away from him by the Mellon Airport Co., aided by Postmaster General Brown. The line from Chicago to Detroit, under the magic touch of Mr. Brown, was extended to New York City without competitive bidding.

As a result of the disclosures of the illegality, the collusion, and the fraud involved in the air-mail contracts, the administration felt compelled to cancel those contracts.

Any other course, after the truth had been disclosed, would have meant condoning the crimes, and would have resulted in the Government's continuing to pay out millions of dollars to corporations and to people who were piling up great fortunes for themselves on contracts obtained by fraud and collusion.

This the administration was not willing to do. The facts showing fraud and collusion have been testified to under oath by the officers and representatives of the very companies that had the air-mail contracts.

The Postmaster General could do no less and no more when the venality of greedy men prostituted the effort to encourage the development of aviation to their own selfish purposes. Common morals demanded it. The obligation was greater because of the connivance of officials in the fraud. The Government granted what amounted to subsidies to expedite the development of the Air Mail Service—not for the purpose of enabling a few men to accumulate huge fortunes. The whole set-up of the corporations that engaged in this collusion is an affront to commercial ethics, morals, and law.

Interlocking directorates make honest competition impossible. A few men control approximately 92 percent of the air-mail companies through these queer relationships.

Can there be even a suggestion of legitimate practices when we read of men investing a few dollars and, through combinations and stock dividends and conversions, finding themselves multimillionaires, drawing salaries and bonuses of hundreds of thousands of dollars a year, on a basis of such subsidies as brought \$40,000,000 from the Government to the United Aircraft & Transport Corporation alone?

Can there be any possibility of fairness toward the Government when other organizations express their willingness to carry the air mail for a fraction of what these contracts permit the favored companies to charge?

What does it mean when a responsible contractor offers one of the favored companies to take over the contract for half of what the United States is paying, and when the company that has the contract refuses the offer because it can make still more money by doing the work itself?

What is the significance when Postmaster General Brown writes a favored contractor that he again has an offer from an independent line to carry the mail from New York to Richmond at a saving of a thousand dollars a day, and in the same letter suggests to the contractor that he not invade the territory of another favored mail contractor?

The instances of crookedness I have recited are merely a tithe of the total amount. The full recital unearthed by the Senate Investigating Committee and the Post Office Department already fills volumes, all of it documented and corroborated by letters, telegrams, and memoranda, obtained for the most part from the files of the benefiting corporations, of which many originals were not to be found in the Post Office Department. Perhaps this explains why it took 27 drawers to accommodate Postmaster General Brown's files, while what he returned did not fill a single drawer.

It is difficult to believe that our standards with reference to common honesty have changed. Whatever may be said by intense partisans on this floor or elsewhere, the people of this country still believe in common honesty and will never disapprove the cancelation of contracts conceived in fraud and executed in iniquity.

Mr. BLACK subsequently said: Mr. President, I ask unanimous consent to insert in the RECORD, immediately after the remarks made by the Senator from Arkansas, a letter dated

February 26, addressed to me, from the Post Office Department, in response to an inquiry I made as to the awarding of the various air-mail routes. I do this at this time because the Senator from Ohio [Mr. Fess] in his remarks stated that the meeting in Mr. Brown's office failed. In other words, he left the impression that the agreement was not carried out.

In this letter will appear the recommendations made by the operators in this meeting, in this spoils conference. Answer will be made as to what happened with reference to recommendations. There will also appear the lines on which no agreement could be reached, and the fact that the Postmaster General was to act as arbitrator in dividing up the air-mail map. There appear in the letter the names of the claimants to the various lines represented at that meeting. Then there appears the result after the Postmaster General had arbitrated and decided the matter, showing that far from the statement made by the Senator being accurate, that the meeting resulted in a failure, it was a most glorious success for the operators.

I desire to have this letter inserted in the RECORD immediately after the remarks of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

FEBRUARY 26, 1934.

HON. HUGO L. BLACK,
Chairman Special Committee on Investigation
of Air Mail and Ocean Mail Contracts,
United States Senate.

MY DEAR SENATOR BLACK: I have your inquiry as to what agreements were reached between the participants in the conferences held in the Post Office Department Building during May and June of 1930, and what contracts were awarded. I have carefully examined the report of Mr. William P. MacCracken, chairman of the meetings, together with other data, and the facts are as follows:

Conferences were held in the Post Office Department among air-mail contractors during May and June of 1930. They met in the office adjacent to the room of the Postmaster General, Walter F. Brown, and the meeting was called together by his direction. The operators selected a chairman, Mr. William P. MacCracken. At the conclusion of the conference a report of the agreement of the contractors was filed by Mr. MacCracken with Postmaster General Brown under date of June 4, 1930. This report shows that the operators had made a study of 12 routes and agreed as to how 7 of them should be awarded.

The recommendations of the operators, through Mr. MacCracken, and subsequent action were as follows in the order appearing in the report to Postmaster General Brown, dated June 4, 1930:

The first recommendation is as follows:

"Recommendation: No. 3, Omaha to St. Paul and Winnipeg. Northwest Airways, now flying entire route."

Postmaster General Brown requested a ruling from Comptroller General McCarl as to granting an extension to Winnipeg. The Comptroller General held no such extension could be granted without competitive bidding, and such extension was not made. However, on September 1, 1930, the contract of Northwest Airways from Omaha to St. Paul was surrendered and exchanged for a route certificate between the same points.

The second recommendation in the MacCracken report was:

"Recommendation: No. 4, Albany to Boston. Aviation Corporation."

The Albany-Boston route was awarded to Aviation Corporation (American Airways, Inc.), as recommended by the MacCracken report, on February 12, 1933, by granting an extension of 162 miles to the American Airways at an annual rate of \$134,816.40, without bids.

The third recommendation in the MacCracken report was:

"Recommendation: No. 7, Denver to Kansas City. United States Air Lines—now flying route."

An extension was granted to American Airways June 5, 1931, 544 miles, Kansas City to Denver, at an annual rate of \$158,848. It was sublet, with the consent of Postmaster General Brown, on the same day to the United States Airways. Thus the third recommendation in the MacCracken report was carried out by Postmaster General Brown.

The fourth recommendation in the MacCracken report was:

"Recommendation: No. 8, Pueblo to Fort Worth and Dallas. Western Air Express—now flying route."

On August 1, 1931, an extension was granted by Postmaster General Brown to Western Air Express of 291 miles, Pueblo to Amarillo, at an annual rate of \$117,898.65, without bids. From Amarillo the route was continued to Fort Worth and Dallas, as of the same date, 315 miles, at an annual rate of \$181,660.50, by a so-called "extension" of route 33 to American Airways, Inc., by Postmaster General Brown.

The fifth recommendation in the MacCracken report was:

"Recommendation: No. 9, Pueblo to El Paso. Western Air Express—now flying route."

Route 12, from Cheyenne to Pueblo, was held by Western Air Express. It was extended on August 1, 1931, 276 miles, Pueblo to Albuquerque, at an annual rate of \$111,821.40.

The American Airways route no. 33 was extended at right angles from El Paso to Albuquerque on August 1, 1931, a distance of 219 miles, at an annual rate of \$126,297.30, and on the same date was sublet to the Western Air Express, with the consent of Postmaster General Brown, thus carrying out completely the fifth recommendation of the operators.

The sixth and seventh recommendations in the MacCracken report of June 4, 1930, were as follows:

"No. 11, Great Falls to Lethbridge. National Parks Airways—only party in interest."

"No. 12, Seattle to Vancouver: United, first schedule; Varney Air Lines, second schedule."

Neither of these extensions was made, and so the question of awarding to these particular lines, according to the recommendations, was never decided.

On page 1 of the MacCracken report it was stated that 7 routes had been agreed upon as above shown, but as to 5 routes "there are still some matters of controversy." On page 3 of this report it was agreed as to the routes in controversy "to submit the issues to the Postmaster General."

These "routes which are still the subject of negotiation" and the claimants shown and action taken, were as follows:

"Route no. 5, Pittsburgh to Washington and Norfolk: Final terms not yet arranged."

The working memorandum taken from Mr. MacCracken's files listed the claimants for this route as follows:

"ROUTE NO. 5, PITTSBURGH, WASHINGTON, AND NORFOLK

"Pittsburgh Aviation Industries; operating locally, Harrisburg and Pittsburgh.

"Clifford Ball flying into Pittsburgh from northwest, and flying route Pittsburgh to Washington.

"Transcontinental Air Transport not on route."

Ball, who was present at the conferences, was then flying the route between Cleveland and Pittsburgh and seeking an extension to Washington and Norfolk. Postmaster General Brown advised Ball that he could not have a certificate nor an extension of this route. Being denied a contract to operate with his own company, Ball sold out to Pittsburgh Aviation Industries and was made the operating manager for them. Thus this matter was settled by Postmaster General Brown without competitive bidding and the route operated by Pittsburgh Aviation Industries through its subsidiary, Pennsylvania Airlines.

On June 8, 1931, this route was extended by Postmaster General Brown 186 miles, from Pittsburgh to Washington, at an annual rate of \$154,156.80, without bids.

The second route subject to negotiation, according to the MacCracken report, was listed as:

"No. 1, Los Angeles, San Diego, El Paso, Dallas, to Atlanta."

The claimants to this route on Mr. MacCracken's memorandum were listed as follows:

"ROUTE NO. 1, LOS ANGELES, SAN DIEGO, EL PASO, DALLAS, TO ATLANTA

"Claimants: Aviation Corporation, Dallas to Los Angeles, now flying Dallas to El Paso; Western Air Express, Dallas to Los Angeles, now flying entire route; Halliburton, Dallas to El Paso, now flying Dallas north and west; Eastern Air Transport, Atlanta to Dallas, not flying this route; Delta Air Lines, Inc., Atlanta to Dallas, not flying this route.

"NOTE.—This route is being considered with route no. 6."

This controversy was apparently very satisfactorily and profitably settled between those who were listed by Mr. MacCracken as claimants. The route was advertised with a night-flying provision, which was declared illegal by the Comptroller General and the Attorney General's Department. Delta Air Lines was bought out by American Airways. Halliburton sold out to American Airways (Aviation Corporation) for \$1,400,000 and simply allowed its name to be used in making the bid for American Airways. The American Airways wanted the southern route and Western Air wanted the middle-transcontinental route. Western Air contributed to the funds necessary to buy off Halliburton by purchasing 20,000 shares of its own stock owned by Aviation at \$55 a share, when the market value was \$20, and a half interest in some other property in Oklahoma, making a total contribution by Western Air of \$1,399,500.

Western Air also sold its routes from Dallas to Los Angeles in this deal. Hanshue wrote MacCracken that they were "advised we had to sell the Dallas route from \$400,000 and take a \$600,000 loss on it and, further, that we had to put up \$700,000 to buy Western Express stock at 35 when the market was around 20."

This was done under the direction of Postmaster General Brown, who became the umpire, and the controversy was settled and the Aviation Corporation became the holder of the route. There was no bidder against it.

The third route in controversy, according to the MacCracken report, was:

"ROUTE NO. 6, DALLAS TO LOUISVILLE

"Atlanta to Dallas, Eastern Air Transport and Delta Air Service. "Louisville to Dallas, Aviation Corporation and Curtiss Flying Service.

"Los Angeles, San Diego, El Paso, to Dallas, Western Air Express and Aviation Corporation."

The list of claimants for route no. 6 was shown in Mr. MacCracken's memorandum as follows:

"ROUTE NO. 6, LOUISVILLE, MEMPHIS, DALLAS, AND FORT WORTH

"Aviation Corporation flying into Dallas and Fort Worth from the south and into Louisville from the northeast.

"Western Air Express flying into Dallas and Fort Worth from the west.

"Halliburton flying into Dallas and Fort Worth from the north and west.

"Curtiss Flying Service operating locally, Louisville, Memphis, and Dallas."

When Halliburton got his \$1,400,000 he made no further attempt to get the route from Louisville to Fort Worth. Western Air Express, of course, made no further effort, as they had given up their route from Los Angeles to Dallas and Fort Worth from the west. Curtiss Flying Service was not considered, and the Aviation Corporation (American Airways) got this route by the simple expedient of granting an extension of route 16 of the American Airways from Louisville to Nashville of 166 miles and an extension of route 20 on June 15, 1931, of 671 miles from Nashville to Fort Worth, the total of the two extensions being 837 miles. These extensions were granted without any bids or notice to any possible competitors, and thus the Aviation Corporation, the first of the claimants, received the route.

The next route under controversy, according to the MacCracken report, was:

"Route No. 2, Los Angeles, Albuquerque, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, and New York."

The claimants listed by Mr. MacCracken were as follows:

"ROUTE NO. 2, LOS ANGELES, ALBUQUERQUE, AMARILLO, KANSAS CITY, ST. LOUIS, COLUMBUS, PITTSBURGH, PHILADELPHIA, NEW YORK

"Transcontinental Air Transport, now flying Columbus to Wichita, and Clovis to Los Angeles, interested in entire route.

"Western Air Express, now flying Los Angeles to Kansas City, interested in western half of the entire route.

"NOTE.—This route is being considered with route no. 10. United has indicated they would be satisfied with either the eastern half of no. 2 or with no. 10."

The only two contenders for the route being the Transcontinental Air Transport and the Western Air Express, it was required by Postmaster General Brown that the two corporations merge. They did merge and the new corporation is now known as Transcontinental & Western Air, Inc. They jointly have the middle-transcontinental route above described in the MacCracken report. Forty-seven and one half percent of the stock in this corporation is owned by Western Air Express and a like amount is owned by Transcontinental Air Transport. The Pittsburgh Aviation Industries was injected into the picture and demanded a 10-percent share of the stock and actually received a 5-percent share.

Therefore, this problem was satisfactorily settled between the operators of the routes with the assistance of Postmaster General Brown and the combination of these companies, although the high bidder received the route.

The following route was also listed as subject to negotiation in the MacCracken report:

"NO. 10, AMARILLO, OKLAHOMA CITY, TULSA, AND ST. LOUIS (TULSA CUT-OFF)

"Kansas City to New York: Transcontinental Air Transport and Pittsburgh Aviation Industries.

"Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa, to St. Louis: Western Air Express and Transcontinental Air Transport.

"Amarillo, Oklahoma City, Tulsa, and St. Louis Cut-off: Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport."

On the memorandum of claimants to these routes, prepared by Mr. MacCracken, we find the following:

"ROUTE NO. 10, AMARILLO, OKLAHOMA CITY, TULSA, ST. LOUIS

"United: Crosses route at Oklahoma City and Dallas.

"Western Air Express flying Amarillo to Tulsa.

"Halliburton flying Sweetwater, Oklahoma City, Tulsa, St. Louis."

This route is especially treated in the memorandum of Mr. MacCracken, where it is said that "United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; * * *. This would permit the clearing of the mid-transcontinental of its N.A.T. contract between Wichita and Kansas City, and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas."

The route under consideration, which they referred to as No. 10, was made a part of the middle transcontinental, as agreed, and went to the Transcontinental Air Transport and United Aviation and Western Air Express. The United kept its routes from Kansas City to Wichita, Kans., and from Kansas City to Tulsa and Oklahoma City.

KARL A. CROWLEY,
Solicitor.

Mr. McKELLAR and Mr. FESS addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FESS. Mr. President, the Senator from Arkansas has been using my name. I demand the floor.

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I cannot yield now.

Mr. FESS. Mr. President—

Mr. McKELLAR. Very well, if the Senator insists.

Mr. FESS. I insist upon it.

Mr. McKELLAR. I yield to the Senator.

Mr. FESS. I insist upon the floor.

Mr. McKELLAR. Well, now, wait one moment.

Mr. ROBINSON of Arkansas. The Senator cannot insist on it.

Mr. McKELLAR. If that is the attitude of the Senator he might as well sit down, because I am going on with my speech. I will not yield to him under those circumstances. The Senator cannot do that.

The PRESIDING OFFICER. The Senator from Tennessee refuses to yield.

Mr. FESS. The Senator will please yield.

Mr. McKELLAR. I shall be glad to yield if the Senator puts it that way.

Mr. FESS. Mr. President, on yesterday I detailed the facts leading up to the letting of the contracts. I did not go into the contracts themselves. Neither have I gone into the evidence. At the very earliest opportunity I shall take the floor and deal with the evidence that has been submitted to the committee to establish the charge of collusion and fraud.

I did not attempt that yesterday. Therefore, I am very glad to have the best possible defense of this indefensible act read by the leader of the majority of the Senate. I shall pay attention to that just as soon as we can reach it.

Mr. McKELLAR. Mr. President, if there was any lingering doubt in the mind of any person about the genuine reason that the President had for canceling the air-mail contracts, that doubt must have been removed by the facts stated by the Senator from Arkansas [Mr. ROBINSON].

I am very happy that the Senator has given those facts to the Senate and to the country. They are unanswerable. They are indisputable. Even with those indisputable facts, however, it required a man of courage to act upon them; and no man knowing in his own heart what the facts are can have anything but the highest admiration for the course of the President of the United States, when he learned the facts, in acting upon them in the interest of common honesty, common decency, and good government.

I take off my hat to the President of the United States for his courage in acting upon the facts disclosed. Those facts have been known to some of us for a good, long time; but when they came out where the entire public knew them, they were acted on, and acted on effectively.

All honor to the President for his action. He was exactly right.

Mr. President, it is perfectly remarkable how politics creeps into these matters. For weeks, ever since the Army took over the air mail, the Senator from Indiana [Mr. ROBINSON] and the Senator from Ohio [Mr. FESS] have been weeping and wailing and gnashing their teeth over first the 6 flyers who lost their lives, and then the 8 flyers, and finally there were 2 more added, making 10 in all who lost their lives. It is a remarkable thing.

I believe every single day since the first Army plane went down one of these distinguished Senators has been on the floor of the Senate, not only deploring the deaths of these men, as he should have done, but charging the President of the United States with responsibility for the deaths and the loss of these airplanes. Everybody sympathizes on such a sad occasion; but the remarkable thing to me is that I found that in the preceding administration, while Herbert Hoover was President, 173 Army fliers lost their lives in flying Army planes, and there was not a tear from the Senator from Ohio; there was not a criticism from the Senator from Indiana. They were both as silent as the grave when 173 Army pilots lost their lives in airplane accidents.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield to the Senator in just a little while. Just let me finish. I am going to give the Senator plenty to answer. I will give him plenty to inquire into. If the Senator will pardon me for a while, he will have to work night and day for weeks to answer what the Senator from Tennessee is now going to tell him. [Laughter.] Just wait a moment.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. McKELLAR. There were 1,789 accidents during the administration of Herbert Hoover, and not a tear, not a criticism, not a word from these Senators. I say that because I have had the records looked up.

Mr. FESS. Now will the Senator yield?

Mr. McKELLAR. I yield to the Senator.

Mr. FESS. I thank the Senator.

I called the attention of no one to anyone who lost his life in Army flying; but I do call attention to the fact that in the 3 years since 1929—

Mr. McKELLAR. If the Senator is going to make a speech, he will have to wait. I am not going to allow it to be done in my time.

Mr. FESS. No; I am not making a speech. Last year there were 8 lives lost in mail flying; the year before, 14 lives; and the year before, 8 lives. Those are all the deaths that have occurred in mail flying.

Mr. McKELLAR. The Senator does not know what he is talking about. He has not the figures. He has never looked up the matter. The only flyers he has learned about who have been lost are these 10 Army flyers who have been lost in the last month.

Mr. FESS. Oh, no!

Mr. McKELLAR. And the Senator has dwelt on their deaths in season and out of season, morning, noon, and night. Whenever he got a chance he has talked about those 10 flyers.

Mr. FESS. No.

Mr. McKELLAR. I decline to yield just now. Only one of us can talk at a time. I hope the Senator will wait a little while. I will yield to him after I get a little tired.

While the Senator has talked about those 10 flyers, unfortunately there were 13 other flyers in the same period of time who lost their lives in commercial airplanes.

Mr. FESS. Two planes crashed.

Mr. McKELLAR. Not a word, not a tear, not a regret for those 13 unfortunate people; but, oh, my, what about the 10 Army flyers? "I have a chance to do something to President Roosevelt", thought the Senator, and he has been here trying to do it day and night ever since, but not a word for the poor 13 who lost their lives in commercial flying. I have looked up the speeches, I have read them, and there is not a single word. The Senator from Ohio puts in newspaper articles about the Army flyers having lost their lives, but did not even put in a newspaper article when he saw that eight lives were lost in 1 accident.

I proceed with these figures, however. I employed a secretary to look up the records. One hundred and seventy-three Army flyers were killed during the Hoover administration. The Senator from Ohio never shed a tear for one of those; he never held up appealing hands, he never expressed a regret, not a single one, during those 4 years.

Mr. President, I find another remarkable thing. The Senator was here last June, he was in this body every day last June, but he never shed a tear over the accidents which occurred during that month. Fifteen Army flyers lost their lives last June, and there was not a wail from the Senator from Ohio, and not a wail from the Senator from Indiana. In 24 days, in less time than the 10 lost their lives recently, 15 Army flyers lost their lives, and there was not even a wail. The Senator had not gotten into the politics of the thing. He thought it was not judicious to attack anybody last June, and therefore the fact that 15 lost their lives did not bother the Senator at all. He did not have a sleepless night on account of it.

I will tell him where these accidents took place. At Cajon, Calif., 3 were killed; at Oceanside, Calif., 2 were killed; at Boise, Idaho, 2 were killed; at Orchard Lake, in Michigan, 1 was killed; at Pensacola, Fla., 1 was killed; at Great Mills, Md., 1 was injured; at Plum Island, Va., 1 was killed; at Descanso, Calif., 2 were killed; at Rushmore, Va., 2 were killed, and another one was killed at Rushmore. That made a total of 15. Oh, my, what an opportunity the Senator lost then. He did not shed any tears for those 15 lost in 24 days. But the politics of the situation had not opened up to him as it has since been opened. An election was not in the offing, and therefore he forgot those flyers; he forgot those 15, just as he forgot the 173 Army flyers who were lost during Hoover's administration. He did not charge the administration with the loss of those men.

Mr. FESS. Now, will the Senator yield?

Mr. McKELLAR. Certainly.

Mr. FESS. I did not charge up the loss to anybody at that time, from the mere fact that these men were all in training, they were in school, many of them were amateurs. What I am complaining of is the Government's taking over a new service at the cost of so much human life when the loss of life could have been avoided by leaving the service under disciplined men. I think I have a right to make the complaint.

Mr. McKELLAR. The Senator does not think that.

Mr. FESS. Yes, I do.

Mr. McKELLAR. Just one moment. The Senator has not his facts correct. Fifteen Army officers lost their lives in 24 days last June. The Senator did not have a word to say then, he did not even mention it to the Senate.

Mr. FESS. Why should I have mentioned it?

Mr. McKELLAR. The Senator was not running for office then. [Laughter.] Since the Senator is running for office, he is here trying to find some issue. That is what he is doing. That is the reason why he has done this.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. RUSSELL. I want to point out to the Senator from Tennessee that no contracts that were fraudulent had been canceled at that time.

Mr. McKELLAR. No; no mail contracts had been canceled. But that is not the principal thing. Is there not an election to be held in Ohio this year?

Mr. FESS. Yes.

Mr. McKELLAR. The Senator had to find something, if possible, to run on.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes; I yield again.

Mr. FESS. May I say to the Senator that in all probability I would run better if I should make no criticism than I will run when I make criticism.

Mr. McKELLAR. If the Senator does not believe that now, he will believe it by next November. [Laughter.] The Senator will go down on his knees and probably ask forgiveness for ever having gotten into such place as he has gotten himself into now.

Mr. FESS. Mr. President—

Mr. McKELLAR. Just one moment. Why do I say that? It is because the Senator is proceeding on a false premise. I have the greatest sympathy and regret for the families of the 10 unfortunate fliers who were killed. My heart is full of regret for the sad loss of their lives, just as it is for the loss of the 13. The trouble was that the Senator did not cover enough territory when he was making his lamentations. He confined them to the 10 who had lost their lives in Army flying recently, and he thought he would do that for political purposes.

Mr. FESS. No.

Mr. McKELLAR. He did not say a word about the 13, did he?

Mr. FESS. They were not under the responsibility of the Government.

Mr. McKELLAR. If the contracts are good, as the Senator claims they were, then they were under the full responsibility of the Government.

Mr. FESS. No; they were not.

Mr. McKELLAR. The Senator knows that. Of course the Senator knows that. If the Senator will permit me to continue with my speech—

The PRESIDING OFFICER. The Senator from Tennessee declines to yield further.

Mr. McKELLAR. One hundred and seventy-three Army flyers lost their lives during the Hoover administration and 137 commercial air flyers lost their lives during the Hoover administration, making 310 in all who lost their lives, without the expression of a regret on the part of the Senator from Ohio. The Senator ought to write a letter to each one of the widows of those 310 men who lost their lives during the Hoover administration and tell her that he is very sorry for not having risen and had a word to say in their behalf. The Senator did not say a word about the 310 who lost their lives during the Hoover administration, but now, day after day, morning, noon, and night, whenever the Senator can get an opportunity, he refers to the loss of these 10 Army flyers.

The Senator is so anxious about the matter that he does not want anybody else to make a speech on it. He wants to take up everybody else's time, as well as his own, in order to talk about the 10. The Senator is very much mistaken if he entertains the thought that he can come back to the Senate through talking about those men who lost their lives, unfortunately, during storms. There were no accidents as a result of storms last June, and yet 13 Army flyers lost their lives during that month, and the Senator did not have a thing to say about it.

Mr. President, let me go further into the airplane situation. During the Hoover administration there were 456 accidents in commercial flying, and not a wail from the Senator from Ohio or from the Senator from Indiana, not a wail. One hundred and thirty-seven commercial flyers lost their lives in 456 accidents, and not a wail.

In the Army Air Corps there were 1,789 accidents and 173 lost their lives. Yet the Senator is undertaking to make a mountain out of a molehill, so to speak. He forgets the 300, he forgets the 153, he forgets the 137. But, he says, "Oh, I must not forget the 10. I can go back into Ohio and tell the people out there, those good Republicans, that President Roosevelt killed those 10, and I can get by with it." I say to the Senator that he is not going to get by with it. If the Senator makes that an issue in the campaign, he is going to be beaten on it, because honesty and justice will not be on his side. The President of the United States has not done an improper thing; he has done an honest thing, a fair thing, a just thing.

Mr. FESS. No; he has not.

Mr. McKELLAR. And a courageous thing. I think the Senator is the only man in the Senate who differs with that statement.

Mr. FESS. No; I am not.

Mr. McKELLAR. I will tell the Senator why I say that. The other day, when I asked if there were any other Senators on the other side who took the view the Senator from Ohio took, not another Senator rose. The Senator from Ohio alone rose.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. GORE. The Senator from Tennessee has given some very interesting figures. I was wondering whether he intended to state them by fiscal years.

Mr. McKELLAR. Yes; I want to put this statement from the War Department into the RECORD, and I pause long enough now to ask unanimous consent that it be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FEBRUARY 26, 1934.

HON. KENNETH McKELLAR,

United States Senate, Washington, D.C.

MY DEAR SENATOR: In compliance with your telephonic request of this date, the following accident and fatality statistics pertaining to scheduled commercial air-transport services and the Army Air Corps since July 1, 1928, are submitted:

Commercial air-transport services

Period	Accidents	Fatalities
Fiscal year 1929.....	112	35
Fiscal year 1930.....	120	49
Fiscal year 1931.....	108	19
Fiscal year 1932.....	132	49
Fiscal year 1933.....	96	20
July to December 1933.....	53	10
Total.....	621	182

Army Air Corps

Fiscal year, 1929.....	390	61
Fiscal year, 1930.....	468	52
Fiscal year, 1931.....	456	26
Fiscal year, 1932.....	423	49
Fiscal year, 1933.....	442	46
July to December 1933.....	193	23
Total.....	2,372	257

In this connection particular attention is invited to the fact that the figure 2,372 includes all accidents, even when minor damages only are incurred, in which Regular Army personnel, students, and Reserves, on both active and inactive duty, are involved; also the figure 257 includes all fatalities among military and civilian personnel. Approximately 75 percent of these Air Corps accidents are connected with student-flying training, which training is continuous. Whereas commercial air-line pilots are all experienced pilots who have already had their flying training, either at one of the service schools or at some civilian school.

It is understood that minor accidents, which only cause minor damage to aircraft, are not included in the table showing commercial air-transport accidents, whereas the Army Air Corps includes all accidents of every description.

The records show that during the fiscal year 1933 an average of 2,933 group I pilots, including Regular Army personnel, Reserves both on active and inactive duty, and flying cadets flew Army aircraft, and that an average of 543 first-line pilots were in the employ of the scheduled commercial air-transport services during the calendar year 1933.

Yours very truly,

B. D. FOULOIS,
Major General, Air Corps,
Chief of the Air Corps.

Mr. GORE. Mr. President, will the Senator yield further?
Mr. McKELLAR. I yield.

Mr. GORE. Since the Government canceled the mail contracts and assigned the task of carrying the mail to the

Army officers, on February 9, there have been nine fatalities. Three of the planes in which those fatalities occurred had mail aboard ship. Five fatalities occurred on trial flights or trial trips.

During this fiscal year there have been 39 fatalities among the Army flyers. For the fiscal year 1933 there were 46 fatalities. For the fiscal year 1932 there were 49 fatalities. For the fiscal year 1931 there were 26 fatalities. For the fiscal year 1930 there were 52 fatalities. For the fiscal year 1929 there were 61 fatalities. That was an average of 47 for each fiscal year.

Mr. McKELLAR. Mr. President, I have the figures to substantiate the statement in the memorandum sent me by General Foulis of date February 26, 1934, which I have offered for the RECORD.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BARKLEY. Does the Senator know also that it is a fact that several among the 10 Army fliers who lost their lives while carrying the mail, as enumerated by the Senator from Oklahoma, were using planes and engines that were purchased from the very companies which are now demanding that the air contracts be returned to them?

Mr. McKELLAR. I did not know that; and I thank the Senator for his contribution.

Mr. BARKLEY. It is a fact; and not only that, but one company, Pratt & Whitney, which is a concern that makes Army airplane engines, has sold many of them to the United States and declared dividend profits of \$10,000,000 on an investment of \$500,000.

Mr. BONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Washington?

Mr. McKELLAR. One moment, Mr. President. I desire to put into the RECORD at this point exhibit 1, on page 2 of document no. 70, known as "Air Mail Contracts."

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXHIBIT 1.—List of contracts

The routes that are now operating, except nos. 33 and 34, carry air mail under a route certificate and on a space-mileage system of compensation, as prescribed in the act of April 29, 1930. Routes 33 and 34 operate under a contract and on a space-mileage basis, as prescribed in the same act.

[Only mail bearing the air-mail-postage rate is carried on domestic air-mail routes]

Route no.	Date of original contract	Name of contractor	Present mileage of route	Compensation to Dec. 31, 1931	Route	Poundage to Dec. 31, 1931
A.M. 1.....	Oct. 7, 1925	Colonial Air Transport, Inc.....	200	\$979,373.14	Boston, Mass., via Hartford, Conn., to New York, N.Y.	460,693
A.M. 2.....	do.....	Robertson Aircraft Corporation; sublet to American Airways, Inc.	523	967,348.19	Chicago, Ill., via Springfield and Peoria, Ill., to St. Louis, Mo.	325,033
A.M. 3.....	do.....	National Air Transport, Inc.....	1,048	4,762,564.96	Chicago, Ill., via certain designated points to Dallas and Fort Worth, Tex.	1,735,704
A.M. 4.....	do.....	Western Air Express, Inc.....	782	6,760,571.76	Salt Lake City, Utah, via Las Vegas, Nev., to Los Angeles, Calif.	2,926,523
A.M. 5.....	do.....	Walter T. Varney; sublet to Varney Air Lines, Inc.....	1,017	3,235,024.15	Elko, Nev., via Boise, Idaho, to Pasco, Wash.	1,121,523
C.A.M. 6.....	Nov. 25, 1925	Ford Motor Co.; contract was canceled in accordance with provisions therein, effective July 19, 1928.	91	4,981.41	Detroit, Mich., to Cleveland, Ohio.....	4,615
C.A.M. 7.....	do.....	Ford Motor Co.; contract was canceled in accordance with provisions therein effective July 16, 1928.	237	30,018.85	Detroit, Mich., to Chicago, Ill.....	27,878
A.M. 8.....	Dec. 31, 1925	Vern C. Gorst; sublet to Pacific Air Transport.....	1,238	2,999,332.76	Seattle, Wash., via certain designated points to Los Angeles, Calif.	1,176,347
A.M. 9.....	Jan. 11, 1926	Charles Dickinson; contract canceled Sept. 30, 1926, in accordance with provisions therein.	383	2,344,916.77	Chicago, Ill., via Milwaukee and La Crosse, Wis., to St. Paul-Minneapolis.	788,755
C.A.M. 10.....	Sept. 7, 1926	Northwest Airways, Inc.....	1,620		Atlanta, Ga., via Jacksonville and Tampa, to Miami, Fla.	12,615
	Feb. 11, 1926	The Florida Airways Corporation; contract canceled, effective June 9, 1927, in accordance with provisions therein.	393	38,187.88	Cleveland, Ohio, via Youngstown, Ohio, and McKeesport, Pa., to Pittsburgh, Pa.	339,540
A.M. 11.....	Mar. 27, 1926	Clifford Ball; sublet to Pennsylvania Air Lines, Inc.....	326	896,500.67	Cheyenne, Wyo., via Denver and Colorado Springs, Colo., to Pueblo, Colo.	410,617
A.M. 12.....	Oct. 4, 1927	Western Air Express, Inc.....	771	567,206.79	Philadelphia, Pa., to Washington, D.C.	633
C.A.M. 13.....	July 2, 1926	Philadelphia Rapid Transit Air Service, Inc.; canceled and succeeded by route 15, Oct. 9, 1926.	128	1,901.91	Detroit to Grand Rapids, Mich.	792
C.A.M. 14.....	July 31, 1926	Stout Air Services, Inc.; contract canceled; no service performed.	278	2,374.97	Philadelphia, Pa., via Washington, D.C., to Norfolk, Va.	233,164
C.A.M. 15.....	Sept. 25, 1926	Philadelphia Rapid Transit Air Service, Inc.....	345	246,897.83	Cleveland, Ohio, via certain designated points to Louisville, Ky.	6,113,494
A.M. 16.....	Oct. 10, 1927	Continental Air Lines, Inc.; consolidated with A.M. 20.....	736	5,333,988.17	New York, N.Y., via Cleveland, Ohio, to Chicago, Ill.	
A.M. 17.....	Apr. 2, 1927	National Air Transport, Inc.....				

EXHIBIT I.—List of contracts—Continued

[Only mail bearing the air-mail-postage rate is carried on domestic air-mail routes]

Route no.	Date of original contract	Name of contractor	Present mileage of route	Compensation to Dec. 31, 1931	Route	Poundage to Dec. 31, 1931
A.M. 18.....	Jan. 20, 1927	Boeing Airplane Co. and Edward Hubbard; sublet to Boeing Air Transport, Inc.	2,027	\$13,844,407.18	Chicago, Ill., via certain designated points, to San Francisco, Calif.	6,857,289
A.M. 19.....	Feb. 28, 1927	Pittsairn Aviation, Inc.; name changed to Eastern Air Transport, Inc.; consolidated with A.M. 25.	2,254	4,507,864.94	New York, N.Y., via certain designated points, to Atlanta, Ga.	1,760,917
A.M. 20.....	July 27, 1927	Colonial Western Airways, Inc.; consolidated with route 16 and sublet to American Airways.	1,793	880,746.51	Albany, N.Y., via certain designated points, to Cleveland, Ohio.	394,440
A.M. 21.....	Aug. 17, 1927	Seth Barwise; sublet to Texas Air Transport, Inc.	333	461,688.90	Dallas and Fort Worth, via Houston, to Galveston, Tex.	148,249
A.M. 22.....	do	do	547	870,628.06	Dallas, via Waco, Austin, and San Antonio, to Laredo, Tex.	301,974
A.M. 23.....	Aug. 19, 1927	St. Tammany Gulf Coast Airways, Inc.; name changed to Gulf Coast Airways; sublet to American Airways, Inc.	488	613,559.06	Atlanta, Ga., via Birmingham and Mobile, Ala., to New Orleans, La.	325,535
A.M. 24.....	Nov. 17, 1927	Embry Riddle Co.	274	542,625.79	Chicago, Ill., via Indianapolis, Ind., to Cincinnati, Ohio.	282,430
A.M. 25.....	Nov. 23, 1927	Pittsairn Aviation, Inc.; name changed to Eastern Air Transport, Inc.; consolidated with route 19.	754	619,262.75	Atlanta, Ga., via Jacksonville, to Miami, Fla.	403,162
A.M. 26.....	Dec. 30, 1927	Alfred Frank; sublet to National Parks Airways, Inc.	509	820,021.68	Great Falls, Mont., via certain designated points, to Salt Lake City, Utah.	219,685
A.M. 27.....	May 5, 1928	Thompson Aeronautical Corporation; sublet to Transamerican Airlines Corporation.	1,337	1,120,749.57	Bay City, Mich., via certain designated points to Chicago, Ill.	610,755
A.M. 28.....	May 9, 1928	Robertson Aircraft Corporation; sublet to American Airways, Inc.; consolidated with A.M. 30.	404	248,847.45	St. Louis, via Kansas City, Mo., to Omaha, Nebr.	307,501
A.M. 29.....	July 13, 1928	St. Tammany Gulf Coast Airways, Inc.; name changed to Gulf Coast Airways; sublet to American Airways, Inc.	325	206,421.65	New Orleans, La., via Beaumont, to Houston, Tex.	145,626
A.M. 30.....	Aug. 9, 1928	Interstate Airlines, Inc.; sublet to American Airways, Inc.; consolidated with route 28; that portion between Kansas City and Denver sublet to United States Airways, Inc.	1,208	984,321.20	Chicago, Ill., via certain designated points, to Atlanta, Ga.	505,728
A.M. 31.....	June 1, 1929	Curtiss Flying Service of the Middle West, Inc.; discontinued Sept. 30, 1929.	9	1,245.00	Airport to lake front, Chicago, Ill.	19,329
A.M. 32.....	Aug. 21, 1929	Varney Air Lines, Inc.; consolidated with route 5.	440	12,232.39	Paseo, Wash., via certain designated points, to Seattle and Spokane, Wash.	135,937
A.M. 33.....	Sept. 16, 1930	Robertson Aircraft Corporation and Southwest Air Fast Express, Inc., of Delaware; sublet to Southern Air Fast Express, then sublet to American Airways, Inc.	3,052	1,997,103.05	Atlanta, Ga., via certain designated points, to Los Angeles, Calif.	292,973
A.M. 34.....	Sept. 30, 1930	Western Air Express, Inc., and Transcontinental Air Transport, Inc.; sublet to Transcontinental & Western Air, Inc.	3,339	1,964,542.83	New York, N.Y., via certain designated points, to Los Angeles, Calif.	643,700

Mr. McKELLAR. I have placed this in the RECORD, Mr. President, for the purpose of calling attention to the fact that the contracts which were awarded, as shown by the Department as of date March 2, 1932, were not awarded to the companies to which the United States Government is paying the enormous subsidies in connection with which there have been fraud and scandal and rascality ever since they were initiated; but listen to this recital of how the routes were awarded: Route 1, American Airways; route 2, American Airways; route 20, American Airways; route 21, American Airways; route 22, American Airways; route 23, American Airways; route 24, American Airways; route 27, American Airways; route 29, American Airways; route 30, American Airways; route 33, American Airways.

Eleven out of the 23 routes went to American Airways, which is not even mentioned as ever having gotten a contract; but, as the Senator from Arkansas has so well said, the former Postmaster General has manipulated the contracts into the hands of three great companies, one of which is the American Airways. So if we ever make another contribution of similar kind for the building up of aviation, I think it ought to be termed, "A bill for the continuous support in luxury of the American Airways" and the two concerns joined together with them.

I now yield to the Senator from Washington.

Mr. BONE. Mr. President, the Senator, of course, is aware that the unfortunate deaths of the young Army officers, to whom the Senator from Ohio [Mr. FESS] has referred, have no connection whatever with, nor would they have interfered with, the flood of easy money out of the United States Treasury that has made multimillionaires of a lot of airplane gamblers in the last few years. I am happy the Senator has made that plain to the American people.

Mr. McKELLAR. I thank the Senator.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. Referring to the statement of the Senator from Oklahoma giving the number of fatalities during the year, does the Senator recall that in flying the mail in 1930 there were only 8 pilots lost, there being an average of

1 fatality to every 2,000,000 miles flown? In 1931 there were 14 pilots lost, but the mileage flown was nearly double, so that the average number lost was still about 1 to every 2,000,000 miles flown. In 1932 there were only 8 pilots lost, an average of only 1 fatality for four and a half million miles flown. That is what I am talking about with reference to fatalities in the Air Mail Service.

Mr. GORE. Mr. President—

Mr. McKELLAR. The Senator from Ohio is talking about politics.

Mr. FESS. No, Mr. President; I am not.

Mr. McKELLAR. That is uppermost in his mind. He has not been thinking about anything else for the last month. He thought he saw a chance to land, but I think he is mistaken about it.

Mr. FESS. No. Mr. President, will the Senator yield?

Mr. McKELLAR. Just one moment. I will yield first to the Senator from Oklahoma, and then I will yield to the Senator from Ohio for the purpose of saying whatever he wants to say.

I now yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, with reference to the figures quoted by the Senator from Ohio, every death that has occurred in connection with the flying of the air mail by the Army officers was of course a tragedy.

Mr. McKELLAR. Of course.

Mr. GORE. But to me the most significant circumstance in connection with all these tragedies is the fact that the flyers upon whom the public will have to rely in case of war have had so many fatalities in carrying the mail. Whether the fatalities are chargeable to inefficient engines or to a lack of proper training on the part of those who have gone to their deaths, I do not undertake to judge. Mr. President, there lies the tragedy, and the nations of the earth must marvel at the result.

Mr. McKELLAR. I now yield to the Senator from Ohio if he desires to speak.

Mr. FESS. I simply wanted to ask the Senator whether he will not be a candidate for reelection this fall?

Mr. McKELLAR. Yes; but I am not running on the deaths of other people.

Mr. FESS. What is the Senator running on?

Mr. McKELLAR. I am running on what I hope is a good record which I have made since I have been in the Senate, a record of what I believe to be honest and really courageous defense of my Government.

Mr. GORE. Against subsidies.

Mr. McKELLAR. Against subsidies, and against wrongs of every kind. If I am defeated I will take my medicine like a man, and I will not stay around Washington, either.

Mr. FESS. The Senator is making a defense of an indefensible position.

Mr. McKELLAR. No, Mr. President; I am not defending. The Senator is trying to defend his position, but I do not feel that there is anything which it is necessary for me to defend. I just want the facts brought out.

There has been some criticism on the floor of the Senate recently of Postmaster General Farley. I wish to take this occasion to say that prior to the last campaign I did not even know Mr. Farley. During and since that campaign I have learned to know him intimately. In my judgment, he is one of the ablest young men in this country. He is absolutely honest, he is clean-cut, he is courageous, and he is doing his duty as Postmaster General without fear and without favor, in a highly commendable way.

Mr. President, I digress here long enough to say that "courage" is one of the noblest words in the English language. Why is the Senator from Nebraska [Mr. NORRIS] so honored and respected throughout our Nation? Because he is honest; but above all, because he is courageous. Why is the Senator from California [Mr. JOHNSON] respected and esteemed by honest men throughout the land? It is because of his honesty and courage.

Courage, in my humble judgment, is one of the noblest attributes that any man can have. Jim Farley is courageous, and he is doing his duty as Postmaster General without fear and without favor and in a highly commendable way.

My good friend the Senator from Louisiana [Mr. LONG] spoke yesterday of the Postmaster General having gone on a trip to Texas in an airplane, and of his having received a present of a hat. If the Senator from Louisiana had ever examined the law he would have known that the Postmaster General has the right to travel on trains and in airplanes.

Mr. BARKLEY and Mr. LONG addressed the Chair.

Mr. McKELLAR. One moment, Mr. President. The Postmaster General has the right to travel on airplanes carrying the mail.

Mr. LONG. Mr. President—

Mr. McKELLAR. Just one moment.

The PRESIDING OFFICER. The Senator from Tennessee declines to yield.

Mr. McKELLAR. There is nothing dishonest about his riding in the airplanes. There is nothing wrong about it. The very fact that the Postmaster General rode on these planes before he knew the conditions under which the planes were operating for the Government in carrying the mail indicates the fairness of the man.

Mr. LONG. Mr. President—

Mr. McKELLAR. In just a moment I will yield to the Senator.

Mr. LONG. Mr. President, I want to call the Senator's attention—

The PRESIDING OFFICER. The Senator from Louisiana is out of order.

Mr. McKELLAR. So soon as Postmaster General Farley learned that the air-mail contracts had been obtained in a fraudulent and corrupt manner in a previous administration, he did not hesitate a moment about canceling the contracts, and for anyone to say that the Postmaster General committed a wrong in riding in these planes shows he is hunting for an opportunity to criticize the Postmaster General.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I should prefer that the Senator from Louisiana permit me to finish.

Mr. LONG. Mr. President, will the Senator from Tennessee not give me a chance?

Mr. McKELLAR. Very well, I will yield.

Mr. LONG. Does the Senator say it is legitimate for the Postmaster General to accept a \$20 hat?

Mr. McKELLAR. Well—

Mr. LONG. Yes or no. Let us get down to the bottom of this thing.

Mr. McKELLAR. I will tell the Senator that, in my opinion, a matter like this is a trifle. Has the Senator, while he has been in office, never accepted a gift of \$20 in any way, shape, or form?

Mr. LONG. No; not a dime. I have been looking for it, but I have not found it.

Mr. McKELLAR. The Senator has been looking for it, but he has not found it?

Mr. LONG. I have not found it. The Senator says he thinks it is all right for the Postmaster General to take a \$20 hat?

Mr. McKELLAR. I do not see any particular objection to it.

Mr. LONG. All right. There would be no harm in getting a hat for his wife, either, or for the rest of the family?

Mr. McKELLAR. Oh, there is no use talking about such things. If the Senator wants to interrupt me with that kind of argument, I will not yield.

Mr. LONG. The Senator—

Mr. McKELLAR. I will not yield for that kind of an argument, Mr. President.

If the Senator will proceed in order, I will be happy to yield to him, but I do not wish to yield for the purpose of having foolish questions asked.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I will yield in one moment, Mr. President.

Mr. LONG. Was it all right for this airplane to be furnished Mr. Farley that was not on any air-mail route, that was not carrying any freight whatever, to take him to a barbecue, from Shreveport, La., to Meridian, Miss., where there is no air-mail route of any kind?

Mr. McKELLAR. I think the Senator is wholly mistaken, and that there is a route.

Mr. LONG. Oh, no; there is no route there.

Mr. McKELLAR. He was on his way to Texas, and of course, he could go through Mississippi on an airplane and stop over if he wanted to do so. I believe there is not a man in the country except the Senator from Louisiana who personally does not like Mr. Farley, who would rise to criticize him in this way.

Mr. LONG. There is no air-mail route between the points where Mr. Farley was flown. I know the Senator from Tennessee to be an honest man, but is he going to tell the people that it is honest for that man to have taken that airplane, with that gas, without a pound of mail, to have taken a \$20 hat, to go on a junketing trip to a barbecue, and then let those people out of their contract? I do not think that was right.

Mr. McKELLAR. The Senator does not have his facts right.

Mr. BARKLEY. Mr. President—

Mr. McKELLAR. I yield to the Senator from Kentucky.

Mr. BARKLEY. I merely wish to inquire of the Senator from Tennessee if the predecessor of Mr. Farley did not accept a gift of an entire new automobile on account of a hat? [Laughter.]

Mr. McKELLAR. I think I heard something about it at the time. It seems the automobile was not big enough for his hat.

Mr. BARKLEY. His high hat! [Laughter.]

Mr. McKELLAR. Yes; his high hat, and he had to get either a new automobile at the expense of the Government or a new hat.

Mr. BARKLEY. The Government would have saved a lot of money if someone had given Mr. Brown a new hat. [Laughter.]

Mr. McKELLAR. Yes; it would have saved a lot of money for the Government.

Mr. NEELY. Mr. President, I understand that the former Postmaster General can now wear an average size hat. [Laughter.]

Mr. McKELLAR. As a matter of fact, Postmaster General Farley has let no air-mail contracts at all. The Senator from Louisiana [Mr. Long] should be careful to know the facts before he undertakes to dispute statements that are made on the floor. That is my judgment. I like the Senator from Louisiana, and I have no quarrel with him.

Mr. LONG. Mr. President, let me ask the Senator from Tennessee one more question.

Mr. McKELLAR. I yield.

Mr. LONG. It seems that this hat business is infectious. It seems that his successor in office had the hat habit, too. The only difference is that the one was a hat in an automobile and the other was a hat in an airplane. [Laughter.]

Mr. McKELLAR. The Senator as usual is mistaken. As a matter of fact, it is easy to criticize, but the Senator ought to have the facts behind his criticism or it falls to the ground. For some reason the Senator from Louisiana does not like Mr. Farley, and continuously assails him. I think it is hardly fair that he should do so in this body unless he has the facts to back up his criticism.

Mr. President, I will proceed.

Mr. LONG. I want to know first if anything I said is denied. Farley got the hat, Farley took the trip, Farley got the free gas, the free grub, and was on the plane that was not on an air-mail route, and did not have an ounce of mail in it. Does the Senator deny those facts?

Mr. McKELLAR. I will say for the benefit of the Senator from Louisiana that I will take his statements under consideration.

Mr. LONG. Then please leave me out of it, if the Senator wants to do that.

Mr. McKELLAR. Mr. President, I have been here during the administrations of a number of Postmasters General. The first one was Mr. Hitchcock, a Republican; the next was Mr. Burleson, a Democrat; the next Mr. Hays, a Republican; the next Dr. Work, a Republican; the next former Senator New, a Republican; the next was Mr. Brown, a Republican; and the last, the present Postmaster General, is Mr. Farley, a Democrat.

I have never known a Postmaster General more assiduous in his efforts to run the Department successfully than Mr. Farley. He is genial in dealing with men. He is considerate of the men under him. He is watchful of the best interests of the Service, and he is one of the ablest men in the Government service, barring none.

The very fact that the Postmaster General had the courage to recommend to the President the cancelation of the air-mail contracts when he became convinced that the contracts were dishonest and illegal ought to give him the highest place in the esteem and admiration of the American people. I believe it has done this very thing. He has thereby won for himself a splendid distinction as a Cabinet officer, unafraid and determined to do his duty, let the chips fall where they may. I honor and respect him for the position he has taken. I honor and respect him for the success that has come to him as a young man. I am delighted to have the privilege of saying that I believe in him, in his honor, his integrity, and his splendid capacity as Postmaster General.

ORDER FOR RECESS TO MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that when the Senate concludes its labors today, it take a recess until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, does that contemplate that the unfinished business shall go over until Monday?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. And there shall be no vote on the unfinished business before Monday?

Mr. ROBINSON of Arkansas. I understand it will not be practicable to finish the pending bill this afternoon. After consulting with a number of Senators I expect, when the present debate shall have been finished or suspended or something else has happened to it, to move a recess.

Mr. McNARY. Does the Senator's proposal also contemplate that no action shall be taken on the pending amendment until Monday?

Mr. ROBINSON of Arkansas. Yes. I will say to the Senator from Oregon and other Senators that I should like to have a brief executive session for the consideration of certain nominations on the Executive Calendar.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement submitted by the Senator from Arkansas?

Mr. ROBINSON of Indiana. Mr. President, reserving the right to object, I should like to inquire just what is the situation with reference to the so-called "bonus bill." What has happened to it since the House passed it?

Mr. ROBINSON of Arkansas. My information is that the bill is on the table. I am not sure that that is correct. I inquire of the Chair.

The PRESIDING OFFICER. The Chair is informed that the bill has been received from the House and is here. No action has been taken on it.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. The Senator from Indiana.

Mr. ROBINSON of Indiana. I desire to be recognized in my own right, since my name has been brought into the debate.

Mr. BLACK. Mr. President, will the Senator yield to me to have something printed in the RECORD?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I prefer not to yield now. It will take only 5 minutes for me to conclude my statement.

Mr. BLACK. Very well.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the agreement which I have submitted may be entered into, unless there is objection.

The PRESIDING OFFICER. Without objection, the unanimous-consent agreement is entered into.

Mr. ROBINSON of Indiana. Mr. President, I have listened to the Senator from Tennessee—

Mr. ROBINSON of Arkansas. Mr. President, I do not wish to disturb the Senator from Indiana, but I think I had the floor, and it was my intention to yield to the Senator from Alabama [Mr. BLACK] to make a brief statement and insert some matter in the RECORD.

Mr. ROBINSON of Indiana. I understood that I had the floor; but if it does not take long, I shall be glad to yield.

Mr. ROBINSON of Arkansas. I do not wish to enter into any argument about the matter. I thought I was recognized.

The PRESIDING OFFICER. The Chair recognized the Senator from Arkansas in connection with the unanimous-consent agreement.

Mr. ROBINSON of Indiana. As a matter of fact, then, the Chair recognized the Senator from Indiana and asked the Senator from Indiana if he would yield to the Senator from Alabama.

The PRESIDING OFFICER. That is correct.

Mr. ROBINSON of Arkansas. Very well. I make no further contention about the matter.

Mr. ROBINSON of Indiana. Mr. President, the Senator from Tennessee [Mr. McKELLAR] has seen fit to mention my name several times in the speech he has undertaken to make.

Mr. NORRIS. Mr. President, I merely desire to make an inquiry. Has the unanimous-consent agreement proposed by the Senator from Arkansas [Mr. Robinson] been entered into?

Mr. ROBINSON of Arkansas. Yes; it has been.

Mr. NORRIS. That is, it is understood that we are not to take up the unfinished business again today?

Mr. ROBINSON of Arkansas. Mr. President, may I make a brief statement?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. ROBINSON of Arkansas. There was no express agreement entered of record; but I did state that it is not my expectation to proceed with the unfinished business after this debate shall have been concluded.

Mr. NORRIS. I have told several Senators who have asked me, who wanted to go away—and some of whom have gone—that the unfinished business undoubtedly would not be taken up again today.

Mr. ROBINSON of Arkansas. Very well; the Senator may rely on that. I shall make a motion to take a recess, in conformity to the agreement just entered into, as soon as the debate permits, except that I wish to have a brief executive session.

The PRESIDING OFFICER. The Senator from Indiana will proceed.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President, I listened to the statement of the Senator from Tennessee [Mr. McKELLAR] very carefully, but so far as it refers to anything I have said, it begs the question completely.

This controversy does not arise over the question of how many casualties or fatalities there have been in past years in aviation in this country. It is lamentable, of course, that any pilots should ever lose their lives; but with the Army and the Navy and the Marine Corps aviation represents an important part of the national defense. In both the commissioned and enlisted personnel, men understand precisely what they are doing when they enter the service. A great deal of practice is necessary. Some of the men must lose their lives. Unfortunately that is true if the science is to be developed, and if we are to have a real air defense.

So far as the commercial companies that carry the mails are concerned, when pilots are employed by them the pilots understand the risks they are taking in that very hazardous employment; and that is a matter, then, between employer and employee. Unfortunately, there are fatalities there again, and all of us regret that that is true; and so there have been fatalities in the Air Service in the Army throughout the years. There will continue to be casualties there. There have been fatalities in the Air Mail Service conducted by private companies, and there will continue to be fatalities there; but that is an entirely different matter from the controversy which arises out of the President's ill-considered action in canceling these contracts in the matter under discussion.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In a moment.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. ROBINSON of Indiana. Here, Mr. President, there was no national emergency. The President of the United States could have waited 3 weeks or 3 months if necessary until he was certain his action would not destroy aviation and a great industry in this country. But rashly, hastily, without giving the facts the consideration that the American people expect the Chief Executive of the Nation to give to great questions of this kind, the President of the United States canceled all these contracts and refused to give the carriers an opportunity to be heard in their own defense, violating the Constitution of the United States, certainly in its spirit, violating all the traditions of the American people throughout the centuries. At a time when the President is urging, through the N.R.A., that business all over the United States increase employment, increase wages and salaries, the President takes this action that completely destroys an entire industry that is absolutely essential to the defense of the Nation, and throws thousands of men and women out of employment.

Finally, after having taken this rash and hasty action which the country, notwithstanding what has been said on the other side, undoubtedly believes as ill-considered, the President ordered the mail to be carried by the Army; without any emergency existing at all, he sends these pilots into the air over routes with which they were not familiar; with equipment that certainly was not adequate for the task;

with beacons having been discontinued through false economy so that pilots could not find their way; with no hangars provided over the routes so that the ships could be taken care of properly and inspected, and that ill-considered action resulted in the deaths of 10 of the bravest pilots in the United States. So that the Executive order, which was not an emergency matter at all, sent these 10 men to their deaths. That cannot be laughed off on the other side of this Chamber on the ground of politics, nor will the American people laugh it off, nor will they consent to have it laughed off, nor is it a laughing matter in the homes of tragedy, woe, and despair that have been wrecked because of these deaths.

Now I yield to my friend from Ohio.

Mr. FESS. Mr. President, the Senator from Tennessee and also the Senator from Oklahoma [Mr. GORE] referred to the large number of fatalities per year in the Army. I wish the Senator would remind the country that when the Army is training in the various different kinds of "stunts" which are very hazardous and involve great danger, it is inevitable that there will be many losses of life. The Senator knows that trained flyers like Rickenbacker and Lindbergh have stated that there is no great danger in flying as long as no "stunt flying" is undertaken; but a good deal of that is necessary in the Army requirements as to maneuverability, and inevitably in the first efforts there will be many fatalities.

Now the Senator is complaining of the Senator from Indiana and the Senator from Ohio because we were not denouncing the Army for training these men, the result of which will necessarily be fatalities, and uses that as a defense for putting these men in a service that had been conducted without fatalities and having the work done by men who could not do it without fatalities, and the Senator assumes that that is an answer to the situation.

Mr. ROBINSON of Indiana. In any event, Mr. President, it has nothing to do with this controversy—not the slightest in the world. It is simply a smokescreen being erected here in order to turn the eyes of the country away from the sickening sight of the Executive blunder that has resulted directly in the loss of 10 lives in the air and the loss of hundreds of thousands of dollars of property.

There is just one question involved here. That is, Why did the Executive in the first place cancel these mail contracts without giving those who held the contracts a fair hearing? We accord a fair trial, and his day in court, to the worst criminal who ever lived. If a man is charged with murder, we give him his opportunity to be heard. In this instance, with 31 of the contracts practically unquestioned so far as evidence is concerned—conclusive evidence, at any rate, it is ex parte up to this point, and only 3 contracts have been drawn into the controversy to any considerable extent—the President of the United States canceled all 34 of them, the good and the bad, the just and the unjust, and refused to hear what the contractors had to say. Of course, that is un-American and contrary to the whole spirit of American tradition.

Mr. CLARK. Mr. President—

Mr. ROBINSON of Indiana. That is the first thing that happened. I do not know whether there was any collusion or not. I hold no brief, I make no defense, for anyone charged with guilt in these matters. If they were guilty, they should all be convicted, and I should be glad to see them convicted, regardless of whether they are Democrats or Republicans; but they should have a fair trial—at least as fair a trial as we give to those charged with murder.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. I yield.

Mr. CLARK. Has the President of the United States done anything since he has been in the White House of which the Senator from Indiana approves?

Mr. ROBINSON of Indiana. Oh, yes, Mr. President. I have voted for many measures he has proposed. I think the Record will show, perhaps, that I have more consistently

supported the President's recommendations for legislation than has the Senator from Missouri; and if the Senator will look at the RECORD, I think he will find that that is a conservative statement.

Mr. CLARK. If the Senator will yield a moment further, I have not always agreed with the President in his recommendations for legislation.

Mr. ROBINSON of Indiana. Nor have I.

Mr. CLARK. When I have not, I have voted against them.

Mr. ROBINSON of Indiana. So have I.

Mr. CLARK. The Senator from Indiana has consistently, day after day, week after week, month after month, come in and consumed the time of the United States Senate in abusive personal attacks on the President.

Mr. ROBINSON of Indiana. The Senator may make all the speeches he desires to make in his own time, but I trust that he will permit me, particularly at this late hour, to speak for myself in my time.

I have supported the President when I thought he was right. If I believed he was wrong, I have opposed him. I shall continue to do that, even though I stand alone, and it makes no difference what the Senator from Missouri may say. That is the policy I have pursued during nearly 9 years in this body; and so long as I hold a commission from my State, I shall continue following the same policy.

The second thing was the issuing of the Executive order. I have mentioned it. It has been mentioned here time and again. I suspect there are those on the other side who would like to forget it. It will not be forgotten. The country cannot forget it. It will never be forgotten in the homes of those who have been sent to their deaths by this Executive order.

Now, Mr. President, one other point. As soon as the order was issued, there was protest from one end of this country to the other, which has continued to this very day. The American people believe in fair play, and one great aviator in the country, who holds the admiration of every American citizen, Colonel Lindbergh, was bold enough to protest against the ill-considered action of the White House. Immediately he was insulted and abused, and in the most scathing manner it was suggested that he was a publicity seeker, he who has dodged publicity all his life, he who goes out of his way to avoid publicity. Yet that was the cowardly charge made against Colonel Lindbergh.

Then the fatalities began, just as he said they would. One pilot was killed directly as a result of the Executive order; then 2, then 3, then 4, and still no action at the White House. Then 5, then 6, and still no action at the White House. Then 7, then 8, and still no Executive action. Then 9, and still no action. Then 10. Somehow or other 10 was considered to be the limit. That was the point where it seemed necessary to the Executive to call a halt on the whole ghastly business, and a halt was called.

What happened? The young man they had insulted, Colonel Lindbergh, who continues to hold the admiration of the American people, in whom the country still believes, notwithstanding the cowardly attack made on him, is sent for by the Secretary of War to come here and get them out of the ghastly mess in which the administration found itself. The Secretary of War had his picture taken with the colonel, in intimate conversation, as if they were old and tried and true friends. Then he gave out an interview to the effect that, "This is our leading authority on aviation." Of course, the country knew that without any statement from the Secretary of War. In every manner they undertook to undo the blunder they had committed. Then finally they insulted him again by asking him to come to Washington and become a member of a commission to undertake to work out some details in connection with that same Executive order which has destroyed the whole aviation industry in this country, and, of course, Colonel Lindbergh promptly refused. That is the history of this thing, in a word, up to date, and all this talk about what has happened in aviation in the last 3 or 4 years has utterly nothing in the world to

do with the controversy which has engaged the attention of the Senate this afternoon.

Mr. President, it was a blunder. It was not only a blunder, it was a tragic blunder. If the Executive department of the Government would admit the blunder openly—and the whole country knows it is a blunder—and then constructively try to undo the evil that has been done, the Nation would be better satisfied.

Mr. CLARK subsequently said: Mr. President, I ask unanimous consent that there may be inserted in the RECORD at the conclusion of the remarks of the Senator from Indiana [Mr. ROBINSON] a very short stanza or verse or doggerel, as you may please to call it, which is completely illustrative of the attitude of the Senator from Indiana toward the President of the United States, whatever he may be, no matter what he may do.

It is as follows:

I do not love thee, Dr. Fell,
The reason why I cannot tell;
But this alone I know full well,
I do not love thee, Dr. Fell.

THE GOLD CLAUSE IN CONTRACTS

Mr. GLASS. Mr. President I have so often thought recently that I lived in a world all alone that I do not project myself into vehement controversies such as we have heard here today; and I have no idea of doing so now except incidentally to remark that for 5 years as a member of the Appropriations Committee of the Senate I have been trying to have these contracts canceled and to have the Government stop spending approximately \$30,000,000 a year on air-mail service that is nothing in the world but a fanciful luxury.

I have received 8 or 10 air-mail letters within the last 2 weeks. I could just as well have gotten them next month as when I did get them. I am convinced that 90 percent of the mail carried by air could be carried by the best railway postal service in the world; and if there were anything of an emergent nature, it could easily be covered by the best telegraph system in the world; and if that were not swift enough, it could then be covered by the best long-distance telephone system in the world.

So I think that when people are starving, we ought to stop spending \$30,000,000 a year on a useless air mail.

That, however, is not the purpose for which I rose, Mr. President. I ask unanimous consent to insert in the RECORD the first decision rendered, so far as I am able to ascertain, by a court in this country on the gold clause of public and private contracts. The decision follows the line of the decision of the highest court in Great Britain in maintaining the validity of these gold clauses. It is a matter that is going to concern the American people very much more seriously and to a larger extent than they seem to be concerned about it now. Therefore, I ask unanimous consent to insert the opinion in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The opinion referred to is as follows:

[From the St. Louis Post-Dispatch of Mar. 11, 1934]

OHIO JUDGE'S DECISION HOLDING IT TAKES \$6,000 IN CURRENCY TO PAY \$3,600 GOLD OBLIGATION—JURIST CITES BRITISH OPINION IN CONSTRUING PRESENT STATUS OF CONTRACTS REQUIRING GOLD PAYMENTS

COLUMBUS, OHIO, March 10.—A ruling by Judge John R. King, of the court of common pleas, on how a debt contracted to be paid in gold should be satisfied, now that payment in gold is impossible, has attracted wide attention because of its far-reaching implications.

Judge King decided the creditor "under the contract is entitled to have the obligation paid in lawful currency of the United States of America in a sum equal in value to the amount of gold called for in the note."

As a result of the devaluation of gold by President Roosevelt at 59.06 percent of its former value, it now takes \$169.30 in national currency to equal in value the amount of gold that formerly was worth only \$100 in that currency.

The debt at issue in Judge King's decision was contracted February 3, 1930, when Theodore A. and Edna Freda gave to the Equitable Life Assurance Society of the United States a promis-

sory note for \$3,600 with interest at 6 percent a year, payable in monthly installments of \$38.67. After default the insurance company sued for a balance due of \$3,598.18. The note provided on its face that it was payable "in gold coin of the United States of America of the present standard of weight and fineness."

\$6,000 TO PAY \$3,600 DEBT

Payment in accordance with the ruling of Judge King would require \$6,092 in currency since the President's gold devaluation order of last January 30, under an act of Congress.

The borrowers sought dismissal of the suit on a demurrer, contending that an act of Congress passed March 9, 1933, providing that the Secretary of the Treasury could call in all gold from private owners and providing a penalty for the possession of gold contrary to such order, made it impossible to carry out the terms of the contract without violation of law, and therefore made the contract illegal and unenforceable.

In addition to the act of March 9, Congress passed last June the so-called "Gold Clause Abrogation Act." This act declares that clauses making public and private obligations payable in gold are contrary to public policy and that such obligations may be discharged dollar for dollar in legal tender, and prohibits such clauses in future contracts.

DENIES CONTRACT IS NULLIFIED

Judge King quickly disposed of the contention that the contract was made invalid and unenforceable by the acts of Congress taking gold out of private hands.

"It is urged in brief by defendant," he said, "that the obligation of defendants entered into before the passage of the act of Congress and the orders of the Secretary of the Treasury and the President of the United States is canceled and nullified by the act of Congress; consequently they are not obliged to pay their debts. With this contention we cannot agree."

"Moreover, Congress is without authority to cancel the debt owed by defendants to plaintiff, calling for payment in gold, which contract or obligation at the time it was entered into was in all particulars lawful.

"If defendants were correct, it would amount to the confiscation of plaintiff's property without compensation. The Constitution of the United States would not permit legislation producing such results as contended by defendants."

INTERPRETS CONGRESS' INTENT

After citing Chief Justice Chase as having said: "There are acts which the Federal and State Legislatures cannot do without exceeding their authority", among which he mentioned "a law which punishes a citizen for an innocent action, a law that destroys the lawful, private contracts of citizens, a law that makes a man a judge in his own case, and a law which takes property from A and gives it to B", Judge King continued:

"The inviolability of lawful contractual relationships, both public and private, is an institution in our country, founded by the fathers, which has contributed so largely to the greatness of our country and the prosperity and well-being of its citizenship. No legislative authority should sanction or judicial tribunal tolerate any act that would tend to destroy or weaken our faith in this structure.

"We conclude that the interpretation of the act of Congress by counsel for defendants is wholly unwarranted; that it was not the intention of Congress, nor does the act provide, that contracts lawfully entered into for the payment of gold are invalid and unenforceable. We would be content to conclude with the foregoing observations, but in view of the fact that the act of Congress in question renders at this time the payment of gold impossible, we shall anticipate the inquiry as to the means of payment."

CITES BRITISH DECISION

Continuing, Judge King said the precise question of how the debt was to be paid was answered by the case of *Feist v. Societe Intercommunale Belge d'Electricite*, decided by the English House of Lords last December 15.

That suit was on a bond which contained a clause providing for payment "in sterling, in gold coin of the United Kingdom of or equal to the standard weight and fineness existing on September 1, 1928."

At the time the suit was instituted the gold standard had been suspended in England. Judge King described the situation as similar to that which exists in the United States, gold not being available for payment of debts. But the plaintiff insisted he was entitled to payment in gold. The British Court of Appeals had held that a bond containing a gold clause could be satisfied by the tender of paper currency in the amount specified in the bond, but the House of Lords reversed this judgment.

LORD RUSSELL'S OPINION

Judge King quoted from the decision of the House of Lords where it was held that the reference to payment in gold was not intended to define merely the mode of payment, but to describe and measure the obligation of the maker of the bond. He quoted Lord Russell of Killowen as saying:

"I would construe clause 1 (the gold clause) not as meaning that £100 is to be paid in a certain way, but as meaning that the obligation is to pay a sum which would represent the equivalent to £100 if paid in a particular way. In other words, I would construe the clause as though it ran thus, 'pay in sterling a sum equal to the value of £100 if paid in gold coin of the United Kingdom, of or equal to the standard of weight and fineness

existing on the first day of September 1928.' * * * The treatment of the gold clause as indicating a mere modality of payment without reference to a gold standard of value would be not to construe it, but to destroy it."

Adopting the view of Lord Russell, Judge King concluded:

"The plaintiff in the instant case, under the contract, is entitled to have the obligation paid in lawful currency of the United States of America in a sum equal in value to the amount of gold called for in the note. Any other construction, in our opinion, would destroy the contract."

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The PRESIDING OFFICER (Mr. DUFFY in the chair). Reports of committees are in order.

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of sundry officers in the United States Public Health Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

The calendar is in order.

THE JUDICIARY

The legislative clerk read the nomination of Florence E. Allen, of Ohio, to be judge of the United States Circuit Court for the Sixth Circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE NAVY AND MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Navy and in the Marine Corps.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations in the Navy and in the Marine Corps may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed en bloc. That completes the calendar.

RECESS

Mr. McKELLAR. Mr. President, in conformity to the unanimous-consent agreement heretofore entered into, I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate, under the order previously entered, took a recess until Monday, March 19, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 15, 1934

UNITED STATES CIRCUIT JUDGE

Florence E. Allen to be United States circuit judge of the sixth circuit.

PROMOTIONS IN THE NAVY

To be commanders

Roy Dudley.

Henry M. Briggs.

To be lieutenant commanders

Julian B. Noble.

Charles H. Rockey.

Arthur F. Folz.

To be lieutenants

Frank C. Layne	Dewey H. Collins
William R. McCaleb	Albert N. Perkins
Joseph I. Taylor, Jr.	Rufus C. Young, Jr.
Russell J. Bellerby	Frank H. Ball
Richard G. Ganahl	

To be lieutenants (junior grade)

Charles H. Ostrom.
Robert A. Rosasco.
Harold P. Westropp.

To be naval constructor with the rank of rear admiral
Richard M. Watt.

To be naval constructor with the rank of captain
Allan J. Chantry, Jr.

MARINE CORPS

To be second lieutenants

William M. Hudson	Charles A. Miller
Frederic H. Ramsey	Reynolds H. Hayden

POSTMASTERS

ALABAMA

Charles H. Ramey, Akron.
Charles S. Leyden, Anniston.
John P. McGee, Carrollton.
James T. Monnier, Demopolis.
Willard D. Leake, Jasper.
Samuel D. Wren, Red Bay.
James H. Dunlap, Siluria.
John F. Harmon, Troy.

DELAWARE

Edwin E. Shallcross, Middletown.

GEORGIA

Irene McLeod, Abbeville.
Acquilla M. Warnock, Brooklet.
Robert W. Knight, Cartersville.
Epp L. Russell, Cleveland.
Lawrence J. McPhaul, Doerun.
Alvin W. Etheridge, East Point.
Verne J. Pickren, Folkston.
John F. Carter, Gainesville.
Kate P. Rivers, Glenwood.
Ruth C. Rountree, Lyons.
Mary H. Campbell, Plains.

INDIANA

John A. Petscher, Aurora.
James W. Odell, Chalmers.
Clarence T. Custer, Dupont.
William G. Thomas, Frankfort.
Lueldo R. Davis, Marengo.
Carl A. Waiz, Sellersburg.
Jessie A. Fendig, Wheatfield.

NORTH DAKOTA

Olaf O. Bjorke, Abercrombie.

VERMONT

Ward L. Lyons, Bennington.
Irving E. Bronson, Swanton.

WEST VIRGINIA

Torrence Cook, Amherstdale.
Mark V. Brown, Bridgeport.
William O. Umstead, Jr., Grantsville.
Stella G. James, Institute.
John W. Fisher, Moorefield.
Frederick W. Horchler, Newburg.
Charles Sanders, Sharples.
William H. Johnson, War.

WYOMING

Elizabeth W. Kieffer, Fort Warren.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 15, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art a loving and a living God, hear us as we wait at the mercy seat of prayer. Bestow upon us the blessing of Thy holy presence. Not only dost Thou fit us for the duties and the emergencies of life, but more than these, Thou art the spring of all moral influences. Each day enable us so to live that our conduct may be helpful and of good report. In many ways may we give wholesome expressions of that fullness of life which comes from the touch of the unseen power. Heavenly Father, allow us not to be satisfied with anything but the highest and the best. Almighty God, be Thou the supreme will in the current of human history, and be the power behind the purpose that sweeps us on, as a great people, to a glorious destiny. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 7966. An act to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department, for carrying the mails by air, and for other purposes;

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; and

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein a telegram from Charles A. Lindbergh to Secretary of War Dern.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. CARPENTER of Nebraska. I object.

CORRECTION

Mr. SNELL. Mr. Speaker, yesterday afternoon, after we voted on the Senate amendments, on page 4519 of the RECORD, the gentleman from Texas [Mr. BLANTON] made a motion which is exactly as follows, and I got this from the reporter:

Mr. BLANTON. Mr. Speaker, I want to make a preferential motion. I move that the House concur in the Senate amendment and send the bill to the White House.

Mr. SNELL. Mr. Speaker, I make the point of order that the motion is not in order.

In the RECORD this morning I find that the gentleman from Texas has added to that "and if a point of order is not made against it, it will be in order." And then he has added 8 or 10 more lines to his motion.

I do not object to anything else, but I do object that when he makes a motion and I make a point of order against it to have him put in remarks different from what actually occurred. I think it was done for a purpose and not for the information of the House. I am not going to ask that it be stricken out, but I want to call the attention of the House to it.

Mr. BLANTON. Mr. Speaker, in the hubbub that the gentleman's party makes on that side of the House—

Mr. SNELL. I object to that statement.

Mr. BLANTON. I do not care what the gentleman objects to. In the hubbub that you keep up on that side the reporter cannot hear half of what is going on.

Mr. SNELL. I object to that statement, and I demand the regular order.

Mr. BLANTON. It is a fact. Your party on that side keeps up a continual hubbub.

Mr. FISH. Mr. Speaker, was my request granted?

The SPEAKER. It was objected to by the gentleman from Nebraska.

STATE, JUSTICE, JUDICIARY, COMMERCE, AND LABOR DEPARTMENTS
APPROPRIATION BILL, 1935

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 7513, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill H.R. 7513, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference. Is there objection?

Mr. OLIVER of Alabama. Mr. Speaker, I might say to the gentleman from New York [Mr. SNELL] that his colleague from New York [Mr. BACON] agrees to this motion.

Mr. SNELL. Then I have no objection to it.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. McMILLAN, Mr. WOODRUM, Mr. BACON, and Mrs. KAHN.

COTTON CONTROL BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8402, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. JONES. Mr. Chairman, if I may be permitted to say so, I know that the gentleman from Iowa [Mr. GILCHRIST] has made a considerable study of the legal phases of this question, and I know that he will make a very interesting statement.

Mr. GILCHRIST. Mr. Chairman, I thank the chairman of the committee [Mr. JONES] for his statement, although I feel there is small justification for it. Because of his suggestion I hope during the course of my remarks to say something concerning the legality of the bill.

This is the cotton bill which we have before us. I live in Iowa and represent a district which I suppose raises as much corn as any district in the United States, but I have been very greatly interested in the cotton situation. I come from the cornfields of Iowa, with an intention of extending a helping hand, and one vote to the cotton fields of the South. The suggestion has been made there is politics in this thing. There is not, and there ought not to be. The agricultural people of the whole country, East and West, South and North, are interested in the welfare of every single farmer, and they ought to join together in supporting the interests of all of the farmers. When they do that they are supporting the interests of every man engaged in commerce and carriage and trade and industry, because, until we lift up agriculture—a basic industry—from the slough of despair which it is in, we will never come to a recovery of our economic balances. So I regret the sugges-

tion that there is politics in this bill. There should not be, and there really is not.

I was interested in the statements that were made about this bill by the gentleman from New York [Mr. WADSWORTH]. He is a great character, a most lovable gentleman, and a great patriot and statesman. During this discussion it has been suggested that he may be a candidate for a high office. Let me say to my Democratic friends on my right that we could go farther and fare worse than to accept him as a personality who will lend great ability and respect to that first office.

There are many things in this bill, as there are in other bills, that I do not like. I think agriculture can recover if we have something like the Frazier bill, or, if we can give our farmers something like the cost of production, but we are not going to get these things now—at least we are not going to get them at this session, in my judgment. So, therefore, we farmers will have to take what we can get.

The first suggestion I make is that we lay aside all of our abstractions and our scientific speculations and discover whether there is a necessity for this bill. The people of the South demand it. They have been in great economic distress and want down there. They say this bill will save them from a situation which they fear is right upon them, which is imminent, and if it will do that, let us give it to them. If you make inquiry as to whether there is a practical demand for this thing, you will find that there is. A real cross section of the cotton people of the South was taken in order to give voice to this question, and 95 percent of them are for this bill. Furthermore, I think 90 percent of those who represent cotton on this floor are for this bill. From what I can learn it is a necessity to these folks and will do what it is claimed for it in helping them.

The present law already on our statute books will not accomplish the thing, and why? Because there are scabs. I do not care whether it be in labor circles or anywhere else, I detest a scab, I detest a chiseler—a man who is not willing to go along with his neighbors for the benefit of the industry to which he belongs and in which he expects to make a living for himself and wife and family. The chiseler expects to get a little selfish personal advantage by being what the labor men call a "damned scab." And that is what is behind this bill. That is why it is necessary to have a little more of what my friends on this side have called "regimentation." Because it has been shown that a humber of the folks down there who raise cotton are scabs and chiselers, and it requires this bill to do away with an evil which ought to be done away with. So much for that.

Gentlemen here have stood on the floor, and my eminent friend from New York [Mr. WADSWORTH] has joined them, and lamented the fact that we had killed a lot of pigs in carrying out the idea of restricting production.

He indicated that we had destroyed wealth. We have not destroyed wealth. What is wealth? Wealth is a thing which is valuable and is demanded at the place where it exists. Ice in Greenland is not wealth. Water at the mouth of the Orinoco River is not wealth; but if you could get water over in the Sahara Desert, then you would have it at a place where it would accomplish a useful purpose to mankind, and it would be in demand and it would then and there constitute real wealth.

When the proposition of disposing of the pigs came up, we learned that there was a prospect of 45,000,000 pigs this year. At the very height of our prosperity, when men were earning the highest wages they ever earned, and everybody had a job and an income, and when everybody was buying pork products, we used domestically only 37,000,000 head of hogs. Furthermore, our foreign market had fallen from 10,000,000 head yearly to 4,000,000 head, so that it was plain that something had to be done, and the Secretary proceeded to do it. We were not destroying wealth any more than the gentleman from New York is destroying wealth when he kills the male calves which come into his dairy herd. Such calves are not then and there useful; there is no demand for them; they have no sale value; they are not wealth; they are a menace to the industry. So my friend destroys them.

I remember the first time I heard mentioned this proposition about the lesser crop bringing a higher aggregate value. It came to my notice in a lecture by Governor Lowden, of Illinois. I heard him before the Legislature of the State of Iowa, and his proposition was that the smaller crop oftentimes sold for a greater aggregate value. I remember the peroration with which he closed his lecture, in which he told how, as a farm boy, he laid out under the roof, up against the attic on an Iowa farm and listened to the rain, and he thanked God for rain, because he knew it would fructify the fields. But when he grew into manhood and studied the statistics he had come to the conclusion that there was doubt about it and he did not know whether to pray for rain or to thank God for the drought. That is the situation we have regarding many of these crops. There must be some way of preventing or controlling any surplus which becomes a menace to an industry. That is all this bill proposes to do. It is a thing that must be done in all industries. If there is some regimentation in it, it is no more than now exists with regard to other things we are doing in this country.

My friend from Minnesota said something about socialism. Why, bless your heart, is not the R.F.C. socialistic? Is not the Reconstruction Finance Corporation socialistic in stepping into the channels of trade and extending Government credit to banks and insurance companies and railroads? I am not here finding fault with it. But it is a socialistic measure, and I say to you that something of this kind had been shown to be necessary in this country.

Mr. MAY. Will the gentleman yield?

Mr. GILCHRIST. I yield for a brief question.

Mr. MAY. I am very much inclined to support this bill, if I can, but I am disturbed about the constitutionality of that part of the bill that authorizes two thirds of the farmers concerned, under regulations by the Secretary of Agriculture, to say whether or not the other one third shall enjoy their property.

Mr. GILCHRIST. Upon that proposition I do not admit the premises involved in question, but I refer the gentleman to the brief filed in connection with that question at page 3966 of the RECORD of March 8.

Mr. MAY. I have read that brief three times very carefully, and I find that it deals particularly with the question of the power of the Federal Government on the subject of taxation, but it does not deal to any extent with the other question.

Mr. GILCHRIST. With the delegation of power?

Mr. MAY. Not that. The question of due process of law involved in the right of two thirds of any group of people to have the right to say what the other one third shall do with their property.

Mr. GILCHRIST. Under the bill they do not. Every man can raise all of the cotton he desires. The theory of the bill is that all cotton is taxed, but that certain exemptions are allowed. There is no referendum in the strict meaning of that word, but when the Secretary finds that two thirds of the persons interested in growing cotton favor a levy of a tax on cotton in excess of an allotment, then the Secretary ascertains something. He ascertains the quantity of cotton that shall be allotted and he proclaims such an allotment. If he does not proclaim such an allotment, then the tax is not imposed, neither is it imposed upon the allotted cotton.

I hope the chairman of our committee will answer the gentleman's question more specifically.

Now, since the gentleman has mentioned it and the chairman has suggested it, I will give my idea of the law on this question. It is a bold man who in this month of March 1934 can claim to know just how the Constitution will prevent the enforcement of any given piece of remedial congressional or legislative action. No man, however familiar he may be with the precedents and decisions of our courts, can at this time claim infallibility respecting constitutional interpretation, nor can he claim to know just how far the Supreme Court will go in upholding or denouncing legislative enactment.

I cannot, of course, take much time to argue the constitutionality of this legislation, but if I were going to do that, I would not go back through a century of legal construction. I would not cite the decisions back through the generations since our Supreme Court was founded; but I would content myself with those principles of interpretation which the Supreme Court has announced within the past 2 months. I would plant myself on the actualities of the present and I would propose to your consideration three decisions just now handed down, two of which I believe to be epochal and one of which is a restatement of prior law in a very succinct and striking way.

We have the decision of January 1934 wherein the Supreme Court upheld the Minnesota moratorium statute as a valid exercise of the police power of the State to meet an economic emergency, and declared that it was not invalid on the ground that it denied equal protection of the law or due process, nor upon the ground that it impaired the obligation of the contract. The Court set new bounds, approved progressive principles, and declared that, in addition to the power reserved to the States to control remedial processes, there was given also to each State a more fundamental power which was always reserved unto the States, being the power to safeguard the vital interests of the people. I quote the following language:

This principle of harmonizing the constitutional prohibition with the necessary residuum of State power has had progressive recognition in the decisions of this Court.

I also quote:

There has been a growing appreciation of public needs and of the necessity of finding ground for a rational compromise between individual rights and public welfare.

It denied that the great clauses of the Constitution must be confined to the interpretation which the framers would have placed upon them, and said that the Constitution was intended to endure for ages to come, and consequently was to be adapted to the various crises of human affairs. And again I quote a statement in reference to the impairment-of-contract clause:

With a growing recognition of public needs and the relation of individual right to public security, the Court has sought to prevent the perversion of the clause through its use as an instrument to throttle the capacity of the States to protect their fundamental interests.

Now, if this language means anything, it seems to me to mean that we are not bound by dead and worn-out conceptions of constitutional interpretation, but, on the contrary, that there is a growing recognition of public needs, a growing appreciation of the requirements of society, and consequently a growing necessity for finding ground for a rational compromise between individual rights and public welfare. It means that the Court is ready to protect and uphold this growing appreciation of public needs, this necessity of finding a new and rational compromise between individual rights, on the one hand, and of public welfare, on the other, and to prevent perversion of the Constitution in order to throttle the right of society to protect its fundamental interests.

Again I would cite the New York milk case handed down about 2 weeks ago. Last April Leo Neebia sold two bottles of milk and a loaf of bread at the bargain price of 18 cents in defiance of a new State law, which declared that the minimum price of milk should be 9 cents per quart. Leo devised a neat plan for getting around this rule. He figured that the loaf of bread that went with the 2 quarts of milk for 18 cents was merely a gift or premium. But the Supreme Court denounced his scheme, holding that the New York statute had a reasonable relation to proper legislative purposes, and was neither arbitrary nor discriminatory, and said:

Under our form of Government, the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights nor contract rights are absolute; for government cannot exist if the citizen may at will use his property to the detriment of his fellows, or exercise his freedom of contract to work them harm.

Equally fundamental with the private right is that of the public to regulate it in the common interest.

The milk industry in New York has been the subject of long-standing and drastic regulation in the public interest. The legislative investigation of 1932 was persuasive of the fact that for this and other reasons unrestricted competition aggravated existing evils and the normal law of supply and demand was insufficient to correct maladjustments detrimental to the community. The inquiry disclosed destructive and demoralizing competitive conditions and unfair trade practices which resulted in retail-price cutting and reduced the income of the farmer below the cost of production.

While these decisions relate to State statutes, yet the same reasoning must be applied to Federal statutes; and in construing them we must believe that neither property rights nor contract rights are absolute; that right of the Government to exist is paramount; and that the Government cannot exist if the citizen uses his property to the detriment of his fellows or exercise his freedom of contract so as to menace society.

In addition, I will speak of the teamsters' decision from New York City handed down February 5 of this year and say that we oftentimes have a misconception regarding our rights over interstate commerce, and declare with the Supreme Court that—

The control of the handling, the sales, and the prices at the place of origin before the interstate journey begins, or in the State of destination, where the interstate movement ends, may operate directly to restrain and monopolize interstate commerce.

And we have the right to prevent such restraint and such monopolization. In this case the courts interfered and enforced Federal statutes against acts which appellants had done after the interstate carriage had been completed, which acts regarded the unloading, the transportation, the sales by marketmen to retailers, the price charged, and the amount of profits exacted, because these things operated substantially and directly to restrain and burden the untrammelled shipment and movement of poultry while unquestionably it was yet in interstate commerce.

Mr. Chairman, a dam can back water far up the course of the stream, and injure and stop the flow from the land of an upper proprietor and such upper proprietor will have his remedy. Just so there can be practices within the State which prevent the flow of goods into interstate commerce and Congress may give relief, both in declaring, as does this bill, that there is a public necessity and that there exists a public calamity which should be remedied; but we may also promote the orderly marketing of cotton in interstate and foreign commerce, and we may prevent unfair competition and practices therein by the provision of this bill. These decisions and the logic behind them add new horizons to constitutional construction and point out the way whereby the Constitution will be made to serve humanity and whereby the administration of this Republic will be restored to the people and be administered by the people and for the people throughout the ages of progress that lie before us in humanity, equity, and righteousness.

Mr. Chairman, I ask unanimous consent to insert in the Record a radio address by R. M. Evans, who is chairman of the corn-hog committee in Iowa.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, under leave to extend my remarks in the Record, I include the following radio talk by R. M. Evans, chairman of the Iowa Corn-Hog Committee from Chicago, January 29, 1934:

My friends, it is hardly necessary to go into great detail about the necessity for readjustment of agricultural prices. The mortgage-foreclosure records in every county courthouse throughout the farming sections are grim evidence of the results of low farm prices. During this depression those of us who are actively engaged in the agricultural business have watched our friends, our neighbors, and even the members of our immediate families, lose their farms and homes and all they have strived to set aside for old age.

Not only the farmer suffered from low agricultural prices, but also the capital and labor invested in all lines of business were hard hit. Restricted production, unemployment, and reduced pay rolls for those who did work resulted in all lines of business because farmer purchasing power was so low, farmers could not buy the products of other lines of business. Unemployment

brought poverty and starvation amidst abundance of food products.

The agricultural industry is different in many respects from other manufacturing or processing industries. Take, for example, an automobile-manufacturing plant—if the plant has a maximum capacity of 10,000 cars a week, its manager is willing to buy raw materials and employ labor necessary to manufacture 10,000 cars per week just as long as you and I, as customers for his products, will pay him a fair price. The auto manufacturer watches the demand for cars closely; and just as soon as he sees signs of a diminishing demand, he reduces his production to avoid building automobiles which cannot be marketed at a fair price. The auto manufacturer long ago learned that you cannot continue producing at a loss without becoming bankrupt. Why should a farmer exhaust the fertility of his soil, wear out his machinery and farming equipment, taking no account of his own labor, in order to produce a product for which there is no profitable sale? The rapid exhaustion of the fertility of our agricultural land is a serious menace to the future prosperity of America. Our agricultural industry, consisting of millions of individual farms, has been forced to the verge of bankruptcy by continuing to produce farm products and sell them at a loss. In no branch of agriculture is this clearer than in the production of corn and hogs.

Normally an auto manufacturer whose demand diminished would organize a gigantic sales campaign to induce people to buy and use more automobiles. While a campaign of this type might help the producers of corn and hogs, there is one fundamental difference between agriculture and all other industries. If you have the money and the desire, there is scarcely any limit to your ability to consume many units of such products as clothing, automobiles, books, etc. But regardless of your incomes or desire, you cannot materially increase your per capita consumption of food. Your body will consume just about so much food, and no more.

In addition to the practical difficulty of increasing domestic consumption of corn and hogs due to the inherent nature of the products just pointed out, foreign consumption of these products has been materially decreased by the foreign-tariff walls accompanying the change in the position of the United States in international trade from that of a debtor nation settling international balances by our agricultural exports to that of a creditor nation to whom other nations must ship products in competition with our domestic goods.

For the past 14 years we farmers have been nailed to the cross of declining prices for our products by our own surplus production. Every time we demanded action we were met with the answer that the law of supply and demand governs prices and no Government action could tamper with it successfully, even if necessary to enable us to continue in business. Congress last spring recognized that at least a start had to be made toward some definite result to meet the emergency then existing and passed the Agricultural Adjustment Act. This law permits farmers to enforce the law of supply and demand by cooperative contracts adjusting production of farm products to meet the demand which will pay a reasonable price.

When the Committee of Twenty-five met in Chicago last summer, we found that in the United States in the years 1922-26 we consumed, on the average, 37,000,000 head of hogs and exported 10,000,000 head. During those years labor was universally employed at good wages, and it was fair to assume that the people of the United States were financially able to purchase and consume all the pork products they desired. The estimate for the hog crop of 1933 indicated we would have about 48,000,000 head of hogs for slaughter at federally inspected plants. Our exports had diminished for reasons already given to around 4,000,000 head, leaving about 44,000,000 head of hogs to be sold on a market that only consumed 37,000,000 head of hogs when everyone was gainfully employed.

In addition, our 1933 corn crop was soon to be marketed. The method for securing an adjustment of the supply of corn and hogs to the demand adopted to meet this situation falls into two phases:

First. The emergency program carried through during the past fall and winter, and

Second. The corn-acreage-reduction and hog-reduction program to be in force in the crop year of 1934. The first part of the emergency program, involving the removal from the domestic market of about 8,000,000 head of hogs, was accomplished by the purchase and slaughter of pigs and brood sows and the purchase of pork products to be used in feeding the unemployed. We evolved the 45-cent corn-loan plan to save the corn crop of 1933 from being forced on the market from our farmer producers at the ruinously low prices prevailing during the fall and winter of 1932. At first there was some criticism that the 45-cent corn loans only took care of the corn farmers. However, every farmer who signs the corn-hog-reduction contract now available will receive adjusted payments that will bring the price of his hogs sold in 1933 to approximately 4½ cents per pound, which figure is in line with 45-cent corn. Also the fall pigs of 1933 and the hogs raised in 1934 are protected against a low price by the 45-cent corn-loan plan and the corn-hog-reduction program.

Every practical feeder knows that the price of corn governs the price of livestock. A man who produces 1,000 bushels of corn can sell it at the nearest elevator; but he will convert it into beef, pork, milk, or other products if by so doing he thinks he will receive a better price.

If the farmers cooperate and by reducing their acreage of corn make it possible for a farmer to pay his operating and living

expenses from the sale of his corn, a great many farmers will, in the future as they usually have in the past, sell part of their corn for cash. But when the farmer cannot pay these expenses by the sale of his corn, he is forced to take the chance of converting it into livestock in the hope of thus securing a better price for the corn.

The overproduction of meat products we have witnessed just recently is partly due to the practical operation of this principle. When the price of corn is relatively high, the feeding business is left in the hands of those who by training and experience are best able to handle it. The same line of reasoning holds equally true in the dairy business. When the average farmer in the Corn Belt is getting along fairly well, he does not milk many cows; but when he is hard up, he increases his dairy production in order to pay his current expenses. Today people are milking cows who never did so before and who will not continue to do so as soon as they can make money out of corn and hogs, because these are the products they are best equipped to produce. For this reason a better price for corn will ultimately work to the advantage of eastern dairy farmers.

The plan for the year 1934 contemplates an acreage reduction for corn of between 20 and 30 percent and a corresponding reduction of 25 percent in the number of hogs produced and sold. The educational work necessary to give every farmer an understanding of why a reduction program had to be adopted has been completed in almost every section of the Corn Belt, and the actual sign-up has been started. In Iowa we believe that over 90 percent of the farmers will cooperate to secure reduced production and a higher price for corn and hogs, because they realize that only through a plan of this kind can they avoid a return to the bankrupt prices of 1932. Today farmers are at the fork in the road; and until such time as our foreign markets return or another use is found for our products, I am confident they will take the road of controlled production and a parity price instead of the bumpy road of uncontrolled production leading to 10- and 15-cent corn and 2-cent hogs. I do not know just what the attitude of farmers will be toward those who stay outside the program and increase their production, thereby chiseling and gaining for themselves a selfish advantage at the expense of their neighbors; but from the comments of farmers over Iowa with whom I have spoken recently and who have had enough depression to suit them for one generation, I know that these chiselers will not be popular. Indeed, it will not surprise me if they are subjected to community discipline at shelling and threshing time.

The expenses of this reduction campaign are to be paid for by a processing tax. The term is a new one, and many people do not have the correct understanding of just what a processing tax is. Ever since the first protective tariff was adopted in the United States, the American farmer has been paying more for the products he purchased than he would have had to pay for these products if he purchased them in the open markets of the world. The farmers have cheerfully paid these increased prices because they wanted American labor to receive higher wages and live on a higher plane than people engaged in similar enterprises who live in foreign countries. In a congressional debate which took place when the protective-tariff policy was first adopted in the United States, some of those responsible for the adoption of the tariff recognized that the American farmers would have to pay higher prices for the things they purchased, and called the attention of the people at that time to this fact, adding that the time might come when the farmers would have to be protected in a similar manner. That time has now arrived, and we are asking those who purchase our products to pay us a higher price for them in order that we may maintain an American standard of living in the agricultural sections of the United States.

It may seem a long step from the corn-hog program as it benefits an Iowa farmer to the home of the clerk of the city department store who is listening to this broadcast, but there is a very definite relationship. I live in a strictly agricultural section, and business is already showing the effects of the increased price for corn. The merchant in my town told me a few days ago that when he closed his business on the evening of January 13, 1934, he had transacted 20 percent more business during the 13 days of January 1934 than he had transacted during the entire month of January 1933. This means that he will have to replace the goods he has sold by purchase from the wholesaler and manufacturer. Slowly but surely, as the agricultural adjustment program gets into full swing and conditions in the Middle West improve, manufacturing will be resumed, transportation will pick up, employment will increase, and the whole business machine will start moving with revived vigor. Business men as a whole recognize this fact, and we are receiving splendid cooperation from them in the campaign to sign up corn-hog-reduction contracts.

President Roosevelt and Secretary of Agriculture Wallace have what we commonly term the headache and the backache knowledge of the agricultural industry. With support of this kind the Corn Belt farmers will go forward and by their united efforts make this pioneering effort in production control as great a success as the pioneering effort of our forefathers a generation or two ago.

Farmers tilled the soil to make possible the food every individual within range of my voice enjoyed tonight; farmers tended the fields and flocks from which the raw materials came to clothe this Nation today; farmers served our common cause in every war with life and toil; farmers raised their families under our

common constitutional guaranty of equality of opportunity; farmers seek no more than an American standard of living for their families and selves; farmers will put over the corn-hog program as their bit in this war against depression.

Mr. OLIVER of Alabama. Mr. Chairman, will be gentleman yield?

Mr. GILCHRIST. I yield.

Mr. OLIVER of Alabama. In behalf of the friends of this legislation, I want to thank the gentleman for the very informing and interesting speech which he has just made. I wish to ask him if at that part of his speech where he discusses the legal phase of the question he will not insert an excerpt, just two paragraphs, of the milk decision which I think upholds the opinion of the gentleman as to the legality of the bill?

Mr. GILCHRIST. I shall be very glad to incorporate the excerpt in my remarks if the gentleman will give me the manuscript, and I thank him for his helpful suggestion. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, ladies, and gentlemen, I shall vote for the Bankhead cotton bill.

In my association with farm organizations I have adopted as my motto to put myself in the position where my fellow man can work with me. Some years ago I was sent to Washington to lobby for a bill in behalf of the farmers. It makes me laugh to think of it. I came here to lobby for the Coulter bill appropriating \$50,000,000 to put dairy cattle into North Dakota. It was the occasion of the diversification of agriculture. When I went home and was asked to report, I told the farmers that I was sorry but we were not going to get what we asked for in Washington because there was no teamwork; the farmers were not working together. The farmers of the South at that time were trying to get the Government to operate Muscle Shoals that they might get cheap fertilizer and cheap electricity; certain representatives of the woolgrowers wanted the truth-in-fabrics bill; we wanted this bill. But our farmers of the Northwest were represented by Republicans who would not think of the Government operating Muscle Shoals in behalf of the farmers of the South; and the farmers of the South were not ready to support a bill to assist our dairying industry. None of them wanted to help the woolgrowers. There was no teamwork. The result was that none of us got what we went after.

We hear much talk about regimentation. Is it not about time our farm organizations over the United States got together and worked together as one unit? Is it not about time our little farm organizations, each of which has but one selfish purpose, that of getting what they want, got together into one regiment, into one unit all over the United States? Just think of 7,000,000 farmers voting as one and working as one! Why, they could get anything and everything they wished.

Talk about regimentation! I think it is time we got together. They tell us we are giving up our liberty. Yes; we have had the liberty of raising any crop we wished, as much thereof as we wished, and to market it at any time, in any shape we wished. What is the result? We have had to give the sheriff the liberty of selling our homes from under us.

In Denmark the Government stepped in quite a while ago. There the Government tells the farmers how many pigs they may raise. The result is they do not have to kill off any surplus. The Government furnishes to the farmers the herd sire; it tell them what breed they may raise. The Government builds packing plants in Denmark and tells the farmer where he must deliver his hogs. The Government field men go to the farmers and tell them when to market their hogs. When their hogs weigh between 175 and 195 pounds they must be delivered.

What is the result of the Government program in Denmark? The result is that they have built up a uniform quality of hogs, fine white bacon hogs. They have con-

quered the pork market in England. The English people eat only the nice bacon produced in Denmark.

The Danish farmer is today receiving from 7 to 10 cents a pound more for this nice, white Danish bacon than he did before the Government exerted its influence, and that much more than we are receiving for our bacon.

Is it not a nice thing for the Danish farmer to trade off just a little of his liberty for prosperity on the farm? Is it not nice to trade off a little liberty and receive from 7 to 10 cents a pound more for pork? Let me assure you the Danish farmer is glad to give up a part of his liberty and is not willing to trade back.

Yes; we are to be regimented. I suspect that we in our section will want help from the farmers of the Cotton Belt to keep our sugar industry from being restricted.

We want the 100 Representatives from the Cotton Belt here in Congress to help us put across the Lemke bill. We all want to help the gentleman from Kansas [Mr. HOPE] to pass his bill regulating the direct buying of livestock by the packers.

I want every Representative of an agricultural section to vote for my resolution to investigate the manufacturing, sale, and distribution of agricultural machinery and implements. In order to be fair and get the support of Congressmen from the Cotton Belt, we should support reasonable measures affecting their welfare.

We are told that this is the beginning or the wedge of the Agricultural Department to regimentize, to sovietize the whole of agriculture. I am not afraid. We dairy people are not yet producing any more dairy products than our country consumes in normal times, and we do not need this legislation, and I would be against this measure applying to our section.

However, when we find ourselves in a position like the cotton farmer, who produces on the average a 40-percent surplus and thereby forces the price down to one third of the cost of production, we, too, will be down here in Washington willing to give up some of our liberties if thereby we can get cost of production plus a small profit for the products involved.

Mr. HOPE. Mr. Chairman, I yield 8 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, this bill, known as the "Bankhead bill", provides for compulsory crop reduction of a particular farm commodity in a particular section of the United States.

Although it may be called local in character, the theory of the bill is such that, once it is enacted into law, this legislation can, and probably will, be expanded by amendment to include all agricultural commodities and all sections of the country. For, if the principle of the bill is right, then it is a good bill, not only for the cotton farmer, but for the wheat and the corn and the hog farmer as well. If the principle is wrong then it should not be applied to any agricultural commodity.

My objection to this legislation is twofold. First, I believe the principal of compulsory crop reduction is wrong; and secondly, I object to it because it is makeshift legislation. In my opinion, it is but another shot in the dark. It is but another attempt to solve a part of the farm-relief problem by the method of trial and error. It is just another one of those bills about which the best that can be said of it is that "if it does not work, we will try something else."

Mr. Chairman, when is the Congress going to cease experimenting and tinkering with the farm problem and get down to the serious business of enacting permanent farm-relief legislation, such as that embraced in the Frazier farm-mortgage refinancing bill and the Swank-Thomas cost of production bill?

Both the Frazier bill and the Swank-Thomas bill are on the Clerk's desk with motions to discharge the Agricultural Committee from further consideration of them, and to bring them out here on the floor for a vote. The Frazier bill motion has now more than 100 signatures of the 145 necessary to discharge the committee.

Both of these bills will be brought out sooner or later, and I believe the Frazier bill is going to be voted on this session. And when you pass these bills, then you will not need any compulsory crop reduction laws, either for cotton or anything else, because the legislation embraced in these two measures constitutes a complete and permanent solution of the whole farm problem.

I think this is an opportune time to discuss these measures, particularly the Frazier farm-mortgage refinancing bill, and I intend to devote the major portion of the time allotted to me for that purpose. Before doing that, however, I should like to point out very briefly what I believe to be the principal fallacy and danger of the bill now under consideration, the Bankhead bill. I shall then return to the Frazier bill.

The Bankhead bill proposes to grant to the Secretary of Agriculture the autocratic authority to compel every cotton farmer in the Southern States to reduce his acreage by whatever amount the Secretary may, by order, decree. The farmer must not only reduce his acreage, but he must also reduce the number of bales of cotton raised and sold to whatever maximum the Secretary may order.

The Secretary of Agriculture is given power to say, also, what kind of crops the farmer shall raise on that part of his land which he is compelled to take out of cotton production.

In other words, this bill takes the control of the farmer's land and crops out of the hands of the farmer and places it in the hands of the Secretary of Agriculture.

In order to enforce the law this bill provides that if any farmer raises and sells more cotton than the Secretary allows him to he shall be fined 50 percent of the sales price of all cotton sold over his allotment.

In addition to this, the Secretary is empowered to make rules and regulations which shall have the force of law, and to punish any farmer who violates them by fine and imprisonment. This is what the proponents of the Bankhead bill refer to as "the teeth of this legislation."

Now, Mr. Chairman, the people of my State are not directly interested in this bill, because I come from a State which produces no cotton. The State of Oregon, however, produces almost every other agricultural commodity that can be raised in the Temperate Zone, except cotton. The distinguished gentleman from Iowa, whose State likewise produces no cotton, but who so ably discussed this measure a few minutes ago, said that in such circumstances it would be a bold man, indeed, who would have the temerity to oppose this legislation.

Mr. GILCHRIST. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Iowa.

Mr. GILCHRIST. I did not make that suggestion. I said it was a bold man who should attempt in March 1934 to interpret the Constitution, in view of the last three or four decisions of the Supreme Court. That is all I said.

Mr. MOTT. Probably I misunderstood the gentleman from Iowa, but that is the interpretation I received. I thought he suggested that it required boldness to object to legislation of this kind on constitutional grounds. But whether it requires any boldness or not, I do object to it, and the question of its constitutionality happens to be one of the grounds of my objection.

At any rate, Mr. Chairman, it has been suggested by other gentlemen who have spoken on this bill today that it is not greatly the concern of those who live in other parts of the country what method the people in the cotton States may use to regulate the production of their own commodities.

At first blush it may seem rather presumptuous on my part, or on the part of any Member from the North or West, to go out of his way to oppose this bill, particularly inasmuch as it has been repeatedly stated here that the people of the South are in favor of this kind of legislation. And if I thought the people of the cotton States really wanted this bill, and if I were sure that the legislation, being once enacted, would not be spread to other parts of the country and would not ultimately embrace all other commodities, then I would have no great objection to it.

But, Mr. Chairman, I am not at all sure, in the first place, that the people of the South want this bill, and I say this

notwithstanding the statements to the contrary that have been made during the progress of this debate.

Mr. ALLGOOD. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Alabama.

Mr. ALLGOOD. The secretary of agriculture of Birmingham, Ala., was present at a meeting at which 6,000 farmers from every county in the State of Alabama were present, and they voted on this question, as to whether or not they wanted this control.

Mr. MOTT. They voted for control, certainly—for voluntary control. Nobody objects to that. But they never voted for compulsory crop reduction, with a penalty of fine and imprisonment for raising one bale of cotton more than their allotment allowed. That is the provision of this bill, and the bill was not even drafted when the meeting at Birmingham was held.

Now, I cannot yield to the gentleman for a speech on this point. My time is limited, and I cannot discuss it further myself. I only say that I have listened most carefully to the debate and that I have not been able to detect any real evidence of the demand, even in the South, in anything that has been said here.

But the serious objection I have to this legislation is that if this bill is enacted into law the fundamental principle behind the bill can logically be urged for every other section of the country, and that it will finally take in all other agricultural commodities.

And why not? If you say now that it is right to control cotton production by force of confiscation, fine, and imprisonment, what are you going to say when you are asked to vote the same kind of control for wheat?

We all know what the ideas of the Secretary of Agriculture and of Professor Tugwell, the Assistant Secretary, are in this regard. We have heard Professor Tugwell's words quoted here in debate upon the floor of the House. He is quoted as adhering to the principle of compulsory crop control for all farm commodities. And if that is to be even the remote program of the Agricultural Department, then I say that it is time for the farmers of the country, no matter where they live or what commodities they raise, to take heed of the principle laid down in this bill. For if this is simply the entering wedge, and if the principle of compulsory crop control is applied in the future to other commodities and to other sections of the country, then it will mean the end of all hope of economic freedom so far as the farmer is concerned.

So far as I am concerned, I am not willing by my vote to have the precedent of compulsory crop reduction, with a penalty of fine and imprisonment for violation, set up in any part of the United States.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. MOTT. If the gentleman from Minnesota will pardon me, I would rather not yield at this time. I only have a few minutes remaining, and I should like to resume my discussion of the Frazier bill now. When I finish that I shall be glad to yield.

Let me repeat, Mr. Chairman, what I said a moment ago. If we pass the Frazier and the Swank bills, we shall not need any compulsory crop-reduction law, either for cotton or any other farm commodity, because compulsory crop reduction is neither a necessary nor a desirable part of any comprehensive solution to the farm problem.

What is the real problem which confronts agriculture at the present time? What are the things which must be done if agriculture is to be restored to its rightful and necessary place in our national economic structure?

Whatever else is done, there are two fundamental things which must be accomplished, and without which the problem cannot be solved:

First, a feasible way must be found to enable the farmer to lift from his shoulders the impossible mortgage debt under which he is now staggering.

Second, a rational scheme must be evolved and put into operation under which the farmer may be assured of receiving the cost of production, plus a reasonable profit, on

that part of his commodities which are consumed in the United States.

If these two things are accomplished, the farmer has a chance. If they are not, then neither the agricultural population nor the rest of the population of the country can progress.

There are 6,000,000 farm families in the United States, or about 30,000,000 people directly engaged in or dependent for their livelihood on agriculture. This constitutes a third of our total population. This part of our population, to a large extent, now hold their farms through the sufferance of those to whom they have given mortgages and whose mortgages they cannot pay.

They are without purchasing power, and have been for the past several years. Their purchasing power is decreasing instead of increasing. Unless they can be given a new lease on life, not only will their own future be a hopeless one but the future of every other industry will likewise be hopeless. For you cannot deprive a third of the population of this country of their buying power without permanently injuring the whole population.

That is the reason why these two things must be done. The recovery of the farmer has become a national necessity. The prosperity and security which we propose to bring to agriculture through the Frazier bill and the Swank-Thomas bill are not for the benefit of the farmer alone. They are for the benefit of the whole Nation. And therefore their speedy enactment by Congress has become the concern of the whole Nation.

Now, what is the Frazier bill? It is a comprehensive, carefully worked out national plan for permanently lifting the farmer out of his present state of insolvency through the refinancing by the Federal Government of all farm mortgages at a rate of interest which the farmer can afford to pay.

The Frazier bill undertakes to refinance these mortgages at the rate of 1½ percent per year, to be applied on interest, and 1½ percent to be applied on principal, the entire loan to be amortized over a period of 47 years.

As security for these loans the Government takes the farm mortgages themselves. Upon these mortgages farm-loan bonds are issued. These bonds are not sold to the public, but are held by the United States Treasury as the basis and security for a new issue of money with which the refinancing is done.

The total amount of the new money required to be issued upon this basis is \$2,000,000,000. And the provisions of the bill for the annual payments on these mortgages and the consequent retirement of the bonds and the currency issued thereon are such that a greater amount than two billion will never have to be outstanding at any one time.

This refinancing obviously will not cost the Government anything. As a matter of fact, it has been conclusively demonstrated that the Government will make a profit on it. The refinancing is not a gift; it is a loan; it is a loan of credit to the agricultural industry; and it is a loan based upon the soundest and the best security that any government can have—the land of the Nation itself.

Now, Mr. Chairman, what are the objections that have been raised against the Frazier bill? And who are they who have raised them?

Three principal objections have been heard. The first is that the rate of interest proposed to be charged is too low. The second is that the Government should not loan its credit to the farmer because that would be preferring him to other classes of citizens. And the third objection, and the one that has been loudest, is that the money proposed to be issued would be fiat money and would constitute uncontrolled inflation.

Let me try to answer these objections in the order I have named them.

In answer to the contention that the rate of interest proposed is too low, it is only necessary to observe that a total rate of 3 percent is all that the farmer can afford to pay. One of the principal reasons for the farmer's present financial plight is that he cannot pay the rate of interest

he is now being charged either by the private lender or the Government. And unless you lend to the farmer at a rate of interest he can pay, then the lending does neither the farmer nor the Government any good.

In further answer let me say that the Government has already financed other industry, including banks, railroads, and financial institutions, at a rate of interest in many cases no higher than this. It has also financed foreign governments with the people's money at a rate even lower. On most of these foreign loans the Government has cut down the principal to almost nothing, and few of us expect that we will get back even that.

The interest provided in the Frazier bill is necessarily low. The situation in which the farmer finds himself requires it to be low. But it is sufficient, and it has this all-important and sufficient feature—and that is that the farmer can and will repay it.

The objection that the Government would be preferring farmers to other classes of citizens by extending its credit to them has been sufficiently answered by showing that the Government has already extended its credit to almost every other form of industry and that it is now extending its credit to farmers under the various existing farm-loan laws.

Furthermore, the Government has been loaning its credit to national banks, all of which are privately owned, for a hundred years. And it has been loaning this credit to the banks free. It allows the banks even to issue money on the credit of the Government.

Why this objection still persists I do not know, unless, like most of the other objections, it is usually raised by persons who have never given the farm problem any serious legitimate thought. They do not seem to realize that this is not a farm problem alone, but a national one, and that there can be no real recovery for anyone until the farmers again own their farms and have money with which to buy the products and services of other industries.

I now come to the third objection, that the money proposed to be issued is fiat money and that its issuance would be uncontrolled inflation.

The money to be issued under the Frazier bill is not fiat money. It is exactly the same kind of money which we are now using. Here again the objection comes mostly from well-intentioned but shallow thinkers who have not taken the trouble to learn what our money is or upon what security it is based.

We have three kinds of money in circulation at the present time, and only three. For it must be remembered not only that none of our money is any longer redeemable in gold or silver, but that gold itself is not money. Under the recent gold bill it is unlawful even to possess gold, and no gold may be coined into money.

Our everyday money consists of Government notes, silver certificates, and bank notes—and nothing else. A Government note is a piece of paper on which is printed the denomination of the bill with the statement that the United States will pay the note on demand. Since it is unlawful for the Government to pay the note in gold or silver this note, if presented for payment, could be paid only by another like note, by a bank note, or by a silver certificate.

In other words, although the Government has a large reserve of gold, which it is not allowed under the law to use as money, a Government note is secured solely and simply by the credit of the Government. Yet no one has ever thought of calling a Government note fiat money.

A silver certificate is a piece of paper (usually of the denomination of \$1) upon which is printed the statement that there has been deposited in the Treasury one silver dollar. The certificate is not payable in silver, or in anything else, and the actual value of the silver dollar that is deposited upon the issuance of the silver certificate is somewhat less than 50 cents. This kind of money is also issued on the credit of the Government. Yet nobody ever thinks of calling a silver certificate fiat money.

Now, what is a bank note? Bank notes form the largest part of the money we handle every day. A bank note is a piece of paper issued by a national bank, having a certain denomination, and upon which there is printed a statement

that the bank will pay the face of the note on demand. There is also printed on the note the additional statement that the note is secured by United States bonds, and other securities, deposited by the bank with the Treasurer of the United States.

This money is based entirely upon evidence of a debt owing from the Government to the bank issuing the note, and on the Government's promise, expressed in the bond, to pay its debt to the bank. If anything can be properly termed "fiat money", probably this would come nearer to it than anything else. Yet no one ever thinks of calling a bank note fiat money; and none of the money I have mentioned is fiat money.

Now, the money to be issued under the Frazier bill has exactly the same features of all this other money; that is to say, it has the credit of the Government behind it, which is the most important feature of any money. But the new money provided under the Frazier bill has more than that behind it. It has the farm bonds, secured by the farm mortgages, every one of which can and will be paid. In brief, behind the issue of money with which it is proposed to refinance the farm mortgages is not only the credit of the Government but the very land itself of the world's greatest, wealthiest, and most progressive country.

The contention that the issuance of this money would constitute uncontrolled inflation is, in my opinion, the sheerest nonsense. It is not inflation. It is controlled expansion, which everyone admits we need at this time; and the expansion proposed under this bill is of an extent no greater than that which the best financial experts have already agreed upon.

Our present gold reserve alone is sufficient to warrant an expansion of \$2,000,000,000, upon the basis of that reserve alone, entirely aside from the additional sound security of the farm bonds and mortgages, as provided under the Frazier bill.

Although we have a greater gold reserve at the present time than ever before in our history we have less money in circulation than we have had for many years.

The amount of gold in the Federal Treasury today is \$7,438,317,567. The total amount of money of all kinds in circulation is \$5,354,746,245. The amount of gold reserve has been steadily increasing, while the per capita circulation of money has been decreasing. On February 28, 1933, the per capita circulation was \$52.23. On February 28, 1934, it was \$42.40, or \$9.83 less than a year ago.

By money in circulation I mean, of course, money issued and outstanding—money in existence—regardless of whether it is lying idle or in actual circulation. In other words, our total medium of exchange is over two billion dollars less than the amount of gold in the Treasury.

For 50 years a gold reserve of from 40 percent to 60 percent of the amount of money in circulation has always been considered a sufficient reserve, and the best financial minds of the country still say that is a sufficient ratio.

And yet, at this very moment the Treasury could issue more than two billion additional dollars in new currency based upon the gold reserve alone, and the total amount of money then in circulation would not even equal the amount of the actual gold now held in reserve in the Treasury of the United States.

Here, then under the Frazier bill, we have a comprehensive system for the Federal refinancing of farm mortgages, which contains these necessary and vital features:

First. The plan includes the refinancing of all farm mortgages, and thus deals with agriculture as an industry and as a whole; as a vital and indispensable part of our economic structure.

Second. The refinancing is done at a rate of interest which the farmer can pay, and the loans are amortized over a definite and uniform period.

Third. The refinancing will be without cost to the Government, because under this plan the Government simply loans its credit to agriculture, the same as it has always loaned it to national banks—which, of course are privately owned—for the last hundred years.

Fourth. The security upon which the loans are made is primarily upon the land, out of which all original wealth must continue to come if we are to have a rational recovery. For unless, by a complete revamping of the whole financial and production-cost set-up in agriculture, the farms can be made to produce wealth again, then it is axiomatic that the whole economic and financial structure of the country is doomed.

I repeat again the statement, which I think no one will venture to challenge; that industry cannot continue to exist and keep people employed unless the one third of our population, represented by agriculture, can again own their farms and can again attain a purchasing power sufficient to enable them to buy the products of industry.

Fifth. And incidentally, this plan provides for a controlled expansion of the currency, to the extent that the financial experts of the country have already declared that a currency expansion is needed. The extent of the expansion is absolutely controlled by the purpose of the issue of the currency itself, and under the provisions of the bill its stabilization and control are automatic.

Mr. Chairman, we who have been striving to attain this legislation here are not alone in our demands that the Congress now give the Frazier bill the immediate consideration which it deserves.

Twenty-four States of the Union, by joint resolution of their respective legislatures now filed in Congress, have petitioned Congress to pass the Frazier bill. My own State of Oregon is one of these.

Every national farm organization, including the Grange and the Farmers' Union, and every farm leader in the United States of real reputation as a farm leader have demanded this legislation.

Those who are making the open fight here may be small in numbers but we have the satisfaction of knowing that we represent the desires and the hopes of more people than have ever before united in a demand for any legislation of national scope.

Never has the real demand for any legislation been so well considered, so universal, or so intelligent as the demand for the Frazier bill. Never before have the great farm leaders, who have devoted their lives to evolving a rational remedy for the ills which beset the farmer, and consequently the Nation, been so in accord upon the solution which, they all agree, lies embodied in the Frazier bill. And never before have the people of this country shown sufficient interest in any legislation to cause their legislatures in 24 States to demand of Congress its enactment.

Time will not permit a discussion now of the Swank-Thomas cost of production bill, and I shall reserve that for a future date. Let me say, however, that it is a natural and necessary sequence to the Frazier bill in the national plan to make the farmer again the master of his own destiny; to assure to him at least a living from his toil; to return to him at least the cost of feeding and clothing the Nation; and to permit him again to make, in addition, that reasonable profit without which neither the farmer nor any other producer can exist.

To force a bill out of committee for a vote on the floor is not an easy task, but because the Agricultural Committee will not report the Frazier bill we are attempting to do this. If every gentleman here who believes the Frazier bill should become law at this session will sign the discharge motion, the bill will become a law, because if it reaches the floor it will pass. Less than 45 signatures are now necessary on the motion to do this, and I hope these may be added within the next few weeks.

Six million farm families are looking to us to enact this just and necessary legislation. Many of these families are now in actual want. They are losing their farms every day. They are on C.C.C. jobs, P.W.A. jobs, and in other lines of endeavor, and in doing this work, not from choice but from necessity, they have, in my State alone, displaced hundreds of unemployed industrial workers for whom these emergency jobs were created. Some of them are even on the relief rolls. And this is a thing that has never happened before

among our agricultural population in the whole history of the country.

Let us not delay any longer. Let us pass this legislation at this session rather than the next. Let us not wait until all hope is gone and until a bureaucratic control, like that provided in the Bankhead bill, replaces the time-honored, self-respecting control of the farmer himself in the great basic industry of agriculture, which for a hundred and fifty years has been the bone and the sinew of our Nation's economic life.

Mr. HOPE. Mr. Chairman, I yield 7 minutes to the gentleman from New Hampshire [Mr. TOBEY].

Mr. TOBEY. Mr. Chairman, on February 22, just 3 weeks ago, an esteemed colleague of ours took the floor of this House and challenged the tendency which has become a habit on the part of those sponsoring new and untried legislation to label it "an emergency measure" and thus give it a flying start toward its adoption.

He spoke with clarity and conviction. Within a few hours he had crossed the Great Divide.

Today some of us who were his associates, concurring in the thought that he expressed so well on that day, decry the attempt of the proponents of this legislation to justify this most unusual bill as an emergency measure. As we say in the minority report, no information has been presented to the House Committee on Agriculture to justify the consideration of this bill as such.

As we examine into this bill we may well pause and consider some of the vital points which, in our judgment, make it unwise legislation.

The voluntary act passed in the special session has been in effect 1 year, and much good has been accomplished therefrom. The benefits accruing to the cotton growers have been very material. No one will gainsay this, and we of the minority believe that the thing to do is to give it a fair and more thorough trial before we start upon this policy of compulsory control of production. The proponents of this bill come before us and say that this legislation is needed to take care of the chisellers, that element among the cotton growers who cut corners and shave edges and will not play the game in a sportsmanlike way. We come back and say that is not sufficient justification to change the whole economic policy of this country and put compulsory control of production in effect—just to save some of these chisellers from themselves.

Under this bill each grower will be allotted a certain quota and will be compelled to pay a tax of 50 percent of the market value on all cotton ginned in excess of his quota.

The purpose of this tax is to regulate the amount of cotton put into trade and is not for revenue. We therefore believe it unconstitutional.

The trouble with Congress and the Nation today is that we are wrongly attributing our condition to overproduction, when, in the last analysis, the great basic weakness today is not overproduction but rather underconsumption and a lack of purchasing power to remedy that defect.

Some fantastic and ridiculous measures are coming before us. The other day our House Committee on Agriculture had before it a bill to make cattle a basic commodity, and it was seriously contended in the hearing thereon that there was need to spay the cows of the country in order to reduce the production of cattle. What nonsense—spay the cows—I say cut the bull.

Again I say, not overproduction but underconsumption is the trouble with this country.

If this bill becomes law, it will hurt our friends of the South in two ways: First, they are going to lose their markets for cotton abroad. I believe sincerely that if this legislation goes into effect our cotton growers will lose their foreign markets. Who is it that prophesies that the foreign market will be impaired? Senator BANKHEAD, the distinguished brother of our distinguished colleague who introduced this bill, in his testimony before the Senate committee 2 years ago on the Frazier bill, made this statement:

We cannot afford to abandon and give up the foreign market for cotton.

Senator FRAZIER said to him:

If there is a demand on the world market for 50 percent of the cotton that we raise in this country, and they find they cannot get it unless they pay 16 or 18 cents—

Senator BANKHEAD. They will simply raise it abroad; that is all.

Senator FRAZIER. The price will come up?

Senator BANKHEAD. No; they will raise more cotton abroad.

Senator FRAZIER. If there are places where they can raise it.

Senator BANKHEAD. There are such places. There is no question about that. Russia can come into the cotton situation as well as she can come into the wheat situation. I am sure the gentleman recognizes that.

The second adverse factor for the South is this: The men who do not gin their cotton and pay the 50-percent tax will place it in storage. The large interests will store the cotton, and in this way you may have a million or 2,000,000 bales of cotton in storage. If they want to break the market, the speculative crowd can force the stored cotton on the market, pay the 50-percent tax, and break the market simply for speculative purposes.

In my honest judgment, the condition of the cotton grower of the South will be worse if this bill goes into effect than it was before. This legislation, if adopted, will constitute a radical departure from the existing order. Its effect will be to apply compulsory control of production to a great basic commodity and will eliminate the freedom of action which has always been an attribute of American citizenship. If this bill should pass, it would follow very naturally that similar control will be asked for all agricultural commodities, and as a corollary there would be suggested or attempted limitation of production of output of all our industries with applied control of production of agriculture and industry. We would become very nearly a sovietized United States.

This legislation is so far-reaching, such a transition from the order under which the Nation has grown from an infant in swaddling clothes to its present leadership, that we should hesitate to give it our approval. It will be a sad day for the people of the United States when a centralized government, a bureaucracy, is empowered to tell you and me as individual farmers or manufacturers the amount which we can produce. If that day comes, it will sound the death knell of the initiative, the energy, and the enterprise which have been our outstanding characteristics.

Be not misled. Let no man deceive you. The passage of this bill may well be an entering wedge toward such an unhappy result.

On all the evidence my judgment is that in the interest of the cotton industry itself, and even more in the best interests of the Nation as a whole, this bill should be defeated. [Applause.]

Mr. JONES. Mr. Chairman, I yield the balance of my time to the gentleman from Alabama [Mr. BANKHEAD].

The CHAIRMAN. The gentleman from Alabama is recognized for 24 minutes.

Mr. BANKHEAD. Mr. Chairman, this bill has so many involved features and so many questions might be asked seeking to explain its operation and provisions that I regret that the time at my command will not justify me in yielding to interruptions. I trust that no member of the Committee will think that because I decline to yield it is a matter of discourtesy to him, but I desire to attempt to summarize some of the arguments that I think justify the passage of this bill.

Now, gentlemen, I frankly admit that the burden is on the proponents of this bill to reasonably satisfy Members of Congress from all sections of the country that this new departure in the policy of our Government is justified; justified in law—and I regret exceedingly that I will not have an opportunity to discuss as I would like to the constitutional and legal phases of this bill—whether or not it is justified in conscience, whether or not it is justified as a matter of individual privilege, whether or not it is justified as a measure of sound and economic necessity. We think we are prepared to meet that burden.

In the beginning I want to say, inasmuch as something has been said in this debate, with reference to the origin of this bill, a suggestion made by the distinguished gentleman from Pennsylvania seeking to lead the minds of the Com-

mittee to the conclusion that Professor Tugwell or Mr. Ezekiel, or some other representative of the Department of Agriculture, was in any wise responsible for the paternity of the bill or its preparation. I want to say to you on my word that, so far as I know, neither of those gentlemen ever saw the bill or discussed it, or had anything to do with its preparation.

I want to say to you, gentlemen of the Committee, that the sponsorship for this bill does not come from any expert; it does not come from any college professor; it does not come from any specialist on economic problems—the origin of this bill, my friends, comes from the real bona fide cotton producers of the South. [Applause.]

Why? I want to show you by this chart the real logic of this proposition from an economic standpoint. What we are seeking to do by this bill and its provisions is to make practically workable that age-old and inexorable law of supply and demand. There may be temporary departures from its application—an emergency may arise some time that would lead to the conclusion that it is not always sound, but you will find that locally and internationally it always works.

The chart (see p. 4634) I have here before you shows the production, the world consumption, the carry-over, and the price of American cotton.

When I say that word "price" of American cotton, I want you to contemplate what it means to the people of that great section of the country stretching from Virginia all the way across to California. Cotton is the very lifeblood of that section of the country, the lifeblood of the banker, the lifeblood of the merchant, the lifeblood of every business from an economic standpoint.

The only cash price that our people have is the cotton crop, because we have never yet, unfortunately, diversified our agriculture in the South as it has been diversified in some other sections of the country. When the price of cotton falls, then there comes to us poverty, impoverishment, and bankruptcy in the South. When we have a fairly reasonable and profitable price for cotton in that section, our people are able to pay their debts, they are able to pay the interest on their mortgages, they are able to buy some food and clothing for their children, and have some reasonable comforts in their homelife. Without it they are desperate and hopeless. When the price of cotton goes down it not only breaks the purse of the American cotton producer, but, what is infinitely worse and more tragic, it breaks the heart and spirit of those men. That is what we have been going through with down in that section of the country in the last 3 years, and here is the reason for it illustrated on the chart.

Here is the production of cotton for 1931. That column in black represents the production. This symbol here represents the carry-over, and this line, which I call to your attention particularly, represents the price that the cotton producer of the South got for his product, and I want you to note its variation. I want you to note, for instance, that in the year 1932-33, when we had a production of only 10,000,000 bales of cotton, the price of cotton began to mount. The next year, with a small production and a small carry-over, the price of cotton attained 31 cents a pound.

Follow across the chart here, gentlemen, and see the production and the carry-over for this year, when we had nearly 18,000,000 bales of cotton and that large carry-over, and the price line fell to about 14 cents a pound. Then mark it all the way through and come over here to this end of that chart and that brings us back to the beginning of the crop here in 1933. There was your production, and the extreme range there showed you the carry-over of some 13,000,000 bales in addition to the ordinary demands of production for that year and see where the price fell with that situation down to 6 cents a pound.

You cannot produce cotton under the average conditions in the South at any profit possibly for less than 10 cents a pound, and it takes a pretty successful business man to do it. I mean in the average cotton belt. There are exceptions to it, of course, in the more favored sections.

What are we seeking to do by this bill? We are seeking to eliminate those violent fluctuations in the price of cotton, which are caused by this production and these carry-overs, and seeking to run a straight line of price across it there at the parity price, now, at about 15 cents a pound. What does that mean? It means that a farmer will know with some degree of certainty what he is going to get for next year's crop, he will know, with some degree of certainty, in all human probability, that it will not go down to 6 cents a pound if we can control the production and the carry-over and the surplus. He will know that he is going to get a reasonable and profitable price, not a run-away price for cotton, because we do not want that, we think that is just as bad as it can be in the long-range results, but what we want to do is to stabilize it where it ought to be in comparison with the price of other commodities in this country.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

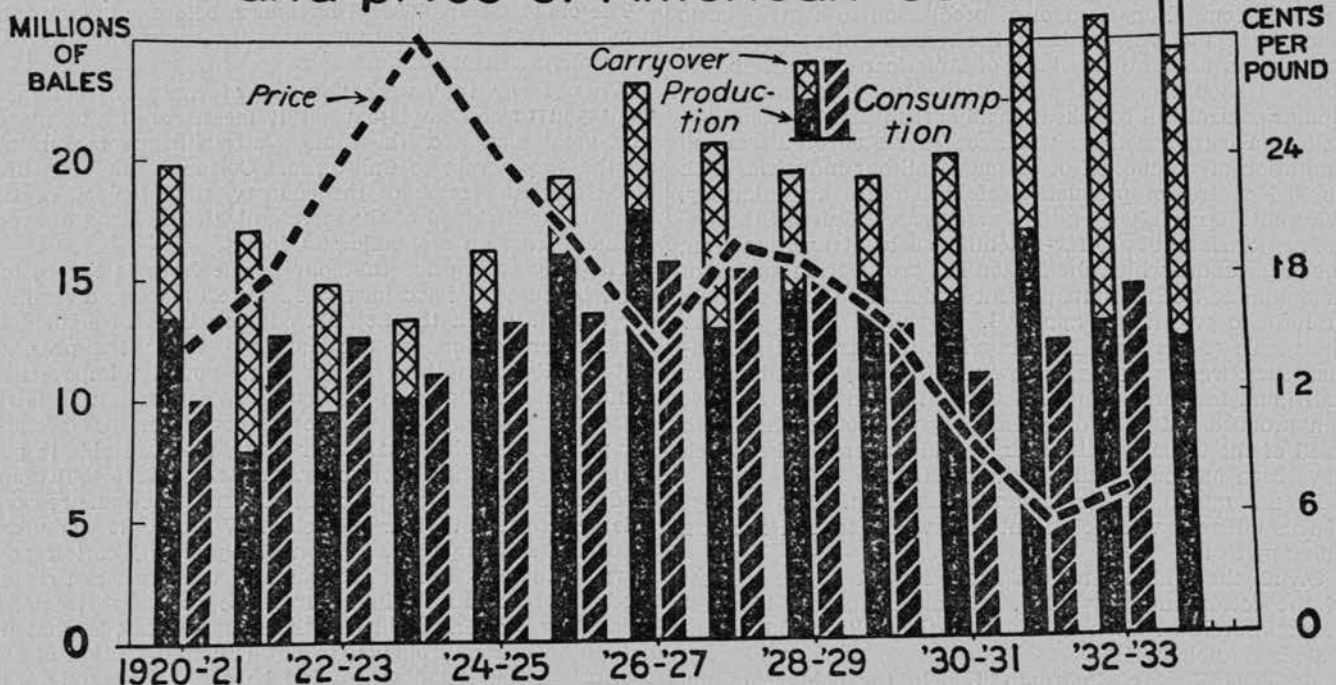
getting rid of this surplus is to get rid of this processing tax. We hope by the reduction of this surplus to get the carry-over and production back to what it was in the pre-war period and keep it there. We will then get rid of the processing tax, as I say, and let the cotton industry stand as it ought to stand under ordinary, legitimate, economic conditions upon this law of supply and demand.

Here is the situation with which we are confronted. In 1929 the carry-over was four and a half million bales; in 1930 it was 6,000,000 bales; in 1931 it was 8,900,000 bales; in 1932 it was 13,228,000 bales; and the last crop carry-over is estimated at nearly 12,000,000 bales. There is the insuperable thing that is hanging over this price of cotton.

Mr. MAY. Is that the surplus?

Mr. BANKHEAD. Yes. That is what was produced over and above the world and domestic demand for American production of cotton, and it is stored everywhere, and hangs

Production, World Consumption, Carryover and price of American Cotton



* WHAT SUPPLY WOULD HAVE BEEN WITHOUT ACREAGE REDUCTION, 1933

DISTRIBUTED BY COTTON SECTION, PRODUCTION DIVISION, AGRICULTURAL ADJUSTMENT ADMINISTRATION

Mr. BANKHEAD. I regret to say to my friend that I cannot yield, and I mean no discourtesy by that.

Mr. HOPE. I appreciate that.

Mr. BANKHEAD. There is the basic principle of this bill. Some gentlemen say that the voluntary program ought to be let alone. In all candor those of us who have benefited by the voluntary program—and the cotton producers have benefited by it, admittedly—hope to continue to benefit by it this year; but it must be remembered that last year, if we had not had that plow-under after the crop was pitched, after it was in some sections almost in a state of maturity, we would have been in much worse condition this year than we are. The cotton farmers wanted to accomplish this thing that we are seeking to accomplish by this bill voluntarily, and said, "We will plow up so much of the acreage if the Government will pay us for plowing it up"; and under the Agricultural Adjustment Act that agreement was entered into, and I have forgotten how many million dollars was paid to the farmers for that voluntary reduction—a large amount—but it was paid for by a processing tax, which was carried on to the consumers of the country and which still is in effect. One of the objectives we have in

like the sword of Damocles over the legitimate price of cotton.

Now, we are undertaking to carry out in this bill the principles of voluntary reduction. We do not propose to displace by this bill the present voluntary reduction program for this year or for next year, but the justification for compulsion, as stated to us by the farmers themselves, is that they feel it is necessary, in order to carry out this program, to have governmental restraint as to the amount that can be produced and put into commerce. We are trying to reduce the acreage from 45,000,000.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I have declined to yield to other gentlemen. When we get under the 5-minute rule I am sure the committee or myself will be very glad to undertake to clear up anything the gentleman may be in doubt about.

Mr. SNELL. I appreciate the situation.

Mr. BANKHEAD. Forty-five million acres has been the maximum amount of acreage put into production of cotton. Last year, if it had not been for the voluntary plow-up program, for which the farmers were paid by the Government, instead of producing 13,200,000 bales, as we did pro-

duce, the Department of Agriculture estimates the cotton producers of the South would have raised nearly 18,000,000 bales, which, with the existing carry-over, would have burdened the world market for cotton with 30,000,000 bales of cotton. If that had happened, I pledge you my word, I do not believe cotton would have brought 3 cents a pound in the public squares in the Cotton Belt.

Now, that is the situation with which we are confronted, and those men who are most interested come to this Congress, as shown by all the evidence before the committee, and ask for this legislation. Those men, whose happiness and whose hopes and everything else that is dear to them, is wrapped up in the price they get for cotton, come to this Congress, through the evidence that has been submitted, through resolutions, through petitions, through mass meetings, through the referendum taken by the Department of Agriculture—not just a few isolated cranks, if you please, who have some conception that this is a wise thing to do, but 95 percent of the men who are most interested, say to this Congress, as they said to the Committee on Agriculture, "We favor the compulsory method of control." They have their reasons. Gentlemen who do not know anything in the world about cotton, who do not know anything in the world about the conditions of the cotton planter, but out of their great solicitude and anxiety for sustaining and maintaining the liberties of the American people, tell us that we are running to our own destruction. These cotton producers have thought this thing through.

It is impossible for 2,000,000 cotton farmers in this country, scattered from Virginia to California, with different climatic conditions, with different soil conditions, with different social conditions, by voluntary action to get together. They have tried it for 25 or 30 years, and they failed; but they have awakened to the fact, under the impulse, under the direction of this voluntary program, that they can cooperate to a degree, and they have further awakened to the fact that they are willing to have this Congress make that cooperation compulsory by the arm of law. That is what they are asking here. That is all they are asking. Is it not a reasonable request? We people in the Southern States appreciate the problems of you gentlemen from other sections of the country, who are interested in agriculture, and we want to go along with you in your programs. God knows you have enough problems at the present time. I refer to the man who gets out and plows with a mule or who runs a tractor. That is the kind of farmer I am talking about. I know we have some theoretical farmers, some of them in Congress.

Mr. McFARLANE. The gentleman means agriculturists?

Mr. BANKHEAD. I refer to the real, honest-to-God, bona fide farmer, the man who gets out in the field and sweats. He is the man who is for this legislation. They have thought it through and they have come to the conclusion that there is no other salvation for them.

Some have said that was not a referendum that included all the farmers of the South. True, we did not have an opportunity to get that, but, gentlemen, it was a very representative cross section of the cotton farmers of the South, as much so as could have been obtained. They were mostly committee men who went out on this voluntary-reduction program; practical, intelligent, conservative farmers who know their own business and who know their own interests. Of the thousands of questionnaires sent out to them, 22,000 replies have come back, or there were that many tabulated when the hearings were held, and a great many more have come in since, but 95 percent of them say, "We are attempting to go along with the voluntary program, but we want you to protect us from the chiselers, the noncooperative, and we want you to protect us from ourselves." I am bold enough to say that, because human nature is just the same all the world over.

One of the reasons why the farmers have not been able to cooperate and get results heretofore is that when we have made these efforts to reduce one man's neighbor says that he is going to reduce his acreage and the other man says,

"Now is my chance. I will get in and make a killing." That is the truth about it. Why do we say we cannot control them? The evidence shows that all over the Cotton Belt fertilizer sales as compared with last year have increased more than 100 percent. In some sections of the country they have increased as high as 300 percent. I had the figures here somewhere, but I have mislaid them. The gentleman from Kansas [Mr. HOPE] undertook to show there had been no general increase in the sale of fertilizer over a long range of years, but the figures that were furnished by Mr. Hester, of New Orleans, showed there has been an increase of approximately 100 percent in the sales of fertilizer this year, as compared with the sales for last year.

Mr. HOPE. Will the gentleman yield?

Mr. BANKHEAD. I am sorry. I do not have time.

Mr. HOPE. The gentleman questioned my figures which I gave the other day as to fertilizer sales, and I would like to have him give the authority he is using for his figures.

Mr. BANKHEAD. I will insert them in the RECORD. I thought I had them available, but I will insert them in the RECORD as a basis for my statement.

Statement of fertilizer tags sold in cotton States for 7 months from August to February, both inclusive, officially reported by agricultural bureaus and State boards

NEW ORLEANS COTTON EXCHANGE,
NEW ORLEANS.

	7 months ending close of February—			
	1934	1933	1932	1931
	Tons	Tons	Tons	Tons
Georgia.....	159,923	44,234	53,086	177,788
North Carolina.....	266,253	196,431	160,644	268,657
South Carolina.....	219,624	101,715	106,297	118,330
Alabama.....	91,600	35,800	33,800	77,600
Tennessee.....	29,501	19,566	19,983	167,500
Arkansas.....	17,875	4,860	7,550	19,639
Louisiana.....	51,028	28,601	32,510	53,963
Mississippi.....	47,175	15,785	21,007	38,263
Texas.....	31,601	17,268	24,980	47,580
Oklahoma.....	3,670	1,800	6,144	2,760
10 States.....	918,250	466,050	471,001	972,080

¹ Manufacturers bought year's supply in January.

	Tons
Increase in 10 States over last year.....	452,200
Increase in 10 States over year before last.....	447,249
Decrease in 10 States under 1931.....	53,830

H. G. HESTER, Secretary Emeritus.

Now, Mr. Chairman, the Committee on Agriculture has given the most thoughtful consideration to this bill. I doubt if any committee in Congress in a long time has gone more thoroughly or more exhaustively into every feature of a bill to iron out imperfections and make it equitable in application. Not only has the effect on landlords been taken into consideration in this bill but likewise the effect on tenants and share-croppers; and every reasonable precaution has been taken in the preparation of this bill to see that all interests are properly, fairly, and humanely protected. When you come to consider the bill in its various sections under the 5-minute rule, you will see with what care, with what meticulous and prudent care, gentlemen, this committee has worked out all the details of this bill to make it fair, to make it equitable, to make it just, not only to each individual but to the aggregate producers in each State.

One proposition about which there has been some confusion is how much the cotton production in each particular State is going to be reduced by the terms of the bill. If you will examine the hearings, and they have been incorporated in the RECORD, you will see that in order to limit the present crop to 10,000,000 bales it is proposed to take the average production in each State over a period of 5 years and give to that State its ratio as compared to the total production of all the States in the Cotton Belt for such 5-year period.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Chairman, will the gentleman be good enough to put the chart in the RECORD?

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to incorporate the chart in the RECORD.

The CHAIRMAN. The Chair is advised that the chart cannot be printed in the RECORD unless permission is granted by the Committee on Printing.

Mr. BANKHEAD. Then, Mr. Chairman, I ask unanimous consent that with the permission of the Committee on Printing the chart may be incorporated in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

That in order to relieve the present acute economic emergency in that part of the agricultural industry devoted to cotton production and marketing by diminishing the disparity between prices paid to cotton producers and persons engaged in cotton marketing and prices of other commodities and by restoring purchasing power to such producers and persons so that the restoration of the normal exchange in interstate and foreign commerce of all commodities may be fostered, and to raise revenue to enable the payment of additional benefits to cotton producers under the Agricultural Adjustment Act—

It is hereby declared to be the policy of Congress to promote the orderly marketing of cotton in interstate and foreign commerce; to enable producers of such commodity to stabilize their markets against undue and excessive fluctuations, and to preserve advantageous markets for such commodity, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, and to more effectively balance production and consumption of cotton.

Mr. FISH. Mr. Chairman, I move to strike out the last word, which is "cotton"; and I propose to stick strictly to cotton, but I ask unanimous consent to proceed for 10 minutes on this subject.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. JONES. Mr. Chairman, reserving the right to object, I may say to the gentleman from New York that we are very anxious to finish this bill today. There is to be a session this evening at which bills on the Private Calendar are to be considered. If we can finish general debate on an appropriation bill tomorrow, I understand it is the intention to adjourn over Saturday. I am afraid we may interfere with the program if we start in extending the time.

Mr. FISH. I am not going to filibuster in any way. I have a big subject, one which it is hard to cover in 5 minutes.

Mr. JONES. Mr. Chairman, I shall not object in this instance, but I hope the gentleman will not take further time.

Mr. TRUAX. Mr. Chairman, reserving the right to object, does the gentleman intend to talk on air mail or the Lindbergh telegram?

Mr. FISH. No; not at all.

Mr. TRUAX. Then, I shall not object.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, as I say, I intend to speak on the last word, which is "cotton."

One of the greatest hoaxes that was perpetrated upon the American people was by Dr. Cook when he claimed to have discovered the North Pole. About the biggest hoax that has since been put over on the American people, and particularly upon the cotton producers of this country, was perpetrated by those adherents of recognition of Soviet Russia, such as former Senator Brookhart, who said that such recognition would bring us a billion dollars' worth of trade annually and that we would do a cotton business running up into the hundreds of millions of dollars through Soviet Russia buying her cotton requirements from us. This statement was repeated and amplified by numerous southern Senators in their respective States. Naturally, the people in the Southland who were not very friendly to the Russian form of government and communism and many things that happen in that country were led astray by this large and tempting bait, that recognition of Russia would result in the cotton farmers of

the South selling vast quantities of their surplus crop for export to Soviet Russia.

Former Representative Eslick, of Tennessee, one of the ablest Democrats who has been in this House for many years from a cotton-growing State, made a careful study of this question 4 years ago. We served together on the House committee to investigate Communist propaganda and activities, and he wrote that part of the committee report that dealt with cotton, and he had this to say:

The 5-year plan in agriculture may most seriously affect the southern cotton farmer. Russia now imports from the United States and Egypt more than half of the cotton used there. It is proposed under the plan to irrigate the cotton-growing lands in central Asia so as to largely increase the cultivation of cotton. Seven hundred and fifty thousand hectares were planted in cotton in 1927-28. The plan calls for the planting of 2,040,000 hectares in 1932-33. The capital invested in this project will be 500,000,000 rubles. It is intended to meet all the Russian requirements for cotton and to produce cotton for sale in the world markets. A recent report from Russia refers to a Soviet decree being just issued to the effect that no more cotton is to be bought in 1931 from the United States.

Boiled down to a reasonable conclusion, if the 5-year plan succeeds, the Soviet Union is to become a great money-making machine that it may finance communism and world revolution. To undersell the rest of the world in agricultural and industrial products is a part of the scheme to create unrest, ripening into revolution.

This activity would affect us ultimately in the destruction of our grain and cotton markets; especially is this true of wheat and cotton produced by peasant labor on Government owned and controlled land, practically without cost, and with which American labor cannot compete.

Now, 4 years ago Representative Eslick made the definite prediction that no more cotton would be bought by Soviet Russia from the United States, and he cited figures in regard to the proposed cotton production in Soviet Russia, every one of which has materialized.

Not only was that part of the committee report dealing with cotton written by him, but he made a speech in the House of Representatives in which he said, "The cotton industry is being challenged by the expenditure of \$250,000,000 in central Asia, developing and irrigating the richest cotton lands in the world. The order has gone out that the Soviet people are not to buy a bale of American cotton in 1931. This year's cotton acreage will be three times that of last year."

I know how dangerous it is for a politician to predict anything at all, but every one of these predictions, made over 3 years ago by Representative Eslick on the floor of the House and in a committee report, has proved to be exactly correct. I hold in my hand the last report, dated February 1934, of cotton production in Soviet Russia, published in the Economic Review of the Soviet Union, and issued by Amtorg. It gives the production year by year for the last 5 years, and it is in exact accordance with the statements of Representative Eslick.

Last year shows a cotton acreage in excess of 5,000,000 acres, and it is proposed to expand this acreage rapidly for the next 5 years while we are reducing ours. In 1933 the Soviet Union attained higher cotton yields over a larger area than any other country. As regards average yield for the country as a whole, it ranks second, after Egypt. In total output and area it holds third place, after the United States and India, as against fifth place before the war. Output in 1933 exceeded the 1913 figure by about 80 percent. The output of Egyptian cotton cultivation of which was started only a few years ago, amounted to 30,150 tons last year. The cotton procurements program was fulfilled by January 15, 2 months earlier than the preceding year. State and collective farms accounted for 90 percent of the total.

Skillful propagandists in favor of recognizing Soviet Russia held out this enormous bait to the people of the South of a billion dollars of trade and hundreds of millions worth of cotton to be sold to Russia. The only cotton bought in the last 3 years by Soviet Russia was three and a half million dollars in 1933, and this money was loaned by us through the Reconstruction Finance Corporation to our

own exporters to sell cotton with our own money to Soviet Russia. In the years 1931 and 1932 there were no shipments whatever. In the year 1933 there was \$3,500,000 worth of cotton shipped to Russia, but this is the money given by the Reconstruction Finance Corporation. There were no further shipments in 1933. There were no shipments in the months of January and February 1934. I have not the time to discuss the issue of recognition of Soviet Russia. That is an accomplished fact, and I am not largely concerned with it, provided the Communists leave us alone and stop their revolutionary propaganda from Moscow.

I am only making the statement that one of the main reasons for recognition was the bait of an enormous market for cotton in Soviet Russia which was dangled before the Southland and resulted in its being seduced by this fraud. The cotton people down there were told that this was the greatest market in the world for their cotton, when there was not a word of truth in the statement from the beginning to this very minute, because Soviet Russia has increased their own cotton production 100 percent in the last few years and intend to increase it another 100 percent in the next few years. They need little or none of our cotton—and the proof of the pudding is in the eating—they have bought scarcely any. The friends of Soviet Russia and their paid agents, unable to deceive the northern business men by their trade propaganda for recognition, took advantage of the fact that cotton is king in the South, seduced the people down there, particularly the church element that wanted nothing to do with Soviet Russia and did not even want to trade with them; but, of course, when it came to the question of cotton, that was a different issue, and the southerners marched right up and supported recognition, or it could never have been put through. Former President Coolidge made his position clear when he said, "I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles." It took a Democratic administration to recognize Soviet Russia, and it is now proposing to lend them money, when our own people are in need and want.

The R.F.C. authorized an expenditure of \$40,000,000 for the sale of cotton to China and \$10,000,000 for the sale of wheat. They were going to take care of the South and the cotton producers.

What happened? Of the \$40,000,000 that they told the country they were going to buy cotton with to send to China they have used just \$4,621,000, because China did not want our cotton for some reason or other. I have not the time to go into this matter, but may I say that of the \$4,621,000 advanced on cotton, China has been good enough to pay us only \$404,000 so far. Of the \$3,500,000 that the R.F.C. advanced to export cotton to Russia, we have not received anything on account. This is due on the 1st of July, and we can tell better when that date is reached. In the meantime what has become of the billion dollars' worth of trade that was so glibly used by the Democratic administration to promote recognition? Why, nothing at all—like many other of their radical promises. The total amount of goods imported by Soviet Russia from all over the world last year was well under \$200,000,000, and of which approximately 0.1 was our share. A new Export Bank, however, has been devised to sell American goods, with our money, to Soviet Russia. Is it not time to call a halt to the radical activities of the "brain trust", so enamored with all things Russian, and save our money for the benefit of the American people instead of the Communists in Russia?

Mr. McKEOWN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, my interest in this legislation comes to me from that natural love for the land of one's birth. I first opened my eyes to the wonders of this beautiful world down in Dixie. On a one-horse cotton farm in the old Palmetto State, South Carolina, and in a neighborhood where Confederate money was legal tender long after the surrender at Appomattox Court House. Since the day that Gen. Robert E. Lee laid down his sword and championed the cause of

peace relatively little immigration has taken place in this section of our country from foreign countries or from other sections of our Union. I am indebted to Peter Molyneux for the following salient facts: There are nearly half a million more people of native white parentage in the cotton States than 10 of our other populous States, with more than 12,000,000 more people. In the cotton States the population is rural, because 90 percent live outside of cities of 100,000 or more. In this section, which comprises 23.7 percent of the area of the United States, live 22.2 percent of the population of the country, yet this area represents only 12.5 percent of the total wealth of the country. The per capita wealth of the rest of the country is twice that of the cotton States. Some may argue that this discrepancy is due to the fact that over 7,000,000 Negroes reside in this area. If you were to assume that all of the wealth was held by the white population, which is an unwarranted assumption, the per capita wealth of the South would be far less than the other 38 States. The real reason for the difference is the extreme poverty of so great a number of the farm population. These people, though poor, have the real American spirit. They suffer but do not howl.

During the 5-year period between 1924 and 1928, the annual average income amounted to \$242 as against \$493 per capita in the other 38 States. In 1930 there were 729,200 cropper families in these 10 States, of which 338,800 were white and 390,400 were Negro families. A cropper is a man without property, without a home. He is the forgotten man.

For a century they have planted cotton to be sold in an unprotected world-wide market, and for more than a half century they have purchased in a protected market.

May I say that there is no bill in this Congress that will do more to relieve and to prevent child labor than this control bill? I have preached to the farmers of the South for 20 years that if they would raise less cotton they could produce it and gather it without working their children through the fall months and not have to keep them out of school. The poor child in the South, white or colored, has to spend its days in the fall going down the cotton rows picking cotton, for which he gets nothing. He stays out of school. The best thing this Congress can do is to control the cotton production of the South.

Some gentlemen have charged Mr. Tugwell with this legislation. You can charge him with a lot of things, perhaps, but you will have to lay this on someone else's shoulders.

In 1926 I introduced in Congress a cotton control bill, and it is printed in the RECORD. When I proposed this matter before the Interstate and Foreign Commerce Committee, prominent Members from the South seemed shocked at the plan of control of cotton production when I proposed this law.

[Here the gavel fell.]

Mr. McKEOWN. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. JONES. Mr. Chairman, I am not going to object at this time, but I give notice that I will object to any further extensions of time.

There was no objection.

Mr. McKEOWN. Mr. Chairman, we have to protect these small farmers, and may I compliment the chairman and the gentlemen of this committee on the fact that they have written legislation into this bill taking care of the croppers and the tenants on the small farms of the South, because this is the only bill that will protect these people from the big landowners. The people opposing this bill are the big planters and the big landowners of the South. This bill will protect the little fellow who will get the benefits.

In the South the greater production of cotton is by the cropper. He owns nothing on earth. He has no home. He owns nothing at all; but a good landlord furnishes him the land, the team, the seed, and furnishes him food and clothing during the crop year in order to produce his crop of cotton. May I say that the colored croppers of the South are the happiest people on God's green earth when they are under the care of some good planter who really looks after

their needs, because they know when they go to him and say, "I have got to have some money today, Captain", that they are going to get it. He knows if he goes to town and gets into a little trouble and comes back and says, "Captain, I got to have a little money to get out of trouble", that he will get it.

We should pass this bill, because, if we do not, you will have the little fellows all signed up and large planters will ruin the market. I know a certain part of this country where there are six or seven million acres of land available for the planting of cotton. One man can cultivate 160 acres. He will not chop it out. He will get a sled when it is ripe and gather it with his sled and will ruin these little fellows in all the other States. I do not see how any man in this country can vote against this bill when you have a chance to control the big fellows that produce the great quantities of cotton which destroy the little fellow.

The fundamental reason for the poverty in the South is the fact that for a century their fathers and their forefathers planted to the one crop of cotton. They shipped it abroad to foreign markets, and what has been the result? They sold it in an unprotected foreign market and during all these years they have bought in a protected market, which has caused the poverty that has existed in that country.

Mr. ARENS. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ARENS. The provisions of this bill would tend to prevent corporation farming or large-scale farming.

Mr. McKEOWN. Yes; and that is one of the things that is needed most in this country. I compliment the committee upon the fact that it had the foresight to provide for a balanced agriculture in this country. In other words, there is no reason to stop one man from using certain acreage if you are going to turn around and put that acreage in something that is produced in another part of the country and in this way destroy the equilibrium in the production of that product. If you take it out of cotton, you should not put it in wheat to destroy the wheat man. You should not put it in dairying to destroy the great dairying industry. The time will come in the United States when we will have sense enough to get plenty of farm experts and economists to go out in every county every year and lay down a crop program for every farmer, so that we will have balanced control in this country.

I want to tell you now that this bill will do more to put the South back to where it ought to be than any other one thing. The farmers cannot do this by themselves. Why can they not do it? Because the banker who lends him the money tells him that he has got to put so many acres in cotton and the landlord also tells him that he must put so many acres in cotton. [Applause.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do this only for the purpose of asking the chairman of the committee a number of questions. If I remember correctly, the present carry-over of cotton is about 13,000,000 bales.

Mr. JONES. That is the present world carry-over of American cotton. The present carry-over in America is around 9,000,000 bales.

Mr. DIRKSEN. If the gentleman will concede the correctness of the statement that there has been a slight increase in cotton production in Egypt, in the Argentine, and in Russia, next year will there not be a substantial carry-over even in view of the limitation of 10,000,000 bales that might be placed upon cotton in interstate commerce?

Mr. JONES. No one can state that for a certainty, but it is estimated that the 10,000,000 bales will just about adjust itself to the world market with the average carry-over.

Mr. DIRKSEN. In other words, there will be a visible carry-over.

Mr. JONES. There will be a carry-over of cotton if normal conditions prevail throughout the world.

Mr. DIRKSEN. The reason I have asked that question is because my attention was forcefully directed to the observation made by the gentleman from Alabama that this bill is

designed to make the law of supply and demand work. I assume the gentleman who is chairman of the committee was a Member of this body at the time we had the most unfortunate debacle with the Farm Board, and the gentleman will remember the representations that were made that the Farm Board was going to enable the law of supply and demand to work. This Board started in at the higher brackets at 80 and 90 cents and began to buy, and finally they closed out their holdings at lower prices and they lost a net of \$190,000,000 and did not enable the law of supply and demand to work particularly. Now, it may be pointed out that there is no analogy between the two, because the Farm Board was a free instrumentality and there was no limitation on production as there is under this bill; yet I want to recite to the gentleman a most painful experience that will bring out what is definitely in my mind: I happen to be a baker, and every time I said to a flour salesman, "What is the price now and what is it going to be a month from now?" he would say to me, "If you can tell me what the Farm Board is going to do with the hundreds of millions of bushels of wheat it has, I can tell you what flour is going to be worth 60 days hence."

Now, we are going to have a visible carry-over, and the excess over 10,000,000 bales cannot be placed in interstate commerce unless the 50-percent tax is paid. Is that correct?

Mr. JONES. That is correct.

Mr. DIRKSEN. Then, let me ask, can there be any prevention of bootlegging of cotton particularly, and is not this visible supply of cotton going to be an instrumentality in the hands of those who play on the bear side of the market to run the market down and ultimately defeat the very purpose designed to be achieved by this bill?

Mr. JONES. Let me state to the gentlemen that the part that will be taxed will be but a very small part, we hope, of the visible supply or the carry-over. We hope that the 10,000,000 bales, in large measure, will account for the carry-over that is left in this country. The tax is for the purpose of letting the farmer who is not in the program and the farmer within the program who is disposed to use excessive fertilizer know that they will not accomplish anything by so doing. The carry-over that arises from the excess production will be very small if this bill is passed. There will not be much of that, and the other will not be held by a Farm Board, so that it will not be dumped on the market all at once. That was an entirely different proposition, and I may say to the gentleman that I did not vote for the Farm Board bill for the reason I did not feel it would work, and a good many others did not think it would work. It was an entirely different philosophy, but in this case no one agency is going to control this carry-over. It is going to be in the normal market just like the rest of it.

Mr. DIRKSEN. Cotton production, or shall I say the yield per acre, depends, after all, upon favorable weather conditions and efficiency of cultivation.

Mr. JONES. That is true, but that averages up pretty well. Usually when you consider the cotton production, not only in this country but throughout the world, there are some variations which must be allowed for, of course, but the variation in the normal carry-over of from 4,000,000 to 6,000,000 is not very bad, one way or the other.

Mr. DIRKSEN. But there is no assurance in the bill, in spite of the fact that it is desired, that both acreage reduction and a limitation upon the number of bales that can be put in interstate commerce, will be so approximated that producers will only raise about 10,000,000 bales.

Mr. JONES. I may state that their estimate for this year in the plow-up is pretty good. They got it just about right, and I believe they can do it again.

Mr. DIRKSEN. It is conjectural, however.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I was particularly interested in the remarks of my friend from Oklahoma, who spoke a moment ago, and said that the small farmer is taken care of by the bill. The small farmer is not taken care of. Section 7 is the section that provides for the allotments. This section does not by legislation provide specifically how

the Secretary of Agriculture may grant these individual allotments. It is legislation so far as providing the allotments for State and county, but beyond that it does not legislate. The bill leaves it to the Secretary of Agriculture to grant individual allotments by regulations prescribed by the Secretary of Agriculture.

So when you get to the individual, we are in the same position in this bill that we have been in the Agricultural Adjustment Act. Allotments issued on wheat, corn, and cotton have not been fair. They have discriminated against the small farmer and played into the hands of the large producer.

Then after having made a gesture of legislating for the individual allotment at the bottom of section 7 we have this:

Upon such basis as the Secretary of Agriculture deems fair and just, and will apply to all farms to which the allotment is made under this paragraph uniformly, within the county, on the basis or classification adopted.

That is not different from the present Agricultural Adjustment Act. The Agricultural Adjustment Act has given the greatest benefits to men who were financially able to produce during the past few years with unfavorable prices, while the individual who could not produce during the past few years, due to his limited financial ability, cannot fairly participate in the benefits.

There is a farmer in my district who knows something about the Agricultural Adjustment Act and who recently wrote something about it. It is short, and I read from the Altamont Journal, of Altamont, Kans.:

By Fred Brown, an actual farmer

It is about time some of the professors begin to hear the call of their classes. Professor Tugwell has about come to the end of his usefulness as Assistant Secretary of Agriculture. In fact, it is doubtful if he knows one thing about actual farming, or farm conditions, or the American farmer in general. He evidently thinks it looks fine for the big farmers to bore with big augers, therefore he would remove enough farmers so as to leave nothing but the big ones. His reasoning is rotten. Instead of taking 50,000 farmers off the farms, the large farms should be divided into smaller units and fifty to one hundred thousand families come back to the farm and do more intensive rather than so much extensive farming.

But the Russianizing of the American farmer is distasteful and if attempted may produce considerable trouble.

The irony of the whole situation is that the big hog raisers, the big wheat raisers who have been most responsible for producing the much-discussed surplus that has brought prices down on all of us, are the very fellows who are now getting the big hand-out from the Government. And the small farmer, who has had little to do with creating the surpluses, gets so little out of this so-called "Government aid" that it is scarcely worth while for him to get it at all. I wonder if the Secretary of Agriculture will give the small farmer his chance later on or whether he intends to freeze the small ones out entirely?

These remarks of Mr. Brown disclose a knowledge of the farm question which excels the knowledge which is being exercised by the Agriculture Department in administering the Agricultural Adjustment Act.

This bill does not change the situation at all. It has the same camouflage in it. In actual practice there has been so much discrimination against the small farmer that considerable protest is coming up against the Agricultural Adjustment Act.

I am aware that the bill is going to pass; there is no question about that. But I want to make this prophecy: If this bill is enacted, it is not going to bring those benefits to the South which some of the Members are promising. I think that many Members who advocate the passage of this bill, who come from the Southland, will live to rue the day that it was enacted. [Applause.]

Mr. KELLER. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. KELLER. I have a letter similar to the one the gentleman has read. It has a specific remedy. The suggestion is that the benefit shall accrue more and more to the small man on a sliding scale.

Mr. McGUGIN. Certainly. If this bill were based upon the principle of the graduated income tax, with a fair exemption to the small producer, and then increase the tax on the large producer, there would be some reason in it.

Mr. KELLER. Why not propose an amendment to that effect?

Mr. McGUGIN. To make such a provision in a sound manner it would require much time and consideration. Therefore, I doubt at this late moment if we can accomplish this purpose by amendment. Again, those who are forcing this bill through the House are voting down all amendments.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. I am not a cotton farmer any more than the two gentlemen who preceded me, but I recall somewhere sometime hearing some sage make this observation, that no one knows so well how to handle a husband as an old maid, and that the confirmed bachelor can give the father of a village pointers on how to raise boys. I am interested in the cotton producers because I used to sell hogs into every cotton-producing State in the South, and the highest-priced hog that was ever sold in the United States—it was not mine, unfortunately—went to the State of Mississippi, to Columbia, Miss., and it brought \$32,000. They paid for that hog with 30- and 40-cent cotton.

The gentleman from Illinois [Mr. DIRKSEN], my esteemed friend, asked some questions of the chairman of this committee. When the gentleman can explain satisfactorily why in 1931 and 1932, in 1931 particularly, when wheat was selling for an average of 47 cents a bushel in this country and bread for 7 and 8 cents for a pound loaf to the consumer, at the same time in France and Germany wheat was bringing an average of \$1.60 a bushel and the bakers were selling the same pound loaf of bread to the people there for 3 and 4 cents—when he can explain that situation then I think that all of the questions that he has asked can be satisfactorily answered. Of course there will be some bootlegging, as we have bootlegging in liquor and narcotics and every other commodity practically. If the law of supply and demand be a good thing to follow, why not adopt it to the public utilities and the railroads, to the interest on the loans that we farmers have to make, and to every commodity that we buy?

I am not censuring these gentlemen or criticizing the A.A.A. for some of its actions and procedure, but this bill is designed to remedy the very defects that they mention, to plug up the holes they are complaining about. The program of the A.A.A. is voluntary. It worked eminently well and satisfactorily with the cotton producer last year, but with this huge surplus, a year's supply on hand, in order that they may hold the price where it is, it is absolutely necessary that the amount that moves to market, not the amount that is produced on the farms, be controlled and limited to a point which, in their judgment, represents a maximum of 10,000,000 bales. That is the old principle of the McNary-Haugen bill, which sought to control and regulate the surplus on the farms and control and regulate the amount of the crop moved to the market. In the case of wheat we would have regulated the amount that was consumed domestically. For instance, we produce an average of 850,000,000 bushels of wheat. We consume only 600,000,000 to 650,000,000 bushels of wheat. Therefore we would pay the higher price for that amount which we consume domestically, and would have sold at that time the surplus on the world market at a less price. That condition does not exist today. Because of the retaliatory tariffs of other nations we have no world market for wheat today. But now we could apply this very principle to the wheat crop with equal success to that achieved with the cotton crop, because of the fact that the farmer in the Wheat Belt can take his extra 20 or 25 percent and feed it to his hogs, feed it to his cattle, feed it to his sheep, or to his poultry.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The Clerk read as follows:

Sec. 2. The provisions of this act shall be effective only with respect to the crop years 1934-35 and 1935-36, but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1936-37 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1936-37. If at any time prior to the end of the crop year 1936-37, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation.

Mr. BROWN of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. Brown of Georgia: Page 2, strike out beginning with line 16 down through line 4 on page 3 and insert in lieu thereof the following:

"Sec. 2. The provisions of this act shall be effective only with respect to the crop year 1934-35, but if at any time prior to the end of such crop year the President finds that the economic emergency in cotton production and marketing has ceased to exist he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation."

Mr. BROWN of Georgia. Mr. Chairman, this amendment limits the application of this bill to 1 year. We can reenact this bill next January, if it is necessary. This will be the first experience with the compulsory program, and we will know definitely whether or not the cotton farmers of the South will want to extend the provisions of this bill this fall. The most independent man on earth is the cotton farmer of the South, in action and in thought, and I think if the provisions of the bill work all right the farmers will know it and we will know it. I cannot see that any harm can come from the amendment which I have offered to this bill. We can extend the provisions of the bill during January of next year.

Mr. HOPE. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. HOPE. I should like to ask the gentleman, who very ably represents a great cotton-producing section, if he thinks the farmers of his district would be in favor of this legislation if they knew what it actually contained?

Mr. BROWN of Georgia. I can only say they are in favor of it now.

Mr. HOPE. Do they know what is contained in the bill? How many of them have read the bill?

Mr. BROWN of Georgia. They have a general idea of the bill. If they do not understand it thoroughly, they will have an opportunity to find out. We can try it out for 1 year.

Mr. FULMER. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. FULMER. Inasmuch as this bill is being passed rather late to put into operation completely this year, we ought to have a 2-year limit. There will have to be quite a lot of tolerance under the rules and regulations this year because of the lateness of the bill, but it will give us an opportunity for the next cotton year to put the bill into complete operation and accomplish what we hope to accomplish under the bill. In the meantime the bill cannot be put into operation unless two thirds of the farmers, including the share croppers and tenants, who have a right to pass on it, will state to the Secretary that they want it continued.

Mr. BROWN of Georgia. My reply to that is that all the benefits can be extended next January if the cotton producers want it, and for that reason I think it is better to limit the provisions to 1 year.

Mr. BROWNING. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. BROWNING. Is it not the plan to systematically reduce the surplus, instead of trying to take it all off in 1 year?

Mr. BROWN of Georgia. Yes; perhaps so.

Mr. BROWNING. Does not the gentleman think that if we confine it to 1 year, we would not be planning through

to a reduction of the surplus? We would only be taking off a part of what we are going to have to get rid of if we relieve the situation on the market?

Mr. BROWN of Georgia. My reply is that this is emergency legislation, and I think 1 year at a time is sufficient.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. CHRISTIANSON. I am wondering whether or not the amendment in the form in which it was offered by the gentleman from Georgia expresses the idea he has in mind. It provides that this bill shall be in effect for only 1 year. Then it provides that if the President shall determine at the end of the year that it is not needed for a longer period, then the tax shall not be applied.

Mr. BROWN of Georgia. It is true my amendment limits the provisions of the bill to 1 year.

Mr. CHRISTIANSON. It seems to me that the two provisions of the amendment are inconsistent, one with the other, because one imposes a definite limitation of 1 year upon the operation of the act, and the second part of the amendment presupposes that the bill would continue to operate, because except for that presupposition, what would be the object in saying that if the President finds it is no longer needed, then there shall be no tax imposed for another year? I think the gentleman should reform his amendment.

Mr. PARKER. The gentleman misunderstood the language of the amendment. The amendment does not provide what the gentleman says.

Mr. BOILEAU. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. BOILEAU. The provision in the bill at page 2, line 24, reads:

If at any time prior to the end of the crop year 1936-37, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation.

Does that not take care of what the gentleman has in mind?

Mr. BROWN of Georgia. My amendment provides that no tax shall be levied in respect to cotton harvested after the effective date of the President's proclamation during the first year.

Mr. BOILEAU. Oh, yes. It provides that at any time prior to the end of the crop year 1936-37—

The CHAIRMAN. The time of the gentleman from Georgia [Mr. Brown] has expired.

Mr. BROWN of Georgia. I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. GLOVER. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. GLOVER. The gentleman understands we must take it off so that it will not affect and depress the price?

Mr. BROWN of Georgia. Certainly.

Mr. GLOVER. There are at least 10,000,000 bales of cotton carried over. We can only get rid of 5,000,000 bales a year. The gentleman's amendment would absolutely thwart the purpose of this bill in getting the surplus out of the way.

Mr. BROWN of Georgia. I do not think so. That is not my intention.

Mr. GLOVER. If it was continued for 1 year, it would do that.

Mr. BROWN of Georgia. But why can it not be extended for another year? This is an emergency measure, and if the emergency continues, the plan could be continued next year.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. ALLGOOD. I know the gentleman wants his people to get the best price possible for cotton.

Mr. BROWN of Georgia. Certainly.

Mr. ALLGOOD. If the gentleman's amendment is adopted, then the general public will know there is doubt again about this bill being continued for another year, and

it will possibly cause cotton to sell for 8 or 10 cents a pound this fall.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. Brown] has again expired.

Mr. CHRISTIANSON. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Without objection, it is so ordered.

There being no objection, the Brown amendment was again reported by the Clerk.

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment. I know the gentleman from Georgia [Mr. Brown] is interested in this, as all people from the South are. If the gentleman had heard the discussion in the committee and the statements of those who are administering the act, he would not have offered this amendment. If this is only carried for 1 year, it does not run as long as the program which they have already outlined under the voluntary plan, which is for 2 years. We are trying to make this dovetail, fit in, and supplement the voluntary program and make it effective. The Congress does not meet until January. It is necessary for the administrative officers to make their plans before that time. If the measure does not work out, 30 days after this goes into effect, as suggested by the gentleman from Wisconsin, the President may end the whole thing, and we want him to. It cannot go into effect the second year unless the people working two thirds of the land want it to go into effect.

Even then it cannot go into effect if the President finds that the emergency has ended.

If we are going to try the experiment, let us not so hedge it about, handicap it, and hobble it that it cannot succeed. This is what will happen if we undertake to put the program into effect for 1 year only, because the whole philosophy of the bill is to adjust this carry-over covering a period of probably 2 years. At least this length of time will be necessary to have it done right.

The bill is safeguarded in every possible way so that nothing will be saddled onto those people that they do not want, and nothing will be saddled onto them that is ineffective. Suppose the law is made effective for 1 year only, that it is working beautifully; Congress meets in January, but it might be impossible to renew it in time to make it applicable to the planting for the ensuing year because of other emergency propositions and matters of great importance coming up.

I hope the gentleman will not insist on his amendment in view of the plain provisions of the bill.

Mr. RANKIN. Mr. Chairman, by all means this amendment to limit the operation of this bill to 1 year ought to be adopted.

This so-called "Bankhead cotton bill", in its present form, is the most drastic and probably the most dangerous piece of legislation that has ever been proposed in this House, so far as cotton growers are concerned—at least since carpetbag days.

In my opinion, it will do more to demoralize the southern cotton farmers than any other measure that has been enacted by Congress in your day and mine. Unless it is radically changed by the House or by the Senate, I fear it will do the southern cotton farmers infinitely more harm than it will good. Without adding materially to his income or promoting his prosperity it will hamper him in the free and full enjoyment of his own property, place him under the arbitrary dictatorship of a Government bureau, and subject him to the most drastic penalties of fines and imprisonments for violations, not only of the law itself, but for the violation even of regulations issued under this act.

Listen to this; let me read you some of the penal provisions of subsection (d):

Any person who violates any provision of this act or any regulations promulgated under this act—

And so forth—

shall on conviction be punished by a fine not to exceed \$5,000 or by imprisonment for not exceeding 2 years, or both.

If he violates even a regulation promulgated under this act he is subject to indictment in the Federal court, and

upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment in the penitentiary for not more than 2 years, or both.

They tell us that 90 percent of the cotton farmers are for this measure as it now stands. The facts are that the farmers have not been fully informed as to what is in the bill. If they were, I don't believe 1 out of 10 of them would favor it.

They think it is a measure to compel all farmers to cooperate in reducing cotton acreage. They do not understand that it puts all cotton growers in a "strait-jacket", subjects them to the arbitrary control of some bureau, imposes a tax on cotton that is unwarranted and unreasonable, and imposes penalties all out of proportion to offenses alleged to have been committed.

Personally, I do not believe in the ruthless destruction of property of any kind. But if this bill is going to be tried out at all, there ought to be some amendments adopted. I represent a dairy country. We are building up our dairying industry there. You have asked us to diversify, and we have done it. Now you come along and say that if we plant diversified crops, the things prohibited by the Department of Agriculture, or some regulation thereunder, feed those crops to our dairy cows and sell the milk or cream, in violation of one of these regulations, we will be subject to a fine not to exceed \$5,000 or be sent to the penitentiary, or both.

Listen to the following provision of the bill. In section 6, on page 8, it is provided that—

No certificate of exemption shall be issued and no allotment shall be made to any producer unless he agrees to comply with such conditions and limitations on the production of agricultural commodities by him as the Secretary of Agriculture may, from time to time, prescribe to assure the cooperation of such producer in the reduction programs of the Agricultural Adjustment Administration and to prevent expansion of competitive production by such producer of agricultural commodities other than cotton.

If a person raises 1 pound of cotton and sells it without a certificate of exemption, then the penalties apply.

What is the object of that provision? It is to prevent us from using our surplus acreage to grow dairy feed. Its object is to prevent the expansion of the dairying industry in the South. Every regulation made under that provision is to be enforced, if necessary, by the drastic penalties to which I have just referred.

Some of you talk of reducing these penalties, as if that would change the principle involved. No matter what the penalties are, whenever you tell a farmer that if he violates a law or a regulation by attempting to use his own land for his own benefit, and the benefit of his family, he is subject to be dragged into Federal court and prosecuted as an ordinary criminal, you will do him more harm than all the good that could ever come from the boasted benefits of this legislation. You destroy his initiative, hamper him in the enjoyment of the use of his own property, and deal a blow to the liberties of our people from which they may never recover.

Mr. STUDLEY. Mr. Chairman, will the gentleman yield for a friendly question?

Mr. RANKIN. Yes; I yield to the gentleman from New York.

Mr. STUDLEY. Is the gentleman convinced that 95 percent of the cotton growers of the country are in favor of this bill?

Mr. RANKIN. No. Ninety-five percent of the Members of the House, even on the Democratic side, do not know what is in this bill, much less 95 percent of the farmers. I say that with all deference. The cotton farmers do not know what is in the bill. They are not aware of its drastic provisions. If they were, they would flood this Capitol with protests.

If I thought this measure would relieve the present distressed condition of the farmer without injuring him, God knows I would vote for it. He needs help. Under the N.R.A. and the codes adopted thereunder, the price of everything the farmer has to buy has been raised all out of proportion to the slight advance in the prices of cotton, wheat, and other farm products—and all out of proportion to any

advance in the price of cotton which could possibly result from the passage of this bill, even if it worked perfectly and produced the results its advocates claim. The object of this bill seems to be, not to raise the price of cotton but to stabilize it at its present price. The farmer cannot survive under the present inequalities between the prices of what he sells and the prices of what he buys. With all the plowing up of crops, with all the artificial stimulations that have been applied, cotton is cheaper today than it was in 1912, during the Taft administration, when the agricultural States revolted because of the unjust burdens imposed upon them by a high protective tariff, which raised the prices of what they had to buy without raising the prices of what they had to sell; yet today the cotton farmer is selling his cotton for less than he did in 1912 and is paying three or four and, for some articles, five times as much for what he buys as he paid then.

Yet we are asked to pass legislation that merely tends to stabilize him in his present misery. You cannot fool the farmers of this country by such gestures.

The way to help the farmers is to expand the currency, put more money into circulation, thereby raising the prices of farm commodities back to what they were when he contracted his debts or incurred his obligations, including his taxes, and then let him run his own affairs.

The trouble is that we are in a money panic, and have been for 4 or 5 years. It is true that we have cut the gold content of the dollar to about 60 percent, thereby broadening the base for the issuance of currency; but, so far, no new currency has been issued. We have simply cut the gold content of the dollar, collected up all the gold in the country and locked it up, and are now depending upon such legislative or bureaucratic necromancy as this bill provides to bolster the falling prices of farm commodities. I understand they now propose to bring in a bill to reduce the production of milk, with children starving for milk in the congested centers of the country.

I make the bold assertion, without the slightest fear of successful contradiction, that you cannot increase the farmers' income by compelling him to reduce the amount of his production, especially when you deny him the right to raise substitute crops on the land formerly planted in the crop reduced.

I seriously doubt if the passage of this bill will raise the price of cotton 1 cent a pound. The market is now falling on the prospect of its passage. If it should give it a temporary boost, the big cotton factors would clean up millions on the stocks of cotton they now have. Even if it should give the price a permanent impetus, it would stimulate the production of cotton in other countries, and we might soon find that we had driven the cotton-producing industry to other lands, thereby killing the goose that laid the golden egg—for our balance of trade has always depended upon cotton.

By the way, that reminds me, the chief advocates of this policy want to continue to reduce until we get our cotton production down to the American consumption. That would simply devastate the South. Every country in Central and South America can raise cotton. Brazil can raise as much cotton as we can, probably more. She has more territory than the United States has, and it is all in a warm climate. I saw cotton stalks in Haiti a few years ago that were said to be 15 years old. They were higher than a man could reach and had large limbs spreading out in every direction. I was told that in those tropical countries it is not necessary to plant cotton every year, since the stalks live on indefinitely. I examined the staple of that cotton and found that it easily measured up to the short-staple cotton grown in this country.

South America, and especially Brazil, is filling up with people who are thrifty, industrious, and resourceful. Provoke them into a program of cotton production on an extensive scale by such legislation as this, and America will lose her balance of trade which cotton has given her for the last hundred years; and the South will pay the penalty.

Remember, too, that cotton is raised in both Asia and Africa, as well as in Australia.

In my opinion, this is the most dangerous experiment from the standpoint of the southern cotton growers that Congress could indulge in at this time.

Some men talk about getting a world agreement on the limitation of cotton production. Our sad experience in trying to get some international agreements on the limitation of armaments ought to be sufficient to convince anyone of the impossibility of ever getting an international agreement on the reduction of cotton production.

Besides, our most potential competitor in the production of cotton in the future is Brazil. I do not believe Brazil would ever attempt an experiment of this kind again. She tried it a few years ago with reference to the production of coffee. Her experiment not only proved to be disastrous to the coffee producers in the long run, but it provoked so much resentment that it burst into the flames of a revolution which swept over Brazil in 1930, overthrew the administration in power, and placed at the head of the Government the present Chief Executive, President Vargas, probably the ablest President Brazil has ever had.

If we will stop trying to run everybody's business from Washington and expand the currency to meet the present emergency, and put that money into circulation, the prices of farm products will soon rise to their normal values and nobody will be hurt. Cotton should be selling for 20 cents a pound to justify the prices now paid for industrial commodities under the N.R.A.

We promised the American people to put agriculture on a parity with industry. That can be done by an expansion of the currency. We have the gold to do it. We have a sufficient amount of gold that is unassigned to furnish a reserve for the issuance of \$7,000,000,000 of currency. If we will only issue two and a half billions of additional currency and put it into circulation, whether by paying off the soldiers' adjusted-service certificates, by paying the running expenses of our Government, or by promoting public improvements, or otherwise, the moment we put this amount of new money into circulation the price of cotton will leap back to where it was before this panic began, and so will the prices of wheat, corn, hogs, land, and other raw materials. Then it will not be necessary to change our form of government or abolish American institutions; then it will not be necessary to pull up the sheet anchors planted by Washington and Jefferson and cast the old ship adrift upon uncharted seas to be guided by dangerous and untried experiments, in order to bring back prosperity.

Mr. Chairman, the provisions of this bill are such that I cannot support it, and the shorter length of life you give it the better chance you will have to overcome the objections to it when you go home. When you get home the people are going to want to know why, since you have been trying to induce them to engage in diversified farming, you are now trying to keep them from doing so by law. This is the first time in this country a man has ever been threatened with a jail sentence for planting peas in his own field or for planting corn on his own land and using the crops for his own benefit in violation of a regulation of someone in the Department of Agriculture.

Mr. DOXEY. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Mississippi.

Mr. DOXEY. Section 26 of this bill does not prohibit a man from planting whatever he wants to plant, so long as it does not go into the markets of trade.

Mr. RANKIN. Of course. But if he plants soybeans or other feed crops on his land to feed his dairy cows to produce milk to send to the condensary or to the creamery in order to produce butter to sell, in violation of a regulation promulgated under this act, then he would be subject to fine and imprisonment.

Mr. DOXEY. Will the gentleman permit a further observation?

Mr. RANKIN. Yes.

Mr. DOXEY. The man that allows his acreage to lie idle will receive benefits from the Government. Does the gentleman think that he should be deprived of these benefits?

Mr. RANKIN. Whenever we demand that he turn his land out and let it grow up in weeds, and he has to pay taxes on it, all the remedial legislation we can put on the statute books will not do him any good. He will ultimately lose more than he could possibly gain.

Mr. DOXEY. Is the gentleman in favor of the benefits he is now receiving or does the gentleman want the farmer to be denied these benefits?

Mr. RANKIN. No. My opinion is that you can at least strike out the penalties. You could at least limit it to 1 year so the people can get rid of it as soon as they find out what it will do to them. You could at least say to the farmer, "You can do as your please with your own land."

Mr. DOXEY. The penalties are in there in order to have some regulation. It is fair to put in something in order to restrict the acreage.

Mr. RANKIN. You have been very liberal with those penalties. May I show what the penalties are?

Mr. DOXEY. I am talking about principle.

Mr. RANKIN. So am I. Here are the penalties:

Any person who violates any provision of this act or any regulation promulgated under this act—

And so forth—

shall on conviction be punished by a fine not to exceed \$5,000 or by imprisonment for not exceeding 2 years, or both.

Think of a farmer being dragged to Federal court, a hundred miles from home, to be tried by a mixed jury for having raised feed on his own land, fed it to his dairy cows, and then sold the milk to buy shoes for his children, in violation of a regulation issued under this act to aid agriculture.

Or if he happens to make more cotton than the amount allotted to him, and sells it without first paying a tax so heavy that no man can afford to pay it, then he will be subject to these drastic penalties.

By all means this tax provision ought to be stricken from the bill. Better to follow the volunteer reduction plan a thousand times than to force the cotton farmers' heads into this halter.

The power to tax is the power to destroy. Whenever you establish in this Government the right to levy a direct tax on a bale of cotton for one purpose, you establish the right to tax it for all purposes. I cannot think of a more dangerous step the people of the South could take at this time. We have always denied this right, relying upon the Constitution, which plainly prohibits it.

There are more than \$68,000,000 in the Federal Treasury now that was taken from the cotton farmers of the South through direct taxation during reconstruction which we have always contended was collected in violation of the Constitution. For nearly 70 years we have demanded its return to the people from whom it was taken. Concede this right of taxation now, get it confirmed, and estop ourselves from protesting in the future—who knows what an unfriendly Congress may do to us in the years to come?

What does this tax amount to? Fifty percent of the value of the cotton, but in no case less than 5 cents a pound.

In the words of Hamlet, we had better—

* * * bear the ills we have
Than fly to others that we know not of.

Mr. Chairman, I want to do everything possible to help, and not to hurt, the cotton farmers. My honest opinion is that this bill in its present form will do them more harm than it will good. It violates the very fundamental principles upon which our free American institutions are founded and embarks us upon a policy which I fear will bring disaster to the very people it is designed to help. We had better pause and ponder now before it is too late.

If a man grows more cotton than his allotment under this bill he cannot sell the surplus without paying the enormous tax to which I have referred. If he does, then

the penalties apply. Heretofore our farmers have prayed for an abundant crop in order that they might meet their obligations. I wonder if their prayer in the future is to be "O Lord, send me a crop failure, in order that I may not be more heavily taxed or sent to jail." [Applause.]

Mr. TERRELL of Texas. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, may I speak a few minutes about some of the assumptions that have been made here in connection with the advocacy of this bill, and they are pure assumptions. I have not attempted to offer an amendment that would affect the bill because you cannot amend a fundamental principle. No amendment to this bill could help the bill and do away with the objections in connection with the fundamental principles involved.

I do not impugn the motives of anyone. I know these gentlemen of the South who are advocating this bill are just as sincere as I am, and they are trying to improve the terrible condition that confronts the people of the South. They assume, however, that because the Secretary of Agriculture has sent out a few questionnaires, that 95 percent of the cotton farmers are in favor of the bill. These questionnaires never went to one half of 1 percent of the cotton farmers, yet the advocates of the bill claim that 95 percent of the cotton farmers favor the bill. They do not have the approval of 1 percent of the cotton farmers. I have not received a single telegram or letter advocating this bill, but I have had a number of them opposing the bill.

Mr. HOPE. Will the gentleman yield?

Mr. TERRELL of Texas. I yield to the gentleman from Kansas.

Mr. HOPE. Is it not a fact that this bill had not been introduced when the questionnaires were sent out?

Mr. TERRELL of Texas. I presume that is true. I should like to have the Clerk read two telegrams which I have received. I did not bring the letters because they were very lengthy. I received one letter from the former commissioner of agriculture of Texas, one of the greatest students of farm problems I know of, denouncing every principle involved in this bill, and I say that the people of the great State of Texas do not favor this legislation. It violates every principle of liberty and human rights. I have a letter from W. L. Clark, of Douglassville, Ga., denouncing the bill in the strongest terms.

The Clerk read the telegrams, as follows:

FORT WORTH, TEX.

HON. GEORGE B. TERRELL,

Member of Congress:

Not impugning motive Bankhead bill, but consider most inimical attempted legislation against interest of South since the infamous Force bill. If enacted into law would throw 1,000,000 people engaged in growing cotton out of employment. Remedy proposed is 1,000 times worse than disease to be cured.

JOHN M. SCOTT.

GREENWOOD, MISS.

Representative TERRELL of Texas:

Congratulations on your stand taken on the enslavement bill of the South which bears BANKHEAD's name. Neither cotton farmers nor the South want this type of legislation despite the fact that the Agriculture Department's hand-picked answers to 50,000 questionnaires show to the contrary.

A. H. GEORGE.
D. S. WHEATLEY.
B. B. PROVINCE.

Mr. PATMAN. Will the gentleman yield for a question? Mr. TERRELL of Texas. I yield to the gentleman from Texas for a brief question.

Mr. PATMAN. Does the gentleman believe in the voluntary plan that we have now in effect?

Mr. TERRELL of Texas. I did not support that plan until after it was enacted. I went home and plowed up 25 percent of my cotton and advocated the plowing up of other cotton in order to reduce the surplus, and I stand for the voluntary principle today. The Secretary of Agriculture has announced that the cotton-production quota allotted for this year has been signed up. Why not let us continue under this voluntary plan?

Mr. PATMAN. Does the gentleman favor some kind of a plan that will make these farmers cooperate who are not now cooperating with their neighbors?

Mr. TERRELL of Texas. You cannot make them cooperate nor make them join any organization in the world, under the Constitution of the United States.

Mr. PATMAN. The gentleman says this is unconstitutional?

Mr. TERRELL of Texas. It certainly is. This bill starts out and says that when two thirds of the cotton farmers favor this bill it shall become effective, and you provide no method of finding out when two thirds favor it. You confer upon the Secretary of Agriculture the right to levy a tax conditioned on the fact that somebody is going to sign a petition to do a certain thing.

Mr. PATMAN. Will the gentleman yield for another question?

Mr. TERRELL of Texas. I do not have the time to yield. This tax is either a production tax or it is an export tax and you cannot charge an export tax on anything, because the Constitution, section 9, article 1, says: "No tax or duty shall be laid on articles exported from any State."

[Here the gavel fell.]

The CHAIRMAN. The gentleman's time has expired.

Mr. RAYBURN. Mr. Chairman, the gentleman from Texas [Mr. TERRELL] is a former commissioner of agriculture and a student of these problems. The gentleman takes very little time in the House and I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TERRELL of Texas. Mr. Chairman, I thank the House for this extension of time. I feel this situation very keenly. I cannot follow what seems to be the logic of a majority of the House on a measure involving such great fundamental principles.

I say to you that the trouble is not overproduction, it is underconsumption, and I have figures here to show that for the period of time from 1925 to 1929 there was more cotton produced in the world and more produced in the United States than there has been during the past 4 years, and yet the price was almost 20 cents from 1925 to 1929, while during the last 4 years the price has averaged only 12 cents. This shows conclusively that a short crop does not always produce the most money, because in this period the larger crop produced the most money. The world's production during the past 4 years was 4,400,000 bales less than it was during the preceding 4 years, and the United States production during the last 4 years was 2,819,000 bales less than during the previous 4 years.

The average price of cotton during the past 4 years, with 4,400,000 bales less produced than the previous 4 years, was 12.35 cents per pound, with a loss of 7.35 cents per pound and a total loss of \$2,050,650,000 to the cotton growers. The same ratio of decline of all other farm products and of livestock can be shown, causing billions of dollars of loss to the farmers—and it is not caused by overproduction.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. TERRELL of Texas. Yes.

Mr. PATMAN. If this bill is in the interest of the general welfare, does not the gentleman think we can safely and consistently leave the constitutional part of it to the courts of the country?

Mr. TERRELL of Texas. I presume it would go there, but I am not certain about that, because a Federal court in Florida declared certain provisions of the Agricultural Adjustment Act unconstitutional, but the authorities refused to carry the case to the Supreme Court, and in my own State Federal judges have declared provisions of the N.R.A. unconstitutional, and those decisions have not been appealed to the Supreme Court. They try to enforce these things without giving the courts a chance to say whether they are legal or not.

I cannot subscribe to this kind of legislation. I may stand alone, but I am willing to stand alone in defense of a great principle.

I shall never give my consent to any measure that permits the Government to go into the States and say, "You cannot produce cotton, or you have got to pay a prohibitive tax if you produce more than a certain number of bales of cotton." If the Government can require a man to reduce his production, it can make him increase it and work longer hours, and that would be involuntary servitude. I say any man can produce all the cotton he wants to produce in any State of the Union and gin it there and manufacture it, and the Government has no right to touch him in any way, shape, or fashion under the Constitution. You cannot legally do it, and I do not believe the court is going to stultify itself on a proposition of this kind. I think the courts can be depended on if we can get the matter into the courts, but judging from past experience, it might be enforced 2 or 3 years before we can get a final decision on it. The R.F.C. has not been carried to the courts, and it has been several years since it was enacted. Under this and other laws the Government is lending money to individuals and corporations all over the country; and if it can tax the people to lend to some of them, it can tax them to lend to all the people, and that will break the Government if it is not already broke.

I tell you this is a very serious problem, and the whole trouble has not been overproduction of cotton or wheat or anything else, because during this panic there has been no money in circulation for the people to use to buy the things they need. If you correct the money situation and take its control out of the hands of the men who have run this system for years and years and wrecked it, we will get a good price for all these products. You are making no effort to stop the cotton exchanges from fixing the price from day to day, regardless of the laws of supply and demand. They sell more than a hundred million bales of cotton a year, when there are only twelve to fifteen million bales produced. Why do you not stop that practice?

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. TERRELL of Texas. I yield.

Mr. JOHNSON of Texas. I agree with the gentleman that the question has not been overproduction but rather underconsumption, but during the 5 years of underconsumption we have created this surplus, and we should not continue, through underconsumption, to increase that surplus.

Mr. TERRELL of Texas. I may say to the gentleman that if conditions get back to normal—as they were from 1918 to 1928 or 1929—in a few years, by taking up 5,000,000 bales of cotton a year, we will take up the surplus in 2 or 3 years; and how do we know but that there will be a failure of a crop? In 1921 there were only 8,000,000 bales grown, and we took up all the surplus and put the price back to 20 cents.

Mr. JOHNSON of Texas. But the gentleman realizes that there is a surplus which has been created by underconsumption, and this surplus must be disposed of.

Mr. TERRELL of Texas. There is no question about that, but there had never been any cotton destroyed for 150 years until last year. There have always been short crops to take up any surplus, and we can do that in 3 years anyway.

I have not the time, Mr. Chairman, to discuss other phases of the bill, but I am opposed to the principle involved, and for that reason I am against the bill.

Mr. BUSBY. Will the gentleman yield?

Mr. TERRELL of Texas. Yes.

Mr. BUSBY. A recent committee appointed by Columbia University has examined into the phase that we often hear, "Poverty in the midst of plenty", and they have determined that we have undertaken by legislative and administrative procedure to do away with the "plenty" and just leave the "poverty." Does the gentleman agree with that philosophy in connection with this kind of legislation that is doing away with the plenty?

Mr. TERRELL of Texas. Just permit me to say again that if you will control the money of this country and put money in circulation, you will have good prices and plenty of prosperity in this country instead of poverty. [Applause.]

Now in conclusion, if this law is enacted levying a tax on cotton and is upheld by the courts, it permanently establishes the right of Congress to levy a tax of any amount on

every bale of cotton. The cotton-growing States have less than one third of the Membership in Congress and will be helpless to prevent the levy of any tax on cotton that the other States might levy to support the Government, and then the Members from the cotton-growing States will be getting what is coming to them by supporting this bill.

Before we adopt this Soviet system of government and Russianize this country, we should submit an amendment to the Constitution and permit the people to change our form of Government from a republic to a despotism, where no personal liberty or property rights are safe. [Applause.]

Mr. CASTELLOW. Mr. Chairman, I move to strike out the last three words. Mr. Chairman, I desire to address myself particularly to this amendment. I listened very carefully to what has been said, and I have read the amendment carefully. It occurs to me that there is one provision that so far has been overlooked, and I address myself particularly to the author of the amendment.

That amendment reads that the provisions of this act shall be effective only with respect to the crop of 1934-35, but if any time prior to the end of such crop year the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation.

This would be all right if the crop over the entire Cotton Belt was gathered at the same time, but you who live in the South know that the crop in the southern part of the belt has been often gathered and sent to the market before the crop in the northern part of the Cotton Belt has been gathered. Suppose the farmers in the southern part of the belt have gathered all their crop and paid the taxes, then the President by proclamation declares that the emergency had ceased and the tax consequently suspended. That would give those in the northern part of the belt the opportunity to market their cotton without paying the taxes.

Mr. RANKIN. Will the gentleman yield?

Mr. CASTELLOW. I yield.

Mr. RANKIN. If the word "sold" or "marketed" is used instead of the word "harvested", it would meet the gentleman's objection, so the man who has the cotton in the bins and has not sold it would get the benefit of the proclamation. Will the gentleman suggest that amendment?

Mr. CASTELLOW. I think that suggestion would perfect the amendment, and, Mr. Chairman, I offer that amendment.

Mr. FULMER. The crop year is 1934-35, and that means from the 30th day of June to the 30th day of the next June.

Mr. BUCK. Will the gentleman yield?

Mr. CASTELLOW. I yield.

Mr. BUCK. On page 21, line 20, of the bill, it says:

The term "crop year" means the period from June 1 of one year to May 31 of the succeeding year, both dates inclusive.

The CHAIRMAN. Does the gentleman from Georgia offer an amendment?

Mr. CASTELLOW. I have offered the amendment, and it seems to be accepted by the author of the original amendment; but, Mr. Chairman, I move to strike out in the second to the last line of the amendment the word "harvested" and insert in lieu thereof the word "marketed."

Mr. JONES. Will the gentleman yield?

Mr. CASTELLOW. I yield.

Mr. JONES. I want to say to the gentleman that that will defeat the whole purpose of the bill. If the cotton has been sold, he would have paid the tax. This would last for only 1 year, and the man who does not sell will not have to pay the tax.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BUSBY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 25 minutes.

Mr. PARKER. I reserve the right to object. If the gentleman will modify his request so that it applies only to this amendment, I shall have no objection. If this amendment is voted down, then I have an amendment that I want to offer later, which I shall want to discuss for 5 minutes.

Mr. JONES. Mr. Chairman, I withdraw my request for the present.

Mr. BUSBY. Mr. Chairman, I have great regard for the gentlemen who are sponsoring this legislation. I have made a rather casual examination but no very deep study of the proposed legislation. It is so out of line with anything that I have ever believed to be in accordance with the spirit of American Government that even though it is supposed to apply to the section of the country that I come from, I find myself up to the present time wholly antagonistic to it. I cannot, to save my life, see how we are carrying out that provision of one of the documents to which we like to refer when we speak of the greatness of our country which says:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, and among these are life, liberty, and the pursuit of happiness.

I think this bill is wholly antagonistic to that.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. DRIVER. Did the gentleman support the measure on authorizing the building of codes of fair practice?

Mr. BUSBY. I did not. I referred a while ago to an expression that is often used, when the gentleman from Texas [Mr. TERRELL] was speaking, that we have a great many people who are hungry and starving in a land of plenty, that we have want in the midst of plenty. Now we propose to remove the plenty and leave the starving, suffering, and want. It is very well understood that 15,000,000 people who are on charity and in the bread line are not to be counted in the purchasing and consuming class when we come to put into effect the law of supply and demand. They are taken out because they have no purchasing power, and I do not believe that the destruction of 5,000,000 pigs to prevent the production of pork will feed these people, nor do I believe that the destruction of four or five million bales of cotton will clothe them.

I believe we are traveling in the wrong direction. We can never pay our debts by borrowing nor can we feed and clothe the hungry and suffering by destroying food and clothing. If destruction makes prosperity, there was enough property destroyed in the World War to bring prosperity to all nations for a generation to come. Destruction is not the way to pay debts and bring the comforts of life to a destitute and suffering people. Destroying property is solely for selfish purposes and for no other reason than to hold up the supply and dig a little heavier into the pockets of him who has yet a little buying power remaining. I may vote for this bill—and gentlemen may be surprised to hear me say that—but I shall have to learn more about its merits than I know now. It is wholly antagonistic to our spirit of government; and if we are going to apply the provisions of this bill, we ought to go to Russia and get the whole program and put it into effect at once. This is worse in some respects than the practices in Russia. Why put it on by piecemeal? We ought to put it onto the wheat grower, the cattle raiser, and the butter producer. If we are going to apply the Russian program and take away from the individual the right he has to work to produce, we are leaving nothing of the principles of freedom of which Americans boast. I cannot conceive of a jury in my section of the country convicting a man for going out and producing cotton and selling that cotton on the open market to the best advantage. This bill is all wrong in principle, gentlemen. It hurts the little fellows.

The truth about it is that we are limited to such a short period of time in this bill that you can get hold of a fellow and do everything to him before the Supreme Court of the United States can say that the law is wholly antagonistic to the fundamental principles of our Constitution and Gov-

ernment. What has become of that amendment to the Constitution that reads—

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

What are you going to do with that provision of the Constitution when you come to enact this kind of raiding legislation, that will go into a man's home and drag him out with a criminal writ because he labored to produce that which is beneficial to mankind? I cannot see the principle. I am sorry that we have drifted into this sort of thing in order to experiment with a situation at the expense of the personal rights of the individual person. Slavery of a type will be forced upon us by this kind of legislation.

Mr. MAY. Does the gentleman feel—if we can control the number of bales of cotton by this bill that a man may sell—that we may by another bill control the number of carloads of coal that a coal operator may load?

Mr. BUSBY. There is no difference between that and this proposition. If you can put this into effect, you can do almost anything that will curtail labor and production. A Federal office will supervise every act of our farmers in a few years. Where will our boasted liberty and freedom be then?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. GLOVER. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, the amendment that is offered is offered in good faith, but it will wreck this bill if it is adopted. The effect of it will be to destroy the bill and not help it, and I am sure the gentleman does not want to do that. Patrick Henry said, "Give me liberty or give me death." The cotton farmer has said, "If you give me 5-cent cotton again, you give me death"—financially, at least.

It is not the purpose of this bill to try to force anything on anybody. I am surprised at the argument made by the gentleman from Mississippi [Mr. Busby]. The gentleman talks about cotton as though he thought it might be eaten like potatoes. It is a commodity which we have to sell partly in export trade. It is an article that we can carry over, and the principle of this bill has no compulsory feature about it. Does any man on the floor of this House, either Republican or Democrat, deny that the principle of democracy is that the majority should control? In this case it is not only a majority but a two-thirds majority must control.

Two thirds of the farmers growing cotton must say that they want this plan before it goes into effect. If you limit this to 1 year, what do you do? Anyone who has studied this bill knows that the real intent and purpose of the bill is to take off an orderly market about 10,000,000 bales of the surplus cotton. If you take off four or five million bales, the purpose of the act will fail. If you limit it to 1 year, that would mean absolute failure for the bill. If you take it off for 2 years, taking off 5,000,000 bales each year, and take off 10,000,000 bales, then you will make this an absolute success. It is the belief of the Department and it is the belief of those who have studied it and the belief of every cotton farmer and every representative, as far as I know, from the South who has studied this plan that with the acreage reduction we have reduced 40 percent, and we will have a normal crop next year, for that acreage will produce about nine and one half million bales, not exceeding 10,000,000 bales. This bill simply dovetails into the other reduction plan and makes it effective.

Mr. PARSONS. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. PARSONS. Is there any provision here as to how much money this will take from the Treasury of the United States to pay the cotton farmer for this reduction?

Mr. GLOVER. The gentleman certainly ought to know that it would not take a dollar from the Treasury. The gentleman should know, if he has studied the plan of reduction of acreage, that the processing tax put on produces a

sufficient sum of money that will pay for every acre they have taken out, and more, as for that matter.

Mr. PARSONS. How much processing tax does it require?

Mr. GLOVER. It is now 4.3, and with the consumption of cotton in the United States it brings about \$127,000,000.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. VINSON of Georgia. As I interpret the bill, it is limited for 2 years now?

Mr. GLOVER. Yes.

Mr. VINSON of Georgia. The amendment of my colleague from Georgia is to limit it to 1 year?

Mr. GLOVER. Yes.

Mr. VINSON of Georgia. The committee thinks that the phraseology, clothing the President with finding an emergency and a 2-year limit, protects it sufficiently to say whether or not this is a workable plan?

Mr. GLOVER. The farmer must pass on it first, and I think the President has a big job on his hands now, and we ought not load him down with this. We ought to legislate and put it into the bill and assume our responsibility.

Mr. VINSON of Georgia. As a matter of fact, it is a limitation of 2 years, in any event?

Mr. GLOVER. Absolutely.

Mr. MILLER. Will the gentleman yield?

Mr. GLOVER. I yield.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for 1 more minute, in order to answer my colleague.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MILLER. As a matter of fact, does not section 3 itself supply the answer to all the arguments for this amendment proposed by the gentleman from Georgia? Before the act can go into force next year there must be this referendum, and the Secretary must find that two thirds of these people want it. Will not that section serve the very purpose which this amendment seeks to serve?

Mr. GLOVER. Absolutely so.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. TAYLOR of South Carolina. The act does not say that.

Mr. MILLER. Yes; it does; section 3.

Mr. GLOVER. I think it is the intent and purpose of the Department of Agriculture to submit the question on this bill before it goes into effect, and I hope it will, and will submit it again next year and let the farmers themselves say whether they want it or not. This gives them a way to control it themselves.

[Here the gavel fell.]

Mr. REED of New York. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to address myself very briefly to a few of the practical aspects of this situation. I want to call attention to the fact that many cotton mills are now utilizing their looms—in fact, increasing the number of their looms—to weave rayon instead of cotton. There are mills now weaving rayon that prior to the N.R.A. never used rayon at all. One mill is now taking 50,000 pounds of rayon weekly, and it does not plan to utilize cotton from now on. Another manufacturer shifted from cotton to rayon and sold the new product from 300 looms in 1 month. This particular manufacturer claims that he could dispose of a much larger volume of rayon products if he could procure more looms.

This condition has been brought about by the program of the N.R.A. A fight has now been precipitated between the cotton and rayon interests. It is now sought to have a compensatory tax on rayons. The rayon interests are opposing this tax with great vigor. The situation is not difficult to visualize. Costs of garment manufacturers have been increased by the N.R.A.; also prices asked for cloth have been advanced. Buyers of garments—that is, the consumers—have shifted to the rayon garments which cost less.

Both cotton manufacturers and rayon manufacturers are suffering because of the uncertainty as to when and to what extent a compensatory tax on rayon will affect cost of production of these two important and competing industries.

I fear this bill will add just one more uncertainty to the many problems that have already been created by previous so-called "emergency measures."

Now, another practical side of this question. I am speaking, because I am very friendly and should like to be helpful, but there is another practical situation which confronts you people in the cotton section. Only a few years ago the price of hard coal was put up to a very high point.

I happened to be in New England, in the city of Worcester. Looking into the park I saw a little building around which a crowd had gathered. I inquired what was going on and was told that an expert was there teaching the people of Worcester how to use substitutes for hard coal, how to use soft coal. And I say to you, Mr. Chairman, as a result of that situation, the hard-coal people have never regained their market in that section, and they probably never will.

Now, what you are doing by these uncertainties is to educate the people to use rayon; and right before your eyes now in a practical way you are seeing your cotton looms used for the manufacture of rayon. Every day these uncertainties continue, more and more you are going to impinge upon the natural output of your cotton. I am speaking in the most friendly way, but the facts and figures demonstrate precisely what I am telling you here today.

Mr. Chairman, I yield back the balance of my time.

Mr. HASTINGS. Mr. Chairman, there is no more important bill pending in Congress to the farmers and to the South, including both the landowners and tenant or share croppers. Cotton is the principal farm product in the South over an extensive area and has been for a century. The price of cotton has been depressed for years. The fluctuations in the price of cotton unfavorably affect not only the producers of cotton but everybody that is dependent upon the money received from its sale. I own much farm land myself. Cotton is extensively grown in Oklahoma and in the district which I represent. A little more than a year ago cotton was selling around 5 cents per pound. The landowner cannot pay upkeep and taxes on his land at such a ruinously low price. The tenant farmers and share croppers cannot grow cotton at that price. The merchants and others who depend upon money coming from cotton suffer financially, as do all others depending upon the farmers.

This bill is temporary and experimental. After this year the Secretary of Agriculture must find that two thirds of the cotton farmers favor it. It continues for 2 years, and the President may extend it another year. It limits the amount of cotton that may be produced without a tax, and prorates that to States and counties, and finally to individual farmers. It gives the Secretary of Agriculture broad powers. Finally it places a heavy tax of 50 percent on the production in excess of the amount allowed. Congress passed the Agricultural Adjustment Act last year which provided for a voluntary reduction in the acreage planted to cotton. This bill provides for a compulsory reduction through an excise tax upon excess production. It fixes the maximum that may be produced, free of tax, for the 1934 season at 10,000,000 bales of cotton. It is estimated there are between ten and eleven million bales of carry-over cotton. There is therefore a real necessity for keeping the production of cotton down.

The question is asked, Why not follow the voluntary plan rather than this compulsory plan? The answer is that through the use of fertilizer the acreage, under the voluntary plan, can be reduced but the production greatly increased. It is easy to increase the production of cotton by at least one fourth, if not more, through the use of fertilizer, and the farmers able to buy fertilizer have an advantage. What we are trying to reach is reduction in production. This bill, therefore, changes the method adopted last year from a reduction in acreage to a reduction in production. That is exactly what we are trying to accomplish. If the production for 1934 can be held down to 10,000,000 bales,

every farmer producing cotton can be assured of a fair price.

As I have stated, this bill is experimental. The cotton farmers as a whole who have studied the bill favor it. There may be a number of objections as to details, some of which may be changed.

I think that the proposed amendment to section 6 is rather broad and should be more clearly defined. It is the amendment that requires that before a certificate of exemption shall be issued that the producer must agree—

To comply with such conditions and limitations on the production of agricultural commodities by him as the Secretary of Agriculture may from time to time prescribe to secure the cooperation of such producers in the reduction programs of the Agricultural Adjustment Administration.

The Secretary of Agriculture must administer the act, but I should like to see these regulations made a sufficient time in advance so that the cotton farmers may be informed what they are, so there may be no abrupt changes in the regulations.

It is urged that the taxing provisions of the bill are unconstitutional. A brief has been inserted in the RECORD, prepared by an Assistant to the Attorney General of the United States, upholding the constitutionality of the bill. In view of this opinion and the authorities therein cited, I feel justified in voting for the bill.

By holding down production to 10,000,000 bales for the coming year a better price for cotton will be assured to the farmers, which, as I have stated, will result to their benefit and to the benefit of everyone depending upon them. Unfortunately, the farmers of the country have been unable to pay their taxes for several years, and this has resulted in the reduction of school terms. For my part, in these distressing times, I am willing to try this bill. It may need to be amended. I am willing to assist in perfecting it.

If this reduction of production plan is put into effect, the remaining land can be profitably planted to other crops, which will result in rotation and which will be helpful to keeping up or restoring the fertility of the land. If every farmer could own his own farm and acquire a team, tools, a few hogs and cows and chickens, raise a good garden, and be induced to diversify his crops, he will be on the road to better living. He should be encouraged to live off his farm as far as possible.

Of course, the farmers and those dependent upon them must be patient. Congress is trying to help them. Our steps of progress, which we hope will be continuous and upward, will be slow and beset with many difficulties.

The first step is to try to help the farmer secure a better price for his farm products. He cannot grow 5-cent cotton, 14-cent corn, 12-cent oats, 25-cent wheat, and he cannot sell his hogs, cattle, and poultry at such ruinously low prices. In the years that have gone Congress has enacted legislation that has discriminated against the farmers, and they are entitled to all the favorable legislation now that Congress can enact.

We must have a foreign market for cotton, as we export about two thirds of the cotton produced. We have through tariff legislation discriminated against the cotton farmers in the past, and this legislation will in a measure overcome that discrimination.

About one fourth of the people of the Nation live on the farm, but a very much larger number are dependent upon the prosperity of the farmers, and the farmers have been in deep distress for 10 years. Their purchasing power is gone. We experimented in the Agricultural Adjustment Act and measurably helped the farmers. I am going to vote for this bill, believing that it is a step in the right direction and an effort to be of further benefit to the farmers and those dependent upon them.

Much will depend upon the administration of this bill. Without additional legislation farm lands are of little value. The ad valorem taxes are too high and the price of farm products too low. This bill restricts cotton production, and it must result in an increased price for the cotton raised. We have enacted much legislation for the benefit of farmers during the past year. His condition looks

better. I think this legislation will enable the cotton producer to secure a fair and better price for his cotton.

We passed the Agricultural Adjustment Act, which provided for the cotton-option plan and other benefits to agriculture, for which this bill is intended as a substitute so far as the production of cotton is concerned.

We amended the rural credit bill, which provides for long-time loans through Federal land banks at low rates of interest to the farmers, and recently amended it again by guaranteeing the principal of the bonds as well as the interest, so as to make available money out of which loans may be advanced.

We passed two crop-production loan bills. The more recent one, a few days ago, makes available \$40,000,000 out of which loans may be made to farmers for crop production during the present year.

Congress, in the National Recovery Act, earmarked \$400,000,000 for road construction, which is of great interest and benefit to the farmers for many reasons. In the first place, its purpose is to connect every community with a marketing center, which would reduce the cost of hauling crops to the market. Second, it will add permanent value to farm lands; and, third, during this time of the depression, when the farmers are so sorely in distress, it provided work for them with which to secure money to buy clothing, books for their children, and other necessities for the members of their families.

In the National Recovery Act we appropriated \$3,300,000,000 for work of various kinds, much of it in the agricultural States will go to those who live on the farm.

Congress amended the bank act so as to insure bank deposits up to \$2,500, and in a larger sum after July 1, 1934. This is for the protection of the farmers as well as all other depositors.

Recently Congress enacted legislation in aid of livestock and the dairy industry, adding these to the basic agricultural products.

As I have already stated, this bill is a further step in the direction of assisting the farmers. We increased the price of cotton through legislation enacted a year ago, and this legislation, if enacted, in my judgment, will further increase the price of cotton, so that the farmers of the South will be able to secure the cost of production plus a reasonable profit. It will result in encouraging a back-to-the-farm movement. If in the administration of this bill, when enacted, it is found that it needs further amending, we should have the patience and the courage to do it.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. TAYLOR of Tennessee. Does the gentleman believe that the principles embodied in this legislation ought to be applied to all forms of agricultural commodities?

Mr. HASTINGS. I have not studied the principles as applied to other agricultural products, and the Committee on Agriculture has not considered the matter; but if two thirds of the producers of other agricultural commodities indicate they want to try it, I do not see any reason why they should not be given the opportunity.

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I move to strike out the last six words.

Mr. Chairman, I do not intend to make any extended remarks in regard to this legislation, because I am not sufficiently acquainted with the details of the bill or with the production, manufacture, and sale of cotton. On the other hand, I do not believe that I would be doing my duty as a Representative if I did not at this time protest against the fundamental principle of compulsion carried in this bill. In my judgment, this is entirely un-American in every respect and against every fundamental principle of the right of man to do with his own property what he sees fit provided he does no harm to his neighbor. This has been one of the boasted American liberties from the very beginning of our Government, and I am absolutely opposed to destroying or in any way abridging that principle.

As far as cotton itself is concerned, I am as friendly to that as I am to any other agricultural product; but my fear is that this is a part of a well-designed plan not only to apply this principle to cotton, but in turn, step by step, to apply it to every other agricultural product and eventually to industrial products. It is another one of the carefully devised and concealed plans of the present administration to drive us directly into a collective state; and I am opposed to that and shall oppose that principle in any legislation that comes before us for consideration.

I have read the hearings very carefully. In the first place, I do not see how it got out of the Committee on Agriculture, for the members of that committee took practically the same position I am taking at the present time; they were opposed to the compulsory provision of this bill. I read very carefully what Secretary Wallace said. About the only approval he gave to this bill was to state that if Congress passed the law and the South country wanted to submit themselves to the experiment he would be willing to try it out.

No matter how many questions you asked, you could not get him to approve of the compulsory principle that is carried in this bill. I read the testimony of some of the other gentlemen from the South who testified before the committee. They said the people that voted on these slips that were sent out were for some kind of control, but they wanted a control that would be left to themselves to decide upon each year. As far as the vote that was sent in in reply to the 40,000 letters is concerned, the Secretary of Agriculture himself testified that 1,036,000 men were on the rolls last year and the bulk of the reports that came in were from the committeemen who were doing the work for the administration. I claim that that is not a fair cross-section, and furthermore that the average cotton producer knows nothing about the compulsory provisions of this bill. I am not so much opposed to that, because it is up to the South to take care of themselves. It is the principle that I am opposing.

Furthermore, if I understand the condition of the cotton industry at the present time, it is in better shape than any of the other agricultural commodities. There is no special emergency. Your own committee brought out the fact that the present plan is working very well; and, according to Mr. Wallace's testimony, if the voluntary plan is carried out, he hopes that it will limit the crop to about 10,000,000 bales next year, which is practically all you are asking for under this law. In a general way, cotton is no worse off than any other industry; and while I am willing to aid it, you are in better shape today than the dairy industry of the North, and I can see no special emergency why at this time you should pass this bill. Certainly the hearings before the Agriculture Committee does not in any way justify its passage.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close at the end of 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GRAY. Mr. Chairman, we are now to consider the very illuminating principle and theory of raising less to have more. Because this policy is confusing, is the reason I am prompted to make these observations here today.

We are told that the people of this country are starving because we are raising too much food. We are told that the people are freezing and shivering in the cold and inclement weather because we are producing too much clothing material. We are told that the people are shelterless because we are providing too many roofs, walls, and houses for their protection against the chill, the rain, the snow, and the inclement extremes of temperatures.

Mr. Chairman, can all this be true? Are we ready to enter upon the wholesale destruction of food, clothing, and shelter material without more investigation before we take such step? I cannot endorse this principle. I do not approve of this policy. I do not believe that a superabundance of food will starve the people. I do not believe that a superabundance of clothing material will leave them

shivering in the cold. I do not believe that a superabundance of building material nor the construction of too many houses will leave the people shelterless and exposed to the elements. There is something wrong, something overlooked here. There is some deficiency, some want of knowledge of the facts, some failure to realize the relation of cause and effect.

I am an individualist as far as I am personally concerned. I want to live my own life. I want to make my own world around me. The whole joy and pleasure of life is the right to live as we love to live and not as some other man chooses or dictates how we shall live.

This is a bill, a resort to law, by compulsion to control and direct farm operations. With the strong arm of the Federal Government reaching out to prescribe and direct, the kind of crops and the acreage are to be determined with Federal inspectors sent out to oversee farm operations and crop cultivation. Under a policy, system, or plan, farm values and prices are to be raised by creating a scarcity among the people and thereby to compel people to pay more for less, regardless of whether they have more to pay with. This is not only a policy of questionable morals and equity, it is a policy of questionable merit, to be tried out as an experiment, with no one to guarantee the results, that arbitrary control will raise the price level nor to assure it will not work a hardship upon those suffering for want of sufficient food and clothing.

But this will concern only cotton planters and their crop-sharing tenants. No cotton is grown in my district or State. I am therefore not personally concerned, except with the principles to be established. The claim is made here that southern Members and farmers are agreed and are a unit for this bill. While I am opposing the principles of this legislation, I am constrained to leave to the South what concerns only the people of the South. And while for this reason I may not vote against the bill, I will not vote for it in approval of the principle.

After all, this may be the more effective way to bring the farmers of the Southern States to a realization that they are surrendering their long-cherished principle of local self-government and inviting centralized bureaucratic control and powers to dominate over their personal individual affairs.

Mr. Chairman, all of the wars of the world have been fought over or resisting the claim of the right of one man to tell another man how he should live, what he loves best, and what is good for him. The liberty of one man ends only where the freedom of another man begins.

I practice law alone, and I would rather practice in the lower courts by myself than practice before robed judges constrained by arbitrary law-firm rules and to participate in fees earned without the sanction of conscience. I would rather do a small law business in an individual character than to do a larger law business in a firm without freedom to accept or reject an offer of employment or to determine the equity of the cause to prosecute or defend.

Mr. Chairman, I want to breathe and contemplate nature in my own way. I want to worship God, abiding by the dictates of my own conscience and my own heart, and not as some other man would have me worship.

I have a farm in Indiana where I go to live my own life, where I want to live and labor as I choose to live and labor, where I love to work in the open sunlight and earn my bread by the sweat of my brow. I want to live there abiding by my own determinations and without some other man's coming in, or claiming authority, to tell me what I shall do or how I shall live or how I shall labor to live. All that I ask of my Government is to safeguard me in the right to enjoy the fruits of my labor.

Mr. Chairman, I do not believe it is necessary for us to destroy all individual initiative or for us to destroy our free competitive system of industry to eradicate the evils that have come into our system.

Overproduction is not the cause of our trouble. I propose to ask time of this House some day to explain why it is that the people of this country are in want, suffering, and

distress in the midst of plenty and great abundance. This is not a phenomenon, a mystery. This is the result of a financial conspiracy carried out under a secret gentleman's agreement and under the form of modern high finance.

[Here the gavel fell.]

Mr. GRAY. Mr. Chairman, I ask unanimous consent to proceed for a few more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY. I do not believe our economic condition, resulting from a fall of values and the price level and brought on by the contraction of money and credit, calls for a surrender by the individual of his freedom, liberty, and right of initiative; his right to live his own life and make his own world around him.

I do not believe a remedy of our economic ills requires a reduction or suspension of our free competitive system of industry under which, under the laws of supply and demand, the human race has made such forward strides in progress and the means of production of all the vital and necessary elements in our economic life.

I do not believe that an eradication of the evils of monopoly and restraint of trade, nor a restoration of industrial peace and harmony, nor that a just, fair, and equitable apportionment of the earnings and income from industry among employers and employees of production, nor that safeguarding the welfare of the consuming public, require that we break down all the checks, restraints, and barriers provided by our forefathers under the Constitution to safeguard against tyranny and usurpation, the impositions of selfish human nature and personal ambition for place and power.

I do not believe that the bloody battles for individual liberty and freedom have all been fought in vain. I do not believe that we must surrender and give up all our forefathers won at sacrifice of life and treasure only to be fought and won over again by our posterity to gain back what we have surrendered.

I do not believe we must tear down the citadels of human rights; I do not believe that we must destroy our free competitive system of industry to eradicate the evils of selfish human nature. I do not believe that we must scuttle the ship of state to rid the vessel of the rodents of abuse of power.

I believe we can preserve all our cherished institutions of civil liberty, freedom and independence, the right and initiative of the individual man, our free competitive system of industry, under which human accomplishments have become a marvel, and our own system of free representative government and the right of individual, self-determination under which we have urged the peoples of the world to follow our example, to more complete fulfillment of the ideals of free institutions, and to the plane of a higher and a more exalted civilization.

We have fought our way through fire, carnage, and bloodshed at the cost of treasure and sacrifice of life to establish free self-government, to guarantee to every man an equal voice in public affairs, and to safeguard the individuals in liberty, freedom, and the rights of property. And to safeguard all these our forefathers have provided for the separation of powers as a check upon selfish human nature encroaching upon liberty and the rights of man. I appreciate their great sacrifice. I respect their wisdom and judgment. And I am opposed to breaking down by invasion, disregard, precedent, or otherwise these great safeguards of free institutions and self-government.

And after they have sacrificed all these and provided in the Constitution for a separation of the powers of government in order to safeguard against oppression and usurpation, I want to preserve the vital injunctions provided. I want to preserve the right of individual initiative, our free, competitive system of industry. I want to preserve our form of government as it is. I do not believe it is necessary for us to combine the legislative and the judicial and the executive in one body. The power will not be abused

today by Presidents of our time, but it may be taken advantage of in the future under some other Presidents, who will take advantage to abuse and usurp such power. [Applause.]

[Here the gavel fell.]

Mr. EAGLE. Mr. Chairman, it is a very practical question that is before us today, and in the brief time allotted to me I will give you the particular angle from which persons intending to vote for this bill view it.

I say, in all frankness, that as an old-fashioned individualist, believing in the law of supply and demand, hating the regulation of men's liberties, personal, political, business, industrial, or anything else, any further than absolutely and indispensably necessary, it punishes me to be for this kind of principle in a bill. I shall not undertake to answer the constitutional and the political arguments of my friend the gentleman from New York [Mr. SNELL], and yet he is absolutely, while sincere here today, just as wrong as a man can be upon the practical aspects of this problem.

Cotton last year brought twice as much as it did the year before, and why? Purely because the Government paid the farmers of the South to plow up land they had already planted in cotton.

The Congress of the United States 50 or 60 years ago first humored the manufacturers of this Nation by throwing tariff bounties to their infant industries, and they have been on our necks ever since and they will never get off. Then it humored the banking institutions of the Nation, and they have all the privileges and legal rights and all the money in their control and now are doing nothing with it at all except buying United States bonds. Then we helped the wheat and corn farmers of the Northwest with a farm bill, and they are on our necks all the time; and last year we humored also the cotton farmers with large financial gratuities. And now it is quite evident that the Government will have as much difficulty in satisfying them as it has had with the tariff manufacturers, the wheat and corn farmers, and the bankers. It is absolutely impossible to begin experiments of regulation and prohibitions and financial benefits to any class and then end it at will. Last year the cotton farmers bought 11,000,000 pounds of fertilizer. Already this year they have contracted for 175,000,000. It is clear that multitudes are going to plant and intensively cultivate more cotton, in which event cotton will not bring 5 cents a pound or be worth picking down South if we do not meet the situation in a practical manner. Then they will come to Congress and the administration again and say, "We cannot pay our bills, we cannot pay our taxes and interest, we cannot run our schools—help us or we perish."

Since it is an indispensable necessity to attend to that matter, why not do the rational thing and tax the life out of any cotton raised on new land and tax the life out of any cotton raised on land we paid them with a bonus last year to plow up? The result will be about 9,000,000 or 10,000,000 bales of cotton, bringing 15 cents a pound, and then our people can maintain their civilization without a wreck and buy the products of your factories in the North, so that you will not suffer collapse.

Two months ago I put an interview in the papers of Texas, which was written in plain words, to this general effect.

I know that the farmers in my State of Texas have not written me even a postal card protesting against this bill, and I have had 609 letters and post cards approving of the measure.

Theoretically, this bill is wrong. Theoretically, during the last few years we have many times done the wrong thing. But we are still in the midst of this emergency; all we have done is to palliate, to hold up the status quo, and, unless we do a few other things, we never will get out of this depression. Let us pass this bill, and its effect will, we hope, be to raise less cotton, so that it will bring an adequate price and thus operate further to start up the hill of recovery.

Mr. ALLGOOD. Mr. Chairman, the gentleman who has just questioned the constitutionality of this bill and who spoke against the bill, nailed himself to the Constitution by stating that this bill is unconstitutional. He is nailing the cotton

farmers of the South to poverty when he does it. I am no lawyer, but I am a farmer, and I know that my farmers are more interested in legislation that will guarantee a fair price for their cotton than they are in a technical discussion of the constitutionality of this bill. The adoption of this amendment to limit the operation of this bill for 1 year will absolutely destroy the program of our cooperating farmers to reduce the cotton surplus. The program is to reduce that surplus of 13,000,000 bales gradually, so that we can be assured a living wage for our people during the years we are reducing this surplus. Another southern gentleman who opposes the bill says that it will throw a million people out of employment. If he will go to the relief records of the South, he will see that there were a million people on the relief rolls in the South. Why?

The people who were on the relief rolls were on there because cotton sold at 5 and 6 cents a pound during President Hoover's administration. Five- and six-cent cotton brought our people to the relief rolls. Do you want to keep them there? Do you want to throw 10,000,000 more people of the South onto the relief rolls? If you do, defeat this bill. If my colleagues from the Northern States want to destroy our buying power in the South so that we cannot buy your manufactured products of the North, defeat this bill.

Cotton is the only money crop we have in the South, and at 5 and 6 cents a pound our farmers cannot live. I have seen my people wearing overalls, I have seen them go without the necessities of life, I have seen them go on the relief rolls of the Nation, something that was never done before. Do you want to keep them there? I am confident that 3 out of every 4 farm homes in the South were mortgaged when cotton was selling for \$100 a bale or more. Thousands of our farmers have lost their homes and thousands more stand to lose their homes if we fail to reduce this surplus of 13,000,000 bales and cotton goes back to 5 cents a pound. There has been no sale for cotton farms during the last 4 years, but the passage of this bill will cause our people once again to go to buying homes.

The passage of this bill insures reduction of the surplus, prevents chiseling, guarantees fair play as regards the production among the various cotton States, and will restore confidence. With this program of control our people can pay their debts and buy farm homes. In 1928 the export of raw cotton was \$900,000,000.

Why? Because it brought 20 cents a pound. Last year there was only \$395,000,000 exported because it only brought 10 cents a pound. This results in a national loss of a half billion dollars in 1 year.

Do you want to restore the balance of trade? Do you want to restore the prosperity of the country? I want to see not only the South but the North, the East, and the West, and every section of this country prosperous. I want prosperity to come to all the people in the Nation, and if we prosper in the cotton States our prosperity will be reflected in other sections of the Union.

We are here pleading for this bill because we believe that we know the needs of our people better than those from other sections. If our people did not want it, gentlemen, we, as their Representatives, would not be here asking for it.

The reason this legislation is here is because a Senator from Alabama, Hon. JOHN H. BANKHEAD, last year put an amendment on to a bill securing \$100,000,000 for the cotton growers who cooperated in the plow-up campaign. The plow-up was so successful and the cotton farmers were so well pleased that the people throughout the Cotton Belt appealed to him and their various representatives in Congress to enact legislation that will limit the number of bales that can be produced. This law is in addition to the volunteer reduction program where the farmer is being paid rent to keep 40 percent of his lands out of the production of cotton. I know that 3 years ago you could not have made a cotton farmer in the entire South believe that the Federal Government would ever pay a rental for him to take his land out of cotton production so as to reduce the surplus. Yet there are those who will not cooperate. We cannot reduce this surplus without this bill. The lure of high-priced cot-

ton has already caused an increase in the sales of fertilizer over last year. Farm mules have been shipped into the South by the thousands.

In my own State they have increased the fertilizer sales by 100 percent, and in Arkansas they have increased sales 400 percent. In one section of Texas they plowed up 200,000 acres of land that has been in grass, and half of it is going into cotton. We will produce fifteen or sixteen million bales of cotton this year if this bill is not passed, and cotton will go down to 5 cents.

If we did not plant an acre of cotton this year, nor buy a pound of fertilizer nor gin a single bale this fall, there is enough surplus cotton to keep the spindles of the world running until the summer of 1935. The surplus is our enemy and determines the price. The patriotic farmer is willing to make a sacrifice. Regardless of the number of bales he grew last year, you will find he will be willing to cooperate with the Government by growing only his part of the 10,000,000 bales, so as to hold up the price and reduce the surplus. The farmer would rather grow one bale and get \$75 for it than to grow two bales for \$75. [Applause.]

Mr. JONES. Mr. Chairman, I hope the friends of this bill will not help to wreck it. I conceive a man being doubtful about the underlying philosophy of the bill, but if you are for the bill, let us give it a chance at its white alley. The thing is safeguarded in every way. It is only for 2 years, and in order to have it go into effect the second year two thirds of those engaged in the production must join in the request, and the third year two thirds must join in the request, and there must also be a proclamation by the President, and then it is safeguarded further by a provision that the President may at any time during any of the period end this bill. I think that is pretty good protection. If it is not working, there is not any question about ending it. If it is working, let us not handicap it now but give it a chance to work. I admit that it is a far-reaching bill, but I have noticed that many of these men who have been criticizing it apparently have not read the bill. My own colleague, for whom I have high regard, said there was no provision with respect to drought or flood. There is a direct provision for that so that the allotment may be fair, and the Secretary of Agriculture is given authority to take all those things into consideration. If you defeat this bill, I predict that cotton will fall 2 cents a pound within 24 hours. I believe that as firmly as I believe that I am standing here. Whatever might be its results as a long-range program, that undoubtedly would be the temporary result of a failure to enact it.

There has been a good deal of demand for cotton throughout the world, and a larger demand this year than usual, because of some tendency to warlike preparations. But with 9,000,000 bales of American cotton in America and additional American cotton abroad and still additional millions of foreign cotton, to put that alongside a program that is going to produce a lot of cotton is likely to produce 4- or 5-cent cotton, and today it looks as if those who live in the South who are supposed to be friends of the South must take the responsibility, and I know at whose feet it will lay. They talk about the program of last year. That was a plow-up program, but it was too late to use additional fertilizer. I have an Associated Press account in my hand in which it says that indicated sales of fertilizer in eight Southern States in January, embracing the chief cotton-growing section, are estimated to have been the largest for that month in 4 years, or since the first month of 1930, and that tag sales for the past month call for the labeling of 276,000 short tons, more than double the 129,000 tons in the first month of 1933.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. JONES. I am sorry. I know what the gentleman is going to say, that back in certain other years there was more fertilizer sold. True. That happened to follow up a period when it was natural to have more fertilizer and when there was more money for that purpose. To answer one other question raised by the gentleman from Mississippi [Mr. RANKIN], about who is responsible for the price of cotton, I shall put in a chart showing that for 10 years there is a

vital relationship between the carry-over and the price of cotton. This chart shows the price ranges from 5 cents a pound to 23 cents a pound depending upon the carry-over, and today we have one of the largest carry-overs in the history of the Nation.

The CHAIRMAN. The time of the gentleman from Texas has expired. Without objection, all pro forma amendments are withdrawn. The question is on the amendment offered by the gentleman from Georgia [Mr. CASTELLOW] to the amendment of the gentleman from Georgia [Mr. BROWN].

Mr. TARVER. Mr. Chairman, I ask unanimous consent to have the amendment again reported.

There was no objection, and the Clerk again reported the amendment.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 14, noes 55.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. RAYBURN) there were—ayes 21, noes 56.

So the amendment was rejected.

Mr. PARKER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Mr. PARKER moves to amend section 2 by striking out all the language of the section, beginning with the word "but" in line 18, page 2, and ending with the figures "1937" in line 24, page 2. Also, substitute the figures "1935-1936" for the figures "1936-1937" in line 25 on page 2.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PARKER. Mr. Chairman, this amendment merely provides that the legislation be enacted for 2 years. Its language is plain and certain. It means that the provisions of the bill are to apply to the crop years 1934-35 and 1935-36. It also provides that, if the President finds the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim and that no tax, under the act, shall be levied with respect to cotton harvested after the effective date of such proclamation.

In other words, it does not change the bill, except that it cuts out the third year. I hope the committee will agree to let the legislation be enacted for a period of 2 years. I am certain that we can test it out thoroughly in 2 years' time, and if it is good legislation we can continue it. If it is not good, and if it is not going to do what we hope it will do, in 2 years we will certainly know it, and I do not believe it is necessary to continue it in force longer than a period of 2 years, especially since there will be two Congresses here within the next 2 years' time, and it will be possible, if expedient, to have it continued year after next.

I certainly hope the amendment will be adopted.

Mr. WHITTINGTON. Is it not true it will not be in force more than 1 year unless two thirds of the landowners ask for it to be continued for the second and third years?

Mr. PARKER. That is probably true, yes; but I want to make it certain that we are not going beyond the 2-year period now. I do not think it is necessary to do it, and I hope we will not undertake it.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, of course, this amendment is not anywhere nearly as important as the other, but inasmuch as the continuation for the third year must have the approval of two thirds of those engaged in the business and must be proclaimed as necessary by the President, I think it is very well safeguarded, and it might be desirable to continue it another year. I am sure the President would not continue it a third year unless it was eminently successful. It could not be continued unless two thirds of the farmers wanted it. So why should we say no?

I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. PARKER].

The amendment was rejected.

The Clerk read as follows:

SEC. 3. (a) When the Secretary of Agriculture finds that two thirds of the persons who own, rent, share crop, or control land in the United States on which cotton is produced favor a levy of a tax on the ginning of cotton in excess of an allotment made to meet the probable market requirements and determines that such a tax is required to carry out the policy declared in section 1, the Secretary shall ascertain from an investigation of the available supply of cotton and the probable market requirements the quantity of cotton that should be allotted, in accordance with the policy declared in section 1, for marketing in the channels of interstate and foreign commerce, from production of cotton during the succeeding cotton crop year, exempt from the payment of taxes thereon.

(b) The allotment so ascertained shall be proclaimed by the Secretary of Agriculture at least 60 days prior to the beginning of such succeeding crop year and shall be apportioned by him as herein provided.

(c) For the crop year 1934-35, 10,000,000 bales is hereby fixed as the maximum amount of cotton of the crop harvested in the crop year 1934-35, that may be marketed exempt from payment of the tax herein levied. Except as provided in section 2, the allotment plan and the tax is hereby declared to be in effect for the crop year 1934-35.

With the following committee amendment:

On page 3, in line 6, strike out "two thirds of the persons who own, rent, share crop, or control" and insert in lieu thereof "the persons who own, rent, share crop, or control two thirds of the."

Mr. MILLER. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER as a substitute for the committee amendment: On page 3, lines 7 and 8, in lieu of the committee amendment, insert the following: "two thirds of the persons who own, rent, share crop, or control."

Mr. JONES. Mr. Chairman, I make a point of order that that amendment is already pending. That is the original language of the bill, and to vote down the committee amendment would have the same effect as the amendment which the gentleman offers and it is merely a repetition. The amendment is in the exact words of the original language of the bill.

The CHAIRMAN (Mr. HILL of Alabama). The point of order is sustained.

The question is on the committee amendment.

Mr. McGUGIN. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this particular amendment and all amendments thereto shall close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. McGUGIN. Mr. Chairman, many of the Members on the Republican side and Members from sections other than the Cotton Belt have not felt disposed to take any active interest in amendments pertaining to this bill. Many of us are going to vote against the bill because we are opposed to the bill on fundamental principles.

I want to discuss this section of the bill and I think every Member of this House, irrespective of whether he comes from the Cotton Belt or not, should give serious consideration to the amendment offered by the gentleman from Texas [Mr. JONES].

In the first place, section 3 deals with providing for a referendum to find out whether or not the cotton planters want to carry on this program. It sets up no machinery for an honest, fair election. So most of this talk that we have heard in the Congress about this bill not being put into operation unless two thirds of the cotton producers want it is just so much talk. You have not set up the machinery for any sort of an honest and civilized election.

Mr. GILCHRIST. How could we get one in Louisiana? [Laughter.]

Mr. McGUGIN. In any event, if we are going to have some sort of an election, then let human beings vote, and not land. Throughout the discussion of this bill it has been said time and time again that this bill would not be put

into operation unless the cotton producers wanted it; but you are not providing for any vote by cotton producers. You are providing for a vote by those who control the land. It is those who control two thirds of the land, not two thirds of the cotton producers, but those who control two thirds of the land.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McGUGIN. Yes; I yield.

Mr. BANKHEAD. If the gentleman can imagine any type of cotton producer in the South who does not come within one or the other of those classifications, who either owns, rents, share crops, or controls land, I should like the gentleman to point it out. That includes every possible producer.

Mr. McGUGIN. The gentleman is only begging the question, and I cannot help but think the gentleman knows it.

If this amendment is accepted, persons who own, rent, share crop, or control two thirds of the land—two thirds of the land make the decision. The vote is based upon two thirds of the land, not two thirds of the individuals engaged in the raising of cotton.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I cannot yield. If a man owned and operated 1,000 acres of land, his vote would count for 10 times as much as the vote of the man who operated only 100 acres. You are basing the right of suffrage in this matter upon the ownership or control of land, not upon individuals.

Basing suffrage upon land is a feudal system that has no place in a civilized democracy, has no place in a country which sets human rights above property rights. This bill should be left as it is without the committee amendment. It will then read that the election will be determined upon two thirds of the persons who own, rent, share crop, or control cotton land, not upon those who own or control two thirds of the land.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. WHITTINGTON. If the primary purpose is to reduce production, is not the amount of land cultivated, after all, the factor that will very largely determine the production?

Mr. McGUGIN. I look at the problem from the standpoint of government. We should be just as solicitous for the welfare of the poorest cotton share cropper in the South as we are of the welfare of the largest planter. Therefore, if you are going to take a vote, base it upon the number of people engaged in the business of producing cotton. Let each vote count the same, whether the voter owns or operates 1,000 acres or 20 acres. That is the true American principle of suffrage.

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized in opposition to the amendment. The Chair informs the gentleman that the committee amendment is pending and that debate on the amendment has not been exhausted.

Mr. JONES. Mr. Chairman, when I asked unanimous consent for the closing of debate on the amendment I had expected the gentleman from Arkansas to be recognized.

Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. MILLER] be recognized for 5 minutes, the time not to be taken out of that assigned to debate on the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOPE. Mr. Chairman, the statement has been made many, many times during the course of the debate on this bill that 95 percent of the cotton producers of the South are in favor of the bill. Of course, I have no way of knowing, and I assume no Member of the House has any way of knowing, whether that statement is correct, because I do not know how one can ascertain the sentiment of all cotton producers on this particular question. I have no doubt, however, but what the statement is based upon the answers received to a questionnaire sent out by the Department of

Agriculture which is dated the 26th of January, and which, I assume, was sent out about that time.

That letter, of course, went out more than 2 weeks before the bill which the committee considered was even introduced. So it is perfectly ridiculous, of course, for anyone to say that there has been a referendum upon this particular piece of legislation because, in addition to the fact that the bill had not been introduced at that time and was not introduced until the 14th day of February, the bill which was introduced on that date has been amended by the committee until it has been changed very much, not only as to form but as to purpose and content.

The letter and the questionnaire which were sent out by the Department of Agriculture for the purpose of ascertaining the sentiment of the cotton producers on the subject of compulsory control did not refer to any particular piece of legislation but, rather, referred to amendments to the Agricultural Adjustment Act; and I want to call attention to the first paragraph of that letter because it indicates that there was not submitted to these producers a referendum on this or any other bill, but there was submitted to them simply the proposition of whether they thought it was well to propose amendments to the Agricultural Adjustment Act which would have for their purpose the bringing into the program of those who had not voluntarily cooperated.

The first paragraph of that letter reads as follows:

Many cotton producers and others in the Cotton Belt have proposed that amendments to the Agricultural Adjustment Act be enacted to compel the cooperation in the cotton-reduction program of every producer who is eligible to participate. These proposals have been caused in large part by the tendency of some non-cooperators to maintain or even expand their cotton production at the same time that reductions are being made by cooperators who act for the best interests of a majority—

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I should like to finish reading this letter first.

Mr. JONES. I may say to the gentleman that after consulting with other members of the committee we have decided not to press the committee amendment. We all liked the original terms of the bill better than the suggested amendment. The only reason for suggesting the change was that those who would have charge of the administration of the act felt it would be much more difficult to ascertain when they had gotten the two thirds of the individuals, than it would be when they had gotten representatives of two thirds of the acreage. In view of the sentiment expressed by Mr. MILLER, of Arkansas, and others in favor of the original terms of the bill, I shall ask unanimous consent to withdraw the committee amendment, so that the proposal suggested by Mr. Miller may be adopted and he has agreed not to speak on the amendment to expedite the proceedings.

Mr. HOPE. My time has not expired; I should like to finish my statement. The gentleman should not take me off the floor in this manner.

Mr. JONES. I beg the gentleman's pardon. Will the Chair kindly inform me how much of the gentleman's time I used?

The CHAIRMAN. The gentleman consumed 1 minute.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Kansas be extended 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOPE. This letter was sent to 40,000 individuals in the Cotton Belt, some of whom I assume were farmers and some of whom were not, because they included 30,000 crop reporters, some of whom I understand are not farmers.

It was also sent to those who participated in the campaign for the voluntary-allotment program. The questions that were submitted with this letter were not questions concerning any particular piece of legislation. The first question submitted was as follows:

Do you favor a plan of compulsory control of cotton production to compel all producers to cooperate in cotton-adjustment programs?

There is of course nothing in this question to even remotely suggest the bill which we have before us with its drastic provisions.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto close in 3 minutes.

Mr. DIRKSEN. Reserving the right to object to ask one question: Subsection (b) on the bottom of page 3 says:

The allotment so ascertained shall be proclaimed at least 60 days prior to the beginning of each succeeding crop year.

Can the gentleman inform us what proportion of the crop has already been planted down there?

Mr. JONES. That would not apply to this year. There would be practically none. There may be a little, but not much.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, I ask unanimous consent to withdraw the committee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas to withdraw the committee amendment?

There was no objection.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 3, line 5, after the word "fines", insert "for the crop year 1935-36" and insert at the end of line 19 the following: "the provisions of this subsection shall apply with respect to the crop year 1936-37 in the same manner as in the case of the crop year 1935-36."

Mr. JONES. Mr. Chairman, this is simply a clarifying amendment. It is intended that they shall be required to vote before the succeeding year, and this simply states it without question.

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. (a) There is hereby levied and assessed on the ginning of cotton hereafter harvested during a crop year with respect to which this act is in effect, a tax at the rate per pound of the lint cotton produced from ginning, of 50 percent of the average central market price per pound of lint cotton, but in no event less than 5 cents per pound. If the cotton was harvested during a crop year with respect to which the tax is in effect, the tax shall apply even if the ginning occurs after the expiration of such crop year.

(b) The average central market price per pound of lint cotton shall be the average price per pound of basis $\frac{3}{8}$ -inch middling spot cotton on the 10 spot-cotton markets (designated by the Secretary of Agriculture) as determined and proclaimed from time to time by the Secretary of Agriculture. The average central-market price determined and proclaimed shall be the base for determining the rate of the tax until a different average central-market price for lint cotton is determined and proclaimed by the Secretary of Agriculture.

(c) Every person ginning any cotton subject to tax under this act (whether as agent of the owner or otherwise) and every other person liable for tax under this act shall make monthly returns under oath in duplicate and pay the taxes imposed by this act to the collector for the district in which the ginning is done, or to such other person as such collector may direct. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid.

(d) When the Secretary of Agriculture does not proclaim an allotment of cotton for a crop year, as provided in section 3 of this act, the tax shall not apply with respect to cotton harvested during such crop year, but shall apply to cotton harvested during the next crop year for which, with the approval of the President, the Secretary makes an allotment under such section.

(e) No tax shall be imposed under this act with respect to—

(1) Cotton harvested by any publicly owned experimental station or agricultural laboratory.

(2) An amount of cotton harvested in any crop year from each farm equal to its allotment.

(3) Cotton harvested prior to the crop year 1934-35.

(f) The tax shall not be collected upon the ginning of cotton which is to be stored, for the period of 1 year after such ginning, by the producer thereof either on the farm or at such other place as may be permitted by regulations prescribed by the Secretary of

Agriculture and the Secretary of the Treasury. In such cases the payment of the tax shall be postponed, but shall be paid at the time when bale tags are secured for such cotton. Bale tags may be secured for any of such cotton at any time after ginning (1) upon the payment to such person as the Commissioner may direct, of the amount of tax which would have been payable at the time of ginning, or (2) upon the surrender of certificates of exemption covering an amount of cotton not less than the amount of such cotton. Until bale tags are secured for such cotton, such cotton shall be subject to a lien in favor of the United States for the amount of the tax payable with respect to the ginning of such cotton. The right to postponement of the payment of the tax under this subsection shall be established in accordance with such regulations as the Secretary of Agriculture and the Secretary of the Treasury may prescribe. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe regulations providing for stamping the containers of such cotton so as to indicate the time of ginning and the amount of tax payable with respect thereto.

(g) The right to exemption under paragraph (2) of subsection (e) shall be evidenced by a certificate of exemption issued as herein provided, which certificate of exemption shall be conclusive proof of the right to such exemption.

Mr. JONES. Mr. Chairman, I offer a committee amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 6, lines 8 and 9, strike out "for the period of 1 year after such ginning."

Mr. JONES. Mr. Chairman, this is simply for the purpose of liberalizing the storage provision. It is in a strait-jacket now. This does not alter the bill in any material way.

Mr. HOPE. Mr. Chairman, I have no objection to the amendment, but it is not a committee amendment.

Mr. JONES. This is not a committee amendment. I consulted with a number of others about this amendment. This is not a committee amendment, and if I stated it was a committee amendment I did so inadvertently. This is an amendment that I am offering, after consultation with others.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 21 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I asked to strike out the last word, "exemption," for the purpose of making certain observations. I do not believe there is anyone from New York State, where I come from, or from the northern and eastern States, that does not want to see the Southland prosperous and particularly to see the cotton growers make a reasonable profit. I think it is only fair in discussing bills of this character to make certain observations and point out that much of the money that comes from the Federal Treasury for the cotton producers for reduction in the amount of their crops must necessarily come from the northern States. I am going to cite for example one southern State that has received \$15,000,000 from the Federal Treasury for reduction of its cotton crop. This particular State pays into the Federal Treasury in income taxes, \$255,000 a year. It takes out of the Federal Treasury \$15,000,000, \$10,000,000 for reduction of the cotton crop and \$5,000,000 in cotton options.

Mr. BLANTON. What State is that?

Mr. FISH. I will mention it if the gentleman wants me to.

Mr. BLANTON. Yes.

Mr. FISH. It is no reflection on the State, because other southern States are in the same category. It is the State of Mississippi, and I assume the gentlemen from the State of Mississippi in this Congress should be commended by their people back home if they are able to get such a large sum of money out of the Treasury for their own State.

Mr. FULMER. Will the gentleman yield?

Mr. FISH. I cannot yield, as I have only 5 minutes and I want to make a few more observations.

If the State of New York, for example, which pays \$144,000,000 a year in income taxes, were to receive money on the same basis for its dairymen or any crop or any industry

that might be in need in our State, it would receive back from the Federal Treasury \$8,000,000,000—not \$8,000,000, but \$8,000,000,000. This huge sum is estimated on the amount of income taxes paid by the State of Mississippi and the income taxes paid by the State of New York.

I can carry this observation further. The State of Mississippi has received \$35,000,000 or more from the Federal Treasury for different purposes during the last year. If we carried the analogy further, on the basis of what the State of New York should receive based on income-tax payments, it would mean that we would get from the Federal Treasury \$20,000,000,000 this year. Of course, I admit I am a piker and the other Members from New York State are plain, ordinary pikers. It is about time we tried to get something for our State when the Federal Government is so generous with our money in the way of subsidies and doles.

I may say to the southern Members we would like to see the whole country prosperous and we hope the Southland will be prosperous, but I think it is only fair that your people appreciate, what you know already, that most of the money for your cotton-crop reduction program is coming out of the State of New York and some of the other northern and eastern States.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. FISH. I know what the gentleman is going to say, but I cannot refuse to yield to my friend from Texas. I yield for a brief question.

Mr. JOHNSON of Texas. Does not the gentleman realize that most of this money that goes into Mississippi for the payment of this plowed-up cotton, finds its way back to New York in the purchase of goods?

Mr. FISH. I do not realize that; no. I think the cotton producers get most of this money for the reduction of their crops and use it for fertilizers which do not come from New York, and for local labor and amusements. I have only risen to say that our taxpayers are being bled white in New York State and they are overburdened now with taxes and I, at least, hope the cotton producers and the people from the Southland will recognize the fact and have a little sympathy for them and not make any more assessments on them in the future, and, at least, be a little grateful to us for what we have already done for you.

As former Senator Ben Tillman said of his Democratic colleagues, "the Democratic wild donkeys will break into the green corn whenever they get into power." There is no doubt but that the South is in the saddle and that the Southern States are making the most of their opportunities and that king cotton leads all the rest.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I did intend to speak on the limitation in paragraph (c) of section 8, which limits the time of drought to 3 years only. There are 60 counties in central west Texas which, in 1929 and 1930, had a complete drought. There were many places where there was not a sprig of grass growing and, of course, this bill would be unjust if it did not include those 2 years. However, the chairman of the committee has agreed to accept an amendment to the bill making it 5 years instead of 3 years and will himself offer the amendment tomorrow, hence it will be unnecessary for me to discuss it. Therefore, I am willing to devote my time to answering our good friend from New York [Mr. FISH].

The speech of the gentleman from New York is amusing. He mentioned Mississippi as a State that got \$15,000,000 out of the Treasury for cotton but paid only a small income tax. Why, every time they build a schoolhouse in Mississippi they have to go to New York to sell their bonds and let you New Yorkers clip the interest coupons every year. Every time they build a new jail, or a courthouse, or a water system, it is on bonds that are sold in New York and the interest clipping is done there. You New Yorkers reap the harvest. You do not have time to fool with a mere matter of \$15,000,000, because you are so busy clipping billions of dollars in interest coupons. [Laughter and applause.]

Mr. PERKINS and Mr. STUDLEY rose.

Mr. PERKINS. How would the gentleman like it if the men in New York would not let them have the money?

Mr. BLANTON. I am very glad they have the money to lend to Mississippi, but the men who do the interest-clipping ought not to complain; and I want to tell my friend from New York I can mention some of his silk-stocking New Yorkers there who get as much returned to them by way of refunds on their income-tax payments in 1 year as the whole State of Mississippi got for cotton.

Mr. FISH. I wish the gentleman would name them, since he has stated he can name them.

Mr. BLANTON. There are so many of them it would exhaust all my time. I can mention some up there in New York, also, who are worth millions of dollars, and who paid last year and the year before and the year before, less income tax than I paid or the gentleman from New York paid. They are using their millions to escape paying taxes to this Government. They pay nothing to the Government in the way of taxes on income.

The gentleman from New York went to war and did valiant service in France to defend the property rights of these multimillionaires in New York who do not pay taxes to the Government. They employ high-salaried lawyers to advise them how to get around paying taxes to the Government.

Mr. FISH. Will the gentleman favor a tax-exemption amendment?

Mr. BLANTON. Yes, certainly; every year since the war I have advocated that. I have been fighting constantly for such an amendment.

Mr. FISH. The gentleman knows that Members from the South have voted it down.

Mr. BLANTON. I have not been one of them. The gentleman knows that for 17 years I have been preaching that.

Mr. STUDLEY. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. STUDLEY. What would Mississippi do for a market for her bonds if you close the stock exchange?

Mr. BLANTON. I want a market for her bonds, but I do not want to make them tax exempt. I do not want any income to be tax exempt. I want every man in the United States to pay his just proportion of the taxes to the Government according to his income.

Mr. McGUGIN. Will the gentleman yield?

Mr. BLANTON. Yes; I yield to the new leader of the Republican Party.

Mr. McGUGIN. As long as you have the iniquitous chain stores you will have that situation in Mississippi and elsewhere.

Mr. BLANTON. Why have not you run them out during all these years?

Mr. McGUGIN. I have been here but 2 years.

Mr. BLANTON. In conclusion let me say, Mr. Chairman, that I hope sincerely that this Government will never provide for another tax-exempt bond or any other kind of tax-exempt security. I hope also that we will find some way in this session of Congress to tax the income from the tax-exempt securities that are now outstanding. We must not permit any longer the multimillionaires of this country to evade paying their just part of the expenses and upkeep of this Government.

Mr. HOPE. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, I want to call the further attention of the Committee to the questionnaire which was sent out by the Department of Agriculture, which is made the basis for the statement that 95 percent of the cotton producers of the South are in favor of this bill.

The specific question which is asked in that questionnaire was:

Do you favor a plan of compulsory control of cotton production to compel all producers to cooperate in cotton-adjustment programs?

That was sent out to approximately 40,000 individuals in the South, some farmers, some nonfarmers, but most of them men who had cooperated in the voluntary program. I

venture to say that there is not any question at all but that if you were to ask any cotton farmer or wheat farmer or hog farmer who has cooperated in the voluntary program if he thought something ought to be done to compel the non-cooperating farmer to come in, he would answer "yes", and that is all that this questionnaire asks.

It does not ask the man to whom it was sent whether he favors a bill of this kind, which would authorize the Secretary of Agriculture to give every man a definite allotment of cotton, above which he could not sell any cotton unless he paid a prohibitive tax. This questionnaire does not call attention to the fact that in this bill it is provided that if a man violates any of the provisions of the bill or any of the hundred or more regulations which the Secretary of Agriculture might make for its enforcement he is subject to a fine of \$5,000 or 2 years in prison. No; this questionnaire does not even suggest any of the drastic features which are contained in this bill.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. BANKHEAD. Has the gentleman since this whole controversy in his committee or anywhere else, from any reliable source representing the real producers of cotton, except one or two instances of large operators, heard of any objection to this bill?

Mr. HOPE. Gentlemen from the cotton sections have spoken this afternoon in opposition to the bill and have indicated their objections, and there are telegrams in the hearings sent by cotton producers in opposition to the bill, but whether or not there is general opposition to the bill, the fact remains there is not one in 10,000 of the cotton producers of the South who has ever seen this bill or who knows anything about its provisions. Therefore, it is ridiculous to say that they favor or do not favor the bill. I venture to say to the gentlemen who are here representing the South, that if they would submit this bill with its penalties and with its drastic provisions to their people and then ask them if they favored this type of legislation they would not find anything like 95 percent in favor of it.

Mr. BANKHEAD. The gentleman talks a good deal about penalties. I believe I asked this question before of the gentleman. The gentleman must know that in order to make a bill of this sort effective, it must carry the ordinary and usual penalty provisions to secure its enforcement. These are not unusual regulations or unusual penalties, and I dare say that practically all bills affecting agriculture, and we have had a lot of them coming out, undertaking to give power to issue regulations, have carried penalties of a nature exactly similar to this. It is the ordinary and usual procedure for the enforcement of legislation.

Mr. HOPE. I think if the gentleman is going to enforce this legislation and compel the cotton farmers of the South to conform to it, he is going to have these penalties, and he is going to have to apply them in a great many cases. That is exactly what you are up against when you start to enforce a drastic piece of legislation like this. Certainly you will have to have these penalties which go so far as to provide that a man shall go to jail or pay a large fine if he violates not only the law but the regulations of the Secretary of Agriculture or if he hauls his cotton across a county line or does any of a hundred other things which he might innocently do and still violate the provisions of this act.

Mr. DIRKSEN. Mr. Chairman, I rise for the purpose of asking the chairman of the committee a question, and this is inspired by the remarks of the gentleman from Texas the other day with respect to Lynn Talley, who was seeking to compel a movement of cotton to warehouses in Galveston and Houston. Does not paragraph (f), on page 6, make it possible for the Secretary of Agriculture and the Secretary of the Treasury by regulations to actually deny to a farmer the right to store on his own farm if he so desires?

Mr. JONES. Oh, he has the right to do that.

Mr. DIRKSEN. It says:

May be permitted by regulation prescribed by the Secretary of Agriculture.

Mr. JONES. The difficulty about Mr. Talley is that he is not in the A.A.A., but is over in the R.F.C.

Mr. DIRKSEN. That is true, but does the gentleman believe he would do it as he is now?

Mr. JONES. Oh, there are some natural questions that arise in connection with that, but I do not care to go into the merits of that discussion.

Mr. DIRKSEN. Under paragraph (f), however, it would be possible to compel actual warehousing of cotton, to pay warehouse charges, and take it from their farms if they so desired?

Mr. JONES. I do not think the language is susceptible of that construction. I think it gives the farmer the option to do either.

Mr. DIRKSEN. It can be done, however.

Mr. JONES. It can be done; yes. The farmer can do it himself.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. TAYLOR of South Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. TAYLOR of South Carolina: Page 6, under subsection (e) add the following subdivision:

"(4) Cotton to be consumed in the State where it is produced."

Mr. TAYLOR of South Carolina. Mr. Chairman, that subsection undertakes to enumerate the exemptions from the tax, and subdivision 4, which I have offered, merely designates that this tax shall not apply to cotton that is consumed in the State where it is produced. For instance, under the terms of the bill as written, if a man should care to take a bale of cotton to some mattress factory and have it made into mattresses, before he could do that he would have to pay a tax on it. If he should choose to make it up into ropes for plow lines on his premises or for use within the State where it is produced, he would have to pay a tax. If this bill has any force in it at all, it comes under the provision permitting or authorizing the regulation of interstate commerce, as I see it; and clearly no authority presumed under this bill would undertake to say to a man who produced cotton that he could not consume it within the limits of his own State. Before it passes into the channels of interstate and foreign commerce it must pass beyond the confines of the State where it is produced.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. TERRELL of Texas. North Carolina manufactures more cotton than she produces. Can this tax her?

Mr. TAYLOR of South Carolina. If you took it to a textile institution within the limits of the State, of course it passes into interstate commerce.

Mr. TERRELL of Texas. The products of it might, but the cotton itself does not.

Mr. TAYLOR of South Carolina. But if it is consumed on the premises it must pay a tax.

Mr. TERRELL of Texas. If it does go into interstate commerce, the tax is an export tax, and an export tax cannot be levied.

Mr. TAYLOR of South Carolina. That is another question, but I am talking about the interstate commerce feature of it.

Mr. SNELL. Will the gentleman yield for a question?

Mr. TAYLOR of South Carolina. I yield.

Mr. SNELL. If the gentleman's amendment is adopted, would it not have the effect of bringing every cotton mill into the States where cotton is produced?

Mr. TAYLOR of South Carolina. No; because it goes into interstate commerce.

Mr. SNELL. If the gentleman comes from a cotton-producing State, I think he is fixed forever.

Mr. TAYLOR of South Carolina. Forty-six mills are in my district.

Mr. SNELL. I think the gentleman is all right.

Mr. TAYLOR of South Carolina. This has nothing whatever to do with it. I am simply asking about these things

that are consumed on the premises, such as, for instance, mattresses and ropes, and things like that.

Mr. GILCHRIST. Will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. GILCHRIST. Has the gentleman had his attention called to the decision of the Supreme Court on February 5 of this year, local 167, regarding interstate commerce?

Mr. TAYLOR of South Carolina. In 3 minutes I will not have time to read it.

Mr. GILCHRIST. I commend it to the gentleman's attention, because it runs contrary to the gentleman's views.

Mr. TAYLOR of South Carolina. Does the gentleman vouch for the constitutionality of this?

Mr. GILCHRIST. I vouch for it because it is from the Supreme Court of the United States.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. TAYLOR] has expired.

Mr. JONES. Mr. Chairman, I had intended to answer the statement along the lines suggested by the gentleman from New York [Mr. SNELL], but that has been brought out very clearly. I think the South is asking for this and is asking for no particular advantage. Of course, we do not want any provision that would force the mills of any other section out of business.

I ask that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. TAYLOR].

The amendment was rejected.

The Clerk read as follows:

SEC. 5. (a) When an allotment is made, in order to prevent unfair competition and unfair trade practices in marketing cotton in the channels of interstate and foreign commerce, the Secretary of Agriculture shall apportion to the several cotton-producing States the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the 5 crop years preceding the passage of this act to the average number of bales produced in all the States during the same period. It is prima facie presumed that all cotton and its processed products will move in interstate or foreign commerce.

(b) The amount allotted to each State (less the amounts allotted under section 8) shall be apportioned by the Secretary of Agriculture to the several counties in such State on a basis and ratio, applied to such counties, similar to that set forth in subsection (a).

Mr. JONES. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 7, line 20, strike out "5 crop years preceding the passage of this act", and insert "crop years 1928-1932, both inclusive."

Mr. JONES. Mr. Chairman, that is simply to make definite the years.

Mr. TARVER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. TARVER. I notice in the hearings on this bill that the amendment offered by the gentleman will reduce the allotment to my State from 870,000 bales to 850,000 bales. It occurs to me, in view of the fact that our Representatives from all of the southern States have been advised through the medium of the hearings and the form of the bill as reported, that the ratio of distribution was to be determined by the 5 preceding crop years, which, of course, included the year 1933, it is unfair now, in this sudden way, when we are considering the bill under the 5-minute rule, to undertake to change the basis of apportionment to our States.

Mr. JONES. May I state the original bill was for 10 years and gave the State of Georgia much less?

Mr. TARVER. No; I am referring to this bill which I call the original bill, as far as this discussion is concerned.

Mr. JONES. But the original bill was 10 years.

Mr. TARVER. This is the original bill, H.R. 8402. When introduced it was original, so far as its proposals go. I care nothing about bills introduced prior to that time. In the hearings is set out what each State would receive.

Mr. JONES. No. This bill was introduced after the hearings were concluded.

Mr. TARVER. Yet in the hearings, which I have just read, there is set out a discussion of the basis of apportionment provided in this bill, H.R. 8402, and under that my State would receive 8.7 percent of the 10,000,000 bales. Now it is proposed to reduce that apportionment to my State by 20,000 bales, without any discussion. I say it is unfair and the committee ought not to indulge in such practices.

Mr. JONES. The only reason I had for offering it was that the year 1932 was included, and this jibes with the allotment.

Mr. TARVER. You should adhere to the basis upon which you have sought and secured the support of members of our delegation.

Mr. JONES. The gentleman is entirely wrong. The propaganda went out, and the information went out on the 10-year basis; and this bill was introduced after the hearings were closed.

Mr. TARVER. I have within only the last few minutes read the hearings and I saw from the statistics published in the hearings that the basis provided in this bill would credit to my State 8.7 percent. The basis now proposed by the gentleman would, however, credit my State with only 8.5 percent of the 10,000,000 bales, reducing Georgia's allotment 20,000 bales.

Mr. JONES. The hearings were not printed until last week; they did not go out. That is not what the gentleman's suggestion is based on.

I do not know that it makes any particular difference to me; my State is not substantially interested one way or the other. The gentleman from South Carolina wanted this changed and some members of the committee discussed it. I have no particular reason to press it unless the Members want it.

Mr. BUCK. If the gentleman withdraws it I will offer it.

Mr. JONES. Mr. Chairman, I ask unanimous consent to withdraw the committee amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JONES. Mr. Chairman, I now offer an amendment upon which I do insist.

The Clerk read as follows:

Amendment offered by Mr. JONES: On page 8, line 5, before the period, insert a comma and the following: "except that for the purposes of this subsection there shall be excluded from the calculation of average production of cotton in any county an amount of cotton produced in said county during any crop year or years during which the Secretary of Agriculture finds that production of cotton in such county was reduced so substantially by unusual drought, storm, flood, insect pest, or other uncontrollable natural cause that the inclusion of the cotton produced in such crop year or years would result in an apportionment to said county based upon an abnormally low production in said county, and in such cases the average production shall be calculated on the basis of crop years and the production of the years remaining of the period set forth in subsection (a)."

Mr. JONES. Mr. Chairman, I can explain this amendment in a minute, and I think it meets the objection of the gentleman [Mr. TAYLOR of South Carolina] who offered the other amendment. This amendment simply provides that where there has been an unusual drought or an unusual flood or pest in any 1 of the 5 base years which are used as the basis of allotment, which condition reduces the average so that it is abnormally below the real average production, that year shall not be counted, but insofar as that county is concerned the average of the remaining years shall be counted in arriving at the county's allotment.

This will not interfere at all with the allotments between the States, but applies to certain counties—and they exist in practically all the States—where in one or two of the basic years there was a drought, flood, or insect infestation, and this amendment provides that such a county shall not unfairly suffer thereby.

Mr. BUCK. That will not interfere with the allotment to the various States?

Mr. JONES. No; the State allotment will be the same as provided in the original bill.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question on another matter while he is on his feet?

Mr. JONES. Certainly.

Mr. SNELL. Will the gentleman explain to the House what this sentence means?—

It is prima facie presumed that all cotton and its processed products will move in interstate or foreign commerce.

Mr. JONES. The gentleman will recall that in the so-called "Grain Futures Act" we wrote a great many provisions which were criticized, the critics stating that we were trying to write facts into law when we asserted that all commodities that directly affected interstate commerce should be presumed to be connected with interstate commerce. This is simply an effort to further legalize the bill.

Mr. SNELL. But the gentleman does not necessarily mean that it will do so.

Mr. JONES. No; I do not say that it necessarily makes it so.

Mr. SNELL. I think the gentleman is right on that.

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 16 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed in principle to this class of legislation, for the reasons that it is unconstitutional and that there is no emergency which demands legislation of this kind at this time.

I repeat that in the enactment of this particular legislation the Constitution of the United States is being violated, and because of this fact I direct the attention of the Membership of this House to the oath which each and every Member has taken. It is as follows:

I do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

In support of what I have just said, I wish to call your attention to the last paragraph of the minority views in the report on this bill, as follows:

This measure constitutes a definite step down a strange, unfamiliar, and dangerous road leading to regimentation of agriculture and industry. It initiates for the first time in America compulsory control of production in place of the freedom of action which has always been considered an inherent right of our American citizenship. While earnest attempts have been made in this bill to meet constitutional objections which may be made to a measure of this kind, yet we are convinced that in view of the decisions of the courts this measure is unconstitutional. Although in form a taxing measure, the entire purpose and effect of the bill negative the fact that it is expected to produce revenue. Rather it is a regulatory measure, going beyond any authority which Congress possesses in that regard, and using the taxing power as a subterfuge.

The particular section of the bill that is now being discussed should be considered in connection with section 23 of the bill which gives the President authority to enter into agreements with foreign countries in relation to the sale of cotton.

This particular piece of legislation is a part of the program to establish in this country a new form of government, and it is my understanding that this bill is to be followed by other legislation of a similar nature which will endeavor to control the entire acreage on the farms in the United States, and will attempt to control the products from these farms, and will make violation an offense punishable by a fine of \$1,000, and will make every district attorney in every county in the United States a Federal officer to enforce this law.

It is right in line with the plan which is now being worked out in England. I want to point out to the House that there is a concerted movement not only in England but in the United States. In the United States this movement is in charge of certain men now engaged in writing legislation in the Department of Agriculture. I refer to Mr. Tugwell, Mr. Mordecai Ezekiel, and Mr. Frank, and their

immediate associates, some of whom are in other departments and some of whom are outside; and I may even go so far as to say that they are aided and abetted in this matter apparently by the Secretary of Agriculture. Their action in this matter is also assisted and aided through the agency of the Foreign Policy Association of the United States, which is directly connected with the Fabian Society, or a branch of it, in England, which at the present time is attempting to take over the control of agriculture and its operation in England, as well as the industries therein located. I call your especial attention to the recent article, *America Must Choose*, by Secretary of Agriculture Wallace, a syndicated article put out under the auspices of the Foreign Policy Association of New York and copyrighted by them. This article is quite in keeping with the plan of the British offspring of the Fabian group.

One of the stalwarts against the move in England is Stanley Baldwin. Mr. Baldwin issued a statement which was printed in the United States recently. It was a statement made over the radio, and, if I have time, I will read it to you, because he is standing today against the movement in England that I am speaking against now, and that movement is evidenced by this legislation and any other kind of legislation following, which have for their purpose the regimenting of all production in the United States, leading up to an absolute dictatorship.

The quotation I refer to from Mr. Baldwin is as follows:

Our freedom did not drop down like manna from heaven. It has been fought for from the beginning of our history and the blood of men has been shed to obtain it. It is the result of centuries of resistance to the power of the executive and it has brought us equal justice, trial by jury, freedom of worship, and freedom of religious and political opinion.

Democracy is far the most difficult form of government because it requires for perfect functioning the participation of everybody. Democracy wants constant guarding, and for us to turn to a dictatorship would be an act of consummate cowardice, of surrender, of confession that our strength and courage alike had gone.

It is quite true the wheels of our state coach may be creaking in heavy ground, but are you sure the wheels of the coach are not creaking in Moscow, Berlin, and Vienna, and even in the United States?

The whole tendency of a dictatorship is to squeeze out the competent and independent man and create a hierarchy accustomed to obeying. Chaos often results when the original dictator goes.

The rise of communism or fascism—both alike believe in force as a means of establishing their dictatorship—would kill everything that had been grown by our people for the last 800 or 1,000 years.

The plan in England to which I am referring is the "political economic plan", drawn up by Israel Moses Sieff, the director of a chain-store enterprise in England called Marks & Spencer. This enterprise declared a dividend of 40 percent for 1933, and was enabled to do so by the fact that it has until now handled almost exclusively all imports from Soviet Russia, which has enabled this house to undersell competitors.

Some of this plan was set forth in a newspaper called the "Week End Review," at which time Lord Beaverbrook was cooperating. It is fair to say that Lord Beaverbrook disapproved of their plans. Such persons as the following are members of the political economic plan: Ramsay MacDonald, Premier of England; Mrs. Leonard Elmhurst, formerly Mrs. Dorothy Willard Straight; Sir Basil P. Blackett, of the Bank of England; Sir Henry Bunbury; Graeme Haldane; I. Hodges; Lady Reading; Daniel Neal; H. V. Hodson; Sir Arthur Salter; Sir Oswald Moseley; Lord Eustis Percy; Lord Melchett; Sir Christopher Turnor; Malcolm MacDonald, son of the Premier.

This political economic plan organization is divided into many separate and well-organized and well-financed departments, for instance, town and country planning, industry, international relations, transport, banking, social services, civic division, and an agricultural department. The head of the agricultural department is Leonard Elmhurst, whose wife was formerly Mrs. Willard Straight, who manages a school for agriculture on political economic plan at Dartington Hall, Totnes, Devonshire.

May I point out to you that this is a secret organization with tremendous power? The definition of their organization is as follows:

A group of people who are actively engaged in production and distribution in the social services in town and country plan, in finance, in education, in research, in persuasion, and in various other key functions within the United Kingdom.

The political economic plan is in operation in the British Government by the means of a tariff advisory board. This organization has gathered all data and statistics obtained by governmental and private organization in administrative, industrial, trade, social, educational, agricultural, and other circles. Air-force statistics are in their hands, as well as those of the law and medical professions. This organization or group have had access to all archives of the British Government, just as the "brain trust" here in the United States have had access to the archives of our Government departments.

Through the tariff advisory board, which was created in February of 1933, and headed by Sir George May, the control of industry and trade is being firmly established in the British Empire. This tariff advisory board works in direct connection with the Treasury, and together with it devises the tariff policy.

In this bill and the tariff bill which follows it is proposed to set up just such a board, under the direction of the President, as the tariff advisory board in England.

The tariff board in England has been granted the powers of a law court and can exact under oath that all information concerning industry and trade be given it. Iron and steel, as also cotton and industrials, in England have been ordered by the tariff advisory board to prepare and submit plans for the reorganization of their industries and warned that should they fail to do so, a plan for complete reconstruction would be imposed upon them. May I suggest to you the similarity of this plan with the N.R.A., and also suggest to you that the tariff advisory board in England has been granted default powers and can, therefore, impose its plan.

The tariff board is composed, in addition to Sir George May, of Sir Sidney Chapman, professor of economics and statistics, and Sir George Allen Powell, of the British Food Board and Food Council. And it is a well-known fact that this particular political economic group has close connection with the Foreign Policy Association in New York.

I wish to quote from a letter from a correspondent of mine abroad, as follows:

It appears that the alleged "brain trust" is supposed to greatly influence the present United States policy. Neither you nor I are particularly interested in what takes place in England, but what should interest us both, it seems to me, is that there is a strong possibility that certain members of the "brain trust" around our President are undoubtedly in touch with this British organization and possibly are working to introduce a similar plan in the United States.

I understand the "brain trust" is largely composed of Professor Frankfurter, Professor Moley, Professor Tugwell, Adolph Berle, William C. Bullitt, and the mysterious Mordecai Ezekiel. I think there is no doubt that these men all belong to this particular organization with distinct Bolshevik tendencies. So it is quite possible that should this political economic plan be developed in the United States, if this alleged "brain trust" has really a serious influence over the judgment of our President, this plan may be attempted in our country.

Need I point out to you, who have been observing the activities of the so-called "brain trust" in the writing and sending to the Congress of legislation, that this legislation has for its purpose the virtual setting up in the United States of a plan similar to that which is being worked out in England.

I am assured by serious people who are in a position to know that this organization practically controls the British Government, and it is the opinion of those who do know that this highly organized and well-financed movement is intended to practically sovietize the English-speaking race.

I wish to quote again from my correspondent, as follows:

Some 2 months ago when Israel Moses Sieff, the present head of this organization, was urged to show more activity by the members of his committee, he said, "Let us go slowly for a while and wait until we see how our plan carries out in America."

I shall also quote a paragraph from Freedom and Planning, which is issued by the Inner Council of the members of the political economic plan as affecting the producer:

The position of the farmer and the manufacturer under a system of planned production can only be sketched in broad outlines. He may be conceived of as remaining in full control of all the operations of his farm or factory, but receiving from the duly constituted authority instructions as to the quantity and quality of his production, and as to the markets in which he will sell. He will himself have had a voice in setting up his constituted authority and will have regular means of communicating with it and influence its policy. He will be less exposed than at present to interference from above. He will be less free to make arbitrary decisions as to his own business outside the region of day-to-day operation of plant or farm.

It is further suggested that these plans are not very different from that which already occurs in particular organized industries, but must be conceived of as applying generally to most, if not all, of the major fields of production and as a part of a consciously and systematically planned agricultural and industrial organization.

There is to be a national council for agriculture, a national council for industry, a national council for coal mining, a national council for transport, and so on; a series of statutory or chartered corporations; for example, a cotton-industry corporation, a steel-industry corporation, a milk producers' corporation, organized on the lines of public-utility companies, serving at least to federate in suitable cases to own the plants, factories, and so forth, engaged in production.

There is an interesting paragraph—Compulsion and Private Ownership of Land—in which it is stated:

From the standpoint of encroachments upon freedom, apart from the denial of the tenets of individualism, the most obvious targets for attack are perhaps the proposed grant of powers to compel minorities and the probable necessity for drastic changes in the ownership of land.

Another paragraph says:

What is required, with only a view to equitable treatment of individuals, is transfer of ownership of large blocks of land, not necessarily of all the land in the country, but certainly of a large proportion of it, into the hands of the proposed statutory corporations and public-utility bodies and of land trusts.

This proposal is quite in keeping with the recently announced plan of Mr. Tugwell in dealing with the farmland situation in the United States.

It is not possible for me to quote the full text of this plan, but I have touched upon enough of it to indicate to any fair-minded person that what is proposed in this bill and in the other various steps that have been taken and that are now immediately in contemplation is a plan to be set up here by the "brain trust" quite similar to the one I have outlined that is in operation in England today and is the one to which I have heretofore referred as being opposed by Stanley Baldwin. It is unconstitutional. It is un-American. And as one Member of this House who reveres his oath of office and believes in the Constitution of the United States, I shall not be a party to this scheme.

Mr. BUCK. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BUCK: Page 7, line 22, after the period, strike out the period and add "," and the following words: "Provided, That no State shall receive an allotment of less than 200,000 bales of cotton in any 1 crop year."

Mr. BUCK. Mr. Chairman, this amendment, frankly, is directed to taking care of those cotton-producing States of the West which have recently entered into the production of cotton and which cannot be adequately taken care of under the quota provisions that are inserted in this bill.

May I say, first of all, that if the amendment offered by the gentleman from Texas to freeze the quotas at the 1928-32 level had been adopted, it would have cost the State of Arizona and the State of California a great many more bales of cotton than under this bill. Even under the latitude of the bill the quota allowed the western cotton-producing States is going to be below their average production, and my amendment is merely to stabilize this small insignificant

amount of the total cotton production of the United States at 200,000 bales per State. I think this is a fair amendment, and you gentlemen of the South must remember that the State of California produces very largely the long-staple cotton which is not competitive with the cotton of the southern States, but under this bill the long-staple cotton is going to be governed by the same rules that govern all other cotton.

I am in receipt of a letter from the State director of the Department of Agriculture of the State of California advising me that it is the opinion of the State department of agriculture that I should oppose the Bankhead bill in its present form and that I should try to secure a modification that will be more just and equitable to the cotton industry of my State. I do not know of any method that will be fairer than this. I have considered the question from every possible legal angle, and I believe this is a fair amendment to offer.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Alabama.

Mr. ALLGOOD. Can the gentleman tell me what the quota of California is under the present bill?

Mr. BUCK. I have not revised these figures under the new suggestion offered by the gentleman from Texas, but under the old method of computation, taking a 5-year average, 1929 through 1933, the allotment to California would be 122,787 bales of cotton. The average production was 204,000 for the past 5 years.

Mr. ALLGOOD. How about Arizona?

Mr. BUCK. I have not the figures for Arizona.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. The gentleman did not take into consideration that all States are reduced. You do not expect to raise as much cotton as you have been raising?

Mr. BUCK. I am very glad the gentleman called this to my attention, because I omitted an important point. In the years 1931 and 1932 the State of California started a voluntary-reduction program which brought its figures down from a previous average of 256,000 bales of cotton to 171,000 for 1931 and 124,000 for 1932. Therefore when you take into consideration these years during which there was no corresponding reduction in the South, I think a great injustice has been done the State of California.

Mr. WHITTINGTON. Is it not a fact that the production of cotton in California either 1928 to 1932 or 1929 to 1933 has been larger than any other State in the Union, so that the gentleman's State would profit more by the terms of this bill than any other cotton-growing State?

Mr. BUCK. Does the gentleman mean by the terms of this bill?

Mr. WHITTINGTON. I mean the production has increased more in California than in any other cotton-producing State.

Mr. BUCK. No. The gentleman is mistaken.

Mr. WHITTINGTON. I call attention to page 34 of the hearings, which show that for a 10-year period you had a production—

Mr. BUCK. I will concede what the gentleman is about to say. As I stated a moment ago, if you go back 10 years in the case of these newly developed cotton-producing States of the West, of course, the further back you go the greater injustice you do the State.

Mr. WHITTINGTON. Your production in the last 5 years has increased more than any other State I know of.

Mr. BUCK. No. Our production in 1929 was 254,000 bales and in 1930, 256,000 bales. Then followed the 2 years of reduction that I just cited, and last year the production was 216,000 bales. So I do not see why the gentleman should say there has been an increase.

Mr. JONES. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Texas.

Mr. JONES. I understood the gentleman to say his quota was only 122,000 bales. You have an allotment of 150,000 bales, according to the estimates of the Department. You

had an average of 204,000 bales for the 5 years. In 1933 and 1934 you had 129,000 bales. Your average is around 200,000 and this gives you 150,000 bales.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BUCK. The figures I obtained were furnished by the State Department of Agriculture. If they are in error, I am in error. In addition I checked these figures with the gentleman from Alabama, the author of the bill, on the sheet that they showed to me yesterday in the cloakroom, and they showed 122,000. I submit the amendment on what I have stated. I think it is a fair amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from California [Mr. BUCK].

The question was taken; and on a division (demanded by Mr. BUCK) there were—ayes 33, noes 46.

So the amendment was rejected.

Mr. JONES. Mr. Chairman, I move to strike out the last word.

I want to correct a wrong impression about the amendment that has just been voted upon. Of course, it is a small matter, but if you make an exception for one State, then all the States would want an exception and you would be offering a premium for every marginal State to produce at least 200,000 bales of cotton. You would give them a \$50 premium for every bale of cotton produced in such border States, and there is always a little cotton produced in such States.

California is treated in an abundantly fair fashion. The Department of Agriculture will administer this bill. According to the figures of the Department, the average production for the State of California for the 5 years is 204,000 bales, which would give an allotment of 150,000 bales instead of 122,000 bales; and if this bill passes and is effective, they will get more for their 150,000 bales than they would be able to get for 200,000 bales.

Mr. STUBBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STUBBS: On page 7, line 22, after the period, insert:

"Provided, That the Secretary of Agriculture be allowed such latitude in the application of the allotment system as to provide him discretionary powers to permit reasonable treatment and equitable adjustment of cotton-production allotments where the exact application of this act would work undue hardships and unfair financial penalties on the individual producers or geographical unit."

Mr. STUBBS. Mr. Chairman, I may state that the object of this amendment is simply this. We feel we have a new industry out there, especially in my part of the State. There was a time when only the Imperial Valley grew cotton in California, but like the Indians, the cotton industry is more or less nomadic and so it has traveled up into the San Joaquin Valley, a part of which I represent. It is a young industry and if we base our ratio on a 5-year basis or if we are allotted on a 5-year basis, our cotton growers are going to get into trouble, because they are just beginning to produce and are just getting their land in shape and getting their pumps going, and so forth.

We feel we will have a case in court if we are privileged to give the Secretary of Agriculture discretionary powers instead of mandatory powers, so that he may consider this and in his discretion give to our particular section of the cotton-growing States some consideration. So the purpose of this amendment is to give the Secretary of Agriculture discretionary powers instead of mandatory powers in dealing with a new industry in the far West. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. STUBBS].

The amendment was rejected.

The Clerk read as follows:

SEC. 6. A producer of cotton desiring to secure a tax-exemption certificate may file an application therefor with the agent designated by the Secretary of Agriculture, accompanied by a statement under oath showing the approximate quantity of cotton produced on the lands presently owned, rented, share cropped, or controlled by the applicant during a representative period fixed by the Secretary of Agriculture, and also the number of acres of land in said lands in actual cultivation for the 3 preceding years, and the quantity of cotton, in the best judgment of the applicant, said lands would have produced if all the cultivated land had been planted to cotton. Said application shall state any other facts which may be required by the Secretary of Agriculture.

With the following committee amendment:

Page 8, line 20, after the word "Agriculture", insert the following: "No certificate of exemption shall be issued and no allotment shall be made to any producer unless he agrees to comply with such conditions and limitations on the production of agricultural commodities by him as the Secretary of Agriculture may, from time to time, prescribe to assure the cooperation of such producer in the reduction programs of the Agricultural Adjustment Administration and to prevent expansion of competitive production by such producer of agricultural commodities other than cotton."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 11 minutes.

Mr. RANKIN. Mr. Chairman, reserving the right to object, I hope the gentleman will not press that request. This is one of the most important amendments in the whole bill and affects more of us.

Mr. JONES. I think we should perhaps let it go over until tomorrow.

Mr. RANKIN. I would be willing to let it go over until tomorrow.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma [Mr. JOHNSON] may have 3 minutes in which to make a statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I desire to thank the gentleman from Texas, the distinguished Chairman of the Committee on Agriculture, for his kindness in permitting me to speak out of order at this time. And yet it seems entirely fitting that an announcement should be made of the passing of America's outstanding farm leader during consideration of this debate on an important agricultural measure. I have a very sad announcement. Word has just come of the sudden death of Hon. John A. Simpson, national president of the Farmers Educational and Cooperative Union of America. Mr. Simpson was well known to many Members of this body, having long been interested in farm legislation. I am sure that the untimely passing of this great beloved farm leader will be keenly felt, not only by members of that great organization to which he had devoted his every energy so faithfully for many years, but by every Member of both Houses of Congress, as well as others who knew him. Our hearts go out in sincere sympathy to the grief-stricken members of his family.

I have known John Simpson and have been intimately associated with him for nearly a quarter of a century. It so happens that for many years he resided on a farm in my home county of Caddo. He was loved, honored, and respected by his neighbors and friends who knew him. For more than a score of years I have worked and counseled with him concerning legislation affecting the farmers of Oklahoma. I came to know and appreciate his unusual ability, courage, and fidelity to the cause of the farmers during the eighth session of the Oklahoma Legislature, at which time I was a member of the committee on agriculture of the Oklahoma State Senate and he was State president of the Farmers Union. Since then I have conferred with him many times concerning legislation affecting the welfare of the farmers of the State and Nation.

John Simpson literally died in his tracks today fighting for the cause of the downtrodden and tax-burdened farmers of this country. Although a few of us have known that he

was laboring under physical difficulties for the past few months, he never complained nor slackened his pace in his fight for national legislation that he believed to be right and just in order to bring needed relief to the tillers of the soil. His zeal and enthusiasm for what is known as the National Farmers Union program was only excelled by his determination to have that program enacted into law.

Our great farm leader knew not how to be afraid. He never took his stand until fully convinced that he was right and that his cause was just. When thus convinced he never backtracked nor evaded an issue. He asked no quarter and gave none. Yet he was mild speaking, lovable, and had the happy faculty of making real, lasting friends wherever he went.

There is hardly a community in any county in the Sixth Congressional District of Oklahoma nor in any community in the United States where the name of John Simpson has not been revered by many with whom he has come in personal contact. Millions of farmers with whom he labored so devotedly the greater portion of his life are deeply grieved today as they read the sad story in every paper of the land announcing the sudden and untimely passing of this great soul.

Our great and beloved farm leader has passed to his reward, but the principles, ideals, and policies for which he actually gave his life will go on and on with undiminished power. John Simpson was a staunch Christian character. He had an abiding faith in the fundamental principles of Christian brotherhood. His personal life was one that all might well emulate. His friends in and out of Congress will renew their allegiance to the great unselfish program for which he stood, and bind themselves anew in a solemn pledge to carry on the fight until the farmers of America have been delivered from economic bondage. Mr. Chairman, I move that the Committee now rise out of respect to the death of Hon. John A. Simpson, national president of the Farmers' Educational and Cooperative Union of America.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8402 and had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 7513) entitled "An act making appropriations for the Departments of State and Justice and for the Judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. RUSSELL, Mr. PITTMAN, Mr. HALE, and Mr. NYE to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the amendments of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, nos. 14 and 22, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER to be the conferees on the part of the Senate.

OLD-AGE PENSION

Mr. ARENS. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD the radio address delivered by the Honorable MAGNUS JOHNSON, a Member of this Congress, in behalf of old-age pension legislation, on Wednesday, March 14, in Washington, D.C.

The SPEAKER. Is there objection?

There was no objection.

Mr. ARENS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

Ladies and gentlemen of the radio audience, I am deeply indebted to Dr. J. E. Pope, president of the National Old Age Pension Association, for the opportunity he has afforded me in addressing you this evening and expressing my sentiments toward the aged and infirm citizens of this great Nation.

The rugged individualism of past administrations is on the wane. All around us we are finding leaders who share the views of the worker and the man on the street, and who in sharing these opinions carry with them the desire and wish to aid them and better their lot. The old saying of the "survival of the fittest" must go. The sooner that the disciples of that school of rugged individualism realize that this fallacy that has kept millions in want, starvation, misery is relegated to the past and that the people of this, the richest Nation in the world, want a government that will watch and care for them in their declining years, then just that soon will we have Nation-wide laws that will protect and care for our aged people who have been honest and good citizens during their productive years.

Under the leadership of our able and distinguished leader in the White House we have been watching, with a rapidity that has startled this country, the changing trend of government toward giving adequate protection to our people. In my own State of Minnesota we have been trying to stamp out those false leaders who have placed property rights above human rights. Liberals have banded together, and under the Farmer-Labor Party we have been constantly striving to better the conditions of our farmers and working people.

We have had to fight the selfish and vested interests as well as the reactionary conservative leaders in the legislative halls. Much yet has to be done before we can accomplish the work we have set out to do. But out of it will come laws that will protect and care for our aged. No longer will anyone, during their declining years, be forced to face the horrible thought of old age without the means of support. This awful worry of being alone with no one to care for them, with no one to watch and provide, will vanish. Truly the responsibility of this great, human, and wonderful step forward should have the enthusiasm and endorsement of the youthful leaders now in Government and business, and the true picture of our present plight, because we are lacking in courage and vision, should be painted for them.

More and more people are beginning to realize that under the present system of government, pensions to our old people are an absolute necessity if we are to progress and move forward. In past years our aged people, who had no visible means of support, were looked upon in the sense of a necessary evil, and for that reason the poorhouse and almshouses came into being. Here elderly people who had earned their own living and had worked hard during their productive years and through no fault of their own were unable to continue to support themselves, were placed in the institution and taken away from their homes and families to spend their last days in a sort of punishment and penalty for, perhaps, as some people have looked upon it, for living too long.

Our Government cannot continue to ignore this most vital problem. The States that are now operating under laws providing old-age pensions are finding that a real good has been accomplished. However, this is not entirely a problem for the State government alone. Successfully it must be a program that will have the cooperation of the counties, State, and Federal Government where each unit of government will share a portion of the cost of protecting our worthy citizens who have become too old to serve in private industry any longer.

When one stops and considers the cost of providing pensions for persons over 65 years of age under the Federal old-age pension measure as introduced by Congressman DISNEY, of Oklahoma, as compared to charges made by the present system as set up by the States and counties we find the latter is far more expensive in two ways. First, it does not meet present conditions and secondly the per capita cost is far out of proportion to the tax plan proposed by the Disney bill. The Disney plan is a contributory system where everyone is called upon to participate and provides for Federal control cooperating with the State agencies. It is simple in operation and its passage will once and for all guard and protect our elderly people from facing the declining days of their life in constant fear of extreme poverty and privation. I am, however, an ardent advocate of any workable measure that will give a man, when in the prime of life, the assurance that his declining years, were he unable to meet the demands that society placed upon him be adequately provided for in the autumn of life. And this system which he helped to maintain during his productive years would provide for his old age so that he might live the remainder of his days with his family and friends, rather than to be whisked away to a charitable institution for the aged to be pitied and scorned by society.

Government owes all its citizens, who are willing and able, the right to work, and in fulfilling this obligation to its people it must also promote the public good and the public welfare. To this end it must, and I am sure that it will, establish in carrying out the public welfare a broad and adequate system of old-age pensions. A system that will take in every State in the Union, the benefits which will be participated in by every aged person that comes within the classification as set down by the Federal and State laws. The Federal Government employees and many States have for their workers pension-and-retirement plans and these are all along the contributory system, very similar to that projected

in the Disney bill. Also certain industries realizing the benefits that are derived by a system of old-age pensions and the mental reaction it has had upon its employees have inaugurated such pension funds. And now under a wise and adequate program of a pension-and-retirement plan for loyal employees who have served their companies for years, the transportation industries are presenting to Congress for passage a splendid plan.

I have seen enough of misery and suffering. I have witnessed thousands of persons who have worked hard all of their lives and who have, because of economic conditions over which they have had no control, lost their homes and their savings. I have visited with these people and know of their conditions, and I have found that their greatest fear after these sudden and tragic reverses was the fear of poverty in old age. Just think, my friends, what a blessing it would be if all of these people who have worked their entire lifetime and have lost their property and homes during these trying years could look into the future knowing that through a system established by a wise and providential Government they would have no cause for fear and worry. What finer mental relief could our elderly people carry with them during their declining years than this?

In awakening the great mass of the citizens to a realization of the need of old-age pensions, may I say that we are not asking that Congress participate in any radical change in the present social order, nor are we in any way calling upon Government to change its present system. I believe that with a Federal old-age pension law, one that would be operative in all States alike and would demand the same requirements from those participating that a great good would be accomplished. Capital should realize this, and those who have been so selfish and stubborn in the past and who look to old-age pensions as a dole or gigantic step toward granting charity to our aged must realize their error.

Caring for those who have toiled faithfully during the best days of their life is not charity but a duty of government, and a function that should be met with squarely and honestly by legislators. Congress can do no more worthy act than pass out a fair and adequate old-age pension law. In the State of Minnesota, the Farmer-Labor Party, of which I am a member, has a plank in the platform that demands old-age pensions. Our party long ago realized the necessity of such a measure and although we have never been in control of both branches of the State legislature, members of our party did pass in the 1933 session such a measure.

May I review briefly what the Disney measure proposes:

First. That a pension of \$30 monthly be paid to every resident American citizen of 65 years of age or over.

Second. That those persons 65 years of age or over who do not, or refuse to, accept retirement from active competitive earnings will not be allowed to participate in such pension until they actually retire.

Third. That any American citizen above the age of 40 and under 65 shall, if he is physically or mentally unable to earn a livelihood, be paid the sum of \$20 per month.

Fourth. The Congress of the United States shall require each and every person, male or female, between the ages of 21 and 45, on and after the passage of the old-age pension act, to pay into the Post Office Department, through the Postal Savings Division, a very small percentage of all gross earnings from salaries, wages, hire, or from any other source, whether it be from salary, commissions paid, from dividends earned, or from profits arising from any transaction, the returns to be made monthly, together with the payment of assessments such as the Congress may levy against such earnings or income.

Fifth. The President of the United States shall appoint a director of pensions, to become the chairman of the United States pension board, the other members of the board to comprise the Postmaster General, the Secretary of the Treasury, and the Secretary of Labor, the said board to have the power to scale downward the assessment of tax against earnings as the occasion and conditions of the pension fund may see fit to warrant. In other words, if it is found that less than one half of 1 percent of earnings of all persons over 21 and not over 45 will suffice, they shall then be authorized to reduce the scale of rate of assessments accordingly.

This, then, is briefly what the old-age pension law will provide. By the passage of this measure the Membership of Congress can win for themselves the everlasting respect and blessing of every humane and good citizen of this country. I am sure that wherever there beats a human heart and one that is interested in the general welfare of the people of this great Nation, you will find that they are heartily behind such a program that will provide retirement pensions for laborers in industry, farmers, and, as a matter of fact, anyone who has attained the age of 65 and does not have means of support.

I sincerely hope and trust that the majority of my colleagues will voice their approval of an old-age pension law and in finishing my short address may I say that I welcome any suggestions and letters regarding old-age pensions, and that if those who are outside the State of Minnesota will write to their Congressman, I am sure that he will appreciate knowing your views concerning this important question of the day. Let us meet this issue with the firmness that we have attacked the depression, and show the same courage and faith in our American institutions, and let us all, with the great brotherly spirit of helpfulness that has so exemplified the American people in meeting common problems, by giving the old, infirm, and aged people the pleasure and beauty of life that comes with old age. Let us not cloud their

memories of their pleasant past when they were sturdy citizens, with the cold realization that their numbered days will be spent in privation, confined solitude, and mental torture.

PERMISSION TO ADDRESS THE HOUSE

Mr. SWANK. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWANK. Mr. Speaker, it is with great regret that I announce to this House the death of Hon. John A. Simpson, president of the National Farmers Union of the United States.

Mr. Simpson lived in Bethany, Okla.; his office was in Oklahoma City; and it was an honor to have him for my constituent. I have been well and intimately acquainted with him for many years and am glad to have been associated with him in the great work in which he was engaged.

He was one of the leading citizens of Oklahoma and belonged to the United States. When he was called away, one of my best and most reliable friends left me.

He gave the active years of his manhood to the betterment of the conditions of the tillers of the soil. He always said that agriculture was the leading industry in this country and the one upon which all business depends. He maintained that the surest and speediest method of recovery was to rehabilitate agriculture.

He was the greatest farm leader in the United States, and when he died the farmers lost the most able and effective exponent of their rights. He was devoted to his family, his friends, and his country, and no words of mine could exaggerate his qualities of goodness and greatness. He was always unafraid, as brave as a lion, yet as tender-hearted as a woman.

Friends like him are not numerous, and when death let her curtain fall around him to hide from his view this which is called life I lost a good friend, indeed, and the country a great citizen.

John Simpson is gone, but his spirit lives, and nothing would please him better than to know that his friends in this House will carry forward the fight in which he laid down his life. Let us consecrate ourselves anew and carry on the great work for which he fought so valiantly.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, the independent offices appropriation bill, of which we have heard something within the last few days, was taken up in the other body today, and the two amendments adopted in the House disagreed to. The bill has been returned to the House and is on the Speaker's table. It will be my purpose tomorrow morning after the disposition of matters on the Speaker's table to call up the bill and make the usual motion that the House further insist on the House amendments to the Senate amendments. Of course, the usual parliamentary procedure will follow.

Mr. SNELL. What became of the other amendments?

Mr. WOODRUM. All the other amendments are in conference.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Speaker, in reference to the matter which the gentleman from Virginia has brought up, I wish to state to the House that tomorrow, if he asks unanimous consent that the House further insist and asks for a conference—if the gentleman makes that request, I shall be constrained to object. Then if he moves that the House insist on the amendments, I will offer a motion to recede and concur in the Senate amendments. I wanted to call that to the attention of the Members of the House so that they might know what would come up.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. VINSON of Georgia. Does the gentleman think the House will reverse itself on its vote of yesterday?

Mr. CONNERY. I would not be surprised; several Members have told me that they did not know that they were voting to increase their salaries and cut the veterans.

Mr. BOILEAU. The gentleman knows that the House has reversed itself once.

Mr. CONNERY. Yes.

Mr. BROWNING. Does the gentleman consider that it was a cut on the veterans?

Mr. CONNERY. From 90 percent to 75 percent.

Mr. BROWNING. They are not getting anything now.

Mr. CONNERY. It cuts them down from the Senate amendment.

Mr. BROWNING. Oh, no; they are not receiving anything now.

Mr. CONNERY. But the Senate is willing to give them 90, and the gentleman wants to cut them down to 75 percent. If you do that, are you pushing them up?

Mr. BROWNING. But they are not getting anything now, and I am not willing to have the statement stand that we have cut any veteran.

Mr. CONNERY. I consider it a cut. You want to give them 75 percent, and I want to give them 90 percent.

Mr. BROWNING. We have given them 75 percent, and they are not getting anything now.

Mr. JOHNSON of Oklahoma. And the gentleman from Massachusetts knows that if he insists upon his motion they will not get anything.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

AGRICULTURAL APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. The gentleman from Louisiana asks unanimous consent to take from the Speaker's table the bill, H.R. 8134, the agricultural appropriation bill, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference. Is there objection?

Mr. SNELL. Is this agreeable to the gentleman from North Dakota [Mr. SINCLAIR]?

Mr. SANDLIN. I have talked this over with Mr. Sinclair, and it is agreeable to him.

Mr. SNELL. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees:

Mr. SANDLIN, Mr. HART, Mr. CANNON of Missouri, Mr. SINCLAIR, and Mr. THURSTON.

H.R. 8097

Mr. BAILEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein a very informative letter concerning rural carriers and their work in my district. I do this for the information of the House.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, I feel obliged to object.

Mr. BAILEY. Will the gentleman withhold that?

Mr. TABER. Yes.

Mr. BAILEY. The letter deals simply with a bill before Congress, and I want to put this in the Record so that the Members may have information with respect to it.

There is no politics in it. It is solely for the information of the Members of the House.

Mr. TABER. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. BAILEY. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following very in-

formative letter concerning rural carriers and their work in my district:

WASHINGTON, D.C., March 14, 1934.

Re H.R. 8097.

To the honorable Members of Congress from Texas.

GENTLEMEN: We are advised that the above-numbered bill, H.R. 8097, introduced in the House by Hon. JOHN F. DOCKWEILER, of California, will soon come up for consideration.

We are also advised that this bill would materially reduce the compensation of rural letter carriers, in that it provides for a radical change in the basis of pay.

We are informed that this bill will have the approval of the officials of the Post Office Department.

At a meeting of the Grayson County (Tex.) Rural Letter Carriers Association recently held in Sherman, Tex., a committee was appointed to make a survey of conditions affecting the rural delivery system of the county and to communicate to you the result of its findings.

The committee sent questionnaires to each of the rural carriers of the county, and the figures given are tabulated from 27 answers to them and from information received from the commissioners' court of the county.

We find that Grayson County has 131 miles of concrete highways, and that only 39 miles of these roads are traveled by the rural carriers. It also has 375 miles of gravel roads which were constructed several years ago and at the present time are very little, if any, better than the common dirt roads, of which the county has 1,215 miles. Of these 375 miles of so-called gravel roads, the rural carriers travel only 194 miles.

As you well know, the soil of Grayson County is for the most part black land and clay, and the roads cannot be traveled during wet weather without great difficulty and much added expense, and during prolonged wet spells the roads get in very bad condition.

The average length of the 27 routes in Grayson County, upon the report of which the communication is based, is a little more than 36 miles. This length conforms to the average length of the rural routes of the United States.

The time consumed in rendering service on the routes in bad weather in some cases amounts to 14 hours per day, the average time being 8 hours and 15 minutes.

Under good weather and road conditions the average is 5½ hours.

The above does not take into consideration time spent in making minor repairs to equipment and in feeding and grooming horses, which is time necessary to continuous service, and which will probably require about 1 hour per day.

The rural carrier is prohibited by law from engaging in any other compensative work.

The investment in equipment used on the routes averages \$1,078 per carrier.

The interest on this investment at legal rate is \$107.80 per year. The automobiles used have had an average of 18 months of service and the depreciation averages about \$500 per car.

The average monthly cost of serving the routes, which does not include interest, is as follows: Registration, tax, depreciation, etc., \$52 per month. This does not include horse keep.

The average increased cost of serving routes has been 49 percent, this being in some measure due to the increased cost of gasoline to rural carriers, who were exempt from the State tax of 4 cents per gallon until the Federal tax of 1 cent per gallon was fixed and from which tax they were not exempt; and as a result of the Federal tax being imposed the carriers were then forced to pay the State tax of 4 cents additional.

The average number in family is 4 and the average of school age is 2.

The increase in the cost of living is estimated by the 27 as being 49 percent.

Several carriers have been compelled to take their children out of college and university as a result of the passage of the Economy Act, as they could not meet their other necessary obligations and keep their children in school. Any further reduction or a continuance of the Economy Act will necessitate other children leaving school, resulting in neglect of their education.

Several carriers own an equity in their homes and a number have found themselves unable to meet their payments, and as a result have lost their property since the enactments of the Economy Act.

Practically all have felt themselves compelled to let some of their life-insurance protection lapse, as they could not meet their premiums and take care of their other obligations, and as a result of the reduction of salary under the Economy Act \$60,000 of such life-insurance protection has been forfeited on the lives of 30 carriers of Grayson County.

A number have been compelled to draw on savings accounts, or to dispose of property at a loss, in order to keep going.

None think they could continue their present life-insurance protection, which averages \$2,500, if the proposed bill should become law, and a number think they would have to give up the equity they have acquired in their homes for a like reason.

It is the opinion of those answering the questionnaire, that actual cost of maintaining the equipment necessary to continuous service is 8½ cents per mile per day.

Rural carriers have, at the suggestion of the Department, at their own and much additional expense—in their effort to make this highly important branch of the Postal System more efficient—

kept abreast of the times by the use of modern automotive equipment, when the service could have been performed at much less expense by the use of horse-drawn conveyance. As a result of this voluntary action on their part the Government has saved considerable money, as this action made possible the extension of routes from the standard mileage of 24 miles to the present average of 36 miles, which accounts for the saving of \$45 per mile per year for the excess mileage.

The occupation of rural carrier is classed as hazardous by the health- and accident-insurance companies of the country, and if they can secure any such protection at all it is secured by the payment of a higher rate.

The basic salary of the rural carrier has always been under that of other postal employees performing like service, and the responsibility is greater, in that the rural carrier does every day on his route the work done by five men in the average post office of the first or second class. Any further reduction in pay, or a continuation of the present Economy Act would work a further injustice, an inequality, and a hardship on them.

During the World War those not engaged in the defense of the United States as members of the Army and Navy, as a matter of patriotism remained on the job at a salary less than the actual cost of rendering service, and providing a meager living for their families. Due to the prevailing high prices and the low salary received at that time many were plunged into debt that has borne heavily on them since. It is a well-known fact that cotton pickers during that time were making more money per week than the total compensation of rural carriers was per month.

The carriers of the country have been loyal to the Government and have made no complaint against the temporary reduction in salary as a result of the passage of the Economy Act, which they felt to be their necessary contribution toward helping the country back to normal. Now, with the normal prices prevailing, and further increase in the cost of rendering service and of living imminent, any reduction in compensation would work an undue hardship on them and would be a gross injustice, which we feel that you will not countenance after you have made your investigation of the true conditions affecting the service and so many of your constituents. We sincerely hope that you will use your influence against, and vote against, the passage of this proposed legislation when it comes up for action.

Assuring you of the deep appreciation of the carriers of Grayson County and of Texas, and of the consideration you have given such matters in the past, and praying for the same in the future, we are, with kindest regards and all good wishes,

Respectfully yours,

L. ANDREWS,
CARL YEAGER,
Committee, Sherman, Tex.

LEAVE OF ABSENCE

Leave of absence was granted as follows:

To Mr. CANNON of Wisconsin, for 10 days, on account of illness in his family.

To Mr. SABATH, for 3 days, on account of important business.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess until 7:30 o'clock p.m.

The motion was agreed to; and accordingly (at 5 o'clock and 21 minutes p.m.) the House stood in recess until 7:30 o'clock p.m.

EVENING SESSION

The recess having expired, the House was called to order by the Speaker at 7:30 p.m.

PRIVATE CALENDAR

The SPEAKER. The Clerk will call the first bill on the Private Calendar.

INTERNATIONAL MANUFACTURERS' SALES CO. OF AMERICA, INC.

The Clerk called the first bill on the Private Calendar, H.R. 3460, for the relief of the International Manufacturers' Sales Co. of America, Inc.

Mr. BLANTON. Mr. Speaker, I object. This bill carries an appropriation of \$968,748 and should not be passed. There is no excuse for taking \$968,748.12 of the people's tax

money out of the Treasury and paying it to the International Manufacturers' Sales Co. Inc., I cannot allow it to be passed, hence I object.

Mr. O'CONNOR. Is the gentleman going to persist in his objection?

Mr. BLANTON. I will leave it to my good friend from New York, who is one of the leading lawyers of his State, that if he were attorney in a case involving \$968,748.12 would he try a case of this kind in less than a week or 10 days in any court?

Mr. O'CONNOR. Of course, I would like to argue it with the gentleman, but if the gentleman is going to object in any event, there is no use for me to argue.

Mr. BLANTON. Nine hundred sixty-eight thousand seven hundred and forty-eight dollars is too large an amount to take out of the Treasury, with only a few moments consideration, and pay it to a corporation. I object, Mr. Speaker.

PINKIE OSBORNE

The Clerk called the next bill, H.R. 3554, for the relief of Pinkie Osborne.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of money in the Treasury not otherwise appropriated, to Pinkie Osborne, of Elizabethtown, Hardin County, Ky., the sum of \$2,500 in full settlement of all claim against the United States for injuries arising out of a gunshot wound inflicted by the discharge of a machine gun at Elizabethtown on April 6, 1918: *Provided,* That no part of the amount appropriated in this act shall be paid or delivered or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIAM SHELDON

The Clerk called the next bill, H.R. 3606, for the relief of William Sheldon.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the sum of \$5,000 be, and is hereby, appropriated, out of any money in the Treasury not otherwise appropriated, for the relief of William Sheldon, former deputy United States marshal for the eastern district of Oklahoma, who was injured in the discharge of his duties: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorneys or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

Page 1, line 2, strike out "\$5,000" and insert in lieu thereof "\$1,937.10."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN L. FRIEL

The Clerk called the next bill, H.R. 3621, for the relief of John L. Friel.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this bill appropriates \$4,750 for contract work. The Secretary of War says that the filling of the main bank of the river and extension of garage were without Federal permission and in violation of the River and Harbor Act of 1899, and therefore, he does not recommend that the claim be paid. What does the gentleman have to say?

Mr. HANCOCK of New York. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. HANCOCK of New York. The author of this bill is the gentleman from Pennsylvania [Mr. KELLY]. He called me a few moments ago and stated it was impossible for him to be here this evening, and he requested that if there was objection to this bill, and another later on the calendar, that they be passed over with the understanding that they might be returned to at some future calendar day.

Mr. TRUAX. I will be glad to consent to that.

The SPEAKER. Without objection, the bill will be passed over.

There was no objection.

WARREN F. AVERY

The Clerk called the next bill, H.R. 6822, for the relief of Warren F. Avery.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Warren F. Avery, a private of Engineers, unassigned, United States Army, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 31st day of January 1929: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. HANCOCK of New York: At the end of the bill insert the words "or subsequent thereto."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LOTTIE BRYANT STEEL

The Clerk called the next bill, H.R. 177, for the relief of Lottie Bryant Steel.

There being no objection, the Clerk read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lottie Bryant Steel, remarried widow of Montgomery Bryant, who formerly served as a captain of the Sixth Regiment United States Infantry, and as a colonel of the Thirteenth Regiment United States Infantry, out of any money in the Treasury not otherwise appropriated, the sum of \$1,064, being the amount of pension due at the rate of \$8 per month under the Pension Act of June 27, 1890, from May 22, 1892, date of filing claim, to June 26, 1903, date of her remarriage.

With the following committee amendments:

On page 1, line 9, strike out "the sum of \$1,064, being the amount of pension due at the rate of \$8 per month under the Pension Act of June 27, 1890, from May 22, 1892, date of filing claim, to June 26, 1903, date of her remarriage", and insert the following: "the sum of \$105.07, being the amount of pension due at the rate of \$8 per month from May 22, 1902, to date of remarriage of claimant on June 26, 1903: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHARLES W. DWORACK

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to return to Calendar No. 157, H.R. 666, for the relief of Charles W. Dworack.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. ZIONCHECK. Reserving the right to object, is that the gentleman that was burned?

Mr. HARLAN. That is the man that was burned.

Mr. ZIONCHECK. There was a specific understanding that we would return to that, Mr. Speaker.

Mr. HANCOCK of New York. That was the agreement.

Mr. HARLAN. I have prepared a substitute, to strike out all after the enacting clause and substitute the bill, according to the recommendations of the gentlemen on the other side.

Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. HARLAN: Strike out all after the enacting clause and insert:

"That sections 17 and 20 of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties and for other purposes', approved September 7, 1916, as amended (U.S.C., title 5, secs. 767-770), are hereby waived in favor of Charles W. Dworack, who was injured while in the employ of the Federal Government on February 12, 1922, at the time of the burning of the airship *Roma*, and said Charles W. Dworack is hereby granted the benefits of the other provisions of said act as amended: *Provided*, That no benefits shall accrue hereunder until the enactment of this act."

Mr. BLANTON. Mr. Speaker, the agreement we had with the gentleman, if I remember correctly, was that this should be submitted to the Compensation Commission for their adjudication under this law.

Mr. HARLAN. That is exactly what this substitute does.

Mr. BLANTON. No, it does not; this adjudicates the matter right here and puts him on the pay roll under this act. That is the meaning of the language.

Mr. HANCOCK of New York. Mr. Speaker, if we insert the word "allegedly" after the word "who" it will cure the defect.

Mr. BLANTON. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: After the word "Act", in the last line of the substitute, insert the following:

"*Provided*, Said Compensation Commission is to determine the merit and justice of this claim under the provisions of said Compensation Act."

The amendment to the substitute amendment was agreed to.

The amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ANNA MARIE SANFORD

The Clerk called the next bill, H.R. 232, for the relief of Anna Marie Sanford.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Anna Marie Sanford widow of William Richard Sanford, deceased, former furnace man, navy yard, Washington, D.C., in the same manner and to the same extent as if said William Richard Sanford had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof, and notwithstanding the lapse of time between the injury sustained by the said William Richard Sanford at the Washington Navy Yard and his death: *Provided*, That no benefit shall accrue prior to the approval of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

MARY S. NEEL

The Clerk called the next bill, H.R. 3632, for the relief of Mary S. Neel.

Mr. HANCOCK of New York. This also is a bill of the gentleman from Pennsylvania [Mr. KELLY], who is unable to be here tonight.

Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

GUSTAV WELHOELTER

The Clerk called the next bill, H.R. 3791, for the relief of Gustav Welhoelter.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ANTHONY HOGUE

The Clerk called the next bill, H.R. 3793, for the relief of Anthony Hogue.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice because the same facts exist with reference to this bill as existed with reference to the other bill that has been passed over without prejudice.

Mr. HOPE. Mr. Speaker, I object to the request of the gentleman from Washington.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$600 to Anthony Hogue, formerly finance clerk of the Fox Creek post-office station, Detroit, Mich. Said sum represents the amount paid by said Anthony Hogue to the United States Government to make up the deficit in the accounts of the Fox Creek station, which deficit was caused by robbery or burglary of said post office.

Mr. HOPE. Mr. Speaker, I offer the usual attorneys' fee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: At the end of the bill add a new paragraph reading as follows:

"Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GUSTAV WELHOELTER

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to return to calendar no. 184, the bill (H.R. 3791) for the relief of Gustav Welhoelter.

A bill involving the same situation has been passed; and if the gentleman from Kansas wishes to take the responsibility we will pass this one without objection.

Mr. HOPE. I may say to the gentleman from Washington I have no objection to the bill so far as I am concerned.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$900 to Gustav Welhoelter, assistant superintendent of the Fox Creek post-office station, Detroit, Mich. Said sum represents the amount paid by said Gustav Welhoelter to the United States Government to make up the deficit in the accounts of the Fox Creek station, which deficit was caused by robbery or burglary of said post office.

Mr. HOPE. Mr. Speaker, I offer the usual attorneys' fee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: At the end of the bill insert a new paragraph, as follows:

"Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ED SYMES ET AL.

The Clerk called the next bill, H.R. 3860, for the relief of Ed Symes and wife, Elizabeth Symes, and certain other citizens of the State of Texas.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. CROSS of Texas. Mr. Speaker, will not the gentleman withhold his objection for a moment?

Mr. HANCOCK of New York. Mr. Chairman, I withhold my objection to permit the gentleman to make a statement.

Mr. CROSS of Texas. This bill was passed at the last session. It merely allows two or three poor families who live there on the river the right to sue and establish any damages they may have. At the time the bill was passed in the House my colleague, Mr. Blanton, or Mr. Stafford—I forget which—limited the amount. The Senate was not able to reach the bill and act on it before the session adjourned.

The bill does not give a penny to these people; it merely gives them the right to go into the Federal Court and establish any damages they may have suffered.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. Mr. Speaker, I shall have to insist on my objection.

The SPEAKER. Objection is heard.

JOANNA A. SHEEHAN

The Clerk called the next bill, H.R. 3908, for the relief of Joanna A. Sheehan.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. ANDREW of Massachusetts. Mr. Speaker, will the gentleman have a heart and reserve his objection?

Mr. ZIONCHECK. I reserve my objection. It is a question of not enough time having elapsed.

Mr. ANDREW of Massachusetts. May I explain the situation? This unfortunate lady bought a Liberty bond some 12 years ago and paid \$1,000 for it. The bond was lost when she was moving from one house to another. She is a perfectly reputable person. For 12 years she has received nothing. The bond matured 6 years ago. The Treasury cannot lose anything by this bill because before she can get any money from the Treasury for either principal or interest, she must put up a bond for double the amount, so the Treasury cannot lose anything at all.

Mr. BLANTON. She must put up an indemnity bond?

Mr. ANDREW of Massachusetts. An indemnity bond. The only objection that was made to it was some 3 years ago when the Secretary of the Treasury, Mr. Ogden Mills, said that not enough time had elapsed.

Mr. ZIONCHECK. Does the gentleman mention the name of Ogden Mills as being an authority?

Mr. ANDREW of Massachusetts. He reported 3 years ago that he thought sufficient time had not elapsed, but 3 years has elapsed since then. She lost this bond 12 years ago. This lady is in very modest circumstances and has been without the interest on the bond or the principal of the bond since then. She bought the bond patriotically during the war and I do not see how the gentleman could have the heart to keep her from getting the money at this time.

Mr. ZIONCHECK. If the gentleman will repudiate the opinion of Ogden Mills at this time and say that Ogden Mills' opinion was not a good one, I will not object.

Mr. ANDREW of Massachusetts. I agree to that insofar as this bill is concerned.

Mr. TRUAX. Mr. Speaker, reserving the right to object. There is a statement in here of Mr. Ogden Mills under date of March 9, 1932, that is only 2 years ago.

Mr. ANDREW of Massachusetts. I am mistaken then as to the number of years.

Mr. TRUAX. The Treasury Department does not approve payment. We would be establishing a precedent. The Treasury Department said that sufficient time had not elapsed.

Mr. BLANTON. Mr. Speaker, may I ask if it is not a fact that Ogden Mills does not know anything about the precedents if he makes that statement, because we have passed bill after bill here, which the gentleman knows about, to make good loss of bonds and other obligations that were lost where indemnity bonds have been given to protect the Treasury?

Mr. ANDREW of Massachusetts. Yes. I have in my office a number of precedents of that kind.

Mr. TRUAX. If the gentleman will make the further admission that Ogden Mills did not know anything about the Treasury Department or bonds, I will withdraw my objection.

Mr. ANDREW of Massachusetts. For the purpose of getting the gentleman to withdraw his objection, I will make any admission.

Mr. RANKIN. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Mississippi.

Mr. RANKIN. If this had been \$500,000,000 belonging to some New York banker, it would not have taken this much time.

Mr. BLANTON. That would have gotten by Ogden Mills, but it would never get through this House at all because we would have seen that it was stopped.

Mr. RANKIN. Mr. Mills would hold that it would take a great deal longer for a person in mediocre circumstances to prove their claim than a multimillionaire from New York.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of Joanna A. Sheehan, of Haverhill, Mass., United States Liberty loan permanent coupon bond no. 321498 in the denomination of \$1,000, of the third 4½'s issued May 9, 1918, matured September 15, 1923, with interest from the date of issue to the date of maturity, at the rate of 4½ percent per annum, without presentation of said bond, the said bond, together with coupons due September 15, 1922, to September 15, 1923, inclusive, attached, having been lost, stolen, or destroyed: *Provided,* That the said bond shall not have been previously presented and paid, and that payment shall not be made hereunder for any coupons which shall have been previously presented and paid: *And provided further,* That the said Joanna A. Sheehan shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said Liberty loan bond and the unpaid interest which had accrued thereon when the principal became due and payable, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any loss on account of the Liberty loan bond or the coupons thereof hereinbefore described: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MARY ELIZABETH O'BRIEN

The Clerk called the next bill, H.R. 4252, to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Elizabeth O'Brien, a former employee of the United States Veterans' Bureau.

Mr. HANCOCK of New York, and Mr. ZIONCHECK rose.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, I would like to have the gentleman explain one or two discrepancies in dates that I notice in the record. It is alleged that this girl acquired tuberculosis while in the employ of the United States Veterans' Bureau.

Mr. BLOOM. That is correct.

Mr. HANCOCK of New York. And that she acquired this tuberculosis in 1924?

Mr. BLOOM. Yes.

Mr. HANCOCK. I note that she was discharged from service in 1926 suffering from some disease of the eyes. No

mention is made of tuberculosis at that time. This claim is evidently an afterthought and was made several years later.

Mr. BLOOM. My attention was called to this matter the last time we had the Private Calendar under discussion. I looked into the matter and got an affidavit from the young lady. On page 3 you will find her affidavit in which she says she left the service in 1924. I took this up with the Department and I find that they got the case of another person by the same name confused with this case. The affidavit sworn to by the young lady says that she left the service in 1924 when she was ordered by the doctor to go up to Saranac Lake, N.Y., or wherever she was sent, and has been there ever since.

Mr. HANCOCK of New York. The statement of the Assistant Director of the Veterans' Bureau is to the effect that Mrs. O'Brien's separation from the Veterans' Bureau was effective May 4, 1926, and it should be noted that it was because of retirement for total disability for useful and efficient service by reason of disease of the eyes.

Mr. BLOOM. My attention was called to this matter the last time, I may say to the gentleman, and since then I have investigated. If the gentleman will look at page 3 of the report, he will find the affidavit of this lady which says, "I went away to take a rest cure; I went to Vineland, N.J., and later on, on or about August 5, 1924, arrived in Saranac Lake, N.Y., where I have been since that date under the care of Dr. F. B. Trudeau and Dr. Blumfiel." As I stated to the gentleman before, the O'Brien case as reported by the Department was another O'Brien—not this case. I investigated since I spoke to the gentleman about it, and I may assure the gentleman that the case of the lady who was discharged or left the Department later on account of trouble with her eyes was a different case entirely.

Mr. HANCOCK of New York. As far as I am concerned, I am perfectly willing that the Compensation Commission pass on the facts involved, provided the gentleman is willing to accept an amendment, which is usual in cases of this kind, providing that no benefits shall accrue prior to the approval of the bill.

Mr. BLOOM. If the gentleman insists on that amendment, I will accept it.

Mr. HANCOCK of New York. That is our uniform practice.

Mr. BLOOM. She has been up there ever since and this case has been in Congress before.

Mr. HANCOCK of New York. Whatever we do for her is a pure act of grace.

Mr. BLOOM. I am willing to accept the amendment.

Mr. ZIONCHECK. She has already received \$886.08 from the Compensation Commission.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission shall be, and it is hereby, authorized and directed to extend to Mary Elizabeth O'Brien, a former employee of the United States Veterans' Bureau, the provisions of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916.

With the following committee amendment:

Strike out everything after the enacting clause and insert the following: "That sections 17 and 20 of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', are hereby waived in favor of Mary Elizabeth O'Brien, a former employee of the United States Veterans' Bureau."

The committee amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of line 8 on page 2, at the end of the committee amendment, insert a colon and the following proviso: "Provided no benefits shall accrue prior to the approval of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: A bill for the relief of Mary Elizabeth O'Brien.

A motion to reconsider was laid on the table.

LAURA GOLDWATER

The Clerk called the next bill, H.R. 4253, for the relief of Laura Goldwater.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I direct the attention of the gentleman from New York to page 2 of the report, the letter of the Post Office Department, dated March 20, 1930, which contains this statement:

The evidence disclosed in the investigation of this case shows that the mail truck was southbound and had reached a point a few feet south of an intersection of streets when the claimant, who was standing just south of an elevated pillar, stepped out toward the street-car tracks and in the general direction of the passing truck.

Unless I can be assured by the gentleman that the claimant was at a street intersection, I shall have to object. In other words, if the claimant was not at an intersection, quite naturally she would be charged with using just a little more precaution than otherwise.

Mr. BLOOM. The gentleman has read the report and I am sure understands the situation of the elevated pillars in the middle of the street.

Mr. BLANCHARD. Yes; I understand that.

Mr. BLOOM. This lady was standing between the two columns, and the street there is an eastbound or westbound street, and the truck came from the other direction. This lady did not expect the truck to come from the wrong direction, and she was struck by the truck. This, of course, is her claim, but the gentleman knows how some of these mail trucks go through the streets. There are no traffic regulations for them, and this lady was absolutely blameless. The Department always sends in a report of this kind. They never assume any of the blame. Their drivers are always right, and all the blame is upon the pedestrian. This lady, as the gentleman will note from the report, had hotel expenses amounting to over \$7,000. She is disabled for life, and there is no reason based upon anything in the report why we should not accept part of the statement of the injured claimant, as well as any statement that may have been made by the driver of the truck. I know this location very well, and I am convinced that the truck driver should have exercised more care in the premises. The pedestrians have some rights, especially in a situation like the one involved here at this elevated station.

Mr. BLANCHARD. I appreciate that fact, and I withdraw my objection, Mr. Speaker, and will ask the gentleman if he is willing to accept the usual amendment.

Mr. BLOOM. I shall be pleased to do that, Mr. Speaker. There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Laura Goldwater the sum of \$20,000 for damages suffered by her by reason of being struck and seriously injured by a Government mail truck.

With the following committee amendments:

Line 6, strike out "\$20,000" and insert in lieu thereof "\$5,000", and at the end of the bill insert the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: In line 6, after the word "damages" insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOE SETTON

The Clerk called the next bill, H.R. 4268, for the relief of Joe Setton.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I ask if the gentleman from New York is willing to accept the usual attorney's fee amendment?

Mr. BLOOM. I shall be pleased to accept such an amendment, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joe Setton, of New York City, the sum of \$500. Such sum represents the amount of a bond forfeited to the United States by the said Joe Setton, such bond being conditioned upon the voluntary departure of his mother, Sabout Setton, from the United States at the expiration of 1 year after her admission to the United States as a non-immigrant alien. Due to illness, she was unable to depart, but the said Joe Setton made no application within the prescribed period for an extension of time of her temporary visit, having no knowledge that such extension was necessary.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: At the end of the bill, page 2, line 4, strike out the period, insert a colon and the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ANNIE MORAN

The Clerk called the next bill, H.R. 4272, for the relief of Annie Moran.

Mr. BLANCHARD. Mr. Speaker, I think the gentleman from New York has had a very good batting average—

Mr. BLOOM. Please do not spoil it.

Mr. BLANCHARD. That is what I am about to do, but I shall reserve my objection if the gentleman cares to make a statement.

Mr. BLOOM. I should be pleased to offer any explanation of any matter the gentleman wants to be informed upon.

Mr. BLANCHARD. I am quite sure the gentleman cannot satisfy my objection, and I shall have to interpose an objection.

Mr. BLOOM. Will the gentleman give me an opportunity to convince him of the merits of the bill?

Mr. BLANCHARD. I shall be glad to reserve my objection.

Mr. BLOOM. Is there any particular point about which the gentleman would like to be informed?

Mr. BLANCHARD. Mr. Speaker, I can only say to the gentleman from New York that I have made up my mind and I am perfectly satisfied the bill should be objected to. The report of the committee makes this statement:

It is hard to see on what theory the Post Office Department refuses to allow this claim, and the file indicates that the driver, while exonerated on the charge of manslaughter by the magistrate's court, was found guilty of running his vehicle with defective brakes and fined for this offense \$50.

Of course, I cannot see where the matter of defective brakes enters into this at all. An examination of this bill does not disclose, in my opinion, that the driver of the truck was in any way negligent. I cannot find anything in the report or in the files to indicate that there is a shred

of evidence to sustain any finding that the claimant is entitled to relief from the United States Government.

The fact of the matter is if the gentleman will examine the letter of the Postmaster General or the Executive Assistant to the Postmaster General, which is found on page 2 of the report, he will agree with me that it is quite conclusive, unless the gentleman can show that the facts stated are not correct.

Mr. BLOOM. May I paint the picture of what happened: This young boy was riding a bicycle, going along near the curb where he was supposed to be.

Mr. BLANCHARD. In the same direction in which the truck was going?

Mr. BLOOM. Absolutely. When they got to an intersection of the street, the boy going along near the curb, the driver was supposed to have stopped his car. He did not do that because his brakes were defective, so he pulled over toward the curb, which he had no right to do, and knocked the boy down and killed him. There is no question about that. The boy was in the right channel, he was on his bicycle in the path near the curbstone where he should be. He did not know the driver was going to pull over toward him. The driver pulled over so suddenly the boy did not know it, and he knocked him down and killed him.

Now, I am not pleading for a constituent, I am pleading for the mother. I should like to read a letter that I had from her. I want to say that in the last Congress this bill was passed, and the mother was allowed the sum of \$3,050, but it died in the Senate. I think there should be some consideration given to this poor mother.

Mr. ZIONCHECK. Does not the gentleman think that \$2,000 is a high rate of interest for one year?

Mr. BLOOM. Yes. I would be satisfied to take the \$3,050. I want to read this letter from the mother.

DECEMBER 1932.

DEAR FRIEND MR. BLOOM: Just a line hoping you won't forget to do the best you can for me. I have a sick boy this last 3 months, and I am crippled with rheumatism for the last 4 months myself. Hoping that things will turn in my favor and thanking you very much for your kindness.

Now, I want to say, gentlemen, that I do not believe you should always take the word of these mail-truck drivers, but give some consideration to the mothers or the widows, or someone else, and take all the circumstances into consideration.

Mr. KVALE. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. KVALE. I know nothing about this individual case, but I want to say that these drivers of mail trucks as a class are the most reckless, careless violators of the traffic rules of any group of drivers I know of.

Mr. BLOOM. Let me say that I think it was wrong when they cut this down to \$3,050, but if it is necessary to cut it down, to see that the mother gets something for the loss of her son, I am willing to take that amount.

Mr. BLANCHARD. The fact that it did not pass the Senate does not affect my judgment.

Mr. Speaker, I feel that I must insist on my objection.

Mr. BLOOM. Will not the gentleman accept a compromise?

Mr. BLANCHARD. I will compromise to this extent, that if the gentleman wants it passed over without prejudice, I will not object.

Mr. BLOOM. But it will be another 2 years before we reach it. Will not the gentleman give this lady the amount of the compromise?

Mr. BLANCHARD. I am not willing to do that on the testimony given by the gentleman from New York.

Mr. BLOOM. What other testimony would the gentleman want?

Mr. BLANCHARD. I admit the gentleman made a very fine statement himself, but as far as I am concerned, it does not conform to what the report says.

Mr. BLOOM. Will the gentleman let this go over without prejudice with the understanding that it will be the first bill called up the next time we call the calendar?

Mr. BLANCHARD. I am willing to do that.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice, with the understanding that it will be the first bill called on the next call of the Private Calendar.

The SPEAKER. Is there objection?

There was no objection.

FRANK WILKINS

The Clerk called the next bill, H.R. 4542, for the relief of Frank Wilkins.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. Is the author of the bill here?

Mr. RAMSPECK. Yes.

Mr. ZIONCHECK. Mr. Speaker, this is the celebrated horse bill of some time ago. If the proponent of this bill will agree to an amendment reducing the amount from \$200 to \$100, I think we can get away with a very difficult case.

Mr. RAMSPECK. I agree to that, Mr. Speaker.

The SPEAKER. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of \$200 to Frank Wilkins for the death of a horse caused by a shot on the military reservation at Fort McPherson, Ga., in December 1925.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Line 6, strike out "\$200" and insert "\$100."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CHARLES T. GRANGER

The Clerk called the next bill, H.R. 4579, for the relief of Dr. Charles T. Granger.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I reserve the right to object, to ask the gentleman from Minnesota [Mr. KVALE] whether he regards this amount as a reasonable charge for the services rendered?

Mr. KVALE. Mr. Speaker, I regard the amount as shamefully low in view of the charges, not only of the doctor but for the attendance in the hospital involved. I think this is a very modest request for an unusual service. I think it is a most meritorious bill in every detail.

Mr. HOPE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection and the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Department of the Interior be, and he is hereby, authorized and directed to pay, out of funds of the Chippewa Indians of Minnesota and in full settlement against the Government, the sum of \$290 to Dr. Charles T. Granger for hospitalization and medical services rendered Joseph Abbott, an Indian patient at the Granger Hospital, McGregor, Minn.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AUGUSTUS THOMPSON

The Clerk called the next bill, H.R. 4609, for the relief of Augustus Thompson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there shall be paid out of the contingent funds of the House to Augustus Thompson, a former member of the House Office Building police force, the sum of \$2,500 in full payment on account of personal injuries sustained by said Augustus Thompson in the House Office Building on February 27, 1930, while in the discharge of duty.

Mr. BLANCHARD. Mr. Speaker, in lines 5 and 6, I move to strike out the words "in full payment" and substitute in lieu thereof the words "in full settlement of all claims against the Government of the United States", and at the end of the bill insert the usual attorney's fee clause.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Lines 5 and 6, strike out "in full payment" and insert in lieu thereof "in full settlement of all claims against the Government of the United States."

At the end of the bill, strike out the period, insert a colon and the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendments were agreed to; and the bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARY A. COX

The Clerk called the next bill, H.R. 4777, for the relief of Mary A. Cox.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I am constrained to object to this bill for the reason that the claim was not put in for some 10 years after the injury alleged.

Mr. KENNEDY of Maryland. The gentleman notices that the claim was filed in May 1922.

Mr. ZIONCHECK. Yes; but the injury comes from 1919.

Mr. KENNEDY of Maryland. That is 3 or 4 years after.

Mr. ZIONCHECK. What has been done in the meantime?

Mr. KENNEDY of Maryland. Nothing.

Mr. ZIONCHECK. Mr. Speaker, for the time being, I object.

OSCAR F. LACKEY

The Clerk called the next bill, H.R. 4779, for the relief of the estate of Oscar F. Lackey.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. The Comptroller General recommends that this bill be amended, because the evidence shows that Mr. Lackey died after learning of the appropriation for his benefit 15 years later.

Mr. KENNEDY of Maryland. I have no objection to an amendment if the gentleman will offer it. My understanding is that that has been corrected. As I understand it the objection of the Comptroller has been taken care of in the bill.

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and is hereby, authorized to adjust and settle the claim of Mary Lackey Combs, of Riderwood, Md., as executrix of the estate of Oscar F. Lackey, deceased, for \$1,500: *Provided*, That such payment to Mary Lackey Combs, as executrix, shall be in full satisfaction of all claims against the United States of the estate of said Oscar F. Lackey, for such injury received by him and to allow said claim under the appropriation made by the act of February 18, 1913 (37 Stat. 1372), for payment to the deceased for injuries received on November 21, 1905, while in the employ of the Isthmian Canal Commission as assistant engineer in the construction of the Panama Canal, he having died without receiving such amount.

Mr. HANCOCK of New York. Mr. Speaker I offer the following amendment which I send to the desk:

The Clerk read as follows:

At the end of the bill strike out the period, insert a colon and the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney

or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

Mr. BLANTON. Mr. Speaker, I move to strike out the last word merely to afford me the opportunity to call attention to the fact that our Panama Canal employees are some of the most highly favored in the world. That is the reason that constituents from our districts apply for positions there and stay on the waiting list, because vacancies rarely occur.

Panama Canal employees get high salaries, low rents, long vacations, and many privileges not enjoyed by employees elsewhere.

I want you all to read the testimony given by Col. Julian L. Schley, Governor of the Panama Canal, given before the Subcommittee of the Committee on Appropriations handling the War Department appropriation bill, of which I am a member, which you will find on pages 78 to 133, inclusive, of the Hearings on Nonmilitary Activities. Having secured permission of the House to do so, I want to quote you some excerpts from same:

EXCERPTS FROM TESTIMONY OF COL. JULIAN L. SCHLEY, GOVERNOR OF THE PANAMA CANAL

The gold, or American, force of the Canal organization—aside from the Panama Railroad—was 2,462 at the end of December 1933, and the silver, or alien, force was 6,143, these figures being less than a year ago by 225 Americans and 1,422 aliens, not counting those temporarily engaged on P.W.A. projects.

During 1933 health conditions in general in the Canal Zone and the cities of Panama and Colon were good. No outbreaks of quarantinable disease occurred.

Mr. BOLTON. What is your passenger rate for Canal employees?

Mr. ROSSBOTTOM. \$30.

Mr. BOLTON. Each way?

Mr. ROSSBOTTOM. Each way.

Mr. BOLTON. Why do you make it so low?

Mr. ROSSBOTTOM. That is the rate that was charged by the Panama Railroad Co. to its own employees and their families before the Government took charge of the property.

Mr. BOLTON. What do other lines charge for passengers to the Canal Zone?

Mr. ROSSBOTTOM. Most of the lines have a tariff rate of \$125 between New York and Colon, and they allow the employees a 25-percent reduction; that is, the employees of the Panama Canal. So that they would get a 25-percent reduction from the \$125 rate, and in some instances they have a \$100 rate on some of the freight ships.

Mr. BLANTON. When they come to the States they have how long a leave?

Governor SCHLEY. It amounts to 52 days a year, which aggregates for 2 years 104 days.

Mr. BLANTON. They have 104 days off on pay every 2 years?

Governor SCHLEY. Yes; because they get no Saturdays or half-Saturdays off.

Mr. BLANTON. Every 2 years they have 104 days off with pay?

Governor SCHLEY. Yes, sir. Twenty-four days' annual leave and 30 days' cumulative leave are allowed each monthly employee and 24 days' annual and 20 days' cumulative leave are allowed each hourly employee. In addition 7 days' travel leave is allowed employees who travel on leave to points outside the Tropics not more frequently than once each year, making a total of 115 days which may be allowed monthly employees, and 95 days which may be allowed hourly employees every 2 years. Absence on account of sickness is charged to such leave allowances, no special sick leave being provided for.

Mr. BLANTON. They get a special subsidized rate of \$30 on our ship to come back and forth?

Governor SCHLEY. Yes, sir.

Mr. BLANTON. I mean in coming on their vacation?

Governor SCHLEY. They could not afford to come at \$100.

Mr. BLANTON. But they do get a special subsidized rate of \$30 in coming back and forth on their vacation; that is so, is it not?

Governor SCHLEY. Yes; they get a special rate.

Mr. BLANTON. They do not work on Sundays?

Governor SCHLEY. They work only 6 days a week and get Sunday off.

Mr. BLANTON. They work 6 days a week, 7 hours a day?

Governor SCHLEY. The office force, the same as in this country. Mr. BLANTON. They work 6 days a week, 7 hours a day, the office force?

Governor SCHLEY. Yes, sir.

Mr. BLANTON. And the field force works 6 days a week, how many hours?

Governor SCHLEY. Eight hours.

Mr. BLANTON. Then they get their retirement feature, after 30 years' service?

Governor SCHLEY. Yes; they can retire after 30 years' service and at age 62.

RENT AND OTHER CHARGES MADE TO EMPLOYEES OCCUPYING PANAMA CANAL QUARTERS

Mr. COLLINS. Now, with reference to the employees of the Canal, you provide them with houses, do you, Governor?

Governor SCHLEY. We provide houses which they may use.

Mr. COLLINS. What percentage of the employees would you say occupy houses which you provide?

Governor SCHLEY. All gold (American) employees and 47 percent of all silver (alien) employees reside in Panama Canal quarters.

Mr. COLLINS. What about the rental for these houses? How is the rate determined?

Governor SCHLEY. The rentals were originally determined in about 1922 or 1923, when rent was first established. Prior to that employees were not required to pay for their quarters. At the time the rentals were established the entire square-foot area of the quarters was computed, and the value of the quarters, and then the one was divided by the other, taking into consideration the necessary repair costs.

Mr. COLLINS. You showed us the picture of a house a while ago, which seemed to be a four- or five-room house, with porches around it. What does that house cost you to build, plus your landscaping, and so on?

Governor SCHLEY. That house has about four rooms on each side. It is a two-family house and it is divided in the middle, and each one has about four rooms, in addition to the other living rooms.

Mr. BOLTON. About four rooms for each part?

Governor SCHLEY. Yes. It costs about \$4,425 per apartment, which in that case would be half of the house, which would make the cost about \$8,800.

Mr. COLLINS. That is for the house proper?

Governor SCHLEY. The whole house.

Mr. COLLINS. And the appurtenances, the walks, and so on, would add how much to that cost, about \$1,000?

Governor SCHLEY. I have not a figure on that. It varies very much. Sometimes we build houses in one way and sometimes in another way, and the investment is a variable figure. Sometimes we have to grade, and it is quite a variable figure.

Mr. COLLINS. What do you rent each part of that house for?

Governor SCHLEY. Each part rents for seventeen-and-odd dollars. That is the most popular type, because it is so cheap.

Mr. COLLINS. It seems to have a paved road in front of it, or a street.

Governor SCHLEY. Yes.

Mr. COLLINS. You pay for that?

Governor SCHLEY. Yes; a village has to be laid out, and the municipal improvements put in before the houses are built.

Mr. COLLINS. And water, and so on, are furnished?

Governor SCHLEY. Water and sewers. Of course he pays for his water.

Mr. COLLINS. What do you charge him for his water there?

Governor SCHLEY. I will have to look up that figure. It is mostly a flat rate and quite moderate. He also pays for his current.

[NOTE.—The following are the rates of charges for water to employees and those entitled to employees' rates:]

For use in quarters:

(a) Bachelor quarters, frame.....per month..	\$0.25
(b) Concrete house no. 351, Ancon.....do.....	.50
(c) Concrete houses 356, Ancon, and 765, Balboa.....do.....	.75
(d) Family quarters, nonhousekeeping.....do.....	1.00
(e) 2- and 4-family houses.....do.....	1.00
(f) Cottages.....do.....	1.50
(g) Official and other large 2-story 1-family houses, do.....	2.00

Mr. COLLINS. What do you charge him for electricity?

Governor SCHLEY. I will have to look up that rate.

Mr. COLLINS. That is for private consumers?

Governor SCHLEY. Yes.

First 150 kilowatt-hours per month....per kilowatt-hour..	\$0.02
Next 49,850 kilowatt-hours (151 to 50,000).....do.....	.0125
Over 50,000 kilowatt-hours.....do.....	.01
Minimum charge for any one user per month.....	1.00

SALARIES AND SUBSISTENCE OF EMPLOYEES

Mr. COLLINS. Governor Schley, I have been looking over the salary schedules on the Canal. Have you got a minimum salary of \$3,000 there?

Governor SCHLEY. You are speaking now of the classified employees?

Mr. COLLINS. I see one group here of 67 employees, such as copyist, clerk, timekeeper, hostler, inspector, and so forth, with total salaries of \$24,592, which makes a total average salary of \$3,456. Again you have 46 employees, with total salaries of \$144,500.

What do you pay policemen on the Canal, average salary?

Governor SCHLEY. The chief gets \$5,750. There are 138 policemen, with total salaries of \$367,259, or an average salary of \$2,700.

Mr. COLLINS. What is the average pay of your firemen?

Governor SCHLEY. There are 42½, with total salaries of \$115,287; average salary, about \$2,700.

Mr. COLLINS. What do you pay nurses?

Governor SCHLEY. We have 88 female nurses, each receiving a salary of \$2,114.

Mr. COLLINS. Do you furnish them with meals in addition to that?

Governor SCHLEY. If my memory is correct on that, we do not have to furnish them with quarters, as they pay for their quarters,

but we do furnish them with meals. It is one of the subsisting groups. But that statement is subject to correction, however.

SALARIES OF UNCLASSIFIED EMPLOYEES

Mr. COLLINS. I notice in one instance there are 46 unclassified employees; I imagine they are persons on a per diem basis. You have some getting \$1.64—I imagine that is per hour—2 at \$1.43, 1 at \$1.26, 11 at \$1.20, 30 at \$1.19, which, according to the amount paid, \$144,550, would average about \$3,000 per year.

Now, in addition to their salary, what retirement privilege do they have?

Governor SCHLEY. We have a regular retirement act.

Mr. COLLINS. What is the maximum?

Governor SCHLEY. I am not familiar with the figures on that; I will have to get them for you. But it was a law enacted about 4 or 5 years ago, the new retirement act. I might say it is different from that applying to civil employees in the States.

Mr. COLLINS. How much is the annual Government contribution?

Governor SCHLEY. I will have to get that figure for you.

The Canal Zone Retirement Act, effective July 1, 1931, provides for the retirement of all employees of the Panama Canal and the Panama Railroad Co. on the Isthmus of Panama, who are citizens of the United States and whose tenure of employment is not intermittent nor of uncertain duration. Employees may be retired at the age of 62 after 15 or more years of service on the Isthmus of Panama. The minimum annuity for 30 years' service (including 15 years on the Isthmus of Panama), is \$1,500 per annum. Employees who served during the construction period between May 4, 1904, and April 1, 1914, receive, in addition to their regular annuity, \$36 for each year of such service. The highest annuity paid to a former Panama Canal employee is \$1,806.48 per annum.

SALARIES OF SCHOOL TEACHERS

Now, Governor, what is the average salary paid teachers on the Canal?

Governor SCHLEY. We have 127 teachers, whose aggregate annual salaries amount to \$288,437, or an average of about \$2,270 a year.

Mr. BLANTON. Then they may rent quarters for as little as \$15 a month; is that right?

Governor SCHLEY. No, sir; the lowest-pay quarters are \$17 a month, and there are not very many of those. They run up to about \$40; \$17 is the lowest price we have.

Mr. BOLTON. You also operate a free dispensary, do you not?

Governor SCHLEY. The dispensaries are free.

Mr. COLLINS. What do you charge as a license fee for an automobile?

Governor SCHLEY. Five dollars per year for a passenger automobile for personal use.

Mr. COLLINS. What about gasoline taxes?

Governor SCHLEY. We have no tax on gasoline.

Mr. COLLINS. Not even a Government tax?

Governor SCHLEY. We have no taxes of that type.

Mr. COLLINS. You do not pay the Federal tax of 1 or 2 cents, either?

Governor SCHLEY. I would have to inquire about that.

NOTE.—The tax is not payable on gasoline exported to the Canal Zone.

Mr. COLLINS. What do you sell gasoline for down there?

Governor SCHLEY. About 8 cents. We buy it in tank-load lots.

Mr. COLLINS. You buy it for about 8 cents?

Governor SCHLEY. I do not mean the Government pays that; I mean we pay that at retail.

[NOTE. The price is 8½ cents per gallon for straight gasoline and 11 cents for ethyl gasoline.]

Mr. COLLINS. You operate the filling stations there?

Governor SCHLEY. We do.

Mr. BLANTON. Mr. Speaker, I respectfully submit that our employees at the Panama Canal are highly privileged, unusually well paid, and are fortunate indeed to have employment there.

I think they are some of the most favored employees in the world. They get large salaries, with easy working hours and special consideration on leave, and then they get reduced rates to come to the States to spend their generous vacations. They get many unusual privileges. They are in a class to themselves. Some of these times we will have to readjust all those conditions down there.

Mr. SHOEMAKER. Mr. Speaker, I move to strike out the last two words. While the gentleman from Texas and I sometimes agree, I rather disagree with him on the assertion that he has made with regard to the Canal Zone employees being favored employees. I want to say they are about the most disfavored employees that we have in the service of the United States Government. Most of them go down there and put in 8 or 10 or 15 years, and they come back with their health gone. It just so happens that during the last month I have made arrangements whereby five of those employees have been placed in State institutions in my State with tuberculosis. They are, of course, paying their way. They are taken down there.

They are very subject to tuberculosis down there, and many of them contract it. They go down there in a few years and lose their residence in any State, and as soon as they contract tuberculosis the Government sends them back to the United States and unloads them at New York without even any transportation home. There are a great many injustices done employees on the Canal Zone. They work under terrible conditions in the heat, in an atmosphere and a climate that they are not adapted to. Anything I can say in behalf of those employees I would say. I say this from my own experience down there, for I have worked there three different times for the Government.

Mr. BLANTON. Mr. Speaker, I move to strike out the enacting clause of the bill. I will withdraw the motion later, but I just want to answer the gentleman from Minnesota. With all due respect to what the gentleman from Minnesota has said, the only difference between his statement and mine is that mine is based upon evidence given before the Committee on Appropriations by Lt. Col. Julian L. Schley, the Governor of the Panama Canal, and not the conjectures of anybody. It is the testimony of the Governor himself.

If you will get the hearings respecting nonmilitary activities, that have recently been printed on the War Department appropriation bill and look on pages 78 to 133, inclusive of same, and see the admissions made by Colonel Schley, Governor of the Panama Canal, with respect to conditions as to employment, as to salaries paid, as to annual leave, as to rents charged, as to working hours, and everything else, you will see that everything I have said is based upon facts.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. SHOEMAKER. Year after year the employees down there have been losing that which they were rightfully entitled to. When they first went there they were entitled to free quarters.

Mr. BLANTON. No other Government civil employees get free quarters. I am sure the gentleman from Minnesota is not so well informed as is the Governor of Panama himself, who lives there and knows all about it.

The regular order was demanded.

Mr. BLANTON. Mr. Speaker, the regular order is that I have the floor. Has my time expired?

The SPEAKER. The gentleman has 2½ minutes remaining.

Mr. BLANTON. I am going to yield back 2 minutes of that time, but I do not intend to be taken off the floor by any cry of "regular order."

Mr. SHOEMAKER. Will the gentleman yield?

Mr. BLANTON. No; because I do not think the gentleman knows anything about what he is talking about.

All I want my colleagues to do is to get the hearings and read all that testimony, and you will become convinced in one moment after you read it that we must take steps pretty soon to readjust salaries down there.

Mr. Speaker, I ask unanimous consent to withdraw the pro forma amendment.

The SPEAKER. Without objection the motion is withdrawn.

There was no objection.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GOTTLIEB STOCK

The Clerk called the next bill, H.R. 4784, to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, may I inquire of the chairman of the committee if he can inform me how the committee arrived at the figure of \$4,000? I notice that the property involved is assessed

at only about \$900, including the land. The land valuation is placed at \$685, the improvements on the land at \$140, and household furniture at \$50.

Mr. BLACK. The claimant has submitted an affidavit as to the value of his house and household goods. His claim was for \$6,573.25. The evidence he has submitted shows that it cost approximately \$4,000 to build the house.

Mr. BLANCHARD. I notice there is a statement in the report that in all probability the low assessment was probably to evade the payment of taxes.

Mr. BLACK. The committee worked out a compromise.

Mr. ZIONCHECK. In the State of Washington I think the assessments are approximately 40 percent of the value.

Mr. BLANCHARD. Even on a basis of 40 percent the claim would not amount to more than \$1,000.

Mr. ZIONCHECK. I do not know anything about the merits of this bill. I read in the report that both the Prohibition Department and the Attorney General recommended passage. I thought \$6,900 too high, but I do not know how they arrived at the figure of \$4,000.

Mr. BLANCHARD. Is the chairman of the committee satisfied with the \$4,000?

Mr. BLACK. I do not recall a discussion in the committee but the bill shows on its face that there were differences of opinion about it and they arrived at \$4,000 as a compromise.

In the absence of the author of the bill, I hesitate to take the responsibility of accepting a lower sum although I assume he wants the bill passed. I would suggest that the gentleman from Wisconsin allow the bill to be read for amendment and if the amendment is carried it will be all right with me.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, will the gentleman from Wisconsin inform me what amendment he has in mind?

Mr. BLANCHARD. I think the amount should be reduced.

Mr. BLACK. By how much?

Mr. BLANCHARD. By \$1,000. I think the amount should be made \$3,000. With the understanding that it will be reduced to that figure, I withdraw my objection.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of \$4,000 to Gottlieb Stock, as compensation for the total destruction of his home and personal property therein and trees and vines on the premises and other property during a fire set by the negligence of two prohibition agents in the employ of the Federal Bureau of Prohibition: *Provided,* That no part of the amount appropriated in this act, in excess of 10 percent thereof, shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out "\$4,000" and insert in lieu thereof "\$3,000."

The amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 5, after the word "settlement", add the words "of all claims", and in line 6, after the word "Government", insert the words "of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to incorporate therein a short excerpt from the testimony of the Governor of Panama.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ESTELLE M. GARDINER

The Clerk called the next bill, H.R. 4790, for the relief of Estelle M. Gardiner.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, in this case the claimant is a sister seeking to recover for the death of her brother killed at the age of 66. There is serious question, from the report, whether there was any legal liability on the part of the brother to support the sister, and, going further, the question arises as to his life expectancy at the age of 66.

Under the circumstances I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

HARDEN F. TAYLOR

The Clerk called the next bill, H.R. 4792, to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and allow the claim of Harden F. Taylor in the sum of \$500 for services rendered to the Bureau of Fisheries in the preparation of a manuscript on the refrigeration of fish, notwithstanding provisions of existing law.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THERESA M. SHEA

The Clerk called the next bill, H.R. 4828, for the relief of Theresa M. Shea.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

HEDWIG GRASSMAN STEHN

The Clerk called the next bill, H.R. 4831, for the relief of Hedwig Grassman Stehn.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MARY JOSEPHINE LOBERT

The Clerk called the next bill, H.R. 4959, for the relief of Mary Josephine Lobert.

Mr. ZIONCHECK. Mr. Speaker, I am not entirely familiar with this bill. If the gentleman from Wisconsin wishes to make a statement about it I shall be pleased to have him do so.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, I think the bill is meritorious. What I had in mind was to offer the usual amendment that it be in full of all claims against the United States. I cannot answer any questions of the gentleman from Washington. I am perfectly willing that the bill be passed; and I take it the gentleman from Texas is willing to accept such an amendment.

Mr. KLEBERG. I am.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I have a notation that the bond of \$1,500 was forfeited under the Motor Vehicle Theft Act. Is that correct?

Mr. KLEBERG. That is correct.

Mr. ZIONCHECK. Can the gentleman tell me how the bond happened to be forfeited?

Mr. KLEBERG. I will tell the gentleman exactly how it happened. This man Lobert went the bond of the man

who was charged with stealing the automobile. The accused was released on bond and left the State while under bond. While in the State of Arkansas he was arrested, tried, and sent to the penitentiary. When the case came up for trial, of course, it was impossible for Wunder to appear, for he was in the penitentiary in Arkansas. Mr. Lobert reported this situation to the court, but nevertheless the bond was forfeited.

Mr. ZIONCHECK. Then the man that was under bond was actually under arrest in another State?

Mr. KLEBERG. He was in the penitentiary and had served his sentence at that time.

Mr. ZIONCHECK. Mr. Speaker, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mary Josephine Lobert, widow of M. J. Lobert, the sum of \$1,632.68, representing judgment in the amount of \$1,632.68, secured to the United States for the United States District Court of the Western District of Texas against M. J. Lobert, on account of bond of \$1,500, for the appearance of Johnnie (Jack) Wander (Wunder), charged with a violation of the Motor Vehicle Theft Act, which bond was forfeited by reason of the failure of the said defendant to appear, and \$132.68 being court costs, paid into court on December 31, 1929, and deposited by the United States marshal for the western district of Texas, and covered into the Treasury of the United States on January 9, 1930: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

Page 1, line 6, after the word "widow", insert the words "of M. J. Lobert."

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANCHARD: On page 1, line 6, after "\$1,632.68", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FARMERS & MERCHANTS NATIONAL BANK OF GILMER, TEX.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 170, the bill (H.R. 6249) for the relief of the Farmers & Merchants National Bank of Gilmer, Tex.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. Mr. Speaker, I may say in explanation that this is the bill to which I objected the last time the Private Calendar was being considered. I have discussed the bill with the author, and I have no objection to its consideration at this time.

Mr. TRUAX. Is this the bill that seeks to reimburse the bank for \$1,500 worth of lost currency?

Mr. HOPE. Yes.

Mr. TRUAX. Mr. Speaker, I object.

LISSIE MAUD GREEN

The Clerk called the next bill, H.R. 5007, for the relief of Lissie Maud Green.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Lissie Maud Green, widow of Charles F. Green, as to whether said Charles F. Green suffered an injury causing his death July 30, 1921, while employed in the Postal

Service as a rural letter carrier, compensable under said act and after the date of its enactment, in the same manner and to the same extent as if said Charles F. Green or Lissie Maud Green had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. HANCOCK: At the end of the bill insert the words "Provided, That no benefits shall accrue prior to the approval of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOSE RAMON CORDOVA

The Clerk called the next bill, H.R. 5636, for the relief of Jose Ramon Cordova.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this bill goes back to the year 1915 and provides compensation for a deputy United States marshal. I am reserving an objection to this bill on the same ground that I did to several bills at the last session in which we considered the Private Calendar, namely, that we are refusing to grant pensions to disabled war veterans and are going back 15 or 20 years and giving pensions to those otherwise engaged in the Federal service who have been injured or wounded. May I ask the author of the bill to explain the matter?

Mr. CHAVEZ. Mr. Speaker, the report from the Attorney General's Office shows that the beneficiary under this bill was deputized by a United States marshal in the year 1915 to put down an Indian uprising in southwestern Colorado and southeastern Utah. The Indians were in revolt, had shot several of the neighbors, and the United States marshal was ordered to quell the uprising. The beneficiary at that time was around 45 or 46 years of age. He went out as he was ordered; and when the posse came in contact with the Indians, a battle took place at some point in Utah. One of the deputy marshals by the name of Akin was killed, and this man was very seriously wounded. When I tell the gentleman that the section of the country where the battle occurred and where these folks lived is isolated at some 150 or 200 miles from a railroad, he will know why this bill was delayed. Notwithstanding this, in the Sixty-fourth Congress, the gentleman representing the western district of Colorado [Mr. TAYLOR] had a bill passed for the benefit of the widow of Akin, and the same time introduced a bill to take care of Cordova, who has been an invalid ever since that battle, but owing to the fact that he could not locate the beneficiary Cordova at that time, Mr. TAYLOR was unable to press the bill in the Sixty-fourth Congress. No one knew anything about this man because he lived away out in the country, until the Seventy-second Congress, when the matter was called to the attention of the American Legion Post of Farmington, N.Mex.

It was called to the attention of that post by one of the sons of this man, who had served in the war and belonged to the post, and they investigated the case anew. It was then I came in contact with the merits of this bill, and I introduced a bill that was identical with one that had been introduced in the Sixty-fourth Congress by Mr. TAYLOR of Colorado. He was conversant with the case, because it happened in his district. I inquired of him and was informed that he had never run across a more meritorious claim. The man has been practically bed-ridden from the time mentioned here to the present.

Mr. BLANCHARD. Will the gentleman yield?

Mr. CHAVEZ. Yes.

Mr. BLANCHARD. Has this claimant any dependents?

Mr. CHAVEZ. I think they are all grown up now, because his sons were in the late war, and I am quite sure they are all of age. He is an ignorant man and a poor man and really could not take care of his own interests by presenting the claim at the proper time.

Mr. BLANCHARD. I also understand he is totally disabled.

Mr. CHAVEZ. Yes.

Mr. TRUAX. How old is this man?

Mr. CHAVEZ. He is now around 70 years of age. You will notice a letter dated at Farmington, N.Mex., on March 11, 1932, by Dr. Reece, who examined the man, saying he is having hemorrhages almost every day of the week.

I wish to say also that this bill was passed during the Seventy-second Congress, but it was during the last days of the session and in the shuffle it lost out in the Senate.

Mr. TRUAX. Does this gentleman have any heirs who would inherit this money? This man, evidently, will not live long according to the statement of the doctor.

Mr. CHAVEZ. I do not know, but I do know that this man has been entitled to this money ever since the particular time mentioned. He would have been able to take care of his condition and regain his health if he had been able to protect himself. I do not know the man, but the information I am giving you has been obtained in good faith. Mr. TAYLOR of Colorado, who had the bill passed for the widow of the deputy who was killed, says he knows the facts personally, and therefore I believe this is a very meritorious bill.

Mr. TRUAX. Would the gentleman agree to an amendment striking out \$5,000 and substituting in lieu thereof \$3,500?

Mr. CHAVEZ. I think anything you gentlemen are willing to give this man would be a godsend to him.

Mr. TRUAX. With that understanding I am willing to withdraw my objection.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jose Ramon Cordova, of Gallup, N.Mex., the sum of \$5,000 for injuries sustained, during February 1915, while in the discharge of his duties as member of a posse organized by the United States marshal for the district of Utah for the capture of Tse-Ne-Gat, alias Everett Hatch, a Plute Indian charged with murder.

With the following committee amendment:

After the word "murder" in line 1, page 2, insert: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The Committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment: The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, after the amount "\$5,000" insert "in full settlement of all claims against the Government of the United States."

Mr. BLANCHARD. Mr. Speaker, before the amendment is adopted, may I ask the gentleman from Ohio [Mr. TRUAX], if it has been agreed that \$3,500 is to be inserted in lieu of \$5,000.

Mr. TRUAX. Yes.

The amendment was agreed to.

Mr. TRUAX. Mr. Speaker, I offer an amendment striking out "\$5,000" and inserting in lieu thereof "\$3,500."

The clerk read as follows:

Amendment offered by Mr. TRUAX: Page 1, line 6, strike out "\$5,000" and insert "\$3,500."

The amendment was agreed to.

Mr. CHAVEZ. Mr. Speaker, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. CHAVEZ: Page 1, line 6, strike out "Gallup" and insert in lieu thereof "Farmington."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

GREAT AMERICAN INDEMNITY CO. OF NEW YORK

Mr. BLACK. Mr. Speaker, I ask unanimous consent to return to Calendar No. 92, the bill (H.R. 4249) for the relief of the Great American Indemnity Co. of New York.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

There being no objection, the Clerk reported a similar Senate bill (S. 356), as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Great American Indemnity Co. of New York the sum of \$18,000, representing the amount paid by such company as surety on the forfeited bail bonds of four defendants in criminal proceedings brought by the United States, who surrendered the day after the entry of the judgments upon such bonds and were subsequently tried, convicted, and sentenced.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4249) was laid on the table.

MILES THOMAS BARRETT

The Clerk read the next bill on the Private Calendar, H.R. 5709, for the relief of Miles Thomas Barrett.

The SPEAKER. Is there objection?

Mr. HOPE. Reserving the right to object, I should like to call the attention of the author of the bill to the fact that the report of the War Department indicates that this soldier never, during the period of his time of service, held the rank of sergeant but was a private. Furthermore, except for 19 days during the month of August, he was compensated for his services in the Army. Also, that while this bill provides that the discharge shall be considered as honorable, the records of the War Department show that his discharge was dishonorable.

Mr. BLANTON. Mr. Speaker, before letting the bill go by, the gentleman ought to hear from my colleague from Texas to make an explanation. My colleague is vitally interested in the bill.

Mr. THOMPSON of Texas. I thank my colleague for the publicity. I am vitally interested in the bill, but the details of it had better be stated by the gentleman from Pennsylvania [Mr. MULDOWNEY], who is familiar with them.

Mr. MULDOWNEY. Mr. Speaker, to properly consider this matter we ought to go back a little. This man was a deserter. He enlisted and then deserted to join another outfit. He went to France within 2 weeks. That was the reason for his desertion. He enlisted to be sent over with the first detachment, but they were kept here for months; he deserted and joined the Marines and went over to France within 2 weeks.

It is my understanding that the Comptroller's office ruled that he could not be paid for the 6 months he was here.

Mr. HOPE. Is the gentleman familiar with the War Department report? Let me call his attention to a paragraph in that report.

With reference to that portion of the bill providing for pay as a sergeant in the Corp of Engineers for the period May 3, 1918, to August 19, 1918, the records of the War Department show that he was a private during his entire service with the Army. The records also show that he was paid for all of his service as a private in the Army up to and including the month of July 1918.

Now, if the report is correct, and I assume that it is, this man can have no claim except for the pay as a private.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I ask unanimous consent that this bill may be passed for the present, and that we may return to it at a later time.

The SPEAKER. Is there objection?

There was no objection.

LXXVIII—296

GALE A. LEE

The Clerk read the next bill on the Private Calendar, H.R. 5936, for the relief of Gale A. Lee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the account of Gale A. Lee, postmaster at Pueblo, Colo., with the sum of \$861.02, being the amount of payments made by such postmaster during the period August 16, 1930, to October 31, 1932, as compensation at 65 cents per hour to Helen G. Engle, of Pueblo, Colo., for services as a substitute postal clerk qualified as a stenographer, which amount was disallowed in his account because the employee was, during the same period, a clerical assistant at \$1,500 per annum in the office of the deputy clerk of the United States district court at Pueblo, Colo.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LOTTIE W. McCASKILL

The Clerk called the next bill, H.R. 6084, for the relief of Lottie W. McCaskill.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lottie W. McCaskill, the sum of \$271. Such sum represents the amount paid by the said Lottie W. McCaskill to the United States to cover the shortage in her accounts as postmaster at Cassatt, S.C., caused by the theft in the year 1928, on the night of December 29, of postal funds and stamps, and so forth, from said post office.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MONUMENTAL STEVEDORE CO.

The Clerk called the next bill, H.R. 6638, for the relief of the Monumental Stevedore Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement of all claims against the Government of the United States, the sum of \$677.75 to Monumental Stevedore Co., of Baltimore, Md., a corporation organized and existing under the laws of the State of Maryland, owner of lighter no. 1, on account of damages caused to said lighter by collision therewith of the United States Coast Guard cutter *Winnesimmet* in the Patapsco River on the 17th day of September 1923: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARTHA EDWARDS

The Clerk called the next bill, H.R. 6862, for the relief of Martha Edwards.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, is the author of the bill present?

Mr. DARDEN. Yes.

Mr. BLANCHARD. I am willing to concede that the bill is meritorious, and that the child through her guardian is entitled to some relief, but I seriously question the amount, in view of the fact that the report discloses that her condition at the present time is not serious. In fact there is serious question as to whether she is suffering any injury at the present time. Can the gentleman enlighten us as to her present condition?

Mr. DARDEN. She is very much better at the present time, and it is questionable whether she will ever have any permanent injury. She has a very bad scar.

Mr. BLANCHARD. Will the gentleman state the condition of her face? Are her features marred in any way?

Mr. DARDEN. I am not certain, but to the best of my belief I think the scar is at the back of the head.

Mr. BLANCHARD. Does the gentleman think the amount is reasonable? Does the gentleman not think it is very high?

Mr. DARDEN. That is a matter, I think, to be left to the discretion of the House. I am willing to accept what the House believes is a reasonable sum. When this matter was first presented, there was question as to whether or not she had a permanent injury and at that time a provision was inserted in the bill when it passed the House of Representatives giving her the right to subsequently make another claim. However, that was several years ago, and apparently now she has no permanent injury other than this scar.

Mr. BLANCHARD. Would the gentleman be willing to accept a compromise amount?

Mr. DARDEN. Yes.

Mr. ZIONCHECK. \$3,000?

Mr. DARDEN. Yes. There are two small bills, one of the hospital amounting to \$177 and one a doctor's bill of \$150. Those bills have not been paid.

Mr. BLANCHARD. They are proper bills, and I am willing that they be allowed, additional to the sum of \$3,000.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the legal guardian of Martha Edwards, of East Camp, Norfolk, Va., out of any money in the Treasury not otherwise appropriated, the sum of \$5,000 for permanent injuries sustained by her as a result of being struck by a United States naval airplane on the premises of her father at East Camp, Norfolk, Va., on October 30, 1929.

Mr. DARDEN. Mr. Speaker, I offer the following amendments, which I send to the desk:

Amendments offered by Mr. DARDEN: In line 7 strike out "\$5,000" and insert in lieu thereof "\$3,000" and in line 10 at the end of the bill strike out the period and insert a colon and the following: "And in addition pay to the Norfolk Protestant Hospital the sum of \$177 and to Dr. Julian L. Rawls, the sum of \$150 for care and attention as a result of such injury."

The amendments were agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment:

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD:

At the end of the amendment offered by Mr. DARDEN, strike out a period, insert a colon and insert the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

In line 7, after "\$3,000" insert "in full settlement of all claims against the Government of the United States."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

BLANCHE KNIGHT

The Clerk called the next bill, H.R. 7009, for the relief of Blanche Knight.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

FLORENCE HUDGINS LINDSAY AND ELIZABETH LINDSAY

The Clerk called the next bill, H.R. 233, for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay.

The SPEAKER. Is there objection?

Mr. BLANCHARD. Mr. Speaker, I reserve the right to object, to ask the author of the bill if he will give me an explanation of it.

Mr. BLAND. Mr. Speaker, the death of these two young men, one aged 24 and the other 19, occurred through a collision of a Ford car with a truck owned by the Government. The trucks were under way to Yorktown between 6 and 7:30 o'clock. There were two trucks, one trailing the other. One of the trucks was out of oil and commenced to knock. It stopped on the road, partly on the shoulder and partly on the paved road. The truck that was following in the rear passed to the front of the truck that had stopped. The truck in the rear was not lighted. These young men were in a Ford car. They came up and they did not see the truck and they ran into it on account of the darkness, on account of the fact that it was on a paved road, but not on the shoulder of the road as it should have been, and collided, both of them losing their lives.

Mr. BLANCHARD. May I ask a question, and that goes to the amount of the claim, which is \$10,000? Were the sister and mother dependent upon these two boys?

Mr. BLAND. Absolutely. The father is dead. The mother is a widow, 53 years old. The sister was 24 years old, and deaf. These two boys were the only support.

Mr. BLANCHARD. What is the financial situation of these people now?

Mr. BLAND. I only know from information that came to me at that time. When the father died he left 15 acres of land valued at the most at about \$1,500, and about \$100 in cash.

Mr. BLANCHARD. The gentleman is willing to accept the two customary amendments?

Mr. BLAND. I certainly am. There is no attorney connected with the case at all.

Mr. BLANCHARD. Mr. Speaker, I withdraw my reservation of objection.

There being no objection the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Florence Hudgins Lindsay and Elizabeth Lindsay, mother and sister, respectively, of Roland Martin Lindsay and James Lawrence Lindsay, out of any money in the Treasury not otherwise appropriated, the sum of \$10,000, one half to each, in full payment of loss and damages sustained by reason of the death of said Roland Martin Lindsay and James Lawrence Lindsay on account of injuries sustained on the 6th day of October 1931, from collision with a United States Army truck operated near Grafton, York County, Va., occasioned by the said truck being operated on a dark night and without being properly lighted.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: In lines 8 and 9, on page 1, strike out "in full payment of" and insert in lieu thereof "in full settlement of all claims against the Government of the United States for"; and at the end of the bill insert the following:

"Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MARGUERITE CISCOE

The Clerk called the next bill, H.R. 264, for the relief of Marguerite Ciscoe.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. BOYLAN. Will the gentleman reserve his objection?

Mr. ZIONCHECK. I will reserve the objection.

Mr. BOYLAN. What is the gentleman's objection to the bill?

Mr. ZIONCHECK. The objection that I have is that the party injured was 72 years of age, crippled and on crutches

at the time he was touched by this truck. He was in the hospital less than 6 weeks and his entire doctor's bill was only \$30. He did not die until 4 months after he got out of bed and was running around again, and there is no connection between his death and the collision.

Mr. BOYLAN. I invite the gentleman's attention to the report of the Post Office Department in report of the committee, where it shows that this blind man on crutches was struck by a mail truck that was proceeding against proper signal lights. There is no question at all as to the liability of the Government. The Post Office Department itself states in its letter as follows:

It is therefore believed that favorable consideration should be accorded this bill. The Department would not, however, undertake to recommend any particular amount as constituting a sufficient award, preferring to leave that question for the determination of Congress.

Mr. ZIONCHECK. Looking at the same letter, I might read this:

It is noted, however, that while the claimant's husband had died since the accident occurred, according to the testimony of physicians, his death was not caused by the injuries sustained in the accident.

Mr. BLACK. I think I can explain that part by stating that it was felt that the accident might have contributed to the death but was not wholly responsible for it. On that theory, the bill was already cut down to \$2,500, instead of claiming the full amount as if the driver was fully responsible. In the ordinary death case we would ask for \$5,000. It is cut in half. The Department has recommended favorable consideration.

Mr. ZIONCHECK. May I ask, what is a man's life expectancy at the age of 72, when he is already on crutches and suffering from some disease?

Mr. BOYLAN. We have men in this House, some of the ablest Members of the House, who are over 72 years of age. Of course, because the gentleman is fortunate enough at this time to have youth in his favor, yet, owing to the inevitable law of life, the gentleman, too, some day will become aged.

Mr. ZIONCHECK. That is true; but my life expectancy is not over 60 today, is it?

Mr. BOYLAN. I do not know what the gentleman's life expectancy is. I wish it were a hundred.

Mr. ZIONCHECK. Will the gentleman consent to \$2,000?

Mr. BOYLAN. No; I will take \$2,250.

Mr. Speaker, I will have to accept the gentleman's amendment.

There being no objection, the Clerk read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$5,000 to Marguerite Ciscoe, widow of William Ciscoe, who was fatally injured as a result of being struck by a United States mail truck no. 4182, New York City, N.Y., on July 18, 1931, suffering injuries which caused his death on November 12, 1931.

With the following committee amendment:

In line 5 strike out "\$5,000" and insert in lieu thereof "\$2,500."

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK to the committee amendment: In lieu of "\$2,500" insert "\$2,000."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

With the following further committee amendment:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

HARVEY M. HUNTER

The Clerk called the next bill, H.R. 323, for the relief of Harvey M. Hunter.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to reimburse Harvey M. Hunter, civilian ammunition foreman of the Ordnance Department, United States Army, the sum of \$71.50, out of any money in the Treasury not otherwise appropriated, for damage done to household goods during transportation from station at Baltimore, Md., to new station at San Francisco, Calif., August 7, 1928, to October 18, 1928.

Mr. HOPE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 1, line 10, after the figures "1928" insert the following: "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

E. W. GILLESPIE

The Clerk called the next bill, H.R. 328, for the relief of E. W. Gillespie.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of E. W. Gillespie, former postmaster at Rock River, Wyo., in the sum of \$94.91, such sum representing the loss in the account of the said E. W. Gillespie caused by the failure of the First National Bank of Rock River, Wyo., where the post-office funds were deposited by the said E. W. Gillespie.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BERNARD M'SHANE

The Clerk called the next bill, H.R. 434, for the relief of Bernard McShane.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Bernard McShane, of Sacramento, Calif., the sum of \$861.33, the same being an amount due him with interest from November 2, 1923, by the Post Office Department, as a balance of an amount of \$1,400 reward for services rendered as chief of police, Sacramento, Calif., in connection with the arrest and conviction of Roy G. Garner, charged with hold-up and robbery of the Southern Pacific train no. 20, between Roseville and Newcastle, Calif., on May 20, 1921.

With the following committee amendments:

Page 1, line 5, after "\$861.33", insert: "in full settlement of all claims against the Government of the United States."

Page 2, line 3, add the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CITY OF GLENDALE, CALIF.

The Clerk called the next bill, H.R. 470, for the relief of the city of Glendale, Calif.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in

the Treasury not otherwise appropriated, the sum of \$2,157.96 to the city of Glendale, State of California, as full compensation for damages to a pump house and equipment owned by the said city of Glendale, State of California, caused by the crash of an airplane owned and operated by the United States Navy, and the fire resulting therefrom, on the 16th day of October 1924, said damages being without fault or contributory negligence on the part of the city of Glendale.

With the following committee amendments:

Page 1, lines 6 and 7, strike out "as full compensation" and insert in lieu thereof the following: "in full settlement of all claims against the Government of the United States."

Page 2, line 3, insert the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorneys or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

T. PERRY HIGGINS

The Clerk called the next bill, H.R. 518, for the relief of T. Perry Higgins.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of T. Perry Higgins for disability from arterial rheumatism contracted in the course of his employment as a civilian in the Army Transport Service of the United States during the World War, in the same manner and to the same extent as if the said T. Perry Higgins had made application for the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: Page 1, line 5, after the word "rheumatism" insert "alleged to have been."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WARD A. JEFFERSON

The Clerk called the next bill, H.R. 520, for the relief of Ward A. Jefferson.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to cancel the indebtedness of Ward A. Jefferson in the amount of \$1,197.57, arising out of the fact that for the period from March 1, 1929, to January 10, 1931, he was paid for services rendered by him as a bridge tender on the Cape Cod Canal and also as rural mail carrier on the route from West Wareham, Mass., the payment of such dual compensation being in contravention of the provisions of section 6 of the act of May 10, 1916, as amended by the act of August 29, 1916 (39 Stat. 582; U.S.C., title 5, sec. 58).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN KELLEY

The Clerk called the next bill, H.R. 523, for the relief of John Kelley.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

WILLARD B. HALL

The Clerk called the next bill, H.R. 719, for the relief of Willard B. Hall.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Willard B. Hall, out of any money in the Treasury not otherwise appropriated, the sum of \$75, being the value of a horn used by the claimant during his service with the First Kansas Infantry Band, the One Hundred and Thirty-seventh Infantry Band, and the One Hundred and Tenth Engineers' Band from July 31, 1917, to May 3, 1919.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WADE DEAN

The Clerk called the next bill, H.R. 740, for the relief of Wade Dean.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission shall be, and it is hereby, authorized and directed to waive the statute of limitations in the application filed by Wade Dean, an employee in the post office at Stewart, Ohio, as to the provision of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, in order that he may receive the same consideration as though he has applied within the specified time required by law.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of line 12, strike out the period, insert a colon and the following proviso: "Provided, That no benefit shall accrue prior to the approval of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WILLIAM E. BOSWORTH

The Clerk called the next bill, H.R. 768, for the relief of William E. Bosworth.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of William E. Bosworth, coupon note no. A-131,414 in the denomination of \$500 of the Victory 4½-percent convertible gold notes of 1922-23, matured May 20, 1923, without interest and without presentation of said note which is alleged to have been stolen or destroyed, provided the said note shall not have been previously presented and paid: *Provided*, That said William E. Bosworth shall first file in the Treasury Department of the United States a bond in the penal sum of double the amount of the principal of said note in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the theft or destruction of the note hereinbefore described.

With the following committee amendment:

At the end of the bill insert the following proviso: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN H. MEHRLE

The Clerk called the next bill, H.R. 879, for the relief of John H. Mehrle.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, as I understand, the claimant, after being hurt, received \$18.75 a week under the Ohio compensation act and his medical expenses were paid as well?

Mr. LAMNECK. What difference would that make to a man who was entitled to a claim because he was injured in a safety zone by being run over by a mail truck and having his foot mashed? The fact that he was covered by insurance certainly should not have any effect on how much he should be allowed for such an injury. In the State of Ohio it would not make any difference under the law. If he is entitled to any amount of damages, the fact he had insurance would not make any difference.

Mr. ZIONCHECK. If the author will agree to \$1,000, I shall withdraw the objection.

Mr. LAMNECK. One thousand dollars is better than nothing.

Mr. HOLLISTER. The liability of the Postal Service is clear. There is no question about that. The only thing that appears in the report, so far as I can see, is the fact that the man was fully compensated by the Ohio State Workmen's Compensation Department at so much per week. May I ask if there is any evidence of whether there is a lasting injury?

Mr. LAMNECK. I cannot testify to that fact.

Mr. HOLLISTER. If the man has been properly compensated, why should the Government pay him again?

Mr. LAMNECK. He has a permanent disability.

Mr. HOLLISTER. That is what I asked the gentleman. If there is evidence of a permanent disability, there is not any question that the man deserves some kind of compensation; but if the only showing is he was temporarily incapacitated and the Ohio Compensation Commission paid him for that time, I do not see why the Federal Government should be asked to pay him again.

Mr. LAMNECK. He got paid for the time the injury was at its worst.

Mr. HOLLISTER. Will the gentleman check that up?

Mr. LAMNECK. I know he is permanently disabled.

Mr. HOLLISTER. The gentleman will give us his personal assurance that that is the fact?

Mr. LAMNECK. Yes.

Mr. HOLLISTER. There is no showing to that effect in the bill.

Mr. ZIONCHECK. With the understanding that the amount will be reduced to \$1,000, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John H. Mehrle, of Columbus, Ohio, the sum of \$2,000 in full settlement against the Government for injuries received when struck by a Government mail truck at the intersection of Fourth and Spring Streets, Columbus, Ohio, on September 5, 1930.

With the following committee amendment:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: On page 1, line 6, strike out the "\$2,000" and insert in lieu thereof "\$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DAISY M. AVERY

The Clerk called the next bill, H.R. 880, for the relief of Daisy M. Avery.

Mr. HANCOCK of New York. Mr. Speaker, reserving the right to object, as I read the report here the claimant has had her day in court. This case has been considered by the United States Compensation Commission and rejected on the ground that the claimant at the time of the accident was not acting within the scope of her employment.

Mr. LAMNECK. We do not agree to that at all.

Mr. HANCOCK of New York. The Commission has found that to be the fact.

Mr. LAMNECK. The committee said this:

The sole question, then, for decision is as to whether or not the act of Mrs. Avery could be construed as official duty.

The facts are that, according to the contract with these employees, the Government was obliged, in case of dismissal or return to their homes, to transport these employees to the nearest railroad station, which was 38 miles away. When this lady left the service there was no one to take her to the depot except Mrs. Avery and her husband. They took their car and hauled this lady 38 miles. The train was late, and did not arrive at this town until 2:20 in the morning. They stayed all night, and on their return the next day had this accident. She is paralyzed, and has been ever since the accident. She suffered a crushed spine. We contend and she contends that she was in an official capacity serving the Government in taking this lady that left the service to the depot so that she could make railroad connections, and that that was a part of the contract between the employee and the Government. She carried out the agreement that the Government had with the employee and, I think, was purely on official duty.

Mr. HANCOCK of New York. I quote from the United States Employees' Compensation Commission:

Upon consideration of the circumstances connected with the injury the Commission reached the conclusion that Mrs. Avery was not entitled to the benefits provided by the compensation act, since the injury sustained by her did not occur while in the performance of her official duty as a teacher at the Indian agency.

The question has been passed on, and we have been asked to reverse the decision of the Commission reached after a careful consideration of all the facts. I think this lady was rather harshly treated in that she was denied hospital treatment at the Indian reservation. It seems to me that she has some basis for a claim on that ground. I would be perfectly willing to consent to an award here in any reasonable amount in order to compensate her for hospital expenses.

Mr. LAMNECK. This lady has been in an invalid's chair ever since the accident.

Mr. HANCOCK of New York. I realize that it is a most unfortunate incident, but I do not see that there is any liability on the part of the Government. Whatever we give her is a pure gift. She may not have been properly hospitalized and given proper medical attention.

I am willing to agree to an award of \$1,000, but I cannot go beyond that.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of the funds not otherwise appropriated, the sum of \$5,000 to Daisy M. Avery, in complete payment and settlement of all claims against the United States Government on account of an injury sustained by the said Daisy M. Avery while in the performance of her duty as an employee of the United States Government on March 28, 1922:

With the following committee amendment:

On page 1, line 10, after "1922", insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the con-

trary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: On page 1, line 5, strike out "\$5,000" and insert in lieu thereof "\$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 32 minutes p.m.) the House adjourned until tomorrow, Friday, March 16, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Friday, Mar. 16, 10 a.m.)

Hearings on H.R. 7986, the McFadden radio bill, in the committee room.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KURTZ: Committee on the Judiciary. H.R. 1567. A bill amending section 1 of the act of March 3, 1893 (27 Stat.L. 751), providing for the method of selling real estate under an order or decree of any United States court; with amendment (Rept. no. 978). Referred to the House Calendar.

Mr. BLOOM: Committee on Foreign Affairs. H.R. 6781. A bill to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions; without amendment (Rept. No. 980). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. H.R. 7425. A bill for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes; with amendment (Rept. no. 981). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWANK: Committee on the Public Lands. H.R. 7360. A bill to establish a minimum area for the Great Smoky Mountains National Park, and for other purposes; with amendment (Rept. no. 982). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. H.R. 4935. A bill to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky; and for other purposes"; with amendment (Rept. no. 983). Referred to the Committee of the Whole House on the state of the Union.

Mr. DeROUEN: Committee on the Public Lands. S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; without amendment (Rept. No. 984). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on the Public Lands. H.R. 4349. A bill to withdraw certain public lands from settlement and entry; without amendment (Rept. No. 985). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BROWNING: Committee on the Judiciary. H.R. 8482. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on

certain claims of George A. Carden and Anderson T. Herd; with amendment (Rept. No. 979). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. S. 2790. An act for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.; without amendment (Rept. No. 986). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WILSON: A bill (H.R. 8661) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. WERNER: A bill (H.R. 8662) to modify the operation of the Indian liquor laws on lands which were formerly Indian lands; to the Committee on Indian Affairs.

By Mr. SUTPHIN: A bill (H.R. 8663) authorizing preliminary examination and survey of Shark River, N.J.; to the Committee on Rivers and Harbors.

By Mr. PARKS: A bill (H.R. 8664) for the improvement of the Ouachita River, from Camden to Arkadelphia, Ark.; to the Committee on Rivers and Harbors.

By Mr. JOHNSON of West Virginia: A bill (H.R. 8665) creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. MITCHELL: A bill (H.R. 8666) to authorize the erection of a Veterans' Administration hospital in middle Tennessee and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. SPENCE: A bill (H.R. 8667) to provide that tolls on certain bridges over navigable waters of the United States shall be just and reasonable, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CARTWRIGHT: A bill (H.R. 8668) to increase employment by authorizing an appropriation of not less than \$400,000,000 to provide for emergency construction of public highways and related projects, and for other purposes; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKBEE: A bill (H.R. 8669) for the relief of Gerhart W. Markel; to the Committee on Military Affairs.

By Mr. FITZPATRICK: A bill (H.R. 8670) for the relief of Arthur Hansel; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H.R. 8671) granting a pension to Harry C. B. Frets; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H.R. 8672) for the relief of Basil W. McGinnis; to the Committee on Claims.

By Mr. JOHNSON of Minnesota: A bill (H.R. 8673) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom, in Marshall County, in the State of Minnesota; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H.R. 8674) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, and other causes; to the Committee on Foreign Affairs.

By Mr. MARLAND: A bill (H.R. 8675) for the relief of Marion S. Williams; to the Committee on Military Affairs.

By Mr. THOMAS: A bill (H.R. 8676) for the relief of Delbert Miller; to the Committee on Claims.

By Mr. UMSTEAD: A bill (H.R. 8677) for the relief of Samuel Madison Strange; to the Committee on Claims.

By Mr. HOIDALE: A bill (H.R. 8678) for the relief of D. E. Tracy; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3004. By Mr. BOYLAN: Letter and statement from the National Retail Lumber Dealers Association, Washington, D.C., in re Federal Home Loan Financing bill (H.R. 8403); to the Committee on Banking and Currency.

3005. Also, letter from the Harbor Carriers of the Port of New York, New York City, in re House bill 7202; to the Committee on Labor.

3006. By Mrs. CLARKE of New York: Memorial of the Senate of the State of New York, that the Congress of the United States be and it is hereby respectfully memorialized to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley north of the Federal lock at Troy, N.Y., and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

3007. By Mr. FITZPATRICK: Petition of the New York League of Women Voters on behalf of certain married women formerly employed in the New York City Post Office who have been dismissed from the Service due to the fact that their husbands also were employed by the United States Government; to the Committee on the Post Office and Post Roads.

3008. By Mr. FORD: Resolution of Milton Kanode Post, No. 325, of American Legion, Los Angeles, Calif., endorsing House bill 7805, guaranteeing substitute letter carriers and clerks 100 hours per month; to the Committee on the Post Office and Post Roads.

3009. By Mr. GAVAGAN: Memorial of the Senate of the State of New York, that the Congress of the United States be, and it is hereby, respectfully memorialized to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways in the region of the Mohawk River and its various tributaries and in the area of the Hudson Valley north of the Federal lock at Troy, N.Y., and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

3010. By Mr. JOHNSON of Minnesota: Resolution by the Needy Veterans' Association urging the immediate payment of the adjusted-service certificates in cash, and to include any interest on loans that have been or are to be paid; to the Committee on World War Veterans' Legislation.

3011. By Mr. KINZER: Resolution from the Cochranville Woman's Christian Temperance Fund, Cochranville, Chester County, Pa., petitioning for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3012. By Mr. KVALE: Petition of members and friends of the Socialist Party of America of Robbinsdale, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

3013. Also, petition of members of the Methodist Episcopal Church, of Marshall, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

3014. By Mr. LAMNECK: Petition of Robert W. Dixon and 56 substitute post-office clerks, carriers, railway post-office clerks, and motor-vehicle-service employees, urging that the passage of House bill 7483, designed to guarantee to substitute postal employees a minimum weekly wage of \$15, be expedited; to the Committee on the Post Office and Post Roads.

3015. By Mr. LINDSAY: Petition of National Retail Lumber Dealers Association, Washington, D.C., concerning Federal home financing, House bill 8403; to the Committee on Banking and Currency.

3016. Also, petition of Harbor Carriers of the Port of New York, New York City, concerning House bill 7202; to the Committee on Labor.

3017. By Mr. O'CONNELL: Petition of the Legislature of the State of Rhode Island regarding the establishment of a national cemetery for Rhode Island; to the Committee on Public Buildings and Grounds.

3018. By Mr. PLUMLEY: Petition of residents of Vermont, urging the enactment of legislation establishing a system of old-age pensions; to the Committee on Labor.

3019. Also, petition of residents of Vermont, urging the enactment of legislation (H.R. 7986) for freedom of the air; to the Committee on Merchant Marine, Radio, and Fisheries.

3020. By Mr. RUDD: Petition of harbor carriers of the port of New York, opposing section 3 of House bill 7202; to the Committee on Labor.

3021. By Mr. SADOWSKI: Memorial of the Fifty-seventh Legislature of the State of Michigan, in special session, asking that no limit be placed on acreage for sugar beets; to the Committee on Agriculture.

3022. By Mr. STRONG of Pennsylvania: Petition of citizens of Summerville, Pa., opposed to Senate bills 2258 and 885; to the Committee on Interstate and Foreign Commerce.

3023. By Mr. SWICK: Petition of Luella McKee, president; Mrs. J. A. Searight, secretary, Beaver Woman's Christian Temperance Union, of Beaver, Beaver County, Pa., urging early hearings and the enactment of House bill 6097, providing a higher moral standard for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3024. Also, petition of Mrs. W. K. Ramsey, president; Mrs. James Marshall, secretary, the Hazel Dell Woman's Christian Temperance Union, of Ellwood City, Lawrence County, Pa., urging the holding of early hearings and the enactment of House bill 6097, providing a higher moral standard for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3025. Also, petition of Mrs. Mabel Jackson, president; Mrs. Clara Clarkson, secretary Woman's Christian Temperance Union, Fallston, Beaver County, Pa., urging early hearing on, and the enactment of, House bill 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3026. By Mr. THOMASON: Petition of residents of Colorado, Tex., urging adoption of the Steiwer-McCarran amendment to the independent offices bill; to the Committee on Appropriations.

3027. Also, petition of unemployed railroad men of San Angelo, Tex., urging reduction in mileage run in order that more positions may be available; to the Committee on Interstate and Foreign Commerce.

3028. By Mr. WELCH: Petition requesting restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as existing prior to enactment of Public, No. 2, Seventy-second Congress; to the Committee on Pensions.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 16, 1934

The House met at 12 o'clock noon.

Rev. Clifford H. Jope, pastor of the Ninth Street Christian Church, Washington, D.C., offered the following prayer:

O divine Father, we believe Thy hand has been in the founding and fortunes of this great Nation. We thank Thee for its ideals, principles, and the glorious company of its apostles of truth, its noble army of martyrs for liberty and humanity. We pray that this land of ours may be the scene of Thy special activity and the instrument of Thy holy purposes. May the clouds that hover over us be dispelled by the brilliance of the shining of the sun of righteousness and peace.

Lord, defend our land from the secret, subtle power and the open shame of great national sins, from all dishonesty and corruption, from vainglory and selfish luxury, from all cruelty and the spirit of violence, from all covetousness

which is idolotry, from impurities which defile, and from intemperance, which is the mother of many crimes and sorrows. Good Lord, deliver and save us and our children, in the land which Thou hast blessed with the light of pure religion, through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 3780. An act for the relief of William Herod; and

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 195. An act respecting contracts of industrial life insurance in the District of Columbia;

S. 557. An act for the relief of John Ernst;

S. 610. An act for the relief of Thomas Salleng;

S. 628. An act for the relief of Joanna A. Sheehan;

S. 826. An act for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.;

S. 841. An act for the relief of Charles C. Floyd;

S. 847. An act for the relief of the Nez Perce Tribe of Indians;

S. 1072. An act for the relief of Rufus J. Davis;

S. 1194. An act to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended;

S. 1232. An act for the relief of George Voeltz;

S. 1461. An act for the payment of the claims of the Fidelity Trust Co., of Baltimore, Md., and others;

S. 1498. An act authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians;

S. 1881. An act to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes;

S. 1887. An act to authorize the change of homestead designations on allotted Indian lands;

S. 1888. An act to provide for the protection and conservation of the grazing resources of the undisposed-of ceded Indian lands, the tribal title to which remains unextinguished;

S. 1889. An act to facilitate a more economical administration of forest and grazing lands on Indian reservations;

S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes;

S. 1993. An act for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio;

S. 2101. An act to prohibit the sending of unsolicited merchandise through the mails;

S. 2141. An act for the relief of Roy Lee Groseclose;

S. 2142. An act for the relief of Mrs. Charles L. Reed;

S. 2153. An act for the relief of Pinkie Osborne;

S. 2324. An act for the relief of the Noank Shipyard, Inc.;

S. 2342. An act for the relief of I. T. McRee;

S. 2373. An act for the relief of Isidor Greenspan;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2398. An act for the relief of Nancy Abbey Williams;

S. 2460. An act to limit the operation of statutes of limitations in certain cases;

S. 2508. An act authorizing the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission and the Attorney General of the United States, to make equitable adjustments of conflicting claims between the United States and other claimants of lands along the shores of the Potomac River, Anacostia River, and Rock Creek in the District of Columbia;

S. 2627. An act for the relief of Arvin C. Sands;

S. 2636. An act for the relief of James Slevin;

S. 2661. An act for the relief of Clayton M. Thomas;

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes;

S. 2798. An act for the relief of Nephew K. Clark;

S. 2807. An act for the relief of the Germania Catering Co., Inc.;

S. 2879. An act for the relief of the Sanford & Brooks Co.;

S. 2891. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws;

S. 2897. An act to regulate interstate commerce by granting the consent of Congress to taxation by the several States of certain interstate sales;

S. 2898. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States;

S. 3067. An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.; and

S.J.Res. 83. Joint resolution amending Public Resolution No. 118, Seventy-first Congress, approved February 14, 1931, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

Mr. BAILEY. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 105]

Allen	Deen	Hart	Reid, Ill.
Ayers, Mont.	Delaney	Hughes	Sabath
Bacharach	DeRouen	Jenkins, Ohio	Shannon
Beck	Dickstein	Kee	Shoemaker
Beiter	Disney	Kennedy, Md.	Smith, Wash.
Black	Doutrich	Kurtz	Smith, W. Va.
Brumm	Duffey	Lanham	Somers, N.Y.
Buckbee	Edmonds	Lehr	Stokes
Cannon, Wis.	Flannagan	Lundeen	Swick
Carley, N.Y.	Foulkes	McSwain	Taylor, S.C.
Celler	Gasque	Mead	Tinkham
Chapman	Goldsborough	Monaghan, Mont.	Underwood
Clairborne	Green	Norton	Williams
Cochran, Pa.	Griffin	O'Brien	Withrow
Condon	Haines	O'Connell	
Crowe	Hamilton	Pou	

The SPEAKER. Three hundred and sixty-nine Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

Mr. LUDLOW. Mr. Speaker, I wish to announce that my colleague the gentleman from Indiana, EUGENE B. CROWE, was unexpectedly called to Indiana today, and he will be unavoidably absent during the remainder of the week.

AMERICAN AGRICULTURAL SURPLUS PRODUCTS

Mr. DIES. Mr. Speaker, I ask unanimous consent that I may have until midnight to file a committee report on the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon, which shall not exceed 25 percent above the world market price of silver, and to authorize the

Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes.

The SPEAKER. Is there objection?

There was no objection.

THE GOLD STANDARD

Mr. FIESINGER. Mr. Speaker, I make the same request, that I may have until midnight tonight to file a report on the bill (H.R. 1577) to preserve and protect the gold standard through establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent, and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands, from the Committee on Coinage, Weights, and Measures.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SILVER V. SLAVERY

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to insert in the RECORD an address made over the radio last evening by my colleague the gentleman from Utah [Mr. MURDOCK].

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FIESINGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address by Hon. ABE MURDOCK, of Utah, March 15, 1934:

I am rapidly coming to the conclusion that the most dangerous and injurious habit of the people of the United States is that of thinking of our Government as something abstract and wholly apart from the people. This fallacious concept is not a spontaneous development, but is one phase of a deep and subtle conspiracy against American independence. Our forefathers fought the Revolution to secure our national independence; our fathers fought the Civil War to reassert the independence of the individual; our sons and brothers fought the World War for the purpose of establishing once and for all the independence of the nations of the earth. And yet, in spite of all our wars, in spite of all our trials and labors and hopes, we and the whole world with us are economic slaves. Our master is not a man, a king, or a country. Our master, who holds our welfare in the hollow of his hand, is gold. His merciless regime will last just so long as the predatory possessors of gold can hoodwink us that our Government is a far-off and mysterious power that no common man can understand—that our Government has become too complex to be a Government of, by, and for the people.

This subtle conspiracy of which I speak is known, in its entirety, as the gold standard. The gold standard is not native to our soil, but is rather an evil importation. It seems to have been first hatched in England by the international banker Rothschild in about 1816. Prior to that time the nations of the earth had based their currencies on gold and silver. In 1873, when the power of the international bankers had risen to its zenith in that century, the Governments of Germany and the United States, deluded by the false prosperity of England, betrayed their people to the power of gold.

While we did not invent the gold standard, as with everything else we raised it to its highest state of perfection. Not only did we base our values on gold, but our financial geniuses created a speculative magnet that attracted it irresistibly to their own coffers. The gold, and with it all the wealth and resources of America, streamed steadily to Wall Street. Its rapid passage through our fingers deluded us with dreams of fabulous wealth; and when we awoke in 1929, we found ourselves face to face with history's greatest panic.

Our bankers and our capitalists had profited wonderfully from the gold standard. With its power they had usurped control of every phase of our economic and industrial life. They had hypnotized our Presidents and our legislators even to the extent that Congress had turned over to a group of private bankers the power to coin and regulate our money. This greatest stroke of capitalist strategy had been accomplished by the Federal Reserve Act of 1913, sponsored by a great and noble President, but destined to be the instrument of the most outrageous fraud ever committed in the name of sound money.

The gold standard worked well for the bankers in so-called "good times"; but the depression forced them to resort to other means. It was evident that the people of the United States must finance the depression, and pay for all the havoc of deflation and speculation, with bond issues. In 1932 Congress passed a law amending the Federal Reserve act so that direct obligations of the Government, deposited with the Treasury,

could legally be used as a 100-percent backing for currency. This plan was even sounder than the gold standard in the eyes of our financial wizards—because it was more profitable.

Here is the plan made legal by the latest amendment to the Federal Reserve Act: When the Government offers its interest-bearing bonds for sale, the Federal Reserve banks may buy the bonds, deposit them with the Treasury as a basis for currency, and issue paper money against them. Thus the banks have the bonds, they have the use of their money, and still draw interest on the bonds. However, even this was not good enough for them; but they must abuse it. After they have deposited their bonds and drawn their currency they may use this currency to buy the next issue of bonds. And thus the American people are caught in the most vicious cycle of financial legerdemain ever known. At the last report the Federal Reserve banks held more than \$6,000,000,000 in Government securities, most of which amount had piled up during the depression. At the same time their balances are the largest in history. They are flooded with wealth at the expense of the panic-ridden millions of America. They have stopped loans to agriculture; they have restricted loans to industry and commerce. They have converted the banking system of America into an avid sponge for the absorption of Government bonds, while agriculture, industry, and commerce are prostrate for lack of funds. What a mockery of the Federal Reserve Act is this bond-consuming monstrosity!

According to the great financiers, capitalists, and bankers of this country, such a system represents sound money. As I see it, it is the most vicious inflation and the most unsound and dishonest method of financing that this country or any other country ever evolved. But, unfortunately, so long as our Federal Reserve bankers are receiving a bounty on such transactions, they will acclaim it as a wise and sound monetary system.

These same financiers, capitalists, and bankers, when we mention remonetization of silver, hold up their hands in holy horror. They immediately cry out "inflation" and predict the bankruptcy of this country and the impairment of our national credit if silver is remonetized. They say, "Let us uphold the gold standard."

The gold standard was an untried and dangerous monetary innovation in 1873. The gold standard is a tragic failure today. It was forced upon the bimetallic nations of the earth by the gold powers. It was maintained for almost 6 decades at a cost of universal misery. It has broken down in every crisis. Every depression, no matter how slight, has shaken it. Every war has left it tottering. Its history has been one of recurring and ever more violent panics, of starvation, unemployment, individual and national bankruptcy throughout the world. It has been the instrument of international graft. It has been the wedge driven by vested interests between the people and their governments. Under the gold standard this country and every other suffered from a rapid concentration of wealth in the hands of the possessors of gold. The natural resources, the labor power, the agricultural productions, the manufactured commodities of America were transmuted, by the abstruse magic of finance and banking, into gold, and that gold gravitated irresistibly to the centers of speculation. The American freeholder became a peasant, the American laborer became a wage slave, because banks controlled the Government instead of the Government controlling banks. But, like every diabolical process, the transmutation of brain and brawn into gold got beyond control. The speculative markets collapsed; the channels of credit, clogged with the steady movement of gold in one direction, stagnated; the depression was on.

Volumes have been written on the cause of this depression. Superhuman efforts have been made to counteract it. Our Government has subsidized the railroads. It has loaned billions to banks and industries. But we have made little progress, and, as I view the matter, we will make little permanent progress until regulation and control of the standard of value are again given back to the Government of the people.

We must increase the purchasing power of the people; not only the purchasing power of this country but of our customers. You cannot increase purchasing power by doubling zero. Purchasing power is the fruit of labor, and you can only increase it by increasing labor and by creating markets for the products of labor. Purchasing power did not fall because a dollar was worth two dollars; it failed because the masses of the people, the purchasers, had no dollars at all. At the old valuation there are \$11,000,000,000 of gold in the world, and of that amount approximately nine billions, or more than three fourths, are held by three countries. The United States, France, and Great Britain hold three fourths of the world's supply of gold. So long as gold is the only international standard of value, and three fourths of the world's gold is monopolized by three countries, the purchasing power of the world is three fourths paralyzed. Let our economic experts mark well that fact, and they may get a clearer view of the reason for the failure of purchasing power. About one half of the people of the world recognize silver as the standard of value. Among those people silver is the medium for storing wealth; it represents saved wages and accumulated capital. The silver nations offer us the only unexploited markets in the world. They represent our only prospective customers. Remonetization of silver would immediately invest them with sufficient purchasing power to buy our surpluses. Remonetization of silver would convert them into wealthy customers of our mines, farms, and factories. They have to offer in exchange for our commodities a metal which is the medium of exchange of countless millions, a metal which formed one of the bases of our currency from the first establishment of our Government until 1873. What possible

justification—political, economic, or financial—is there for our blunt refusal of their friendship and their business?

The economic world is staggering along on two hobbled legs. The money of half the people of the world is unrecognized by the other half. The Hongkong dollar is worth 50 cents during one period and 150 cents in the succeeding period. The American dollar is worth 1 bushel of wheat one year and 3 or 5 bushels the next. That is what our monetary experts call "sound" money. That is what the last administration called "economic stability." Those are the normal conditions which the last administration was so reluctant to abandon. There is only one way, in my judgment, to bring order out of this monetary chaos that has been called stability. We must recognize the money of the other half of the world; we must balance foreign exchanges; we must stabilize domestic markets and domestic prices. Remonetization of silver is designed to accomplish those very ends. The economic and financial strength of the United States is the greatest single factor in the world of money. Were we to recognize the white metal, we would thereby accomplish a world-wide distribution of metallic wealth; we would thereby empower our only prospective customers to buy. In addition remonetization of silver by the United States would eventually and inevitably lead to its recognition by the other monetary powers, and thus the world would be provided with a balanced and counterbalanced currency base. The establishment of a fixed-weight ratio between the metals with an elastic and scientific price ratio would enable our Government to regulate and control domestic commodity prices and at the same time anchor our currency system to a broad, expansive, and stable base. Such a plan is embodied in several "silver" bills now before Congress.

The Coinage Committee of the House has reported out H.R. 1577, introduced by Congressman FRESINGER, of Ohio, which is a bill providing for the purchase of silver and the issuance against such silver of silver certificates. These certificates are redeemable exclusively in silver and circulate as lawful money in the United States.

This bill, in my opinion, is sound in every respect, and would tend greatly to relieve the strain against gold by placing silver in competition with gold, and would strengthen our entire monetary system by adding to the metallic base a metal with an international value. Judge FRESINGER has no personal interest whatever in silver as such, but probably has done as much, if not more, constant work in behalf of silver legislation, purely from the standpoint of the economic well-being of the country, than any other man in the House.

Never ask your enemy how to win the war. We are now engaged in an economic war against the forces of monopoly, vested interests, and greed. It would be very strange, indeed, if representatives of those very powers would tell us how to triumph over them. It is easy to understand why the bankers and financial wizards are opposed to remonetization of silver. The remonetization of silver would break their hitherto undisputed control of production and distribution in this country. It would open up the way to the prosperity of the masses. It would liberate the natural resources of our country from the paralysis that has almost destroyed them. It would tend to bring about the end of usury. It would curtail wildcat speculation. It would make the banks the servants of the depositors rather than the slaves of their directors. It would create a free and expanding market for agriculture. It would stimulate the production and sale of metals. It would furnish markets for our manufactured goods and thereby increase wages and diminish unemployment. It would place our economic structure on a sound base and make wealth less subject to the selfish whims of speculators. Payment of our back-breaking debts would be made easier. Our dollar would become a true measure of value for labor, capital, and agriculture. Remonetized silver would be a weapon in the hands of the farmer and laborer that would break the grip of the financial magnates and open the way to economic liberty.

ANNOUNCEMENTS

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds for the purpose of making an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. I wish to announce to the Membership of the House that the organization that is called the "Legislative Forum", which is nonpartisan in every way, will have a meeting in the Judiciary Committee rooms of the House on next Tuesday evening at 8 o'clock for the purpose of discussing the proposed New York trip and other matters. All Members are invited.

Mr. PARKER. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds for the purpose of making an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARKER. Mr. Speaker, I wish to announce that the members of the Association of War Veterans in Congress are requested to meet in the caucus room of the Old House Office Building next Tuesday morning at 10:30.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I call up the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. The Clerk will report the House amendment to Senate amendment no. 14.

The Clerk read as follows:

The House agrees to Senate amendment no. 14 to said bill, with the following amendment: In lieu of the matter inserted by the Senate amendment insert the following:

"Sec. 21. (a) Title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended as follows:

"(1) Section 2 is amended by inserting after '1934' the following: 'and the fiscal year ending June 30, 1935'; and

"(2) Section 3 (b) is amended by striking out '15 percent' and inserting in lieu thereof the following: '10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, and shall not exceed 5 percent during the fiscal year ending June 30, 1935.'"

"(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident Commissioners, and persons on the rolls of the Senate or House of Representatives) of the Legislative Appropriation Act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures '1933' shall be read as '1935'; except that in the application of such section with respect to the fiscal year ending June 30, 1935, subsection (a) is amended by striking out '15 percent' wherever it appears and inserting in lieu thereof 'the percentage of reduction applicable to officers and employees of the Federal Government generally.' In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"(c) Section 107 (except paragraph (5) of subsection (a) thereof and subsection (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of insular possessions), section 13 (relating to the retired pay of certain judges), section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures '1933' (except in such sections 13, 14, and 15) shall be read as '1935' and the figures '1934' shall be read as '1935'; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally. In the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"(d) Notwithstanding the provisions of the antideficiency acts, deficiencies in their respective appropriations made during the second session of the Seventy-third Congress and available for obligation during the fiscal year ending June 30, 1935, may be incurred during such fiscal year by any executive department or independent establishment and the municipal government of the District of Columbia, upon written order of the President specifying the amount of the deficiency which may be incurred and by the legislative branch of the Government and the agencies customarily considered a part of such branch; but such deficiencies may be incurred only to the extent necessary to enable the payment to officers and employees of such activities of sums for which the available appropriation is inadequate by reason of a diminution in the percentage of reduction of compensation in pursuance of action of the President under the provisions of section 3 of title II of such act of March 20, 1933, as continued for the fiscal year 1935.

"(e) There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this subsection. In the case of officers and employees of the municipal government of the District of Columbia, such sums

shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Mr. WOODRUM (interrupting the reading of the amendment). Mr. Speaker, I ask unanimous consent that the further reading of the House amendment be dispensed with.

Mr. GOSS. Mr. Speaker, reserving the right to object, do I understand the gentleman is offering an amendment to the House amendment?

Mr. WOODRUM. The Clerk is reporting the House amendment to the Senate amendment, and I have asked that the reading of it be dispensed with and that the amendment be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I move that the House insist on its amendment to Senate amendment 14.

Mr. CONNERY. Mr. Speaker, I offer a preferential motion.

Mr. WOODRUM. Mr. Speaker, I yield for the purpose of offering the motion, but I do not want to yield the floor.

The Clerk read as follows:

Mr. CONNERY moves that the House recede from its amendment to Senate amendment no. 14 and concur in the Senate amendment.

Mr. BUCHANAN. Mr. Speaker, I demand a division on the question.

The SPEAKER. The gentleman from Texas demands a division on the motion.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. On this division, if the House votes to recede, would it then be in order to concur with an amendment? Would not that be an amendment in the third degree?

The SPEAKER. That would not be in order. The House cannot amend its own amendment.

Mr. GOSS. So the question would come on concurring in the Senate amendment after a division.

Mr. WOODRUM. Mr. Speaker, so far as I am personally concerned, I would be willing to move immediately the previous question and proceed to vote on these motions. I believe the Members of the House thoroughly understand what is involved, and I think we are as ready now to vote as we will ever be; but many Members have expressed great interest and a great desire to have something to say upon the subject, and therefore, Mr. Speaker, it will be my purpose to move the previous question at the end of 30 minutes, and the 30 minutes I am going to try to divide among the Members as equitably and as justly as I can.

For myself and for the motion I have made, to insist further on the House amendment, I may say, in order that the Record may be clear, that I have moved to insist on the House amendment because my duty as the one in charge of the bill requires that I make this motion in order to carry out the instructions of the House.

I did not vote for the House amendment no. 14 nor amendment no. 22, because I believed them to be contrary to the recovery program of the President. I believed that it would not assist us in finally reaching a conclusion that would be beneficial either to the veterans, the Federal employees, the administration, or to the House of Representatives. But the House, having taken deliberate and decided action on it, of course it is understood that the conferees on the part of the House are bound by the action the House has taken. [Applause.]

The action of the House in adopting amendments 14 and 22 the other night would be construed by myself and the other conferees as being a definite and positive instruction. Therefore if my motion to insist further on the House amendment obtains, the conferees on the part of the House will meet the conferees on the part of the Senate with only a narrow limit between what the House did and what the Senate has done in regard to amendment no. 14. So let it be understood that the action today in sending the bill to conference is only between those narrow limits.

Mr. DOWELL. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. DOWELL. If the Connery motion on these two amendments is adopted, if the Connery motion to recede and concur is adopted, then this will not go to conference but will be immediately completed.

Mr. WOODRUM. If the Connery motion is adopted as to amendments 14 and 22, action on the bill is complete as to those two amendments. The conferees will meet, and I have no doubt will speedily compose their differences on the other amendments.

Mr. SNELL. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. What I should like to see is a straight vote on the whole salary proposition. I am sorry that the gentleman from Texas has demanded a division of the question. I appreciate the fact that he has the right to do it. But why not vote on the straight proposition whether we want the 5-and-10 proposition or the 15-percent proposition?

Mr. WOODRUM. I agree with the gentleman. I do not know what the Chairman of the Appropriations Committee has in mind.

Mr. SNELL. I think it would be well if he would tell us.

Mr. BUCHANAN. I have in mind the fact that you have made a double motion, one to recede and one to concur, and I think the House ought to have the opportunity to say whether it will recede from the amendment. After it votes to recede, if it does, it can concur if it wants to.

Mr. SNELL. Will the gentleman yield? Why not vote on the straight proposition whether you want the 5-and-10 restoration or the straight 15?

Mr. BUCHANAN. Does not the gentleman understand that if the motion to recede from the House amendment carries, that will virtually settle the whole controversy?

Mr. GOSS. If the House recedes, of course, that is tantamount to adopting the Senate amendment on the 5-percent restoration.

Mr. BUCHANAN. It would be tantamount to expressing an opinion that the Senate amendment should be concurred in.

Mr. GOSS. With reference to the 5 percent.

Mr. DOWELL. Then why should not the Connery motion come direct before the House?

Mr. BUCHANAN. It will come before the House. First you vote as to whether you recede from what you did yesterday or the day before. If you recede from that, then the Connery motion is before the House.

Mr. GOSS. And if we do not recede, it is the same as voting against the Connery motion.

Mr. BUCHANAN. Yes. If you do not want to recede, the bill goes to conference.

Mr. SNELL. A lot of us over here want a direct vote on the 15 percent. We should like to have that if we can get it.

Mr. BUCHANAN. I want a direct vote on whether or not the House will adhere to its action of the other day.

Mr. SNELL. Let us have it on the motion to recede and concur and not beg the issue.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. To ask whether the question is divided or not.

The SPEAKER. The gentleman from Texas demands a division.

Mr. WOODRUM. So the first vote will be on whether the House recedes from its amendment?

The SPEAKER. That is correct.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Certainly.

Mr. TABER. I have some figures that have just come from the Veterans' Bureau, and I presume the gentleman has the same thing?

Mr. WOODRUM. Yes.

Mr. TABER. I think the House ought to have them before they vote.

Mr. WOODRUM. Those figures are on amendment no. 22.

Mr. TABER. Yes.

Mr. WOODRUM. I think we should wait until we get to that.

Mr. GOSS. Do I understand that the gentleman from Texas is going to insist upon his demand for a division?

Mr. BUCHANAN. Yes.

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. TERRY. Will the gentleman yield for a parliamentary inquiry?

Mr. CONNERY. Yes.

Mr. TERRY. I wish to know whether or not it is possible to separate the so-called "Borah amendment" from the Taber amendment. A good many Members of the House do not wish to be in the attitude of voting to increase their own salaries on this vote.

Mr. WOODRUM. That is to come up in amendment no. 22. We are voting now on amendment no. 14.

Mr. CONNERY. Mr. Speaker, I believe that in the minds of many Members at this moment the question arises, How will I vote when the first vote comes? If ladies and gentlemen wish to concur in the Senate amendment, the vote is "yea" in each case on the division asked by the Chairman of the Committee on Appropriations. The first vote is on the motion to recede. If you want the Senate amendment, the vote is "yea." If that should be agreed to, then the next vote is on the motion to concur, and the vote is "yea" in both instances if you are in favor of the Senate amendment.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. In a moment I shall be glad to yield to my friend from Mississippi. Regardless of anything that you may have heard or received this morning in reference to veterans in any part of the country, I ask you not to forget that the American Legion at its national convention voted in favor of a four-point plan with respect to disabled veterans. Three of those points are in the McCarran-Steiwer amendment that I am asking you to adopt today. That is what the American Legion, through its delegates, voted at its national convention. I yield to the gentleman from Mississippi.

Mr. RANKIN. We are not voting on the veterans' amendment now.

Mr. CONNERY. No.

Mr. RANKIN. This vote is strictly on the pay-roll amendment.

Mr. CONNERY. Yes. This amendment will give back the full 15 percent to the Government employees. It will give them back their full pay, so that if you are in favor of that, you will vote "yea" on both of these votes which come up directly. Do not forget that the President of the United States in a public address has urged industry in the United States to shorten hours and increase wages. It seems to me very inconsistent that the Congress of the United States, after that express request of the President of the United States to industry, should leave the Government workers laboring under a pay cut. Their pay was low enough before the cut, too low, and the least that we can do is to put them back on a decent living wage and take away this 15-percent cut. Give them back their full pay.

Mr. TAYLOR of Tennessee. And a "yea" vote would also preserve the Borah amendment?

Mr. CONNERY. May I say to my colleague, the Borah amendment does not come in this vote at all. It is in amendment no. 22, tied on to the veterans' amendment.

Mrs. ROGERS of Massachusetts. And the President has never said that he would veto this measure as he has the bonus. He has had plenty of chance to do so.

Mr. CONNERY. I do not know anything about that. From the information that the gentleman from Virginia [Mr. WOODRUM] gave to the House, the President has never agreed to accept the 75 percent passed by the House the day before yesterday.

Mrs. ROGERS of Massachusetts. He never said that he would veto it.

Mr. WOODRUM. He never has agreed to it to me. I do not think that he will agree to it.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. SISSON. The gentleman spoke about the American Legion's four-point plan and stated that the Senate amendment embraces three of those four points.

Mr. CONNERY. Yes.

Mr. SISSON. I ask that of the gentleman because I recognize him as an authority upon this subject. Would not the House amendment be satisfactory, except as to a mere difference in amount—in other words, the difference between 75 percent and 90 percent?

Mr. CONNERY. No. I will say to my friend from New York that I believe the McCarran-Steiwer Senate amendment is the only amendment which contains three of the four points of the four-point Legion program.

Mr. SNELL. Mr. Speaker, I make the point of order that the matter the gentleman is discussing is not now before the House.

Mr. CONNERY. Well, the gentleman asked me a question. I do not believe 75 percent would be sufficient for or do justice to the disabled veterans.

Now, in conclusion, all I want to say is that if you are in favor of giving the Government employees back their full pay, as I favor, you should vote "aye" on the first question which comes up. Vote "aye" on the second, thus concurring in the Senate amendment no. 14.

Mr. HEALEY. Will the gentleman yield for a question?

Mr. CONNERY. I yield to my colleague.

Mr. HEALEY. Has the gentleman any statistics that will show the average wages of Government employees today?

Mr. CONNERY. I understand the average wages of Government employees today are something around \$1,174.

Mr. KELLER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. KELLER. Can the gentleman tell us exactly what happened in the Senate when this amendment went over there? Was it objected to?

Mr. CONNERY. As Will Rogers says, all I know is what I read in the papers. My understanding is that it was objected to and sent to conference. In other words, the Senate refused to concur in the House amendments and disagreed with the House amendments, and asked for a conference. The Senate disagreed with the House amendments and asked for a conference. That is what brought it here. I hope the House will vote "aye" on both of these propositions and give back full pay to the Government employees. [Applause.]

I yield back the balance of my time.

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Speaker, the gentleman from Massachusetts [Mr. CONNERY] clearly stated the parliamentary situation. If you are in favor of the Senate amendment restoring 15 percent, then your vote would be "aye." If you are in favor of adopting the 5-and-5-percent proposition, then your vote would be "no" on the motion made by the gentleman from Texas [Mr. BUCHANAN]. In dollars and cents, the difference between the two votes is in the neighborhood of fifty-five or sixty million dollars. It will cost approximately \$60,000,000 more to carry out the full 15-percent restoration than it will to carry out the 5-and-5 proposition.

When this bill was first before this House, the House agreed to a 5-percent increase, or to restore 5 percent of the pay that was cut off by the Economy Act. When it went to the Senate, the Senate Committee on Appropriations, headed by Senator BYRNES, of South Carolina, who is one of the spokesmen for the administration on the floor of the Senate, brought in the bill restoring 5 percent from February 1, and 5 percent at the beginning of the fiscal year.

Now, I have a right, and the Members have a right, to assume that Senator BYRNES knew what he was doing, and

the Committee on Appropriations knew what it was doing when they were trying to compromise this measure and restored 5-and-5.

That is the whole question. There is no need of taking up any long time here. We know it is out of the question to obtain complete restoration of the 15 percent by the passage of any bill. I want to see justice done to the Federal employees, and the only way to do so is to compromise this measure and accept the 5-and-5 proposition, as provided in the amendment which the House agreed to.

On last Wednesday this House by a vote of 185 to 101 approved this compromise. Is this House on Friday going to reverse its position and agree to restore the full 15 percent, when every Member knows it is out of the question to obtain favorable consideration on any bill restoring the entire 15 percent?

I yield back the balance of my time, Mr. Speaker.

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker and Members of the House, everybody in the House knows if this 15 percent is restored to the salaries of the Federal employees, as provided in the Senate amendment, it will mean a veto for this bill. It will not only mean a veto at the hands of our President but the measure should be vetoed. The people of the country are demanding it and will approve of such action. It will mean a restoration of \$190,000,000 which must be taken care of by taxation. At a time when people are starving, when they are being maintained upon relief at the expense of the Government, when 10,000,000 people are out of employment in this Nation, and when we are doing everything possible to advance employment and take care of the people and keep them from the bread lines, is no time for us to restore all of this Federal pay. [Applause.] The Federal employees are doing themselves a great injustice, and they are doing a great injustice to the Spanish-American and World War veterans. If we do not do something to change the law as it now exists and this bill is vetoed, it will mean that on the 1st day of July the entire 15 percent will be restored, and this is what these Federal employees desire. Their conduct means that they have little regard for the interest of our war veterans. The Senate amendment adds \$350,000,000 to the amount the taxpayers of this country will have to pay to balance the Budget and keep the Government going. It means that our economy program, whereby we saved \$400,000,000, will be annihilated and only \$50,000,000 per annum will be saved. The people of the Nation, including the financial, industrial, and agricultural sections of this country, approve of economy in Federal Government. They are back of President Roosevelt 80 percent in this great drive to reduce the expenditures of this Government. It is not the Federal employees who are suffering by reason of this panic. You can scarcely get one out of his position; and if you do, he makes a holler; and if he is relieved from his duties, he stays around trying to get back and is willing to accept it for one half of the former pay. Competent people can be found from one end of this country to another who are willing to fill these positions for 50 percent of the present pay. I am not antagonistic to the interest of the Federal employees; most of them are very competent officials, but they are acting unreasonably in this matter. In my opinion it is not so much the rank and file of the employees as it is their legislative representatives. No doubt they would be delighted to have a restoration of part of their pay.

If we get this compromise restoring 5 percent now, 5 percent the 1st of July, and leaving the other 5 percent in the hands of the President, and get a 75-percent restoration for the Spanish-American War veterans and presumptive connected World War veterans, we are going a long way toward getting a compromise which the President can accept. On behalf of the veterans whom we are seeking to benefit, I hope and pray that by agreeing to this compromise the President of this Nation will approve the action of this House. The adoption of the Senate amendments will mean nothing for these deserving war veterans. It is better to get 75 percent now and let the future take care of the other

25 percent than to try to make ourselves strong with the veterans and get them nothing. In my many years of experience as a lawyer my policy has always been, if I could not get all that I was seeking for my client, to get as much as possible. It is results we are seeking today for these deserving war heroes.

The attitude of the Federal employees is that they want full restoration of their pay, to the great injury and detriment of the meritorious veterans, who are really only seeking and will be satisfied with 75 percent of their former pay.

Mr. HOEPEL. Will the gentleman yield?

Mr. FULLER. Just for a question.

Mr. HOEPEL. If we will refund Liberty and Victory bonds, we will save the American taxpayers \$240,000,000, which we can pay to the Federal employees. The banks are now getting it.

Mr. FULLER. Your statement sounds good, but it involves a grave question of truth and of practicability.

I am not for the Borah amendment, believing that Congressmen should be placed in the same category with all other Federal employees. That amendment is not involved in this question at issue.

If we do not vote for this compromise proposition on salaries, or if we do not change the present law, then automatically our salaries will be restored on the 1st day of July to the same amount they were before the economy bill.

By voting for this compromise of 5 and 5, we save the Government over \$65,000,000 a year on the salaries of Government employees alone, and it is either this compromise proposition or a full restoration of the pay, which means \$190,000,000. In my opinion, the overwhelming majority of the American people are opposed to any restoration of the pay, but certainly they are not in favor of more than is provided in this compromise amendment. The Federal employees have felt the panic less than any other class of people, due to the fact that their dollars went further and purchased more of the necessities of life than before the panic. Let us deal fairly with these good people, but do not let them lead us astray from our duty and the will and best interests of the American public.

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. KENNEY. If we vote to increase the salaries of the Government employees, will the furlough system be continued? I am opposed to the furlough system.

Mr. FULLER. I am not advised, but it does not seem right that they should have their salaries fully restored, with all the privileges which they enjoyed, until normal conditions are restored.

Mr. DOWELL. If a Member votes for the Connery motion on Senate amendment no. 2, will he be voting to increase his salary?

Mr. FULLER. If the Borah amendment were not adopted, yes; otherwise, no.

I understand that John Thomas Taylor, representative of the American Legion, has written the Speaker a letter which was concurred in by National Commander Hayes and which will be read by Representative RANKIN, Chairman of the Veterans' Committee, stating that the House amendments affecting veterans' legislation are satisfactory. Let us not make a mistake by loading this bill down with salary restorations, by trying to get 90 percent for Spanish-American War veterans and restoration of all emergency officers, all of which we know is impossible. With all these Senate amendments attached to this bill, a veto is certain and this House, under such circumstances, will not vote to override such veto. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, it occurs to me that the argument put forward for less than a full-pay restoration to Federal employees, which is based on the statement that we have 10,000,000 undernourished people in the country, is simply begging the question. My sympathy goes out to the 10,000,000 in need, and I am going to do everything pos-

sible to bring about a rehabilitation to their previous economic status if possible; but to say that that is the reason why we should be justified now in restoring only 5 and 5 is begging the very point of the question.

In the very short time at my disposal I am going to bring to the attention of the House just this one experience: I sat in a department in Washington about 2 weeks ago talking to a department head whom I did not know very well. While I was sitting there talking a telegram came. It had two stars on it, indicating that it was a death message. The official tore it open and I saw his face blanch. He turned to me and he said, "There is your damned pay cut. A friend of mine in official life has committed suicide because he could not stand the gaff any longer, because his official position was such that his standard of living had been definitely established by the service in which he was identified."

I conclude with this one observation: It is pretty easy for Members of Congress still drawing 85 percent of a \$10,000 salary to talk about this thing in a perfunctory and dispassionate manner; but if they were in the position of those drawing \$1,800 less 15 percent, or in the position of those drawing \$1,700 less 15 percent, with rent, interest, and living costs close to the 1928 index, the story would be different. I may observe that there are some 270,000 who were receiving only \$1,700 before Public Act No. 2 was passed. There were over 417,000 who were receiving less than \$2,000 before that act was passed. It is pretty easy for us to take a dispassionate view drawing the salaries we do, and it is time we were viewing it in a more sympathetic manner.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I hope that the House will reaffirm the position it took day before yesterday upon this amendment. [Applause.] It means a difference of \$63,000,000, as I understand it, upon the salary proposition, and a difference of approximately \$3,500,000 in other ways, making a total of approximately \$66,000,000.

It does not seem to me, with conditions as they are, with factory pay rolls being spread out to cover folks other than those who formerly were employed, and reducing the contents of the pay envelop of all individuals, that we should attempt to add more than the 5-and-5 to the pay of the Federal employee. I want to be fair with them; you all do; but let us show a little discretion in the way we approach the Federal Treasury this time and sustain the position we took the other day. I hope this motion will be voted down.

Mr. Speaker, I yield back the balance of my time.

Mr. WOODRUM. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Speaker, I shall vote to concur in the Senate amendments; and in doing so I believe I am following out the policy so strongly advocated by President Roosevelt at this time of increasing the purchasing power of the American workers. [Applause.]

A few moments ago something was said about the President granting 5 percent restoration of salary to Federal employees dating from February 1 to June 30. Let us not be fooled on that. There will be 200,000 postal employees who will not receive 50 percent of that benefit. I hold in my hand a bulletin of late date issued by Postmaster General Farley in which he says that Presidential postmasters and employees in the Postal Service shall be furloughed without pay for 4 days between now and the end of the fiscal year, June 30, 1934. What does this mean? It means that by reason of the furlough order of the Postmaster General about 200,000 postal employees will have more than 50 percent of the 5-percent pay restoration taken away from them by reason of the 4 days furlough.

In other words, the President says to postal employees, "I will give you the 5-percent increase in salary"; and then the Postmaster General is taking it away from them. How inconsistent it is for the President to demand of private employers that they increase wages and shorten hours when

the largest single employer of labor in the world, Postmaster General Farley, under the direct supervision of the President, is reducing the salaries of postal employees by the furlough method without pay. I, as a Member of Congress, cannot take the position that Federal employees are not entitled to the same just consideration of a fair living wage which the President is so strongly advocating in private employment at this time. I stand with the President for increased wages and shorter hours of labor in private employment. But, however, I want the same principle to apply to Federal employees also. [Applause.]

I favor the Senate amendment which relates to compensation and pensions for World War and Spanish-American War veterans. I am one of the few Members of Congress now serving in this body who voted for the declaration of war with Germany. I fully realized what war would mean to our beloved country. It cost us much in blood and treasure. The flower of America's young manhood answered the call, and all that remains of some of them has long been sleeping in Flanders Fields, where the poppies grow and the larks sing high in the heavens. To those we pay honor and tribute today. Many thousands of the boys came back not as they went away—they returned crippled, maimed, and wounded.

In the consideration of the Senate amendment today I am thinking of the young men who once were the flower of American manhood. I am in favor of the Senate amendment because it provides a decent compensation for the World War veterans whose disability is of service connection. In addition to compensation for World War veterans the Senate amendment also provides for the restoration of pensions to the brave veterans of the Spanish-American War. They rallied to the colors in 1898 when the country called. They fought for liberty and against oppression. Let us restore to them the small pension they were receiving until a year ago, and in so doing we will make the remainder of their days a little brighter and happier. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Speaker, I sincerely hope, in view of the action of the Postmaster General, Mr. Farley, that some of the employees do not go out and commit suicide because they are going to lose 4 days' pay.

The other day when we considered this bill we had the most sensible discussion that this House has had since I have been a Member. A lot of us have been arguing here since the last special session that if the leaders would give us a chance to consider these bills and vote on their merits, we would do the sensible, deliberate thing. We demonstrated to you the other day that given the opportunity the House would consider legislation, deliberate on it, and do the thing that is best for all classes in this country. This morning the test is to prove to the leadership that we can continue this ability to take legislation and consider it on its merits. I think we did the right thing the other day. If we did right then, we will not recede from our position, and I do not care what the other body does. I know there is an attitude on the part of some of us to lay this thing on the Senate doorstep and let them take the responsibility for a Presidential veto.

Let us look at it from this viewpoint: If we hold to our position and force our will and the President vetoes it, then it is his fault. If we let the Senate have their way and the President vetoes it, it is our fault. I want you to take the responsibility this morning and insist on our stand and let the responsibility or the chips fall where they may. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, I expect to vote for the Connery motion to recede and concur in the Senate amendment. [Applause.] I am going to do that, because, in the first place, I believe that in the situation this country finds itself, the only thing that will restore prosperity is to put money into the hands of the people who work so that they can spend it with the business institutions of the country.

In the second place, I am going to vote for it because I think it is unfair to the business interests of this country for the Government to urge private employers to increase wages, threaten them with dire consequences if they do not, and then follow the opposite policy with Federal employees. I have no sympathy with the policy of furloughing the Post Office Department employees. It is against the policy that we are asking business to follow. The third reason I am going to vote for this motion is that this House has twice put its neck under the administration yoke and the Senate has "passed the buck" back to us by voting to restore employees salaries. I do not propose to have them get the exclusive credit for restoring salaries to the Federal employees while we are tied down by gag rules and thereby forced into voting for a salary cut. Let us pass the Senate amendment and send it to the White House, then we will have discharged our duty. The question of whether or not such action will be approved by the President is not one for us to decide.

I think in justice, in fairness, and in keeping with the policy of this administration toward private employers we ought to restore the full 15 percent to the employees of this Government, thus setting an example for others to follow. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, if we vote aye to recede, we will restore the full salary of every Government employee drawing up to \$6,000 a year. There is one State that pays its Governor only \$3,000 a year. There are three States that pay their Governors only \$4,000 a year. There are two States that pay their Governors only \$4,500 a year, and there are 19 States that do not pay their Governors over \$6,000 a year.

Mr. SIROVICH. That is all they are worth.

Mr. BLANTON. The justices of the Supreme Court of the State of Texas get only \$6,000 a year, yet if you vote aye you will recede, and you are voting to restore the full salary of every employee of this Government who gets a salary up to \$6,000 a year. Should not employees drawing \$6,000 per year take cuts the same as others?

I am not willing to recede. Are you going to be led by the nose by William Randolph Hearst, who for a whole month has been bullying you daily with his front-page articles, covering all of the top of the front page of his Herald, lambasting you, hounding you, and ridiculing you? Are you going to listen to William Randolph Hearst because he gets money out of the Government employees here in Washington by selling them his Herald? Are you going to follow him against the best interests of the 120,000,000 people in the United States? I am not. The people of New York do not follow William Randolph Hearst. He used to be in this body. The Membership did not follow him. Why are you going to follow him now? Look at his Herald. Look at the tops of his front pages—of his Herald and Times—for the past month. Are you going to follow Babcock, who has ridiculed you every time he has opened his mouth? I am going to vote my conscience for the whole people of the United States. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, if after the action of both Houses of Congress the President of the United States sees fit to veto this bill and we pass a continuing resolution, may I call attention to the economy provisions. The economy provisions, so far as all salaries are concerned, would be waived because the Economy Act expires on June 30, but when it comes to title 2 of the Economy Act involving the veterans, there would be no difference under the operation of the Economy Act so far as veterans' legislation is concerned whether the Connery motion is agreed to or not. The chairman of the subcommittee has stated, and rightly, that the House is bound to the limitations that the House

put on it, so that the worst the veterans can get in conference is 75 percent.

These are the facts, even if a Presidential veto stares us in the face. Personally, I am going to vote for the Connery motion to restore the 15 percent; then if a veto message comes down here and the President is sustained and a continuing resolution comes in, of course the provisions of the Economy Act are null and void after June 30 only in reference to salaries and not in respect of the veterans.

Mr. ALLGOOD. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Alabama.

Mr. ALLGOOD. Would the gentleman care to fix this bill so that the President will veto the bill?

Mr. GOSS. No; I trust that the President will not veto the bill, but there has been no indication by anyone on the floor of this House at any time since this bill has been under discussion as to how far the President is willing to go.

Mr. ALLGOOD. That is what the gentleman is seeking to do. He is putting the President on the spot.

Mr. GOSS. Absolutely not; or anyone else.

[Here the gavel fell.]

Mr. LOZIER. Mr. Speaker, I desire to make a few observations: I do not believe there should be any increase of salaries of Government officers or employees until President Roosevelt's recovery program has made more progress. While economic conditions have substantially improved since the advent of Roosevelt's administration and while agriculture, industry, commerce, finance, and other business activities are emerging from the pit of disaster and from the deplorable conditions in which they were plunged as a result of 12 years of Republican maladministration, yet conditions are not yet normal.

While millions of men and women who were idle under the Hoover administration have found employment and a living wage since President Roosevelt entered the White House, and while there has been a substantial upswing in all lines of business, we have not yet reached the goal, or a point which, in my opinion, justifies any radical increase in the Government pay rolls.

Now, as to veterans' allowances, I favor the House proposal rather than the Senate amendment. The House provision meets substantially the demands of the World War veterans and, moreover, I believe, the President will approve this bill if it carries the House provision while in all probability the bill will be vetoed if Senate amendment no. 22 is in the bill when it is sent to the White House.

With reference to Spanish-American War pensions, there is but little difference between the Senate and House amendments. The Senate amendment provides that Spanish-American War pensions shall be restored to 90 percent of the rates that prevailed before the passage of the Economy Act, while the House voted that the increase should not be less than 75 percent, but the House conferees were not limited to the 75 percent, but can go so high as 90 percent, and, of course, could have agreed to the 90-percent proposal of the Senate. So if the bill is sent to conference, the conferees have authority to increase Spanish-American War pensions to any point between 75 percent and 90 percent of the rates that prevailed before the enactment of the economy bill.

While the House amendment does not give the veterans all they ask, or all I think they are entitled to, I do believe that it represents the most we can hope to get for them at the present time and under present conditions. As a friend of the veterans, I think we would make a mistake if we insist on the Senate amendments, well knowing that their adoption invites a certain veto. We should be practical and look at this question from a practical standpoint.

I believe it was Lord Macaulay who said that he "would rather have an acre in Middlesex than a whole principality in Utopia." Instead of inviting a Presidential veto, we should write a bill that will meet with Executive approval and give the veterans and their dependents a substantial increase in their pensions and allowances. For these reasons I am convinced that the friends of the veterans in this body should insist on the House amendment. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, I am in favor of the orderly procedure of this House. I prize and value the precedents that have been established here in other days, and, as custodians of them, today we should carry on in a fitting manner.

The chairman of the subcommittee comes in this morning and merely asks you to give him the power to carry on with respect to the points on which you declared yourselves only 2 days ago. We do not ask you to do anything else than confirm your decision which was arrived at after careful and long deliberation, lasting 8 hours.

In southern Ireland, in the county of Cork, there is a little town called Ballyhoo, and in this town all the residents take such an active part in any question that comes before them, political, social, economic, or otherwise, that they engage in most strenuous debate, a debate that is without equal in the annals of parliamentary or ordinary discussion, and from the violence of these debates has sprung forth a word known in the English language as "ballyhoo," and last year the Century Dictionary dignified this word by inserting it in the dictionary. The definition of ballyhoo is:

Loud, noisy demonstrations; the barker's cry at a sideshow of a county fair; the noisy emanations of the proprietor at an amusement resort near a city to entice the people in to see the bearded lady and the sea serpent and the gentleman with three legs.

[Laughter.]

Now let us get away from all ballyhoo and find out what this is all about.

The SPEAKER. The time of the gentleman from New York has expired. [Laughter and applause.]

Mr. WOODRUM. Mr. Speaker, I cannot leave my colleague in such a predicament. I yield the gentleman 1 additional minute. [Laughter and applause.]

Mr. BOYLAN. Mr. Speaker, it is hard to say it in a minute, but I shall do the best I can.

Now, what is it all about? There are one of two things to be done. No one can deny that I have been a consistent and loyal friend of the Federal employees and the veterans during the past 12 years. The RECORD will show this.

Here is the question involved now: If we stand by the Committee and vote "no" on the motion to recede, we will get something for the Federal employees—I want my remarks also to apply to the veterans' provisions—but if we do not, or if we vote "aye", all we will do will be to give the veterans and the Federal employees a lot of ballyhoo and nothing else. I can state on the highest authority that this is exactly what will happen. If the motion prevails, it will bring a veto, which means giving nothing to the veterans and nothing to the Federal employees. [Applause.]

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members who have spoken on this matter may have permission to revise and extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts [Mr. CONNERY] that the House recede from its amendment to Senate amendment no. 14.

Mr. PARKER. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 161, nays 225, not voting 46, as follows:

[Roll No. 106]

YEAS—161

Andrew, Mass.	Bloom	Carter, Wyo.	Connolly
Arens	Boileau	Castellow	Cooper, Ohio
Auf der Heide	Bolton	Cavichia	Cravens
Ayers, Mont.	Brumm	Chase	Crosser, Ohio
Bacon	Brunner	Chavez	Cullen
Bakewell	Burke, Calif.	Clarke, N.Y.	Darrow
Beedy	Burnham	Cochran, Pa.	Delaney
Black	Carpenter, Nebr.	Collins, Calif.	De Priest
Blanchard	Carter, Calif.	Connery	Dingell

Dirksen	Hill, Knute	Mapes	Strong, Pa.
Ditter	Hill, Samuel B.	Martin, Mass.	Stubbs
Dondero	Hoeppe	Millard	Studley
Douglass	Hollister	Monaghan, Mont.	Sullivan
Dowell	Holmes	Mott	Sutphin
Dunn	Hope	Moynihan, Ill.	Sweeney
Eagle	Howard	Muldowney	Taylor, Tenn.
Eaton	James	Murdock	Thurston
Ellenbogen	Jenckes, Ind.	Nesbit	Tobey
Eltse, Calif.	Johnson, Minn.	O'Malley	Traeger
Englebright	Kahn	Peavey	Treadway
Evans	Kelly, Pa.	Powers	Truax
Fernandez	Kennedy, N.Y.	Ramspeck	Turpin
Fish	Kinzer	Randolph	Wadsworth
Fitzgibbons	Knutson	Ransley	Waldron
Fitzpatrick	Kopplemann	Reece	Wallgren
Focht	Kvale	Reed, N.Y.	Weideman
Foss	Lambertson	Robinson	Welch
Frear	Lanzetta	Rogers, Mass.	Werner
Gavagan	Lehlbach	Rogers, N.H.	Whitley
Gilchrist	Lemke	Rudd	Wigglesworth
Gillespie	Lesinski	Sadowski	Withrow
Goss	Lindsay	Schulte	Wolcott
Granfield	Lloyd	Scruggam	Wolfenden
Greenway	Lundeen	Seger	Wolverton
Griswold	McCormack	Shoemaker	Wood, Mo.
Guyer	McFadden	Sinclair	Woodruff
Hartley	McGrath	Sirovich	Young
Healey	McLean	Smith, Wash.	Zioncheck
Hess	McLeod	Smith, W.Va.	
Higgins	Maloney, Conn.	Snell	
Hildebrandt	Maloney, La.	Somers, N.Y.	

NAYS—225

Abernethy	DeRouen	Kniffin	Rayburn
Adair	Dickinson	Kocialkowski	Reilly
Adams	Dies	Kramer	Rich
Allgood	Disney	Lambeth	Richards
Andrews, N.Y.	Dobbins	Lameck	Richardson
Arnold	Dockweller	Larabee	Robertson
Ayres, Kans.	Doughton	Lea, Calif.	Rogers, Okla.
Bailey	Doxey	Lee, Mo.	Romjue
Bankhead	Drewry	Lehr	Ruffin
Beam	Driver	Lewis, Colo.	Sanders
Berlin	Duncan, Mo.	Lewis, Md.	Sandlin
Biermann	Durgan, Ind.	Lozier	Schaefer
Bland	Edmiston	Luce	Schuetz
Blanton	Eicher	Ludlow	Sears
Boehne	Ellzey, Miss.	McCarthy	Secrest
Boylan	Faddis	McClintic	Shallenberger
Brennan	Farley	McDuffie	Simpson
Britten	Fiesinger	McFarlane	Sisson
Brown, Ga.	Fletcher	McGugin	Snyder
Brown, Ky.	Ford	McKeown	Spence
Brown, Mich.	Frey	McMillan	Stalker
Browning	Fuller	McReynolds	Steagall
Buchanan	Fulmer	McSwain	Strong, Tex.
Buck	Gambrill	Mansfield	Swank
Bulwinkle	Gasque	Marland	Taber
Burch	Gifford	Martin, Colo.	Tarver
Burke, Nebr.	Gillette	Martin, Oreg.	Taylor, Colo.
Busby	Glover	May	Taylor, S.C.
Byrns	Goldsborough	Meeks	Terrell, Tex.
Cady	Goodwin	Merritt	Terry, Ark.
Caldwell	Gray	Miller	Thom
Cannon, Mo.	Greenwood	Milligan	Thomas
Carden, Ky.	Gregory	Mitchell	Thomason
Carmichael	Griffin	Montague	Thompson, Ill.
Carpenter, Kans.	Hancock, N.Y.	Montet	Thompson, Tex.
Cartwright	Hancock, N.C.	Moran	Turner
Cary	Harlan	Morehead	Umstead
Chapman	Hart	Musselwhite	Utterback
Christianson	Harter	O'Connor	Vinson, Ga.
Church	Hastings	Oliver, Ala.	Vinson, Ky.
Clark, N.C.	Henney	Oliver, N.Y.	Walter
Cochran, Mo.	Hill, Ala.	Owen	Warren
Coffin	Holdale	Palmisano	Wearin
Colden	Huddleston	Parker	Weaver
Cole	Imhoff	Parks	West, Ohio
Collins, Miss.	Jacobsen	Parsons	West, Tex.
Colmer	Jeffers	Patman	White
Cooper, Tenn.	Johnson, Okla.	Perkins	Whittington
Corning	Johnson, Tex.	Peterson	Wilcox
Cox	Johnson, W.Va.	Pettengill	Willford
Crosby	Jones	Peyser	Wilson
Cross, Tex.	Keller	Pierce	Wood, Ga.
Crump	Kelly, Ill.	Plumley	Woodrum
Culkin	Kenney	Polk	The Speaker
Cummings	Kerr	Prall	
Darden	Kleberg	Ramsay	
Dear	Kloeb	Rankin	

NOT VOTING—46

Allen	Crowe	Hughes	Reld, Ill.
Bacharach	Crowther	Jenkins, Ohio	Sabath
Beck	Deen	Kee	Shannon
Beiter	Dickstein	Kennedy, Md.	Smith, Va.
Boland	Doutrich	Kurtz	Stokes
Brooks	Duffey	Lanham	Summers, Tex.
Buckbee	Edmonds	Marshall	Swick
Cannon, Wis.	Flannagan	Mead	Tinkham
Carley, N.Y.	Foulkes	Norton	Underwood
Celler	Green	O'Brien	Williams
Claiborne	Haines	O'Connell	
Condon	Hamilton	Pou	

So the motion of Mr. CONNERY was rejected.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "no", as above recorded.

The following pairs were announced:

On this vote:

Mr. Jenkins (for) with Mr. Claiborne (against).
Mr. Marshall (for) with Mr. Beck (against).
Mr. Douthich (for) with Mr. Brooks (against).
Mr. Condon (for) with Mr. Celler (against).
Mr. Swick (for) with Mr. O'Brien (against).
Mr. Edmonds (for) with Mr. Dickstein (against).
Mr. Crowther (for) with Mr. Sabath (against).
Mr. Buckbee (for) with Mr. Lanham (against).
Mr. Mead (for) with Mr. Stokes (against).
Mr. Deen (for) with Mr. Smith of Virginia (against).

Until further notice:

Mr. Beiter with Mr. Allen.
Mr. Cannon of Wisconsin with Mr. Tinkham.
Mr. Boland with Mr. Kurtz.
Mr. Sumners of Texas with Mr. Reid of Illinois.
Mr. Underwood with Mr. Carley.
Mr. Shannon with Mr. Duffy.
Mr. Crowe with Mr. Foulkes.
Mr. Flannagan with Mr. Hughes.
Mrs. Norton with Mr. O'Connell.
Mr. Kennedy of Maryland with Mr. Haines.
Mr. Kee (for) with Mr. Hamilton (against).

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. As I understand it, the practice has been for some time that when a Member changes his vote from "no" to "aye" or from "aye" to "no" there is nothing in the RECORD to show it. The reporters do not take it down.

I make the point of order at this time that every word that is uttered in this House should appear in the CONGRESSIONAL RECORD, and I make the point of order that when a Member changes his vote, as was done 2 days ago, when 40 or 50 Members on the majority and minority sides changed their votes, that change should appear in the CONGRESSIONAL RECORD.

The SPEAKER. The gentleman from New York is correct as to the practice that has prevailed heretofore. The Chair thinks that if a Member changes his vote it ought to appear in the RECORD, and hereafter the reporters will see that all Members who change their votes are reported in the CONGRESSIONAL RECORD. [Applause.]

Mr. McFARLANE. A point of order, Mr. Speaker. I want to say that there were only about 26 who changed their votes instead of 40 or 50.

Mr. CONNERY. Mr. Speaker, the gentleman from Rhode Island, Mr. CONDON, and the gentleman from New York, Mr. MEAD, are unavoidably absent. If they were here, they would vote "aye."

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Is there any provision in the rules for such an announcement as has just been made by the gentleman from Massachusetts?

The SPEAKER. There is no provision in the rules for an announcement of that character.

Mr. SNELL. I make the point of order that the gentleman is out of order. If the rules are going to be invoked, let us abide by all of them.

The SPEAKER. The point of order is sustained.

Mr. CONNERY. Mr. Speaker, the Chair just ruled that all remarks uttered on the floor of the House must go in the RECORD; therefore my announcement must go in the RECORD.

The SPEAKER. The Chair cannot recognize the gentleman for that purpose under the rules.

Mr. MAPES. Mr. Speaker, I make the point of order that a Member has no right to make a speech until he is recognized by the Chair.

The SPEAKER. The point of order is sustained.

The result of the vote was announced as above recorded.

On motion of Mr. WOODRUM, a motion to reconsider the vote whereby the motion of Mr. CONNERY was rejected was laid on the table.

Mr. WOODRUM. Mr. Speaker, I move that the House insist on its amendment to Senate amendment 14.

The question was taken, and the motion was agreed to.

The SPEAKER. The Clerk will report House amendment to Senate amendment no. 22.

The Clerk read as follows:

The House agrees to Senate amendment no. 22 to said bill, with the following amendment:

In lieu of the matter inserted by the Senate amendment insert the following:

"SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases.

"SEC. 27. Where service connection for a disease, injury, or disability not caused by his own willful misconduct was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided*, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933.

"SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptably connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this para-

graph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.

"SEC. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: 'Provided, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses.'

"SEC. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 25 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases, and except where his disability is the result of his own willful misconduct: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax: *Provided, however*, That a veteran in Federal employ shall not receive more than \$6 per month if his salary, if single, exceeds \$1,000, and if married \$2,500: *Provided further*, That this section shall not apply to any person who enlisted after August 12, 1898, and who did not serve in either the Boxer rebellion or the Philippine insurrection.

"All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

"SEC. 31. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws: except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"SEC. 32. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"SEC. 33. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pension.'

"SEC. 34. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

"SEC. 35. That notwithstanding the provisions of section 17 of title I of an act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, and section 20 of an act entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes', approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws."

Mr. WOODRUM (interrupting the reading of the amendment). Mr. Speaker, I ask unanimous consent that the

reading of the House amendment to Senate amendment no. 22 be omitted and that it be printed in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I move that the House insist on its amendment to Senate amendment no. 22.

Mr. CONNERY. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. CONNERY moves that the House recede from its amendment to Senate amendment no. 22 and concur in the Senate amendment.

Mr. WHITTINGTON. Mr. Speaker, I demand a division of the question.

The SPEAKER. The question will be divided.

Mr. WOODRUM. Mr. Speaker, the parliamentary situation is the same on this amendment as it was on amendment numbered 14. As far as I am concerned, I am ready to vote now. [Cries of "Vote!"]

Mr. SNELL. Mr. Speaker, I think the gentleman should explain exactly what the vote is, and then should let us vote.

Mr. RANKIN. Mr. Speaker, I should like to have a few minutes.

Mr. WOODRUM. Mr. Speaker, I am extremely impatient to get off the floor and take this matter away, so that other business may proceed, but it is an important matter and our colleagues on both sides of the Chamber are interested in it.

Mr. BYRNS. Mr. Speaker, may I interrupt the gentleman to say that just as soon as we conclude this we will take up the Bankhead bill, and if we conclude that tonight we will adjourn over tomorrow. If we do not get through with the Bankhead bill tonight, we will have to have a session tomorrow.

Mr. CONNERY. Mr. Speaker, I am just as anxious to get to a vote as the gentleman from Virginia is, but I think the Chairman of the Veterans' Committee and a few others would like to say a few words.

Mr. WOODRUM. I am sure that we can expedite the matter with the cooperation of the gentleman and other gentlemen on the floor. As I started to say, the parliamentary situation on amendment numbered 22 is exactly what it was on amendment numbered 14. The House has expressed itself. The conferees feel that that is an instruction to the conferees, and if we do go to conference with the Senate conferees we will insist on that position or bring the matter back to the House.

Mr. GOSS. Does not the gentleman mean within the limits of the two Houses and not necessarily the exact language of the House?

Mr. WOODRUM. As one conferee I say to my colleague, who is also a conferee, that I feel that the substance of the House amendment, certainly insofar as the rate and terms are concerned, is binding upon the conferees.

Mr. GOSS. Within the limit of the two Houses?

Mr. WOODRUM. Yes. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I am not going to take any time of the House except to say that we are facing the same situation now on this veteran amendment numbered 22 that we did on amendment numbered 14. A division of the question has been asked. If you favor concurring in the Senate amendment, you will vote "yea", and if you want it to go to conference, you will vote "nay." If we pass the first vote, to recede, the next motion will be on the motion to concur, and that vote will be "yea" if you wish to concur in the Senate amendment. I understand in a few moments that the Chairman of the Veterans' Committee, the gentleman from Mississippi [Mr. RANKIN]—and I have no desire to object to his doing it—will read a letter to you from the legislative representative of the American Legion. I understand the letter is going to say that the amendments passed by the House the day before yesterday are acceptable to the Legion, and I say to my colleague from Mississippi, the Chairman of the Veterans' Committee, that neither John Thomas Taylor nor the national commander of the American Legion, or anyone else, has any right to speak for the

11,000 posts of the American Legion whose representatives voted at the Legion national convention for the Legion's four-point plan, three points of which are in the McCarran-Steiwer amendment, which I am asking you now to adopt, and I hope you will vote "yea" and adopt the McCarran-Steiwer amendment. [Applause.]

Mr. TAYLOR of Tennessee. And Mr. John Thomas Taylor has no right to speak for the Spanish-American War veterans.

Mr. CONNERY. No; and he has no right to speak for the Grand Army veterans.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. PETTENGILL. And the American Legion at this national convention decided not to press for the bonus this year.

Mr. CONNERY. That is true.

Mr. PETTENGILL. Then why did not the gentleman stand by them?

Mr. CONNERY. Oh, I do not have to stand by what the Legion does in my legislative capacity. If the gentleman from Mississippi [Mr. RANKIN] believes this is the right thing to do, that is his business. One of my colleagues asked me yesterday if the Disabled Veterans of the World War or the Veterans of Foreign Wars or the American Legion takes a certain stand, does that mean that we have to stand by them, and I said "No"—that he should vote as he pleases and that I vote as I please; but I wish to make it clear that I do not believe that the letter of John Thomas Taylor represents the views of the million members of the rank and file of the Legion as expressed by them through their delegates at the last Legion national convention, when they voted for a four-point program, three points of which are in the McCarran-Steiwer amendment and are not in the amendments passed by the House the day before yesterday.

Mr. COCHRAN of Missouri. The gentleman said that John Thomas Taylor has no right to speak for the Spanish-American War veterans.

Mr. CONNERY. That is correct.

Mr. COCHRAN of Missouri. And neither has the gentleman from Tennessee [Mr. TAYLOR] a right to speak for them.

Mr. CONNERY. No; but he can tell what he thinks they want.

Mr. BAILEY. And this is the third time that the House has been called on to pull the chestnuts out of the fire, is it not?

Mr. CONNERY. Yes. I hope the House will vote "yea" on both of these motions, thereby concurring in the Senate amendments, which is what I believe is desired by thousands of disabled veterans of the Nation.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RICH. Mr. Speaker, before the gentleman begins, I rise to a parliamentary inquiry. Is it possible for us to separate the vote here, so that we do not have to vote for our own increase in salary in order to get something for the veterans?

The SPEAKER. It is not possible.

Mr. RANKIN. Mr. Speaker, I am supporting what we did the night before last, because I think it is our only chance to get anything for these disabled veterans at this session of Congress. I have taken this proposition up with the American Legion and I have taken it up with the Disabled Veterans of the World War. I am going to read a letter from the representative of the American Legion, dated today:

THE AMERICAN LEGION,
Washington, D.C., March 16, 1934.

HON. HENRY T. RAINES,
Speaker of the House.

MY DEAR SIR: Relative to the amendments in the independent offices bill as they affect legislation suggested for veterans, the action taken in the House on March 14 is satisfactory to the American Legion.

They substantially cover three points of the American Legion program. This is concurred in by the national commander, Edw. A. Hayes.

Yours truly,

THE NATIONAL LEGISLATIVE COMMITTEE,
JOHN THOMAS TAYLOR.

In addition to that, I talked with Commander Hayes, whom I have known for a long time. I served with him on the rehabilitation committee at two different National American Legion conventions. I talked with him yesterday afternoon, and he is extremely anxious that we stand by what we did the night before last. [Applause.] I had a conversation a few moments ago with the distinguished legislative representative of the Disabled Veterans of the World War, and he said that under the circumstances he thought the best thing to do would be to go ahead and accept what the House did the night before last.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. WOODRUM. Mr. Speaker, I yield the gentleman 2 minutes more.

Mr. GOSS. Has the gentleman any information as to whether if the House passes the so-called "Taber amendment" the President would sign the bill?

Mr. RANKIN. No; I have not. I say this, however, that he will come a great deal nearer to signing this than he would the Senate bill. That is what I am interested in, because if it is not signed and does not become a law, I fear they will not get anything.

Mr. BROWNING. Will the gentleman yield?

Mr. RANKIN. No; I do not have time. He will come nearer signing this bill than he would if you loaded it down further.

Mr. GOSS. But the gentleman has no assurance that he will sign this?

Mr. RANKIN. No; he has not told me so, but I believe he will sign it.

Mrs. ROGERS of Massachusetts. Does the gentleman believe that the Legion has a right to speak for the tuberculosis cases? They are so desperately in need of their increased amount.

Mr. RANKIN. In the words of Shakespeare, "The lady doth protest too much, methinks." Last year when we had this proposition up on the economy bill the lady from Massachusetts [Mrs. Rogers] voted for it and I voted against it. [Laughter and applause.] I am trying to get back for these disabled men a part of what the lady from Massachusetts helped take away from them last year. [Laughter and applause.]

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the lady from Massachusetts [Mrs. Rogers].

Mrs. ROGERS of Massachusetts. Mr. Speaker, at the time when the President had closed every bank in the country to prevent, he said, a worse economic condition, at which time people were living in terror, Congress passed the Economy Act. The act, among other things, gave the President authority to rewrite the laws relating to veterans' compensation. I shall quote one paragraph from the President's message to Congress on March 10 regarding his plans for the disabled veterans:

The last Congress enacted legislation relating to the reorganization and elimination of executive agencies, but the economies thus to be effected are small when viewed in the light of the great deficit for the next fiscal year. They will not meet the pressing needs of our credit situation. Provision for additional saving is essential, and therefore I am asking the Congress today for new legislation laying down broad principles for the granting of pensions and other veteran benefits and giving to the Executive the authority to prescribe the administrative details. We are unanimous in upholding the duty of the Government to care for those who suffer in its defense and for their widows and orphans. The application, however, of this great principle to large numbers of people involves complications—so great that it is almost impossible to draw legislation with sufficient flexibility to provide substantial justice in varying situations. The proposed legislation states the principles and, limited to them, permits the Executive to draw the lines of differentiation necessary to justice.

Can we be blamed by the Democrats in trusting their President when he said he would do justice to the veterans? Many of us in the House, when we voted for the economy bill last year which gave so much power to the President, had not the slightest conception that the President would really hurt the veterans. We were actually stunned when we read his regulations. He had the chance of a lifetime to eliminate unwise laws and to keep wise ones and to do justice. But what did he do to the veterans of all wars, their widows and their orphans? I cannot understand, Mr. Speaker, why there is laughter from the Democratic side when we speak of people who have committed suicide, when we speak of the ill and the disabled. I cannot understand why the Democratic side booed Mr. DIRKSEN when he told us of the Federal employee who had just committed suicide. I have previously spoken of playing politics with human suffering. This is laughing at human tragedy. I wonder what the people who read the *RECORD* think? It is a very serious matter.

I wonder what the Members of Congress think of this case. A veteran who was in an airplane crash in Texas during the war—I shall give you his name, Lt. Frederick Connelly. As a result of the airplane crash, he is paralyzed from his waist down, a double permanent total case. He was cut last spring 60 percent under the President's administrative ratings. We Members all know this is only one case of many who were cruelly cut. It is injustices of this kind I am protesting against now. I did not vote to cut these TB men and NP men from the rolls nor the Spanish War veterans. I did not vote to cut the service-connected cases 60 percent or to cut them at all. We were promised by spokesmen for the President that they would not be cut.

Mr. RANKIN. Will the lady yield?

Mrs. ROGERS of Massachusetts. I am sorry. The gentleman had time and he would not yield to me but once.

Mr. RANKIN. The lady did vote for that.

Mrs. ROGERS of Massachusetts. I beg the gentleman's pardon. I did not. The President made his own regulations.

Mr. RANKIN. Oh, no. The lady voted for it, and we told you on the floor what it would do.

Mrs. ROGERS of Massachusetts. I beg the gentleman's pardon. The President made his own regulations. Day after day, week after week, month after month has passed and the World War Veterans' Committee, of which I am a member, has not held a hearing since the new deal came into being over a year ago. For 1 year the veterans have had no opportunity in the House to present their case or plead their cause. This has not happened before since the World War. We know the gag rules. This may be our only chance to help the disabled veterans. I hope, Mr. Speaker, that the House will write into law what we know is just, what we know is right. We cannot leave it again to chance. We cannot leave it again to misjudgment.

The SPEAKER. The time of the lady from Massachusetts [Mrs. ROGERS] has expired.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I confess the temptation to vote for this House amendment is very strong, particularly because the amendment offered by the gentleman from New York fixes it so that our own salaries will be raised; but I am not willing to yield to that temptation when I am compelled to concede in that same amendment that we are only willing to put a few disabled presumptive cases back on the rolls, put back the Spanish-American War veterans, who, because of age or disease, deserve a pension, at only 75 percent of what they received before passage of the Economy Act. I can appreciate the temptation that is in this amendment appealing to our own pockets, but I am willing to forego an increase in my own salary if we can put back on the pension rolls the deserving Spanish-American War veterans, World War presumptives that saw active service across the sea and are entitled to be supported by the Government until they can find a job or get work which will enable them to make a living in spite of their disability

handicap. I am not going to take the temptation laid down by the Republican side of this House in the Taber amendment, which gives us a whole return of our own salary as reduced by the Economy Act but restores deserving veterans only to 75 percent of what the Economy Act took from them.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Speaker, as a conferee I am a servant of the House and will, of course, follow the instructions which have been given. In the brief time given to me I want to express my individual views upon both amendments which are now under consideration.

First let me say that I favor paying Government employees the full amount of their salaries, whatever that may be. If there are to be changes in the amounts to be paid, these changes should be made by the legislative committees of the House. I have never been in favor of making any reservations of any amount, so far as Government salaries are concerned, and in my judgment the full amount appropriated for salaries should be paid to the Government employees. It follows, therefore, that if my own individual views were followed that I would restore the entire maximum amount of all Government salaries. As stated, however, I am a servant of the House, and the House has given the conferees instructions to restore 5 percent on February 1, 1934, another 5 percent on July 1, 1934, and the date of the restoration of the remaining 5 percent will be left to the President.

Under the instructions given the conferees we must attempt to compose the differences between the two Houses.

Now, with reference to the second amendment, permit me to say that no man in the House is a better friend of the soldiers or more anxious to restore the maximum amount of benefits to them than I am. If I had my way about it, insofar as veterans' legislation is concerned, I would repeal the provisions of the Economy Act and restore to the soldiers of all wars all of the benefits which they enjoyed on March 19, 1933. [Applause.]

We know, however, that this cannot be done. Everyone familiar with the situation here knows that the effort being made here is only an idle gesture. The Members of the House are thoroughly familiar with the situation. It has been discussed on the floor of the House, the situation has been earnestly talked over in caucus, it has been discussed in the press, and the Members have discussed it in the cloakrooms, so that everyone knows that the full amount of benefits, regardless of our own individual views, cannot in this bill be restored to the Spanish-American War veterans or to the ex-service men of the World War. This is recognized by Col. John Thomas Taylor, chairman of the legislative committee of the soldiers of the World War, and by the national commander of the American Legion, Hon. Ed. Hayes. They know that the amendment upon which we are about to vote carries the maximum amount that can be secured. I am therefore going to vote for it. If there were any chance to secure more, I would vote for that.

I should prefer to follow those who really know the situation and who represent the soldiers of the country, rather than to attempt to deceive them. Every Member of the House knows that the President has let it be known, both to Members of the Senate and of the House, that he will veto this bill if the Senate amendments remain in it unchanged. I feel sure that while the Spanish-American War veterans and the ex-service men of the World War, in my district, would like to see the full benefits restored, as they enjoyed them before the passage of the Economy Act on March 19, 1933, yet I know they would prefer to have the benefits as incorporated in this amendment, rather than to have none at all.

Let us not deceive ourselves. That is what a vote upon this amendment means. If we want to benefit the soldiers, either the Spanish-American War veterans, or the ex-service men of the World War, we should vote for all that can be secured for them.

There is not a man in the city of Washington, either in or out of Congress, familiar with the situation, who does not know this to be true. Then why not have the intellectual and moral courage to explain to our constituents the real situation that confronts the House, and say to them that a vote in favor of the Senate amendments means a veto, and means that no benefits will be restored to the soldiers of any wars, whereas a vote for this amendment means a restoration of more than three fourths of the benefits the soldiers of all wars enjoyed on March 19, 1933.

I favor the four-point program of the American Legion and have introduced a bill to that effect. While this bill does not embody all that the members of the American Legion want, it is a long step in that direction. With this much restored, it will be easier to secure amendatory legislation restoring the balance.

This amendment will place the remaining presumptives, to the number of 29,000, back on the rolls with three fourths of the benefits which they enjoyed before the Economy Act was passed. Defeat this bill, or have it vetoed, and, of course, they will get nothing. Every Member of the House knows that this bill cannot be passed by a two-thirds vote over the veto of the President.

I was a Member of the House during the World War and felt keenly then the responsibility of enacting legislation to carry on the war. I have voted for all legislation for the benefit of the soldiers of the country and am anxious to see that the differences between the House, the Senate, and the President be ironed out so that the maximum amount of benefits may be secured for them.

When you examine the RECORD of March 14, 1934, it will be found that those voting for this same amendment include Maj. A. L. BULWINKLE, of North Carolina; Capt. JERE COOPER, of Tennessee; Capt. GORDON BROWNING, of Tennessee; WRIGHT PATMAN, of Texas; Gen. CHARLES H. MARTIN, of Oregon; JOHN E. RANKIN, of Mississippi; LAMAR JEFFERS, of Alabama; and numerous other veterans who saw distinguished service either in the Spanish-American War or in the World War. The soldiers have no better friends. These men know the situation. They appreciate, as I do, that this amendment represents the most that can be secured for the soldiers at the present time. All of them perhaps would go further, as I would go, but they are unwilling to refuse to take all that can be secured at this time by this amendment. That is the situation that confronts us. Every Member of the House knows this. We should have the intellectual and moral courage to recognize this fact and explain it to those who have confidence in us.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Speaker, this House can do anything it wants to. We should build our appropriations up to a principle and not cut a principle down to the appropriation. That is the way I feel about this matter.

Mr. CONNERY. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. CONNERY. The Victory Post of the American Legion here in Washington this morning repudiated Mr. Taylor's stand.

Mr. WEIDEMAN. Yes; and there will be many more American Legion posts repudiate his action before long. Louis Johnson last year in a letter to a Member of this Congress, which was read into the RECORD, approved of the passage of the economy bill, and I know that is not with the approval of the rank and file of the members of the American Legion.

Two years ago the now chairman of the legislative committee of the national organization of the American Legion, Raymond Kelly, of Detroit, at the State convention at Grand Rapids, in his annual report showed the connivance that was going on at the national headquarters at Indianapolis. For years a small group of men known in the American Legion as the "king makers" were directing the Legion for their own purposes.

These men boasted that they controlled the policies of the Legion; they were the men who hand picked the national commanders. The rank and file of the Legion protested against this.

THE KING MAKERS

Now, who were these king makers? Mark McKee, of the State of Michigan, lately of the city of New York—a tremendously wealthy man, who has lost the common touch. You may inquire why he has dropped from Legion politics lately. Then there were other king makers, such as Hanford MacNider, who, after his term as national commander of the Legion, used that weapon to be appointed Ambassador to Canada, thereby forever removing him from the ranks of the buck private and away from their viewpoint toward fundamental economic matters.

Then there was Dike O'Neil, a past national commander, who ended up selling trucks to the United States Army.

And who is John Thomas Taylor? In the Washington telephone book I see he is listed as both a colonel and a lieutenant colonel. In all my time I never heard of very many colonels who did not "go society."

I shall intend in the future, as in the past, to carry on my fight for the buck private in the rear rank; the colonels can take care of themselves. It is the privates, and not the colonels, that need help.

As to the American Legion situation last year, we voted the economy bill, but, thank God, I was not one who voted for it. The chairman of our committee read a telegram or a letter from Louis Johnson, then national commander of the American Legion, who said he spoke for the membership and approved the Economy Act, and you all know now that was not so. I want to say to you today that there are in this Chamber two men, Jimmy Van Zandt and George Brobeck, both veterans, who are the national commander of the Veterans of Foreign Wars and the legislative representative, who are fighting for the buck privates every minute. They are interested in veterans of foreign wars and in all the soldiers of all wars, and they have not lost courage but are carrying on the fight with real vigor. I do not know anything about national soldier politics, but in Michigan every veteran connected with the Disabled American Veterans, representing the real soldiers, the men who did the real fighting, the disabled, are for the concurrence of the Senate amendments, as are the Spanish War veterans. Let me tell you this: The American Legion too long has been ruled by the top, by McKee, O'Neil, and other men who are known as "king makers", who select the men they are going to run for national office before the convention ever meets. They are not representative of the rank and file of the Legion. The real Legionnaires are going to continue this fight with us until all veterans get real justice.

Mr. CONNERY. Mr. Speaker, will the gentleman yield? Mr. WEIDEMAN. I yield.

Mr. CONNERY. Every member of the Veterans of Foreign Wars is in favor of the McCarran-Steiwer amendment.

Mr. WEIDEMAN. They certainly are.

Mr. CONNERY. And every one of them is an overseas man.

Mr. WEIDEMAN. They did the fighting.

They let Richard Whitney and other members of the stock exchange come here and tell the Senators and Members of the House what they want to have written into law, but I am not willing to sacrifice the heroes of this country for those men. If we are going to give the country to the bankers, I am in favor of doing justice to the heroes who made the money for the bankers. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, day before yesterday I voted for the Taber amendment, believing that that might be a possible way to obtain a compromise in this matter; but today we are told there is little or no hope of obtaining that compromise. Therefore, I am not going to continue to vote for the Taber amendment but will vote to concur in

the Senate amendment, send the bill to the White House, and let the President veto it if he chooses to do so. That will be his responsibility.

Further, the Senate has rejected the Taber amendment. Therefore, someone must now back up, either the Senate must back up on its amendments or the House must back up on the Taber amendment. I choose to back up on the Taber amendment, as I only voted for it in the hope that it might be a reasonable compromise upon which the Senate, House, and the President might get together on something which would provide for reasonable restoration for Spanish War veterans and actual and presumptive service-connected cases of the World War. Now there is little hope for such a compromise to be accepted. The Senate has rejected it and the House leaders hold out no assurance that the White House will accept the Taber amendment.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. EDMISTON].

Mr. EDMISTON. Mr. Speaker, as I understand the Taber amendment, which I favor, it leaves the disabled officers who were actually disabled in combat on the retired list, but keeps off that roll all the "medicos" and lawyers who got themselves on the retired-pay list but who never had any business on it. [Applause.] I am getting tired of these 90-day noncombatant soldiers copping all the gravy from veterans' legislation. [Applause.]

Just the other day the War Department appointed two major generals to fill vacancies. Did they pick combatant officers, men who commanded combat units in France during the World War? They did not. They picked general headquarters' colonels.

I want the reward to go to the real soldier, the man who did the fighting during the World War, and I want to see the medicos and the lawyers taken off the list.

The very fact that the Economy Act cut the retired emergency officers' list from 6,600 to 1,500 shows how many of those on the list had service-connected disabilities. This retired emergency officers' list was the only pension list in the history of the world that contained more doctors than it did infantrymen.

This Taber amendment restores the Spanish War veteran to 75 percent of his former pension and, in my opinion, is all that the President will stand for. He will not stand for the Senate amendment. The Taber amendment gives to the American Legion 75 percent of its four-point program. It gives to the veterans of our last two wars 75 percent of what their recognized organizations asked for them in their national conventions assembled within the present year.

In other words, my colleagues, I favor the Taber amendment because it takes off the pension rolls the gold brickers of the officers' retired list and gives to my own comrades of the World War 75 percent of their program and gives to the Spanish War veterans 75 percent of what they had. I hope that the President will see his way clear to grant them this, but I am sure he would not grant the Senate amendment. Therefore I take for my comrades three quarters of a loaf when I know I cannot get them a whole loaf.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. McFARLANE].

EMERGENCY OFFICERS OF THE ARMY SHOULD BE TREATED AS FAIRLY AS THE SAME OFFICERS OF THE NAVY AND THE MARINE CORPS

Mr. McFARLANE. Mr. Speaker, in answer to the statement the gentleman has just made in regard to emergency officers, let me say that the provisions of section 31 of this bill, as affected by the Senate amendment, makes it very difficult for emergency officers to get on the roll. Let us be fair with the emergency officers, as well as the enlisted men. Section 10 of the Selective Service Act of May 18, 1917, provides as follows:

That all officers and enlisted men of the forces herein provided for, other than the Regular Army, shall be in all respects upon the same footing as to pay, allowances, and pensions as officers and enlisted men of corresponding grades and length of service in the Regular Army.

This is the law under which all men entered the service. In spite of this provision of the law emergency officers were

not retired on a parity with officers of the Regular Army. On June 4, 1920, an amendment was enacted by Congress having similar provisions as the amendment herein allowing emergency officers of the Navy and Marine Corps, disabled in line of duty and in line of service, to be retired on a parity with officers of the Regular Establishments. Now, why cannot we be fair about this matter and keep faith with all these men of the service by treating them all alike.

They must be service-connected cases. Under the law all but service-connected cases have already been taken off and are off the roll. Under these amendments these officers will be required to furnish more proof than is required to be furnished by any other veteran in the service. So do not be misled by the proposition; do not be deceived. Under the provisions of section 31 an emergency officer must have received his injury in line of duty, and it must be a matter of record on his service record before he can be considered service connected and entitled to retirement pay.

Further, gentlemen, we find ourselves in the parliamentary situation at this time which is rather perplexing. When this bill was originally before us, we did not do anything for the veterans. When it went over to the Senate, the Senate marched up the hill and put these amendments on the bill. They sent the bill back to us with these amendments, and we marched down the hill again. We sent it back to the Senate on yesterday, and the Senate has again refused to recognize our position—just as they did all last session on veterans' legislation. We put our neck into the noose every time. When are we going to stand on our own feet and vote our honest convictions? [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, I recognize that this is a difficult vote for every Member of the House. When I was assured this morning by the chairman of the subcommittee that the 10 percent would be restored anyway, I supported his stand in the matter. If I had thought otherwise, I would have voted to concur in the Senate amendment.

As far as the Borah amendment is concerned, it has no proper place in this part of the bill. I should be glad to join in the consideration of the advisability of retaining the cut in our own salaries in the legislative bill when it comes before us in a few days. Let us not put ourselves in the position of voting against the Taber amendment because of the implication of the Borah amendment; we are supposed to be voting on the veterans' restoration of benefits.

I desire to vote for the veterans, especially the Spanish War veterans; and I believe the Taber amendment is the sensible way to vote on the matter to really assure such restoration.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, the chance for which we have been fighting here ever since March 1 has come. We are about to vote directly upon the motion to concur in the Senate amendments restoring full compensation to disabled veterans of the World War and reinstating the pension status of Spanish-American War veterans.

Whether this motion prevails or whether the House decides to insist upon the Taber amendment adopted day before yesterday, and which provides only for partial restoration, the disabled and the aged veterans of all wars have won an outstanding victory by our action here, for we have at least gained the opportunity to vote yes or no upon the Senate amendments—an opportunity which the administration leaders have sought heretofore to deny us.

The fate of these veterans is in your hands on this motion, and I have only one word now to say: That is to remind you that throughout this debate no one has advanced the argument that the Senate amendments give the disabled veteran too much and no one has contended that the pensions of Spanish War veterans should not be restored to the extent the Senate amendments provide.

The sole argument advanced against adoption of the Senate amendments is that if they are adopted, the President

will veto the bill. As to that argument let me say this: Nobody knows what the President will do. He has not indicated what he will do. He has not authorized anyone to say for him here what he will do.

But the question here is not what the President might do. This motion is not before the President for decision. It is before us. And the sole question is whether we believe the veterans are entitled to the relief the Senate amendments provide.

I say that the Senate amendments which are before us now are fair and just, and I repeat that no legitimate argument has been advanced in this debate against any of them. Who, I ask you, has said anything about the amendments that would cause a single one of you to vote against them, except the bare assertion that if the Senate amendments are adopted the President will veto this bill? And as to that assertion I challenge not only its truth but I also challenge the right of any Member to make it, except as a statement of his own opinion. It is not legitimate debate. No evidence has been produced here as what the views of the President are upon this legislation.

And in this connection let me say further that no matter what the views of the President may or may not be, that is certainly no reason and no excuse for any Member of this body to vote against his own convictions when the roll is called on this motion. If the House of Representatives is to vote favorably only on that which the President shall approve of in advance, and if we are to be restrained, gagged, and subdued in our voting privilege by threats of a veto from the White House, then I say Congress had better adjourn permanently and go home. [Applause.]

The Senate amendments are not only fair and just; they are merciful as well. They take the cruelty and the inhumanity out of the Economy Act. You have the opportunity now for the first time to vote in favor of them. The great decisive moment for which the sick and disabled and the aged veterans have been waiting ever since the passage of the Economy Act is here. Let us not pass them by. Let us not give them less than they deserve. Let us vote for the Senate amendments. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. PATMAN].

BORAH AMENDMENT

Mr. PATMAN. Mr. Speaker, the Borah amendment provides that all salaries above \$6,000 will have the 15-percent reduction, while the employees receiving a smaller sum will suffer no reduction. I am in favor of its going to conference, but I would make the maximum \$2,500, and no restoration for salaries above this amount. In that event we will save some money.

Mr. DOWELL. Will the gentleman yield?

Mr. PATMAN. I cannot yield.

Mr. WOODRUM. I yield the gentleman an additional minute. The gentleman knows that cannot possibly go through.

Mr. DOWELL. The gentleman's statement is incorrect.

Mr. PATMAN. We can regulate it so that the \$7,000 employee will not have to take less than \$6,000 and the \$6,000 employee will continue to get \$6,000. We can in some way, by a bill for that purpose or otherwise, arrange a graduated reduction, so that the \$2,500 or \$3,000 a year employee will not take any reduction at all, but all above that amount be compelled to take a graduated reduction that will be fair. This should go to conference. I refuse to yield further, because I want to talk about veterans.

VETERANS' PART OF BILL

Suppose we pass the bill as the Senate wants to pass it, and it should become a law. We will put back on the pension rolls practically every case that brought the veterans into disrepute before. We give our enemies the same weapons to slay us with that they had before the Economy Act. It will put all the willful misconduct cases back on the pension rolls. It will put the peace-time veterans, who did not serve during the war, back on the pension roll as war veterans. It will put the rich veterans back on the pension

roll. It will put remarried widows back on the pension roll. It will put the retired emergency officers back on the roll, and they will receive from \$106 to \$416 per month. You cannot defend such proposals.

SHALL WE TAKE BAD TO GET GOOD?

Are you willing to put back all of these cases on the roll that brought the veterans into disrepute before in order to get something you want? I want these things you have been talking about. The American Legion's three points are not jeopardized in any way in the world if this bill is sent to conference. The conferees cannot accept less, so we are not going to lose the good provisions. The only provisions you have a chance to lose are the bad provisions, the ones that brought the veterans into disrepute before. If you want to help the veterans purge the pension rolls of all undeserving and unmeritorious cases, then just restore the deserving and meritorious cases and leave the others off the pension rolls and you will help the veterans of this country, but in no other way. [Applause.]

[Here the gavel fell.]

DISABILITY-ALLOWANCE CASES

Mr. PATMAN. Under an amendment to the World War Veterans' Act July 3, 1930, any honorably discharged ex-service man who entered the service prior to November 11, 1918, and served 90 days or more during the World War, and who was suffering from a 25-percent or more permanent disability not the result of his own willful misconduct, and who did not pay an income tax the preceding year, was entitled to a disability allowance. In March 1933, 412,482 of these veterans were drawing an allowance, as follows: 272,399 for a 25-percent to 49-percent disability, \$12 a month each; 92,377 for a 50-percent to 74-percent disability, \$18 a month each; 21,343 for a 75-percent to 99-percent disability, \$24 a month each; 26,363 for a total and permanent disability, \$40 a month each. The average monthly payment was \$15.75.

The act of March 20, 1933, or Public, No. 2, struck all these cases off the pension rolls except the total and permanent cases, and their rate of pay was reduced from \$40 a month to \$20 a month by regulation, but later raised to \$30 a month by the House compromise in June 1933.

The bill before us now, the independent offices appropriation bill, does not in any way affect these cases. No amendment of either the House or Senate changes their pension status in any way.

SPANISH-AMERICAN WAR VETERANS

When Public, No. 2, was enacted in March 1933, pensions were being paid to 193,921 veterans of this war. All but about 25,000 were nonservice connected; 9,330 were receiving \$20 a month, 19,984 were receiving \$25 a month, 54,022 were receiving \$35 a month, 60,948 were receiving \$50 a month, 40,521 were receiving \$60 a month, and 2,825 were receiving \$72 a month. There were also on the pension roll at that time 38,797 widows, minor children, and dependents of veterans of this war—36,802 widows. Widows drew \$30 a month regardless of whether their veteran husbands died of service-connected or non-service-connected disabilities.

PRESENT LAW, SPANISH-AMERICAN WAR

Present laws and regulations provide that these veterans who are totally and permanently disabled for a nonservice disability will receive \$30 a month, the same as World War veterans disabled to the same extent. Those who are non-service connected and substantially disabled and in need will receive a minimum of \$15 a month—World War veterans under the same facts receive nothing. Widows whose husbands died of non-service-connected disabilities will receive \$15 a month—World War widows under the same facts receive nothing. Willful misconduct, after-war cases, and rich veterans are excluded.

SENATE AMENDMENTS, SPANISH-AMERICAN WAR

The Senate amendments to the pending bill restore all these veterans and their dependents to 90 percent of what they were receiving March 19, 1933, and put back on the pension roll the misconduct cases and cases of veterans who did not enlist until after the war was over and did not serve

in either the Philippine insurrection or Boxer uprising. They also put back the remarried widows of these veterans which were stricken off by Public, No. 2.

HOUSE AMENDMENTS FOR SPANISH-AMERICAN WAR VETERANS

The House amendments restores these veterans and dependents to 75 percent of what they were receiving March 19, 1933, excepting willful misconduct cases, after-war cases, and remarried widows.

WHAT CAN BE DONE IN CONFERENCE

If the bill goes to conference, these veterans and dependents are assured of getting between 75 percent and 90 percent of what they were receiving March 19, 1933, but, of course, the willful-misconduct cases, after-war cases, and remarried widows may lose out.

SENATE VERSUS HOUSE PROVISIONS

I have prepared and am inserting herewith parallel columns, showing the effect of the Senate provisions in the first column and the House provisions in the second column.

Senate

House

WORLD WAR SERVICE-CONNECTED CASES (336,710 ON ROLL END OF 1933)

All these cases are restored to 100 percent of what they were receiving on March 19, 1933, prior to enactment of the economy bill.

These cases would not be disturbed. They would remain as provided by the Senate amendments. Cannot, therefore, be disturbed in conference.

HOSPITALIZATION—NONSERVICE CONNECTED AND SERVICE CONNECTED

Full hospitalization restored for both classes and provisions made for the payment of expenses to and from hospital, provided veteran unable to pay this expense and unable to pay for hospitalization, and in all cases for service connected, without reference to need.

This provision was not disturbed in any way and therefore cannot be disturbed in conference. Willful-misconduct cases entitled to hospitalization under present regulations which are not disturbed by either House or Senate.

PRESUMPTIVES—WORLD WAR VETERANS

All presumptives were restored 100 percent, which includes 29,000 World War veterans.

These cases would draw 75 percent of what they were drawing March 19, 1933, except the willful-misconduct cases, which are excluded from such benefits.

SPANISH-AMERICAN WAR VETERANS

Restored all Spanish-American War veterans and their dependents to 90 percent of what they were receiving March 19, 1933.

These veterans would receive 75 percent of what they were receiving March 19, 1933, and the same provision for widows and other dependents.

WILLFUL-MISCONDUCT CASES OR DISABILITIES FOR WHICH THE GOVERNMENT WAS IN NO WAY RESPONSIBLE

These cases were restored to the pension rolls and would receive up to \$50 and \$60 a month.

These cases were disallowed and not restored.

AFTER-WAR CASES OR VETERANS WHO DID NOT ENLIST UNTIL AFTER THE WAR WAS OVER

Tens of thousands of these cases would be back on the pension roll under Senate provisions, although they did not serve during any war and many of them only 70 days, although they enlisted after the war was over.

These cases were disallowed by the House provisions.

VETERANS WHO WORK FOR THE GOVERNMENT DRAWING LARGE SALARIES AND PENSIONS ARE FORCED TO FOREGO ALL EXCEPT \$6 A MONTH OF THEIR PENSION CHECKS, EXCEPT FOR BATTLE CASUALTIES

This provision would have been repealed as to Spanish-American War veterans.

The House refused to concur and provided that they should take the reduction in such cases.

RETIRED EMERGENCY OFFICERS—WHERE THE PRINCIPLE IS RECOGNIZED OF GIVING A MAJOR WHO IS 30 PERCENT DISABLED \$200 A MONTH AND AN ENLISTED MAN WHO WAS DISABLED IN THE SAME WAY AND TO THE SAME EXTENT \$30

Between two and three thousand more of these officers would have been placed on the pension roll regardless of their wealth or income in addition to the 1,500 battle casualties now on the roll.

The House provisions would require them to accept the same benefits for the same disabilities as enlisted men who were accepted for service at the same time and discharged at the same time, except the 1,500 battle casualties will be permitted to retain all benefits now received.

REMARIED WIDOWS

The Senate restored to remarried widows of Spanish-American War veterans all pension rights the same as if they had never been remarried.

These cases were excluded.

Senate

House

FEDERAL EMPLOYEES PAY REDUCTION

Senate amendments provided full restoration of the 15 percent, except employees drawing more than \$6,000 should continue to receive the 15-percent reduction.

The House provision provided for 5-percent restoration as of February 1, 1934, and 10 percent, or 5 percent additional, July 1, 1934, and permission to the President to restore the other 5 percent when the cost of living justified it.

The Borah amendment, making the maximum salary \$6,000 that would carry no reduction, was wholly unfair and should have gone to conference for adjustment. According to it, the \$7,000-a-year employee would draw \$5,950 after taking this 15-percent reduction, whereas a \$6,000-a-year employee would continue to get \$6,000. If there is a limitation to be placed—and I do not object to it—the maximum amount that one can draw without such reduction should be \$2,500 or \$3,000. This will enable the Government to save some money. The Borah amendment would not include enough to pay the deficit 30 seconds. A graduated scale should be used.

BILL WOULD BE VETOED WITH SENATE AMENDMENTS

If the House had concurred in the Senate amendments, we know that the bill would have been vetoed and the President would have charged the House and Senate with sending him a bill for approval that put willful-misconduct veterans, after-war veterans, high-salaried veterans with non-service-connected disabilities, and remarried widows of veterans back on the pension roll, in addition to returning to the pension roll between two and three thousand emergency officers at rates ranging from \$106 to \$416 a month, each based upon the same disability that an enlisted man receives \$30 a month for, and which they would receive without this law. We could not have justified our position.

DOING VETERANS' DISSERVICE

We will be doing the veterans of this country a disservice when we place back into the hands of their enemies the same weapons or some cases to destroy them with before the American people that they had before the enactment of the Economy Act in March 1933. My belief is that a real friend of the veterans should want to put back as many deserving and meritorious cases as possible, and not only make no effort to restore undeserving cases or grant special and unwarranted benefits to any veterans but should assist in purging the pension rolls of all cases that should not be on it.

VETERANS LOST GOOD WILL

The veterans lost much good will the last year or two, and they are not in a position to stand the additional loss that they would have to stand in the event of the Presidential veto of such a bill as the Senate proposed. Good will cannot be restored by placing undeserving veterans on the pension rolls.

THREE POINTS NOT JEOPARDIZED

Let it be remembered that by sending this bill to conference, you are in no way jeopardizing the American Legion's three points of their program, which includes service-connected veterans, hospitalization, and presumptives, except there is a possibility of it affecting a few of the presumptives if the House amendments are accepted in lieu of the Senate amendments.

If the bill is sent to conference, the Federal employees cannot possibly lose more than 5 percent and they have a chance of getting all the 15 percent restored.

WHAT IS REAL DIFFERENCE

After all, the fight between the House and Senate is on cases of veterans that cannot be defended before the people and the taxpayers except the possible 5-percent reduction for Federal employees. So when we know there is going to be a veto of a bill that we cannot sustain so many of its provisions, why would it not be better to eliminate these bad features and send the bill to the White House with some hope of approval?

In other words, if this bill goes to conference, we can expect a whole lot of something; if we send it to the White House as the Senate has amended it, we will get a whole lot of nothing. Of course, if we continue to fall out, wran-

gle, and disagree over veterans until June 30, then all Federal employees, including Members of Congress, will automatically have their pay restored 100 percent. Therefore it is in the interest of the Federal employees that there be no legislation along this line, as they will be helped by its failure by veto or otherwise, but while they are helped in that way all these veterans that are restored by both House and Senate amendments will get nothing.

CONCLUSION

We are driven to the conclusion that the most enthusiastic support for the adoption of the Senate amendments comes from groups that cannot hope to get back on the pension roll on their own merits, but their only hope is to get amendments making provisions for themselves attached to benefits for the deserving and then make an appeal for their adoption in toto.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members who have spoken on this motion be given permission to revise and extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts to recede from the House amendment to Senate amendment no. 22.

Mr. CONNERY. Mr. Speaker, on that I ask the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 189, nays 190, not voting 52, as follows:

[Roll No. 107]

YEAS—189

Andrews, N.Y.	Dondero	Kenney	Rogers, Mass.
Arens	Douglass	Kinzer	Rogers, N.H.
Auf der Heide	Dowell	Kloeb	Rogers, Okla.
Ayers, Mont.	Dunn	Kniffin	Rudd
Bacon	Durgan, Ind.	Knutson	Sadowski
Bailey	Eagle	Kopplemann	Sanders
Bakewell	Eaton	Kramer	Schulte
Beedy	Ellenbogen	Kvale	Scrugham
Black	Eltze, Calif.	Lambertson	Secrest
Blanchard	Englebright	Lanzetta	Seeger
Bloom	Evans	Lemke	Shoemaker
Bolleau	Fernandez	Lesinski	Simpson
Bolton	Fish	Lindsay	Sinclair
Brown, Ga.	Fitzgibbons	Lloyd	Sirovich
Brumm	Fitzpatrick	Ludlow	Smith, Wash.
Brunner	Focht	Lundeen	Somers, N.Y.
Burke, Calif.	Foss	McCarthy	Strong, Pa.
Burnham	Foulkes	McCormack	Strong, Tex.
Carpenter, Kans.	Frear	McFarlane	Stubbs
Carpenter, Nebr.	Gasque	McGrath	Studley
Carter, Calif.	Gavagan	McGugin	Sullivan
Carter, Wyo.	Gilchrist	McLeod	Sutphin
Cary	Gillespie	McMillan	Sweeney
Castellow	Gillette	Maloney, Conn.	Taylor, Tenn.
Cavicchia	Goss	Maloney, La.	Thurston
Chapman	Granfield	Mapes	Tobey
Chase	Gray	Marland	Traeger
Chavez	Greenway	Martín, Colo.	Truax
Christianson	Griswold	Martin, Mass.	Turpin
Church	Guyer	May	Vinson, Ky.
Clarke, N.Y.	Hartley	Monaghan, Mont.	Waldron
Cochran, Pa.	Healey	Mott	Wallgren
Collins, Calif.	Hess	Moynihan, Ill.	Weideman
Connery	Higgins	Muldrowney	Welch
Connolly	Hildebrandt	Murdock	Werner
Cooper, Ohio	Hill, Knute	Nesbit	Whitley
Cravens	Hill, Samuel B.	O'Malley	Wigglesworth
Crosser, Ohio	Hoeppel	Peavey	Withrow
Crump	Hollister	Polk	Wolcott
Cullen	Holmes	Powers	Wolfenden
Darrow	Hope	Ramspeck	Wolverton
Dear	Howard	Randolph	Wood, Mo.
Delaney	Imhoff	Ransley	Woodruff
De Priest	James	Reece	Young
Dingell	Jenckes, Ind.	Reed, N.Y.	Zioncheck
Dirksen	Johnson, Minn.	Rich	
Ditter	Kahn	Richards	
Dockweiler	Kelly, Pa.		

NAYS—190

Abernethy	Andrew, Mass.	Beam	Blanton
Adair	Arnold	Berlin	Boehne
Adams	Ayres, Kans.	Biermann	Boylan
Allgood	Bankhead	Bland	Brennan

Britten	Faddis	Lehr	Ruffin
Brown, Ky.	Farley	Lewis, Colo.	Sandlin
Brown, Mich.	Fiesinger	Luce	Schaefer
Browning	Fletcher	McDuffie	Schuetz
Buchanan	Ford	McKeown	Sears
Buck	Frey	McLean	Shallenberger
Bulwinkle	Fuller	McReynolds	Sisson
Burch	Fulmer	McSwain	Smith, Va.
Burke, Nebr.	Gambrill	Mansfield	Snell
Busby	Gifford	Martin, Oreg.	Snyder
Byrns	Glover	Meeks	Spence
Cady	Goldsborough	Merritt	Steagall
Caldwell	Goodwin	Millard	Swank
Cannon, Mo.	Greenwood	Miller	Taber
Carden, Ky.	Gregory	Milligan	Tarver
Carmichael	Griffin	Mitchell	Taylor, Colo.
Cartwright	Hancock, N.Y.	Montague	Terrell, Tex.
Clark, N.C.	Hancock, N.C.	Montet	Terry, Ark.
Cochran, Mo.	Harlan	Moran	Thom
Coffin	Hart	Morehead	Thomas
Colden	Harter	Musselwhite	Thomason
Cole	Hastings	O'Connor	Thompson, Ill.
Colmer	Henney	Oliver, N.Y.	Thompson, Tex.
Cooper, Tenn.	Hill, Ala.	Owen	Treadway
Corning	Holdale	Palmsano	Turner
Cox	Huddleston	Parker	Umstead
Crosby	Jacobsen	Parks	Utterback
Cross, Tex.	Jeffers	Parsons	Vinson, Ga.
Culkin	Johnson, Okla.	Patman	Wadsworth
Cummings	Johnson, Tex.	Perkins	Walter
Darden	Johnson, W.Va.	Peterson	Warren
DeRouen	Jones	Pettengill	Wearin
Dickinson	Keller	Peyser	Weaver
Dies	Kelly, Ill.	Pierce	West, Ohio
Disney	Kennedy, N.Y.	Plumley	West, Tex.
Dobbins	Kerr	Prall	Whittington
Doughton	Kleberg	Ramsay	Wilcox
Doxey	Kociakowski	Rankin	Willford
Drewry	Lambeth	Rayburn	Wilson
Driver	Lamneck	Reilly	Wood, Ga.
Duncan, Mo.	Larrabee	Richardson	Woodrum
Edmiston	Lea, Calif.	Robertson	The Speaker
Eicher	Lee, Mo.	Robinson	
Ellzey, Miss.	Lehlbach	Romjue	

NOT VOTING—53

Allen	Crowther	Kurtz	Shannon
Bacharach	Deen	Lanham	Smith, W.Va.
Beck	Dickstein	Lewis, Md.	Stalker
Beiter	Doutrich	Lozier	Stokes
Boland	Duffey	McClintic	Summers, Tex.
Brooks	Edmonds	Marshall	Swick
Buckbee	Flannagan	Mead	Taylor, S.C.
Cannon, Wis.	Green	Norton	Tinkham
Carley, N.Y.	Haines	O'Brien	Underwood
Celler	Hamilton	O'Connell	White
Clalborne	Hughes	Oliver, Ala.	Williams
Collins, Miss.	Jenkins, Ohio	Pou	
Condon	Kee	Reid, Ill.	
Crowe	Kennedy, Md.	Sabath	

So the motion was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Jenkins of Ohio (for) with Mr. Clalborne (against).
 Mr. Marshall (for) with Mr. Beck (against).
 Mr. Doutrich (for) with Mr. Brooks (against).
 Mr. Allen (for) with Mr. Stalker (against).
 Mr. Mead (for) with Mr. Stokes (against).
 Mr. Condon (for) with Mr. Celler (against).
 Mr. Swick (for) with Mr. O'Brien (against).
 Mr. Edmonds (for) with Mr. Dickstein (against).
 Mr. Cannon of Wisconsin (for) with Mr. Bacharach (against).
 Mr. Buckbee (for) with Mr. Lanham (against).
 Mr. Crowther (for) with Mr. Sabath (against).
 Mr. Beiter (for) with Mr. Pou (against).
 Mr. Deen (for) with Mr. Lozier (against).
 Mr. Hamilton (for) with Mr. Oliver of Alabama (against).
 Mr. Carley of New York (for) with Mr. McClintic (against).

Until further notice:

Mr. Collins of Mississippi with Mr. Kurtz.
 Mr. Flannagan with Mr. Reid of Illinois.
 Mr. Summers of Texas with Mr. Tinkham.
 Mr. Underwood with Mrs. Norton.
 Mr. Boland with Mr. O'Connell.
 Mr. Shannon with Mr. Crowe.
 Mr. Smith of West Virginia with Mr. Duffey.
 Mr. Taylor of South Carolina with Mr. Williams.
 Mr. Haines with Mr. Kennedy of Maryland.
 Mr. Lewis of Maryland with Mr. Hughes.
 Mr. Kee with Mr. White.

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name, and he voted "no."

Mr. MAY. Mr. Speaker, my colleague the gentleman from Kentucky [Mr. HAMILTON]—

Mr. O'CONNOR. Mr. Speaker, I make a point of order against any announcement.

The SPEAKER. The Chair sustains the point of order.

Mr. O'MALLEY. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Wisconsin rise?

Mr. O'MALLEY. I rise to state that I endeavored to get a pair for my colleague who is absent and I want to state how he would have voted.

The SPEAKER. The statement of the gentleman is not in order.

Mr. O'MALLEY. Mr. Speaker, my colleague from Wisconsin is absent, and I was authorized to endeavor to get a pair—

The SPEAKER. The gentleman is not in order.

Mr. O'CONNOR. Mr. Speaker, I make a point of order against this explanation of a vote.

The SPEAKER. The point of order is sustained.

Mr. LEWIS of Maryland. Mr. Speaker, I desire to vote "no."

The SPEAKER. Was the gentleman in the Chamber and listening when his name should have been called?

Mr. LEWIS of Maryland. No, Mr. Speaker; I was in attendance upon my duties with the Ways and Means Committee in an adjoining room.

The SPEAKER. The gentleman does not qualify.

The Chair will state to the House that the vote is so close the Chair thinks it ought to be recapitulated, and will not announce the vote until after it is recapitulated.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. Mr. Speaker, I understand the vote is close and is now about to be recapitulated?

The SPEAKER. The gentleman is correct.

The Clerk will call the names of those Members voting in the affirmative.

The Clerk called the names of those voting in the affirmative.

The SPEAKER. The Clerk will now call the names of those voting in the negative.

The Clerk called the names of those voting in the negative.

Mr. GOSS. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Has the recapitulation been concluded?

The SPEAKER. It has.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOWELL. Mr. Speaker, the announcement of the vote is the first thing in order, and I make the point of order that the gentleman is out of order.

Mr. O'CONNOR. Mr. Speaker—

Mr. DOWELL. Mr. Speaker, the gentleman is out of order.

Mr. O'CONNOR. Mr. Speaker, I make a point of order—

Mr. DOWELL. Mr. Speaker, the first order is to announce the vote.

The SPEAKER. The vote is being checked now, the Chair will say to the gentleman.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that under the rules, before the vote is announced, any Member may change his vote.

Mr. DOWELL. Not after the recapitulation.

Mr. BLANTON. Yes; that has been in the rules all the time, and there is precedent for holding up this vote now, pending recapitulation, in decisions by both Mr. Longworth and the Speakers who preceded him.

Mr. O'CONNOR. Mr. Speaker, I desire to read a decision on the point.

The SPEAKER. The question has not been presented to the Chair at all.

Mr. DOWELL. Mr. Speaker, I demand that the vote be announced.

The SPEAKER. It cannot be announced until the recapitulation is completed, and it has not been completed.

Mr. BLANTON. I tried that once, and made the same kind of a demand, and Mr. Speaker Longworth would not grant it.

The SPEAKER. The Clerk is checking up on it now, and the Chair will announce the vote when the recapitulation is completed, and not before.

Mr. DOWELL. The Speaker announced that the recapitulation had been completed.

The SPEAKER. The mechanical matter of calling the names has been completed, and we are now checking up with the machines. When the Chair receives the result of the recapitulation, the Chair will at once announce it, and not before.

Mr. O'CONNOR. Mr. Speaker, I desire to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Under the rules of the House, may a Member change his vote before the result of the vote is announced?

The SPEAKER. At any time before the result of the vote is announced. The Chair will say that Mr. Speaker Gillett on June 1, 1920, held that a Member may change his vote at any time before the Chair announces the result.

Mr. DOWELL. Mr. Speaker, I desire an announcement of the result of the roll call.

The SPEAKER. The House will not get the announcement until the Speaker gets the result from the tally clerk.

Mr. KENNEDY of New York. Mr. Speaker, I would like to know how I am recorded.

The SPEAKER. The gentleman voted "yea."

Mr. KENNEDY of New York. I desire to change that to "nay."

The SPEAKER. The gentleman from New York changes his vote from "yea" to "nay", and will be so recorded.

Mr. GOSS. Mr. Speaker—

The SPEAKER. The Chair is ready to announce the vote. The yeas are 189 and the nays are 190.

The result of the vote was announced as above recorded. On motion of Mr. BLANTON, a motion to reconsider the vote was laid on the table.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to Senate amendment no. 22.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Now, Mr. Speaker, I ask unanimous consent that the House agree to the conference asked for by the Senate.

The SPEAKER. Is there objection?

There was no objection.

The Speaker appointed as conferees on the part of the House Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. GRANFIELD, Mr. WIGGLESWORTH, and Mr. GOSS.

TEMPORARY CONTRACTS FOR CARRYING THE MAILS

Mr. ROMJUE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, has the gentleman consulted the Members of the minority side?

Mr. ROMJUE. I have. I consulted with the gentleman from Massachusetts [Mr. FOSS] and the gentleman from Pennsylvania [Mr. KELLY].

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. BRUNNER, Mr. ROMJUE, Mr. HAINES, Mr. KELLY of Pennsylvania, and Mr. FOSS.

Mr. PATMAN. Mr. Speaker, I understand that Members who have spoken on the independent offices bill have permission to extend their remarks in the Record.

The SPEAKER. The gentleman is correct.

Mr. PATMAN. Mr. Speaker, I ask permission to print in the RECORD, in parallel columns, the difference between the House provisions and the Senate provisions.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE COTTON BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

Mr. RANKIN. Mr. Chairman, I rise to make a point of order against the committee amendment. I make the point of order that the committee amendment, on page 8, beginning after the word "agriculture", in line 20, extending down to and through the word "cotton", in line 4, page 9, is not in order, for the simple reason that it is not germane to the bill.

Mr. JONES. Mr. Chairman, I desire to be heard on the point of order, if the Chair cares to hear me.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. JONES. Mr. Chairman, this is strictly in line with the whole purpose of the bill. This is a tax measure. There are provisions in several different paragraphs providing for such tax and exemptions.

The CHAIRMAN. The Chair overrules the point of order.

Mr. RANKIN. But, Mr. Chairman, I desire to be heard. There has been no debate on the amendment, and the RECORD shows it.

The CHAIRMAN. The Chair will state that on page 4660, the Jones amendment was offered and the chairman of the committee even asked unanimous consent to limit debate on the amendment.

Mr. RANKIN. But the gentleman agreed that that would go over until today.

The CHAIRMAN. The gentleman is correct as to the gentleman's agreement, but the point of order comes too late.

Mr. RANKIN. Mr. Chairman, I should like to have some agreement with the gentleman from Texas with respect to time on this amendment. We discussed the matter of time yesterday. I am opposed to the amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate upon this amendment and all amendments thereto be limited to 26 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate upon the amendment and all amendments thereto close in 26 minutes. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Chairman, it seems to me that the proponents of the amendment should be heard first.

Mr. JONES. Mr. Chairman, I shall be glad to make a statement, but I want to be notified when I have used 2 minutes because I want to close the debate. I think it is fair, if these other boys go along with us on a program, that we ought to see that it does not interfere with their program. This does not require anything new of the man who is cooperating. Under the cotton contract, which all of those who have cooperated have signed, there is a provision which is substantially the same as this amendment. So the only thing that this amendment does it to get the chiseler, the man on the outside who is not willing to go along with his neighbor. This does not require anything that the man who is willing to go along with the program has not already signed. I reserve the remainder of my time.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Texas [Mr. Jones] evi-

dently has not studied the amendment. This is not an acreage reduction bill. It is a bale reduction bill. No man can plant any cotton, produce it, and sell it unless he is issued one of these certificates; and if he is issued one of these certificates, it gives somebody in the Department of Agriculture complete jurisdiction over his land as to what he shall plant upon it.

Let us see what it does. Here is a man, say, who has not signed up. By this you force that man to either come in under this act or not plant any cotton. If he plants one seed of cotton, then, before he can sell a bale, the representatives of the Agriculture Department can come in and say what he may raise on the rest of his own land. I will tell you what they are getting at and what the object of this is. It is to stop the development of the dairy industry in the South.

I live in a dairying country. The Congress and the Agricultural Department have asked us to diversify our farming down there, and we have done it. The object of this amendment is to keep us from raising dairy feed on this extra land, to feed to our dairy cattle, to produce dairy products that are sold on the market. The farmers of the South do not know what is in this bill. If they did, you would get a telegram of protest from every southern dairy farmer.

Mr. GILCHRIST. The gentleman from Wisconsin [Mr. BOILEAU], who represents the dairymen of Wisconsin, wrote this amendment.

Mr. RANKIN. Of course he did, and he did it to arrest the dairy business in the South.

Mr. GILCHRIST. And does the gentleman say he is not a farmer and that his Wisconsin people are not farmers?

Mr. RANKIN. And he wants to put our Mississippi dairymen and the dairymen of Georgia and of Alabama, and other Southern States, out of business. I am not going along with any such measure. This measure would put my dairy farmers in a straitjacket and would say to them that they cannot raise dairy feed on their own land and feed it to their cows and produce dairy products to sell to the condensory or produce butter for the market.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. ARENS. This bill will not curtail your dairying in the South. It will prevent you from expansion. You cannot expect us to let you raise dairy products on your unused land.

Mr. RANKIN. Of course, we are going to expand, and we are not going to anybody else to ask them whether we can engage in the dairy business or not. We have to pay taxes on all of our land, and yet you come along and say to us that you can stop us from planting corn or hay on that land and feeding it to our dairy cattle.

And what is the penalty? There is not a State in the Union that will send a man to the penitentiary for a misdemeanor, but under this bill if a farmer, in violation of one of these regulations, raises dairy feed and feeds it to his dairy cattle, and sells his milk, he is subject to a penalty of \$5,000, or 2 years in jail, or both. That is the maximum. I am wondering if we are still in America. Have we abandoned all of our American policies and American principles?

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. If that provision stays in the bill, in my humble opinion, it will never become a law, but if it does, it will defeat more southern Congressmen than any other measure that has gone through this House since I have been a Member of it.

We have gone along. We have plowed up our cotton. We complied with this program as best we could, and we are doing it now.

Our farmers think this is a bill to make every man who grows cotton come in. They do not know that you are penalizing them for producing more than is allotted, and attempting to sell it, and at the same time attempting to say to him what he shall produce on his own land and applying the most drastic penalties ever known, not for violating the law but for violating the regulation. This

amendment should never be put in the bill, and if it is adopted the bill by all means should be defeated.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word. Mr. Chairman, the gentleman from Mississippi [Mr. RANKIN] admitted during his discussion that I had something to do with the writing of this amendment. I wish to say that I had suggested a similar amendment, but this is an amendment agreed upon in committee by all persons interested at the hearings. The gentleman from Mississippi [Mr. RANKIN] said that I wrote this amendment in an effort to destroy his dairy farms. The gentleman knows, and every Member of this House, I believe, knows that we up in the Middle West are just as anxious to protect the cotton farmers as we are to have the southern farmers cooperate in protecting us. We have no idea of trying to destroy your dairy farms down in Mississippi. I wonder if you have any thought that there is any effort on the part of those of us in the Middle West to injure in any way any type of agricultural enterprise being carried on in the South. We want to help you. Many of us are going along with you on this cotton bill; but there is one thing we do demand—and we feel we are in the right and only asking justice when we do demand it—and that is this, we do not want you to reduce your cotton production with governmental assistance and then go ahead and increase your production of other commodities in competition with us. Is there anything unfair about that? I appeal to the fair-mindedness of the Members of this House. Is there anything unfair in that proposal? The gentleman said we are trying to destroy his dairy farming. There is not one word in this bill that would tend to have you decrease your production of dairy commodities or anything else. You can go ahead and carry on your farming operations just as you do now. We are simply asking protection from some of the chisellers down in your section—that they do not expand their production of other commodities. We will cooperate with you. We ask you to cooperate with us. That is all we ask. We do not want you to expand your production of dairy products and other commodities in competition with us.

Mr. BEAM. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. BEAM. That was the purpose of the amendment, to protect the northern growers of corn and wheat and dairy products, so that they will not be in competition?

Mr. BOILEAU. That is it exactly. This is not only a dairy proposition. There are certain sections of the State of Texas, for instance the Panhandle region, where vast areas of land can be interchangeably used for wheat and cotton. If you compel those people to curtail their production of cotton, what is there to prevent them from going into the production of wheat? We want to prevent that. If there is any sense at all in this program, we have to make it a national program. We cannot legislate for the cotton people alone and forget everybody else and ruin all the rest of the farmers. We ask only that which we are entitled to, and that is that if we go along with you and give our support to this bill, to protect the producer of cotton, you must not be put in a position where you can chisel. No Member of Congress should come here and say that the cotton people should chisel any more than anybody else. I have confidence in the men from the South and believe that they will accept this amendment, an amendment that was accepted in the Committee on Agriculture. I would not say it was unanimously accepted in the committee. I do not recall whether there was a roll call or not. At least, after thrashing this matter out, we agreed upon this amendment, and I do not recall of any opposition to the amendment as finally adopted.

Mr. GLOVER. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. GLOVER. The gentleman certainly remembers that I did not favor this amendment?

Mr. BOILEAU. In the beginning there was some opposition, but after we made some changes and perfected the

amendment I do not recall that there was any serious opposition. I certainly did not want to misquote anybody. I know the gentleman must have taken that position or he would not say so. I do not recall any concerted opposition.

Mr. FULMER. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FULMER. There is nothing in this amendment that would prevent any farmer in the South growing any crop that he can make use of himself, but this is to prevent him making any crop that will be put on the market.

Mr. BOILEAU. That is all. He cannot increase his production. He does not have to reduce his production of dairy products or other farm products, but he cannot increase it.

Mr. JONES. I have a copy of the contract signed by cotton producers. The Secretary issues the regulations about the use of the land. The land is really leased by the Government. They paid in Lee County, Miss., \$7.83 an acre for letting that land remain out of production. They were permitted to use it for certain crops, but those who cooperate in the program have all signed an agreement not to extend and not to use it for a nationally competitive crop. So this does not hurt them at all.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this amendment must remain in the bill if we are to protect the producers of other crops in this country. Yet, at the same time the gentleman from Mississippi [Mr. RANKIN] is absolutely right in what he says, as to what the effect of the amendment will be. There is a difference in the effect of a violation of a voluntary contract and what will happen to a man if he violates any regulation which the Secretary may make under this provision of the bill, because the contract simply provides that if a man violates it, that is ground for cancellation.

The Secretary can cancel the agreement and compel the man to repay any benefit payments he has received; but under this legislation the Secretary can make any regulations he desires to compel the producer who gets a certificate of exemption to comply with the crop-reduction program, and if the man violates the regulations, then he is subject to a \$5,000 fine or 2 years' imprisonment. This is the difference between the two proposals.

Now, I do say that if you are going to pass this legislation, this provision must stay in if you are going to protect the producers of other crops; and the provision itself is certainly an illustration of the difficulties that you get into when you try to pass legislation like this.

Fears have been expressed by myself and others that eventually the attempt will be made to apply similar legislation to all crops; and this illustrates what is likely to happen, for without passing any other legislation you are going to apply what amounts to compulsion to the production of all crops that may be grown in the cotton section of the country. If you are going to limit the expansion of dairying in the South by law, then, sooner or later you will be compelled to limit by law the expansion of dairying in the North. So, as I say, this is the best illustration I can think of to show what we are getting into when we start passing legislation of this kind.

I hope the amendment will not be stricken out; for it must stay in if we are to protect the producers of other commodities; but if it does stay in, some of you are going to face rather embarrassing situations when you go back to your districts.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WHITTINGTON. Is it not true that under the Agricultural Adjustment Act the violation of any regulation promulgated by the Secretary of Agriculture is punishable by a fine upon conviction?

Mr. HOPE. Yes; I think so, but only to the extent of a maximum fine of \$100.

Mr. WHITTINGTON. I am sure it is.

Mr. HOPE. That may be true, but the violation of a provision in a crop-reduction contract is not punishable by a fine.

Mr. WHITTINGTON. I respectfully submit as a lawyer that that is merely supplementary to and part of the provisions of criminal law we pass here.

Mr. HOPE. I think the gentleman is mistaken.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BOILEAU. Is not the farmer getting paid for the reduction he makes under the Agricultural Adjustment Act; and does he not agree not to enter into competition with other commodities?

Mr. HOPE. That is true.

Mr. BOILEAU. And this merely compels the chiselers and the noncooperators to come under the same provisions.

Mr. HOPE. The difference between the two is that under this provision a man can be put in jail for what amounts to violating a contract.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last two words.

I said the other day that this was a good bill and that I would support it if the cotton farmers of the South wanted it. The purpose is, in part at least, to prevent chiseling. Now, I do not want the cotton farmers of the South to say, "We do not want to chisel against each other; we do not want to scab against each other; but we want to scab against the farmers in other sections or those who raise other products." That is what they will be doing if they strike out this amendment.

I hold in my hand the contract the corn farmer enters into. It goes to great length in providing that the signer shall not compete with anybody in the United States in the raising of other commodities; and if we are going to have a reduction program at all, then the corn farmers ought to agree to the program and not do the very thing that he does not expect others to do.

Here are the regulations in pamphlet form; they are too long for me to read, but from them you will find that the corn farmer cannot raise anything on his idle acreage except practically the things he uses for domestic consumption on his farm.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. WHITTINGTON. Is it not true under this bill that the dairy farmer anywhere in the United States can raise what he wishes for consumption on his own farm?

Mr. GILCHRIST. I understand that it is true in most every section I know of.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. RANKIN. The gentleman does not mean that, surely; for if the dairy farmer sells dairy products, then it could be said that the crop he raises on his idle acres and feeds to his cattle, consumes on his premises, does enter into competition with other commodities; that he will then be violating a regulation of the Department and be subject to a penalty of \$5,000 and imprisonment.

Mr. GILCHRIST. But, as I understand, the dairy farmer cannot do that. That is true also of the corn farmer. He cannot chisel against another farmer; the corn farmer cannot chisel against the wheat farmer. He should not be put in the position where he can go to the wheat farmer and say, "I will reduce my corn acreage, but I am going to put this land into wheat." That would be despicable. Who wants to do that? Surely the cotton farmer does not. He has asked us to help in this great program. We have all joined hands together. We do not expect to chisel against the men who raise wheat, and we do not expect the men who raise wheat to scab against the men who raise corn. Farmers cannot be allowed to say, "We will withdraw this acreage from one crop but we are going to do whatever we please with such acreage."

Mr. BANKHEAD. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Alabama.

Mr. BANKHEAD. In order that there may be no misunderstanding about the situation, is it not provided in this contract that the land withdrawn from the cultivation of cotton, for which the farmers are paid a rent, can be used for the production of anything, provided it does not increase the normal production of the farm?

Mr. GILCHRIST. That is the purpose of it. There are dozens of provisions in the corn contract. Here is what the corn farmers agree to. I have not time to read this contract.

May I say to the cotton farmers of the South, "Let us get together, let us join hands and put the farmers of the whole country in a condition of prosperity, success, and happiness. Do not scab one against the other." If that is the purpose of those who are going to raise cotton, then we might as well know it this afternoon, March 16, 1934. Let us be honest and fair with one another.

Mr. BUSBY. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Mississippi.

Mr. BUSBY. Cotton is our main money crop. Who is going to pay the taxes on our land? Are you gentlemen going to provide some way to pay our taxes?

Mr. GILCHRIST. You are going to pay taxes on the land because you will have an increased sum of money for your crop over what you have been getting heretofore at 4 or 5 cents a pound. You will get 12 cents or 15 cents a pound under this bill. That is where you are going to get the money to pay your tax. You will get it in the same way that the wheat or corn or dairy farmer gets it in order to pay his taxes.

Mr. BUSBY. That is all theory and not fact.

Mr. GILCHRIST. I cannot allow the gentleman to take the small amount of time I have at my disposal. The purpose of this bill is to make the cotton farmer more prosperous.

Mr. BUSBY. I am glad to see Iowa so solicitous of the farmers of the South.

Mr. GILCHRIST. Iowa is solicitous about any farmer anywhere. I made the statement the other day that we were for this bill. We want all bills that will help the farmers.

Mr. BUSBY. Some of us who are mixed up in the cotton business are not for it, because it is robbery—

Mr. GILCHRIST. I have not yielded to the gentleman to make a speech, but I resent that insinuation. This is not robbery. It is not worthy of the gentleman as I said the other day that we are for everything that will produce prosperity for the farmer wherever he may be.

[Here the gavel fell.]

Mr. BUSBY. Mr. Chairman, I ask for recognition in opposition to the pro forma amendment.

Mr. RANKIN. Mr. Chairman, a point of order. Every man the Chair has recognized so far has been in favor of the amendment except myself. I think the gentleman from Mississippi ought to be heard and the time equally divided.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 minutes, not to be included in the time previously agreed to.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUSBY. Mr. Chairman, my conduct has been such as to never reflect upon the integrity or good intention of any gentleman who happens to be a Member of the House. I am sorry to see a gentleman lose his head and sense of fair play to such an extent that he proceeds to call people in other sections of the country "scabs", "chiselers", and everything else, while he is trying to take care of his own hide. I do not like that kind of a spirit. I hope I may never degrade into that character of debater while I remain in this House.

May I say that I come from the State of Mississippi, which used to be the greatest cotton-producing State in the country. I see in this bill a confiscation of the rights of the people, of the property of the people, and of the use of that

property which the people have bought with their own labor and their own sweat and which they are now about to turn over to the Secretary of Agriculture under the direction of the gentleman from Iowa and others who take the same view of what is best for us that he does. I do not think it is necessary to drift into this type of insinuation and accusation.

Mr. GILCHRIST. Will the gentleman yield?

Mr. BUSBY. I gladly yield to the gentleman from Iowa.

Mr. GILCHRIST. I understood the gentleman to say that I had some rather insidious purpose in supporting this cotton bill.

Mr. BUSBY. Yes.

Mr. GILCHRIST. The gentleman said that I had some interest in the cotton bill.

Mr. BUSBY. I believe the gentleman has. I think it comes indirectly. If you prevent us from using our dairy facilities, the dairy facilities of the gentleman's section will profit by reason of the added field. That is my conception of it.

Mr. GILCHRIST. May I say to the gentleman that such a statement on his part concerning me is not warranted, and that is all I stated before.

Mr. BUSBY. I will take the gentleman's word for it.

Mr. GILCHRIST. I may say to the gentleman it is not worthy of him to make that kind of a statement.

Mr. BUSBY. The gentleman is getting back into his own element now, when he talks that way.

Mr. DIRKSEN. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from Illinois.

Mr. DIRKSEN. If the farmers cannot raise peanuts, corn, wheat, hogs, or dairy feed on their land, I am rather interested to know what their money crop may be? What can be produced down there in the gentleman's section?

Mr. BUSBY. I do not know myself. I see confiscation of hundreds of acres of our land for taxes because of the operation of this bill.

Mr. RANKIN. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman from Mississippi [Mr. Busby] and I represent what is known as the "Lime Belt" area of the State of Mississippi. Our two districts probably produce more dairy products than all the rest of the State put together. We have tried everything and have found that the only thing our farmers can make any money out of, outside of cotton, is the dairy industry.

Mr. BUSBY. May I say that we have a cheese plant in my town? I went to Chicago with other gentleman to interest people in the establishment of this cheese plant. We paid for it. I am against any proposal which says to the little farmer: "If you use your family and your own labor in producing and selling a perfectly usable crop, we will put you in jail and keep you there, and will contaminate you with such words as 'chiseler', 'scab', and everything else." I resent these insinuations.

Mr. BOILEAU. Will the gentleman yield?

Mr. BUSBY. No. I have not time. I do not think this legislation is worthy of my vote. It may be worthy of yours.

Mr. DOXEY. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from Mississippi.

Mr. DOXEY. Has the gentleman anything to offer that will help the cotton farmer? If so, we will be glad to have the gentleman's recommendations.

Mr. BUSBY. I just have the hope that the farmer may remain out of jail after the passage of this law. That is enough for me.

Mr. DOXEY. Is the gentleman opposed to the farmer getting the benefits he has under the Agricultural Adjustment Act?

Mr. BUSBY. I do not know how to answer that, because I do not know much about the Agricultural Adjustment Act.

Mr. DOXEY. Is not the gentleman just beginning to learn something about this bill?

Mr. BUSBY. Well, I do not know much about it and I do not think the committee knows much about it, and they admit they do not know much about how this will work.

Mr. DOXEY. Does the gentleman know how it will apply?

Mr. HOPE. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. HOPE. Does not the gentleman think that the voluntary plan of cotton control is working effectively?

Mr. BUSBY. It works with the approval of the farmer and with his consent and not by compulsion—this bill has compulsion to the limit. Fines, jail sentences, and the penitentiary. This bill provides a method of taking away from the owners of farms the control of those farms and places the control of them in officers here in Washington. Woe unto the little farmers under such a law and such management. Farmers are to be put in the jails and penitentiary if they violate regulations of the Secretary of Agriculture. Our law making has reached a terrible state. Freedom of personal action is being legislated away. People and their freedom count for nothing.

Mr. JONES. Mr. Chairman, I ask for recognition.

Mr. Chairman, I hope the members of the Committee will listen. This is a tempest in a teapot and much ado really about nothing.

Mr. BUSBY. Now, who said that?

Mr. JONES. I hope the gentleman will be willing to listen.

Mr. BUSBY. I will listen. I do not think I will follow you, though.

Mr. JONES. The gentleman and his colleagues, who are good friends of mine and for whom I have high regard, have simply misconstrued this amendment. There is no criminal penalty attached to this amendment. It simply says that "no certificate of exemption shall be issued and no allotment shall be made to any producer unless he agrees to comply with such conditions and limitations", and so forth, as to the expansion of his program. This is all. It simply means he cannot get his exemption certificate unless he agrees to the conditions laid down by the Secretary. The penalty provision is in an entirely different part of the bill and applies only in the event a man violates the regulations issued by the Secretary of Agriculture.

Mr. RANKIN. Under this act.

Mr. JONES. If the gentleman will turn over to page 17, he will find that any person who violates any provision of this bill or any regulation promulgated under this bill, or who willfully fails to pay any tax imposed under this act, is subject to a criminal penalty; but this is just a case of violation of a contract. In this instance he has simply made a contract. In other words, in order for a man not to be subject to a forfeiture of his contract and in order for him to be able to get his allotment certificates, he must practically agree that he will not violate what his neighbors have signed and agreed that they will not violate. If he does not comply with this, he simply forfeits his chance to get his contract.

I do not think there is any question about this construction, but, in order to make it perfectly clear that this is the meaning, I have consulted with the drafting service and I have consulted with several other lawyers, and while they all agree with me that this is simply a question of a violation of the contract and not a penal provision, in order to be sure, I am willing to put this sort of amendment in the bill if it will satisfy the gentleman:

Page 9, line 4, insert after the period: "And the allotment of and certificates of exemption issued to any producer shall be subject to revocation on violation by him of such conditions and limitations."

Mr. RANKIN. That will not cure it. If the gentleman will yield, he is entirely wrong.

Mr. JONES. I do not see how in the world that could leave any doubt about the matter, because, for instance, if you draw a contract to buy a piece of land, there may be a lot of damages for violation of that contract, but if you write into the contract that if the man refuses to take the land he shall forfeit \$500 as liquidated damages, that is all the damages you can get. The gentleman knows this is correct, and if we put in here, in order to make it perfectly sure, that he simply forfeits his rights under the contract, that is all the penalty that can attach. I am perfectly will-

ing for this to be made clear just so you do not write over the whole page.

Mr. RANKIN. Let us just vote down the amendment and not accept it.

Mr. JONES. Now, listen. The neighbors of the men who are going along on these certificates have all signed that they will not increase production. We cannot legislate for two counties in Mississippi.

Mr. RANKIN. I understand that.

Mr. JONES. And most of your people in those counties have signed these contracts.

Mr. RANKIN. Certainly, and they are willing to comply with them.

Mr. JONES. They do the same thing and now let us make the 5 percent who are on the outside do the fair thing.

Mr. RANKIN. But you are subjecting them to the drastic penalties of this bill for what they do on their own land.

Mr. JONES. I make the statement here, and I hope it will be so construed, that the penalty clauses do not apply to this amendment.

Mr. RANKIN. They do apply.

Mr. JONES. And I am willing, if the gentleman is not satisfied, to have him suggest something further that will satisfy him before this measure gets through conference and I will put in a clause that will assure him that the penalty provisions do not apply.

Mr. RANKIN. All I want is to strike out this amendment, so far as this section is concerned.

Mr. JONES. I wish the gentleman would lift up his eyes and get a vision of this country beyond the limits of any single State.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 9, line 4, before the period, insert "and the allotment of and certificates of exemption issued to any producer shall be subject to revocation on violation by him of such conditions and limitations."

Mr. RANKIN. Mr. Chairman, may I offer an amendment to the amendment that the penalties shall not apply?

The CHAIRMAN (Mr. HILL of Alabama). The Chair will advise the gentleman from Mississippi that the amendment of the gentleman from Texas [Mr. JONES] is an amendment to the committee amendment which is now pending. Therefore, any further amendment would be an amendment in the third degree and not in order.

Mr. JONES. Mr. Chairman, I am willing to ask unanimous consent that the gentleman may add "no further penalties shall apply."

Mr. RANKIN. And that none of the penalties provided in this bill or the regulations issued thereunder shall apply to them.

Mr. JONES. Oh, no; just have a provision that no criminal penalties shall apply to a violation of this section.

The CHAIRMAN. Without objection, the amendment will be modified as indicated by the gentleman from Texas. Is there objection?

There was no objection.

The CHAIRMAN. Without objection, all pro forma amendments are withdrawn.

Mr. JONES. Mr. Chairman, in the furor and melee, I promised the gentleman from Georgia [Mr. Brown] that he might be recognized for 2 minutes, and I ask unanimous consent that he have 2 minutes now.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWN of Georgia. Mr. Chairman, I sympathize with the members of the Agricultural Committee. They have had a difficult task. I was interested in the able speech of the gentleman from Mississippi [Mr. Doxey], who was perfectly fair and made a splendid presentation of the bill. He wanted suggestions that would be helpful to the cotton producers of the South.

I think the Committee on Agriculture made a grave mistake in placing this amendment, known as the "Boileau amendment", in the Bankhead bill.

I want the members of the Committee on Agriculture to know that we appreciate their untiring efforts in trying to bring out a bill which would be acceptable to the Members of the House and at the same time be very helpful to the cotton growers of the South. My good friend, Mr. FULMER, one of the outstanding men of his State, as well as Mr. JONES, the chairman, and many other members of the Agriculture Committee, have been perfectly fair in their discussion of the many provisions of this bill and have invited criticism. Opposing this amendment is no reflection upon these gentlemen. I am quite sure that the people of my district are not thoroughly familiar with this amendment, as it was not in the Bankhead bill when submitted to the committee.

This amendment seeks not only to reduce cotton production but provides for a compulsory restriction of other crops in land taken out of cotton production, with a penalty if not complied with. Therefore I question the enforcement of this particular amendment. I am certainly opposed to any law which cannot be enforced.

I expect to support the Bankhead bill, but I am sure it is a mistake to adopt this amendment. More support would be gained for the bill by striking out this amendment than by allowing it to remain in the bill. I shall vote to strike out this Boileau amendment.

[Here the gavel fell.]

Mr. SHOEMAKER. Mr. Chairman, I ask unanimous consent to speak for 2 minutes.

The CHAIRMAN. Is there objection?

Mr. JONES. Does the gentleman want to speak on this amendment?

Mr. SHOEMAKER. Yes. I am very much interested in it.

There was no objection.

Mr. SHOEMAKER. Mr. Chairman, it is my purpose, and the purpose of some of my people, to go along with you on this cotton bill. We are going to support this bill. It was worked out in committee. Of course, if we are going to have everybody who does not plant cotton go into the dairy business and into some other line that is going to put our people out of business, up there with their huge barns and large money investment, we could not support a bill like this. It would be impossible for us to do it. While we want to do what is right for the cotton people of the South, yet we could not support the bill under such circumstances. If we can give the people down there more money through this bill for their cotton, then why should they want to go into lines of endeavor that our people are forced to follow to make a living up in the North. I have always had great respect for the gentleman from Mississippi [Mr. BUSBY], as well as the gentleman from Mississippi [Mr. RANKIN]. They talk about the taxes. When we sign up on a corn or wheat program we cannot plant anything on that land. We have to pay taxes also, and we figure that we get benefits through the increased price of wheat and various other things.

Mr. RANKIN. Oh, I would not vote for a bill that would prevent the gentleman from planting corn or wheat.

Mr. SHOEMAKER. But we cannot plant other stuff on that land. We are supposed to let the land lie idle, so that we will not flood the market with other things. I hope the gentleman can vote for this amendment and keep it here, so that we can go along with them on the rest of the bill.

The amendment passed.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. All time has expired. The question is on the amendment of the gentleman from Texas to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The Clerk read as follows:

Sec. 7. (a) The amount of cotton allotted to any county pursuant to section 5 (b) shall be apportioned by the Secretary of Agriculture to farms on which cotton has been grown within such

county. Such allotments to any farm shall be made upon application therefor, and may be made by the Secretary based upon—

(1) A percentage of the average annual cotton production of the farm for a fair representative period; or

(2) By ascertaining the amount of cotton the farm would have produced during a fair representative period if all the cultivated land had been planted to cotton, and then reducing such amount by such percentage (which shall be applied uniformly within the county to all farms to which the allotment is made under this paragraph) as will be sufficient to bring the total of the farm allotments within the county's allotment; or

(3) Upon such basis as the Secretary of Agriculture deems fair and just, and will apply to all farms to which the allotment is made under this paragraph uniformly, within the county, on the basis or classification adopted.

(b) After the crop year 1934-35 the apportionment shall not be on the basis set out in paragraph (1) of subsection (a) of this section.

(c) The total allotment to farms in each county under this section shall not exceed the approximate number of bales allotted to that county under section 5 (b).

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 10 minutes.

Mr. HOPE. O Mr. Chairman, half a dozen gentlemen are on their feet and would like to discuss this section.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 24 minutes, and that each of these gentlemen who have risen be allowed 4 minutes, and that I be allowed 1 minute in which to conclude.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last word. I hope I shall not take the time of the Committee too long. I have had great respect since I have been in Congress for the gentleman from Mississippi [Mr. BUSBY]. I have followed his advice on many things, especially his monetary ideas, and I may do so in the future, but it seems to me that this afternoon he has persistently tried to misrepresent what I intend to say to the Committee.

Mr. BUSBY. O Mr. Chairman, I rise to a point of order and make the point of order against the type of argument that the gentleman is now using. He is accusing me of persistently trying to misrepresent him.

Mr. GILCHRIST. I say the gentleman misconstrued what I attempted to say to the committee.

The CHAIRMAN. The gentleman from Iowa will proceed in order.

Mr. GILCHRIST. I shall try to do that. This bill is good or bad, just according to whether or not the farmers can get into an arrangement to prevent excessive production. If one section of the country wants to go ahead and raise excessively against another section, then the bill should be killed. If, however, the purpose is to join hands and all of us try to help each other, then the bill, it seems to me, should be voted up. That is as much as I tried to say. I repeat that no section of the country ought to chisel against another section of the country. Neither should any section of the country seek by virtue of this bill to take land out of production for the purposes of cotton and then put it into production for the purpose of competing with some other basic commodity. That is exactly what I said on the floor and what I intended to say, and I think the gentleman from Mississippi is mistaken as to what I said or intended to say. Let that go into the RECORD as my statement of it.

Mr. SCRUGHAM. Mr. Chairman, for benefit of the RECORD I read the following from the Washington Post of this morning, Friday, March 16:

WHEAT TUMBLES ON SINKING OF SILVER PRICES—MORGENTHAU STAND CATCHES MARKET SHORT OF BUYERS; ALL GRAINS LOSE

CHICAGO, March 15.—Jolted by downward plunges of the silver market, wheat prices underwent a material break today.

Word that Secretary of the Treasury Morgenthau was opposed to any silver legislation at this time gave a decidedly unsettled impulse to wheat prices.

And from another column in the same issue, I read:

STOCKS REACT 1.4 POINTS ON SILVER SLUMP—MINING ISSUES UNLOADED AS SALES TOTAL RISES TO 1,355,780 SHARES

NEW YORK, March 15.—Weakness of silver stocks spread to other sections of the market today and the closing averaged more than a point lower.

Trading was very dull until the last hour, when speculative holdings of some mining issues were unloaded following the break in silver prices, which had obviously been prompted by Secretary Morgenthau's expressed opposition to further change in the Government's silver policy.

The administration is to be most highly commended for its efforts to return commerce and industry to a condition where the pressing problems of human employment can be solved. But there is one industry, one of the most basic of all industries which occupies the unfortunate role of the forgotten man. That is the industry of mining. The Nation will never become truly prosperous unless we enact legislation to benefit all of its component parts. I read again from the morning paper:

Wheat tumbles on sinking of silver prices.

Help the mining industry and you help every other industry. I hope that this thought can be borne most impressively to the mind of the Secretary of the Treasury.

A further blow to the recovery of the mining industry is threatened in the cryptic proposals for trading with other countries in regard to tariffs. If the tariff proposals now pending before the Ways and Means Committee are adopted, they should certainly include a proviso that no influx of foreign metals should be permitted in pursuit of an expanded foreign market for other commodities.

This statement is made not in a spirit of criticism but as background for a definite program which I here present. Briefly it is proposed that, in order to increase employment in the mineral industries without increasing stocks of metals available for sale, the Government shall purchase at current market prices newly mined metals, except gold, silver, and iron, produced by any domestic mining operation, which, after specific authorization by the Government, shall have produced the metal eligible for Government purchase, by hiring a specified number of unemployed workers, corresponding to requirements for production of the metal to be purchased by the Government; and that such newly mined metal shall be delivered to the Army for storage subject to use or sale only in event of a war emergency and after declaration of war by the United States; provided, that the total quantity of any metal thus purchased by the Government shall not exceed that deemed necessary to meet the national needs of the first year of a major conflict, based upon the actual requirements in 1918.

The phrase "without increasing stocks of metals available for sale" is probably the most important wording with respect to requirements for a sound project. The specific means of preventing such an increase of stocks for sale is indicated in the statement that the metals stored by the Army shall not be "subject either to use or sale until after declaration of war." The necessity for this arises from the well-understood effect of stocks in depressing prices. If, for example, stocks of metal were merely removed from the market in any temporary way, subject to resale at an indefinite time to be determined by some agency, the Government stocks would be regarded by the public as overhanging the market. They would accordingly increase the difficulty of effecting recovery of prices, which is, in turn, a necessity for the re-establishment of more normal employment in mining. Hence, if the new stocks produced on behalf of the Government are not rendered absolutely fixed, they will ultimately prove detrimental, as was the case in respect to cotton and wheat, removed temporarily from the market by the Government.

Likewise forbidding the use of these stocks for current requirements of the Government is necessary, because if they were so used they would be represented by an equivalent quantity of metal remaining in market stocks that otherwise would have been withdrawn. The production increase sponsored by the Government would, therefore, gradually be shifted into market stocks. It is obvious, furthermore, that the purpose in respect to national defense would also be defeated, as reserve stocks subject to indefinite depletion could not be reckoned upon with sufficient assurance.

The report of the Secretary of War for the fiscal year ending June 30, 1929, on page 53, states:

A reserve of material sufficient to last for a war of at least 2 years' duration must be provided.

On page 60 a list of strategic raw materials needed for such a reserve is given, and includes tungsten, quicksilver, manganese, antimony, chromium, and other items.

In order to emphasize the legislative importance of the proposal just made I herewith append for insertion in the RECORD a list of names of 103 Members of this Congress in whose districts lie dormant mining industries, together with a notation of various metals mined therein which are needed for Government reserve stocks, such as recommended by the Secretary of War.

The original source of all wealth is from the soil, and when real money is so scarce that the selling price of the basic things from the soil long remains below the cost of production, a national collapse is inevitable.

State and Congressman	District	Metals
ALABAMA		
Allgood, M. C.	Fifth	Manganese.
Hill, Lister	Second	Do.
Huddleston, George	Ninth	Do.
Steagall, Henry B.	Third	Bauxite.
ALASKA		
Dimond, A. J., Delegate		Copper, lead, mercury, platinum, tin.
ARIZONA		
Greenway, Isabella	At large	Copper, lead, manganese, mercury, molybdenum, zinc, tungsten, vanadium.
ARKANSAS		
Fuller, Claude A.	Third	Lead, zinc.
Glover, D. D.	Sixth	Bauxite.
Miller, John E.	Second	Manganese.
Terry, David D.	Fifth	Bauxite.
CALIFORNIA		
Buck, F. H.	Third	Mercury.
Collins, Samuel L.	Nineteenth	Lead, manganese, tin.
Church, Denver S.	Ninth	Manganese.
Englebright, Harry L.	Second	Copper, chromite, lead, manganese.
Lea, Clarence F.	First	Chromite, mercury.
McGrath, John J.	Eighth	Mercury.
Stubbs, Henry E.	Tenth	Chromite.
COLORADO		
Cummings, Fred	Second	Lead, copper.
Martin, John A.	Third	Lead, copper, zinc.
Taylor, Edward T.	Fourth	Lead, zinc.
GEORGIA		
Castellow, Bryant T.	Third	Bauxite.
Tarver, Malcolm C.	Seventh	Manganese.
Wood, John S.	Ninth	Do.
IDAHO		
Coffin, Thos. C.	Second	Lead, zinc, manganese.
White, Compton I.	First	Copper, lead, zinc.
ILLINOIS		
Allen, Leo E.	Thirteenth	Lead, zinc.
Brennan, Martin A.	At large	
Nesbit, Walter	do	
Parsons, Claude V.	Twenty-fourth	Do.
KANSAS		
McGugin, Harold	Third	Do.
KENTUCKY		
Brown, John Y.	At large	Do.
Carden, Cap R.	do	
Cary, Glover H.	do	
Chapman, Virgil	do	
Gregory, Wm. V.	do	
Hamilton, Finley	do	
May, Andrew Jackson	do	
Spence, Brent	do	
Vinson, Fred M.	do	
MICHIGAN		
James, W. Frank	Twelfth	Copper.
MINNESOTA		
Arens, Henry	At large	Manganese.
Chase, Ray P.	do	
Christianson, T.	do	
Johnson, Magnus	do	
Hoidale, Einar	do	

State and Congressman	District	Metals
MINNESOTA—continued		
Knutson, H.	At large	
Kvale, P. J.	do	
Lundeen, Ernest	do	
Shoemaker, F. H.	do	
MISSOURI		
Cannon, Clarence	do	Copper, lead, zinc.
Claborn, James R.	do	
Cochran, John J.	do	
Dickinson, Clement C.	do	
Duncan, Richard M.	do	
Lee, Frank H.	do	
Lozier, Ralph F.	do	
Milligan, Jacob L.	do	
Romjue, Milton A.	do	
Ruffin, James E.	do	
Shannon, Joseph B.	do	
Williams, Clyde	do	
Wood, Reuben T.	do	
MONTANA		
Ayers, Roy E.	Second	Copper.
Monaghan, Joseph P.	First	Lead, zinc, manganese, copper.
NEVADA		
Scrugham, James G.	At large	Copper, lead, manganese, mercury, zinc, tungsten, uranium, vanadium.
NEW JERSEY		
Perkins, Randolph	Seventh	Zinc.
NEW MEXICO		
Charez, Dennis	At large	Copper, lead, manganese, zinc.
NEW YORK		
Dudley, Elmer E.	At large	
Fish, Hamilton, Jr.	Twenty-sixth	Lead, zinc.
Fitzgibbons, John	At large	
Goodwin, Philip A.	Twenty-seventh	Do.
Snell, Bertrand H.	Thirty-first	Do.
NORTH CAROLINA		
Weaver, Zebulon	Eleventh	Copper, manganese, tin.
OKLAHOMA		
Disney, Wesley E.	First	Lead, zinc.
Rogers, Will	At large	
Swank, Fletcher B.	Fifth	Do.
OREGON		
Mott, James W.	First	Mercury, copper, zinc.
Pierce, Walter M.	Second	Copper, lead.
PENNSYLVANIA		
Doutrich, Isaac H.	Nineteenth	Copper.
SOUTH DAKOTA		
Werner, Theodore B.	Second	Tin.
TENNESSEE		
McReynolds, Sam D.	Third	Copper, manganese.
Reece, B. Carroll	First	Manganese, zinc.
Taylor, J. Will	Second	Manganese, lead, zinc.
TEXAS		
Strong, Sterling P.	At large	
Terrell, George B.	do	
Thomason, Robert E.	Sixteenth	Manganese, copper, lead, mercury.
UTAH		
Murdock, Abe	First	Copper, lead, zinc, uranium, vanadium.
Robinson, J. W.	Second	Copper, lead, zinc.
VERMONT		
Vacant		Copper.
VIRGINIA		
Bland, Schuyler O.	At large	Lead, manganese, zinc, titanium.
Burch, Thomas G.	do	
Darden, Colgate W.	do	
Drewry, Patrick H.	do	
Flannagan, John W.	do	
Montague, Andrew J.	do	
Robertson, A. Willis	do	
Smith, Howard W.	do	
Woodrum, Clifton A.	do	
WASHINGTON		
Hill, Knute	Fourth	Copper.
Hill, Samuel B.	Fifth	Copper, lead, zinc.

State and Congressman	District	Metals
WASHINGTON—continued		
Wallgren, Monrad C.....	Second.....	Copper.
Zioncheck, Marion A.....	First.....	Do.
WISCONSIN		
Withrow, Gardner R.....	Third.....	Lead, zinc.
WYOMING		
Carter, Vincent.....	At large.....	Copper.

SILVER INVESTIGATION DEMANDED

Mr. MARTIN of Colorado. Mr. Chairman, I am offering the resolution which I propose to introduce, and I would like to have it read by the Clerk as a part of my remarks in my time.

The CHAIRMAN. Without objection, the resolution will be read by the Clerk.

There was no objection.

The Clerk read as follows:

Resolution

Whereas the Secretary of the Treasury is quoted in the public press as having stated that the Treasury Department has been making an investigation into the silver holdings of advocates of silver legislation and had found them not entirely disinterested and has given expression to other views indicating his belief that advocates of silver legislation are speculatively interested in silver stocks and the silver market; and

Whereas the expression of these views by the Secretary of the Treasury is prejudicial to silver legislation now pending in Congress and is calculated although not intended, to reflect upon Members of Congress who have identified themselves with such legislation: Now, therefore, be it

Resolved, etc., That the Secretary of the Treasury be and he is hereby requested to appear before the Committee of the House on Coinage, Weights, and Measures in executive session and impart to said committee any information in his possession or in the possession of the Treasury Department supporting or tending to support his said statement and including the names of any persons who are interested both in silver legislation and silver speculation, together with the nature and extent of their activities.

Mr. MARTIN of Colorado. Mr. Chairman, in addition to the statements in the resolution, I want to quote in my time two brief paragraphs that appeared in a morning Washington paper. It refers to a visit made to the Secretary of the Treasury by members of the House Committee on Coinage, Weights, and Measures, and after they left the Secretary's office the newspaper says:

Following the visit of the committee members, Morgenthau revealed that the Treasury Department had been making an investigation into the silver holdings of advocates of silver legislation and had found them not entirely disinterested.

Morgenthau said the purpose of the Government's investigation of the ownership of silver speculative stocks on the New York market was frankly for the purpose of determining whether silver advocates were silver speculators. He said the report had not been completed and may never be made public.

Mr. Chairman, my resolution, in my opinion, is a highly privileged resolution, because the Secretary's statement may be construed as reflecting not only discreditably—it may be permissible—on a great national issue pending before the two House of Congress, but more especially on those Members of Congress who are pressing this legislation. Who are considered the silver advocates in this country? Is it a bunch of unknown speculators, if there are such people, over in Wall Street? If you saw a statement in the paper without giving any names, referring to the leading silver advocates of the United States, what names would you think of? Inevitably you would think of the names of certain Senators and Representatives right in this Capitol Building. I do not feel that it reflects personally on me, perhaps, but my case illustrates the situation. I made a talk on the radio for half an hour on the silver question recently, on which I received a large number of favorable responses.

Now, supposing some of these people or others of the many thousands listening in, pick up a daily paper and read the statement attributed to the Secretary that the Government is conducting an investigation determining whether silver advocates are silver speculators. Might not

these people well say, that fellow is from Colorado, a silver State, and maybe he is boosting his own game, thus destroying in their minds whatever of good my talk might have done a cause which is growing every day.

My own people would not suspect me, because they know I am not financially able to speculate in silver; and in fact I never made a dollar in silver mining or in silver stocks in my life and have not a penny's worth of interest in either mines or stocks. Indeed, I am only interested in the revival of silver mining incidentally as the Representative of a State having silver resources. My chief interest in silver is that it may be permanently restored to its rightful place in the monetary system of the country. I am a bimetalist for principle and not for profit, but these multiplied thousands of listeners do not know this and do not know me. It would be a matter of everlasting regret to me if I knew that a single one of them suspected my good faith.

Just now there is a decided silver movement in Congress. How easy it would be to excite a wave of prejudice against the movement and its sponsors by even a mere suggestion from the highest monetary official in the Government that speculative private profit was its mainspring. Silver has been the victim of false propaganda for a century. It appears to be emerging. It is nearer recognition and restoration to its rightful place as primary money than at any other time since its demonetization 60 years ago. It would be nothing short of tragic if a discrediting and unintended statement were now to throw a cloud over the issue and discredit the men who from the best of motives are fighting the battle.

I do not believe that the Secretary had in mind Senators and Representatives in Congress when he said he was carrying on an investigation to determine whether silver advocates were silver speculators. But the conclusion is almost inescapable, and irreparably damaging, and every advocate of silver in Congress feels it to be so. It fell like a wet blanket on warm hopes.

If the investigation thus far involves no Members of Congress, this fact should be as widely published as the original statement. If there are Members involved, they should be exposed. The facts, whomever or whatever they involve, should be laid before the committee. This is all the more urgent when it is stated in the interview that the report of the investigation "may never be made public." If it is never made public, it will forever remain a cloud on silver. The demonetization of silver is commonly referred to as "the crime of '73." Now, just when it appears that this crime is in process of being at least partially righted, silver, it is felt by every Member advocating its restoration, is dealt a most damaging blow.

Mr. Chairman, I am sure every Member of Congress courts the fullest investigation of his acts and motives with regard to his activities for silver. They can only be vindicated by the fullest disclosure. The Committee on Rules ought to report a rule bringing this resolution before the House for immediate consideration, and I urgently request such action and urge all other Members similarly affected to join in the request. Let there be light.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I rise to call attention to the provisions of this bill providing for individual allotments to be made to cotton producers. There are three different methods of allotment which are provided for, and it seems to me it does not matter which method is used; we are going to have trouble.

We found in the wheat section that when an allotment was made to a county or a State, based upon past production, that the applications and figures of producers applying for allotments showed a much larger acreage and production than was indicated by the Government figures upon which the State and county allotments were based. Therefore, there was not enough acreage and production to give each producer what he felt he should have. You will have exactly the same thing when it comes to producing cotton. The consequence is that most of the producers will be dissatisfied with the allotment which is given

them. More than that, any method of allotment which is used, as provided in this bill, will work a hardship upon some class of producers. If you use the first plan, you will freeze cotton production to the farms where it has been produced during the past 5 years. If you use the second method, you will provide that farms which have never produced any cotton and which were never intended to produce any cotton, will have a cotton allotment, and the farmer who is operating that farm can sell his cotton allotment for such price as he may get for it to the man who owns a cotton farm and who can grow only cotton, and who must, under that plan, pay tribute to his neighbor in such amount as the neighbor agrees to exact.

Under the third plan you leave it entirely up to the Secretary of Agriculture to make the allotment. Let us not forget, as my colleague from Kansas [Mr. McGugin] stated the other day, we have in the Department of Agriculture a man who has frequently stated on the platform and in the press that he is opposed to our present land system. Let me call your attention to the concluding remarks of Dr. Tugwell in his recent speech at Philadelphia:

For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it but for the greater welfare of all citizens in this country.

If you are going to leave the allocation of these individual allotments up to the Secretary of Agriculture to make on a basis that he may deem fair and just, you may have Professor Tugwell allocating your cotton acreage upon a basis which he thinks will be, not to the interest of the landowner and the producer but what he regards in the interest of the people of the country generally. That is what you people who are engaged in cotton production will be up against if you permit this legislation to pass and grant this tremendous power to the Secretary of Agriculture.

Mr. BUSBY. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BUSBY. Does the gentleman understand that Professor Tugwell's declaration in the article he just read is tending toward land socialism?

Mr. HOPE. I certainly interpret it that way.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. HOPE] has expired.

Mr. TAYLOR of Tennessee. Mr. Chairman, having a number of warm personal friends who are engaged in the cotton industry, both on the production end and the brokerage, who have expressed an interest in this measure, I naturally regret very much indeed that I am constrained to oppose it. However, the philosophy of this type of legislation is so antagonistic to my sensibilities and does such violence to my patriotic convictions that I cannot allow the opportunity to pass without registering a solemn and emphatic protest against it.

I regard this measure as just another step, and by far the most radical one so far, in a well-defined program to ultimately sovietize this Government, whose proud boast in the past has been its rugged solicitude for the personal liberties of its every citizen regardless of "race, color, or previous condition of servitude." This measure, as many others of a similar nature, sponsored by the so-called "new deal", is based on the theory that crop reduction will stimulate the price of the commodity in question and increase purchasing power. We are told that there is a huge surplus of farm commodities in this country, and that in a large measure this condition is responsible for the depression that has plagued us during the past 3 years. Mr. Chairman, I think this argument is a manifest fallacy. We are not suffering so much from overproduction; our chief difficulty is underconsumption. If you will give every person in the United States a square meal or the food that his body requires, and provide decent clothes for them, this overproduction bugaboo will instantly disappear. The emergent need of this country is purchasing power, and this cannot be obtained by the artificial methods heretofore prescribed by the quack professional doctors of philosophy of the Dr. Tugwell and

Mordecai Ezekiel school. Aside from the pathetic and, as I consider, criminal aspects of plowing up cotton and slaughtering pigs to reduce an alleged surplus of food and clothing products, when millions of people in America are cold and hungry, I maintain that prosperity cannot be built upon such wanton waste and ruin.

Several times during this debate we have heard repeated the old stock, stereotyped statement that "the people are starving in the midst of plenty", and according to this crop-reduction program, Mr. Chairman, it is proposed to abolish the "plenty" without any assurance whatsoever that "starvation" will not continue.

Mr. Chairman, no one wants to see the cotton farmer prosper more than I do. I want to see every variety of agriculture prosper. But I am reluctant to jeopardize the boasted liberties of the American people to gratify the visionary whims of a lot of so-called "experts" who know nothing of the practical aspects of the farm problem. I am unwilling to trust the destiny and welfare of the farmers of America to the experimentation of men whose only knowledge of farming is what they have gleaned from books and in laboratories. Our liberties cost entirely too much in blood and treasure to be hazarded in such fashion and by such a venture.

Mr. Chairman, I am opposed to this bill because of its socialistic provisions. Its manifest purpose is to regimentize by compulsion one of the greatest industries of the Nation. If we could apply the principles of this bill to cotton, we can, with equal facility and propriety, apply them to any other agricultural or industrial commodity. We can apply them to the production of coal, iron, and marble and can extend them also into the field of manufacture, and we will probably do so if the famous "brain trust" continues to have its way. And in that event the America of George Washington and Thomas Jefferson—the America of our forefathers—will pass, and the America of the new deal, the America of the Russian mold, will take its place. God forbid that such a state shall ever come to pass!

While there are many objectionable features to this bill, I think the most amazingly outstanding one is the provision conferring legislative authority on the Secretary of Agriculture. If this bill is enacted into law, it should carry an appropriation in sufficient sum to purchase a diadem, and a committee should be created to carry it down to the Department of Agriculture and crown the Secretary thereof as the undisputed czar of the cotton farmers of America.

This bill provides that the lands withdrawn from cotton cultivation shall not be used to grow crops that will enter into competition in trade. It provides that the violation of any regulation that may be promulgated by the Secretary of Agriculture in the execution of its provisions shall subject the offender to a penalty of not more than \$5,000, and not more than 2 years in some penal institution.

Think of it! If a farmer decides to plant a few acres removed from cotton production in soybeans, and feeds the hay therefrom to a dairy cow and then sells her milk in the channels of trade, such farmer may be haled into Federal court and fined or sent to prison for this terrible crime! I think that this iniquitous provision alone is enough to consign this measure to everlasting infamy. To say to the farmers of America that they cannot plant any crop they see fit on their own land is such an invasion of their sacred, inalienable rights as to amount to the most arrant tyranny. And yet, this is only one of a number of similar instances equally cruel and ridiculous that I might enumerate, the violation of which might subject an honest God-fearing farmer to serious criminal prosecution.

Mr. Chairman, Lenin, in his wildest dreams and in his palmiest days, never conceived of a more drastic bureaucratic dictatorship than is provided in this measure.

This proposal is not only un-American, but it is inhuman to a superlative degree, and, therefore, I shall take very great pleasure in registering my vote against it. [Applause.]

Mr. JOHNSON of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Texas: Page 9, line 24, after the period, add the following: "The Secretary of Agriculture, in determining the manner of allotment to individual farmers, shall provide that farmers who have voluntarily reduced their cotton acreage shall not be penalized in favor of those farmers who have not done so."

Mr. JOHNSON of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Texas: Page 9, line 24, after the period add the following:

"The Secretary of Agriculture, in determining the manner of allotment to individual farmers, shall provide that farmers who have voluntarily reduced their cotton acreage shall not be penalized in favor of those farmers who have not done so."

Mr. JOHNSON of Texas. Mr. Chairman, this amendment is designed to prevent an injustice being done those patriotic farmers who have in past years voluntarily reduced their cotton acreage.

I quote from a petition received by me, signed by 140 farmers from one of the counties in my district:

We believe that the farmer who in the beginning of the decline of the price of cotton took upon himself the responsibility of cotton acreage reduction, and who has maintained that reduction through the past 4 years, should not be penalized for doing voluntarily the very thing the Government now seeks to do. The present method of computing cotton production and reduction of acreage, on the basis of a 5-year average on a given farm, is in our opinion unfair to the man who has reduced and whose percentage of cotton acreage is far below that of the farmer who has maintained a normal acreage throughout.

Similar suggestions have come to me in numerous letters from farmers in all the counties in my district, a district which is one of the largest cotton-producing districts in the United States.

I am in hearty sympathy with these suggestions, and I have personal knowledge that they are just and based upon fact. The small farmers, as a rule, and many of the larger ones have for several years consistently reduced their cotton acreage in an effort to prevent a surplus, while there are others who have not done so, but have every year planted practically all their tillable land in cotton. It is unthinkable that when the Government undertakes by law to force a reduction of acreage, that those who have already done so should be penalized in favor of the very class which the bill is designed to curb.

The bill seeks to limit the cotton production in the United States for the crop year 1934-35 to 10,000,000 bales. Cotton produced in excess of that amount is to be taxed at not less than 5 cents per pound. Each farmer is to be allotted a certain number of bales, and upon the number so allotted to him he is given a certificate which exempts such number of bales so produced by him free from this tax.

STATE ALLOTMENT

Each cotton-producing State is to be allotted its equitable quota. Section 5 (a) of the bill deals with the method of apportioning the number of bales such State may produce free of this tax. I quote from the bill:

The Secretary of Agriculture shall apportion to the several cotton-producing States the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the crop years 1928-32 preceding the passage of this act to the average number of bales produced in all the States during the same period.

COUNTY ALLOTMENT

After determining the State allotment, the Secretary of Agriculture will allot to each county, under the same basis and ratio, its quota.

APPORTIONMENT TO INDIVIDUAL FARMERS

Section 7 of the bill relates to the method by which it may be determined the number of bales each farmer may produce which will be free of the tax imposed by the bill. I quote from the bill:

Such allotments to any farm shall be made upon application therefor, and may be made by the Secretary of Agriculture, based upon:

- (1) A percentage of the average annual cotton production of the farm for a fair representative period; or
- (2) By ascertaining the amount of cotton the farm would have produced during a fair representative period if all the cultivated land had been planted to cotton, and then reducing such amount by such percentage (which shall be applied uniformly within the county to all farms to which the allotment is made under this paragraph) as will be sufficient to bring the total of the farm allotments within the county's allotment; or
- (3) Upon such basis as the Secretary of Agriculture deems fair and just, and will apply to all farms to which the allotment is made under this paragraph uniformly within the county, on the basis or classification adopted.

In determining the allotment to the farms it will be observed that the Secretary will take into consideration several things: (a) Average annual cotton production of the farm for a fair representative period—no fixed period of years is given, but it must be a fair representative period; (b) the total amount of cotton the farm would have made for a fair representative period if all the cultivated land had been planted in cotton; and (c) upon any fair and just basis which will be uniform, and so forth.

Since discretion is vested in the Secretary in determining the quota of the farms, it is highly important that we tell him in no uncertain language that in determining the plan of allotment he shall see to it that the farmers who have already reduced their acreage shall not be penalized in favor of those who have not done so, as my amendment provides.

Mr. JONES. Mr. Chairman, I can see no objection to the amendment offered by the gentleman from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. I thank my colleague from Texas, Mr. JONES, who is Chairman of the Committee on Agriculture, which reported this bill, for agreeing to accept my amendment, which insures its adoption.

The success of this measure, like all others, will depend largely upon those who administer it, and I sincerely trust that the Secretary of Agriculture and those under him will fairly and impartially, and without harshness, execute its provisions. The cotton farmers of the South will gladly cooperate in seeking to carry out the purposes of this bill, which should result in curbing production and in insuring a much better price for cotton this fall.

TEMPORARY LAW FOR 2 YEARS

The bill is not a permanent law and is only for 2 years during the present emergency. It applies to the crop year of 1934-35 and also to 1935-36, but may be extended for 1 additional year if the President finds that the economic emergency in cotton production and marketing is such as to require it, in which event he shall so proclaim, but it will not be in effect any longer than that time.

I am glad that there is a time limit to the operation of this law, for it is experimental and is designed solely to be used as a temporary measure. There are many Members of the House who would not vote for it otherwise. In all farm relief legislation heretofore passed during my service in Congress I have sought in each instance to have a time limit placed thereon; and when the committee was considering this bill, I urged the committee to make it a temporary measure, and I am glad that they have done so, otherwise I am doubtful whether or not I could support the bill.

LARGE COTTON SURPLUS

The large surplus of cotton on hand is not due to overproduction but underconsumption. The buying power of the American people—and also in other countries of the world—has been paralyzed for 4 years, and, as a result, each year the carry-over has increased. In 1929 the carry-over was 4,500,000 bales; in 1930 it was 6,000,000 bales; in 1931 it was 8,900,000 bales; in 1932 it was 13,228,000 bales; and the last crop carry-over is estimated at nearly 12,000,000 bales.

The voluntary plow-up program, for which the farmers were paid by the Government, resulted in a crop last year of approximately 13,200,000 bales; and, if this reduction program had not been carried out, the Department of Agriculture estimates that the crop would have been nearly 18,000,000 bales.

While we are passing out of the depression, and the buying power of the people is gradually being restored—yet it will

be impossible to eliminate this accumulated surplus unless the production is curbed for a few years.

To those who ask why the voluntary reduction program should not be continued rather than this compulsory plan let me say that, while some sections have agreed already to reduce their acreage, there are other sections which have not done so; and unless every State is forced to reduce, those that do not will reap the benefits at the expense of those who do. Again, by the use of fertilizer, even the reduced acreage may produce as much or more than a normal acreage would have produced. The evidence before the Committee on Agriculture indicated a vast increase in the sale of fertilizer to cotton farmers. An increase of 100 percent in the sale of fertilizer this year over last was shown, and in many sections of the country the increased sales of fertilizer were as high as 300 percent. It is obvious, therefore, that a reduction in acreage will not amount to a reduction in production if fertilizer and intensive methods of cultivation are employed. It is not the number of acres in cotton but the number of bales produced that will determine the price. This bill, therefore, changes the plan from a reduction in acreage to a reduction in bales. If the production in 1934-35 can be held to 10,000,000 bales, every farmer producing cotton should be assured a fair price.

THE CROP FOR 1935-36

There will be no reduction program in 1935-36, and this law will not be effective as to that crop year unless the Secretary of Agriculture finds that two thirds of the persons engaged in cotton farming favor such a reduction; and if so, the number of bales for that crop year will be determined by the Secretary of Agriculture, based upon the then existing conditions. This bill, therefore, may not be effective for more than 1 year.

PRESIDENT ROOSEVELT FAVORS IT

Our great President, Franklin D. Roosevelt, who has done more for agriculture than any President who ever occupied the White House, has endorsed this bill. It was not prepared by any of the so-called "brain trust", but its author, the gentleman from Alabama [Mr. BANKHEAD], is from the Southland and, aside from being one of the outstanding leaders in the House, is a man whose practical knowledge and judgment of the problems of the cotton farmers cannot be questioned. The Chairman of the Committee on Agriculture, Mr. JONES, of Texas, who reported this bill and is sponsoring its passage, is a native of my State, a man of outstanding ability, who is not visionary or radical in his views, and he and his committee have given the bill very careful consideration, and in my judgment may safely be followed.

Time has not permitted me to make an investigation as to the constitutionality of the measure, but a brief has been inserted in the RECORD, prepared by an assistant to the Attorney General of the United States, upholding its validity.

During the emergency we have been compelled to vote for many new and untried plans, but the President has insisted, and I think rightly so, that the economic crisis was so great that something should be done, and Congress has responded to his suggestions.

We have reduced the production of oil in order to prevent the destruction of that great industry; and cotton, the most valuable of all agricultural products, upon which so many of our people depend for a living, is entitled to the same consideration.

OTHER REMEDIES REQUIRED

I am not so enthusiastic about this bill as to believe that it is a cure-all and that its passage alone will solve the problems of the cotton farmer. It is designed primarily to temporarily restrict the production of cotton until the large carry-over accumulated during the depression can be absorbed.

Personally, I think an expansion of the currency is a fundamental requirement to restore the price level of agricultural products. Some such legislation has already been passed, and I am hopeful that other measures designed to bring about an expansion of the currency will be enacted into law.

The revaluation of the gold dollar already accomplished is a step in the right direction. Remonetization of silver, or in any event more use of silver as money is needed. The Dies silver bill, authorizing the purchase of agricultural products by foreign countries to be paid in silver would be helpful.

Modification of our tariff laws, in order to permit other countries of the world to buy our agricultural commodities, and especially cotton, of which we produce a large surplus, must be effected, and President Roosevelt has recommended tariff legislation, which will soon be considered.

CONTROL OF COTTON EXCHANGES

Legislation to curb abuses in the buying and selling of cotton futures upon the cotton exchanges is of paramount importance. So long as speculators can form pools and combinations and thereby depress the future market, they can in a large measure control the price of cotton and counteract all remedial legislation. Expansion of the currency, reduction in the production of cotton, and all other governmental remedies will be in vain if the cotton gamblers are permitted to continue unrestricted their operations upon the future market.

The Department of Agriculture has recently had under consideration the regulation of cotton exchanges, and I have introduced a bill at the present session, H.R. 8310, designed to curb these abuses, and my bill is based upon recommendations from the Department of Agriculture. It is my understanding that the Committee on Agriculture will shortly begin hearings on this important matter, and I sincerely hope that Congress will not adjourn until such legislation is passed.

MY AMENDMENT

Reverting again to the bill under consideration, section 8 directs a 10-percent deduction of the number of bales allotted to each State for allocation in such State:

(a) To producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton;

(b) To producers of cotton on farms not previously used in cotton production;

(c) To producers of cotton on farms where for the preceding 3 years normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause; and

(d) To producers of cotton on farms where for the preceding 3 years acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

The allotments provided for in this section shall be in addition to the amounts apportioned to the counties under section 5 (b).

This section is designed to take care of those exceptional cases where injustices would be done in the instances therein enumerated; and while the Secretary of Agriculture, under this section, might be able to take care of some individual cases where the parties had already reduced their acreage, yet I think it is important that the Secretary, in his general regulations of allotment, should know that Congress intends, and, therefore, specifically directs that the general plan so worked out shall be designed to and shall prevent discrimination against those who have already reduced their acreage, and I hope, therefore, my amendment to this effect will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JOHNSON].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I can see no objection to the amendment offered by the gentleman from Texas.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JOHNSON].

The amendment was agreed to.

The Clerk read as follows:

SEC. 8. Whenever an allotment is made pursuant to section 3, not to exceed 10 percent of the number of bales allotted to each State shall be deducted from the number of bales allotted to such State and allotted in such State—

(a) To producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton;

(b) To producers of cotton on farms not previously used in cotton production;

(c) To producers of cotton on farms where, for the preceding 3 years, normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause; and

(d) To producers of cotton on farms where, for the preceding 3 years, acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

The allotments provided for in this section shall be in addition to the amounts apportioned to the counties under section 5 (b). No allotment shall be made under this section to any producer except upon compliance with such conditions and limitations on the production of cotton by him as the Secretary of Agriculture may prescribe to assure the cooperation of such producer in the cotton-reduction program of the Agricultural Adjustment Administration.

With the following committee amendment:

Page 11, line 5, after the parentheses "(b)", strike out the following: "No allotment shall be made under this section to any producer except upon compliance with such conditions and limitations on the production of cotton by him, as the Secretary of Agriculture may prescribe to assure the cooperation of such producer in the cotton reduction program of the Agricultural Adjustment Administration."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 10, line 18, strike out "three" and insert "five."

Mr. JONES. Mr. Chairman, there is no objection to the amendment.

Mr. MILLER. Mr. Chairman, I rise in opposition to the amendment in order to ask the chairman of the committee a question.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 7 minutes.

Mr. TARVER. Mr. Chairman, reserving the right to object, I am in favor of the gentleman's bill; but I think we ought to have time to discuss important amendments proposed in connection with it. Seven minutes gives no opportunity at all to discuss an amendment I wish to offer, which I think is worthy of consideration.

Mr. Chairman, I object.

Mr. MILLER. The bill provides for a reservation of 10 percent of the number of bales allotted to each State. What information did the committee have as to the sufficiency of 10 percent to take care of the situation that will arise in States where new land is being opened up?

Mr. JONES. I may state to the gentleman that I do not know of any way we could have had positive information. The first suggestion was to withhold only 5 percent; but we felt that was too low and we raised it to not exceed 10 percent. We did not think it would require 10 percent, but we felt this amount would be abundantly sufficient. If, for instance, Arkansas should find that she needs but 4 percent, or 8 percent, that is all she need reserve; she need not use the full 10 percent.

Mr. MILLER. I understand that. The cotton section of the Agricultural Administration advised me that their first proposal was 5 percent and that it was raised to not exceed 10 percent; but I am not sure that 10 percent is enough.

The point I want to know is this. I know the committee is interested in working out the bill, and I am just as much interested as you are.

Mr. JONES. If the gentleman will permit an observation, if we go above 10 percent some counties that do not have new land will feel that we are abusing them a little bit. We want to keep this thing fair. This provides 10 percent. Here is one county that does not have any new land at all. If we allow more than 10 percent we are going pretty strong. I will state to the gentleman that my section is such that we could use a great deal more, but I think in fairness to the country and to this kind of a program that this will take care of the situation.

Mr. MILLER. If the chairman of the committee has given the matter careful consideration and the gentleman's mature judgment is that 10 percent is sufficient, I will not object.

Mr. JONES. If we find it is not, may I state to the gentleman that I will join with him in getting an increase.

Mr. ALLGOOD. This is a million bales?

Mr. JONES. Yes.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TARVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TARVER: Page 11, after line 2, add the following: "(e) To producers of cotton who are heads of families having not less than five dependents, so that such heads of families shall have allocated to them at least four bales of cotton each."

Mr. TARVER. Mr. Chairman, I am sorry that under the procedure adopted by those in charge of the bill I have not time to adequately discuss this amendment. This is proposed in the interest of the man who is about to be forgotten by the House in the consideration of this bill. I refer to the tenant farmer. Examine section 7 (a) and you will find that the allocation of this tax-exempt cotton is going to be made to the farms, not the farmers. In other words, the tax-exempt cotton is to be controlled by the landowner. It is expected that the Secretary of Agriculture will make regulations to protect the tenant, but I should like to protect him here and now.

I have received letters from my constituents, and I am sure other Congressmen from the South have received similar communications, demonstrating the necessity for this amendment. For example, under this acreage-reduction program that is going on cases like this arise: A man writes me and says, "I have lived on the farm of John Smith for 10 years. We have gotten along all right. He is satisfied with me as a tenant and I am satisfied with him as a landlord, but he tells me now that he has rented his land, except what he wants to cultivate himself, to the Government, and that he cannot rent me any land to raise cotton. What am I to do?" There is nothing in this bill that will take care of that farmer. The cotton allocated to the farm is in many instances going to be raised by the landlord alone if he does not treat his tenants fairly, and the unfair landlord is going to shut his tenant out of the production of cotton in some cases.

This amendment will not increase the 10,000,000-bale allotment by 1 bale. The section provides that a 10-percent tolerance of the share allotted to each State be allocated in certain extraordinary cases, and I am undertaking to provide that this 10-percent tolerance may be used to the extent it may be necessary and to the extent it may be available for the purpose of according to every man who is the head of a family, with five mouths to feed besides his own, the privilege of raising four bales of tax-exempt cotton. Is there anything unfair in this, when you realize that the only money crop of the South is the cotton crop? Will you not do what you can to see that there is accorded to every tenant farmer and every man engaged in the production of cotton who is head of a family of six or more the privilege of raising at least four bales of cotton upon which the tax will not be required?

Mr. BUSBY. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Mississippi.

Mr. BUSBY. If a landlord finds himself equipped to plant in cotton all of the land that has been allotted to his farm, and he can do so without the aid of his tenant, what effect will that have on the tenant?

Mr. TARVER. The tenant will get to raise no cotton, unless the Secretary of Agriculture takes care of him by

regulation. I have had many cases called to my attention under the voluntary program where tenants have been evicted from farms because the landlord wants to raise all of the cotton his farm is allowed under his acreage-reduction contract. The tenant and his family are thrown out on the cold mercies of the world, and they cannot do anything to earn their livelihood under present conditions.

This will not disorganize your program. Will the chairman not consent to this amendment by way of fair play to the man who does not own a farm?

Mr. ALLGOOD. Does this amendment apply to a man who has not been growing cotton?

Mr. TARVER. It applies to the producers of cotton, and therefore to men who have been growing cotton.

Mr. ALLGOOD. Does it apply to a man who has not been growing cotton?

Mr. TARVER. It does not apply to a man who has not been growing cotton. It is an assurance to the tenant farmers that they will not be discriminated against to the extent of being absolutely eliminated from the production of cotton by the operation of this bill.

Mr. ALLGOOD. If a man has been growing only three bales of cotton, would the gentleman increase his allotment to four?

Mr. TARVER. There will be few instances where a man with six in his family has been producing only three bales of cotton. May I say it is impossible to draw an amendment which would fit every situation. This is not compulsory to the extent that it would be required in every instance that there should be allocated to the head of every family of six or more four bales of cotton. This simply makes this 10-percent tolerance available for use so far as it will go or may be needed to that end. Is this not fair? Is there any man in the House who will say it is unfair?

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I do not think anyone in the House is more sympathetic to the tenant cotton producer than the members of this committee. May I get down to the practical side of this matter?

If you allot on the family basis you have no place to put a limit. Nearly everybody, even in the towns, in a cotton-growing section has been or is a potential producer of cotton. Nearly all of them are producers. They could go out and get their four-bale allotment and wreck the whole program.

Mr. TARVER. Will the gentleman yield?

Mr. JONES. No. I am sorry, but I only have 1 minute.

Mr. TARVER. Mr. Chairman, I ask unanimous consent that the time for the discussion of this matter be extended 15 minutes. Why should the chairman of the committee be limited to only 1 minute?

The CHAIRMAN. The gentleman from Texas has the floor.

Mr. JONES. Mr. Chairman, you must tie this provision to the land. We tried in every way in the world to take care of the tenant, the share cropper, and the small farmer. We have written all the way through the bill everything we could legally to protect these people and to assure fair treatment to the small man, but all cotton is produced on land.

[Here the gavel fell.]

Mr. TARVER. Mr. Chairman, I ask unanimous consent that the limitation upon the time heretofore fixed be removed and 15 minutes accorded to the discussion of this amendment.

Mr. DRIVER. Mr. Chairman, I object.

Mr. BUSBY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUSBY. Does the agreement to cut off all debate apply to any amendment offered to the section which has been read?

The CHAIRMAN. The motion of the gentleman from Texas, which was adopted by the Committee, cuts off all debate on the section and all amendments thereto.

The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. TARVER. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Georgia rise?

Mr. TARVER. For the purpose of offering another amendment. I understand, of course, I shall not be allowed to discuss it.

The Clerk read as follows:

Amendment offered by Mr. TARVER: At the end of section 8, add a new section, to be numbered section 8 (b), and to read as follows:

"Sec. 8 (b). Whenever an allotment is made pursuant to section 3, not to exceed 10 percent of the total number of bales allotted shall be deducted therefrom and allotted to States where, for the preceding 3 years, acreage planted to cotton has been reduced or not increased in the average percentage of increase for all cotton-producing States, so that the amount of reduction in cotton production in such States required by the apportionment provided in section 5 (a) is greater than the amount which the Secretary finds would be an equitable reduction applicable to such States in carrying out a reasonable reduction program."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

The pro forma amendments were withdrawn and the Clerk read as follows:

Sec. 9. (a) Exemption certificates shall be issued by the Secretary of Agriculture, upon application therefor, but only upon proof satisfactory to the Secretary that the producer is entitled thereto pursuant to this act and the regulations thereunder. Any certificate erroneously issued shall be void upon a demand in writing for its return made by the Secretary of Agriculture to the person to whom such certificate was issued.

(b) The right to a certificate of exemption shall be evidenced in such manner as the Secretary of Agriculture may by regulations prescribe.

(c) The certificate of exemption shall specify the amount of cotton exempt from the tax under section 4 (e) (2).

(d) Any and all certificates of exemption may be transferred or assigned in whole or in part in such manner as the Secretary of Agriculture may prescribe and shall be issued with detachable coupons or in such other form or forms to be prescribed by the Secretary of Agriculture as will facilitate such transfer or assignment. Any person who, in violation of the regulations made by the Secretary of Agriculture, (1) secures certificates of exemption or bale tags from another by sharp practices, or (2) speculates in certificates of exemption or bale tags, and any person securing certificates of exemption or bale tags from another person by fraud or coercion shall, upon conviction thereof, be fined not more than \$1,000 or sentenced to not more than 2 years' imprisonment, or both.

Mr. McCLINTIC. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, oftentimes when there is a roll call and a person's name does not appear as answering the same it is misunderstood by those who read the RECORD. Today, during the roll call that was had on Senate amendment no. 22, I endeavored to register as voting to send the amendment to conference, it being understood that the President had most emphatically stated that he would veto the bill in its present form, and I knew if such action was taken that it would be very doubtful if any of our disabled and deserving ex-service men who recently suffered a reduction of compensation or were cut off entirely would have a chance to obtain any consideration during this session. However, on account of being invited down to the White House on a matter of public interest, I left before the registration was made, and I am now advised that my name does not appear. May I simply say that I have been here all through this discussion and I would not have been out of the Hall had it not been for the fact that I was called away on public business.

Mr. WADSWORTH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection?

Mr. WADSWORTH. Mr. Chairman, in reading over this section I find in line 9 practically a prohibition against speculation in certificates of exemption. Will the chairman

of the committee define for us the meaning of the word "speculation" in this connection?

Mr. JONES. That is left to the Secretary of Agriculture as it is in one or two other instances. I understand that that word is in the Grain Futures Act, and its administration is left to the Secretary of Agriculture.

It is very difficult to define the term, and if you try to include everything you usually have a lot of things included that should not be included, and I think it is very well understood what is meant by the term.

Mr. WADSWORTH. If it is so well understood, I should like to have the gentleman explain it to me.

Mr. JONES. It has been used heretofore and we talked about trying to define the term, but it seemed to be difficult to put it in words without getting it in a strait-jacket.

Mr. WADSWORTH. Then the Secretary of Agriculture, in a great many instances, is going into court and send a man to jail for 2 years and fine him \$1,000 on his own definition of what is speculation?

Mr. JONES. Of course, the gentleman can make a statement that sounds extreme, but in the administration of the Grain Futures Act we have found no instances where any such advantage has been taken, and we do not anticipate any in this case. In drafting these regulations, as the gentleman knows as a lawyer, the Secretary cannot be arbitrary or unreasonable or the regulations will be knocked out.

Mr. WADSWORTH. No; perish the thought! I am not a lawyer.

Mr. JONES. The lawyers know that the Secretary cannot be arbitrary in the matter, and I think the gentleman is a lawyer even though he does not have a license to practice.

Mr. WADSWORTH. No. May I ask another question with respect to this section which is, perhaps, applicable to the whole bill? What happens in the case of the cotton which is planted before this bill becomes law?

Mr. JONES. It must be subject to the allotment. Of course, those who have signed will have no trouble in coming within the terms, but as to the cotton that is planted, such a man will have his allotment just the same as the others. If he plants more than what would be normally his allotment, his excess would be subject to the tax this year.

Mr. WADSWORTH. When does your planting start, normally?

Mr. JONES. That depends on the season. It starts about now in the southern part of Texas, but most of the cotton is planted in April.

Mr. WADSWORTH. You will have a tremendous acreage of cotton planted before this bill can be passed.

Mr. JONES. Not by those who have been honestly trying to go along with the program, and most of them in that section have tried to go along. I do not think there will be many others, and those who have stayed on the outside have received the advantage already of the plow-up program of those who have cooperated, and they have had about advantage enough, and I think they should now come through.

Mr. BUSBY. Mr. Chairman, I move to strike out the last two words.

I should like to ask the chairman a question. In paragraphs (c) and (d) what provision is made with respect to the cotton that is now held in warehouses?

Mr. JONES. This bill exempts all cotton that was harvested before June 1. The season starts June 1 and all cotton harvested prior to that is exempt.

Mr. BUSBY. Suppose some man has a dozen acres and only raised 10 bales of cotton in 1931, 1932, and 1933. What would be his allotment under this plan?

Mr. JONES. The basic plan is on the cotton raised for 5 years; that is for the county. When it comes to the individual, there are three ways upon which it is based, and the Secretary of Agriculture selects that which he deems is fair and just.

Mr. BUSBY. It is supposed to be a reduction.

Mr. JONES. In the total production, but not necessarily the acreage of the individual.

Mr. BUSBY. Suppose a man raises two or three thousand bales?

Mr. JONES. Undoubtedly he would have to cut it down considerably. Of course, some would not be cut at all.

Mr. BUSBY. Suppose we inserted a provision that no farmer would be allowed more than 1,000 bales of cotton; suppose the limit to the individual is a thousand bales; would not that come nearer to what you are after?

Mr. JONES. I think there will be very few that would raise over that.

Mr. BUSBY. Does not the gentleman know that he would lose 95 percent of the support of his bill if he put a limit of a thousand bales of cotton to one individual?

Mr. JONES. No.

Mr. BUSBY. You are after the little fellows who only raise four or five bales on a small farm, but you are aiding the man who plants a large acreage with colored labor, working horses and machinery wholesale.

Mr. FULMER. There is a farmer who has 25,000 acres.

Mr. BUSBY. Well, limit him.

Mr. JONES. He is limited. But if you undertake to discriminate the bill would be knocked out entirely. This program must be tied to land. All cotton is produced on land. When you levy a tax on production you must have it on some sort of a fair classification and uniform basis.

Mr. BUSBY. I am simply calling attention to this to show you what a mix-up it is.

Mr. JONES. I think the gentleman from Mississippi would have it in a worse mix-up. Mr. Chairman, this matter was gone into very thoroughly. We had 2 or 3 days' discussion on it in committee trying to protect the tenants and the share cropper in every possible way. We have authorized the Secretary of Agriculture to make regulations and to go as strong as he can in protecting them. We are just as anxious as the gentleman from Mississippi can possibly be to throw every safeguard around the individual rights of the small producer.

But everyone knows that you must comply with certain rules and regulations, or you blot out your whole program, and I think we have an allotment that follows very much the voluntary plow-up program of last year, which was successful, and which put a lot of money in the gentleman's State. If he will look at his people there as they are now, as compared with what they were before this program was put into effect, he will find that they are in a very much better economic condition.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GLOVER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. GLOVER: Page 12, line 14, after the word "than", strike out the word "two" and insert the word "one."

Mr. JONES. Mr. Chairman, I have no objection to that amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that following the amendment of the gentleman from Arkansas, the word "year" be substituted for the word "years."

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

Sec. 10. (a) Upon the payment of the tax on any cotton, or the surrender of exemption certificates covering cotton, the collector receiving such payment or certificates shall deliver to the person so paying or surrendering an appropriate number of bale tags which shall be affixed to such cotton.

(b) All cotton imported from a foreign country (including the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam) shall be packed and stamped, tagged, or otherwise identified, in addition to any import stamp indicating inspection at the customhouse, before such cotton is withdrawn therefrom.

(c) Every person who, at the time the tax becomes effective in any crop year, holds for sale (or use in the manufacture or production of an article intended for sale) any lint cotton in bales harvested during a year with respect to which the tax was not in effect may, upon application within 15 days after the tax

becomes effective, and any publicly owned experimental station or agricultural laboratory may, upon application at the time of ginning cotton harvested by it, receive an appropriate number of bale tags. Such bale tags shall be promptly affixed to the bales of lint cotton so held.

(d) In the case of any cotton in existence at the beginning of any crop year with respect to which the tax becomes effective and owned, held, or controlled by the United States, or any department or agency thereof, the Commissioner shall supply bale tags therefor free of charge, upon application by the head of the department or agency. Upon application of the Secretary of Agriculture, bale tags shall be issued free of charge for cotton held in the 1933 Cotton Producers' Pool. Bale tags issued under this section shall be securely affixed to such cotton.

Mr. TARVER. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman a question. I notice that there is a penalty provided in the bill for violation of section 9, which has just been amended. Also there is a penalty provided for violation of section 13, and in section 14, subsection (d), there is a penalty provided for violation of any portion of the act. That penalty is more severe than any of the others, although it apparently covers violations of the two sections to which I have referred.

Mr. JONES. I would be happy to have the gentleman offer an amendment to correct any part of the bill which may need it.

Mr. TARVER. If a man were indicted for violation of section 9 or of section 13, would he be subject to the penalty provided in section 14 (d)?

Mr. JONES. I do not think so. The gentleman is familiar with the rule that the specific always controls the general provision.

Mr. TARVER. But they are all specific.

Mr. JONES. Oh, you can write a deed absolute on its face, but if you put in a mortgage clause the mortgage clause controls the general provisions. I would have no objection to an amendment to make them conform, and if the gentleman wishes to offer such an amendment I would agree to it.

Mr. TARVER. I think the chairman should properly offer the amendment.

Mr. JONES. I shall be happy to make any needed corrections.

Mr. TARVER. There is another question I want to ask about section 14 (b), which has the provision that transportation of a bale of cotton or any lint cotton to which a bale tag is not attached beyond the boundaries of the county shall be in violation of the act, and that section, as I have already pointed out, provides for the making of any violation of the act a felony punishable by imprisonment for 2 years or by a fine not exceeding \$5,000. I know of many farms where part of the farm lies in one county and part in another county. In that case the farmer could not move a bale of cotton from one part of the farm to the other unless a bale tag is attached without being subject to this penalty.

Mr. JONES. We discussed that feature of the matter, and after discussing it—and there are many angles to that—we thought it better be taken care of by regulations of the Department. Of course, they will make regulations which will permit the movement of cotton. The only way to keep bootlegging down is to have, first, the forbidding of the movement of cotton when the tax is not paid. A man can pay his tax and move his cotton, or if it is exempt he can move it. This refers to excess production. In order to keep that from escaping, we put in that provision and then authorize the Secretary of Agriculture to issue regulations under which it may be moved. I have an idea that he will say, if a man has a farm partly in one county and partly in another, he may haul it across the county line on the farm, or if he owns two farms adjoining he can take it from one farm to the other, and I know that he will be permitted to haul it to a warehouse, because the law itself provides that he can store it.

Mr. TARVER. The law provides that he cannot haul any lint cotton across the county line unless he has one of these bale tags attached. According to the gentleman's reasoning, he is making a man guilty of a felony and depending upon the Secretary of Agriculture to keep him from being indicted.

Mr. JONES. I think the gentleman is unfair there. Of course, nobody is going to find a man guilty of a felony under those circumstances.

Mr. TARVER. I do not think a man should be left to the mercy of the court.

Mr. JONES. I think the gentleman is inclined to be captious.

Mr. TARVER. I think that remark is entirely uncalled for.

Mr. JONES. I withdraw it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection?

Mr. BUSBY. Mr. Chairman, I object.

Mr. JONES. Then, Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 6 minutes.

Mr. BUSBY. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Mississippi makes the point of order that there is no quorum present. The Chair will count.

Mr. JONES (interrupting the count). Mr. Chairman, I move that the Committee do now rise. I ask for tellers on that motion.

Tellers were ordered, and the gentleman from Mississippi [Mr. BUSBY] and the gentleman from Texas [Mr. JONES] were appointed tellers.

The question was taken; and the tellers reported there were ayes 7 and noes 82.

Mr. JONES. Mr. Chairman, I regret it exceedingly, but I move that the Committee do now rise. We will have to meet tomorrow.

Mr. TARVER. Mr. Chairman, a point of order. A vote was just taken that the Committee rise, and the motion was overwhelmingly defeated.

The CHAIRMAN. The gentleman from Texas [Mr. JONES] moved again that the Committee do now rise.

The question was taken, and the motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill H.R. 8402, the cotton control bill, had come to no resolution thereon.

PERMISSION TO ADDRESS THE HOUSE

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that on Wednesday next, after the reading of the Journal and disposition of matters on the Speaker's desk, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. BULWINKLE]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DEEN, for the balance of the week, on account of illness.

To Mr. KEE, for 2 days, on account of important business.

To Mr. LANHAM, indefinitely on account of illness.

To Mr. MORAN, for 5 days, beginning March 24, 1934, on account of important business.

To Mr. SHANNON, for 10 days, on account of important business.

To Messrs. McKEOWN, DUFFEY, PERKINS, LEHR, and GUYER, for 10 days, on account of absence from the city to complete investigation of bankruptcy and equity receiverships.

EXPLANATION OF VOTE

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, was detained from the Chamber during the vote this afternoon—

Mr. SNELL. Mr. Speaker, I object to any such announcement.

The SPEAKER. Objection is heard. The gentleman is out of order.

PUBLIC SERVICE IN NATIONAL PARK WORK

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address by the Director of National Park Service concerning national parks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a radio talk by Mr. Arno B. Cammerer, Director of the National Park Service of the Department of the Interior, broadcast from Washington Saturday, March 10.

This is the second of a series of nine national broadcasts being given under the auspices of the National Park Service. I want to congratulate Director Cammerer and the other officials of that Service on the good work they are doing and preparing to do throughout this year in bringing the national beauty and historic spots of our country to the attention of Americans. Everybody should encourage the National Park Service in its efforts to stimulate travel in the United States.

I know the people appreciate the patriotic service of Capt. Taylor Branson and the Marine Band, which is appearing on the weekly national-park radio programs, and his choice as the theme song for the broadcasts, *My Own United States*. That inspiring song is preeminently appropriate, and I may add that we western Members are thrilled at this time of the year to hear *When It's Springtime in the Rockies* and *Where the Silvery Colorado Wends Its Way*.

Before quoting Mr. Cammerer's talk I want to say a few words about the National Park Service. It is undoubtedly the outstanding contact organization in the United States Government. Of all the hundred or more bureaus, commissions, boards, services, and other administrative organizations of our Government, the National Park Service is, in my judgment, the most popular of all of them. It richly deserves that universal admiration. The entire park personnel takes supreme pride in their work, and they look and act the part. They are charged with duties which at all times work for the recreation and happiness of those with whom they come in contact. The very nature of the activities of the National Park Service brings out the best there is in its officials and employees, and yet they have a most trying and difficult task.

They are required every year to personally and courteously entertain, instruct, supervise, provide for in every detail, and tactfully and forcibly, if necessary, control about three and a half million people, who are out for a vacation and are usually rather intolerant of restraint or regulation and somewhat indifferent to the consideration of others.

Our people are called the worst souvenir gatherers in the world. It is a herculean task every minute of every day and every night during the season to prevent vandalism and disfigurement of the scenery, which would very soon cause practically the ruination of all of the parks.

But owing to the very exceptional qualifications, high character, and diligence of the superintendents, the park rangers, and all other employees, the sublime and world-renowned scenery is perfectly preserved in its primitive condition. All the parks are being marvelously improved every year, and the visitors leave the parks happy and delighted with their visit, and more and more thousands of them return every year.

When I was honored by a seat in this House on March 4, 1909, we had nine national parks. We now have 24 and a historical park. I have been proud to assist in the creation of all those 16 parks. At that time we had, as I recall, about half a dozen national monuments created by Executive order under the act of June 8, 1906. We now have 67 national monuments.

I also took a very active part in the long struggle in Congress to enact the law approved August 26, 1916, creating the National Park Service. That was an achievement that every public-spirited citizen and lover of nature has been proud of ever since. We were all genuinely delighted when Stephen R. Mather was appointed Director of the Service. No human being in our Republic was more suitable or better fitted for that position. He was ideally qualified by nature and opportunity, and he superbly and grandly filled that position until he was called to his reward.

His most capable assistant, greatest student, and admirer was Horace M. Albright, and the entire country was glad to see him succeed Mr. Mather. Mr. Albright not only filled the position but was a wonderful executive, and the Park Service and the parks developed marvelously and splendidly during the many years he occupied the position of Director. The entire population of this country owe both him and Mr. Mather a debt of gratitude for their superb and patriotic service to our Nation.

We all regretted the retirement of Mr. Albright, but all lovers of our parks were delighted to have as his successor Mr. Arno B. Cammerer, who has grown up in the Service from his boyhood days. He was Mr. Albright's greatest assistant and the most capable and best-qualified person to succeed to that office.

During the past quarter of a century of my service in Congress it has been one of my greatest pleasures to not only actively support the bills creating most of our national parks, but to also be in a position to help in their improvement, maintenance, and growth. I look upon them as one of the greatest assets of our country. In fact, I feel that when I reach the end of the trail down the western slope of life toward the setting sun, it will be one of my proudest recollections to have taken an active part in the creation, development, and preservation of these marvelously scenic, attractive, and inspiring American playgrounds that are by Congress forever dedicated "for the benefit and enjoyment of the people."

I am exceedingly pleased to have the opportunity of inserting in the RECORD Director Cammerer's admirable address, as follows:

GREATER OPPORTUNITIES FOR PUBLIC SERVICE IN NATIONAL PARK WORK, WITH SPECIAL REFERENCE TO EASTERN AREAS

My fellow Americans, last week Secretary Ickes told you of the plans to make 1934 a national park year. Tonight is my opportunity to tell you something concerning the great national park system of the United States and what it offers you in opportunities for recreation, enjoyment, and inspiration.

Even though the annual visiting list of the national parks already runs into the millions, there are comparatively few people well acquainted with the tremendous scope of these great national reservations and the part they play, and should play, in our everyday lives. They are the great scenic masterpieces of our Nation, set aside by special act of Congress in each instance for your use, health, and enjoyment. These laws put the stamp of congressional approval on them, as the stamp "sterling" is put on the highest grade silver. Before a national park area is established, it is thoroughly studied by the experts of the National Park Service as to whether it measures up to the high standards prescribed for such parks, so you can depend upon it that once the Congress has created the park there must be something transcendently beautiful about it to deserve that proud distinction. Each park has natural characteristics all its own, and duplication of such characteristics has been avoided. That means that when you visit any one of these parks, you are seeing the finest thing of its kind, scenically speaking, that the Nation has to offer. Nature was lavish when this country was fashioned, and every State has areas of outstanding beauty. It takes national prominence as contradistinguished from merely local prominence to entitle an area to national park status. The great State park system of the country absorbs those scenic areas within individual States that have local prominence.

The United States was the first country to establish national parks and expand and combine them into a system for public enjoyment. The Yellowstone was the first national park to be established, and under rather dramatic circumstances. I wish I had the time to tell you about that at some length. A party of explorers, the famous Washburn expedition, had completed their inspection of the area in 1870. The members were gathered around the camp fire one evening discussing what had best be done with such a wonderland of beauty. All but one figured on preempting some especially beautiful site for personal purposes, when Cornelius Hedges, a Montanan, insisted that the only solution was to make that area a national park for the use and enjoy-

ment of all the people. That marvelously beautiful area, with its rolling forests, mountains, lakes, streams, and waterfalls, with awe-inspiring exhibits of natural phenomena, and great exhibits of wild life, became a national park in 1872, 2 years later. It now contains 2,200,240 acres of virgin wilderness. Since then have been added Mount Rainier National Park in Washington, the largest single peak glacial system in the United States; the Grand Canyon National Park in Arizona, presenting the greatest example of erosion and the most sublime spectacle in the world; the Yosemite National Park in California, with its romantic scenery, including gorgeous waterfalls, mountains, and valleys, and the world-famous valley of Yosemite itself; the Glacier National Park in Montana on Canada's boundary and sometimes called the Switzerland of America because of the many large glaciers nestling close to the mountain crags; the Mesa Verde National Park in Colorado, where the prehistoric remains of cliff dwellers are preserved; and farther north in Colorado, only 80 miles from Denver, that sublime section of the magnificent Continental Divide incorporated in the Rocky Mountain National Park; the Sequoia and General Grant National Parks in California, preserving the unparalleled specimens of the Sequoia gigantea, the big trees of America, many of which are over 3,000 years old, and one of them with a diameter of 40.3 feet.

Crater Lake National Park in Oregon contains the marvelous lake of incomparable blue in the heart of an extinct volcanic crater; Lassen Volcanic Park in California containing our only recently active volcano in the United States proper; the marvelous beauty of the Carlsbad Caverns National Park in New Mexico, and the Wind Cave National Park in South Dakota, exhibiting distinctively different underground limestone formations; and the colorful national parks, Zion and Bryce, in southern Utah's wonderland of color. Hot-springs phenomena, aside from those of the Yellowstone, are preserved in the popular Hot Springs National Park in Arkansas, where since 1832, as our records go, and way into the distant past as far as Indian legends go, the hot waters have been used for the alleviation of human ailments. Platt National Park in Oklahoma also has springs whose remedial qualities find favor with the public. Then there is the great Mount McKinley National Park, of nearly 2,000,000 acres, in Alaska, with its chief scenic ascent, the great Mount McKinley, but created primarily to preserve the tremendous game herds of caribou and other wild life. In Hawaii, on the islands of Hawaii and Maui, the Hawaii National Park contains unparalleled volcanic exhibits and tropical floral growth readily accessible to the visitor. Altogether there are about 8½ million acres in this system.

You can therefore understand how the seed sown in the Yellowstone over 60 years ago has grown into a magnificent system that has proven the foresight and patriotism of those pioneers gathered around that historic camp fire. Your country has set the example, my listeners, and as a result all over the world—in Australia, in Africa, in Asia, in Europe, in South America—other countries are following in these footsteps of your Uncle Sam.

These national parks are maintained in absolutely unimpaired form for the use of future generations as well as those of our own time. In their management and development the national interest must dictate all decisions affecting public and private enterprise in the parks, and their development for public use. Accommodations are provided to fit any purse, from the great free public camp grounds where policing, good water, and sanitation are afforded under appropriations from the Congress, and where you can sleep in your own tent and cook your own food over the embers of your own campfire, or go to nearby lodges where a cabin and three square meals can be secured at reasonable prices, or patronize the high-class de luxe hotels where accommodations and service equal to the best in our large cities are available. You can come in your own car and roam through the parks to your heart's content, or you can use the extensive motor facilities provided by the transportation companies operating under contract with the Interior Department, rain or shine, and whether one person arrives or a thousand. All rates and schedules are approved by the Government. Rangers, hand picked for good manners, courtesy, and thoughtfulness, are ready to guide you and protect you, and the naturalists are ready to assist you in your intelligent understanding of the natural phenomena, the wild life, the history of the region, and help you enjoy yourself to your heart's content.

All these national parks west of the Mississippi were carved out of the public domain. In other words, the United States owned the land and set it aside for your public use, instead of letting it go for private use. Congressional appropriations are made annually to build and maintain good roads, put in camp grounds, provide for ranger and other service, good sanitation, good water, and the like.

East of the Mississippi there was no public domain from which such national parks could be created, for as the Atlantic seaboard was settled in the early days of our Republic, the land was taken up in private grants and no public land was left. Nor has the Congress by appropriation of public funds purchased national parks. Consequently establishment of national parks in areas in the East approved as to standards by the National Park Service had to be accomplished by donation of the lands from other sources. For instance, the beautiful Acadia National Park on the coast of Maine has been built up in its entirety by donation of lands or lands bought from funds donated by interested public-spirited men and women. In the Southern Appalachians the Great Smoky Mountains National Park, a mountain and forest empire of over 450 square miles, is being purchased by the States of North Carolina and Tennessee and citizens of those States, assisted by Mr.

John D. Rockefeller, Jr., who contributed through the Laura Spelman Rockefeller Memorial up to \$5,000,000 in memory of his beloved mother. In the Blue Ridge Mountains of Virginia the Shenandoah National Park created under similar conditions with the assistance of the State of Virginia will shortly be tendered to the United States. In Kentucky earnest citizens of the State have been working for several years to complete the Mammoth Cave area acquisition and turn it over to the United States for use by the people of the Nation as a national park. The Isle Royale National Park project in Michigan will be acquired by that State, thereby adding 225 square miles of virgin wilderness to future opportunities of public enjoyment, health, recreation, and inspiration. The Everglades National Park bill is now before Congress, with the thorough approval of the National Park Service and the Interior Department, and we earnestly hope it will pass.

Within a comparatively short time therefore the eastern half of the country will have a series of national parks that will enable those who have seen the western parks or who cannot afford the time or money for a trip to them, to spend from a few days to a week or two in the finest scenic areas that the East can offer, and to ascertain by actual contact and experience just what this glorious country is doing through the National Park Service in providing for more enjoyable and abundant living in the great outdoors. Having worked in the mills and factories myself, I have often reflected upon the little time that the average citizen of the East has in making long-range excursions, and I think that these eastern national parks will assist him in planning his vacations.

But I should not dwell alone on the opportunities of scenic national parks. There are other magnificent and interesting areas under the National Park Service, my friends, of similar attractiveness to the traveler. These are the national monuments set aside by Executive order for historic or scientific purposes for perpetual preservation that have similar opportunities for public enjoyment and inspiration.

And during the reorganization of the park activities of the National Government last year, which were all consolidated in the National Park Service, all the national military and historical parks were transferred to the service, and are included in our earnest efforts to popularize them. Gettysburg, Morristown, Appomattox, Petersburg, Chancellorsville, Fredericksburg, Vicksburg, Yorktown, Kings Mountain, Custer Battlefield, Chalmette, Lookout Mountain, Jamestown Island and Williamsburg, Shiloh, and the galaxy of other places that make your heart throb with the memories of events that made history. Altogether there are at present 24 national parks, 1 national historical park, 11 national military parks, 4 miscellaneous memorials, 10 battlefield sites, and 67 national monuments under the jurisdiction of this office—certainly an array of opportunity for your interest and enjoyment. Scattered as these are all over the country, any prospective journey of yours will give you the opportunity of a delightful visit to one or more of these areas in whatever direction your inclinations and time at your disposal may tempt you.

This is national park year. You have learned from what I have said that no other country in the world has done for its people individually or collectively what our great country has in setting aside its grandest scenic and historical possessions. Each one of you owns an undivided interest in them. The great national objective these days is to see that "the people may have life and live it more abundantly." Whether you bunch your leisure into 2 weeks' vacation or take it in instalments of a day or two, the opportunities for utilizing it to the best advantage are in your own hands. Those of us who work for you in the National Park Service are all enthusiasts—happy over the opportunities for real public service in providing for your health, enjoyment, and inspiration in the midst of these wonderful surroundings. We want you to see these wonderlands of beauty, history, and inspiration. You will be welcome guests, and we want you to depart satisfied with what you saw and the service you received. Never has there been a better time to visit them than now. High-grade roads within and without the parks carry your motor cars speedily and easily to your destinations. Railroads all over the country are cooperating by attractive reduced rates and unexcelled service. Write the National Park Service, in care of the Interior Department, in Washington, for information concerning any parks you plan to visit, where they are, how to get there, and what to see after you have arrived. Make 1934 memorable in your lifetime by visiting one or more of them.

Good night.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 24 minutes p.m.) the House adjourned until tomorrow, March 17, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

384. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 13, 1934, submitting a report, together with accompanying papers, on a preliminary examination and survey of Bayou Chico, Fla., author-

ized by the River and Harbor Act approved September 22, 1922 (H.Doc. 286), was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 7241. A bill to authorize the Secretary of the Interior to convey the lands and property used for the United States Indian School at Genoa, Nebr., to the State of Nebraska; with amendment (Rept. No. 987). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on the Public Lands. H.R. 2858. A bill to add certain lands to the Pike National Forest, Colo.; with amendment (Rept. No. 988). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on the Public Lands. H.R. 2862. A bill to add certain lands to the Cochetopa National Forest in the State of Colorado; with amendment (Rept. No. 989). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on the Public Lands. H.R. 5927. A bill to provide for the selection of certain lands in the State of California for the use of the California State park system; without amendment (Rept. No. 991). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIES: Committee on Coinage, Weights, and Measures. H.R. 7581. A bill to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon, which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes; without amendment (Rept. No. 992). Referred to the Committee of the Whole House on the state of the Union.

Mr. FIESINGER: Committee on Coinage, Weights, and Measure. H.R. 1577. A bill to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands; without amendment (Rept. No. 993). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MOTT: Committee on the Public Lands. H.R. 5597. A bill to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.; with amendment (Rept. No. 990). Referred to the Committee of the Whole.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 8660) granting a pension to Anna Sheets Rogers; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 8187) granting a pension to Jennie Ledford McNeill; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DIMOND: A bill (H.R. 8679) to extend the provisions of the Federal Highway Act to the Territory of Alaska, to enlarge the legislative power of the Legislature of the Territory of Alaska, and for other purposes; to the Committee on Roads.

By Mr. POWERS: A bill (H.R. 8680) to prohibit discrimination on account of maximum age in employment directly and indirectly under the United States; to the Committee on the Civil Service.

By Mr. McSWAIN: A bill (H.R. 8681) to define the offense of unlawfully exercising or pretending to exercise influence upon governmental action; to the Committee on the Judiciary.

By Mr. LEWIS of Maryland: A bill (H.R. 8682) to raise revenue by taxing inheritances, and for other purposes; to the Committee on Ways and Means.

By Mr. BURNHAM: A bill (H.R. 8683) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on the Public Lands.

Also, a bill (H.R. 8684) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on the Public Lands.

By Mr. MOTT: A bill (H.R. 8685) authorizing an appropriation for the further development of the submarine and destroyer base at Tongue Point, Oreg.; to the Committee on Naval Affairs.

By Mr. PATMAN: A bill (H.R. 8686) to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films and to prevent restraint upon free competition in the production, distribution, and exhibition of copyrighted motion-picture films (a) by prohibiting the compulsory block booking of copyrighted motion-picture films; (b) to compel the furnishing of accurate synopses of all pictures offered to theater operators before the same have been released and reviewed; and (c) to amend section 2 of the Clayton Act to make it apply to license agreements and leases as well as sales in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGHTON: A bill (H.R. 8687) to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. MARTIN of Colorado: Resolution (H.Res. 303) requesting the Secretary of the Treasury to appear before the Committee of the House on Coinage, Weights, and Measures; to the Committee on Coinage, Weights, and Measures.

By Mr. BRUNNER: Joint resolution (H.J.Res. 299) to extend the provisions of subdivision A of section 1 of the act approved May 25, 1932; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRENNAN: A bill (H.R. 8688) for the relief of Stella E. Whitmore; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8689) for the relief of Arthur E. Johnson; to the Committee on Military Affairs.

By Mr. FARLEY: A bill (H.R. 8690) granting a pension to Eliza Jane Wilkinson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8691) granting a pension to Grace V. Lawrence; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8692) granting a pension to Mary E. Michaud; to the Committee on Invalid Pensions.

By Mr. HART: A bill (H.R. 8693) granting a pension to Rose DuVall; to the Committee on Pensions.

By Mr. PARKS: A bill (H.R. 8694) to allow the Distinguished Service Cross for service in the World War to be awarded to John Rosser Venable; to the Committee on Military Affairs.

By Mr. POWERS: A bill (H.R. 8695) granting an increase of pension to Bella J. Roberts; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 8696) for the relief of Jeter J. McGee; to the Committee on Claims.

By Mr. PARKER: Joint resolution (H.J.Res. 300) for the relief of John T. Garity; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3029. By Mr. AYRES of Kansas: Petitions of citizens of Wichita, Kans., protesting against the so-called "Tugwell measure", which proposes to amend the Pure Food and Drugs Act; to the Committee on Interstate and Foreign Commerce.

3030. By Mr. CARTER of California: Petition of the Oakland District of the California Council of Dads Clubs for the permanent preservation of the United States frigate *Constitution*; to the Committee on Naval Affairs.

3031. By Mr. DE PRIEST: Petition of the Illinois State Citizens Committee, Sidney A. Jones, Jr., chairman, and Geraldine Glover, secretary; to the Committee on Rules.

3032. By Mr. DONDERO: Petition of 52 citizens and members of the Woman's Christian Temperance Union of Royal Oak, Mich., urging early and favorable hearings on House bill 6097, a bill having to do with the regulation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

3033. By Mr. FITZPATRICK: Petition of the Ladies' Auxiliary, No. 348, to Branch 387, National Association of Letter Carriers of Yonkers, N.Y., urging the restoration of the Federal pay cut and discontinuing payless furloughs; to the Committee on Appropriations.

3034. By Mr. HIGGINS: Resolutions of the Railroad Employees and Taxpayers Association of Connecticut, favoring the passage of House bill 8100, a bill to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U.S.C., title 49, sec. 4); to the Committee on Interstate and Foreign Commerce.

3035. By Mr. HOIDALE: Petition of the International Association of Machinists; to the Committee on Naval Affairs.

3036. Also, petition of the county of St. Louis, Minn.; to the Committee on Roads.

3037. Also, petition of Lodge 224, Brotherhood of Locomotive Firemen and Enginemen; to the Committee on Interstate and Foreign Commerce.

3038. By Mr. LEHR: Petition of the Woman's Home Missionary Society of the Methodist Episcopal Church of Ypsilanti, Mich., urging Senators and Representatives in Congress to do all in their power to obtain early and favorable hearings on the Patman motion-picture bill (H.R. 6097) providing means for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3039. Also, petition of the Ypsilanti Federal Labor Union, No. 19109, Ypsilanti, Mich., urging support of the Connery 30-hour week bill; to the Committee on Labor.

3040. By Mr. LINDSAY: Petition of the Mississippi River System Carriers' Association, Cincinnati, Ohio, opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3041. Also, petition of Michael M. Helfgott, attorney, New York City and Brooklyn, favoring the passage of House bill 8049, by Representative VINCENT CARTER, of Wyoming; to the Committee on the Public Lands.

3042. By Mr. MALONEY of Connecticut: Resolution adopted March 12, 1934, by the Railroad Employees and Taxpayers Association of Connecticut, favoring the passage of House bill 8100; to the Committee on Interstate and Foreign Commerce.

3043. By Mr. RICH: Petition of the Ministerial Association of Montgomery, Pa., favoring world peace; to the Committee on Foreign Affairs.

3044. By Mr. STRONG of Pennsylvania: Petition of the Johnstown Ministerial Association, the Cambria County Civic Club, and the Woman's Christian Temperance Union of Johnstown, Pa., favoring the Patman motion picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

3045. By Mr. SUTPHIN: Petition of the New Jersey branch, second division, Railway Mail Association, protesting against enforced lay-off of regular postal employees and the curtailment of substitute employment; to the Committee on the Post Office and Post Roads.

3046. By Mr. WERNER: Petition of citizens of Dell Rapids, S.Dak., urging passage of House bill 7019, providing a pension for the aged; to the Committee on Labor.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 17, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, be pleased to hear us as we fix our eyes upon the stars instead of on the streets. We beseech Thee to make this day memorable in cooperation, peace, and brotherhood. Bless us all with that music which comes when love flows in. Allow no treacherous desire, clinging pleasure, or cherished possession to keep us from the fulfillment of that responsibility which has called us to this Chamber. Take us and make us a power for good in the lives of others. Hold us, blessed Lord, to the realization that every good deed becomes a stone in that immortal temple which is awaiting us in the morning of eternity. Almighty God, open self-clouded eyes, wherever they are, and bless them with vision, good will, and mutual understanding. Bring peace, wonderful peace, to our whole country. O let it penetrate the mists of controversy and let it touch and brighten every industry. Merciful and All-Wise God, write it in letters of divine illumination across the sky of every section of our Republic. Gracious Father, may the resounding echo of "the good news" that was first proclaimed on a far-away shore and committed to the winds of Galilee come in Heaven's blessings upon all peoples. Amen.

The Journal of the proceedings of yesterday was read and approved.

APPOINTMENT TO COMMITTEE

Mr. SNELL. Mr. Speaker, I offer a privileged resolution and ask its immediate consideration.

The Clerk read as follows:

House Resolution 304

Resolved, That Mr. CULKIN, of New York, be, and he is hereby, elected a member of the Committee on Elections No. 2.

The SPEAKER. Without objection, the resolution will be agreed to.

There was no objection.

Mr. BUSBY. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 108]

Adair	Brunner	Crowe	Ellenbogen
Allen	Buchanan	Crowther	Evans
Andrews, N.Y.	Buckbee	Cullen	Fitzgibbons
Auf der Heide	Cannon, Wis.	Darden	Flannagan
Ayers, Mont.	Carley, N.Y.	Deen	Focht
Bacharach	Cavicchia	Dickstein	Foss
Beiter	Celler	Ditter	Foulkes
Bloom	Chavez	Dockweiler	Frey
Boland	Church	Douglass	Gambrill
Boylan	Claborne	Doutrich	Gavagan
Brennan	Cole	Duffey	Gillespie
Britten	Condon	Durgan, Ind.	Gillette
Brooks	Connery	Eagle	Goldsborough
Brown, Mich.	Connolly	Eaton	Granfield
Brumm	Corning	Edmonds	Green

Haines	Lanzetta	O'Brien	Studley
Hamilton	Lea, Calif.	O'Connell	Sullivan
Hart	Lehr	O'Malley	Sweeney
Harter	Lemke	Oliver N.Y.	Swick
Hildebrandt	Lewis, Md.	Palmisano	Taber
Holdale	Lindsay	Plumley	Taylor, S.C.
Hughes	McKeown	Pou	Tinkham
Jeffers	McLean	Prall	Underwood
Kahn	McSwain	Reid, Ill.	Wadsworth
Kelly, Ill.	Maloney, Conn.	Rudd	Waldron
Kennedy, Md.	Marshall	Sabath	Wallgren
Kennedy, N.Y.	May	Shannon	Williams
Kinzer	Mead	Simpson	Withrow
Knutson	Monaghan, Mont.	Sirovich	Wolfenden
Kramer	Montague	Smith, W.Va.	Wood, Ga.
Kurtz	Moynihan, Ill.	Somers, N.Y.	Woodruff
Lamneck	Muldowney	Steagall	
Lanham	Norton	Stokes	

The SPEAKER. Three hundred Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. SNELL. Will the gentleman withhold his motion for a moment?

Mr. JONES. I withhold the motion.

Mr. SNELL. Mr. Speaker, there was a tentative agreement between the majority leader and myself relative to the final vote on this bill. At the time we had this talk it was expected we would get up to ordering the previous question last night, would adjourn over today, and the final vote would come on Monday; but, like a good many of our plans, it miscarried.

May I inquire whether we can come to an agreement with the gentleman from Texas that if we get up to ordering the previous question today the final vote may go over until Monday?

I may say to the gentleman that, relying on our understanding, I have told a great many Members on this side that they were perfectly at liberty to go home until Monday morning, and it would be a great disappointment to them if the vote was forced today. May I inquire if we can come to some understanding in regard to this matter?

Mr. JONES. Mr. Speaker, I do not know what the floor leader may have stated, but I told everyone who came to me that if we got to the point of a roll call last night I understood there would be no session today and in this event there would be no roll call until Monday. I also told every one of them that in the event we did not get up to that point last night we expected to complete the consideration of the bill today. Numerous Members have stayed here with this understanding. I think these facts were known to everyone. I have had a great many Members come to me, and I told them we would be forced to continue today. There could not be a roll call in any event on Monday because it is suspension day.

Mr. SNELL. That does not make any difference if we get up to the final vote. It could come up on Monday.

Mr. BYRNS. Mr. Speaker, may I say this, in justice to myself. I believe the gentleman from New York has made the statement that our agreement was based upon the expectation we would get to the previous question yesterday afternoon.

Mr. SNELL. That is correct.

Mr. BYRNS. I spoke to the gentleman from Alabama, and, of course, when we did not get to the previous question last night, our agreement did not hold.

Mr. SNELL. I agree that it does not hold, perhaps, 100 percent, but there was a general understanding and I gave the information to the Members on this side of the House that there would be no roll call today on this bill. I agree with what the gentleman from Tennessee has stated, that it was based primarily on getting to the previous question last night.

Mr. BYRNS. A number of Members spoke to me and I told them that the gentleman from Texas had stated to me that if we reached the previous question last night the understanding was that the vote would go over until Monday and would be had at 12 o'clock Monday, but it was always based on this premise.

Mr. SNELL. Why would it not amount to practically the same thing if we finish the bill today and ordered the previous question to let the final vote go over until Monday?

Mr. BYRNS. Personally, I have no objection, but that is for the gentleman from Texas to decide. The gentleman from Texas has charge of the bill.

Mr. SNELL. It seems to me there is a technical obligation to allow the vote to be taken on Monday.

Mr. JONES. It would have to go over until Tuesday, the Parliamentarian tells me. A roll call would not be automatic on Monday, so it would have to go over until Tuesday.

Mr. SNELL. That may be true, but I have always understood that when we get up to the previous question, regardless of what may be in order the next day, with the exception of Calendar Wednesday, this would be the unfinished business and would come up the first thing after the reading of the Journal and the disposition of business on the Speaker's table. If the parliamentary clerk made a different statement I am not willing to agree with him at this time without further investigation. There is not anything specially sacred about Consent Calendar, and it is often laid aside for various kinds of business, and I believe the intent of the rules is to make this vote in order on Monday.

Mr. JONES. A half dozen Members have come to me and stated that they had planned to be away but had canceled their engagements with the understanding that we would finish the bill today.

Mr. SNELL. The question was not raised until about 6 o'clock last night that we were not going to finish. We did everything we could on this side to help the gentleman finish the bill to the previous-question stage.

Mr. BYRNS. I am under the impression that the situation would be to the contrary. My understanding was that if we reached the previous question last evening this would be unfinished business on Monday, so far as the roll call is concerned.

Mr. BANKHEAD. Will the gentleman from Texas yield to me?

Mr. JONES. I will, if I have the floor.

Mr. SNELL. I yield to the gentleman to make a statement.

Mr. BANKHEAD. Mr. Speaker, may I make this statement to the gentleman from New York and the other Members of the House? There was no agreement or understanding upon which the gentleman from New York had any right to rely that this bill would go over until next Tuesday for a final vote. On the contrary, when inquiries were made of the gentleman from Texas, the chairman of the committee, about this proposition I know he made the statement to several Members that if we did get up to a vote at the conclusion of the reading of the bill under the 5-minute rule it would be agreeable to let the bill go over. The gentleman from New York is against this bill.

Mr. SNELL. I admit that I am.

Mr. BANKHEAD. The proponents of this bill have a right to press for its passage. I may say to the gentleman from New York that time is the very essence of this whole cotton proposition. The planting season in some sections of the Cotton Belt has already begun.

Mr. SNELL. And they have already signed up and are going through under the voluntary agreement plan this year. The gentleman knows that is true.

Mr. BANKHEAD. Will the gentleman allow me to conclude my statement without losing his temper?

Mr. SNELL. I apologize to the gentleman.

Mr. BANKHEAD. The passage of this bill has been delayed from time to time. We first started consideration of the bill more than a week ago today.

The Members are here ready to vote upon this proposition. The gentleman from New York, because some of his

friends who are opposed to this bill, went away without having any agreement upon which the gentleman could base any right to excuse them from attendance on this House, I do not believe has any right to ask the House, in view of the importance of the passage of this bill just as quickly as we can pass it, to agree to the request that he has made. I say this in the utmost good humor and good faith to my friend from New York.

It so happens that I appear as the author of this bill, but all the gentlemen from the South who know the importance of speed and expedition will agree with me that we ought to go ahead and conclude the consideration of this bill and pass it today. I feel the chairman of the committee is inclined to pursue this course, and I hope he will go ahead and finish the consideration of the bill so that we may vote on it and pass it.

Mr. SNELL. Will the gentleman yield now?

Mr. BANKHEAD. Yes.

Mr. SNELL. Does the gentleman really mean that I had no right to tell these people, after I had had a talk with the majority leader and the chairman of the committee, who made exactly the same statement I did, that if the previous question were ordered it would go over? There is no emergency now that was not in existence when we made this agreement, and we made the agreement that if we finished consideration of the bill last night the vote would go over until Monday, and I think I was entirely within my rights to do as I did.

Mr. BANKHEAD. But there was no agreement made, and the chairman has reiterated this morning his statement and upon that statement the gentleman from New York had no right to assume that this measure would not be voted upon today.

Mr. SNELL. If we cannot rely upon that kind of tentative agreement, we cannot rely on any agreement that is made tentatively on both sides of the House.

Mr. BANKHEAD. There has been no breach of good faith, if that is what the gentleman is undertaking to say.

Mr. BYRNS. Let me say to my friend from Alabama that there was a positive agreement that if we finished consideration of this bill yesterday the vote would go over. This announcement was made.

Mr. SNELL. And I am basing my statement on that announcement, and I want to say further that it was not the opposition on this side that delayed getting the bill up to the previous-question stage yesterday. The opposition came from the gentleman's own cotton men in the South.

Mr. BANKHEAD. Nevertheless it was opposition.

Mr. SNELL. It was not opposition on our side.

Mr. BANKHEAD. And it delayed the consideration of this bill.

Mr. SNELL. We cooperated so far as we could to get the bill up to the previous question, and if you are going to go back on that tentative agreement, there will be some opposition on this side today.

Mr. TERRELL of Texas. Mr. Speaker, will the chairman of the committee yield for a question?

Mr. JONES. I yield.

Mr. TERRELL of Texas. I desire to ask the gentleman if it would cause any more delay to carry this discussion on until we get to the point where we can take a vote and let it go over until Monday than it would if we had done the same thing yesterday afternoon?

Mr. JONES. I may say to the gentleman that the disposition to delay and continue to delay makes it all the more important that we get early action. The vote would not come until Tuesday, according to the ruling.

Mr. BYRNS. I want to find out about that. Mr. Speaker, I desire to submit a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BYRNS. Suppose this bill should reach the previous-question stage today and a roll call be ordered, would the roll call be in order at 12 o'clock on Monday?

The SPEAKER. The Chair reads from Cannon's Procedure, referring to the call of the Consent Calendar on Monday, which includes suspensions:

It (the calling of the Consent Calendar) also has precedence of contested-election cases and unfinished business coming over from the previous day with the previous question ordered.

If the previous question is ordered today, the vote will come Tuesday.

Mr. SNELL. Not until Tuesday?

The SPEAKER. Yes.

Mr. O'CONNOR. Mr. Speaker, I understand that the quotation just read is based on a decision by Mr. Speaker Gillett, reported in Hinds' Precedents. Mr. Gillett's decision does not go as far as that. What Mr. Speaker Gillett held was that it was discretionary, and that the vote was of equal privilege with the calling of the Consent Calendar, and therefore it would be in the discretion of the Speaker.

The SPEAKER. Since the rule is mandatory, we would have to go ahead with the consideration of the Consent Calendar.

Mr. SNELL. It would not have made any difference if we had finished last night, because the vote would not have come until Tuesday, and therefore we have not lost anything. If we had ordered the previous question last night the final vote would not have come until Tuesday, and the gentleman from Alabama and the gentleman from Texas admit that they agreed to that.

Mr. JONES. I told everyone who came to me and spoke to me about it that if we did not order the previous question last night I must insist on finishing the bill today. This was made just as clear as the English language could make it whenever I made any statement about it.

Mr. BANKHEAD. And, moreover, as the gentleman has suggested, a great number of men who had personal engagements and wanted to leave the city, stayed over on that assurance from the gentleman.

Mr. JONES. Yes; one from Georgia and one from Ohio, as well as a number of others.

Mr. SNELL. Well, it is in your hands; if you insist, of course, you can do it, but I want to give you fair notice that next time you want to make an agreement, you will have some trouble.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. If there is an understanding between the majority leader and the minority leader and the rules are somewhat different, is there any honor in this House in trying to have a vote not as agreed upon between the majority and minority leaders?

The SPEAKER. That is a private matter. The Speaker is going to follow the rules.

The question is on the motion of the gentleman from Texas.

Mr. LEHLBACH. Mr. Speaker, I ask for a division.

The SPEAKER. The gentleman from New Jersey demands a division.

Mr. JONES. Mr. Speaker, I ask that the Chair withhold that until I make a unanimous request. As far as I am concerned, I have stated my position, but in view of the misunderstanding, I ask unanimous consent that when we get to the previous question this matter be allowed to go over until Monday, and that the vote be the first business in order on Monday after the disposition of business on the Speaker's table.

The SPEAKER. Is there objection?

Mr. PARKER. Mr. Speaker, reserving the right to object, on yesterday I planned to go to Georgia last night. I was told that if the bill was not concluded last night we would have to come here today and it would be finally concluded today. I canceled my reservation and did not go to Georgia. Now I feel, since I have been required to do that, and a number of others have been required to cancel their engagements, that we should conclude this bill today, and I am going to object.

The division was then completed.

Mr. JONES. Mr. Speaker, before the announcement of the vote is made, I should like to prefer my request again. I ask unanimous consent that when we reach the previous question on this bill that it go over until next Monday and

be the first thing in order after the reading of the Journal and the disposition of matters on the Speaker's table.

The SPEAKER. The gentleman from Texas asks unanimous consent that the vote on the bill after the previous question is ordered shall come on Monday immediately after the reading of the Journal and the disposition of business on the Speaker's table. Is there objection?

Mr. TRUAX. Reserving the right to object, and I am not going to object. I should like to make an observation. I asked the majority leader and the chairman of the committee if we were going to have a vote on the bill today, and I am sure they answered "yes." Now, I am willing to go along with them in their effort to harmonize and agree with the minority, but I stayed over, as did my colleague, Mr. PARKER, of Georgia. If other gentlemen did not stay over, that is no reason for deferring the vote.

Mr. BOILEAU. Reserving the right to object, this is an important bill, and Members ought to be here anyway.

Mr. PARKER. Further reserving the right to object, out of deference to the author of the bill, and the author of the bill in the Senate, the Chairman of the Agricultural Committee in the House and the Democratic floor leader in the House, I have concluded not to offer an objection to the unanimous-consent request.

The SPEAKER. On this question the ayes are 104 and the noes are 48.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

DESTRUCTION OF MEANS OF IDENTIFICATION

SEC. 11. Every person emptying or breaking any bale stamped, tagged, or otherwise identified under the provisions of this act shall, at the time of emptying or breaking such bale, destroy the bale tag.

Mr. MCGUGIN. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman already has that privilege.

Mr. MCGUGIN. Mr. Chairman, I firmly believe that today the Cotton Belt is being stricken down in the house of its friends. I do not for one moment question the utmost sincerity of any Member of this House who is supporting this bill. I believe that Members from the Southland supporting the bill believe that they are taking the course which will best meet a desperate situation in the South, but, my friends, as surely as we live today, what we are actually doing if this bill is enacted into law is, by law, taking away the world market for cotton from the South and giving it to other countries of the world. Say what you please, the Southland must go up or down on the world price of cotton, unless the Southland is willing to depopulate itself. Cotton is a crop of which we normally export 60 percent. To reduce production so that it will better the price of a commodity, the price of which is determined by the world price, compels a reduction in production down to American consumption. You cannot reduce the production of cotton by 60 percent. It has been said that this State or the other will not cooperate with other States and, therefore, it is necessary to have this legislation. Very well. If one Southern State will not cooperate with another Southern State, I ask you, How are you going to obtain cooperation with the other countries of the world? You are dealing with an export product, and you are about to make the same mistake that England made with rubber. England thought that she could reduce her rubber production and force up the world price of rubber, and in doing it she lost her market to other countries; and just as surely as you reduce the production of cotton by force of law, just so surely will you increase the production of cotton in Brazil, Egypt, and other countries of the world.

The enactment of this bill means that you are selling away the opportunities of citizens of the Southland to produce cotton and giving their opportunity to the citizens of other countries. This cannot be the salvation for cotton. It can

only mean taking away from a great part of your people the opportunity to make a livelihood. The hope of cotton is to be found in money. It is the one commodity that has profited by a reduction in the value of the dollar, because we have an export market. Cotton stands alone in that respect among the principal farm commodities of this country. I do not know whether or not we can ever reduce wheat production to American consumption, but so long as we have produced 20-percent surplus of wheat the price of wheat in this country has been largely controlled by the price of wheat in the world. If you reduce your cotton 40 percent, then you are in the same position that wheat has been in, as you will still have a 20-percent surplus. You cannot reduce the production of cotton 60 percent.

The Committee for the Nation has put out the figures, which every Member of the House has received, and those figures tell the story. I should be glad to join in this legislation if it would be of benefit to the Cotton Belt, but it cannot be of any lasting benefit to the Cotton Belt. It will only destroy it; and this legislation you are about to heap on the Southland will bring economic destruction greater than that experienced during the reconstruction period following the Civil War, and yet it is being done by those representing that section. I realize it is being done in despair.

The following recent statements from the Committee for the Nation substantiate the statements I have here made:

BANKHEAD BILL

The Bankhead bill, making cotton acreage reduction compulsory, proposes a fate-changing turn on the road to regimentation. If given any degree of permanence, it might easily bring upon our cotton growers the same disaster that the Stephenson plan brought upon rubber producers of the British Empire.

The decision is so momentous that we request your consideration of the attached statistics.

Cotton is the most important raw material in our country's economic life. We have exported \$23,000,000,000 worth since 1884, approximately \$458,000,000 per annum. Of all United States exports cotton accounted for 21½ percent. The United States created the cotton-growing industry, our greatest economic heritage. The inventive genius, the labor, the lives, the production plant of four generations of building are invested in it.

Are we going to sacrifice that position? Are we going to repeat the blunder of the British with rubber?

When the British put the Stephenson plan into effect they had 68 percent of world rubber production. A few years later, when rubber restriction ended in complete failure, the British percentage had been reduced to 53. The stimulus given to non-British production further reduced British supremacy until today they have only 50 percent of the world's production and their competitors have advanced from 32 to 50 percent.

Similar reactions to our cotton restriction have already set in. Egypt immediately increased her planting. Cables tell us that this year's crop will exceed last year's by 450,000 bales. At 12 cents a pound, this means the transfer of \$27,000,000 of production and purchasing power from the United States. Argentina is urging her farmers to grow more cotton. Brazil, the greatest potential competitor of the United States, has land, climate, and facilities to produce 10,000,000 to 15,000,000 bales a year.

WHAT IS THE SENSIBLE COURSE FOR US?

Ever since the Civil War England and other countries have tried to start competitive cotton production in their colonies in order to be independent of United States supply. In 1884 the United States produced 78.9 percent of the world's cotton; our position as a world producer was already so weakened that we produced in 1933 only 51.7 percent. Shall we let it go to 35 percent or less?

With the rest of the world disposed to take advantage of our curtailment to increase its acreage, it is apparent that our sacrifice would prove to be futile so far as it might affect world prices in terms of gold.

AMERICA SHOULD CHOOSE

Secretary Wallace says America is at the fork of the road and must choose—"fated for grave adjustments, with no chance to turn back."

He recommends taking the planned middle course of regimentation on which the Department of Agriculture has started.

We believe that course leads inevitably to the extreme left, to abandonment of our inherited institutions, to a completely socialized state. Is that America's choice? Do we realize what it means?

The alternative is prompt restoration of our price level through immediate increase in the price of gold (\$41.34 an ounce is needed). That would end the need for regimentation. That course leads to our historic institutions of freedom that gave us the greatest wealth and power ever enjoyed by any nation.

A much greater degree of price restoration could be effected if regimenting enthusiasts and monetary conservatives were not again opposing and delaying the gold-repricing policy. That policy

has worked, but it has not been carried far enough. Basic commodities, as a group, have followed the increased price of gold. But our price of \$35 an ounce is not high enough to offset world-wide increase in the value of gold, that caused commodity prices to fall.

Australia, New Zealand, Denmark, Argentina, China, Japan—whose competition helps to fix world prices and influences our domestic price level—have a price of gold equivalent to \$42 to \$45 an ounce, or more.

Instead of recognizing the need to give American agriculture world equality the middle course attempts to create value by scarcity and nonproduction.

Mr. FULMER. Mr. Chairman, I rise in opposition to the pro formula amendment. If my good friend from Kansas [Mr. McGugin] knew anything about the cotton proposition in this country and foreign countries, he would not have made the statement that he made a moment ago. The only thing that we are attempting to do under this bill is to get away with that large surplus that has accumulated, to the amount of around 10,000,000 bales to 12,000,000 bales of cotton. If we can succeed in doing that this year and bring us back to a normal surplus, of anywhere from two million to three and a half million bales, our exports will continue, as they have in the past, when we had a normal surplus carry-over. We have heard much about foreign countries taking from this country the growing of cotton because of reducing production in the United States. When we had a fair price for cotton and a normal surplus we had just as large exports as we have at this time, or practically so, and this will continue if we get rid of this large surplus that we are carrying over at this time. We are not trying to reduce production below the normal average. We would not think of doing this. We are proposing to get rid of a large and unwieldy surplus so as to get on a usual normal basis.

Someone mentioned about the success of the program this year in reducing the surplus. My friends, we were able to reduce the surplus this year; however, not by reducing production, but by plowing under 4,000,000 bales of perfectly good American cotton that was just about ready to be harvested. We propose under this bill now to cut production this year around 3,000,000 to 4,000,000 bales, by restricting acreage and baleage; in the meantime, if we succeed, we will still have on hand a large surplus—something like 5,000,000 to 6,000,000 bales. It may be, if we have a good demand for cotton goods because of the increase of the purchasing power of the people, that we will not have to put the bill into operation next year. In the meantime, if we are successful in doing what we hope to do under this bill and bring about a fair price we would be able to cut out the processing tax in 1935-36.

May I state, if we are able to bring back normal prosperity, we need not worry about our production. The demand that we would have from millions of people who have not been able to buy their actual needs for the past few years, it is my belief that we will have to increase production perhaps around 20,000,000 bales within the next few years.

If this Congress will do the thing that Congress should have done years ago, that which we have done for other industries in this country, namely, putting a tariff duty on foreign imports of jute, jute products, and other foreign fibers that come in direct competition with cotton, we would not be calling on the Congress today to pass this bill. India, the next largest cotton-producing country to the United States in the world, is importing annually into this country a sufficient amount of jute and jute products whereby, pound for pound, if we had full control of our own market for cotton, we would be able to consume from 2,000,000 to 3,000,000 bales. I have been trying to bring this about, and yet some of my friends from the South, just as in this instance, stand up and argue and vote against the proposition that would mean millions to the South, in line with what other sections of the country have been able to get under the tariff policy largely at the expense of the South.

Mr. McGUGIN. I have favored a tariff on jute, but every time we get into that controversy there seems to be an immeasurable amount of opposition coming from the Cotton Belt. Is that not right?

Mr. FULMER. I appreciate that. As far as the tariff proposition is concerned, I am against unreasonable tariff rates for any industry or any group in this country, but when it comes to importing any commodity into this country in competition with American products produced in a factory or on the farm from other countries, I am absolutely interested in placing a tariff or tax on same, whereby we may be able to compete and have at least an equal chance on our own markets. I think the gentleman from Kansas in speaking against this bill, which proposes to control production, is not voicing the sentiment of the entire membership of the State of Kansas. I am sure a great many Members from Kansas stood on the floor of this House during the past session arguing for quite a while for the restriction of the production of oil in his State. I want to say to the gentleman if that would be good for his people who produce oil, certainly this would be good for our people who produce cotton.

Mr. GLOVER. Will the gentleman yield?

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I ask unanimous consent the gentleman's time may be extended for 1 additional minute that I may ask him a question.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GLOVER. The gentleman from Kansas [Mr. McGugin] comes from a wheat section. I doubt if the gentleman knows anything at all about cotton or the character of land we have. The lands that we are planting in cotton today, if put back into wheat in competition with the gentleman's State, will grow just as fine wheat as any land in the gentleman's State, will it not?

Mr. FULMER. In answer to that I will say that I have produced on my own farm 34 bushels of wheat per acre.

Mr. GLOVER. And we have got land in Arkansas that will produce 50 bushels to the acre.

Mr. McGUGIN. You cannot do that, because the right of an American citizen to produce wheat has been taken away from him by the allotment plan.

Mr. FULMER. Unless we have a fair price for our cotton, we will have to go into those things. We will have to go into the dairy business and into wheat farming, and various other lines that would be in competition with other States and other sections. We do not want to do anything that will interfere with the program in any other States or sections. If you will give us a fair price for cotton, you will find that we will not go into the other fields of production, but, on the other hand, we will buy from you.

Mr. McGUGIN. No; if you can get 12 cents a pound for cotton, you will not go into the wheat business or the hog business at 3 cents a pound.

Mr. FULMER. Much has been said about this bill operating against the small farmer or the share cropper. Let me give you a concrete case—15 acres of cotton is considered a small cotton farm. The normal production on 15 acres would be 10 bales of cotton. Suppose you cut the acreage and the baleage 40 percent, as contemplated under the 1934-35 program, and under this bill. This would give the farmer 9 acres of cotton and, on the same basis of production, 6 bales of cotton.

If we do not pass this bill and produce 15,000,000 bales of cotton, as we will do, cotton will sell for 5 or 6 cents per pound. Ten bales at this price would amount to \$300. While, on the other hand, if we are able to carry out the 1934-35 program, as applied to acreage reduction, and put into operation this bill which proposes to control cotton on a baleage basis, this would be the picture in the case of this farmer—6 bales, averaging 500 pounds, at 15 cents per pound—perhaps it would be more—would amount to \$450 in all, or \$150 more than this farmer would have received if he had planted the regular acreage of 15 acres. In the meantime, he would receive from the Government rents for the 6 acres and would be permitted to plant other crops for his own use, which many farmers should do, especially colored farmers. He would not have to buy fertilizer for the

6 acres taken out of cotton production, which would be a saving of from \$30 to \$60, also.

This would apply equally in every case. For instance, a farmer planting 5 acres or in the case of a farmer planting 1,000 acres. Certainly, if this bill will increase the purchasing power of the farmer that I have just referred to, under the program and under this legislation, \$200, and not at the expense of the Government, this would indicate that the program and this bill are meritorious.

Our people want this legislation. We need it, and not only will this bill accomplish what I have just stated, but it will prove a great help to every other section of this country because of the increased purchasing power of that great section of the South, enabling them to buy farm products from the West and manufactured goods from the industrial centers, where today they are in just about as deplorable condition as our people are in.

Mr. BUSBY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it is not my purpose to take up any long time in debate, but I should like sufficient time to make a connected statement. I ask unanimous consent to address the House for 10 minutes.

Mr. GLOVER. Mr. Chairman, I object.

Mr. BUSBY. Very well. I see the spirit of the proponents of the bill. That is perfectly all right.

Mr. JONES. I hope the gentleman will not object.

Mr. GLOVER. If the gentleman just wants 10 minutes, without obstructing the passage of this bill, I will not object.

Mr. JONES. The gentleman has assured me that he only desires to speak for 10 minutes in opposition to the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. Busby]?

There was no objection.

Mr. BUSBY. Mr. Chairman, I am sorry that we cannot rise in opposition to this bill without incurring the ire of some gentleman who is overenthusiastic about it. I am sorry that, in order to express myself on what I sincerely believe to be the right course to pursue in regard to this legislation, I may have to incur your displeasure by suggesting the absence of a quorum. I apologize for all of that and assert that I have the utmost good intentions in all of my activities here.

Now, if you will let me have your attention for a few moments, we approach this subject of cotton growing as if it were a local matter. Cotton is produced all over the world. The United States in 1933 produced the lowest percentage it has ever produced in the history of the cotton-growing industry. The amount of cotton produced in the United States was 51.7 percent of the world production in 1933. As late as 1884 the United States produced 4 out of 5 bales of cotton that was grown in the world. Today we have drifted down to where we produce practically 1 out of 2.

Cotton moves in the world market. The only difference in the price of cotton in Liverpool and New York is the amount of the freight on the cotton between Liverpool and New York. If cotton should go higher in New York than in Liverpool by the amount of the freight and a sizable addition, they ship cotton from Liverpool back to New York for the profit. In other words, the price in all cotton markets is the same, measured by gold, by weight, and that is the way you pay international exchange, except the freight between the place where the cotton happens to be and where it is delivered. So a number of gentlemen seem to think that the farm legislation last year caused the price of cotton to rise. What first caused the price of cotton to rise was our going off the gold standard. The gentleman from Mississippi [Mr. Doxey] asked me practically that question yesterday. As soon as the United States Government cut loose from the gold standard, the dollar began to depreciate in terms of foreign currencies. The purchasers of cotton who had long delayed coming to our market began to come and buy cotton, and before any legislation was enacted cotton had reached 12 cents a pound last year. That is about as high as it has gone this year, with all of the plans that have been put into

effect by the Department of Agriculture. After purchasers supplied their needs very well, cotton drifted back to 8½ cents.

Then the Government said, "We will see that it is 10 cents if we have to put up the money to do it." So they issued from the Treasury enough funds to put cotton up to 10 cents a pound by making loans on it at that price. That is why it went back to 10 cents, and not because of any acreage reduction, but because of direct loans. Then the Government said to the people who grow cotton down in my State and in other sections, "If you will not grow cotton on this land, or if you plow up what you have grown, we will pay you \$113,000,000." That was not for cotton, but to plow up cotton and let the land lie out and produce nothing. That is a part of the prosperity we have been experiencing, a prosperity which we think we ought to have, and we thank you taxpayers for giving it to us, just as the corn growers and the hog growers thank the taxpayers for giving them their prosperity for destroying food products so much needed by millions of starving people throughout the world. But don't let anybody mislead you that we sold anything for it. We just went out and plowed up a great portion of the cotton crop that we would have made.

Mr. FISH. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. FISH. I am very much interested in the gentleman's statement. It is a very able statement. Does the gentleman think the Government will not get back any of this \$113,000,000?

Mr. BUSBY. It will not get back any of that, because it does not represent anything. It is dead cotton stalks and vacant land.

Mr. DOXEY. Now will the gentleman yield there?

Mr. BUSBY. I yield.

Mr. DOXEY. Does not the gentleman know that under the A.A.A., the processing tax on cotton is taking care of all benefit payments as well as the cost of administration?

Mr. BUSBY. That may be true.

Mr. DOXEY. If that is true, the gentleman's statement does not bear out the facts when he says we are giving something to the cotton farmer.

Mr. BUSBY. All right; I say this—

Mr. DOXEY. I do not want to take up the gentleman's time arguing, but I want him to answer both sides.

Mr. BUSBY. I shall be glad to answer it. Does the gentleman see any value in the cotton that was turned under which is rotting along with the stalks? I should like for the gentleman to tell me what value there is there.

Mr. DOXEY. That method cut production and raised the price.

Mr. BUSBY. We will never get that same thing back; it is destroyed.

Now, let me show the next step. After we went off the gold standard our dollar drifted down almost 40 percent; and with that cheapened money the foreign buyer was very glad to come in and buy when he got 40 percent more for his money. The result was that the cheapening of our money increased the price of cotton 40 percent.

Let us see how it works. In 1932 a British cotton buyer would ask me: "What will you take for your bale of cotton?"

We would say, "Ten pounds."

"All right; I will give it."

Ten pounds at \$3.25 a pound would make him pay \$32.80 for the bale of cotton. If he should come to me today and ask me what we would sell cotton for and was told £10, this, at \$5.10 a pound, would mean that he would pay \$51 for a bale. That is about the way cotton runs in the market.

The price of cotton was very largely fixed by the reduction in the gold content of the dollar; and before that, before the gold content was reduced, in the depreciation of the currency.

Mr. CUMMINGS. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. CUMMINGS. If the decrease in the value of the dollar increased the price of cotton, why did it not increase the price of hogs?

Mr. DOXEY. Mr. Chairman, will the gentleman yield for one further question?

Mr. BUSBY. I hope you gentlemen will let me go on.

Mr. DOXEY. Did not cotton rise before the gold content of the dollar was reduced?

Mr. BUSBY. The price of cotton began to rise as soon as we went off the gold standard. When we went off the gold standard our money depreciated to a level of about 62 percent of what it was before we left the gold standard. Later it was fixed at 59.06 cents of what it was under the old gold standard.

Cotton is the most important raw material in our country's economic life. We have exported \$23,000,000,000 worth since 1884, approximately \$458,000,000 per annum. Of all United States exports, cotton accounted for 21½ percent. The United States created the cotton-growing industry—our greatest economic heritage. The inventive genius, the labor, the lives, the production plant of four generations of building are invested in it.

When the British put the Stephenson plan into effect they had 68 percent of world rubber production. A few years later, when rubber restriction ended in complete failure, the British percentage had been reduced to 53. The stimulus given to non-British production further reduced British supremacy until today they have only 50 percent of the world's production and their competitors have advanced from 32 to 50 percent.

Similar reactions to our cotton restriction have already set in. Egypt immediately increased her planting. Cables tell us that this year's crop will exceed last year's by 450,000 bales. At 12 cents a pound, this means the transfer of \$27,000,000 of production and purchasing power from the United States. Argentina is urging her farmers to grow more cotton. Brazil, the greatest potential competitor of the United States, has land, climate, and facilities to produce ten to fifteen million bales a year.

Ever since the Civil War England and other countries have tried to start competitive cotton production in their colonies in order to be independent of United States' supply. In 1884 the United States produced 78.9 percent of the world's cotton; our position as a world producer was already so weakened that we produced in 1933 only 51.7 percent. Shall we let it go to 35 percent or less?

During the past 4 years the gold value of basic commodities has dropped from 100 to 44, due to a panic-like struggle for the possession of gold coupled with nonuse of gold during the war and a deficiency in the amount of gold produced compared with other commodities. For all gold currencies, this brought about the sharpest and greatest decline in prices ever recorded.

TWO COURSES ARE OPEN TO US

Cotton, as other basic raw materials with an international market, has the same value in terms of gold—except for differences of freight—the world over. If we could make cotton scarce enough the world over we could raise its value all over the world in terms of gold. But experience teaches that attempts to change the gold value of world basic commodities always fail. If a 15-percent reduction were required, and other nations left their half of the total production unchanged, we should have to reduce our 50 by 30 percent in order to reduce the world production by 15 percent.

With the rest of the world disposed to take advantage of our curtailment to increase its acreage, it is apparent that our sacrifice would prove to be futile so far as it might affect world prices in terms of gold.

MUST WE RESIGN OURSELVES TO A POSITION OF PERMANENT INFERIORITY IN COTTON GROWING?

When prices fall men instinctively think there must be too much of everything. Actually, we have had the sharpest decrease ever recorded in total average tonnage of all things produced. Because of defects in our money and media of

exchange, prices have fallen, economic groups are no longer able to trade with each other. Hence, there is lack of purchasing power.

BECAUSE PEOPLE ARE UNABLE TO BUY WHAT THEY NEED, SURPLUSES PILE UP

We buy fewer shirts; the housewife uses up the household reserves of sheeting; the store carries less in stock; the mills, smaller reserves of cotton; and what cotton is on hand appears as a huge surplus.

We know that if there is too much of one product prices fall, and we therefore believe that a fall of all prices—which is really of monetary origin—also arises from too much. Questions of money and media of exchange are difficult to understand. Few are willing to give the time and study needed to trace through to the lack of purchasing power caused by a break-down in bank credit, media of exchange, and defects in our money. Hence, out of the delusion that there is too much of everything a crowd psychosis develops that makes us resort to expedients like killing pigs and dumping them into the Mississippi River, plowing under cotton, and forcing nonproduction of cotton for the future as a remedy for our difficulties.

RAISE THE PRICE OF GOLD

The alternative: Instead of attempting the futile effort to change the gold value of cotton in the world by destroying our own production, we can raise the price of gold in terms of our paper dollar so that even though a bale of cotton is worth a smaller amount of gold it will be worth the same number of dollars. This is the simple, common-sense course that Australia adopted to recover her prosperity. She has a price of gold equivalent to \$42 per ounce. This is the course of Argentina, with a price of gold of \$47 per ounce. Denmark, New Zealand, Brazil, Japan, and the silver-using countries all have a price of gold of \$42 to \$47 or more per ounce.

In 1926 a bale of cotton was worth 5 ounces of gold; now only 1¾ ounces. At \$20.67 an ounce for gold, this meant \$103 per bale, 20 cents per pound in 1926; and if we had kept our old price for gold it would still mean \$36.07 per bale, or 7.2 cents per pound for cotton.

Because we raised our price of gold to \$35 an ounce, a bale of cotton—1¾ ounces of gold—is worth \$61.25, or 12¼ cents per pound.

At \$41.34 an ounce, the maximum authorized by Congress, 1¾ ounces of gold would bring \$72.34, making cotton worth 14.47 cents a pound.

In Argentina, where a grow-more-cotton campaign is now under way, the price of gold in free pesos is \$55.87 per ounce, and a bale of cotton—1¾ ounces—is worth \$96.10, or the equivalent, in the money in which the Argentine farmer must pay debts and taxes, of 19.22 cents per pound.

Our cotton growers are held in a strait-jacket of deflation bondage of low prices for their product, obliged to pay rent, interest, freight, fixed charges in a dollar with 40-percent excess of purchasing power. No wonder they cannot compete. No wonder their unrest leads them to call for false remedies.

The administration can at any time increase the price of gold to \$41.34. This would immediately add 2.2 cents per pound, \$11 per bale, or \$100,000,000 to the value of the proposed restricted 9,000,000-bale crop.

Last year the administration withheld this remedy and used \$100,000,000 of tax-paid money to put the cotton producers into a strait-jacket of bureaucratic control. Had the price of gold been raised promptly, as other nations have done, the cotton growers would have received \$100,000,000, and much more, and not have their world position impaired.

The gold equivalent of this year's agricultural production will be about 200,000,000 ounces. An increase of \$6.34 per ounce would add \$1,250,000,000 to the income of the farmers of the United States. There is no question about this. Secretary Morgenthau, in his testimony before the Banking and Currency Committee, stated that raising the price of gold has lifted agricultural prices proportionately in a satisfactory way.

The sterlingaria dependencies—countries using the English pound as a base for their currency—producing raw materials and agricultural products, Australia, New Zealand, Argentina, Denmark, have a price of gold from \$42 to \$45. Why do we follow the urging of deflationary banking advisers in New York and London to tie our dollar to the English pound at \$5.10 instead of the pound of Australia, New Zealand, and the currencies of Denmark and Argentina, which today stand at \$4.08 compared with the historical \$4.86 sterling ratio to the dollar?

MISGUIDED REMEDIES

We and our children may look back with sadness in the not distant future upon the misguided remedies that we now resort to because we lack the courage to correct our monetary maladjustment. We must not allow ourselves to be intimidated in the face of ignorant or selfish deflationary advice.

When we awake to the futility of a cotton-restriction program that we have embarked upon we may find ourselves with 40 or 35 percent of the world's production, with our dominance of four generations of building undermined and forever destroyed.

The simple, sensible expedient of adequately raising the price of gold will give our farmers income and at the same time protect America's historic position as a producing factor in the world.

DESTROYING FOOD AND CLOTHING DOES NOT FEED AND CLOTHE THE NEEDY

Certainly we can divide only the wealth that exists. Non-production and destruction of wealth and necessary food and fiber in a world partly hungry and unclothed will give us a smaller total to divide, which means necessarily less for each individual.

The more quickly we lift the price of gold to \$41.34, the more powerful will be the forces of recovery. Rising values will again permit agriculture and industry to make a profit. This would release incentives to increase employment and broaden activity of every kind.

The recovery forces should be intensified at once by a \$41.34 price of gold. If for any reason this is not obtainable, the least the administration should do is to order an immediate increase of \$2 an ounce and bring the price up to \$41.34 before the seasonal summer let-down.

I want to call attention to the situation of the man down in my district who owns 1 mule and who has always produced 2 bales of cotton every year. He does not owe anybody; he meets his obligations; he takes care of his family; and he sells his cotton when and wherever he pleases. If this bill passes, that same man must come here to the Secretary of Agriculture and get a permit to produce those same two bales of cotton, and the Secretary will tell him he can produce but one and a half. The man will say that he is not going to pay any attention to that; he goes ahead, raises and markets two bales of cotton, and puts the money in his pocket. That man is faced with the following provision of this bill:

Any person who violates any provision of this act, or any regulation promulgated under this act, shall on conviction be punished by a fine not exceeding \$5,000 or by imprisonment for not exceeding 2 years, or both.

Mr. Chairman, does not that penalty apply to this man unless he gets a permit from the Secretary of Agriculture at Washington and proceeds under the direction of the Department of Agriculture?

Mr. JONES. That is the extreme penalty that may be applied; but we are going to take that penalty out of the section and make the maximum penalty for violation a fine of \$200.

Mr. BUSBY. Even at that he will have to alter his ways and give up his civil rights; he cannot proceed as he has in the past; they take his property away from him and put him in jail.

Mr. JONES. Not at all.

Mr. DOXEY. Will he not get twice as much for his bale and a half of cotton as he formerly did for his two bales?

Mr. BUSBY. I say he will not. He may get 12½ percent increase if the foreigners do not increase their production, which they will. When we make it possible for the foreign producer to receive additional prices for his cotton he will put in more land and will produce that which we have failed to produce here; he will supply London, Liverpool, and the world market; and we, like the rubber people, will lose the market that was once ours.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. McGUGIN. The question was asked why the price of hogs had not gone up with the decrease in the gold content of the dollar, although the Englishman would pay us more for cotton. The answer is because there is no market in England for our hogs.

Mr. BUSBY. Absolutely; everybody understands that.

Now, in conclusion, you think you are giving the South something they want. It is like some patent medicines; you read the label and decide it will be good for you, but when you take the medicine it does not work. You passed the A.A.A. bill and then say you must have the Tugwell bill. This is another Tugwell bill, with Tugwell socialistic principles taking liberty from the masses of the people. Under this Tugwell bill you arrange to put men in jail for growing and selling cotton as they have been doing all their lives.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am going to leave cotton out of the picture, and other farm commodities out of the picture, and say a word in reference to the principle underlying this bill and similar legislation that is being considered in and passed by this Congress.

The main objection to this bill and all legislation of this type is that it will produce a regimented order of society. This is the principal objection, but the objection fails to take into consideration the economic and industrial conditions and the causes of these conditions, which, in my opinion, make legislation of this type not merely a matter of choice but a matter of necessity.

These conditions are that new and revolutionary methods and appliances in business, in agriculture, and in industry are constantly, increasingly, and permanently displacing the man power of society. We must devise new methods to spread the load out over the system and the machine if we are to avoid a complete and permanent breakdown in our economic structure and a large permanently idle and pauperized social element living on the dole of the fortunates who are employed. The system and the machine are putting the farmer out on the highway among the unemployed just as rapidly as the laboring man. It takes the bookkeeper from his stool; it takes the clerk from behind the counter; it takes the telephone girl from the switchboard; it is throwing the white collar into the discard along with the horny hands and the overalls; and, as I say, it displaces the farmer in just as rapidly increasing numbers and just as effectually as it does the laboring man.

Here is how I view this legislation. This may be a vision, but without vision people perish. My idea with respect to all of these set-ups under the National Recovery Act and the Agricultural Adjustment Act is that they are forms in which is being poured the mix of a new system of relationships between industry, agriculture, commerce, and the consuming public, and that when this mix has become sufficiently hardened these forms may be taken down and the completed structure continue to carry on through its own strength and weight and the necessity of having such a new and adjusted system of relationships in this country.

I am not in favor of a permanent governmental bureaucracy and having the farmer live with a policeman at his elbow, but I recognize the necessity for doing something, and such legislation as this is at least an experiment and, in my judgment, an experiment in the right direction. If this legislation fails, we must resort to something else; and may I say, in all good faith, to the gentlemen opposing this bill, that if these experiments fail I am afraid that what succeeds them may be less acceptable than the acceptance of this temporary Government control over production, distribution, and labor that we are under the necessity of having in this country if we are to return to prosperity and secure relief from the intolerable condition which has made one fourth of the people of this country dependent upon public bounty.

The Agricultural Adjustment Act, under which this bill is drawn, is, in fact, the counterpart in agriculture of the Industrial Recovery Act in industry. They are counterparts of the same plan. The one is an adaptation of the plan to industry, and the other to agriculture. The plan in agriculture is based on recognition of the fact that the mass production made possible by the machine must be controlled and regulated, so that supply may be kept somewhere within the bounds of demand, while at the same time the producer gets at least the cost of production plus a reasonable profit out of his investment and his labor. In industry it regulates output, restrains ruinous competition, spreads labor, and fixes prices and wages. The facts must be faced. Shouting "Moscow" and jeering at the term "planned and managed economic system", will not solve the situation.

Let me give one illustration of what agriculture is up against, and another of the problem facing industry.

As illustrative of the revolution which has occurred in agriculture, I might recount my observations on a recent visit to central Kansas, where two brothers have adjoining farms were harvesting their wheat. Between them they had about 600 acres. Three men were harvesting this crop. One drove the tractor, another operated the combine which was equipped with a 60-bushel tank, and the third ran a truck up and down the highway between the wheat field and the elevator.

With the aid of an electric headlight, they worked far into the night and in 10 days put 600 acres of wheat into the bins. My brothers stood under the trees. There was nothing for them to do, but their time was a charge on the crop. I worked in those same fields as a boy, when it would have taken 30 men the same length of time to harvest that crop of wheat and 30 more an additional length of time to thresh and haul it to town. In the fall a tractor pulling a rod in width of plows prepares the ground for the next crop, and such machines now also plant as well as plow.

This is the picture of mass production by machinery in wheat. The harvest hand is gone. The cotton picker is going. Cows are milked by machinery. Printing is a dying trade. Telephones are self-operative. Accounts are kept by machinery. The machine is self-created. It digs its own raw materials out of the ground, transports it to the manufacturing plant, manufactures itself and operates itself. Every day in every way, on the farm, in the factory, in the mine, in every branch of work, the need for human labor becomes less and less. Even before the crash of 1929 and during the era which is often referred to as the most prosperous in the history of the world, unemployment was steadily on the increase.

Here are some statistics prepared by Prof. Charles A. Prosser, of Dunwoodie Institute in Minnesota, showing the mass-production revolution which occurred in this country during the 30-year period from 1899 to 1929. In 1899, 4,700,000 industrial workers produced manufactured products of the market value of eleven and one half billion dollars. In 1929, 8,550,000 workers produced manufactured products of the market value of sixty-eight and one half billion dollars. That is, less than twice as many workers produced six times the value of products. If there had been the same value produced per worker in 1929 as in 1899, it would have taken 20,000,000 more workers to turn out these

products. Professor Prosser significantly remarked: "Prosperity will not solve unemployment."

While his statistics were applied to industry, he might have made a survey of agriculture with largely similar results. The farm has become mechanized like the factory and the same change has taken place in all branches of commerce.

In this connection I want to mention a most remarkable review of the world depression by Professor Einstein. It was both comprehensive and brief. He surveyed the world depression and evaluated its causes—the devastation of the World War; the war debts; tariff barriers; unsettled national currencies and differences in international exchange; disturbed conditions caused by Russia and China; overproduction, which he denied with the possible exception of wheat and automobiles in America. But greater than all of these, he assigned the machine and its displacement of manpower, which was thereby robbed of its power to purchase and consume seeming overproduction caused by underconsumption.

And although his remarkable summary was published a year before the enactment of the President's recovery program, it is significant that the remedies he suggested are along the lines of the plan underlying this legislation.

An attempt has been made to discredit this legislation by showing that it originated in England. If this be true, it fortifies instead of discredits the plan. Nations and peoples are not so different. Given the same conditions, the same laws operate everywhere, but in the matter of mass production the machine has wrought the greatest change in America, because in America it has been brought to its highest state of perfection. It follows as a natural sequence that the country having the most machines has the most idle men. Society must ride the machine or be crushed by it. This is the problem.

The central feature of this bill is the allotment plan. The allotment plan is no more than a limitation and apportionment of crop production. Limitation and allotment of crops among farmers is no different than allotment of output and hours in industry. Neither is different than regulation of prices. All go together. We must have all or none. The farmer must have a system under which to produce and market his crops in order to take debt out of it and put a living into it. Agriculture is the last frontier of individualism in the sense of every fellow for himself, the devil take the hindmost. Industry and labor have fairly well learned the lesson and the need of organization. The farmer must come to it. The Agricultural Adjustment Act and its set-ups merely show him the way. He will either take hold of his problems and work them out under this guidance or be reduced to a permanent state of tenantry and penury.

Mr. JONES. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from Mississippi is correct in his statement of the amount of cotton produced in this country, the percentage last year being a little less than in a number of years. This reduction is attributable to the plow-up program, but does not present the whole picture.

At the beginning of last season we had the largest carry-over of American cotton in America that this country had ever known. If you add the excess of this carry-over to the production of the acreage planted, our production made the world production much above the average of the world production even in that year. No one sponsoring this bill is trying to adjust cotton to the American market. We are simply trying to adjust to the world market; and if we once clean the slate on the carry-over that has been wrecking the South ever since the war, if we can clear the decks one time, I believe the situation will largely handle itself.

Mr. WOODRUFF. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Michigan.

Mr. WOODRUFF. May I say that I have been unable to be present during much of the debate on this bill because of the activities of my committee. Will the gentleman tell me if this is permanent legislation?

Mr. JONES. No; it is just for 2 years.

The gentleman from Mississippi spoke of the gold bill. I am thoroughly in accord with him on the money question, and I defer to him many times on that subject; but the fact remains that before this plow-up campaign cotton was selling at 5 cents per pound. When the Agricultural Adjustment Act was passed and the cotton program was laid out and the plowing up of cotton was announced, cotton did go up to 11 or 12 cents a pound at one time.

Then on account of the report from the Department of Agriculture that the season was good and that notwithstanding the plow-up we were going to produce as much last year as we ever had, cotton went down to 9 and 10 cents. Then when the world carry-over did not reach the amount that was predicted and when there was an unusual demand for cotton on the part of some nations that wanted to make some preparation for war, which caused an unusual demand, cotton went above the lowest price. I think the money program materially helped cotton, but this does not account for the entire rise in the price, as shown by the fact cotton went a good deal above the general level of the increase in other agricultural commodities.

Mr. BUSBY. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BUSBY. The gentleman spoke a moment ago of the great increase in the exportation of cotton, amounting to about 9,000,000 bales, I believe the gentleman suggested.

Mr. JONES. Oh, no; there was an increase of about 2,000,000 bales in the export of cotton.

Mr. BUSBY. That would make it not far from 9,000,000 bales.

Mr. JONES. For a period of 9 months, that is true.

Mr. BUSBY. Does not the gentleman think that was almost solely due to the fact that American money became cheap in relation to foreign money and enabled them to come in here and purchase?

Mr. JONES. That may be so, but that is not the report that comes to me from various sources. However, I do not think that is particularly important.

I may say that if we had not had the plow-up program and if the four and a half million bales, which were not produced because of the plow-up, had been added to the nearly 9,000,000 bales of carry-over at the beginning of the season, together with the world carry-over, we would have had 4-cent cotton this past year, and the gentleman would have been joining those pleading for some relief for the down-stricken farmers of the South.

I want to do away with this system of tenancy and this poverty that has cursed the South for years and years, and we must have a planned program.

[Here the gavel fell.]

The pro forma amendment was withdrawn, and the Clerk read as follows:

REGULATIONS BY THE COMMISSIONER

SEC. 12. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe (a) regulations with respect to the time and manner of applying for, issuing, affixing, and destroying bale tags, and the method of accounting for receipts from the sale of and for the use of such bale tags, and (b) such other regulations as he shall deem necessary for the enforcement of the taxing provisions of this act.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I want to ask the chairman of the committee a question or two.

Assuming that I had 1,000 acres on which I employed 50 share-croppers operating on 20 acres each, in the event you reduced acreage 30 percent, it would mean that a man would have the same efficiency of production with 700 acres that he had with 1,000 acres for the purposes of this bill. What will he do with these additional share-croppers? Can he afford, as a matter of fact, to perpetuate them in their

cabins and subsist them, or must he say to them, "Well, you gentlemen will have to go down the road"?

Mr. JONES. As a matter of fact, practically all of them have already signed voluntary programs which provide for the reduction, which we hope will get them more money than if they did not reduce. This applies also to the share-croppers. Practically all of the share-croppers have been taken care of, with a very few exceptions, in the voluntary reduction program. This program has gone over probably 90 percent and therefore this does not mean a reduction in acreage on the part of cooperator. This has already been provided for under the voluntary plan and this bill simply undertakes to make it so that those who have reduced their acreage will not increase production by using extra fertilizer. This bill also undertakes to reach the 5 or 10 percent who are on the outside and who are not willing to go along on any kind of planned program.

Mr. DIRKSEN. Has the chairman an opinion as to whether unemployment has been aggravated in the South heretofore by virtue of the Agricultural Adjustment Administration?

Mr. JONES. On the contrary, I think unemployment has been immeasurably relieved, and I believe any man from the South who is familiar with conditions will tell you so. The producers have not only received money from the plow-up program and for idle land, but they have got an additional price for their cotton, and the trade reports from many of the merchants show an increase of two or three hundred percent in their business.

Mr. DIRKSEN. The statement of Farm Research, Inc., which, I understand, has an office here in the Mills Building, would lead a casual reader to believe there has been an aggregation of unemployment in the South by virtue of acreage reduction heretofore.

Mr. JONES. I just wish that anybody who is interested and who visited any of these sections in the South a year ago, would go down there now and look at the difference in the trade and other activities and see the happiness of the folks and the satisfaction of the people there.

Mr. DIRKSEN. I am frank to confess I do not see how you can quite escape adding to the unemployment rolls if you reduce the acreage. Reduce work and manifestly you cannot escape reducing the number of workers.

Mr. JONES. They worked all day and all night down there trying to eke out a mere existence. Now they have been able to make more money with less work and by reason of the additional employment there has been a lot of increase in trade there.

The pro forma amendment was withdrawn, and the Clerk read as follows:

INFORMATION RETURNS

SEC. 13. (a) All persons, in whatever capacity acting, including producers, ginner, processors of cotton, and common carriers, having information with respect to cotton produced, may be required to make a return in regard thereto, setting forth the amount of cotton delivered, the name and address of the person who delivered said cotton, the amount of lint cotton produced therefrom, and any other and further information which the Commissioner, with the approval of the Secretary of the Treasury and the Secretary of Agriculture, shall by regulations prescribe as necessary for the proper administration of the tax. Any person required to make such return shall render a true and accurate return to the Commissioner.

(b) Any person willfully failing or refusing to file such a return, or filing a willfully false return, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than \$1,000 or by imprisonment not exceeding 1 year, or both.

Mr. BUSBY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BUSBY: Page 15, line 3, strike out all of subsection (b).

Mr. BUSBY. Mr. Chairman, I offer this amendment because there seems to be a special penalty provided at this point, almost in the middle of the bill. This provision applies to "all persons in whatever capacity acting having information with respect to cotton produced", if they do

not come in and make a full statement to the commissioner and give any information they have about cotton; they are subject to this penalty, a thousand dollar fine or imprisonment for 1 year in jail.

That seems to me to be an exceedingly severe penalty. It ought to be stricken out because there are other penalties provided at the end of the bill to take care of everything with reference to cotton growing.

Now, a good deal has been said about the wonderful effect on cotton growing. That has been agreeable. We have all agreed to that. Up to this point our people have been consulted. They have signed contracts. They have gone into all the program with their eyes open. We have contracted for what has been done, and that great bountiful condition that you have heard stated by the manager of the bill, the chairman of the committee, had been by agreement, a matter that we could determine in our own right as American citizens. It has worked well. I am for it. It would continue to work well. People have signed contracts to reduce acreage this year and will voluntarily cooperate.

Mr. HOPE. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. HOPE. Does not the gentleman think, in view of what has been done, that this can be taken care of voluntarily?

Mr. BUSBY. It seems so to me. I do not believe in this high-handed method of making a felony—although they call it a misdemeanor—making a felony out of everyday business transactions, throwing a man into jail, and imprisoning him for 2 years. Why do you want take away from a man the common right to labor, raise his little cotton crop, sell what he makes, and keep his money without having to give one half of it to the Government if this program has worked well? All that has been done for the cotton farmer has been done by agreement, I repeat. I am against legislation which will bring him under penalties, bring him before a jury as a criminal, and send him to jail because he does not do a thing that someone else wants him to do with his own property and his own labor. Because he has worked hard as he has done all his life, grown cotton on his own land, sold it, and kept his money, and this is his only crime.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. WOODRUFF. There is a rumor around the House that if this bill passes, it is only the forerunner of other bills of a similar character for wheat, corn, sugar, and all other agricultural commodities.

Mr. BUSBY. I believe that is so; I do not believe that there is a commodity that will escape it. From the uttering in the press concerning high officials of the Agricultural Department this is the plan, I understand, on which American agriculture is to be put at an early date.

The admirable result spoken of by the gentleman from Texas [Mr. JONES] would continue if we let the cotton farmers use their God-given right as free American citizens.

Mr. PATMAN. The gentleman must not overlook the fact that it takes two thirds of the producers to do this.

Mr. BUSBY. It does not take two thirds for the 1934-35 crop. This law becomes effective June 1, 1934, and after that you will never hear anything more about that two-thirds provision. But why should two thirds tell the other third what they shall do? Why should two thirds hang the other one third? What are you going to do when you go back and tell your constituents that you voted for a law that would send them to jail because they did not give half of what they made to the Government of the United States? That is not a tax; it is a sham and everyone of us know it.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JONES. Mr. Chairman, this is one of the sections that carries a special penalty, and it applies not to the indi-

vidual farmer to whom the gentleman refers but it applies to all persons—

In whatever capacity acting, including producers, ginner, processors of cotton, and common carriers, having information with respect to cotton produced, may be required to make a return in regard thereto—

And so forth. Practically all of them will be ginner, and the section provides that—

Any person willfully failing or refusing to file such a return, or filing a willfully false return, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than \$1,000 or by imprisonment not exceeding 1 year, or both.

I understand that every citizen in America who fails to file an income-tax return who should do so under the law is subject to a penalty of not exceeding 1 year and a fine of not exceeding \$10,000. If you are going to have a tax, you must have some penalty, and if the offense is a minor one, of course the prosecutors and courts are not going to be severe.

Mr. BUSBY. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BUSBY. Does the gentleman regard this as a tax? He so states in the bill.

Mr. JONES. Oh, yes; this is a tax.

Mr. BUSBY. What are we going to do with the Supreme Court decision that held that a tax on southern cotton production after the Civil War was unconstitutional?

Mr. BANKHEAD. They never held that.

Mr. JONES. They never held that. After it got to the Supreme Court, they divided, and the question was really never passed on. That decision was never made final. I know that a lot of people in the South have the impression that it is so decided.

Mr. WHITTINGTON. And that was in the nature of an income tax before we had an income-tax constitutional amendment.

Mr. JONES. Yes. But that is neither here nor there. I really think you need the penalty provided. Of course, this could be included in the general penalty, but I think this is proper. This is not an effort on the part of somebody to saddle something on folks that they do not want. This thing came up from the grass roots. The people of the South have asked for this bill in their meetings. I have asked many men who came here, "Have you attended these meetings; have you talked with the farmers?" and they say that the farmers understand it and want it. One of the things that has been wrong with agriculture is that there has been a planless agriculture in the presence of a planned industry. If during this period of depression the automobile factories had run full tilt all of the time, instead of running 30 or 40 percent, we would have had automobiles by the millions, and they would be worth about \$100 apiece. If industry will run full tilt and give us automobiles and other things at those prices we will have cheap prices. If you are going to have planned industry, you must have some sort of planned agriculture. I hope this will be necessary for only a limited time; and certainly, since the farmers of the South want it, and it is not permanent, I think they should have it. They want to make their program successful, and they have already signed for practically what this bill does.

Mr. BUSBY. Mr. Chairman, the gentleman is from Texas.

Mr. JONES. Yes.

Mr. BUSBY. Will the gentleman permit me to read a telegram that his colleague, Mr. TERRELL, received from Texas?

Mr. JONES. Yes; and I can read the gentleman a hundred on the other side.

Mr. BUSBY. The telegram reads as follows. It is addressed to Mr. GEORGE B. TERRELL, Congressman-at-large from Texas:

Congratulation on your courage and wisdom. Texas does not want Bankhead bill. Good only for job seekers, men with cotton on the board, and States growing little cotton. Thinking Texans solidly behind you and RAYBURN. Bankhead bill would increase unemployment and poverty. Fight Bankhead bill. Texas is behind you.

This carry-over that the gentleman speaks of will enhance in value, will it not?

Mr. JONES. I think there will be some enhancement. I do not think there will be any great enhancement in value. It will be stabilizing the value, and a lot of that is in the hands of farmers as well as others. That is a feature that you cannot get away from.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. DRIVER. Did the gentleman ever know a time in the history of cotton production when there was so much cotton in the hands of the small farmer in the cotton-producing area as there is today?

Mr. JONES. I never did. That is correct.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was rejected.

The Clerk read as follows:

GENERAL AND PENAL PROVISIONS

Sec. 14. (a) All provisions of law, including penalties, applicable with respect to the taxes imposed by section 800 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with the provisions of this act, be applicable with respect to taxes imposed by this act.

(b) Except as may be permitted by regulations prescribed by the Commissioner, with the approval of the Secretary of the Treasury, with due regard for the protection of the revenue, no person shall: (1) Transport beyond the boundaries of the county where produced any lint cotton to which a bale tag issued under this act is not attached; or (2) sell, purchase, or open any bale of lint cotton to which a bale tag issued under this act is not attached.

(c) No seed cotton harvested during a crop year with respect to which the tax is in effect shall be exported from the United States or any possession thereof to which this act applies to any possession of the United States to which this act does not apply or to any foreign country.

(d) Any person who violates any provision of this act or any regulation promulgated under this act, or who willfully fails to pay, when due, any tax imposed under this act, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag or certificate of exemption made or used under this act, or who uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag or certificate of exemption, or any plate or die used, or which may be used in the manufacture thereof, or has in his possession any bale tag which should have been destroyed as required by this act, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such bale tag or certificate of exemption, or who reuses any bale tag required to be destroyed by this act, or who places any cotton in any bale which has been filled and stamped, tagged, or otherwise identified under this act, without destroying the bale tag previously affixed to such bale, or who affixes any bale tag issued under this act to any bale of lint cotton on which any tax due is unpaid, or who makes any false statement in any application for bale tags or certificates of exemption under this act, or who has in his possession any such bale tags or certificates of exemption obtained by him otherwise than as provided in this act, shall on conviction be punished by a fine not exceeding \$5,000 or by imprisonment for not exceeding 2 years, or both.

REGULATIONS BY THE SECRETARY OF AGRICULTURE

Sec. 15. (a) The Secretary of Agriculture is authorized to make such regulations as may be necessary to carry out the powers vested in him by the provisions of this act.

(b) The Secretary of Agriculture may make regulations protecting the interests of share-croppers and tenants in the making of allotments and the issuance of tax-exemption certificates under this act.

Mr. JONES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 16, strike out lines 3 and 4, and insert:

(d) Any person who willfully violates any provision of this act or who—

Mr. JONES. Mr. Chairman, this will be followed by two or three other corrective amendments. This takes the penalty for violating regulations out of this subsection, and inserts the word "willfully" so that only a willful violation of the terms of the act is criminal. I shall offer another amendment as a separate subsection, which limits the punishment for violation of regulations to a fine of not exceeding \$200. That will be offered as section 14 (e).

Mr. BUSBY. I am glad to see the gentleman is willing to reform the bill.

Mr. JONES. I do not want anything unreasonable about this. We are all trying to work out a program in the interest of the South. I wish the gentleman would at least recognize our good motives, whether he agrees with our judgment or not. I am willing to concede his good motives, and I think he should concede ours.

Mr. BUSBY. I certainly do.

Mr. JONES. I am going to ask to strike the \$5,000 fine and make it \$1,000, and strike out "2 years" and make it "1 year." Those are different amendments that will be offered serially. I should like to have those disposed of, and then the gentleman from Mississippi [Mr. WHITTINGTON] has an amendment liberalizing the provisions of subsection (b) so as to assure proper movement of the cotton, regardless of the regulation.

Mr. BUSBY. Does the gentleman say that that takes out all the punishments for violating the regulations?

Mr. JONES. No. It puts them in a separate paragraph. We are going to insert a separate paragraph on regulations, limiting the punishment to not exceeding a fine of \$200.

Mr. BUSBY. Are you going to have in that paragraph any penalty application for violating the regulations of the Department such language as is not contained in the written bill as we have it before us?

Mr. JONES. Only when the regulation is authorized by the bill. The gentleman understands that every bill must leave certain regulations to administration.

Mr. BUSBY. That is all right to have regulations to administer the authority of the bill, but not regulations that become penal statutes on violation of the regulations by individuals to whom it applies.

Mr. JONES. These are only regulations that are made for the purpose of honestly carrying out the bill. They always have to have some of these. It does not exceed a fine of \$200. Surely the gentleman does not think that is extreme.

Mr. BUSBY. Yes. I think anything that takes away from a man his right to control his own property and to make free contracts is extreme.

Mr. JONES. The gentleman can reach his end, then, by voting against the bill. If we are going to have a bill, let us not emasculate it.

Mr. BUSBY. I thank the gentleman for his direction.

Mr. JONES. The gentleman's own statement shows that not only is he intending to vote against the bill, but he is trying to make the bill innocuous as we go along. I am glad to have a complete disclosure. He is entitled to his opinion, but I ask those who are friendly to the bill to pay no attention to the intentions of gentlemen who are opposed to the bill.

Mr. BUSBY. Perhaps they will not do it.

Mr. JONES. I had understood the gentleman was trying to perfect the bill.

Mr. BUSBY. I am trying to save the people back home in their personal and property rights.

Mr. JONES. The gentleman is trying to wreck the bill, is he not? Is he not? Will the gentleman answer "yes" or "no"?

Mr. BUSBY. I would like to see this bill buried 6 feet deep if you are going to arrest people and put them in jail by authority of its provisions.

Mr. JONES. All right. We understand each other.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The amendment was again reported by the Clerk.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 17, line 2, strike out "\$5,000" and insert "\$1,000", and in line 3 strike out "2 years" and insert "1 year."

Mr. McGUGIN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN as a substitute: Page 17, line 2, after the word "exceeding", strike out "\$5,000" and insert in lieu thereof "\$100", and strike out the remainder of the section.

Mr. McGUGIN. Mr. Chairman, this amendment is not offered for the purpose of wrecking the bill. This amendment is offered for the purpose of preserving American liberty and the rights of American citizens. Here we are enacting legislation which would make it a penitentiary offense for a man to produce more cotton than someone down in the Department of Agriculture wanted him to produce.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McGUGIN. No. You people have had all the time. Let us consume a little time.

Mr. BANKHEAD. I have not taken a minute under the 5-minute rule.

Mr. McGUGIN. The gentleman can take all he wants. I do not yield.

There is a lady who wrote an article in the Saturday Evening Post this week, and I dare say if the Members of this House and the Members of another legislative body of the American Congress were of the same intellectual level as that lady, and had the courage to follow their intelligence, this bill would never be enacted into law.

The following is taken from a part of the article appearing in the issue of the Saturday Evening Post for March 17 by Mrs. George B. Simmons, the wife of a Missouri farmer:

For all concerned, I have to conclude that any kind of dictatorship is dynamite to democracy and to order and to progress. I look out across our land that we still hold by only such a narrow margin, and I know that if my husband cannot make it pay, nobody else can tell him how, and I know that the blood of generations of independent farm people rises within me to hate dictation, no matter how soft the velvet may be laid over its mailed fist, or how beautiful the bribery it offers us for our inalienable rights which it is trying to deceive us into giving up.

I agree with an Australian visitor who has recently said that cutting production is only creating artificial shortage and artificial poverty. As I look back, I have to remember that here, in the second richest county in Missouri, agriculturally speaking, we have had only one really good corn crop in 5 years, and I wonder if those who would cut production have made the necessary arrangements with the weather man.

I am not upholding the sins of past administrations or the dishonesty of certain individuals who cheated in business deals they represented to be safe and income-producing. I am not regarding what I can see and hear and learn from any opposing partisan viewpoint. All my people for several generations have been southern, and it is no trouble to guess the party to which they have belonged and given their loyalty.

Now, strange as it may seem to some people, believe it or not, the lady who wrote that article is not a Tory; she is not a tool of Rockefeller, Mellon, Morgan, Mitchell, or Wiggin; she is not even a member of the "Ohio gang." This lady is the wife of a Missouri farmer. Through her veins surges the blood of generations of southern Jeffersonian Democracy, not this modern Tugwellian socialism and tyranny which is emanating from the South today and which would send the citizens of this country to the penitentiary for raising cotton in an amount in excess of what the Government would tell them they might produce.

A lady from my State has written me a letter, a widow, if you please, who runs her own farm, Mrs. Nellie R. Ludington, route 1, Havensville, Kans.:

I am at this time vainly trying to support myself and two little children on a farm by stint of herculean efforts, working in the fields as a man and undergoing tremendous hardship. The Government instead of encouraging and aiding self-reliance and independence is placing a penalty upon it and honest endeavor. Now comes a government to me and tells me that I must reduce the pitiful little number of stock I have accumulated in the hopes of being self-supporting and provident for my children. This government by the means of veiled threats, innuendo, and the arousing of fear had put over a means of control over the American people which it could never have done in an open and

straight-forward manner. I have not sufficient corn in acreage to pay my rental, or sufficient cows or hogs to provide even the necessities, but I am ordered to sign a one-sided agreement to reduce all kinds of livestock at the Government's order and all crops if they so demand. As a threat I am told that if I refuse I shall not be allowed to continue my efforts to provide for my children.

If this widowed lady should want to raise cotton after this bill is enacted, she would not be faced with mere pressure from her Government; she would be faced with the penitentiary doors if she did not bow to the wishes of the Secretary of Agriculture.

This bill is tyranny; this bill is vicious. This bill is repugnant to every principle of American liberty, Christianity, and decency; and the blackest part of it is this section which provides a \$5,000 fine and a year and a half in the penitentiary; and when it was first written it was written in blood so cold that it would send one to the penitentiary for violating not a law of Congress but a regulation promulgated by a Cabinet officer.

Mr. JONES. Mr. Chairman, to follow up the gentleman's theory, the gentleman would limit the fine to \$100. The crimes included in this section are, among others, those of defrauding and counterfeiting. The gentleman would limit the penalty against fraud and counterfeiting to \$100. A severe penalty against counterfeiting bale tags and certificates is necessary if we are to have an effective law.

Mr. McGUGIN. Why were all sections included in the application of the penalty?

Mr. JONES. The gentleman can vote against the bill; and I think he will. But I think the gentleman himself will have to admit in good grace that if we are to have a bill we will have to punish counterfeiting with a more severe penalty than a \$100 fine.

Mr. McGUGIN. I do not care about that, but the first sentence of this provision reads:

Any person who violates any provision of this act or any regulation promulgated under this act.

Mr. JONES. Of course, the gentleman does not want any bill; but that is his right, his American liberty that he talks about, to vote against it.

Mr. McGUGIN. We are not dealing solely with counterfeiters. If the provision were intended to reach counterfeiters only, why include the phrase "any provision of this act or any regulation promulgated under this act"?

Mr. JONES. That is only the usual penal provision, and is in accordance with measures the gentleman has voted for time after time. The same provision was carried in the Agricultural Adjustment Act, for which act the gentleman himself voted, except that some violations are made penitentiary offenses punishable by a \$10,000 fine, instead of a \$100 fine. The gentleman from Kansas voted for that bill and he has voted for similar bills from time to time.

The question he is talking about does not arise on my amendment; it arises on his amendment. It is his privilege to oppose the bill, and I cordially and freely concede him the right to his free opinion. I hope he will make the same concession to me.

Mr. BUSBY. Mr. Chairman, I move to strike out the last word.

I want to say to the gentlemen of the committee that if my efforts have done nothing else but to call attention to the severe penalties of this bill, which the chairman is willing to strike out by the amendment he has just offered, I believe they will have saved years of imprisonment, in the aggregate, of those people who were intended to be the victims of the bill as it was first drawn. It will save them from being threatened with the penitentiary, save them from being bulldozed and browbeaten by threats of a \$5,000 fine and 2 years in the penitentiary.

Motives have been assigned to those who opposed the provisions of the bill; it is claimed they are against the whole bill. If they must submit to iniquities, they want the iniquities made as small as possible. That is the reason I voted for the proposal the gentleman from Texas [Mr. JONES] just made, to strike out the \$5,000 and 2 years imprisonment and insert instead a fine of not more than \$200.

If this is going to be placed upon the necks of the people in my section of the country, I want them to have as little punishment as we can get for them, because they are American citizens, and work, labor, and sell commodities useful to mankind. This bill provides that—

Any person who violates any provision of this act or any regulation laid down by the Department of Agriculture promulgated under this act shall upon conviction be punished by a fine not exceeding \$5,000 or imprisonment for not exceeding 2 years, or both.

I opposed this bill in the beginning, and I am glad to see the gentleman coming around to the idea that the American people are not so bad after all that they have to be sent to jail for 2 years and fined \$5,000. I congratulate the gentleman in arriving at the conclusion to cut this down to a measly fine of \$200 when the people who do not have permits fail to turn over to Uncle Sam half of what they make with one mule on their own farms growing cotton.

Is it contrary to the principle under which our forefathers founded this Government for men to labor? Is it contrary to the rights of free men to grow cotton without first having gotten a permit to do so? Are you making that which is perfectly legitimate a crime by statute? This bill is in direct conflict with every guaranty under the Constitution—if we still have a Constitution of the United States. It seems to have been abandoned. Certainly we have no more pride in it. Where are the defenders of the Constitution?

Mr. FULMER. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from South Carolina.

Mr. FULMER. Is it not a fact that under the program of national recovery we are cutting the hours of labor from 8 hours to 6, that it was previously cut to 8 hours, and, as a matter of fact, under this administration we are controlling the output of industry? If industry is going to have to be controlled, we are not doing anything more than that by this bill.

Mr. BUSBY. Is the gentleman going to try to discuss all those things incident to this bill?

Mr. FULMER. No.

Mr. BUSBY. I am not informed on all of them.

The sponsors of this Bankhead bill are hiding in every hole they can devise so that they may conceal themselves for their action in bringing this legislation before you. They are dodging and ducking into every excuse they can think of to warrant the procedure that is being put on here. I am not surprised. I would do the same thing. I will not say that I question their judgment, but I just do not understand. I am mystified. Are we still in the United States of America, or is this Russia we have been transported to? I cannot understand why legislators propose such a thing for our American citizens. Let us study the teachings of Trotzky and Lenin and become more moderate in our methods. When did we reach this distressing state that we are trying by this kind of methods to wreck the American Government? Ten years of this stuff and men will again fight for their personal liberties and for the overthrow of this government of autocracy and oppression—a veritable oligarchy.

I have studied this bill carefully, and the more study I have given it, the more determined I am that there is nothing American in the principle in it. It is being laid on a helpless and unsuspecting people back home, who will hear of the trouble confronting them for the first time when they start administering this bill.

In conclusion, they say the people are for this. They do not know what its provisions are. The people do not know what this is all about and have had no chance to learn about it. Even many Members of Congress do not know what the terms of this bill provide. I am perfectly happy under the contract plan, the plan that we have been operating under and which has brought us to the wonderful condition we are in. Our people are satisfied. Let us use the processing tax and collect that way to carry the program of reduction as we have done. Let us go on and preserve this plan. Let us preserve the liberty of the American people, and by all

means let us preserve their freedom and not send them to jail for doing a perfectly legitimate business of labor, of growing cotton without a permit if they wish and selling the fruits of that labor, their cotton, in the open markets.

The pro forma amendments were withdrawn.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Kansas.

The substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: On page 17, after line 3, insert the following: "(e) Any person who willfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this act for the violation of which a special penalty is not provided shall on conviction thereof be punished by a fine not exceeding \$200."

Mr. MCGUGIN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment by Mr. MCGUGIN: Page 16, line 3, after the word "who", strike out everything down to the word "with" in line 6.

Mr. BANKHEAD. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. The amendment offered by the gentleman from Kansas [Mr. MCGUGIN] is not a substitute amendment for the amendment offered by the gentleman from Texas.

Mr. MCGUGIN. The gentleman from Texas offered an amendment that would affect this provision.

Mr. BANKHEAD. The gentleman's proposition is not a substitute for the amendment of the gentleman from Texas. It might be a substitute for something else.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. JONES. Mr. Chairman, if the gentleman wants to offer the amendment, he may offer it at the proper time.

The CHAIRMAN (Mr. PATMAN). The Chair holds that the amendment offered by the gentleman from Kansas is not a substitute for the amendment of the gentleman from Texas [Mr. JONES].

The point of order is sustained, and the question is on the amendment of the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: Page 15, line 17, after the word "transport", insert "except for storing or warehousing under the provisions of section 4 (f)."

Mr. JONES. Mr. Chairman, that amendment is satisfactory.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MCGUGIN. Mr. Chairman, I now offer my amendment.

The Clerk read as follows:

Amendment offered by Mr. MCGUGIN: Page 16, line 3, after the word "who", in line 3, strike out everything down to the word "with" in line 6.

Mr. MCGUGIN. Mr. Chairman, this amendment is for the purpose of meeting the objection which the gentleman from Texas offered to reducing the penalty for a violation of this act.

The words which I strike out are—

Any person who violates any provision of this act or any regulation promulgated under this act, or who willfully fails to pay, when due, any tax imposed under this act or who.

If my amendment is adopted it will read:

Any person who, with intent to defraud, falsely makes—

And so on.

I am willing to have a strict penalty and a heavy penalty for anyone who counterfeits or by forgery, or otherwise, perpetrates a fraud to beat this tax, and I favor making such a crime a penitentiary offense. What I do object to is that you provide that when one does not pay any part of this tax he shall be sent to the penitentiary. You are striking right back at the small individual cotton producer who may evade some of this tax, and while I am perfectly willing to send to the penitentiary a counterfeiter or a forger, I am not willing to send to the penitentiary a citizen of the United States whose only crime is that he has failed to pay a tax on the production of a bale or two of cotton. Mind you, this is the way you are making it compulsory under this bill. This is the ingenious manner in which you are sending a man to the penitentiary for producing more cotton than someone thinks he should produce. You provide that you may tax him so that his cotton, over a given amount produced by him, is confiscated by a tax, and then if he does not pay that tax you send him to the penitentiary.

If you would meet this thing fairly, frankly, and manly, your violation in the first instance would be that if one produces more cotton than he was allotted by the Secretary of Agriculture, he shall be sent to the penitentiary. The man who does not pay the tax on his excess production is put in the classification of a tax dodger or a tax defrauder and sent to prison. I am not willing to do that. I am not willing for a small southern cotton producer to be sent to the penitentiary even if he does dodge this tax.

A penitentiary offense for dodging income taxes is one thing, but making it a penitentiary offense for a man to escape a confiscatory tax because he produces more cotton than the Secretary of Agriculture tells him he can produce, is a tyranny that has no place in American law. If the gentleman from Texas is really serious in his remarks made a few moments ago, when he stated that he wanted a stiff penalty because he wanted to reach forgers and counterfeiters, he will accept my amendment and then provide a modest penalty for the man who evades this tax.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BANKHEAD. Now, as an honest man, and I think the gentleman is that, perfectly, does the gentleman stand here and assert that under this bill if a man produces more cotton than he is allotted, he can be sent to the penitentiary for it? Now, answer that categorically.

Mr. McGUGIN. If he does not pay the tax on it, he is sent to the penitentiary under this bill.

Mr. WHITTINGTON. But he has to sell it first.

Mr. BANKHEAD. Yes; he has to sell it before he has to pay the tax.

Mr. McGUGIN. And that is the disreputable part of your bill. You will not write it in the bill under your name that you will send a man to the penitentiary for producing two bales of cotton when you think he should produce a bale and a half, but you do write in this bill that you will send him to the penitentiary if he does not pay a confiscatory tax on that extra half bale. This is cowardly legislation, it is contemptible legislation, it is dishonest legislation, and it is tyrannical legislation.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, the amendment of the gentleman from Kansas strikes this language from page 16 of the bill, which is the very substance of the enforcement provision of the bill under consideration, "or who willfully fails to pay when due."

The provision which the gentleman seeks to strike from this bill is the customary provision that obtains in all revenue acts—willfully fails to pay. It is a provision that obtains in the manufacturers' sales tax that we passed in 1932. It is a provision that obtains in the Revenue Act of 1926.

Mr. McGUGIN. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment. I want to complete the sentence, if not the statement.

It is the provision that substantially obtains in the Agricultural Adjustment Act which the gentleman voted for a year ago.

Moreover, Mr. Chairman, it is a provision that obtains in all acts for the enforcement of excise taxes that I recall at this moment. The foundation of this act, which is the enforcement, depends upon the excise tax levied upon the excessive production of cotton, and if it is to be worth while there must be teeth in the enforcement section. There must be a willful refusal to pay the tax and not simply a raising of more cotton or anything of that sort.

Mr. McGUGIN. No; but he must pay taxes on what he raises.

Mr. WHITTINGTON. He pays on the cotton sold in excess of his allotment. But let me point this out to the gentleman, and I have before me a copy of the Agricultural Adjustment Act, without this provision there could be an evasion of the tax and there could be bootlegging of cotton, for the preceding paragraph of this section provides that no seed cotton shall be transported to a foreign country or exported, and without this provision for a tax there might be the exportation of cotton in seed rather than in lint and thereby a complete evasion of the tax.

Mr. Chairman, I have before me the Agricultural Adjustment Act, and I call attention to the enforcement provision of that act which provided for a processing tax upon cotton and other agricultural commodities in this language:

All provisions of law, including penalties applicable with respect to taxes imposed by section 600 of the Revenue Act of 1926, and the provisions of section 626 of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect of taxes imposed by this title.

I respectfully submit that you will find in that act substantially the same words as the gentleman moves shall be stricken out. I insist that if this act is to be enforced, if there is to be teeth in it, if there is to be compulsion, the provision that the gentleman moves to strike out is essential to the bill.

Moreover, I called attention yesterday when interrogating the gentleman from Kansas [Mr. HOPE] to the fact that in the Agricultural Adjustment Act there is a provision authorizing the Secretary of Agriculture to make regulations for the enforcement of that act, and the general provision for a penalty is \$100. That will be found on page 7 of that act. The provision for violation of regulations of this act is substantially as incorporated in the Agricultural Adjustment Act.

Mr. McGUGIN. As I understand the gentleman, his justification is because it is used in the provisions of a revenue act. Does the gentleman think that a man down in his district who may bootleg cotton and escape the tax should be given the same penalty that Al Capone was given for evading the income tax?

Mr. WHITTINGTON. No; I have confidence in the discretion of the courts to punish according to the degree of crime for which one is convicted.

Mr. McGUGIN. In other words, the gentleman thinks the court will have more respect for the farmer, more respect for his personal liberty and rights than the legislation?

Mr. WHITTINGTON. Of course, the penalty for an individual who only sells a small amount of cotton in violation of law would not be the same as that which would obtain for a man who sells a large amount in violation of law and sought to evade the tax.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected. The Clerk read as follows:

REGULATIONS BY THE SECRETARY OF AGRICULTURE

Sec. 15. (a) The Secretary of Agriculture is authorized to make such regulations as may be necessary to carry out the powers vested in him by the provisions of this act.

(b) The Secretary of Agriculture may make regulations protecting the interests of share-croppers and tenants in the making of allotments and the issuance of tax-exemption certificates under this act.

Mr. BUSBY. Mr. Chairman, I move to strike out the last word.

Gentlemen of the Committee, we are nearing the end of this bill. I wish Members of this House were willing to let us proceed in the cotton-growing sections of the country in the manner that has been agreeable and satisfactory, rather than fastening this type of legislation on our people. I wish you would continue to let us exercise our own discretion and let us continue to decide what is best under our civil rights.

You have been told—and I agree—that it has worked satisfactorily up to the present time and brought about splendid results. Why not let that continue, that we may not fear the coming of the Federal officer who is armed with a writ under regulations issued by the Secretary of Agriculture, but which regulations do not appear on the statute books, but which regulations prescribe a penal offense under this law?

Let us continue as we have, let us carry on as we have. It is true that gentlemen here who are today sponsoring this bill say that the penal provisions will not be brought into play against the small farmer and small operator.

This will be a means of creating fear among the people. It will do even more among the poor class. We are told that the small person will be benefited. We are benefiting the small person at the present time under our present plow-up and contract plan. All I ask you to do is to allow us the privilege and right as American citizens of freedom of contract, the right to the pursuit of happiness, according to our own wills, the right to do perfectly lawful things in a perfectly lawful way. Do not brand us as "chiselers" and "scabs" and every other low and mean thing because we do not accord to some regulation formulated by the Secretary of Agriculture or of some bureau head here in Washington. You know when a bureau is once set up it grows. This bureau will be formulated to take care of cotton, but it will spread to wheat and corn and everything else, and the American citizen will wake up to find himself surrounded by a network of laws and regulations which threaten him with fines, jail, and the penitentiary, and which make his condition intolerable. Did our forefathers in the Revolutionary War fight for nothing? Who remembers the Stamp Act—a little thing, a pitiable thing in comparison with the Bankhead bill that you are now considering. Deprived of our liberty! There was no such thing in the Stamp Act, there was no such thing in the enumerated offenses that England had committed against the Colonies, as set out in the Declaration of Independence. Read that document again and see if the Colonies had any cause to rise up and fight for the freedom that you have enjoyed until we began this type of legislation.

Look back and see if they had any cause to complain as compared with our people who are threatened by the provisions of the Bankhead bill—fines, jails, humiliation. You will hear the complaints of the people, you will hear the rumblings, for they will rise up against you and me as having been servants placed in position of power, in high place, who have betrayed them and laid down their liberties at the feet of greed. Who has personal liberty any longer? Who has the right to use his own property unmolested? Confiscation of property has become common. Threat of bodily harm and high-handed methods are tools of the tyrant.

I am sorry to see this type of legislation. If it means my going out of Congress, that will not bother me. If I must betray what I believe to be my oath that I will defend the Constitution in order to stay in Congress, I cannot pay the price. How I wish today for L. T. C. Lamer, James Z. George, E. C. Walthall, and a horde of others who have gone on before that they might stand erect and defend that bedrock of our liberties, the Constitution of the United States. If it means that I have to get down and crawl under the weight of this type of legislation, I tell you I will not do it. You and I know better than the people do who sent us here, for we have had a better chance to study it, that this bill is a betrayal of the liberties of our people. I think more of the liberty of the individual than I do of this bill. Our country is all right. If this Congress and the administration would rise up in its might and throw off the shackles the

money powers have put upon us, this bill that strikes down human liberty would not be necessary. We are going on month after month selling tax-exempt bonds and mortgaging the country more heavily to the wealthy class who will pay no taxes—\$1,250,000,000 each year will soon be the interest bill of the people. If money were put into circulation, money issued against the credit of the Government just like the bonds are, we would soon recover, but the powers that have always borne down on the poor and the masses in their suffering prevent such a thing from being done.

Mr. JONES. Mr. Chairman, I do not think there is anything controversial in this section. I ask unanimous consent that all debate upon this section and all amendments thereto do now close.

There was no objection.

The Clerk read as follows:

APPROPRIATIONS AUTHORIZED

SEC. 16. (a) There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

(b) Out of the sums available to the Secretary of Agriculture under the Agricultural Adjustment Act, such sums as may be necessary to carry out the provisions of this act are authorized to be made available.

(c) The proceeds derived from the tax are hereby authorized to be appropriated to be made available to the Secretary of Agriculture for the purposes of carrying out the cotton program of the Agricultural Adjustment Administration, and for administrative expenses and refunds of taxes under this act.

Mr. FISH. Mr. Chairman, I move to strike out the last word. The chairman of the committee has been eminently fair in permitting the fullest consideration of this bill. There is no doubt of his sincerity in the support of this legislation. He believes it is for the benefit of the cotton producers of the South, and all that I ask from the proponents of this legislation is that they will appreciate and realize that those of us who are opposed to the legislation are genuine in our opposition just as the gentleman from Mississippi [Mr. BUSBY], who says that he takes his political life in his hands. I am not taking my political life in my hands in opposing this legislation. I might be taking it in my hands if I voted for it. But those of us who are voting against it oppose it in principle from beginning to end. We are opposed to regimentation in our economic life, and we believe that this is the beginning, this is the first step of regimentation that will spread into other industries, into other agricultural crops, and eventually sovietize our economic structure. That is why most of us on the Republican side, and I believe many on the Democratic side, will in the final test vote against it, no matter what is contained in the bill, no matter what its merits or demerits may be, just so long as it calls for compulsory regimentation. They will do it on the general principle that this is the beginning of the regimentation of our economic life, and the American people do not want a regimented life. They do not want socialism nor the help of politicians in conducting their own business.

I look with some little suspicion on a bill coming from the Department of Agriculture and from the Agricultural Adjustment Administration.

Mr. BANKHEAD rose.

Mr. FISH. Oh, I assume that the gentleman from Alabama [Mr. BANKHEAD], as he has already stated, is the author of the bill. His name is on it. I accept that; but, in any event, it has the blessings of the Department of Agriculture and of Professor Tugwell, of Prof. Mordecai Ezekiel, of Jerome Frank, and of Smith W. Brookhart. One cannot help being somewhat suspicious, whether it emanates from such source or merely has the blessings of those men who believe in socializing our industries, not only in the farming industry but our entire economic system.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. Not now. I am going to talk once or twice again on this question, and then I shall yield. I have here a clipping that I cut from a paper a few moments ago of a speech made by Smith W. Brookhart, special adviser to the Department of Agriculture, receiving five or six thousand

dollars a year. I do not know what else he is doing beyond advising the Department of Agriculture. He made this speech, according to the Associated Press report, yesterday in New York. He said:

The greatest mistake in the statesmanship of the United States was when the Government decided to part with the title to land.

If that is not pure 100-percent socialism I do not know what it is. He says the Government should have taken all the land. That was the gigantic blunder of the American Republic, according to Mr. Brookhart, that we believed in property rights in the past, and that some of us benighted Members of Congress still believe in property rights. It is inconceivable even in these days of radical experiments, but here is a man drawing pay as special adviser to the Department of Agriculture who comes into my State and yesterday makes the statement that ownership in private property is wrong and that it is a gigantic blunder and that the Government should have title to all land. That is one reason why I am suspicious of this kind of legislation. It is not the only reason, but it is a substantial reason. That is why I am led to believe it is just the beginning. It is just the first step. I do not want to say this bill amounts to socialism or communism but it is a distinct step in that direction. It is well to remember what happened over in Soviet Russia in 1917. The Communists promised the land to the peasants, and the factories to the workers, but just as soon as they seized the Government they took the land away from the farmers and the factories from the wage earners.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I rise in opposition to the pro forma amendment. The distinguished gentleman from New York finds some fault with this bill because, as he says, it is playing into the hands of those who are Communists and ultraradicals, and so forth. I have great regard for the gentleman's opinion. The other day the distinguished gentleman from North Dakota [Mr. LEMKE] opposed the bill because he said it was playing into the hands of those who are inimical to our best interests, the international bankers, and that crowd. I have great regard for the gentleman from North Dakota and he and I usually agree on farm legislation. If the bill is subject to both criticisms, I think we who are in favor of it are in a pretty good position. If it is too communistic for the gentleman from New York and too conservative for the gentleman from North Dakota, it must be about right for the average Member of the House, and I hope the bill passes. [Applause.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 10 minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. TRUAX. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I have heard many gentlemen on the floor of this House say they are opposed to the regimentation of the farmer. Those same gentlemen evidently are not opposed to the regimentation of millions of industrial slaves for the benefit of the Wall Street bond clipper and the money kings. Some gentlemen say there are still some of us who believe in private-property rights. I admit the truth of that statement and say that there are also some gentlemen in this country who believe in the absolute domination of property rights over human rights.

It is quite interesting to note that a large part of the opposition to this bill comes from the poor farming widows of the State of Kansas, but the gentleman from Kansas [Mr. McGugin] mentioned something about the Ohio gang. The only Ohio gang that I know of is the one that came down here in 1921 with a Republican President, and that is when the human liberties we have heard so much about were trampled underfoot, through a 12-year period, in the interest of private-property rights. Someone mentioned that we are trying to bring in the N.R.A. procedure with industry on this proposition. Why should we not bring it in? They have cut the hours; they have raised the wages; and who yet on the floor of this House has offered to cut the hours

of the American farmer and increase his wages at the same time? That is exactly what this bill proposes to do. It tells him he will have to work less, he will not have to work so many hours; that he will not hear the crack of the slave driver's whip, and for the first time in this country we will lift his prices, we will double his prices, we will pay him twice as much for his product, and he will only have to work half the hours.

Mr. HOPE. Will the gentleman yield?

Mr. TRUAX. That is what I want to see. I want to see men on the floor of this House propose to cut the hours of the farmers; propose to cut the number of days' work; propose that we elevate their prices, and whenever you do that you are getting down to the grass roots, and you will produce real prosperity in this country. You will not produce real prosperity until you do that very thing. [Applause.]

Mr. HOPE. Will the gentleman yield?

Mr. TRUAX. I, for one, am completely sick, tired, and disgusted with gentlemen who have never done anything except farm the farmers on Wall Street and on the sidewalks of New York, telling us what precedents we are establishing, what liberty we are wrecking, when we seek to at least give the American farmer who produces the food that they eat and the raw material for the clothing that they wear, a living wage; give him the right to send his children to school and to college and accumulate a competence for his declining years. Liberty? Yes; that is the greatest word in the English language; but the liberty of the farmers ceased in 1921 when Andrew Mellon and the Federal Reserve Board said that deflation must start with American agriculture. From that day to this, with each succeeding year, the price of every farm commodity has dropped day by day and month by month. When this committee, representing a majority of the cotton growers of the South, decided upon this bill, when they said it was the only solution of their surplus problem, and when they are opposed by the minority and not the majority, as one Member of this House, I am willing to go along with them. I am willing to accept their judgment rather than the biased and selfish judgment of those who come from the streets of New York. I, for one, Mr. Chairman, hope this bill will pass. As I said at the opening of this session, I am sorry we will not be able to vote on it today, but since it is going over until Monday, I am sure the majority will be even larger. I say to you people who are going to vote for this bill, I want you to do it in the belief that you are writing a new declaration of independence for the farmers of this great country of ours. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am in entire sympathy with the hope of the gentleman from Ohio that we can reduce the hours of labor and increase the wages of the farmers of this country; but I remind him that under this bill we are going to give a lot of poor tenant farmers a vacation for 365 days in the year. That is what we are going to do to the class of farmers for whom the gentleman from Ohio has proclaimed his sympathy on the floor of this House times without number.

It seems to me that one of the most objectionable features of the bill is that it comes up here under what might be called false pretenses. In the first place it comes up under the guise of being a tax bill, yet everybody knows this bill is not going to raise any taxes. That is not the purpose of the bill; it is purely a regulatory measure.

It is provided in the declaration of policy in this bill that one of the purposes of it is to raise revenue to enable the payment of additional benefits to cotton producers under the Agricultural Adjustment Act. Let me call attention to the fact, however, that there is no provision in this bill for any additional benefits to be paid to the producers of cotton under the Agricultural Adjustment Act; and, as a matter of fact, we are at the present time levying a processing tax

which is sufficient to bring in the revenue needed to pay the benefits the law provides shall be given to those who cooperate under the Agricultural Adjustment Act.

So there is no basis whatever for saying in this bill that we are raising money to pay additional benefits, because we are not. We are not going to raise any money, nor are we going to pay any additional benefits.

Then, this bill is brought in under false pretenses when it is said it is needed to cure an economic emergency in cotton production. If there is a single agricultural commodity today which is not going through an emergency it is cotton. The price of no other agricultural commodity is so near the parity price as cotton. Cotton today is selling for 12.5 a pound; and the parity price for cotton is only 14.9. Now, are wheat, hogs, cattle, or any other agricultural commodity anywhere near as close to parity as that? We all know the answer is "no." The chairman of this committee, the distinguished gentleman from Texas, who comes from a great agricultural district which produces in addition to cotton a great amount of wheat, and which is also one of the great cattle-producing districts in this country, is aware that the cotton producers are getting a much better price for their product today than are the wheat producers; and he is fully aware of the fact that every cattle producer in his section is broke, and has been broke for the past year.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WHITTINGTON. My colleague and others have had much to say about the increase of unemployment amongst tenant farmers producing cotton.

Mr. HOPE. I have not had very much to say about that. I think this is the first time I have mentioned it. A number of gentlemen from the cotton section have spoken about it, however.

Mr. WHITTINGTON. With respect to the reduction program of 1933 and 1934, the Secretary of Agriculture is stipulating in regulations that tenants must have the lands free of rent to use for food and feed even though the Government is paying rent for the land.

Mr. HOPE. Under the voluntary program.

Mr. WHITTINGTON. Is he not given the same privilege under this act?

Mr. HOPE. He is given the same privilege, but we do not know whether he will exercise it.

Mr. WHITTINGTON. Is it not also true that the rights of the tenant farmers are protected by the bill; that they are protected against any landlord who undertakes to secure one of these certificates of exemption from his tenants by sharp practice? Are not the rights of the tenants safeguarded in every way in the pending bill?

Mr. HOPE. The fact we had to put that provision in the bill indicates to my mind very clearly that is what we can expect.

Mr. WHITTINGTON. How can we better safeguard the rights of the tenants than they are safeguarded here?

Mr. HOPE. If it had been thought necessary to safeguard their rights against the landlord in this particular, then those who wrote that provision into the bill naturally expected there would be such an effort made by the landlord to reduce the number of his tenants, which is a natural thing to have happen because, being allowed to grow only one half or three quarters as much as he formerly did, the landlord cannot supply employment to as many tenants as he formerly did.

[Here the gavel fell.]

The pro forma amendments were withdrawn, and the Clerk read as follows:

OFFICERS AND EMPLOYEES

SEC. 17. The Secretary of Agriculture is authorized, in order to carry out the provisions of this act, to appoint, without regard to the provisions of the civil-service laws, such officers, agents, and employees, and to utilize such Federal officers and employees, and with the consent of the State, such State and local officers and employees, as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure and, without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers and employees so appointed, except that

rates so fixed shall not exceed the rates of compensation prescribed for comparable duties by such act, as amended, and to pay the premiums on bonds required of any such officers and employees.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: On page 18, beginning in line 14, after the word "amended", strike out the remainder of the section.

Mr. JONES. Mr. Chairman, I am not going to take the time of the House on this amendment. This is simply to make this section conform to some other measures. In view of the observations of the gentleman from Kansas, I think that I ought to make the statement that if the gentleman knew cotton he would understand the tax situation under this bill. It is absolutely certain that if the gentleman was familiar with the cotton business he would recognize that this is true. If the gentleman had read carefully the language on page 17, beginning with line 20, he would realize that the proceeds of the tax can be appropriated to the cotton fund. The amount of benefits under the Adjustment Act are to be gaged by the amount collected. They can pay additional benefits under the cotton program out of the tax under this bill. There is not any question but what we will collect some taxes. That is one of the purposes of the bill.

Mr. HOPE. Will the gentleman yield? I would like to make an inquiry of the gentleman.

Mr. JONES. I yield to the gentleman from Kansas.

Mr. HOPE. Is it not true that if there is a considerable amount of taxes collected the bill will fail in its purpose?

Mr. JONES. No. You may have considerable taxes, just the same as on other acts that have been formulated. For instance, I am not in accord with some of the provisions of the Oleomargarine Act, but we have collected millions of dollars in taxes. I do not think the gentleman would be favorable to a repeal of that act. A bill may have more than one purpose. If this goes into effect there will be additional funds to pay additional benefits to those who comply with the program. It will help in the balancing of the program. If any considerable amount is secured in this way, if there is an especially good year, the farmers will collect additional benefits.

Mr. HOPE. If it is true that we are going to have a catastrophe in the cotton section of this country if we produce and sell more than 10,000,000 bales of cotton, assuming we produced 12,000,000 bales and sold the additional 2,000,000 bales, collecting the tax, and the cotton producers being willing to pay the tax on the 2,000,000 extra bales, would not that bring about the catastrophe?

Mr. JONES. The gentleman knows that every merchant sells some of his goods at certain times of the year at a loss. He can afford to take a loss in order to get rid of his surplus stock. There will be some excess cotton, but the limit will be such that a man cannot afford to grow a great amount. He will not be able to go into the business, as he can now, and break down the program, because it will be too heavy a burden. He may grow a small amount of excess, but he will not be especially injured if he has to pay a tax on 1 or 2 bales above the 20 or 30 bales allotment. I think this will work out. I did not rise to get into an argument with the gentleman but simply to challenge his claim. I did not want the gentleman's statement to go in as if by common consent.

Mr. Chairman, we are trying to get through, and this is Saturday afternoon. I ask unanimous consent that all debate on this amendment and all amendments thereto do now close.

Mr. BUSBY. Mr. Chairman, I object. I will make a point of no quorum. I am going to maintain some of my rights here. I want to ask the gentleman a question.

Mr. JONES. All right. I am only asking that all debate on this amendment and all amendments thereto close. This does not close debate on the section.

Mr. BUSBY. Will the gentleman yield to me for a question?

Mr. JONES. I yield to the gentleman from Mississippi.

Mr. BUSBY. If a farmer is allotted three bales of cotton and he accidentally raises four and wants to sell the extra bale for \$60, how much will he have to pay into the Treasury?

Mr. JONES. He will have to pay \$30.

Mr. BUSBY. Thirty dollars?

Mr. JONES. He would have to pay \$30 into the Treasury. However, if he has run over the allotment, he can store that bale and use it in his next year's allotment and pay no tax whatever. If this program goes through, in lieu of the \$30 he might have to pay as a tax if he sold the cotton, he would get next year \$150 more than he would if the gentleman succeeds in defeating this bill.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

Mr. HOPE and Mr. BUSBY objected.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the amendment.

May I ask the chairman of the committee a question in reference to the administration of this proposed act? In the first place, can the gentleman give us an idea as to the amount of money it is going to be necessary to appropriate to carry out the purposes of this bill as provided in section 16?

Mr. JONES. That would be a very difficult matter to estimate. It will probably all be accounted for in the final amount of taxes collected. This would take some money, but most of it will be collected by the Bureau of Internal Revenue, and I do not think there will be any great amount of additional money needed.

Mr. COCHRAN of Missouri. Is the section so worded that this money will eventually come back into the Treasury of the United States? Will the Government get its money back?

Mr. JONES. The money collected will go first to the payment of the administrative expenses, and then into the cotton program.

Mr. COCHRAN of Missouri. The section provides for the administrative expenses of the Secretary of Agriculture being paid, but does not provide for payment of the administrative expenses of the Secretary of the Treasury, who controls the Division of Internal Revenue.

Mr. JONES. If there is any question about that, it could be taken care of by limiting the appropriation.

Mr. COCHRAN of Missouri. I am talking about making an appropriation and the Government never getting it back. We appropriate or authorize an unnamed amount to be appropriated in this bill, but we do not provide, so far as I see, that this money which will be used by the Treasury Department in part is to be returned to that Department.

Mr. JONES. There is no thought of making this an out-right expense to the Government. There may have to be an appropriation authorized to begin with, but it is intended that this whole program shall be self-supporting. May I state to the gentleman that there has been about \$110,000,000 paid to the cotton farmers under the program of last year, and the Government has already collected back \$90,000,000. Of course, part of this was a floor tax. They collected in actual processing taxes in the first 4 months thirty-nine and a fraction million dollars.

So the cotton program is paying its own way.

Mr. COCHRAN of Missouri. Has it been successful?

Mr. JONES. I think it certainly has been successful for the year.

Mr. COCHRAN of Missouri. Then why change it?

Mr. JONES. If the gentleman had stayed here, he would know why. We explained very clearly that last year the plow-up program was made after it was too late to use fertilizer. This year, while the sign-up is sufficient to make the program successful, there is a possibility in a great many parts of the South of making the production just as large by using additional fertilizer and the program may wreck itself

this year. These men who are undertaking this want to have this method of protecting themselves against themselves and against the outside man who will not go along with the program. It is to keep the program from breaking down and it comes up from the grass roots.

Mr. COCHRAN of Missouri. The gentleman from Missouri has stayed here all the time and assisted the gentleman from Texas to hold a quorum, something that many Members from the cotton States have not done.

Does not the gentleman think the time is ever going to arrive when those on whom the Government spends money in trying to benefit them should do something to benefit themselves, and if they are not going to do so, should we not stop trying to help those who will not help themselves? I feel our citizens who we are trying to help should cooperate and not require us to provide penalties if they fail to help.

Mr. JONES. That is it exactly. I call the gentleman on that statement. That is exactly what they are doing. This program, as shown by the collection, stays within the industry and this is one of the great commodities of America that for 50 years has carried the burdens of the tariff with none of the corresponding advantages. This is an effort to equalize and restore them to the level of the rights of the common industries of the country.

Mr. BUSBY. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Mississippi.

Mr. BUSBY. I want to ask the chairman of the committee this question: If all these benefits and satisfactory results have not been obtained under voluntary contracts entered into by the cotton farmers with the administration?

Mr. JONES. Exactly; and I was showing why even those who are administering and those who took part in the cotton program know they probably cannot do that this year, because of the things I have stated. This leaves the allotment about where it was and tries to make it effective.

Mr. COCHRAN of Missouri. I want to ask the gentleman one further question. Of course, I am a "city boy" and perhaps I have no business talking to you country fellows, but I have received several letters from my home, St. Louis, asking me to find out if this is a starter. You know the city people are interested in such legislation. Can the gentleman tell me whether or not it is going to be proposed that we do the same thing with other commodities? My people feel this is only a starter and that other bills will follow.

Mr. JONES. This is not offered as a starter. This is not offered from any such point of view. This is an effort that has arisen among the cotton growers of the South. They have talked it at their meetings; they understand it; they want it simply for its own merit or what they think is its own merit.

Mr. COCHRAN of Missouri. Suppose the wheat, corn, and tobacco growers, as well as those who raise hogs and cattle, come in with a similar request, will you do the same thing for them?

Mr. JONES. Whether others will adopt it will depend, I take it, upon whether others want it and whether it would seem practicable as to them. It is not intended that this shall be used for that purpose.

Mr. COCHRAN of Missouri. Many times I feel, Congress having made such a mess of trying to help the farmer, especially when we find today such low prices to the producer, that we should let him alone for a while and see if he cannot help himself. I have an idea he might do better if we would let him alone by taking the shackles off, such as repealing all the laws that he is now subject to.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 16 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

Mr. BAILEY. Mr. Chairman, I offer an amendment.
The Clerk read as follows:

Amendment offered by Mr. BAILEY: Page 18, line 14, at the end of section 18, insert a new subparagraph to read as follows:

(B) The Secretary of Agriculture shall employ a sufficient number of persons expert in classification and grading of cotton, so that one such expert at least may be stationed at each compress in the cotton-growing area.

Immediately upon the receipt of any cotton by such compress such expert shall thereupon proceed to classify and grade such cotton, and to have such cotton accurately weighed, in order that the market price of such cotton upon the market may be at any time determined. Such bale shall then be so tagged as to show such classification and weight, and the information obtained from such classification and weighing shall thereafter be forwarded to the Department of Agriculture and be available to all persons who have theretofore or thereafter owned such cotton.

The information of such classification shall be prima facie evidence of the correctness of such classification in any action at law or in equity in any court of competent jurisdiction.

Mr. JONES. Mr. Chairman, I reserve a point of order on the amendment.

Mr. BAILEY. Mr. Chairman, I think the members of the Committee will probably see from the reading of this amendment the purpose of it. When a farmer takes his cotton into town and sells it, he is selling to a purchaser who is skilled in the game. The farmer himself, frequently, does not know the classification or the grade and the staple and sometimes not even the weight of his bale, accurately; and if you understand this amendment you will see its purpose is to make an accurate tabulation of all this essential information and to place it as a permanent record in the Department of Agriculture. If you do this it means that any farmer who sells his cotton which has already been marked by a bale tag can subsequently write to the Department of Agriculture and obtain accurate information concerning its worth by finding out its classification, its grade, its staple, and its weight. Or, better still, the Department, having all this information, including the farmer's address, can write to him and give him this information.

And then if he finds that the purchaser bought the bale on a basis or staple less in value than the Department records show the facts to be and he has been defrauded by the person who bought the bale, he can come back to such purchaser and, under this amendment, present prima facie evidence from the Agricultural Department in any court and sustain his claim for any shortage in price that may have been paid to him.

In addition, there is an added advantage in that the Government and the cotton farmer have an accurate check on exactly the crop that is produced—the kind, quality, staple, and weight—something which we have never had accurately before. We often hear that the carry-over of a crop is a linter crop, poor cotton, but in this way we will get an accurate check on the cotton produced, as well as on the grades.

Mr. DIRKSEN. Will the gentleman yield?

Mr. BAILEY. I yield; gladly.

Mr. DIRKSEN. Is it proposed to have an inspector at each compress?

Mr. BAILEY. Yes.

Mr. DIRKSEN. How many compresses are there?

Mr. BAILEY. Three hundred and fifty.

Mr. DIRKSEN. What would be the cost of an expert grader at these compresses?

Mr. BAILEY. That would be difficult to answer, but the salary would be paid out of the funds derived from the Agricultural Adjustment Act, and the processing tax would pay for furnishing the information.

Mr. DIRKSEN. How are the compresses distributed among the States?

Mr. BAILEY. I should say about equally among the cotton-producing States.

Mr. FULMER. If the gentleman will yield, I am in sympathy with his proposition. In the Sixty-second Congress I introduced a bill known as the "Cotton Standard Grading Act." Before that they did not have any grading act. Now that standard is accepted in all foreign countries. In the last session I introduced a bill to provide a grading agency

in each State, where a farmer from a little town that had no grading agency could find out the specific grade of his cotton.

Mr. BAILEY. I know that, but that act did not go far enough to furnish the information on the whole crop. I am offering this amendment as a suggestion to the committee. If it would interrupt the program or the purpose of the present bill, I have no objection to having it withdrawn in conference or having it placed in a subsequent bill amending the Agricultural Adjustment Act, which I understand is pending.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. BAILEY. I yield.

Mr. WHITTINGTON. I am somewhat in sympathy with the gentleman, but I want to ask him what would be the benefit to the farmer who sells from a wagon in a town where there are no compresses?

Mr. BAILEY. The farmer would have to have his cotton ginned and get his bale tagged, which would identify it, and then if he sold it, it would go to a compress. Later the farmer would receive from the Department the information upon which he could base a calculation as to the price he should have been paid. The farmer would then know what he did receive and what he should have received. If the price received was not a fair price, he could demand the difference. If the buyer had taken advantage of the farmer, how could he refuse to pay the difference? He would be sued and made to pay. Of course, if we could furnish this information before sale it would be better, but the cost of an expert at each gin would be too great. And this way the final result is the same.

Mr. JONES. Mr. Chairman, I think we are all in sympathy with the purpose outlined by my distinguished colleague [Mr. BAILEY], and I think that whatever legislation is necessary to accomplish that purpose, and if no legislation is necessary, then whatever appropriation, should be had. I compliment the gentleman upon the thought he has given to it, and his presentation. However, I do not believe we ought to go into this matter in enacting this bill. Therefore, I insist upon the point of order that the amendment is not germane, in that it adds additional matters to the bill.

Mr. BAILEY. Mr. Chairman, that is an additional section to this section which deals with the employees of the Department of Agriculture in carrying out the provisions of this bill and of the Agricultural Adjustment Act. Therefore if the Secretary of Agriculture can, as he ought to, have these employees in the carrying out of those acts.

The amendment may not be entirely germane to the provisions of this bill, but I should not like to agree that it should go out upon a point of order. I accordingly respectfully ask a ruling of the Chair.

The CHAIRMAN. The Chair is ready to rule. An examination of the section shows that it deals only with the employment of officers. An examination of the proposed amendment reveals that the amendment introduces new subject matter, namely, the classification of grading of cotton, and the dissemination of information in reference to such classification and such grading. Therefore, the point of order is sustained.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 18, after line 15, insert a new subsection, as follows:

"(d) The sums expended in carrying out the provisions of this act shall not exceed, during the calendar year 1935, twice the amounts due and payable as taxes under this act during the calendar year 1934; and shall not exceed during any calendar year subsequent to the calendar year 1935, the sums due and payable as taxes under this act for the preceding calendar year."

Mr. McGUGIN. Mr. Chairman, this amendment is very simple. If you are really in good faith that this is a revenue bill, you will accept this amendment. All the amendment provides is that there shall not be more money expended on this program than is collected by taxes from it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes on the amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FISH. Mr. Chairman, it does seem to me that the House is entitled to the information that has been asked, and that is, how much will this cost, how many new inspectors will be required under the provisions of this bill, and how much of their salaries will be paid by the Government and how much out of the taxes that may accrue from the bill itself? The distinguished gentleman from Texas [Mr. BAILEY] a few moments ago offered an amendment. It may be that the amendment was a good amendment; I do not know. It calls, I think, for 300 or more additional employees. The gentleman from Kansas is interested only to find out whether the bill will carry its own weight and pay the salaries of hundreds of new inspectors out of the taxes raised by the bill.

The issue that is more important than everything else, even the bill itself, is, are we going to continue to build up a gigantic bureaucracy in Washington. That is what the people back home want to know. It is involved not only largely in this bill, but in almost every bill that comes before Congress. I hold in my hand figures as to the salaries paid to some of the employees in the Department of Agriculture at the present time. I have purposely omitted stenographers, filing clerks, and general clerical help receiving salaries below \$3,000. There are, however, the astounding number of 1,038 drawing pay in excess of \$3,000 a year. There are 35 officials drawing salaries between eight and ten thousand dollars a year, 19 drawing salaries between \$7,000 and \$8,000 a year, 83 drawing salaries between \$6,000 and \$7,000 a year, 140 drawing salaries between \$5,000 and \$6,000 a year, 216 drawing salaries between \$4,000 and \$5,000 a year, and 540 between \$3,000 and \$4,000 a year. Probably while we have been discussing this bill during the past week additional agricultural experts have been added to the pay roll, and if the bill is enacted into law it will mean actually hundreds of more Government officials with salaries over \$3,000.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. FISH. I have only a few minutes.

Mr. ALLGOOD. Does not the gentleman think that these employees are doing good work inasmuch as farm commodity prices are rising throughout the Nation and the farmers are getting extra pay and prosperity is returning to the country generally?

Mr. FISH. If the cotton producers are prosperous under voluntary agreements, what is the use of insisting on this compulsory regimentation? No one is more eager to see prosperity among the farmers than I am. I represent one of the largest fluid-milk districts in the United States, but if we are going to build prosperity by building an enormous bureaucracy at Washington and throughout the Nation at the expense of the taxpayers, that is something entirely different and an utterly novel and unsound proposal. What we need is less bureaucracy, not more.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JONES. Mr. Chairman, if the amendment of the gentleman from Kansas should be adopted, you could not start on the program at all. You could not hire your first man. You could not start until you found out how much you were going to collect in the year and you could not collect it before you started. I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

The Clerk read as follows:

PURCHASES AND SERVICES

SEC. 13. The administrative expenses provided for under this act shall include, among others, expenditures for personal services and rent in the District of Columbia and elsewhere for law books, periodicals, newspapers, and books of reference, for contract stenographic reporting services, for bond premiums of administrative officers or employees required to carry out the provisions of this act, and for printing and paper in addition to allotments under the existing law.

LXXVIII—300

Mr. JONES. Mr. Chairman, in line 22, page 18, I move to strike out the words "for bond premiums of administrative officers or employees required to carry out the provisions of this act."

The Clerk read as follows:

Amendment by Mr. JONES: Line 22, page 13, strike out the words "for bond premiums of administrative officers or employees required to carry out the provisions of this act."

The amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word.

Supplementing what I have said, Mr. Chairman, in opposition to this bill, I want to add that this is sectional legislation. It is class legislation, dealing with a commodity which is the principal commodity that is raised on the farms in this country, which enters into international trade; and it gives the President of the United States authority to enter into trade agreements with other nations of the world on this special commodity, cotton. It takes from the Congress of the United States the right to handle the question of international trade through tariffs, a right which is fundamental to our form of government. I want to reiterate that this legislation is unconstitutional, and any Member of this House who votes for this bill violates his oath of office, because the oath of office of a Member of this House requires that he will protect the Constitution of the United States from both foreign and domestic attacks.

This bill violates the Constitution of the United States, and I want to make that as plain as I possibly can in regard to legislation of this kind. This is not the initial act which violates the Constitution. There have been several other acts. This is simply one of the stones in the arch. There will be other pieces of legislation which will follow this, which will also violate the Constitution, all tending to set up a new form of government. In referring to what the gentleman from Mississippi [Mr. BUSBY] said in the controversy he had with the Chairman of the Committee on Agriculture, in which the gentleman from Texas [Mr. JONES] said he was tearing up the bill, if I have a choice between tearing up this bill and the Constitution of the United States, I will do everything within my power to tear up this bill rather than the Constitution. I want to make that as clear and decisive as possible.

I want to say also that the difficulty in selling cotton abroad is entirely different than that which has been discussed today. The reason more cotton cannot be sold abroad is because of the fact that the foreigner has not the means with which to buy cotton or other products.

An added reason why the foreigner does not buy more cotton and more wheat is the fact that our financial system, under international control which dominates it, forbids transactions and sale of American commodities in foreign ports. The three-cornered arrangement which has been in operation for several years between Great Britain, South America, and the United States compels the United States to pay hundreds of millions of dollars to Great Britain, which is in its operation a strangle hold upon America's right to do business not only with Great Britain but with the other countries of the world. I say we are still dealing with the effects and not the causes of our economic and financial ills. What should be done is to so regulate the control of our finances in this country that the free flow of the surplus production in this country can go into world markets; and they will not go, no matter what legislation you enact, until you correct the control of your financial system.

I yield back the balance of my time.

The pro forma amendment was withdrawn.

The Clerk read as follows:

COLLECTION OF TAXES

SEC. 19. The taxes provided for by this act shall be collected by the Commissioner of Internal Revenue under the direction of the Secretary of the Treasury. Taxes collected shall be paid into the Treasury of the United States.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

TREASURY GOLD

Mr. PATMAN. Mr. Chairman, this section has to do with the taxes collected and placed in the Treasury of the United States.

GOLD SHOULD NOT BE SIPHONED OUT OF TREASURY

February 27, 1934, we had \$3,222,653,786.02 in gold in the general fund of the United States Treasury that belonged to the people of this country. I notice that a part of that gold has gradually been withdrawn. March 14, 1934, the amount of gold in the general fund of the Treasury was \$2,998,499,734.55. I asked for this time to express the wish and hope that that gold will not be siphoned out of the Treasury into the Federal Reserve banks. In the revaluation of gold the United States Government profited \$2,700,000,000, approximately. This gold can be used, with the gold we have in the Treasury, as a basis for the issuance of approximately \$8,000,000,000 and still have 40 cents in gold as coverage for every dollar of money that is issued. No country on earth has ever declared that it should have more than 40-percent gold coverage for its money.

FEDERAL RESERVE BANKS WILL NOT USE OWN GOLD

The Federal Reserve banks have plenty of gold. They have about \$4,000,000,000 in gold. They are not using the gold they have. They are not using the money they have. I do not believe that our Secretary of the Treasury will permit the Federal Reserve banks to siphon this gold out of the United States Treasury into their own vaults, especially in view of the fact that they will not use what they have now. The Federal Reserve bank at Dallas, the eleventh Federal Reserve district, which includes Texas, has \$111,774,000 in gold, a sufficient amount to issue \$279,435,000 in Federal Reserve notes—new money. It has only \$66,000 in discounted bills outstanding. At one time, I understand, the amount was down to \$30,000. The Federal Reserve Banking System has failed to function in the interest of the people. These banks are buying Government securities with Government credit and collect interest on the Government securities so purchased. This is a safe, profitable business for them.

DIRECT LOANS TO INDUSTRY

I invite your attention to a statement appearing in this morning's New York Times in regard to the proposal of Hon. Jesse Jones, Chairman of the Reconstruction Finance Corporation, in regard to direct loans to industry. I also want you to read the proposal being considered by the administration in regard to direct loans. It is also very interesting, and in the same newspaper. Something must be done in the way of furnishing a medium of exchange to the people, either through the direct issuance of currency or through the issuance of sufficient credit, or by using both methods. Mr. Jones is evidently very much discouraged—in fact, appears to be disgusted—with the Federal Reserve Banking System. The people, generally, are also very much disappointed over the failure of this System to function properly.

Individual reserve banks

[Statement of conditions at close of business Mar. 14, 1934]

District	Gold reserve	Total bills discounted	Total United States Government securities	Federal Reserve notes in circulation	Due members reserve account	Ratio, etc.
Boston.....	\$337,658,000	\$1,514,000	\$157,681,000	\$221,647,000	\$232,823,000	73.3
New York.....	1,309,782,000	25,805,000	801,755,000	610,641,000	1,358,667,000	65.3
Philadelphia.....	321,493,000	16,812,000	167,120,000	237,124,000	213,057,000	69.3
Cleveland.....	365,897,000	3,425,000	213,624,000	294,460,000	244,219,000	67.0
Richmond.....	167,103,000	1,960,000	93,563,000	147,764,000	100,660,000	65.2
Atlanta.....	147,088,000	1,168,000	81,247,000	125,707,000	80,586,000	66.8
Chicago.....	976,054,000	1,584,000	437,343,000	769,764,000	582,692,000	71.6
St. Louis.....	185,867,000	294,000	93,200,000	136,326,000	106,152,000	71.0
Minneapolis.....	119,633,000	944,000	65,657,000	96,701,000	72,444,000	68.1
Kansas City.....	182,447,000	357,000	83,444,000	109,254,000	138,241,000	70.4
Dallas.....	111,774,000	66,000	71,475,000	41,209,000	125,065,000	65.7
San Francisco.....	278,980,000	988,000	166,331,000	198,455,000	200,886,000	66.6

It will be noticed that the Federal Reserve banks have on hand a very small amount of discounted bills or loans for the benefit of commerce, industry, and agriculture.

We must have some way of granting long-term loans at a low rate of interest to industry. Direct loans will be preferable.

Notice the amount of Government securities held by the Federal Reserve banks. The Dallas bank, for instance, will receive around \$2,000,000 a year interest on these securities that were purchased with Government credit. This bank, like all the others of the System, pays no taxes, except taxes on the small amount of real estate it owns for its own use. The bank collects sufficient interest from the Government to pay its officials high salaries, and in addition to pay regular dividends to member banks.

Mr. Jones has proposed a system which will in effect take over most of the duties of the Federal Reserve banking system. In his statement he makes the assertion that his proposal shall not be considered in opposition to the Federal intermediate credit bank system that has been proposed by the Federal Reserve banks and is being considered by the administration. But, regardless of what is done, I am expressing the hope that something will be done in the very near future to extend direct loans to industry.

SMALL BANKS RETARDED

The small banks of the country have been trying to do their part; they have been retarded in their efforts, however, by the Federal Reserve banks in the districts where they are located. They are afraid of the Federal Reserve banks; they are afraid to get in debt to the Federal Reserve bank; and as long as they have this fear, they will not willingly make sufficient loans to industry and agriculture. So, in order to remove this fear, I think Mr. Jones is to be congratulated, and the administration is to be congratulated for suggesting a long forward step, the longest step that has been proposed since this depression commenced, to restore this country by providing sufficient credit facilities. I am also hoping that a few billion dollars in actual money will be put out along with this credit.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WOLCOTT. I call the gentleman's attention to the fact that about 3 weeks ago a bill was before the Banking and Currency Committee to extend the powers of the R.F.C. At that time Mr. Jones took a very decided stand against direct loans. Can the gentleman reconcile these divergent positions? Had he spoken in favor of such a bill at that time, it would have been law at the present time.

Mr. PATMAN. I do not know anything about the views of Mr. Jones that were expressed by him before the Banking and Currency Committee referred to by the gentleman from Michigan.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks by inserting therein excerpts from a statement made by Mr. Jones, and other information about the Federal Reserve Banking System.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The pro forma amendment was withdrawn, and the Clerk read as follows:

SEPARABILITY OF PROVISIONS

SEC. 21. If any provision of this act, or the applicability thereof to any person or circumstance, is held invalid, the remainder of this act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in my complaints today against the excessive penalties provided in this bill I have been confronted with statements from gentlemen on the other side of the Chamber that similar penalties are involved in the Agricultural Adjustment Act. They point to the fact that I voted for the Agricultural Adjustment Act. I call to the attention of the House the fact that when we had the Agricultural Adjustment Act before us it was here under a gag rule, House Resolution No. 61, which prohibited any

possible amendment to that bill. Therefore I nor any other Member had any opportunity to correct the penalty provisions or any other provisions of that act. Incidentally, the gag rule was presented by the gentleman from Alabama [Mr. BANKHEAD], the author of the bill now before the House.

There are some provisions in the Agricultural Adjustment Act to which no man can point with pride. In the manner in which that act is being administered I cannot point with pride to the fact that I voted for it. But I say here and now that every man who voted for that act at that time had the right to believe in the statement made by President Roosevelt in his Topeka speech before the election. Every last one of us had a right to believe the words of the President when he sent his message to the House asking for that bill. We had the right to believe that the act would be administered in harmony with the preelection speech at Topeka and the message to Congress by Mr. Roosevelt.

When President Roosevelt came to my State of Kansas during the campaign and made his speech from the steps of the Capitol of Kansas, he made the pledge to the farmers of the United States that the farm program which would be carried out under his administration would not be compulsory. He made the pledge that any farm program which was carried out under this administration would be voluntary; yet today where do we find his farm program drifting?

This bill provides that if a cotton farmer does not join this program that which he produces will be stolen from him by the Government under the hypocritical pretense of taxation.

This bill is not only dishonest; this bill is not only an economic monstrosity; but it is a fraud; its very soul is hypocrisy. You undertake to tell us that it is not a compulsory bill, but in the next step you tax a man and steal from him in the name of taxation that which he produces. When President Roosevelt sent his message to this Congress asking for the farm bill, he made another sacred pledge to the Congress and to the country. He made the pledge that if his program did not work he would be the first to acknowledge it. What do we find today? You men from the cotton section tell us that the program did not work; you say it will not work without this bill. If it has not worked, then I hope that the Democratic Party and the President of the United States will keep common faith with that message which President Roosevelt sent to the Congress in which he made the pledge that if it did not work he would abandon it.

By this bill the President and the Congress are not keeping faith with that pledge and are violating another pledge—the pledge made in Topeka before the campaign by Mr. Roosevelt, in which the promise was made that the Roosevelt program would be voluntary. So today this bill stands as a complete repudiation of the farm statement of President Roosevelt before the election; it stands as a repudiation of the message he sent to this Congress. If I had known those pledges were to be repudiated, I would not have voted for the Agricultural Adjustment Act. I am not inconsistent today. I voted for the A.A.A., believing that the pledges of the Topeka speech and the message to Congress asking for the A.A.A. would be kept.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mrs. GREENWAY. Our cotton growers have been considering this bill for a long time. I was wired some time ago to support it. Wanting to be sure, I called up Phoenix a few minutes ago and was told again of further meetings and to support it even more strongly.

In this connection I cannot refrain from saying that I feel that we are so obviously in an era of experiment that our problem becomes one of discriminating as to which experiment is justifiable.

I defy any Republican or any Democrat to call themselves consistent in almost anything today. [Applause.]

Our consistency in the last year lies in "trying."

This bill legalizes an experiment for 2 years, and a large number of cotton growers in Arizona have expressed their willingness to abide by such an experiment, because their condition is so substantially improved since the Government tried to help them, and I believe their desire to give this experiment a reasonable trial shows a fine American faith. The purpose of this bill, as I understand it, is to regulate the plan by tally through bale rather than acre.

Mr. BUSBY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I cannot help but call attention again to the fact that the price of cotton is determined by the value of American money. No one can successfully dispute this. If the foreigner has to buy high-priced dollars measured by a definite weight of gold, he does not trade with us. If our dollars are reduced 40 percent, he buys our commodities and pays no more in his own money. He is naturally induced to trade with us. I want to get this over to the gentlemen who are sponsoring this bill: If you are interested in securing a greater price for cotton, double the price of gold, because that is what determines the price of cotton. If 23.22 grains of gold were worth \$1 in 1932 and cotton worth \$35 in 1932, and you make the same 23.22 grains of gold worth \$2 you will accordingly make your cotton price \$70 a bale. There is no escaping this conclusion.

We export and always have exported more than half of the cotton raised in this country and when the foreigner buys a bale of cotton for a fixed amount of gold and our dollars are cheapened by half, he can buy twice the number of bales for the same fixed amount of his own money, or, to put it another way, he can buy a bale for half the amount of gold he formerly could, and he will certainly trade with us in preference to some other cotton-growing country in the world, which requires more gold by weight for its cotton. It is useless for us to think that we can pass a bill here that will reduce the supply of cotton in the United States and not expect the foreign cotton grower, because of the better price, to increase his production.

BANKHEAD BILL IS TO HELP COTTON GROWERS IN EGYPT, INDIA, AND FOREIGN COUNTRIES

Why do we not pass a bill here applying this program to all the cotton growers of the world? We would be getting somewhere then. Why do we not apply this to the cotton grower in India, in Egypt, and in the Argentine? Under this bill we reduce the American production 25 percent, thereby reducing the world production only 12½ percent, because we produce only half the cotton. We are passing a bill for the benefit of the cotton grower in India, in Egypt, and in other parts of the world, because he will get a better price for a full crop while we will have only three fourths of a crop.

Mr. McGUGIN. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman from Kansas.

Mr. McGUGIN. I understood the gentleman to refer to this as a program. It is a pogrom rather than a program.

Mr. BUSBY. The question has been raised as to the President's good faith in connection with this agricultural program. I do not think the President ever sponsored this bill. I think it was with the utmost persuasion that he was induced to keep quiet and not voice opposition to this bill. I have not seen a line from the President backing this bill.

Mr. GLOVER. The gentleman has not read the Record. The President sent a message from the White House to the gentleman from Texas [Mr. JONES] favoring the bill, which was read into the Record. The gentleman from Mississippi has not read the Record and does not know what is in the Record.

Mr. BUSBY. I heard gentlemen saying they had been to the White House to try to get the President back of the bill; that is all. Then they have a cotton bill here with a \$5,000 fine or 2 years in the penitentiary provision, and they are striking out part of the President's program

That is a lot of hodge-podge, and I do not think the President ought to be charged with this kind of a monstrosity. I believe the man who concocted it should take the full blame. It may seem to be worth while for a year or two, but in the end it must fail. The English plan to boost rubber did boost the price for a brief time to \$1.25 per pound; then the plan failed and rubber dropped to 7 cents per pound and the rubber growers were ruined. In the meantime other countries had begun to grow rubber in large quantities, and England awoke to find she had lost her market for all time, because rubber groves had been planted in many parts of the world. Brazil has as much cotton lands, if cleared, as the United States almost. What will happen to the South when other countries open up cotton fields and we lose for all time our advantage by finding others supplying the cotton we used to supply?

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I take this very brief time to say something more upon the question of revenue. It is perfectly ridiculous for anyone to contend that the purpose of this bill is to raise revenue. If you will read the 166 pages of the hearings, you will find that the entire purpose of the sponsors of this bill was to regulate and restrict cotton production. If this had been a revenue bill, it would never have gone to the Committee on Agriculture in the first place. It would have gone to the Committee on Ways and Means. The sponsors of this bill are not under any illusions as to its being a revenue measure.

Several gentlemen who spoke on the floor here in the course of general debate were asked the question whether it was a revenue measure or expected to produce revenue. All of them answered that it was not expected to produce revenue. Of course, this is perfectly obvious. If we should assume that there would be a million or two million bales of cotton sold upon which the tax would be paid, the program would utterly fail, because we are told that we must have this bill in order to keep the cotton production this year down to 10,000,000 bales. If we sell eleven or twelve million bales and pay the tax on the extra one or two million bales, this is going to ruin the cotton industry, according to the testimony before the committee and according to all that has been said by the sponsors and advocates of the bill on the floor of the House. So it is perfectly obvious that the tax has been placed high enough that there will not be any revenue produced.

Mr. KLEBERG. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Texas.

Mr. KLEBERG. Inasmuch as the gentleman from Kansas is so deeply interested in the revenue proposition involved in the bill, may I ask the gentleman from Kansas if the oleomargarine bill were on the floor for discussion at this time he would vote to repeal that bill?

Mr. HOPE. I may say to the gentleman that the oleomargarine bill and this bill are entirely different.

Mr. KLEBERG. With reference to the revenue feature, I should like to find out whether the gentleman is interested, because he is directly touched by the matter or only interested because of the situation in which he now finds himself in discussing the bill as an interested wheat grower and as a member of the minority side, and not as a cotton grower?

Mr. HOPE. Is the gentleman asking a question or making a speech?

Mr. KLEBERG. No; I am too hoarse to make a speech.

Mr. HOPE. If the gentleman is asking me whether or not I am in favor of the oleomargarine bill, I will say I am. Of course, I cannot understand that there is any connection between these two proposals. I merely say that anyone who contends this is a revenue bill is not stating the fact. The Supreme Court held that the oleomargarine bill was a revenue bill, and the oleomargarine law does produce revenue.

Mr. KLEBERG. Does the gentleman think that is the purpose of this bill?

Mr. HOPE. I do not think this bill will produce any revenue; and that is the difference between this bill and the oleomargarine bill.

Mr. KLEBERG. Does the gentleman have the same right to state as authoritatively as he does, that this will not raise any revenue when he compares it with the oleomargarine bill, and is not the gentleman willing to give this a trial?

Mr. HOPE. Does the gentleman favor this bill because it will raise some revenue?

Mr. KLEBERG. Of course it will raise revenue.

Mr. HOPE. Is that the reason we are passing this bill?

Mr. KLEBERG. Why, of course it is partly the reason, and the gentleman knows it.

Mr. HOPE. How much revenue does the gentleman think this bill will bring in?

Mr. KLEBERG. That is a proposition, I admit, I am just as ignorant about as the gentleman is in his whole contention.

Mr. HOPE. Does the gentleman believe it will bring in \$1,000,000?

Mr. KLEBERG. I am not willing to indulge in figures in that connection.

Mr. HOPE. Is the gentleman sure it will bring in any revenue?

Mr. KLEBERG. Will the gentleman answer my question in regard to the oleomargarine matter? Did the gentleman vote for that measure because it was a revenue bill or because of his wish that it should comply with certain constitutional requirements?

Mr. HOPE. I have not raised any question about the constitutionality of this measure.

Mr. KLEBERG. The question is clearly one that goes to its constitutionality.

Mr. HOPE. I have not raised any question of constitutionality.

Mr. KLEBERG. Indirectly, the gentleman has.

Mr. HOPE. I am simply discussing the question of whether this is a revenue bill or not.

Mr. KLEBERG. Why is it not?

Mr. HOPE. I say, if it is a revenue bill, the gentleman would not be favoring it, because he would not be in favor of taxing the cotton producer in his district for the purpose of raising revenue.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise for the purpose of clearing up two or three matters.

The gentleman from Mississippi [Mr. BUSBY] raises the question of the position of the President. If the gentleman will turn to page 139 of the report of the hearings, he will find there the letter of the President. I shall not read the entire letter; but, after reciting his interest in the problem, the President says:

My study of the various methods suggested leads me to believe that the Bankhead bills, in principle, best cover the situation. I hope that in the continuing emergency your committee can take action.

I should like the gentleman to read that letter, if he is interested.

Mr. BUSBY. I have read that, and the bill was before your committee when the letter was written, was it not?

Mr. JONES. The President says "in principle."

Mr. BUSBY. The bill was already before your committee, was it not?

Mr. JONES. The bill was being considered with certain amendments.

Mr. BUSBY. And you were having hearings before the President ever said a word about it.

Mr. JONES. I do not know whether the gentleman knows what he is talking about or not.

Mr. BUSBY. I am asking the question.

Mr. JONES. I do not think that is important.

Mr. BUSBY. Well, it was. It was concocted and cooked up before the President ever wrote that letter.

Mr. JONES. The gentleman made the opening statement here that he had never heard of this bill being approved by the President.

Mr. BUSBY. He never initiated this proposal.

Mr. JONES. If that is what the gentleman is interested in, I am not interested in the discussion.

Mr. BUSBY. The gentleman cannot dispute that, can he?

Mr. JONES. I am not interested in that. I thought the gentleman really was under the impression the President had not expressed his position in the matter.

Mr. Chairman, I do not yield further, and I hope this will not be taken out of my time. I thought the gentleman was interested in knowing whether the President is interested in this legislation or not, and I was trying to show him that the President is interested. I am not concerned about who originated it or where it originated. I am interested in whether it has merit.

The gentleman asked why we did not apply this to India. I say in reply, for the same reason we do not apply it to the man in the moon.

As to the matter of criticism of the President, the President needs no defense at my hands. His record speaks for itself.

Mr. Chairman, I yield back the balance of my time.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last two words.

The gentleman from Texas [Mr. KLEBERG] injected the question of a tax on oleomargarine in the discussion of this measure and asked the gentleman from Kansas whether or not he would vote for a bill to repeal the tax on oleomargarine. I should like to ask the same question of the gentleman from Texas.

Mr. KLEBERG. Yes; I will.

Mr. BOILEAU. I thought that was, perhaps, the purpose of the bill that the gentleman has now pending before the Committee on Agriculture, and I think we ought to watch it very carefully. I thought there was an attempt on the part of certain interests in the country to make it appear as though it were in the interest of American agriculture, but I am glad to find the gentleman takes the position that it really is a direct attack upon the dairying industry.

Mr. KLEBERG. I think the gentleman should yield, inasmuch as we work on the committee together—

Mr. BOILEAU. Gladly, now that I have made my statement.

Mr. KLEBERG. I think the gentleman should permit a frank answer. The matter involved in the question I asked the gentleman from Kansas [Mr. HOPE] had to do with the oleomargarine bill which is now one of the laws of our land.

Mr. BOILEAU. And the gentleman would repeal that?

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

AGREEMENTS WITH FOREIGN COUNTRIES

SEC. 23. The President is authorized to enter into agreements with foreign countries to fix the amount of cotton that may be exported by the respective countries entering into said agreements, and to make all rules and regulations necessary for carrying out said agreements.

Mr. FISH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 20, line 20, strike out all of section 23, including the title on line 19, "Agreements With Foreign Countries."

Mr. FISH. The proposal to give the President power to make agreements with foreign nations regarding a limitation on export of cotton is an absurdity. All the foreign cotton-producing nations are exerting every effort to increase their production of cotton with marked results, whereas we propose by this very bill to reduce it to 10,000,000 bales by rigid compulsory regimentation. Soviet Russia has increased her cotton production to 5,000,000 acres, and expects to double that. Egypt is increasing her yield, and it is planned to develop cotton on a large scale in Uganda. India continues to be a big exporter. It is preposterous to think that any of these foreign nations will curtail their production when they know that we intend doing so without any international agreements.

This amendment is along the general lines of the proposed provision in the tariff bill giving the President power

to enter reciprocal trade agreements with foreign nations, which has for its main purpose the lowering of our tariff rates. The Democrats seem determined to resurrect the bogey of free trade.

Waving aside for the moment what I conceive to be a direct violation of the Constitution, the proposed Democratic policy is utterly inconsistent with the policy it has adopted in the United States in connection with processing taxes on certain agricultural products, such as cotton. The processing tax, which is paid by the manufacturer, is nothing but a tariff against the American consumer. Now, having established the principle of a tariff against the American consumer on home products, the administration now proposes to let products of foreign labor come into the United States to further destroy American industry and reduce employment.

Mr. JONES. Mr. Chairman, as far as I am concerned, and I have talked with a number of others, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

The Clerk read as follows:

DEFINITIONS

SEC. 24. As used in this act—

(a) The term "person" means an individual, a partnership, joint-stock company, a corporation, or a firm.

(b) The term "Commissioner" means the Commissioner of Internal Revenue.

(c) The term "collector" means the collector of internal revenue.

(d) The term "ginning" means the separation of lint cotton from seed cotton.

(e) The term "tax" means the tax upon the ginning of cotton imposed by this act.

(f) The term "lint cotton" means the fiber taken from seed cotton by ginning.

(g) The term "seed cotton" means the harvested fruit of the cotton plant.

(h) The term "bale tag" means nondetachable bale tag, stamp, or other means of identifying tax-paid or exempt cotton.

(i) The term "crop year" means the period from June 1 of one year to May 31 of the succeeding year, both dates inclusive.

(j) The term "bale", when used in sections 3, 5, 7, and 8 to describe a quantity of cotton, means 500 pounds of lint cotton.

Mr. JONES. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 21, line 23, strike out "(j)."

The amendment was agreed to.

Mr. KLEBERG. Mr. Chairman, I move to strike out the last word for the purpose of correcting any impression that might go to the country on the curtailed statement I made a moment ago. I have no desire at any time to confuse my colleagues or any Member of this House by either an evasion or an equivocation; nor do I wish to have any statement of mine go out that might result in a misconception of what I meant in my statement.

In the colloquy between the gentleman from Kansas [Mr. HOPE] and myself a moment ago, we referred to the oleomargarine legislation as it is on the statute books today. It was based on the principle of whether or not this bill was for revenue or for other purposes. My question concerning the oleomargarine law was whether he would vote for the repeal of the oleo law now on our statutes, and I could not complete my statement because we were hurried.

There was no reference made to the bill that I introduced. The bill I have introduced is a bill which will bring a greater degree of benefit to the dairy industry than the law now on the statute books, an industry in which the gentleman from Kansas and the gentleman from Wisconsin and myself are interested.

Might I suggest to the group that is opposing this bill that if they gave intelligent consideration to it and not continually battle against it by considerations that come out of the blue sky, the results would be much better.

Mr. BOILEAU. Will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. BOILEAU. I understood the gentleman to say that his bill would materially benefit the butter industry.

Mr. KLEBERG. Over the one we now have.

Mr. BOILEAU. If that is the gentleman's bill, we ought to get together and work it out.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 25. The Secretary of Agriculture is hereby authorized to purchase cotton that may be produced in excess of the quantity allotted to producers at a price not to exceed 55 percent of the central market price as established in accordance with the provisions of section 4 (a) of this act, in such quantities as he may deem it possible and advisable to dispose of under special conditions for charitable purposes and in the development of new and extended uses of cotton, and in other ways that will not seriously interfere with the normal marketing of cotton or cotton products. Cotton so purchased by the Secretary shall be exempt from the tax imposed by this act. If such cotton is processed into products for distribution for charitable purposes or into products found to be of low value under the terms of section 15 (a) of the Agricultural Adjustment Act, it shall be exempt from the processing tax levied under such act. Funds available to the Secretary of Agriculture under the provisions of section 12 of the Agricultural Adjustment Act are authorized to be made available for the purpose of carrying out the provisions of this section. Any funds obtained from the operations authorized by this section or in connection therewith are authorized to be appropriated for carrying out the cotton program of the Agricultural Adjustment Administration or for further operations under this section. The Secretary may enter into agreements with relief agencies and others in the conduct of operations under this section.

Mr. JONES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 22, line 5, strike out "(a)" and insert "(b)".

The amendment was agreed to.

Mr. JONES. I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 23, line 2, strike out the word "others" and insert "State, Territories, the District of Columbia, and political subdivisions and instrumentalities of the United States, or any State, Territory, or the District of Columbia."

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the amendment. We have about reached the conclusion of the consideration of this bill under the 5-minute rule, and although I regret very much the many delays that have intervened to prevent the final vote upon it, I am very happy to know that on Monday, under the unanimous-consent agreement, we will have a record vote upon the bill. Although my name appears upon the bill as the author of it, of course, I claim no pride of authorship. In fact, I am not the real author of the bill which is now pending. The bill as now presented is the composite judgment of the Committee on Agriculture, which, as I said, in its deliberations has given to it the very greatest care in the preparation of its provisions. The committee has tremendously improved the bill over its original form, and I indulge the hope that when we vote on this bill on Monday it will have a large majority vote in this House.

I regret that there have been some differences of opinion upon the part of some of our colleagues with reference to this measure. I regret that some rather harsh statements have been made, particularly by the gentleman from Kansas. I shall not undertake to reply to them in kind, because I think it is unnecessary. I think the harsh adjectives that he used have made very little impression upon the membership of the House, because in matters of this sort we are appealing to the judgment of Congress and not to its prejudices.

We have offered here a bill that we believe overwhelmingly represents the desire and the views of the cotton producers of the South. They are not ignoramuses, as some of these gentlemen from other sections of the country would have you believe. They are not morons, they are intelligent farmers who have thought this thing through from the very beginning up until its present status.

I am very glad to have the view of the gentlewoman from Arizona [Mrs. GREENWAY] carrying out the opinion that the more they think about this bill the more they analyze its provisions—the men and women who are directly interested—the stronger becomes their appeal to this Congress to pass this bill for their salvation.

I said I regretted that some Members could not go along with us, and before I conclude I shall make brief reference to one or two statements that have been made by the gentleman from Georgia [Mr. BROWN] and the gentleman from Georgia [Mr. PARKER]. The impression may have gone out among their constituents that they are opposing this bill in principle. They did offer amendments which, in their judgment, would have helped the bill, but they announced many days ago on this floor publicly, both of them, that they favored the principle of the bill, and that they would support it.

I thank all the Members of the House who have been here who have attended these hearings for the generous and patient attention they have given to the discussion of the bill. When I made my statement I said to the Members of the House that the burden was upon us to show that the bill was justified; and as we have proceeded with the deliberations, as all of the arguments pro and con have been presented to this House, I feel confident—and I feel that that confidence will be reflected in their vote on Monday—that we have convinced you that this is a constitutional bill, that it is fairly justified under the conditions with which the cotton producers of the South are confronted; and I believe, as I said then, that it is our salvation in the South, and that this bill defeated will mean the destruction of the prosperity of the South for the next 2 years. Therefore, I appeal to you, as the author of the bill, to give it your support if you can conscientiously do so when we take the final vote on Monday next.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. KVALE. Has the gentleman during the course of the debate addressed himself to the rumors that have been going about through the cloakroom to the effect that this is the first of a series of measures of a similar nature to be applied to other commodity crops; and if he has not done so, will he do so sometime before the bill is finally passed?

Mr. BANKHEAD. Mr. Chairman, I am aware, of course, that those rumors and suggestions have been bandied back and forth, probably in the cloakrooms, on the floor of the House, and probably in the press, but as far as the cotton producers of the South are concerned, the sponsors of this bill, the men who are really behind it, I disclaim that there is any intention to press these propositions upon the other agricultural resources of the country. I assure you that there has been no concert of action along that line, either directly or indirectly. This is a cotton bill and nothing more. I am glad to give that assurance.

Mr. KVALE. I thank the gentleman. I wanted that in the RECORD.

Mr. WHITTINGTON. And is it not true that the matter of the compulsory reduction of the production of cotton has been under consideration in the South for years, and have not some of the States gone so far as to pass compulsory legislation?

Mr. BANKHEAD. That is true.

Mr. BUSBY. Is there any peculiar reason why, if it is necessary to apply this to cotton growers to get unanimous cooperation, it will not be necessary to apply it to all other producers of agricultural commodities?

Mr. BANKHEAD. I do not know what conclusions the wheat growers, the corn growers, and the tobacco growers of this country may reach with reference to this question. They may have great diversity of opinion upon the propriety of undertaking to embrace this principle for their products. We are presenting this measure from the cotton section as a cotton bill, and without any purpose or intention of undertaking to crystallize sentiment in this country for this same character of legislation for any other product in which the producers thereof may have entirely divergent views from those expressed by the cotton growers of the South.

Mr. MCGUGIN. Will the gentleman yield to me to ask a question of the gentleman from Mississippi [Mr. WHITTINGTON]?

Mr. BANKHEAD. Does the gentleman from Kansas feel that he has a right to ask me to yield, when in two or three

speeches in which he used some harsh terms such as "cowardice" and "thievery", which, when the gentleman from Kansas thinks over, I believe he will strike from the RECORD? Does the gentleman think he has any right to ask me to yield? However, I yield to the gentleman.

Mr. MCGUGIN. I yielded to the gentleman on more than one occasion.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. BANKHEAD] has expired.

Mr. MCGUGIN. I notice the gentleman yielded after his time had expired.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word of the section for the purpose of asking a question.

I want to be enlightened a little on section 25. As I read that section, the Secretary of Agriculture, assuming that cotton in the 10 central markets is selling for 12 cents, can buy surplus cotton at 55 percent of that price, which would be 6.6 cents.

Mr. JONES. He may buy the surplus.

Mr. DIRKSEN. The cotton that he buys is exempt from taxes imposed in this bill, is it not? In other words, there is lodged in his hands surplus cotton at 6.6 cents per pound to be used for three purposes: One, for charity; the other for the development of new cotton uses; and for processing into goods of low price.

Mr. JONES. It must be limited to the funds which he has.

Mr. DIRKSEN. Is he authorized to take the 6.6-cent cotton and use it for trade purposes or for the international exchange of products of some other country?

Mr. JONES. No; he is not.

Mr. DIRKSEN. As against the domestic price of 12 cents?

Mr. JONES. No; he is not authorized to do that. My amendment, in order to make that certain, strikes out "others", and puts in "State institutions and subdivisions thereof."

Mr. DIRKSEN. But in line 10 it reads, "in other ways that will not seriously interfere with the normal marketing of cotton and cotton products." I take it that that is rather general authority, which would empower the Secretary of Agriculture to deal internationally, using the 6.6-cent cotton.

Mr. JONES. No; I do not think so. If there is any doubt about it, I would agree to put in the word "similar."

Mr. DIRKSEN. I do not say he will use it, but he will be given that authority.

Mr. JONES. That is not the intention at all, I assure the gentleman.

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The amendment was agreed to.

The Clerk read as follows:

SEC. 26. Subsection (1) of section 8 of the Agricultural Adjustment Act, as amended, is amended by inserting at the end of the first sentence thereof the following:

"Agreements authorized by this subsection shall include, among others, provisions requiring the producers who are parties to such agreements to reduce or limit acreage and/or production for market of agricultural commodities other than basic agricultural commodities, as well as one or more basic agricultural commodities."

With the following committee amendment:

Page 23, line 6, strike out the word "shall" and insert the word "may."

The committee amendment was agreed to.

The CHAIRMAN. Pursuant to House Resolution 292, the Committee will now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8402, the cotton control bill, and pursuant to House Resolution 292, he reported the same back to the House with amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

PERMISSION TO ADDRESS THE HOUSE

Mr. BACON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BACON]?

There was no objection.

Mr. BACON. Mr. Speaker, on Monday I understand a bill is to come up under suspension of the rules to extend the provisions of the Philippine independence bill passed during the last Congress. In this connection I have been furnished with a brief memorandum on certain constitutional aspects of this whole question. Several Members of the House, and also of the Senate, have asked me to furnish them copies of this particular memorandum. It is prepared by an eminent constitutional lawyer, Mr. George Gray Zabriskie, a constituent of mine.

At the request of Members of the House, and also some Members of the Senate, I ask unanimous consent to extend my remarks by including this memorandum in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The memorandum referred to follows:

MEMORANDUM UPON PHILIPPINE INDEPENDENCE BILL

The following notes are the result of a preliminary examination of such statutes, authorities, and arguments as it has been possible to find in a short time which seem to bear most closely upon the question of the power of Congress to grant independence to the Philippines. Particular acknowledgment is due to a brief prepared by the late Judge Daniel R. Williams and printed as Senate Document No. 328, Seventy-first Congress, third session; to the brief of Maj. Gen. Blanton Winship, Judge Advocate General of the Army, furnished to the Secretary of War under date of January 3, 1933; and to the extensive and painstaking researches of Senator COPELAND as embodied in his speeches in opposition to the constitutionality of the present act delivered in the Senate on December 8, 9, and 15, 1932. A complete examination of this question would necessitate a long and detailed study of treatises, departmental reports, congressional debates, and other material, which would require a vast amount of time and effort and would probably lead to no other conclusions than those here expressed.

Any inquiry into the validity of an act of Congress starts with a presumption in favor of its constitutionality. Yet when, as in this case, the act purports to exercise a power which has never been used before, an original question is presented and must be examined from all sides to ascertain whether or not Congress actually possesses the power.

The first proposition involved is stated in the tenth amendment to the Constitution, which reads: "The powers not delegated to the United States by the Constitution nor prohibited by it (i.e., by the Constitution) to the States are reserved to the States, respectively, or to the people."

In 1902 Congress passed an act (32 Stat. 691; 14 U.S.C., An., sec. 1490) providing that "The Constitution and laws of the United States which are not locally inapplicable shall have the same force and effect within all the organized Territories and in every territory hereafter organized as elsewhere in the United States; but the foregoing provision shall not apply to the Philippine Islands." However, this does not mean that the Constitution does not govern or limit the power of Congress in dealing with the Philippine Islands, nor could such an act of Congress override the provisions of the Constitution itself, as expounded by the Supreme Court, which has held in a number of cases that some of the fundamental prohibitions contained in the Constitution do apply to the government of Territories belonging to the United States, as will be shown below.

The specific question, therefore, is whether the power to relinquish sovereignty over territory belonging to the United States is a power delegated to the United States. If it is such a power, it could be exercised by the United States through Congress, in which all legislative powers are vested by article I, sections 1 and 8, of the Constitution.

The sovereignty of the United States over the Philippines is complete and absolute (14 Diamond Rings v. U.S., 183 U.S., 176, 179), just as much so as over any part of the territory included within the limits of any one of the States.

The argument in favor of the power of the Federal Government to relinquish sovereignty over territory belonging to the United States is based partly on implication from its undoubted and frequently exercised power to acquire such sovereignty through war or through the treaty-making power which is vested in the President and the Senate (not in Congress) by article II of the Constitution. This argument does not seem to sustain itself. It may well be that the treaty-making power would have the capacity to cede territory as the result of being defeated in a war under the

doctrine of force majeure; and claims to territory the sovereignty of which is disputed or doubtful have been surrendered in the course of necessary boundary adjustments. In such cases, however, the surrender would be made by virtue of a treaty with another nation, and where the territory involved in a boundary adjustment forms part of a State, the State's consent must first be obtained, as in the case of the Ashburton Treaty. (See *Fort Leavenworth R.R. Co. v. Lowe*, 114 U.S. 525, 541.) But until the Philippines achieve independence they cannot make treaties; for the United States to pretend to make a treaty with one of its possessions giving it independence would be a contradiction in terms.

It is even doubtful whether Congress possessed the constitutional power to cede part of the District of Columbia to an adjoining State; see *Payne v. Phillips* (92 U.S. 130), discussed below. Apart from that, the power to accept or take possession of property for a principal does not under ordinary circumstances imply a correlative power to give it up; certainly not without receiving full value in exchange. Still less would this seem to be the case when the agency is a body whose powers are prescribed and limited by the Constitution and not merely by the common law. Woolsey (International Law, 6th ed., p. 63) says: "A State's territorial right gives no power to the ruler to alienate a part of the territory by way of barter or sale, as was done in feudal times. In other words, the right is a public or political and not a personal one." So Ayala, in 1582, wrote that princes are incompetent to alienate any part of their realms. This doctrine is particularly applicable to alienation of the Philippine Territory by act of Congress, because the sovereignty or supreme power which it is sought to transfer or abdicate, resides not in the ruler, that is to say the Federal Government, but in the people of the United States.

In any case, what is now under consideration is an existing act of Congress, not a treaty.

The power given to Congress in article I, section 8, to "provide for the general welfare of the United States", has been repeatedly held to be merely a limitation upon the taxing power, with which it is coupled (*Ward v. Maryland*, 12 Wall. 418, 428; *U.S. v. Boyer*, 85 Fed. 425, 431, quoting from Story on the Constitution). That power, therefore, could not be made the basis of a congressional grant of independence to the Philippines, even on the assumption that the United States would be better off without them.

The main basis for the claim that Congress has the power to give up the sovereignty of the United States over the Philippines is, however, based on article IV, section 3, of the Constitution, which reads as follows:

"... The Congress shall have power to dispose of and make all needful regulations respecting the territory or other property of the United States; and nothing in this Constitution shall be so construed as to prejudice any claims of the United States or of any particular State."

In interpreting this provision of the Constitution, the first inquiry must be into the meaning of the words "dispose of." Everyone knows and the dictionaries show that this is a phrase of very broad and general meaning in ordinary use. It may and frequently does mean to sell or transfer; it also has the meanings of deal with, provide for, exercise control over, arrange, regulate, manage, order, etc. (See Century Dictionary, Murray's, Worcester's, Webster's, and Funk & Wagnall's Dictionaries.)

As used in legal connections, the term also has a variety of meanings. "The word is 'nomen generalissimum' and, standing by itself, without qualification, has no technical significance" (*Phelps v. Harris*, 171 U.S. 370, 381). Like any other phrase, therefore, it must be construed, with reference to its context and to the circumstances under which it was used, in order to find the meaning intended to be given it by the users, in this case the framers of the Constitution. Obviously they could not have intended to give Congress power to deal with territory in every one of the senses comprehended by the dictionary definitions; otherwise Congress could destroy property of the United States or even give away territory such as the Philippines, or West Point, or one of our navy yards, or the whole District of Columbia, to a hostile foreign power. Jefferson, as quoted by White, Justice, in *Downes v. Bidwell* (182 U.S. 315-317), asserted that the Government had no power to cede even unpeopled territory. Edmund Randolph was so strongly of the opinion that Congress should not be given such power that he secured the defeat in the Virginia Convention which ratified the Constitution of a proposed amendment which would have given three fourths of both Houses power to ratify treaties ceding any territorial rights of the United States.

The words must, therefore, have some limited meaning. They may mean quite the opposite of alienate; for example, in a statute authorizing a receiver to dispose of personal property, the term comprehended collecting a note, which imports the obtaining of possession of property under the note, and is the opposite of alienating or surrendering it (*Fling v. Goodall*, 40 N.H. 208, 219); and where a clause in a will did not direct the trustees to sell but to "dispose of" the whole estate, the words were held not to impart a direction to sell but meant that the trustees should hold and manage the estate to the best advantage of the testator's family (*Sheffield v. Orrery*, 3 Atk. 282). In construing the expression in the light of its context the cases follow the maxim "noscitur a sociis", and hold that it should be given a meaning in line with other expressions in connection with which it is used (*Love v. Pamplin*, 21 Fed. 755, 760; *United States v. Hacker*, 73 Fed. 292). In the latter case, where a statute forbade the cutting of timber on Government lands with the intent to export or dis-

pose of it, the Court approved the following statement: "The word 'dispose' is used in connection with the word 'export', and should therefore be construed according to the maxim 'noscitur a sociis.' When thus construed, it does not mean simply to put in place, arrange, or manage; it means, in this connection, to alienate, sell, or transfer." This makes it clear that in different connections or constructions the phrase may mean "to arrange or manage." In article IV of the Constitution the language is, "The Congress shall have power to dispose of and make all needful regulations respecting the territory or other property of the United States." Applying the same principle of construction, it would seem that where "the territory" under consideration is a possession like the Philippines, "dispose of" means to manage or arrange, which harmonizes with "make all needful regulations respecting", rather than to alienate or surrender the territory.

This thesis is borne out by Chief Justice Taney's elaborate and lucid discussion of the circumstances which led to the adoption of the disposing clause and the limited purposes its authors had in mind in *Scott v. Sanford* (19 How. 393), at pages 434-440. Section 3 of article IV of the Constitution was framed with the Northwest Territory in view and its primary object was to provide for its organization into new States and its protection and government in the meantime, thus confirming the so-called "Dane Ordinance" of 1787 of the Continental Congress. The most important part of the section was its first clause, providing for the erection of new States; the disposing clause was an appendage, to which again "noscitur a sociis" applies, directed to the period preliminary to their erection. No one would dream that the clause would have been adopted or ratified if it had meant to the framers that Congress may cede the Northwest or other territories of the United States to a foreign monarch, or provide for the erection of foreign independent governments in their midst. The last part of the clause is of great importance in this connection. When read together with the tenth amendment, which was drafted almost as soon as the original Constitution itself, and which reserved to the States or to the people all powers not delegated to the United States, it must mean that in disposing of territory the Federal Government may do nothing that would prejudice the claim of the United States to sovereignty over such territory, and that each State has the right to have its claim protected as a member of the Union, jointly interested with all the others.

Territory, in turn, is a word of more than one meaning. In *United States v. Gratiot* (14 Pet. 527), it was held that where the territory in question consisted of public lands belonging to the United States, Congress might, under the power to dispose of them, sell or lease such lands. In a case of that sort of territory, which is presumably what the framers of the Constitution primarily had in mind, it was obviously the intention that it should be open for settlement, or, in the case of mines, which were the subject of the *Gratiot* case, should be worked on lease or otherwise; but when the word "territory" is applied to a country over which the United States has acquired sovereignty but much of the land in which has already long been settled and privately owned, the intendment of the phrase "dispose of" and the extent of the disposing power given to Congress over such territory is necessarily wholly different.

It has already been said that in its dealings with territory of the United States, as in all its other functions, the power of Congress is limited by the provisions of the Constitution, whose creature it is. Under this principle the courts have repeatedly held that however broad may be the language of any statute that deals with the power of Congress over Territories in the sense of organized Territories or other insular possessions, some of the fundamental prohibitions of the Constitution still apply to and restrict the exercise of the congressional power (*Downes v. Bidwell*, 182 U.S. 244; *Dorr v. U.S.*, 195 U.S. 138; *Scott v. Sanford*, 19 How. 393; *Mormon Church Case*, 136 U.S. 1; *De Lima v. Bidwell*, 182 U.S. 1; *Hawaii v. Mankichi*, 190 U.S. 197).

The following language from the dissenting opinion of Mr. Justice Curtis in the *Dred Scott* case (19 How. p. 614) has been quoted with approval in practically all the other cases cited: "If, then, this clause does contain a power to legislate respecting the territory, what are the limits of that power? To this I answer that in common with all the other legislative powers of Congress, it finds limits in the express prohibitions on Congress not to do certain things; that in the exercise of the legislative power Congress cannot pass an ex post facto law or bill of attainder, and so in respect to each of the other prohibitions contained in the Constitution." In *Dorr v. U.S.*, supra, the Court, after quoting this language said (p. 143) that the Philippines were to be governed under the power existing in Congress to make laws for such Territories, subject to such constitutional restrictions upon the powers of that body as are applicable to the situation. (The italics here, as elsewhere, are mine.) The Court further said, referring to the treaty by which Spain ceded the Philippines to the United States: "It is clear that it was the intention of the framers of the treaty to reserve to Congress, so far as it could constitutionally be done, a free hand in dealing with these newly acquired possessions." The Court then proceeded to decide that the fundamental limitations upon the power of Congress in legislating for the Philippines, the extent of which must be decided as questions arise, did not require the enactment of legislation giving the right of trial by jury, since when the United States acquired the Philippines they already had an established system of jurisprudence affording fair and orderly trials under an acceptable and long-established code, but without the common-law provision of trial by jury. A similar decision was made in the

case of *Hawaii v. Mankichi*, supra, with regard to crimes committed in Hawaii before the Territorial act providing for jury trials took effect, and in *Ocampo v. U.S.* (234 U.S. 91) it was held that neither the fifth nor the fourteenth amendment required presentment or indictment by grand jury in Philippine criminal cases.

The limitations upon the power of Congress under the Territorial clause of the Constitution to legislate for the insular possessions of the United States are discussed more specifically by the Circuit Court of Appeals for the Third Circuit in *Soto v. United States* (273 Fed. 628), an appeal from the Virgin Islands. There the court said (p. 633):

"The only laws of the United States applicable to the Virgin Islands are the act of Congress of March 3, 1917, and the fundamental law of the Constitution guaranteeing certain rights to all within its protection. These rights have, by repeated decisions of the Supreme Court, been divided into two classes, artificial or remedial rights, which are peculiar to our own system of jurisprudence; and natural or personal rights, enforced in the Constitution by prohibition against interference with them. Rights of both kinds are embraced within the fifth and sixth amendments to the Constitution. Remedial rights there guaranteed are, for instance, the right of presentment by grand jury and of trial by jury. It has been decided that rights of this character are not among the fundamental rights which Congress in legislating for a territory not incorporated into the United States must secure to its inhabitants. (*Talton v. Mayes*, 163 U.S. 376, 16 Sup. Ct. 986, 41 L. ed. 196; *Hawaii v. Mankichi*, 190 U.S. 197, 23 Sup. Ct. 787, 47 L. ed. 1016). In harmony with these decisions it has been further held that until Congress shall extend rights of this character to the inhabitants of newly acquired territory, the judicial system prevailing in such territory—not the system contemplated by the Constitution—is applicable and controlling. But in the insular cases—*De Lima v. Bidwell* (182 U.S. 1, 21 Sup. Ct. 743, 45 L. ed. 1041), *Dooley v. United States* (182 U.S. 222, 21 Sup. Ct. 762, 45 L. ed. 1074), *Downes v. Bidwell* (182 U.S. 244, 21 Sup. Ct. 770, 45 L. ed. 1088), as well as in *Hawaii v. Mankichi* (190 U.S. 197, 23 Sup. Ct. 787, 45 L. ed. 1016), and *Dorr v. United States* (195 U.S. 138, 24 Sup. Ct. 808, 49 L. ed. 128, 1 Ann. Cas. 697)—where the Supreme Court reviewed nearly the whole range of sovereignty of the United States over its possessions, defining what laws, statutory and constitutional, are not applicable to unincorporated territories until Congress shall extend them it is made very certain that there are constitutional rights of a natural or personal nature of which Congress cannot, in legislating for such outlying territories, deprive their inhabitants. In these cases the Supreme Court clearly expressed the opinion, not on the point of the decisions, to be sure, but as a logical corollary, that even if the people of such territories—not being possessed of the political rights of citizens—are regarded as aliens, they are entitled in the spirit of the Constitution to be protected in life, liberty, and property and not to be deprived thereof without due process of law." (Italics mine.)

What is there said seems the necessary result of the United States Supreme Court cases upon which the language quoted is based.

If, therefore, Congress, in legislating for the Philippines, is restricted by the due-process and other provisions of the Constitution which guarantee the natural or personal rights of Philippine nationals, it is impossible to see how it is competent for Congress to withdraw the sovereignty of the United States which is the foundation of those rights, and thus destroy the whole fabric of constitutional guaranties for the Philippines. This consideration goes so fundamentally to the root of the matter that it seems impossible that the existence of the words "dispose of" in the fourth article of the Constitution can bring about a different result, especially when, as we have seen, their natural interpretation under the principles heretofore discussed would not cover the alienation of sovereignty even apart from the restrictions on the power of Congress which are spelled out of the other provisions of the Constitution.

It is true that in the case of *Public Utility Commissioners v. Ynchausti & Co.* (251 U.S. 401) Mr. Justice White made a remark which, taken by itself, would seem strongly opposed to what has just been said. What that case decided was that in licensing vessels to engage in the Philippine coastwise trade the Philippine Bill of Rights, which, as we have seen, is contained in an act of Congress, does not prevent the Philippine government from requiring as a condition the free transportation of mails. At page 406, however, Justice White said:

"... the mistake which underlies the entire argument as to the nonexistence of power here relied upon arises from the erroneous assumption that the constitutional limitations of power which operate upon the authority of Congress when legislating for the United States are applicable and are controlling upon Congress when it comes to exert, in virtue of the sovereignty of the United States, legislative power over territory not forming part of the United States, because not incorporated therein (*Downes v. Bidwell*, 182 U.S. 244; *Hawaii v. Mankichi*, 190 U.S. 197, 220; *Dorr v. United States*, 195 U.S. 138; *Dowdell v. United States*, 221 U.S. 325, 332; *Ocampo v. United States*, 234 U.S. 91, 98)." (Italics mine.)

In the first place, this observation was a dictum, wholly unnecessary to the decision of the case. The words of Chief Justice Marshall in *Cohens v. Virginia* (6 Wheat. 89, 112) as quoted (but misquoted) by Brown, J., in *Downes* against *Bidwell* are apt in this connection:

"It is a maxim not to be disregarded that general expressions in every opinion are to be taken in connection with the case in which those expressions are used. If they go beyond the case they may be respected, but ought not to control the judgment in a subsequent suit when the very point is presented for decision. The reason of this maxim is obvious. The question actually before the court is investigated with care and considered in its full extent. The other principles which may serve to illustrate it are considered in relation to the case decided, but their possible bearing on all other cases is seldom completely investigated."

Of more importance, however, is the fact that in support of his dictum, Mr. Justice White cited the cases he did. All but one of them have been discussed in this memorandum. In view of what the court had held in those cases, and of the fact that his own opinion in *Downes* against *Bidwell* was a 57-page dissertation on the constitutional limitations upon the power of Congress in dealing with the insular possessions of the United States, based in part upon the quotation given above from the *Dred Scott* case, it is evident that the observation referred to in the *Ynchausti* case was merely a loose and ill-considered dictum which its author would have been the last person to intend to be taken literally. He plainly meant that not all the constitutional limitations of power which operate upon the authority of Congress when legislating for the United States—the requirements of indictment and jury trials for criminal offenses, for instance—are applicable to the exercise of its legislative power over territory not incorporated in the United States. It is unthinkable that Justice White had so far changed his views since making the exhaustive study of the subject shown in his opinion in *Downes* against *Bidwell* as to have come to believe that Congress could, for example, pass a bill condemning a Filipino to death without trial. Justice Brown in his concurring opinion in the *Downes* case said:

"It may be remarked * * * that too much weight must not be given to general expressions found in several opinions that the power of Congress over Territories is complete and supreme, because these words may be interpreted as meaning only supreme under the Constitution * * *. Thus, when the Constitution declares that 'no bill of attainder or ex post facto law shall be passed', and that 'no title of nobility shall be granted by the United States, it goes to the competency of Congress to pass a bill of that description'" (182 U.S., pp. 258, 277).

And at page 291 in the same case Justice White points to the distinction between the constitutional competency of Congress to pass a given act and the constitutional applicability of that particular act to the Government of unincorporated territory, saying:

"As Congress in governing the Territories is subject to the Constitution, it results that all the limitations of the Constitution which are applicable to Congress in exercising this authority necessarily limit its power on this subject. It follows also that every provision of the Constitution which is applicable to the Territories is also controlling therein." (Italics mine.)

All this shows that the last phrase of section 3 of article IV of the Constitution must mean in this connection that nothing in the Constitution shall be so construed as to make Congress competent to alienate sovereignty over territory belonging to the United States, to the prejudice of the claims of the United States or of any particular State.

It may well be that that section empowers Congress to dispose of such territory as our insular possessions by organizing them into what can be called "territories", as was done in the case of Hawaii; but there seems to be no basis in the Constitution as a whole or in the decisions which have so far been found for construing this clause as permitting Congress to take the further step of thereafter disposing of such territory in the wholly different sense of abandoning sovereignty over it.

These considerations give full support to the only direct judicial pronouncement that has been found on the subject, namely, Mr. Justice White's own dictum in his opinion in *Downes v. Bidwell* (182 U.S. at p. 314), where he said:

"I cannot resist the belief that the theory that the disposing clause relates as well to the relinquishment or cession of sovereignty, as to mere transfer of rights of property, is altogether erroneous."

That opinion, though not necessarily this particular observation, was approved by the unanimous Supreme Court in *Balzac v. Porto Rico* (258 U.S. 298, 305), as stating the law of the Court.

It has been argued that although not clothed with power to alienate sovereignty by any express provision in the Constitution, Congress may do so under some resulting or implied power which is thought to have been given it by article I, section 8, clause 18. This provision declares that Congress shall have the power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof." The difficulty with this argument is that the clause in question by its terms gives Congress power only to make all laws necessary to carry into effect powers already given to Congress or to the executive department of the Government, all others remaining reserved to the people. This comprehends the grant of any power which, in the words of the *Legal Tender* cases (12 Wall. 457, 533) "may be deduced fairly from more than one of the substantive powers expressly defined or from them all combined." As illustrated by General Winship the result of the clause is, for example, to give Congress power to enact the legislation necessary and proper for carrying on a war after Congress has declared it, and for carrying into effect the provisions of the treaty of peace adopted by the President and the

Senate at the end of the war; but, as the Judge Advocate General goes on to say:

"The general authority to make all laws necessary and proper for carrying into effect any group of the enumerated powers of the various departments of the Government, or all of them together, cannot rise higher than to carry into effect the sum total of all those specifically granted powers, together with the powers reasonably inferable therefrom. The aggregate cannot be more than the sum of the parts. To hold otherwise would be to say that this general grant of authority to make all laws necessary and proper for carrying into effect the specified powers of the various departments of the Government, acknowledges no definite limits whatsoever, and may amount in effect almost to a grant of complete sovereignty to the Congress, and go far towards nullifying the intent to make the Government of the United States one of enumerated and specified powers."

It is true that these last words, written only a few months ago, sound prophetically applicable to some of the recent legislation enacted by Congress. It must be borne in mind, however, that none of these extraordinary laws, such as some of the provisions of the Farm Act or the National Industrial Recovery Act, for example, have yet been tested in the courts; and in the next place, that they were passed under the stress of a great and compelling emergency which was more disastrous than a war and was thought to sanction and require the adoption of measures that would not have been dreamed of in ordinary times. Just as the constitutional limits of the war power have always been recognized to be elastic in the extreme, so it is possible that the courts may sustain most or all of these statutes on the practical ground that the national emergency left the Government no alternative but to try them or else face national ruin. However, that may be, we may feel certain that the Supreme Court will not countenance the abrogation of all constitutional restraints on the power of Congress in every direction and regardless of emergencies, and that it will observe the distinction between the current economic conditions in the United States and the complete lack of any emergency in our relations with the Philippines which would necessitate or justify the grant of complete sovereignty to Congress with respect to them. For the court to do otherwise would be to abdicate its functions and to put our Government on a par with the present regimes in Germany, Italy, and Russia.

It is therefore impossible to see how the power to divest the United States of sovereignty over the Philippines can be implied from any other power or group of powers granted to the Federal Government by the Constitution.

Much has been made of pronouncements at various times by President Wilson and others and of the preamble to the Organic Act of 1916 to the effect that ultimate independence for the Philippines has been and is the policy of the United States. Assuming this to be true, that policy can be put into effect in due time if an appropriate constitutional amendment is adopted empowering either Congress or the Executive to set the islands free. When the United States acquired them, however, Philippine independence, either immediate or ultimate, was clearly not the national policy. It will be remembered that at the very outset a most determined effort was made to bind the Government to the policy of independence; and how the movement was defeated in connection with the ratification of the treaty that ended the war between the United States and Spain was pointed out by Senator COPELAND in his carefully detailed argument in the Senate in December 1932.

Article II of the treaty reads: "Spain cedes to the United States the archipelago known as the 'Philippine Islands.'" The same word "cedes" is used with regard to Puerto Rico. In article I the treaty provides that "Spain relinquishes all claim of sovereignty over and title to Cuba." Dr. COPELAND reminded the Senate that at the time the question was a political football, with William Jennings Bryan, the head of the Democratic Party, leading the anti-imperialists. He shows how, on the day the treaty was up for ratification, a strenuous attempt was made to put through a resolution amending it by changing the words "cedes to the United States" to "relinquishes all claim of sovereignty", so that the Philippines and Puerto Rico should by the treaty be made independent in the same way as Cuba. Another resolution offered and pressed at the same time was to that exact effect, namely, that it was the intention of the Senate in ratifying the treaty to place the inhabitants of the Philippines, Puerto Rico, and Cuba in precisely the same position with respect to their relations to the United States. These resolutions were considered together and defeated by a vote of 53 to 30, and thereupon the treaty as it stood was ratified 57 to 27.

This action shows definitely that the treaty-making power did not accept the cession of the Philippines with the intent of turning them loose then or later.

Eight days afterward, however, a third resolution was called up and adopted by a vote of 26 to 22, to the effect that by the ratification of the peace treaty it was not intended to incorporate the inhabitants of the Philippines into citizenship of the United States or permanently to annex the islands as an integral part of American territory, but that it was the intention of the United States to establish there a government suitable for preparing the inhabitants for local self-government, and in due time to make such disposition of the islands as should best promote their interests and those of the United States. It will be observed that this resolution failed to hold out any definite offer of independence to the Philippines, and, such as it was, the small attendance showed plainly that the majority Senators who had voted to ratify the treaty considered that since ratification was already accomplished the question was academic and the resolution unimpor-

tant; and so it was held by the Supreme Court in the case of the Fourteen Diamond Rings (183 U.S. supra, at p. 179), where the court said: "It is noted that this was a joint resolution; that it was adopted by the Senate by a vote of 26 to 22, not two thirds of a quorum, and that it is absolutely without legal significance on the question before us. The meaning of the treaty cannot be controlled by subsequent explanations of some of those who may have voted to ratify it. * * * If any implication from the action referred to could properly be indulged, it would seem to be that two thirds of a quorum of the Senate did not consent to the ratification on the grounds indicated."

Ever since Mr. Bryan's day Philippine independence has been kept alive as a Democratic tenet, and it was while he was Secretary of State that the present organic act was framed. Statements of policy such as those contained in that act and made from time to time by political leaders are frequently uttered with all solemnity by the heads or responsible officers of administrations, only to be reversed or ignored by their successors; and they often reflect what the party or administration responsible for them would like to see accomplished rather than what they may be or shall have been able to achieve at the time. And if the sovereignty and dominion of this country over the Philippines is complete and absolute, as has been held by the Supreme Court, and if the Constitution does not give Congress the power to alienate or abandon such sovereignty, as the Court appears also to have indicated, it is not perceived how any such pronouncements or statements by either the ex-executive or legislative branch of the Government can supply the lack of such power, with however much solemnity or good faith they may have been made. (See *14 Diamond Rings v. United States*, 183 U.S. 176, 179.) If and when the people of the United States, by ratifying an appropriate amendment to the Constitution, determine to give independence to the Philippines, Congress may legally give them their freedom, but not before.

THE COST OF SOIL EROSION

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks on the cost of soil erosion and to insert in the RECORD a statement on this subject by Mr. H. H. Bennett.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of H. H. Bennett, Director Soil Erosion Service, United States Department of the Interior, before Illinois Farmers' Institute, Jacksonville, Ill., February 22, 1934:

Unrestrained soil erosion is rapidly building a new public domain in America, an empire of impoverished and worn-out soil; land stripped of its rich covering of surface soil or gullied beyond the possibility of practical reclamation. The estimated yearly cost of this wide-spread evil to the farmers and ranchers of the country amounts to \$400,000,000, along with numerous other formidable losses, such as damage to highways and embankments of railways, silting of reservoirs, and the choking of stream channels and ditches. The wastage is not merely continuing but is speeding up with the removal of the absorptive topsoil down to less absorptive, less productive, more erosive subsoil. Over this exposed subsoil, which usually consists of relatively impervious clay, rainwater flows away faster from millions of denuded acres to increase the frequency and volume of floods. Rich bottom lands are reduced in productivity or ruined outright by overwash of poor subsoil material, sand, and gravel swept down from the hills.

Farmers operating on slopes stripped of the vitally important surface layer, the principal feeding zone of plants, have but the slimmest opportunity to make a satisfactory living, whether prices are up or down. They have been reduced to the status of subsoil farmers. Subsoil farming generally is the equivalent of bankrupt farming on bankrupt land. The productivity of most of these eroded slopes has been reduced 2 to 10 times or more as compared with the original soil. These subsistence or submarginal farmers produce in the aggregate, nevertheless, enough to compete in a price-depressing way with those tilling good land.

Fully 75 percent of the area of the United States is subject in some degree to impoverishing soil washing wherever used for the clean-tilled crops or overgrazed. More than half of this is susceptible to serious washing, which eventually leads to a condition of land destruction if not controlled.

BETTER LAND USE

Recently we have heard much about the need for improved practices in land utilization, the adoption of a better-balanced type of agriculture, better protection of cultivated fields from erosion, and the elimination of numerous marginal and submarginal areas from crop production. We have been preaching crop diversification for more than a generation, with not much more than the preaching as the principal net result. Just now, however, we are seeing some evidence of action along several lines of procedure. The Civilian Conservation Corps is closing up many ugly gullies, and plans are being rushed to get under way large regional demonstrations of practical erosion control.

With respect to methods of land use, we have been anything but discriminative. We have cut trees from steep erosive slopes and

planted the land to clean-tilled crops, as cotton, corn, and tobacco, which are conducive to accelerated soil washing. We have planted all kinds of crops on land that is adapted to trees or grass and nothing but trees or grass, as if all kinds of land had the same natural adaptations. We have permitted countless slopes to wash down to a mere geological skeleton of land, assuming that erosion is a natural process not to be retarded by man, or without so much as devoting a serious thought to the matter.

In these assumptions and procedures we have been about 100 percent wrong over far too much of the country. It is time we were waking up. We cannot go along indefinitely in the old way of heaping error on error, of misusing land, wasting and destroying it—not if this is to be a permanent nation. Already there are numerous localities where not much is left to save, not much upon which to practice better methods of land use. Where all the land is poor, there is no point in discussing the advisability of selectively retiring the submarginal areas from production.

When we think of land we usually have in mind productive soil. Few of us have learned to differentiate between soil and subsoil; we have not realized that subsoil is but the material from which soil is formed through centuries of weathering and building. That our methods of land use, or, rather, misuse, have caused the stripping-off of the surface soil from more than 150,000,000 acres that once was largely fair to good land and that the process is continuing at an accelerated rate is not at all a matter of common knowledge. We have made a thorough job of overlooking the problem until now it has become a national menace.

Erosion goes steadily ahead impoverishing the land of unprotected fields and overgrazed ranges with every heavy rain. Its toll is cumulative; and since the subsoil usually washes faster than the soil, the wastage grows worse in geometric progression.

Washington, Jefferson, and Edmund Ruffin sensed the evils of erosion on their Virginia plantations with better vision than the average present-day agriculturist. In our schools we have taught the meaning of and remedy for almost every conceivable thing pertaining to agriculture except this one thing of soil devastation by erosion. Of all physical and chemical agencies affecting the land, separately or combined, this is the greatest thief of its fertility, the greatest destroyer of land, and the greatest enemy to the farmer who tills sloping fields. We have just recently begun to apply the scrutiny of research to the problem; and only within the past few years have we systematically measured the rates and amounts of soil and water losses from definite types of land undergoing various cultural treatments. This basic information, which we should have begun to procure 75 years ago, we are just now getting for the first time.

DECLINING YIELDS

In spite of all our work with breeding better varieties of corn, regardless of better cultivation and crop rotations, and the better machinery employed, along with the use of more fertilizers and soil-improving crops; and, further, in spite of all the education provided in the agricultural colleges of every State, and in books, bulletins, the press, corn clubs, and farmers' meetings, with frequent prizes for the best producers, the yield of corn, strange to say, has gone down instead of up. When we consider that corn growing has not been pushed out, on a very large scale, into the unfavorable environment of semiarid regions and that it has suffered from no far-reaching, devastating insect or disease scourges, we can reach but one conclusion, that erosion has thwarted much of our stupendous efforts to increase the acreage yields of the crop.

The average yield of corn for the 10-year period 1871-80, inclusive, was 27.04 bushels an acre, as against 26.13 bushels for the period 1921-30, inclusive. Wheat yields increased from a 10-year average of 12.4 bushels per acre for the period 1871-80 to 14.33 bushels for the period 1901-10, but for the decade 1921-30 there was a slight decline to 14.25 bushels. The average yield of cotton for the 10-year period 1871-80 was 186.42 pounds an acre, as against 152.96 pounds an acre for the period 1921-30. In numerous localities the yields of these crops have declined much more than these Nation-wide averages, even to the extent of necessitating abandonment of the worn-out fields. For example, the yield of cotton declined from an average of 200 pounds an acre in nine black-land counties of central Texas for the year 1905 to 134 pounds for 1926, while the State-wide yield dropped from 170 to 134 pounds. In these nine counties erosion has stripped off the black surface soil of many fields down to the substratum of almost lifeless chalk, causing a reduction ranging to as much as from one half to one fortieth of a bale to the acre.

In 1879, with 177,500,000 acres in cultivation, \$28,000,000 were spent in the United States for fertilizers; 50 years later, with 359,000,000 acres in cultivation, our expenditures for fertilizers amounted to \$271,000,000. In North Carolina there was an increase of 1,600 percent in expenditures for fertilizers between 1879 and 1929—from \$2,000,000 to \$34,000,000—while the crop area increased by only 34 percent.

NOT TOO MUCH GOOD LAND

While we have an enormous area of land, it is by no means all good land. Most of our better soil is in cultivation and has been for some time. Much of this was only moderately productive the day it was cleared of virgin forest or broken out of its sward of prairie grasses. Many millions of acres were so inherently poor that we soon developed the common practice of using a field as long as it would produce and then abandoning it for new clearings. We are still doing this in some localities. In the Tennessee Valley I talked with farmers last year who were clearing land so precipitous, it was difficult to climb, some of it having a slope of

70 feet in a hundred. The farmers themselves admitted that such land, if used for corn or tobacco, as they proposed to use it, would lose all or most of its surface soil within 3 to 7 or 8 years of cultivation, following which it would be abandoned to weeds. There is abundant evidence of what happens; no one can argue to the contrary with the ribs of the earth protruding from countless erosion-scarred slopes.

As an illustration of the fallacy of cultivating steep, erosive land, a single example will be given—one considerably removed, however, from the extremes that thousands of farmers have gone to in many parts of the United States. On a 220-acre farm in the heart of the famous Palouse wheat belt in southeastern Washington, careful surveys and measurements have shown that 25 percent of the farm, the steeper, more erosive fields, produces 15 percent of the crops grown, at a cost amounting to 35 percent of the total operating expense of the farm. Looked at in a different way, this means that if 55 acres could be eliminated from all consideration, or dumped into the ocean, the farm would still produce on the remaining 165 acres about seven eighths as much as the 220 acres are now producing.

The problem, however, is not quite so simple, for the reason that the water pouring off the steeper area continues to erode the better lands below and to deposit over them inferior soil washed from the erosion-exposed clay on the upper slopes.

At least 35,000,000 acres of formerly cultivated land, much of it originally good land, has been essentially destroyed in this country by erosion. So gullied it is, so deeply washed, the average farmer cannot afford to undertake its reclamation. In the ordinary sense much of this land is permanently destroyed, washed off, or gullied down to bedrock or to clay so stiff, so raw and infertile that generations would be required to restore new land having anything like the productivity of the virgin soil.

Perhaps we can afford these losses. At any rate, we have not concerned ourselves about them. If, however, a foreign nation should invade the country and dynamite 35,000,000 acres of land, or any fraction of such an area, to a state of desolation, we probably would be highly incensed. That a process of nature, rain water running wild, has been the guilty party, this essential destruction of the equivalent of 218,000 farms of 160 acres each, for some strange reason strikes us as nothing to be concerned about. We have even lost sight of the fact that all this violent chiseling away of the land would not have taken place had we not upset the normal order of things by doing away with nature's stabilizers—the trees and grass and shrubs that were sown across the face of the earth to hold the soil in place. Nor have we stopped to think that after doing away with the plant cover, we have still further upset natural processes by plowing up and laying bare to the wrath of wind and rain and melting snow the rich topsoil, whose building has required thousands of years. With plows and overgrazing the natural firmness of the ground has been destroyed. The hidden conduits of the soil, the passageways made by earthworms, insects, and plant roots have been effectively destroyed or sealed and normal porosity has been interfered with, thus intercepting downward movement of rain water.

Thus, unable to penetrate the soil, an excess of rain water flows across cultivated slopes, picking up the surface particles and sweeping them into the valleys and on to the oceans. Proceeding with every rain heavy enough to cause water to run downhill, the humus-charged, rich surface layer is gradually planed off, exposing stiff clay or unconditioned, unproductive sand and rotten rock. In this way sheet erosion has caused the loss of all or the greater part of the topsoil from 125,000,000 acres of the land now in cultivation. And still the gouging effects have not stopped. It is at this stage of depletion that gullying usually sets in—that final stage of erosion that permanently destroys land.

SHEET WASHING

Bad as is the combined effect of gullying, it is the slower sheet washing that causes the most wide-spread impoverishment of land. The process goes on so slowly and evenly over entire fields that farmers usually are unconscious of what is taking place until infertile clay spots, and even bedrock, make their appearance, at which stage it is too late to save the soil. And here is where the tragedy comes in: Tens of thousands of hard-working farmers are now tilling clay subsoil, which bakes and cracks in dry weather, refuses to absorb the rains when they do come, and resists the efforts of animals and machines straining at the plow. The evil of erosion is not a threat of the future to those operating on these denuded areas. Here is a tragedy of the present—farmers without real farm land, working from sunrise to sunset to gain the barest subsistence, even when the prices of their products are above the level of "hard times." The houses of many of these farmers and the grounds about them bear the depressing stamp of neglect, poverty, and hopelessness. Men, women, and children have been beaten down to the lowly level of subsoil farming, such as we are coming to understand as decadent farming.

In some regions subsoil can be made to produce fairly good crops; in other places this can be accomplished only by adding fertilizers and lime and manure by growing soil-improving legumes and by plowing, harrowing, and replowing. But generally even with all these efforts the yields are not so good as they were without any special treatment before the land was dispossessed of its surface covering. It should be observed in this connection, too, that fertilizers, lime, soil-improving crops, and intensive tillage are not to be had for the asking.

THREE BILLION TONS SOIL LOSS

Our estimates indicate that 3,000,000,000 tons of soil material are washed out of our fields and pastures every year. More than

400,000,000 tons of suspended solid material and many more millions of tons of dissolved matter pass out of the mouth of the Mississippi River annually. This comes largely from the farm lands of the Mississippi Basin. The greater part consists of super-soil, enough of it to build 1,250 farms of 160 acres each, having a depth twice that of the average upland soil of America.

When the soil is gone, it cannot be hauled back. We can restore to the land the elements of fertility which have been sapped by continuous cropping and by the leaching of rains, if the solid-soil material still remains in the field; but soil removed by erosion cannot be restored to productivity, for the simple reason that not merely the plant food is taken but that and the humus and the mineral soil particles are all bodily removed, to be dumped where they are just as permanently lost insofar as pertaining to those places whence they came as if consumed with fire.

OUR HABIT OF WASTE

America's original wealth of natural resources was so vast, it is little wonder we early fell into the habit of thinking our herds of buffalo, our forests and rich agricultural lands were limitless and inexhaustible. We killed off the buffalo for their hides, we have about completed cutting down some of the greatest forests of hardwoods and softwoods on the face of the earth. Now we are doing our best to finish up the sloping farm lands of the Nation.

There was a time in this country, and not so long ago, when we felt that we were too richly endowed with natural resources to spend anything to put chains upon our reckless prodigality or to waste time with planning for the future. That the present was thought to be well enough served to turn our faces from the shadows cast by coming events. Trees were looked upon as weeds, hence our "log-rollings" or fire festivals having to do with the quickest possible disposal of the timber of new clearings. Land was limitless, we thought; accordingly, we cleared a field, used it until it was exhausted, and then cleared another field to put through the mill of erosion and destruction.

Mathematically, an end had to come to this. Now we are beginning to think in the opposite direction. Perhaps some of us have thought recently that we are getting too poor not to do something to check the waste. At any rate, we are not merely thinking nowadays, we actually are beginning to do something.

EXAMPLES OF EROSION

Our surveys indicate that of all the land now cultivated and formerly cultivated throughout the 50,000,000 acres of the piedmont region, the eastern foothill country extending along the Appalachians from New Jersey into east-central Alabama, 65 percent has been stripped of its topsoil. In one county alone, in the central part of this belt, 297,000 acres that formerly consisted of productive sandy loam and loam, as shown in remnants of virgin hardwoods, have been denuded of its original cover of 4 to 8 inches of mellow, humus-charged topsoil. All of this now consists of clay loam and clay. These man-made subsoil lands have been carefully classified and mapped. They constitute approximately half the total area of the county in which they occur. In addition to the removal of the topsoil and part of the subsoil much of it has been gullied beyond repair.

EXAMPLES OF PRODIGALITY

In one of the old South Carolina piedmont counties 90,000 acres of formerly good upland have been essentially ruined by gullying, and 46,000 acres of bottom land, once the richest soil in the State, have been so covered with sand and otherwise damaged by deposits washed down from the uplands that it now consists of practically useless swamp. In a Georgia piedmont county more than 100,000 acres of upland have been washed to a state of worthlessness, and the process is steadily cutting into every cultivated sloping field.

A recent survey of a representative eroded area of approximately 9,000 acres in the southern piedmont has revealed that 73 percent of the area surveyed had suffered severely from sheet washing. Gullying, representing the last or destroying stage of erosion, had set in over 52 percent of the area. The survey has clearly shown that slope very largely governs the intensity of soil washing, where the land is cultivated. There was no gullying whatever on slopes of less than 3 percent; but where the declivity exceeded 12 percent, 89 percent of the land was gullied and 57 percent had lost all the topsoil.

That this menacing condition of soil erosion is not described in any comprehensive textbook, or any other book, is ample cause for our school children, and grown-ups too, to believe that the millions of gullies and the millions of acres of erosion-exposed clay now distributed throughout the piedmont country, from New Jersey to Alabama, as well as in many other parts of the United States, were all there when white man established himself in America. Every indication is that there was not a single gully of the kind we are discussing in all the 50,000,000 acres of the piedmont plateau, nor so much as a single acre of "raw", erosion-scarred upland clay when this region was taken over from the Indians. And yet, we have not considered these facts important enough to insert them into our literature or textbooks, although we have liberally discussed in one form or another practically every other conceivable phase of land-use procedure. We are now beginning to see that we have left something undone, that we are some 75 or a hundred years late in beginning work on a problem that we shall never again be able to overlook. Always the problem of erosion will confront the farmers of America over at least 75 percent of the cultivated area—at least, until we have made sweeping readjustment in land use and carried through an enormous amount of practical erosion control. The process of erosion never stops of its own accord; some of it cannot be prevented at

all, but much of it can be controlled or largely slowed down, and it is with this that we must concern ourselves without further delay.

EROSION IN THE COASTAL PLAIN

In the coastal plain of southeastern Georgia 70,000 acres of formerly good land, much of it the best soil in this great region, are now permanently destroyed. This erosion-denuded area is that of one small county. There are many other similar tracts in neighboring counties. Some of these gullies that have ripped to pieces former fields of the richest soil in all south Georgia are 200 feet deep. Last year I talked with a gentleman who went to school in a schoolhouse that stood in the center of what is now known as "Providence Cave", 8 miles west of Lumpkin, Ga. If this schoolhouse were there now, it would be suspended 200 feet in the air. It has toppled into the gully, and along with it has gone a tenant house, the barn from whose roof dripped the rain water that started the chasm, and a graveyard with 50 graves. Thus, the remains of human beings and human habitations, intermingled with rich farm soil, have passed down through the trough of the Chattahoochee River in the direction of the Gulf of Mexico as so much erosional waste.

Five counties in central Alabama include more than a half-million acres of formerly cultivated land, most of it originally of good quality, but now largely gullied and washed beyond further use except for trees. Great white scars splotch many parts of the black belt of central Texas, a cotton-producing area long known to the ends of the world for the productivity of its soil. This is no longer a black belt but a region of mixed black soil and white or yellow subsoil, the latter representing land from which the dark rich surface layer has been stripped by sheet erosion since the beginning of farming about 50 years ago. Two years ago a single rain washed off 23 tons of surface soil per acre from a black belt cotton field near Temple, and with this went much of the water that should have been absorbed by the ground for subsequent use by the crop. This was a measured loss, not a guess or an estimate.

Only a few decades ago land was being given by the Government to the first comers of those racing across the plains of Oklahoma, at the crack of musketry signaling the rush. A recent survey by the Agricultural College of that State has shown that of the 16,000,000 acres in cultivation, approximately 13,000,000 acres are suffering from erosion, about half of this already having reached the stage of gullying.

EROSION IN ILLINOIS

The most productive upland farm soils in the humid parts of the United States are those of the central prairie States. In studying the resources of this great central empire, I gained from the books and information that came my way the idea that the lands of this region were as permanently fixed to the landscape as the rock of Gibraltar. Under natural conditions I think this concept was not very far from correct, and even now the perfectly level areas undoubtedly are likely to endure without any vast fundamental changes, although they will, of course, be impoverished from place to place by severe cropping.

But this beautiful concept has been undermined somewhat by the facts that are gradually coming to light. These facts are disturbing, for the simple reason that many of us have felt that here is our permanent breadbasket, our sheet anchor of safety, our indispensable richlands. Now, I am not going to say that this great region is on the verge of destruction, but I am going to say that the information we have, our surveys of the land and our measurements of the rates of erosion, show that many parts of this inland empire have already been essentially destroyed with gullies and deep sheet washing, and that a very much larger area has been severely impoverished, with the process going forward now faster and faster. Many parts of Illinois, Missouri, Iowa, Wisconsin, Kansas, and other States are affected.

I can remember when the word "Illinois" was essentially an adjective to me. It meant a great area of tremendously durable productive land. I still think this applies to many parts of the State; but we have learned that it does not by any manner of means apply to all the State. There is, for example, an area in the southern part of Illinois where erosion has dug many gullies and ruined many slopes, and where it is very actively gouging at every cultivated field not situated on a flat. Surveys indicate that in the southern part of this State and in an adjacent State something like 10,000,000 acres have already reached the condition of gullying, a condition which we have come to realize means the beginning of the death stage of agricultural land.

The picture is even more darkly colored by the fact that in the neighborhood of 12,000,000 acres of moderately sloping Illinois land, much of it high-grade soil, are suffering seriously from sheet washing. In numerous fields little gullies have already begun to develop; over some of the steeper areas real gullies have developed here and there. But the principal evil is the sheet washing, the slow but never-ending process that gradually shaves off the productive layer of topsoil from unprotected fields. Gradually soils that were formerly dark-colored are becoming yellowish, owing to the cutting-off of the topsoil, down to yellow subsoil. When fields are freshly plowed, you will notice these yellow spots on many slopes in many parts of the State. They mean, with but few exceptions, that the natural productivity of the land is waning. When we consider that 12,000,000 acres are undergoing this sort of thing in this State alone, it seems to me it is time that we were getting very much concerned about it. And we are—so much concerned indeed, that as quickly as possible we are going to undertake to apply to a large demonstrational area in McLean

County every practical measure that we know about and can induce the farmers to adopt, with the purpose of finding out whether or not we have learned enough to meet the challenge of the vicious evil of land depreciation by erosion. This project is located on the watershed of Sangamon River. I am not going to describe it in detail now. Mr. Fischer, our regional director, will probably have something to say about it before this convention has adjourned. I do want to say, however, that we sincerely hope that you will look upon this project as your very own. It will not help us in this fight, which we know is an exceedingly difficult one, for people to say, "Well, here's another program set up to show Illinois farmers how to farm." It is not such a program. It is a program to cooperate with the landowners in a back-breaking attempt to find out if we cannot meet this challenge of a man-accelerated natural process, which is impoverishing and ruining land that belongs as much to posterity as to ourselves.

It will not be quite sufficient, probably, for anyone to say, "Well, boys, you have my good wishes; go to it." No; what we want is real cooperation, suggestions from practical farmers, good advice from experienced men. We want you to come to see this work when it gets well under way; and if we are not doing the right thing or if you can think of a better thing, we want you to tell us. We do not care if you cuss us out, provided you do not stop at that. Cuss us out and then tell us wherein we are wrong and how we should proceed to do a better job at this or that place. If we can all get together working along this line, cooperatively and with that persistence which does not give up in the face of the scores of obstacles that surely will come at us from many different directions, I am convinced that we can do a good job, an impressive job; but let me earnestly appeal to you for your cooperation, your sympathy, your advice, and your support. All of us might as well recognize in the beginning that we are fighting the most powerful agency affecting the character of this earth, save only the light of the sun. We are not in the least blinded with respect to realization that we have undertaken a man-sized job, multiplied by 10 or some greater number.

NATIONAL PROGRAM OF SOIL CONSERVATION

It should be clear from what has been said that we have not made much progress in this country toward prevention of ruinous soil washing. Not only this, but until recently nothing had been done in the way of experimental effort to determine the most effective methods of prevention and control, not to mention the working-out of the basic principles of erosion processes or the measuring of the losses, as they vary on different kinds of soil undergoing different cultural uses. In practically every other field of agricultural endeavor an enormous amount of research has been carried out. We have experiment stations in every State, with numerous substations, and still more experiment stations in outlying fields. A very considerable part of this work has related to increasing yields and the maintenance of soil fertility through the use of fertilizers, soil-improving crops, crop rotations, better tillage, and so on. In other words, this work, indispensable as it has been, has had no specific direction toward the prevention of soil decline by erosion. This most impoverishing of all agencies or combination of agencies affecting the land has been neglected almost as if it represented something untouchable. It is true that in the Southeastern States terracing and contour cultivation were brought into use long ago, but no studies were made to determine the best width, grade, and height for these soil-saving embankments or the best grade for contour cultivation on different types of land having different rates of erosion. (The field terrace was greatly improved forty-odd years ago by Mr. Priestly Mangum near Wake Forest, N.C., and this instrument is now being effectively used on land of moderate slope in many parts of the country, principally in the South, in slowing down soil washing. Terracing alone, however, does not prevent erosion on the steeper, more erosive lands, for the simple reason that washing begins where rain strikes the ground, thus causing erosion between the terraces.)

EFFECT OF VEGETATION

During the past few years it has been shown by actual measurement that thick-growing vegetation, as trees, grass, lespedeza, and alfalfa, is the most effective implement known for slowing down run-off and erosion. Nevertheless, we have made far too little use of this means of control. But for the crop rotations practiced by many good farmers in various parts of the country there would have been even more eroded land. Unfortunately, enough farmers have gone on cultivating corn year after year, or cotton or tobacco or other clean-tilled crops, to bring about disastrous washing in nearly every part of the country, not even excepting the potato belt of Aroostook County, Maine, the famous Palouse Wheat Belt of the Pacific Northwest, or the bean districts of southern California.

Recognizing the actual need for better knowledge of erosion processes and better methods of control, a national program of soil and water conservation was inaugurated by the Department of Agriculture about 3 years ago, following a general survey of the erosion situation in the country carried out by the writer. Measurements made at these stations have completely altered the course of thought with respect to the permanency of sloping land, its impermanency, rather. No one had ever supposed, for example, that in the rolling parts of the Missouri-Iowa Corn Belt, 85 tons of soil per acre were being washed from land having a fall of 8 feet in a hundred in a single year, along with a run-off amounting to 30 percent of the rainfall. Nor had any one supposed that on the same type of land devoted to alfalfa the same amount of rainfall removed only two fifths of a ton of soil per acre, accompanied by a run-off of only 2 percent of the rainfall.

Probably no one had ever dreamed that one rain could wash from southwestern Wisconsin land of about average slope as much as 35 tons of soil an acre. This enormous wastage did, nevertheless, take place near La Crosse, as the result of the off-flowage from a summer rain, in 1933, amounting to 40 percent of this single precipitation.

STRIP-CROPPING TO SAVE SOIL

A considerable number of farmers in the hill country of Wisconsin, sensing the prodigious soil-saving capacity of grass and other thick crops, for a long time have been strip-cropping their sloping fields to protect them from washing. They have left the steeper upper slopes in woods; below the woodlands they have planted grass or alfalfa at intervals along the contours. Between these parallel strips crossing the fields along the same level they have sandwiched in the clean-tilled, erosive crops, as corn, potatoes, and tobacco. The rainwater flowing down the slopes is caught by the thick-growing vegetation and made to sink into the ground, thus protecting the plowed strips below.

In tests this practice has proven effective in the Corn Belt of Iowa, the Cotton Belt of Texas, North Carolina, and Oklahoma, and in the Wheat Belt of Washington, Oregon, and Idaho. During a year and a half only 1 pound of soil per acre was lost from a large field in southwestern Iowa, where corn was grown in alternate strips between parallel strips of alfalfa. The same kind of land used for corn according to prevailing regional practice lost during the same period 9 tons of soil per acre, or 18,000 times as much. The land used in these comparisons represented one of the best types of upland corn soil in the country, if not the world.

On a 7,500-acre farm near Itasca, Tex., 6,000 acres have been protected from erosion by strip-cropping. On some of the steeper slopes where the stands of thick-growing crops, as Sudan grass and sorghum, have not effectively controlled the washing, terraces have been introduced as an effective supplementary measure.

Vegetation in the form of forest or as thick grasslike growth is nature's permanent cure for erosion. In one form or another, plants of this kind can be used on all kinds of land, on all degrees of slope, and under all varieties of climate where there is enough warmth and rain to make them grow. Of course, all land cannot be used for forests or the thick-growing crops. We must devote large acreages to the erosion-provoking, clean-tilled crops, such as corn, cotton, and tobacco, but it has been definitely shown that these two types of crops can be grown in conjunction with one another in such manner as enormously to reduce soil and water losses. It now remains to educate the farmers of the Nation as to the advantages of the soil-protective types of agriculture—the advantages of strip-cropping, of cover crops, permanent grass, or forest on the steeper slopes, and of those cropping schemes which supply vitally needed humus to the soil. This can be done when the Nation makes up its mind to go after better farming methods, those methods which call for use of the land more nearly in accordance with its adaptability and fitness, and for efficient protection of all cultivated slopes. It cannot be accomplished before such a country-wide revolution takes place.

DEMONSTRATION IN EROSION CONTROL

Recognizing erosion as our most serious land problem, a new organization was recently established in the Department of the Interior for the purpose of carrying out impressive erosion and flood-control projects on representative watershed areas in the various regions where erosion is known to be a serious problem. The plan of the Soil Erosion Service calls for as nearly complete control of the erosion as may be possible on representative watersheds. These working areas will range in size from about 100,000 to 200,000 acres. A larger project will be that on the Navajo Indian Reservation in Arizona and New Mexico. Here experimental and practical work will be undertaken to reestablish better range conditions in order to control the severe erosion that has followed overgrazing. The Navajo plan also calls for the most effective use by the Indians of all areas having any promise for crop production.

All practical methods are to be employed in conformity with the adaptability and needs of the various classes of land occurring within the working areas. It is felt that if these projects can be put through in an impressive manner, it subsequently will be comparatively easy to spread out from such focal demonstrations over the various regions to complete the prodigious task of saving our remaining area of good land. These initial undertakings will have a far-reaching educational effect. Farmers, merchants, bankers, and men and women of all business occupations will be urged to come frequently from every section to inspect the work that is to be carried on in their interests as well as in the interest of the Nation. The program is to emphasize the conservation of good farm land, not the reclamation of hopelessly gullied land. It calls for control of erosion, reduction of the flood hazard, protection of rich bottom lands from worthless sand and gravel washed out of the hills, prevention of silting of stream channels and reservoirs, and readjustment of land-use practices.

Here is the first attempt in the history of the country to put through large-scale comprehensive erosion- and flood-control projects, such as will apply to complete watersheds from the very crest of the ridges, down across the slopes where floods originate, and on to the mouths of the streams. These will not be engineering projects or forestry projects or cropping projects, but a combination of all of these, operated conjointly with such reorganization of farm procedure as the character of the land indicates as being necessary.

The major regional demonstrational projects thus far selected are as follows: Upper Mississippi Valley, near La Crosse, Wis.;

north-central Missouri and south-central Iowa, near Bethany, Mo.; central Illinois and a small area in the southern part of that State; central Texas; South Carolina piedmont country, near Spartanburg; Pacific Northwest in the Palouse section, near Pullman, Wash., extending into Idaho; Oklahoma Red Plains, near Stillwater; north-central Kansas, near Mankato; the Navajo Indian Reservation in Arizona, New Mexico, and Utah; and east Mississippi, near Meridian.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks on the Senate amendment to the War Department appropriation bill.

Mr. SNELL. Will the gentleman explain all the Senate amendments to that appropriation bill?

Mr. COLLINS of Mississippi. I will explain the important ones.

Mr. SNELL. I wish the gentleman would do so; I think it is a good idea.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I have reason to believe that Members shortly will be deluged with letters and telegrams urging support of those amendments of the Senate to the War Department appropriation bill with respect to the civilian components of our military forces. I feel, therefore, they would appreciate having the facts congregated and made conveniently accessible.

The amounts included in the War Department appropriation bill, H.R. 8471, as reported to and passed by the House and as passed by the Senate for the civilian components of the Regular Army, contrasted with the amounts available for expenditure during the current fiscal year, are as follows:

	Available for expenditure, present fiscal year	House	Senate
National Guard (armory drills only).....	\$8,261,715	\$10,302,949	\$11,756,221
Organized Reserves or Reserve Officers' Training Corps.....	3,184,068	3,986,859	6,500,000
Reserve Officers' Training Corps (schools and colleges).....	2,629,900	3,108,701	4,467,461
Citizens' Military Training Camps.....	1,000,000	987,213	2,687,213

NATIONAL GUARD

With the exception of the first item—armory drills for the National Guard—the House figures are in exact agreement with the President's Budget. The Budget included provision for 36 armory drills for the National Guard, the number with pay to which the Guard has been limited the present fiscal year by budgetary limitation. The House made provision for 6 additional drills, or 42 with pay, all told, upon the assurance, and only upon the assurance, that 42 drills with pay would be acceptable to the National Guard Bureau and the National Guard Association. I and other members of the War Department subcommittee have every reason to believe that there has not been, and will not be, a change of front by those directive forces of the National Guard. The committee and the House have been able to depend upon them heretofore, and there is no basis for believing that our faith is not well grounded. Personally, I resent any imputation to the contrary. I quote the following by permission of the writer from a letter dated March 15, 1934, from Gen. E. A. Walsh, the adjutant general of the State of Minnesota, as follows:

Will you please * * * convey my thanks to Mr. COLLINS and the members of the committee for the splendid manner in which they treated the National Guard for the coming fiscal year. I am perfectly satisfied with their action in every respect, including the 42 drills. I feel that we shall be in most excellent shape for the coming year.

General Walsh was the chief spokesman for the National Guard Association at the hearings of the committee.

ORGANIZED PROPAGANDA

I am reliably informed that a move is afoot, sponsored by persons affiliated with or interested in the Organized Re-

serves, to have the National Guard join forces in organized propaganda to support the Senate increases for the National Guard and the Organized Reserves.

ORGANIZED RESERVES

These are the facts as to the Organized Reserves: According to the official statement on page 399 of the House hearings on the War Department appropriation bill, the Reserve force is as follows:

	Reserve Officers' Training Corps graduates	Citizens' Military Training Camps graduates	Flying cadets	Former officers and enlisted men
Combat.....	33,739	2,521	706	21,407
Noncombat.....	6,506	37		21,422
Total.....	40,245	2,558	706	42,829

Of the foregoing, manifestly we should be chiefly concerned about the training of the combat group apart from those who have served with the regular forces either as officers or enlisted men. Excluding the latter, the total is 36,966. Normally it has been the endeavor to give training biennially to Reserve officers. The bill as passed by the House will more than permit this to be done as to the Reserve officers referred to, taking into consideration those who will be receiving training with the Civilian Conservation Corps. I shall include as a part of my remarks that part of the report on the War Department appropriation bill with respect to the Organized Reserves, namely:

There is no subject dealt with by this committee which receives more earnest consideration than the Officers' Reserve Corps, because of its great potential value, if properly organized and administered, and because of the sincere and genuine interest therein so generally manifested by real, unselfish exponents of national defense. If the crystallized views of persons thus actuated might find expression in law and practice, this component undoubtedly would freely get a full measure of congressional support.

On June 30, 1933, the total strength of the Officers' Reserve Corps was 119,485. Of this number 33,147 simply are deadwood. They have not manifested a proper degree of interest and have been classed as unassignable. Of the 86,338 classed as assignable, 58,373 are in the arms or combat branches and 27,965 are distributed among the services or noncombat branches. The picture is presented on page 399 of the hearings, part I, which shows also the sources of prior military service or training of all Reserve officers.

Another table appears on page 404 of the hearings, showing the ages of the Reserve officers classed as assignable. Unless we expect to have an army with a lot of junior officers (in rank only) old enough to be the fathers and grandfathers of some of us, how utterly silly it is to be spending the taxpayers' money on a war reserve of officer personnel of that sort, or to harken to the urge of, no doubt, sincere but uninformed persons that training funds are inadequate for active-duty training when they have reference to and specifically point to the total number. In the age list to which attention has been called, in the grades from second lieutenant to lieutenant colonel, both inclusive, there are more than 35,000 officers beyond the maximum appropriate ages for their grades.

The committee was gratified to learn that this is a question now under study by the General Staff. It has been proposed by Reserve officers themselves that an age in grade maximum be established and some plan devised to eliminate those who fail to qualify for advancement on or before such age limit has been reached. Such a plan should have the united support of every person whose primary interest in this organization is genuine military preparedness.

The appropriation for this activity for the current fiscal year is \$6,354,348. As a result very largely of administrative action but \$3,491,356 of such sum may be obligated. The Budget for 1935 looks to a larger expenditure by \$495,503, or a total of \$3,986,859. The accompanying bill is in the Budget figure. The training this year and next, estimated in both instances, will be as follows:

	1934	1935
14-day trainees.....	10,000	14,000
More than 15 days' training:		
Special service schools.....	44	200
Command and General Staff School.....	11	
Army War College.....	0	
War Department General Staff.....	6	5
Extended active Air Corps duty.....	233	200
Total.....	10,295	14,405

For the current year, in addition to the number to be trained as above indicated, many Reserve officers have been and still are

on extended active duty with the Civilian Conservation Corps. On February 14 last, 5,139 Reserve officers were on or had been on such duty. As the policy is to substitute Regular officers almost entirely with Reserve officers in the C.C.C. camps, before the year is up a substantial increase will have occurred in the number of 5,139 and as the camps have been extended until April 1, 1935, this demand for Reserve officers will continue. The Adjutant General stated to the committee that this experience in the C.C.C. camps has materially increased the value of Reserve officers to the Government, since it gives them valuable training in mobilization processes and leadership.

Looking at the table previously referred to on page 399 of the hearings, we find a total of 36,966 assignable Reserve officers of the combat branches who are products of the R.O.T.C. and the C.M.T.C. Of course, they constitute the very heart of the assignable group and no doubt are mostly of appropriate ages for the grades they occupy. Considering the number of trainees contemplated by the Budget and bill, plus the Reserve officers who will be on duty with the C.C.C. camps, we get a proportion of such portion of the assignable group that seems reasonable and should have popular support. We are working more or less in the dark until the over-age officers in the assignable group are weeded out and the present organization has simmered down to a reserve force in fact and not in name.

For reserve aviation, apart from the 200 Reserve officer pilots who will be on extended active duty with the Air Corps during the ensuing fiscal year, the training provided for, contrasted with that which it is estimated will be given during the present fiscal year, is shown in the comparative table on page 421 of the hearings, part I. The committee is not satisfied with the allocation. It believes in giving an adequate amount of training with combat planes to all Reserve officer pilots who are graduates of the Air Corps training center. This is considerably more important than training all classes, such as mentioned on pages 410 and 411 of the hearings, part I, and could be given within the amount appropriated if the training of other classes of flyers were suspended or abandoned, as it should be, with a limited budget.

R.O.T.C.

The Senate action with respect to the R.O.T.C. looks to the establishment of additional units in a number of schools, largely of junior grades and high schools. The Senate hearings do not definitely list the institutions.

C.M.T.C.

As to the C.M.T.C., I repeat the statement in the report to the House on the War Department appropriation bill, viz:

The committee has adopted the Budget estimate of \$987,213 for C.M.T.C. training. The amount available the current year, owing mostly to budgetary restrictions, is \$1,000,000. The lesser amount, a net figure, may be said to be because ammunition requirements will be financed out of P.W.A. funds. During the current and ensuing fiscal years it is estimated that 14,000 boys will be given training.

The amount added by the Senate is designed to take care of 37,500 boys.

COTTON

Mr. BUSBY. Mr. Speaker, in connection with the bill we have just been considering, I ask unanimous consent to insert a statement in the RECORD concerning cotton production and consumption in the United States in comparison with total exports of domestic merchandise and world production.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BUSBY. Mr. Speaker, under leave granted me to extend my remarks, I am again calling attention to the importance of considering the world production of cotton, the amount of cotton produced in foreign countries, and the small effect we can expect the bill before us to have in raising the price of cotton on the entire world production. Cotton being a product which finds its market throughout the world, and being directly responsive to the gold value of the money of any country, finds its price fixed absolutely by the value of the gold content of the dollar or the unit of the currency measured in gold by weight. In order that we may better understand this matter more fully, I am herewith submitting full information concerning cotton as it fits into the world picture of trade and commerce.

Cotton production and consumption in the United States, and comparisons with total exports of domestic merchandise and with world production, 1884-1933

Year	United States					World cotton production, commercial crop (bales) ¹	United States cotton production as percent of world production	
	Total exports of domestic merchandise ¹ (value, in thousands)	Exports of domestic cotton and lint ¹		Production of cotton ¹ (running bales, counting round as half bales)				Consumption of cotton ¹ (percent of production)
		Value, in thousands	Percent of total exports					
	(1)	(2)		(3)	(4)	(5)		
1884	\$724,965	\$197,015	27.2	5,682,000	1,687,108	29.7	* 7,202,000	
1885	726,693	201,962	27.8	6,575,691	2,094,682	31.9		
1886	665,965	205,086	30.8	6,505,087	2,049,637	31.5		
1887	703,023	206,222	29.3	7,045,833	2,205,302	31.3		
1888	683,862	223,017	32.6	6,938,290	2,309,250	33.3		
1889	730,282	237,775	32.6	7,472,511	2,518,499	33.7		
1890	845,294	250,989	29.7	8,652,597	2,604,491	30.1	* 11,200,000	
1891	872,270	290,713	33.3	9,035,379	2,846,753	31.5	77.3	
1892	1,015,732	258,451	25.4	6,700,335	2,415,875	36.1		
1893	831,031	188,771	22.7	7,493,000	2,300,276	30.7		
1894	869,205	210,869	24.3	9,901,251	2,983,655	30.1		
1895	793,393	204,901	25.8	7,161,094	2,499,731	34.9		
1896	863,201	190,056	22.0	8,532,705	2,841,394	33.3		
1897	1,032,003	230,891	22.4	10,897,857	3,472,398	31.9		
1898	1,210,292	230,442	19.0	11,189,205	3,672,097	32.8		
1899	1,203,931	210,090	17.5	9,393,242	3,687,253	39.3		
1900	1,370,784	242,989	17.7	10,102,102	3,603,516	35.7	15,893,591	
1901	1,460,463	315,105	21.6	9,582,520	4,080,287	42.6	15,920,048	
1902	1,355,482	291,598	21.5	10,588,250	4,187,076	39.5	17,331,503	
1903	1,392,232	317,065	22.8	9,819,969	3,980,567	40.5	17,278,881	
1904	1,435,179	372,049	25.9	13,451,337	4,523,293	33.6	21,005,175	
1905	1,491,745	381,399	25.6	10,495,105	4,877,455	46.5	18,342,075	
1906	1,717,954	401,006	23.3	12,983,201	4,974,199	38.3	22,183,143	
1907	1,853,718	481,278	26.0	11,057,822	4,403,028	40.6	18,328,613	
1908	1,834,788	437,783	23.9	13,086,005	5,091,534	38.9	23,688,292	
1909	1,638,356	417,391	25.5	10,072,731	4,621,742	45.9	20,859,000	
1910	1,710,034	450,447	26.3	11,568,334	4,498,417	38.0	18,027,000	
1911	2,013,549	585,319	29.1	15,553,073	5,129,346	33.0	21,269,000	
1912	2,170,320	565,849	26.1	13,488,539	5,483,321	40.7	20,976,000	
1913	2,428,506	547,357	22.5	13,982,811	5,577,408	39.9	21,618,000	
1914	2,329,684	610,475	26.2	15,905,840	5,597,362	35.2	23,768,000	
1915	2,716,173	376,218	13.9	11,068,173	6,397,613	57.8	17,649,000	
1916	4,272,178	374,186	8.8	11,363,915	6,788,505	59.7	18,092,000	
1917	6,227,164	543,075	8.7	11,248,242	6,566,489	58.4	18,140,000	
1918	5,833,652	655,025	11.2	11,906,480	5,755,936	48.4	18,755,000	
1919	7,081,462	873,580	12.3	11,325,532	6,419,734	56.7	20,220,000	

¹ Fiscal years ending June 30.

² Figures relate to year of growth.

³ Figures relate to the 12 months during which crop of the specified year was chiefly marketed.

⁴ 1922 to 1932 American bales in running and foreign bales in 478 pounds net; 1917-1921, in bales of 478 pounds net; 1908-16, in bales of 500 pounds net; 1900-1909, in bales of 478 pounds net.

⁵ In bales of 500 pounds figure for 1830.

⁶ In bales of 500 pounds.

Cotton production and consumption in the United States, and comparisons with total exports of domestic merchandise and with world production, 1884-1933—Continued

Year	United States					World cotton production, commercial crop (bales)	United States cotton production as percent of world production	
	Total exports of domestic merchandise (value, in thousands)	Exports of domestic cotton and linters		Production of cotton (running bales, counting round as half bales)				Consumption of cotton (percent of production)
		Value, in thousands	Percent of total exports					
(1)	(2)		(3)	(4)	(5)			
1920.....	\$7,949,309	\$1,381,708	17.4	13,270,970	4,892,672	36.9	19,665,000	67.5
1921.....	6,385,884	600,186	9.4	7,977,778	5,909,820	74.1	15,234,000	52.0
1922.....	3,690,909	596,379	16.1	9,729,306	6,666,092	68.5	17,926,000	54.3
1923.....	3,886,682	658,983	17.0	10,170,694	5,680,554	55.9	19,036,000	53.4
1924.....	4,223,973	903,975	21.4	13,639,399	6,193,417	45.4	23,836,000	57.2
1925.....	4,778,154	1,060,980	22.2	16,122,516	6,455,852	40.0	26,678,000	60.4
1926.....	4,653,148	917,720	19.7	17,755,070	7,184,585	40.5	27,819,000	63.8
1927.....	4,867,346	866,923	17.8	12,783,112	6,834,063	53.5	23,426,000	54.6
1928.....	4,773,332	820,537	17.2	14,296,549	7,091,065	49.6	25,628,000	55.8
1929.....	5,283,938	868,219	16.4	14,547,791	6,105,840	42.0	26,653,000	54.6
1930.....	4,617,730	671,201	14.5	13,755,518	5,262,974	38.3	25,304,000	54.4
1931.....	3,031,557	424,558	14.0	16,628,874	4,866,016	29.3	26,329,000	63.2
1932.....	1,908,087	339,289	17.8	12,709,647	6,137,395	48.3	23,634,000	53.8
1933.....	1,413,397	324,287	22.9	13,177,000	.....	.....	25,500,000	51.7

Bales of 478 pounds net.

NOTE.—Linters included in United States production prior to 1899 and in consumption prior to 1908.

Sources: (1) Commerce and Navigation of United States 1909, p. 39; and Statistical Abstract 1933, pp. 401 and 403, Monthly Summary of Foreign Commerce, United States, October, pt. II, 1933, June 1933, pt. II, p. 68. (2) Cotton Production and Distribution, 1921-22, pp. 65-67, and 1932-33, p. 56, years 1899 to 1905, from Statistical Abstract, 1933, p. 431. (3 and 4) Cotton Production and Distribution in United States, 1932-33, pp. 28, 1931-32, pp. 57-58. (5) United States Yearbook of Agriculture, 1933, p. 475, 1930, p. 685, 1922, p. 711; Statistical Abstract 1913, p. 685; and Foreign Crops and Markets Jan. 15, 1934, p. 62.

TARIFF ACT OF 1930

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file the majority and minority reports on the bill H.R. 8687, to amend the Tariff Act of 1930.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MONTAGUE, for 3 days, on account of death in family.

To Mr. CROWTHER, indefinitely, on account of serious illness.

To Mr. LANHAM, for today, on account of illness.

To Mr. BRUMM (at the request of Mr. DARROW), indefinitely, on account of serious illness.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 29 minutes p.m.) the House adjourned until Monday, March 19, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Monday, Mar. 19, 10 a.m.)

Hearings on H.R. 7986 in the committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Monday, Mar. 19, 10 a.m.)

On H.R. 6097, motion pictures.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON: Committee on the Public Lands. H.R. 3206. A bill for the exchange of lands adjacent to national forests in Colorado; with amendment (Rept. No. 994). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON: Committee on the Public Lands. H.R. 5368. A bill to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465); with amendment

(Rept. No. 995). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. H.R. 8641. A bill to protect labor in its old age; without amendment (Rept. No. 998). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H.R. 7200. A bill to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia; without amendment (Rept. No. 999). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H.R. 8687. A bill to amend the Tariff Act of 1930; without amendment (Rept. No. 1000). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 6275. A bill authorizing and directing that 5 percent of any amount or amounts appropriated to pay claims of the Cherokee Indians against the United States be paid to Frank J. Boudinot, his heirs or personal representatives, in full for his services and expenses for and on behalf of said Indians prior to July 19, 1923, and for other purposes; with amendment (Rept. No. 996). Referred to the Committee of the Whole House.

Mr. HANCOCK of New York: Committee on the Judiciary. S. 2696. An act to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs"; without amendment (Rept. No. 997). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MOTT: A bill (H.R. 8697) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon; to the Committee on Agriculture.

By Mr. Sisson: A bill (H.R. 8698) to provide for the establishment of a national monument on the site of Fort Stanwix, N.Y.; to the Committee on the Public Lands.

By Mr. BEEDY: A bill (H.R. 8699) to amend the act of February 10, 1920, as amended, relating to the loaning of

Army rifles to organizations of former soldiers, sailors, or marines; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H.R. 8700) to establish a code of laws for the Canal Zone, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DUNN: A bill (H.R. 8701) to fix the rates of postage on reading matter for the blind; to the Committee on the Post Office and Post Roads.

By Mr. CARTWRIGHT: A bill (H.R. 8702) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes; to the Committee on Roads.

By Mr. HART: A bill (H.R. 8703) to make edible dry beans a basic agricultural commodity for the purposes of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. PALMISANO (by request): A bill (H.R. 8704) to authorize the Commissioners of the District of Columbia to procure motor-vehicle identification tags of such design as they may prescribe, and for other purposes; to the Committee on the District of Columbia.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Mississippi, memorializing Congress to enact suitable legislation so as to provide for the continuation of crop-production loans to farmers unable to secure production-credit facilities elsewhere; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H.R. 8705) granting a pension to Matteo Linguiti; to the Committee on Pensions.

By Mr. COLLINS of California: A bill (H.R. 8706) granting an increase of pension to Marion Lee; to the Committee on Invalid Pensions.

By Mr. LEWIS of Colorado: A bill (H.R. 8707) granting a pension to Winnie F. Myers; to the Committee on Pensions.

By Mr. MOTT: A bill (H.R. 8708) for the relief of Ida M. Mathison Holder; to the Committee on Pensions.

By Mr. SISSON: A bill (H.R. 8709) for the relief of Jeremiah Aldersley; to the Committee on Military Affairs.

Also, a bill (H.R. 8710) granting a pension to Arthur Boyce; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H.R. 8711) granting a pension to Margaret Mary Montgomery; to the Committee on Invalid Pensions.

By Mr. WOODRUM: Resolution (H.Res. 305) for the relief of Rosemonde E. Lafferty; to the Committee on Accounts.

By Mr. WOLVERTON: Resolution (H.Res. 306) for the relief of Mazy Bivans Barto; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3047. By Mr. BEITER: Petition of the Building Managers Association of Buffalo, N.Y., protesting against enactment of the revenue bill of 1934 because of opposition to certain provisions of the measure; to the Committee on Ways and Means.

3048. By Mr. DEROUEN: Petition of the Lake Charles (La.) Woman's Christian Temperance Union, urging that all pre-election and post-election promises that dry States and all territory which was dry under local option law shall be kept and performed by the law-making and law-enforcing branches of the United States Government, etc.; to the Committee on the Judiciary.

3049. By Mr. KELLY of Pennsylvania: Petition of citizens of North Braddock, Pa., urging more just regulations for employment under the Civil Works Administration; to the Committee on Ways and Means.

3050. Also, petition of citizens of Glassport, Pa., urging tax on automatic machinery; to the Committee on Ways and Means.

3051. By Mr. LINDSAY: Petition of the Association of Employees, Long Lines Department, American Telephone & Telegraph Co., New York, protesting against the passage in its present form of paragraph 4, section 5, title 1, of the Labor Disputes Act now before Congress; to the Committee on Interstate and Foreign Commerce.

3052. Also, petition of the Newtown Creek Towing Co., New York City, opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3053. By Mr. RICH: Petition of the Grace Lutheran Church and Sunday School of Jersey Shore, Pa., favoring the passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

3054. Also, petition of the Woman's Christian Temperance Unions of Eldred, Wellsboro, and Smethport, and the McKean County Pomono Grange, No. 53, all of the State of Pennsylvania, favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

3055. By Mr. RUDD: Petition of the Association of Employees, Long Lines Department, American Telephone & Telegraph Co., Plant Branch No. 2, New York City, protesting against the passage in its present form of paragraph 4, section 5, title 1, of the Labor Disputes Act now before Congress; to the Committee on Labor.

3056. By Mr. STRONG of Pennsylvania: Petition of the Dale Branch of the Woman's Christian Temperance Union of Johnstown, Pa., favoring the Patman motion-picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

3057. By Mr. THOM: Petition of the voters of the Sixteenth Ohio Congressional District, asking for legislation providing for free use of the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3058. By Mr. WALDRON: Resolution of the Women's Home Missionary Society of the Tabernacle Methodist Episcopal Church, Philadelphia, Pa., in support of the Patman motion-picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

3059. Also, resolution of the Polish Workers' Club in support of House bill 7598 to provide for the establishment of unemployment and social insurance, and for other purposes; to the Committee on Labor.

3060. By the SPEAKER: Petition of the stevedores of Wilmington, N.C.; to the Committee on War Claims.

SENATE

MONDAY, MARCH 19, 1934

(Legislative day of Thursday, Mar. 15, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Thursday, March 15, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulkley	Cutting	Glass
Ashurst	Bulow	Davis	Goldsborough
Austin	Byrd	Dickinson	Gore
Bachman	Byrnes	Dill	Hale
Bankhead	Capper	Duffy	Harrison
Barbour	Caraway	Erickson	Hastings
Barkley	Clark	Fess	Hatch
Black	Connally	Fletcher	Hatfield
Bone	Coolidge	Frazier	Hayden
Borah	Costigan	George	Johnson
Brown	Couzens	Gibson	Kean

Keyes	Neely	Robinson, Ind.	Thompson
King	Norris	Russell	Townsend
La Follette	Nye	Schall	Trammell
Logan	O'Mahoney	Sheppard	Tydings
Louderman	Overton	Shipstead	Vandenberg
McAdoo	Patterson	Smith	Van Nuys
McGill	Pittman	Stetson	Walcott
McKellar	Pope	Stephens	Wheeler
McNary	Reed	Thomas, Okla.	White
Metcalf	Robinson, Ark.	Thomas, Utah	

Mr. ROBINSON of Arkansas. I desire to announce that the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], the senior Senator from North Carolina [Mr. BAILEY], the junior Senator from North Carolina [Mr. REYNOLDS], the Senator from Massachusetts [Mr. WALSH], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Nevada [Mr. McCARRAN], the Senator from Iowa [Mr. MURPHY], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT], the Senator from Wyoming [Mr. CAREY], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 13, 1934:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 406. An act for the relief of Warren J. Clear;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1496. An act for the relief of Nannie Swearingen;

S. 1782. An act for the relief of the B. & O. Manufacturing Co.; and

S. 2201. An act for the relief of the Neill Grocery Co.

On March 14, 1934:

S. 407. An act for the relief of Willie B. Cleverly.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had insisted upon its amendments to the Senate amendments nos. 14 and 22 to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. GRANFIELD, Mr. WIGGLESWORTH, and Mr. GOSS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BRUNNER, Mr. ROMJUE, Mr. HAINES, Mr. KELLY of Pennsylvania, and Mr. FOSS were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SANDLIN, Mr. HART, Mr. CANNON of Missouri, Mr. SINCLAIR, and Mr. THURSTON were appointed managers on the part of the House at the conference.

The message also announced that the House had passed without amendment the bill (S. 356) for the relief of the Great American Indemnity Co. of New York.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 177. An act for the relief of Lottie Bryant Steel;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 434. An act for the relief of Bernard McShane;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 740. An act for the relief of Wade Dean;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 3554. An act for the relief of Pinkie Osborne;

H.R. 3606. An act for the relief of William Sheldon;

H.R. 3791. An act for the relief of Gustav Welhoelter;

H.R. 3793. An act for the relief of Anthony Hogue;

H.R. 3908. An act for the relief of Joanna A. Sheehan;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 4253. An act for the relief of Laura Goldwater;

H.R. 4268. An act for the relief of Joe Setton;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 4579. An act for the relief of Dr. Charles T. Granger;

H.R. 4609. An act for the relief of Augustus Thompson;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 5636. An act for the relief of Jose Ramon Cordova;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6084. An act for the relief of Lottie W. McCaskill;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6822. An act for the relief of Warren F. Avery; and

H.R. 6862. An act for the relief of Martha Edwards.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 3780. An act for the relief of William Herod; and

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

REIMBURSEMENT OF EDWARD B. WHEELER AND THE STATE INVESTMENT CO.—VETO MESSAGE (S.DOC. NO. 154)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Senate, which was read, as follows:

UNITED STATES SENATE,
Washington, March 19, 1934.

Hon. JOHN N. GARNER,
President of the Senate.

MY DEAR MR. PRESIDENT: On March 5, 1934, the Committee on Enrolled Bills of the Senate presented to the President of the United States the enrolled bill (S. 1724) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex., which had passed both Houses of Congress and been signed by the Speaker of the House of Representatives and the President pro tempore of the Senate.

The Senate at 5:36 p.m. Thursday, March 15, 1934, took a recess until 12 o'clock noon on Monday, March 19, 1934.

On Friday, March 16, 1934, the President of the United States sent by messenger a message addressed to the Senate, dated March 15, 1934, giving his reasons for not approving this bill. The Senate not being in session on the last day which the President had for the return of this bill under the provisions of the Constitution of the United States, in order to protect the interests of the Senate so that it might have the opportunity to reconsider the bill, I accepted the message, and I now present to you the President's veto message, with the accompanying papers, for disposition by the Senate.

Sincerely yours,

EDWIN A. HALSEY,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a message from the President of the United States, which was read and ordered to be printed, with the accompanying papers, as follows:

To the Senate:

I return herewith, without my approval, Senate bill 1724, entitled "An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex."

The parties to whom payments are authorized by this bill entered into a stipulation with the United States on March 6, 1917, in consideration of a suit to be brought by the United States to quiet title to lands within the tract known as the "Mora Grant", whereby they obligated themselves not to molest any bona fide settler within the disputed strip, and further agreed to make quitclaim deeds to such settlers in the event that the lands claimed by them should, as a result of said suit, be found to be within the limits of the grant. Such quitclaim deeds have already been furnished by these claimants covering the greater portion of this acreage.

I am attaching hereto a memorandum from the Secretary of the Interior setting forth more fully the reasons for this action.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 15, 1934.

Mr. HATCH. I ask unanimous consent that the message of the President of the United States be referred to the Committee on Public Lands and Surveys.

The VICE PRESIDENT. Without objection, it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Virginia, which was referred to the Committee on Finance:

House joint resolution to memorialize the Congress of the United States for a reduction of the internal-revenue tax on tobacco

Virginia collected \$41,131,000 taxes for State purposes during the fiscal year ending June 30, 1933. The Federal internal-revenue tax on tobacco and tobacco products took from Virginia the sum of \$92,380,436.89 during the same period, a sum more than twice as great as the aggregate of all State taxes, including the gas tax.

While Virginia has a population of less than two and a half millions of inhabitants, and is relatively poor as compared with many of her sister States in our great family of 48, her contribution of tax money to the Treasury of the United States is exceeded by only 5 other States, viz, New York, North Carolina, Pennsylvania, Illinois, and California.

Except for a few nuisance taxes imposed in times of emergency, and except also the liquor tax imposed years ago and again now since the repeal of the eighteenth amendment, no other product of any State has been subject to a Federal tax.

The State of Virginia, like other States, is in dire straits to find money for her necessary purposes, and her people are overburdened with taxes.

It is not fair that one product, the product of the fields and factories of a few States only, should be singled out to the exemption of all other products of other States, and taxed for the use of the Federal Government, and taxed so heavily by that Government as practically to exclude the levying of a substantial tax on that subject by the State whose product it is.

While the tobacco tax is a fair and convenient instance of a sales tax, surely the States adapted to its production and which foster its manufactures should have the right to tax it, in part at least, for their own purposes. Whence, indeed, will those States derive the money required for their needs if not from the wealth produced within their borders?

To repeat, Virginia pays into the United States Treasury through the tobacco tax alone more than twice as much as she raises for herself through all forms of taxation from all sources and for all purposes.

Virginia is in sore need of more money than she is now collecting and her people need relief from the burden of taxation they are now bearing. If the United States Government would release its tobacco tax, or a reasonable portion of it, it would be a measure of justice to the tobacco States now long overdue, and those States would be largely relieved of the pecuniary embarrassments that now beset them by the simple expedient of being allowed to tax the products and wealth of their own people within their own borders—a right which has not heretofore been denied or so abridged in other States.

Impressed with the correctness of the foregoing assertions and with the justice and reasonableness of the relief suggested, it is

Resolved by the House of Delegates of the General Assembly of Virginia (the senate concurring):

1. That the representations and implications of the foregoing preamble be commended to the thoughtful and serious consideration of the Congress of the United States to the end that relief may be obtained by Virginia and the other tobacco States from the hardship and injustice they suffer from the heavy Federal tax on tobacco and tobacco products, amounting practically to an inhibition on the States against taxing for their own use their chief product and source of wealth, or one of their chief sources of wealth.

2. That the Senators and Representatives of Virginia in the Congress of the United States be, and they hereby are, requested and respectfully urged to do all in their power to present this matter to the favorable consideration of Congress, and to seek by all proper means to obtain the relief desired to the extent of at least 50 percent of the present Federal tobacco and tobacco-products tax.

3. That copies of this resolution be forwarded by the clerk of the house of delegates to the Vice President of the United States, the Speaker of the House of Representatives, to each of the Senators and Representatives in Congress from Virginia, and to Chairman DOUGHTON, of the Ways and Means Committee of the House of Representatives, and to Congressmen SHALLENBARGER, MCCORMICK, BACHARACH, and WOODRUFF, constituting a subcommittee of the Ways and Means Committee having to do with the subject matter of this resolution or matters related to it.

Agreed to by the house of delegates, February 21, 1934.

JNO. W. WILLIAMS,

Clerk of the House of Delegates.

Agreed to by the senate, March 7, 1934.

O. V. HANGER,

Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution of Local Union No. 2516, United Mine Workers of America, of Rock Springs, Wyo., favoring the passage of the so-called "Wagner-Lewis unemployment-insurance bill", which was referred to the Committee on Education and Labor.

He also laid before the Senate a paper in the nature of a petition from Kenneth R. MacFarland, of Roxbury, Mass., praying for the passage of legislation providing for the immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Harold P. Wilder, of Aiken, S.C., praying for the passage of legislation providing for the immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a petition of sundry citizens of Corona and vicinity, in the State of California, praying that the United States be kept free from foreign entanglements, and protesting against ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the council of the city of Cleveland, Ohio, favoring the passage of the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the

district courts of the United States over suits relating to orders of State administrative boards, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the municipal government of Bolinao, Province of Pangawinan, P.I., favoring the passage of the so-called "King Philippine independence bill", which were referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate resolutions adopted by the municipal government of Bolinao, Province of Pangawinan, P.I., protesting against the extension of time for the expiration of the so-called "Hare-Hawes-Cutting Law" relative to the Philippine independence, which were referred to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1526) for the relief of Ann Engle, reported it with amendments and submitted a report (No. 490) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which were referred the following bills, reported them each without amendment and submitted a report as indicated:

S. 2850. An act to amend section 13 of the Federal Reserve Act; and

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union (Rept. No. 491).

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 3022) to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes"; reported it without amendment and submitted a report (No. 492) thereon.

He also (for Mr. COPELAND), from the Committee on Commerce, submitted a report to accompany the bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, heretofore reported by Mr. COPELAND from that committee with amendments (Rept. No. 493).

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 2953) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn., reported it without amendment and submitted a report (No. 495) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (H.R. 3072) for the relief of Seth B. Simmons, reported it without amendment and submitted a report (No. 496) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 101. An act for the relief of Robert Gray Fry (Rept. No. 497); and

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army (Rept. No. 498).

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 2647) prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes, reported it with amendments and submitted a report (No. 502) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1574. An act to provide a government for American Samoa (Rept. No. 500);

S. 1699. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription (Rept. No. 501);

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator (Rept. No. 503);

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system (Rept. No. 504);

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell (Rept. No. 505); and

S. 3055. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes (Rept. No. 494).

MANUFACTURE AND SALE OF ARMS AND MUNITIONS

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the resolution (S.Res. 206) appointing a special committee to make certain investigations concerning the manufacture and sale of arms and other war munitions, reported it with amendments and moved that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

PRIVILEGED CHARACTER OF PETITIONS PRESENTED TO THE SENATE (S.REPT. NO. 499)

Mr. KING, from the Committee on the Judiciary, to which was referred on April 14, 1933 (73d Cong., 1st sess.), various petitions and other papers signed by sundry citizens of the State of Louisiana, relating to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, submitted a report pertaining to the limited privileged character of such petitions and papers.

ENACTMENT OF A LAW (S.DOC. NO. 155)

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I submit a motion in the form of an order relating to the printing of a manuscript entitled "Enactment of a Law", and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the motion as reduced to writing in the form of an order was agreed to, as follows:

Ordered, That the manuscript entitled "Enactment of a Law", being a history of the legislative proceedings of Congress in connection with the passage of a Senate bill from its introduction through the various parliamentary stages until its enactment into law, be printed as a Senate document.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GIBSON:

A bill (S. 3080) to provide for a special clerk and liaison officer; to the Committee on Civil Service.

A bill (S. 3081) granting a pension to Mary A. Smith; to the Committee on Pensions.

By Mr. ASHURST (by request):

A bill (S. 3082) providing for the appointment and meeting of the electors of President and Vice President, for the

regulation of the counting of the votes for President and Vice President, for the Presidential succession, and for other purposes; to the Committee on the Judiciary.

By Mr. TYDINGS:

A bill (S. 3083) to amend section 3 of the act authorizing subscriptions for preferred stock and purchases of capital notes of insurance companies, approved June 10, 1933, as amended; to the Committee on Banking and Currency.

By Mr. FLETCHER:

A bill (S. 3084) authorizing loans by the Reconstruction Finance Corporation to aid in financing exports and imports, and industry; and

A bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROBINSON of Indiana:

A bill (S. 3086) granting a pension to Amos E. Emery (with accompanying papers);

A bill (S. 3087) granting a pension to Lucy Ellen Harrison (with accompanying papers);

A bill (S. 3088) granting a pension to Maynard E. Monroe (with accompanying papers); and

A bill (S. 3089) granting a pension to Joanna B. Townsend (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 3090) to amend the Interstate Commerce Act, as amended, with respect to the regulation of the transportation of natural gas by pipe line; to the Committee on Interstate Commerce.

By Mr. BORAH and Mr. POPE:

A bill (S. 3091) to amend section 36 of the Emergency Farm Mortgage Act of 1933, and amendments thereto; to the Committee on Banking and Currency.

By Mr. THOMAS of Oklahoma:

A bill (S. 3092) to compensate the heirs of James Taylor, a deceased Cherokee Indian, for all their title, interest, or claim to certain lands in the State of North Carolina, now held by the United States as a part of the forest reserve, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 3093) granting a pension to Wilber T. Lardie (with accompanying papers); to the Committee on Pensions.

By Mr. MCGILL:

A bill (S. 3094) for the relief of Ben J. Gardner; to the Committee on Military Affairs.

By Mr. RUSSELL:

A bill (S. 3095) for the relief of Margaret Doyle, administratrix of the estate of James Doyle, deceased; and

A bill (S. 3096) for the relief of John T. Garity; to the Committee on Claims.

A bill (S. 3097) to create a National Military Park at and in the vicinity of Kennesaw Mountain in the State of Georgia; to the Committee on Public Lands and Surveys.

By Mr. O'MAHONEY, Mr. MCGILL, Mr. LOGAN, and Mr. ERICKSON:

A bill (S. 3098) to require air carriers operating registered aircraft to transport the United States mails, to provide for the payment of just compensation therefor, and for other purposes; to the Committee on Post Offices and Post Roads.

By Mr. NEELY:

A bill (S. 3099) authorizing the city of Wheeling, a municipal corporation, to construct, maintain, and operate a bridge across the Ohio River at Wheeling, W.Va.; to the Committee on Commerce.

By Mr. ADAMS:

A bill (S. 3100) to amend section 33 of an act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONNALLY:

A joint resolution (S.J.Res. 87) directing the Secretary of Agriculture to set up a Cotton Coordinating Fact Finding Commission; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A joint resolution (S.J.Res. 88) to salvage Indian remains of scientific importance in the State of Oregon; to the Committee on the Library.

CREDIT BANKS FOR INDUSTRY

Mr. FLETCHER. Mr. President, a letter has come from the President transmitting a bill to the Committee on Banking and Currency providing for the creation of credit banks for industry. With the consent of the Senate, I introduce the bill at this time. It will, I believe, supply a demand for assistance to industry and probably will call for a capital of some \$700,000,000, which the Governor of the Federal Reserve Board assures me he will be able to provide. It will cause a continuance in employment of 345,000 people and provide for 378,000 additional employees.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3101) to provide for the creation of credit banks for industry, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 4579. An act for the relief of Dr. Charles T. Granger; to the Committee on Indian Affairs.

H.R. 6822. An act for the relief of Warren F. Avery; to the Committee on Military Affairs.

H.R. 177. An act for the relief of Lottie Bryant Steel;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 233. An act for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 323. An act for the relief of Harvey M. Hunter;

H.R. 328. An act for the relief of E. W. Gillespie;

H.R. 434. An act for the relief of Bernard McShane;

H.R. 470. An act for the relief of the city of Glendale, Calif.;

H.R. 518. An act for the relief of T. Perry Higgins;

H.R. 520. An act for the relief of Ward A. Jefferson;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 740. An act for the relief of Wade Dean;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 3606. An act for the relief of William Sheldon;

H.R. 3791. An act for the relief of Gustav Welhoelter;

H.R. 3793. An act for the relief of Anthony Hogue;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 4253. An act for the relief of Laura Goldwater;

H.R. 4268. An act for the relief of Joe Setton;

H.R. 4542. An act for the relief of Frank Wilkins;

H.R. 4609. An act for the relief of Augustus Thompson;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 5636. An act for the relief of Jose Ramon Cordova;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6084. An act for the relief of Lottie W. McCaskill;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.; and

H.R. 6862. An act for the relief of Martha Edwards; to the Committee on Claims.

AMENDMENTS TO THE TAX BILL

Mr. CONNALLY submitted an amendment intended to be proposed by him to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which was re-

ferred to the Committee on Finance and ordered to be printed.

Mr. LA FOLLETTE submitted amendments intended to be proposed by him to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

DISTRIBUTION OF COTTON AND COTTON PRODUCTS TO THE NEEDY—AMENDMENT

Mr. FRAZIER submitted an amendment intended to be proposed by him to the bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products, which was ordered to lie on the table and to be printed.

R. S. HOWARD CO.

Mr. KING. On February 6, 1934, the bill (S. 2002) for the relief of R. S. Howard Co., Inc., was passed. There was an understanding between the Senator from New York [Mr. COPELAND] and myself that the bill was not to be transmitted to the House until certain information was furnished me. This information has since been given to me, and I therefore have no objection to the bill being transmitted to the House at this time.

ST. PATRICK'S DAY ADDRESS BY SENATOR LONERGAN

Mr. WALCOTT. Mr. President, I ask unanimous consent to have inserted in the RECORD an address delivered by my colleague, the junior Senator from Connecticut, Mr. LONERGAN, last Saturday evening on the occasion of the one hundred and sixty-third anniversary banquet of the Friendly Sons of St. Patrick at the Bellevue-Stratford Hotel, Philadelphia.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Mr. President, and members of the Friendly Sons of St. Patrick, I am sincerely grateful for this opportunity to be with you on your one hundred and sixty-third anniversary, and to share with you the friendly comradeship and patriotism which is always demonstrated at these gatherings, and on all occasions when the Friendly Sons come in contact.

Throughout the world today Irishmen have been and are celebrating the anniversary day of Ireland's patron saint. Everywhere we see the Irish smile, the Irish Shamrock, and the Irish greeting. America, as always, has turned out to honor the apostle of Ireland in its own enthusiastic way. Nowhere, I am sure, could there be more enthusiasm than we have here tonight in Philadelphia, where, I am informed, the first big celebration of St. Patrick's Day took place 163 years ago.

Already I feel that my visit here has furnished me with unusual returns in good-fellowship and inspirations. I have just observed your impressive and excellent tribute to ex-Judge Jenkins, and the conferring upon him of the honorable position of president emeritus—the first to hold office in 163 years. His devoted service to the Friendly Sons at the completion of his fiftieth year of membership in the organization impresses me deeply, as I am sure it does all of you. This tribute to him is richly deserved, though it is but a small token of the esteem which I know the Friendly Sons of St. Patrick of Philadelphia hold for him.

And when I think of the record of Judge Jenkins I think also of the remarkable record of service which the organization as a whole has rendered, primarily for the relief of emigrants from Ireland, but ultimately in the interests of patriotism, and the spirit of true Americanism. Back on March 17, 1771, when the Friendly Sons of St. Patrick were organized, I am sure that its leaders could not possibly have dreamed of the chain of events to follow in its history, which have meant so much to all Americans. From the moment of its inception to the present time, the society has not only fulfilled the object for which it was organized, but its members have ever shown the spirit of patriotism that has illumined the pages of the Republic's history.

It is significant to recall again the fact that George Washington himself was a charter member of the organization, and with him in the Revolution were at least 15 other members of the Friendly Sons who distinguished themselves as officers. The records of the Army and the infant Navy of the Revolution show numerous names which are found among the original membership of the organization.

Altogether, during the Revolution, there were enrolled the names of 47 colonels who were Irish born, 37 Irish naval captains (a rank on water equal to that of a colonel on land), and 17 Irish-born generals. This was but a small portion of the Irishmen who fought in the Continental Army for American freedom.

It is important to recall also that at least four of the signers of the Declaration of Independence were born in Ireland—Edward Rutledge, George Taylor, Matthew Thornton, and Col. James Smith. And in addition, there were at least four more who were sons of Irishmen—Charles Carroll, Thomas Lynch, Thomas McKean, and

George Read. To these names must also be added that of Charles Thomson, scholarly confidential secretary of the Continental Congress, and an intimate friend of Benjamin Franklin.

Of the 36 delegates by whom the Constitution of the United States was, in 1787, promulgated, 6 at least were Irish—George Read, Thomas McKean, and Edward Rutledge, already mentioned as signers of the Declaration, and Pierce Butler, of South Carolina, Daniel Carroll, of Maryland, and Thomas Fitzsimmons, of Pennsylvania.

We find the names of the Friendly Sons, and of the Irish people generally, so frequently reported in the significant events of our national history, that it is impossible to trace our progress as a nation without recognizing them as among the leading contributors. Indeed, there are many events in the history of our national life, and particularly of our American Congress, which indicate that without the margin of support represented by Irish people of America many great and fundamental issues would not have carried.

The first Governor of Pennsylvania, after the adoption of the Federal Constitution, was George Bryan, a native of Dublin, who was recognized mainly for procuring the passage of a law for the gradual abolition of slavery in his adopted State. Other Irish patriots of the State who distinguished themselves were so numerous that it would consume time to even mention them. In Philadelphia alone, where from the very beginning of our Nation the Irish people had enjoyed some degree of civil and religious liberty and where the ideals of the Irish people have been so carefully stimulated and preserved by such organizations as the Friendly Sons, the names of distinguished individuals and families would make a small directory. Among them are the Meades, Fitzsimmons, Gareys, Flabavens, the Barrys, and hundreds of others.

It will reconsecrate us to the ideals of patriotism and Americanism, which are traditional with the Irish people of America, if we recall for a brief moment also a few of the names of those of the Irish who served in our wars after the Revolution, and in our public and political life. The Nation has paid tribute to Commodore John Barry, known as "the Father of the Navy of the United States" and to those who served with him in that early period. I am always impressed when I come to Philadelphia and view again the monument erected to his honor by the Friendly Sons of St. Patrick.

Later in the War of 1812 the names of Andrew Jackson and many of his followers in the Army, as well as those who served in the Navy, stand out prominently. In the Civil War, the Spanish-American War, our campaigns into Mexico, and in other activities in which our Armies and Navies have engaged in the cause of liberty and national progress, we find the names of Friendly Sons of Ireland among the leaders as well as among the rank and file. The first American soldier to land in France during the World War was Col. Daniel McCarthy, who led the advance guard of General Pershing's staff. Following him were thousands of others of Irish lineage who fought and died, as had their ancestors of America, for the cause of liberty.

Associated with the Irish contributions to education and science of America have been the names of Allison, Thompson, Remsay, Fulton, Colles, Adrian, and Matthew Carey. Politically, there have been many leaders and contributors to the Nation's history. Charles Carroll and Thomas Fitzsimmons were among the first Senators of the First Congress, and John Sullivan and George Read were among the Representatives of that Congress. After them have followed scores of others prominent in our national life.

America has been fortunate in drawing to her shores men and women of the most enterprising and liberty-loving races of the world, and in none has she been more fortunate than in the Irish. From the brief recollections I have presented of our historical progress this will be self-evident. But the outstanding characteristic of the Irish people of America, during all the periods of our history from the time of the Thirteen Original States, has been the domination among them of the true American spirit. It is important that we recognize this natural characteristic, because, fundamentally, it is a spirit which has endured and which has carried this Nation through trials and triumphs which at first appeared insurmountable. It is the true American spirit which is everlasting. And this spirit that endures is so important and necessary in our life of today in fighting the forces of depression.

Each generation has its own problems to face, and upon the correctness of their solution depends the stability and welfare of the State. The trials of adversity fell upon the fathers; the trials of prosperity are ours. This is true though it seems an absurdity to declare that our problems of today are the problems of prosperity. It was the duty of the fathers to lay the foundations of liberty under popular government; it is ours to preserve it under the ever-changing conditions that confront the march of civilization. Since the day when Washington, by the unanimous choice of the representatives of the Nation, was elected as the first Chief Executive of the Republic, we have grown in population from fewer than 4,000,000 to more than 120,000,000 on this continent, exclusive of our island possessions, and in territory from 13 sparsely settled States along the Atlantic seaboard to a realm reaching from ocean to ocean and from the Great Lakes to the Gulf. We have multiplied the power of man a hundredfold by steam, electricity, and water, and multiplied the productivity of the earth and lengthened the years of life by searching out the causes of disease and providing against them.

From the foundation of religious freedom to the foundation of political freedom was but a brief period in our national life, yet they were years of wonderful growth and development for the

ideals of freedom in a virgin soil. The little sapling of liberty that was rooted in the earth had grown to a majestic oak whose branches spread over the Thirteen States, typifying in its strength and grandeur that religious and civil liberty are one and inseparable. The War of Independence was inspired by the distinct hope and purpose to enlarge and secure individual freedom, and that hope was, by wise men with prophetic statesmanship, developed into a reality in the charter of our confederated unity, the Constitution of the United States, whose preamble recites that it is adopted in order "to secure the blessings of liberty to ourselves and to our posterity."

America stayed out of the World War until she saw it was to be a battle to the finish between democracy and military despotism. This was the leading representative of free government in the world, so we realized that if the other popular governments were crushed our turn would come next, and we might have to face most of Europe in competition. We joined with other countries to crush despotism, and succeeded, but out of the war came new problems which have since tested our spirit as American people. Great economic questions arose abroad, and then spread to America, where, with the prevalence of selfish craving for power and wealth, our people precipitated a chaos which for a time threatened to become the counterpart of our greatest military wars—the war of depression, and now the war of recovery.

The American spirit, which somehow had endured through all previous trials, was put to the test. The spirit of liberty, of tolerance, of ingenuity, of thrift, and of the love of humanity, which had so successfully overcome all obstacles in the past and which had been the beacon light to the world, was itself becoming the center of doubt and controversy. "Would the spirit of America endure?" This was the question round the world when step by step new economic problems and new demands by individual and selfish interests gradually undermined the confidence of the American people in their institutions and their leaders.

What has happened since the collapse of finance is fresh in the minds of most of us. How can we ever forget it? But, above all, how can we ever forget how the spirit of the American people rallied and became again the beacon light of America and the world? Like the small but powerful voice of our inner conscience which whispers to us in confidence when as individuals our everything seems lost, the spirit of recovery, which was the spirit of America, was soon transmitted throughout the land. It so welded our people in unison that every movement of our Government, of industry, and of finance is guided by that small but all-powerful something of the American people which says, "We are watching you . . . we must come through . . . we must come through." No leader in America today, whether he is in politics or in industry, can fail to hear that repeated command of the people . . . and no one dares to violate it.

We are at peace with the world. Though our troubles are akin to those in other nations, we do not face the problems of war and of hatred and of intolerance and selfishness which other nations confront in addition to their new economic woes. We have witnessed in Europe a fall of royalty. It was tested by the centuries but did not endure. In America we are observing the disappearance of wealth from the hands of the few. The system by which it was created, which enabled too much of the Nation's goods to rest in the control of certain groups, could not endure. Everywhere, in the midst of plenty, there were thousands of people without food . . . people willing and anxious to work who did not have the opportunity and who saw just beyond their reach vast supplies of food which could not be bought even at prices which did not offer the farmer and producer his actual costs.

Despite all of the other economic forces which had their part in the causes of depression, however, the result would not have been so serious had it not been for the disregard for the unemployed. Somehow everyone seemed to forget that the law of American life must be the law of work; not the law of idleness, not the law of speculation, not the law of self-indulgence or pleasure, but the law of work and production.

When employment was denied it ran contra to every principle of Americanism, and it was only because of the tolerance and patience of the American people that they went so far as they did without open revolt. Again we found the true American spirit to be that of confidence and hope, and of patience.

We have passed through the earlier trial periods of both depression and recovery. The problem that now confronts us is how we can, with determination and intelligence, solve new problems which we find in the way at every turn. In charting our course we have to aid us the energy and foresight of an able and good President, supported by his indomitable courage, and the flaming spirit of unity and hope of the American people. Throughout his works we find the golden thread of humanitarianism. With him we face the rising sun, and with the ingenuity of our people and their leaders we will and must succeed.

We all must admit that we were living in a fool's paradise. We had built a house of cards on a foundation of quicksand. Nothing has been more helpful to the Nation than to recognize these truths, even though the realization is bitter and painful. We as a nation have been the patient whose ills have gradually been diagnosed, and we now feebly try to walk again as the remedy is being administered. Like any patient, we cannot return to health in a day. Time is necessary, together with great care in the application of the remedy, so there will be no relapse.

The country of a century ago was our fathers' small estate. That of today is our noble heritage. Fidelity to the spirit and principles of our fathers will enable us to deliver it enlarged, beau-

tified, ennobled, to our children of the new century. Unwavering faith in the absolute supremacy of the moral law, the clear perception that well-considered, thoroughly proved, and jealously guarded institutions are the chief security of liberty, and the unswerving loyalty to ideals, made the men of the Revolution and secured American independence. The same faith and the same loyalty will preserve their independence and secure progressive liberty forever.

Patriotic Americans need have no fear for the fate of our country. Out of the clouds of unrest that now envelop the world she will come stronger than ever. All civilization looks to us for guidance and they will not look in vain. From generation to generation people in other lands have been indoctrinated with the principles of the American family, and the wonder and beauty of it all has been that the infection has been so generously easy. For the principles of liberty are united with the principles of hope.

Every individual, as well as every nation, wishes to realize the best thing that is in him, the best thing that can be conceived out of the materials of which his spirit is constructed. We must not destroy the initiative and the incentive which drive men and nations alike toward a higher level. It has often been said that merit is the measure of the man. Upon this fundamental concept we must build out new structure. The conscience of the individual in his love for freedom and self-improvement has inherently become the spirit of the American people, and that spirit has, in turn, become the measure of progressive civilization throughout the world. The lamp of individual hope and aspiration in America has never flickered, and we must keep it burning brightly.

While we are building for the Nation and for the world, we must build for humanity. We must see to it that people who are in need of the ordinary necessities of life do not want, until they are given an opportunity to resume gainful employment. In the same spirit with which the Sons of St. Patrick dedicate themselves to the relief of emigrants from Ireland, and to the stimulation and preservation of Irish-American ideals, let us devote ourselves to the needs of all Americans who are in want . . . that the spirit of our people, that the hope of our United States shall not be crushed.

The thing that counts in our lives is the thing that endures. Beneath every rise and fall of this Nation there is a divine law which is supreme. We occasionally permit it to disappear from view in our excitement to reach, like the infant child, for something that glitters. The fall of wealth which we have witnessed, our utter disregard for human and spiritual values, and our apparent satisfaction to accept for many years a fictitious and superficial happiness, are not but examples of what happens when we fall as individuals and as a nation, to follow that law as our fundamental purposes of life.

As sons of the patron Saint Patrick, and as Americans, let us reconsecrate ourselves to fundamentals and pursue again the enduring values of life. In the place of disappointment and decay, our reward will be happiness and progress.

"THE REPUBLIC'S RECOVERY"—ADDRESS BY SENATOR CONNALLY

Mr. ROBINSON of Arkansas. Mr. President, I ask that there be printed in the RECORD an address delivered Tuesday, March 13, 1934, over the National Broadcasting System by the junior Senator from Texas [Mr. CONNALLY] on the subject of The Republic's Recovery.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Through the generosity of the National Broadcasting Co., for which I desire to make due acknowledgment, I am privileged tonight to speak to the vast radio audience on the Republic's recovery.

From March 4, 1933, to March 4, 1934, will ever be a memorable period in the history of our Republic. When we speak of the Republic we have in mind not simply the constitutional structure of our Government but we include all of the people under the flag and their industries, callings, and enterprises, to which are devoted their talents, their energies, and their resources. On March 4, 1933, the Republic was grievously ill. Gloom enveloped the land. Difficulties more numerous and threatening than at any period within a century converged upon us with grim and hostile purpose. Business and industry were at the lowest ebb. Closing banks threatened the paralysis of our monetary and financial system. Fear had disarmed sturdy and daring spirits. Despair depressed many of the stoutest.

Languishing business and sickened agriculture, anemic finance, and swarming battalions of the unemployed, recruited from misfortune and misery to a maximum of thirteen millions, were symbols of the disaster that, like a poisonous blight, had laid its fatal curse upon the prosperity of a proud people.

Dark and dreary and dismal was the dawn of March 4, 1933. By high noon the clouds began to lift. A shaft of sunlight shot through the fog as the new President thrilled the Nation with an inspiring message of hope and vision and action, as he assumed the high functions of the loftiest station on the globe and there was inaugurated that liberal, forward-looking, courageous President, Franklin D. Roosevelt.

Another March 4 has come—March 4, 1934. The New York Times described the year just past as "a wonderful year"; a year of marvelous changes throughout the business, agricultural,

and commercial life of the Nation. March 4, 1934, dawned upon a people uplifted with hope and stimulated by the striking contrast between the fine feeling of optimism which was breaking all about them and the dejection and despair and gloom which had oppressed them only a short year ago. Increasing recovery in business and in manufacturing, in agriculture and in finance had routed the stubborn spirit of pessimism which had assailed them in the midst of their woes and misfortunes.

And what is it that has wrought such marvelous reversal? What has been the magic which has performed such miraculous changes? From the moment President Roosevelt subscribed the oath of office his superb courage and lofty leadership challenged the devoted admiration of his countrymen. The old order and its policy of drifting and doubting and hesitation seemed linked with our tragedies and economic collapse. He seemed to personify the new deal. Here was a man who embodied within himself a new and virile policy of action. Here at last was a leader who placed human values above the sordid and the gross. Here was a champion of the "forgotten man" who scorned an obsequious servitude to special groups and powerful factions. He would serve no master save the people. President Roosevelt could not have triumphantly led the way, he could not have performed the memorable achievements of the past year but for the backing of a Congress devoted to the program of recovery. He was supported and sustained by Senate and House majorities pledged during the campaign of 1932 to advance the cause championed by Franklin D. Roosevelt and John N. Garner.

And what are some of the achievements of the Congress? The Farm Relief Act has done much toward converting agricultural distress into recovery through enhanced prices for farm products and the stabilization of farm production and consumption. A year ago agriculture was at its lowest ebb in 300 years. Today it is on the road to restoration.

Farms that were threatened with mortgage foreclosure have been refinanced and the farmer is again the master of his fields. Homes that were under the shadow of the auctioneer's hammer have been saved through the Home Owners' Loan Corporation. Factories that were idle now send their clouds of smoke skyward and fill the air with the whirring of their busy wheels. Several million men who were idle are now busy with the implements of their toil. Provision has been made for the hungry and the needy until business and industrial improvement may absorb them in normal occupations.

The Securities Act, designed to prevent the exploitation of the gulleless investor by unscrupulous adventurers who reaped where they did not sow, has been enacted. Banking legislation and financial management have provided for the reopening of the banks and the salvation of their depositors, their reorganization, and the guaranty of their deposits. Confidence has been restored and an impregnable fortress has been erected within which their resources may be preserved.

The hours of labor have been shortened and the wages of the man who toils have been protected. Increased purchasing power is opening the channels of business, and through them the current of trade with quickened pace has begun to move. A great enterprise has been inaugurated in the valley of the Tennessee. Exports are increasing and industry is reviving.

The most fundamental and sweeping policy adopted by the administration was the devaluation of the dollar. The gold standard was temporarily abandoned, but it was restored in a modified form and reached its climax when the Congress provided for the devaluation of the dollar and in the subsequent reduction of its gold content by the President to 59.06 percent of its former gold value. This action was taken to carry out a broad policy of lifting commodity prices and enabling debtors to discharge their mortgage and bonded indebtedness in dollars of a value somewhat comparable to the value of the dollar of the time such debts were incurred. The predictions that disaster would ensue and that ruin would engulf us have vanished. Without the slightest tremor business continued to improve and nowhere were observed the terrors which existed only in the excited and distempered imagination of those who resisted change. Instantly exportable commodities rose in price. More gradually domestic prices will respond.

Such are some of the accomplishments of the past year—the first year of the Roosevelt administration. There are yet a number of measures to be considered by the Congress. The program is not complete. Control of the stock and commodity exchanges are yet to be reached. The matter of reciprocal tariff agreements with other nations awaits the action of the Congress. A new tax bill, designed to readjust the tax burdens and yet to provide sufficient revenue for the Government, is now pending in the Senate.

The genius of the administration, and of the Congress under its leadership, is the frank avowal that whenever an error may be committed it will be acknowledged and corrected. It is admitted without question that new fields are being explored and problems which challenged the ability and initiative of the strongest and the proudest must be overcome. Obstacles more insurmountable than have ever heretofore challenged us must be removed or conquered. In this spirit and with lofty courage these problems will be met and mastered. So long as such motives actuate the powers of Government, devoted to the interests of the great body of the people and determined that the welfare of the hundred and twenty millions of American citizens shall always be subserved, there is strong assurance that America will be lifted out of the depths and resume again the powerful and prosperous place to which she is entitled among the nations of the earth.

From March 4, 1933, to March 4, 1934, is only a little while, measured by the calendar. It was a year crowded with action. It was charged with dynamic and vigorous achievement. There is no claim that everything which has been done reached perfection. Of course, there have been mistakes. Those mistakes, we hope, may be corrected wherever they appear. Many of the measures are temporary. They were designed to meet a grave emergency. Others are designed to establish a permanent policy. No one professes that every serious problem has been satisfactorily solved. No one asserts that every difficulty has vanished. We are still living in a world of actuality rather than fancy. Here and there will appear rough places in the picture. Some of the measures have been experimental. They blazed a new trail. They plowed a virgin soil. Only in the laboratory of experiment, only in the retort of initiative or change can progress be achieved. The old policy of standing still and doing nothing never pushed the world forward an inch. Running all through the program has been a purpose. The great objective has been the Republic's recovery.

The first year of the new deal has been a glorious one. Restored confidence, revived industrial, agricultural, and commercial, and financial activity bear witness to the faith of our people in the new deal. Rip Van Winkle, after a sleep of 20 years, awoke and rubbed his doubting eyes as he looked about him in amazement at a world new and dazzling when compared to the one he left when he fell into his famous slumber. Had a modern Rip Van Winkle failed to awake on March 4, 1933, and forgotten his woes and misfortunes in continuous slumber, until aroused on March 4, 1934, his bewildered gaze would have looked upon an America as astounding in its revived business, its restored confidence, and its marvelous change as that which greeted the fabled Rip Van Winkle after the lapse of a score of years.

March 4, 1934, marks the end of a splendid, a marvelous, memorable year crowded with achievement and filled with promise that the Republic's recovery is assured.

FREEDOM OF THE PRESS

Mr. LOGAN. Mr. President, I ask unanimous consent to insert in the RECORD an editorial appearing in the Lexington (Ky.) Herald of March 11, 1934, entitled "The Freedom of the Press and the Duty of the Press."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Lexington (Ky.) Herald, Sunday, Mar. 11, 1934]

THE FREEDOM OF THE PRESS AND THE DUTY OF THE PRESS

During the past several months there has been wide discussion of the newspaper code, particularly of the inclusion in that code of a reservation of "the freedom of the press", as guaranteed by the first amendment to the Constitution. In the Executive order approving the code the President said:

"The recitation of the freedom-of-the-press clause in the code has no more place here than would the recitation of the whole Constitution or of the Ten Commandments. The freedom guaranteed by the Constitution is freedom of expression and that will be scrupulously respected—but it is not freedom to work children, or do business in a fire trap, or violate the laws against obscenity, libel, and lewdness."

Some publicists have professed great fear that there might be a limitation of the freedom of the press, some have expressed apprehension that we were coming to a period when the Government would exercise drastic censorship of the press. How sincere has been this fear, how real this apprehension, none may know.

There is no more precious possession than the right of free speech, with its corollary, freedom of the press. The enactment of the alien and sedition laws under the administration of John Adams led to national uneasiness and wide-spread apprehension that the Government would both prohibit the right of free speech and exercise the tyranny of censorship over the press. The Kentucky Legislature of 1798 passed a series of resolutions that were the first and boldest exposition of the doctrine of the Democratic Party, upon which, as a platform, that party achieved victory in 1800 and remained the dominant party in the Nation until 1860. Those resolutions were the protest of the State of Kentucky against any effort by the Government of the United States to limit the freedom of the press.

There have been other striking illustrations of the devotion of Kentuckians to the principle of free speech and the freedom of the press that flows from the right of free speech as the shadow follows the substance. Cassius M. Clay, the Lion of White Hall, so valued the right of free speech and the freedom of the press that he installed a cannon in his printing office in the city of Lexington to defend those rights against the mob, with the certainty that he would sell his life dearly rather than surrender rights that he treasured more than his life.

After the War between the States the editor of the Lexington Observer and Reporter, a Confederate officer who, after his return from the field of battle, undertook newspaper work as a method of supporting his wife and child, gave equally as high a demonstration of his belief in the right of free speech and the freedom of the press.

In the face of passionate disapproval by his comrades with whom he had served through 4 years of war, regardless of threats, he knowingly sacrificed the certainty of election to the office of Commonwealth's attorney because of the expression and advocacy

of his conviction that the freed and enfranchised Negroes should be permitted to vote and to testify in courts of justice and of equity.

In the long history of Kentucky there are other similar illustrations so that it may be accepted that there are no people who value more highly and guard more valiantly that right than the people of the State of Kentucky. And it was recognized in Kentucky from its foundation that the right of free speech carries with it a duty; that the freedom of the press imposes an obligation as sacred as the right guaranteed by the Constitution.

As stated by the President, "The freedom guaranteed by the Constitution is freedom of expression", the expression of the views, the defense of the convictions of him who exercises the right of free speech. That right was not won, that right was not guaranteed by the Constitution to ensure financial security or profit to those who publish newspapers or periodicals. It was won and the victory ratified by the amendment to the Constitution because of duty done and service rendered to citizens and to country.

The freedom of the press carries with it the duty to publish for the benefit of the citizens all facts that affect their Government, that enable them to protect their health, that tend to insure their safety, and help to bring a full realization of the performance or lack of performance of duty by their public servants.

Those, and only those, who perform that duty, who meet that obligation, have the right to claim the protection guaranteed by the Constitution. They who do not fulfill the obligation, who do not perform the duty to the public that was the moving cause for the guaranty of the freedom of the press, they who sleep on their rights and are slothful in the exercise of their obligation, have but scant reason to demand or to proclaim the sacredness of the right when they fail to perform the duty that justifies the guaranty of that right.

It is, in our opinion, as imperative an obligation not to abuse the right of free speech and the freedom of the press to publish anything that does needless injury to citizens, or causes needless pain and humiliation to man or to woman as it is to publish that which the citizens have a right to know. As President Roosevelt states, the Constitution does not guarantee freedom to work children, to do business in a dangerous building, to violate the laws against obscenity, libel, and lewdness, nor to exploit private affairs of the citizens for the pecuniary benefit of the publisher. The freedom of expression of opinion is guaranteed; freedom to print the facts about public matters and public servants, to warn the public of menace to life or health or property, not license to traduce public officials or exploit the private affairs of citizens either through malice or for greed.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. FESS. Mr. President, I ask leave to have printed in the RECORD a transcript of the testimony of Col. Charles A. Lindbergh on Friday, before the Senate Committee on Post Offices and Post Roads.

I also ask to have printed the testimony of Capt. Eddie Rickenbacker on Saturday before the same committee.

I also submit for the RECORD a statement by Capt. Eddie Rickenbacker; also an editorial appearing in the New York Times entitled, "The Weight of Evidence"; an editorial from the Washington Herald entitled, "Lindy Merits Praise"; and several other editorials and communications on the subject of the cancellation of the air-mail contracts.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

TESTIMONY OF COL. CHARLES LINDBERGH BEFORE THE COMMITTEE ON POST OFFICES AND POST ROADS

The CHAIRMAN (Senator KENNETH McKELLAR). Colonel Lindbergh, have you examined that bill (Senate bill 3112, which is a bill to revise air-mail laws)?

Colonel LINDBERGH. Yes, sir; I have examined the bill.

The CHAIRMAN. Would you be good enough to give the committee your views on that bill just in your own way, or, if you have a statement which you have prepared, we would be glad to have that, or, if you have not a statement, just make any statement that you wish.

Colonel LINDBERGH. I have no prepared statement, Senator. I believe that this bill leaves several things untouched. The most important question in this situation is whether or not these air lines have a right to trial before they are convicted of the guilt with which they are charged.

The CHAIRMAN. The committee was thinking more of the proposed legislation. The contracts have already been canceled, and the question now before the committee is what we will institute instead, and for that reason this bill has been introduced; and we would be glad to have your views on that question or any part of that. What we would like to get now would be your views in reference to this bill.

Senator BARBOUR. Might I interrupt here? I think that the witness has in mind the latter part of section 7, on page 5, which begins about line 14, "No persons shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General." That is in

this bill, and that is the matter which the colonel particularly stressed at this time.

The CHAIRMAN. We should be glad to have the colonel discuss any matters in the bill.

CALLS ELIGIBILITY CHARGE UNJUST

Colonel LINDBERGH. As far as that particular paragraph is concerned, in my mind it is one of the most unjust acts I have ever seen in American legislation.

This bill I have read from a technical standpoint primarily because my work with the air lines has always been largely technical. As a general principle in commenting on the items contained here, I would have a number of suggestions to make in regard to encouraging the advance of American commercial aviation as far as it is possible. The suggestions I now make are in regard to details, technical details.

On page 2 there is an item which limits the amount of mail which can be carried in any one plane. In my mind it is desirable to encourage the use of large planes wherever the traffic warrants their use. I should suggest that it would be to the best advantage of aviation to put no limit on the size of the plane which can be used where the traffic warrants the large type.

Senator LOGAN. Let me interrupt right there, Colonel Lindbergh, and ask as to whether or not there is any advantage in limiting the poundage of mail that can be carried; what would be the purpose of having such a limitation in a bill?

OPPOSES LIMIT ON PLANE SIZE

Colonel LINDBERGH. I do not know what that purpose would be. The only point I make is that I believe it is not to the best advantage of aviation, or the advance of aviation, to limit the size of a plane which can be used where traffic exists. In other words, I think this is a point here which makes it hard to use a large plane rather than two or three smaller planes, and I think it is very definitely to the advantage of aviation to encourage the development of larger types than we have today where the traffic warrants their use.

The CHAIRMAN. Well, what limitation do you refer to?

Colonel LINDBERGH. Well, the limitation of poundage which can be placed on any one plane, which, I believe, in this bill, roughly, is 300 pounds originally and 200 additional pounds; two or three hundred.

The CHAIRMAN. I do not think that there is any limitation in the language there, and it is my understanding that some of the larger planes are now carrying as much as 1,100 pounds.

Colonel LINDBERGH. Considerably more than that, Senator. A number of tons would be possible on the largest type on short routes.

The CHAIRMAN. I do not construe that language, Colonel, as meaning there is a limitation on the amount of mail that might be carried in any one plane. It merely fixes a rate of 30 cents on the first 300 pounds and a different rate on any additional within certain limitations after 300 pounds. But there is no purpose in the bill to put a limitation on the poundage.

Senator BARBOUR. Mr. Chairman, if I may inject here, on page 7, from about line 10 down, you will see that the Secretary of Commerce shall consult the Secretary of War and the Secretary of the Navy and he shall determine not only the speed but the safety features and devices on airplanes to be used on the route. Later on somewhere it speaks of the load capacity.

The CHAIRMAN. That is at present under the Department of Commerce—the aviation section, of course, and after 3 years under the bill that will be turned over to the Interstate Commerce Commission. I see the point you make, Colonel, and I do not think we should limit the number of pounds to be carried in any one plane, because I can see the desirability of having larger planes. It may be done in a few years, as the art of flying will permit much larger or greater weights to be carried.

OVERLOADS CARRIED FREE

Senator LOGAN. Let me call your attention, Senator McKellar, to what may substantiate what Colonel Lindbergh has said. There is no limitation as to the size of the plane, but there is a limitation as to the poundage for which the Government will pay. There is so much for the first 300 pounds and so much for the next 300 pounds, and anything that may be carried above that must be carried free. Of course, it seems to me that would indirectly limit the size of the plane because you would not want to be carrying large quantities of mail when you get nothing for it, when they could carry it in smaller planes and get something.

Senator MCGILL. The limitation is 40 cents per airplane-mile.

Colonel LINDBERGH. I have no suggestion as to the amount paid per airplane mile. The question of payment I feel is outside of my field, but it does limit the amount that can be paid for on one airplane per mile. My suggestion is, in order to encourage aviation to the maximum degree, it would be better not to make a limitation as to the size of the plane which can be used for a larger amount of traffic.

The CHAIRMAN. Very well, the committee will be glad to have that.

Colonel LINDBERGH. On page 8, section 13, I notice that the contractor shall be required to carry pilots of the Army, Navy, and Marine Corps. I should have said copilots. I do not believe that the commercial air lines can operate to the utmost degree of efficiency unless they carry their own pilots and copilots. As it is, we have copilots who have been with the lines for a number of years, and we are able to regulate the experience these men possess.

They know the routes in each instance. As it is, a great many of our copilots have spent several years on the routes on flying, and to my mind we can operate with a greater degree of efficiency if we carry commercial copilots in each instance. A great many of our pilots and copilots are either officers of the Army or the Navy, and we draw from the Army and Navy very frequently when we are taking copilots and training them for our line. But I think it would be a mistake to require that military copilots be carried on commercial planes.

Senator O'MAHONEY. There is nothing in that language to prevent the commercial air lines from carrying their own copilots as well.

Colonel LINDBERGH. It would be impractical, I believe, to carry, or to be required to carry, an additional member of the crew at any time. Personally, I am definitely opposed to bringing the military into commercial life, and I believe the requirements for the carrying of the military copilot in times of peace is not to the advantage of aviation.

The CHAIRMAN. Is there any other suggestion you have to make?

POINTS TO DANGERS OF FOG

Colonel LINDBERGH. On page 7 mention is made that only speed, load capacity, and safety features and devices on airplanes are to be specified. I am not sure that that includes all of the desirable characteristics that we should encourage on the mail lines. For instance, to maintain a regularity of service the question of range is very important—fuel range. For instance, take over here where the Alleghenies are covered with fog, and take the cities of Columbus, Cleveland, or Pittsburgh; they are so covered with fog that the plane cannot alight; if the planes have sufficient range to go on through to Kansas City or to Chicago, there are many instances where we will be able to carry the mail and some passengers through where it would be impossible to give the service in a short range.

There is also the question of ice. We find in certain types of planes we can use a device on the edge of the plane. Of course, that might be included under safety devices. Every time we build a plane we find that we can improve the next design. These specifications give full opportunity for the development of the cost of aircraft. These things I only wish to suggest, because I have never studied the framing of legislation. I only bring those to your attention, for I believe these things I have mentioned should be possible in carrying out of whatever legislation is enacted.

Senator HAYDEN. Colonel Lindbergh, would you suggest the specific word that would improve the text?

Colonel LINDBERGH. I should hate to suggest the wording of legislation. I do not believe that my field of experience warrants that.

Senator HAYDEN. Legislation is a practical matter, and if at a later date you could advise the committee in writing as to how the text could be changed, it would be appreciated.

Colonel LINDBERGH. I should be glad to help you in any way I could.

Senator O'MAHONEY. Colonel Lindbergh, I was not here when you were questioned first upon the rate structure, and I am given to understand that you took the position that part of the schedule here would somehow constitute a limitation upon the mail that could be carried.

REFUSES TO DISCUSS RATES

Colonel LINDBERGH. Upon the size of the ship. As I said, I do not wish to suggest rates for the carrying of mail. I feel that is outside of my field; but this limitation here as to the maximum amount per airplane-mile, it seems to me that limits the size of plane that can be used in heavy traffic. According to that, if you had all of the poundage, it would be better to run two or three planes than one large plane, and I believe that the construction and use of large type of planes where traffic warrants it is advisable and to the best interests of aviation.

Senator O'MAHONEY. You mean that the idea of the limitation to a maximum of 40 cents would make it more desirable to have small planes rather than large planes?

Colonel LINDBERGH. In this case that limits it to about 400 or 500 pounds, I believe.

Senator O'MAHONEY. No; that does not do that, does it, Colonel?

Senator LOGAN. Then 566½ pounds would bring it up to the maximum rate, and all above that would be free.

Colonel LINDBERGH. That is a very small load for an airplane, and in many cases much less than could be carried, especially in heavy traffic. The only point I make is if we are to encourage aviation, wherever the traffic warrants, to encourage the use of large ships. We have not yet reached the largest types of transport planes.

Senator O'MAHONEY. I do not understand how you can conceive this wording would limit the size or the amount of mail that would be carried. It is merely a limitation of the rate that would be paid.

Colonel LINDBERGH. But above a poundage of 600 pounds approximately it would be free. It would be better to use two planes.

Senator O'MAHONEY. Why?

Colonel LINDBERGH. Because of the limitation, being approximately 600 pounds, or a little under.

DISPUTED CLAUSE IS READ

Senator O'MAHONEY. No; I do not read it that way. Let's read the provision. [Reading:] "That such rates in no case shall ex-

ceed 30 cents per airplane-mile for the first 300 pounds of mail and not exceeding 6 cents per airplane-mile for each additional 200 pounds of mail or fraction thereof."

That means that if a plane is carrying 300 pounds or less that the contractor will not receive more than 30 cents per airplane-mile for that mail. It also provides 6 cents per airplane-mile for everything over that shall be paid and for each additional 200 pounds or fraction thereof. That means that the rate of 30 cents may be built up by 6-cent stages until you reach the maximum of 40 cents.

Colonel LINDBERGH. Which is about 600 pounds.

Senator O'MAHONEY. But you can continue to pile on your poundage at 40 cents, could you not?

Colonel LINDBERGH. If that is the case, I withdraw my objection.

The CHAIRMAN. I think the Colonel is right about that. That is a limitation of 40 cents. I do not think you can go beyond the 40 cents.

M'KELLAR SUPPORTS LINDBERGH

Colonel LINDBERGH. As I read this, there is a definite maximum. The CHAIRMAN. The Colonel is right about that.

Senator BARBOUR. In other words, Colonel, in the point of view of the person advertising for a contract, from the point of view of one trying to get business for transcontinental lines on the basis of this bill, you would, if these payments were to stay in the bill, have several small planes instead of one or more larger planes?

Colonel LINDBERGH. Yes; looking at it from a technical standpoint, it seems to me this limits the desirable development of future aviation.

The CHAIRMAN. Are there any other suggestions that you have in mind, Colonel?

Colonel LINDBERGH. On the top of page 2 there is a limitation of 3 years for the transport lines to keep the mail contract. I should like to bring to your attention that the life of an airplane is probably a minimum of 5 or 6 years, and that they might leave the lines with planes at the end of 3 years that are only half used. Also in developing a plane we have found that it requires a minimum of 2 years and sometimes 3 from the time we begin construction until the planes are in service with the difficulties reasonably well worked out. I simply bring that to your attention for what it may be worth.

The CHAIRMAN. It may be said that after 3 years, under another provision of the bill, it goes into the hands of the Interstate Commerce Commission, and that Commission will have the right, and it will be the duty to fix the time and the rates and everything else in connection with the actual running of the plane, and I imagine that a line that already had a 3-year contract would be in very excellent condition before the Interstate Commerce Commission, which is a quasi-judicial body, for the purpose of handling those particular things.

Colonel LINDBERGH. I simply wanted to bring that situation to your attention—the length of life of a plane and the time required to construct it.

Senator LOGAN. In connection with that same thought that you suggested, Colonel, you will find a provision in the bill, after the bid has been accepted, that the company will be given 6 months to get ready to fly the mail. If he is starting on the ground floor, he would not be ready in 6 months.

URGES SEPARATE COMMISSION

Colonel LINDBERGH. If a new plane is to be developed, we find in our experience that it takes a minimum of 2 years to get it in service with the difficulties well ironed out. I feel that any commission governing aviation should be a separate commission. I do not feel that the Interstate Commerce Commission, which is charged with the regulations of railroads, could be used to best advantage in developing aviation.

The CHAIRMAN. Let us suppose for a moment that the commission be divided up into different sections, one section having railroads and another section having aviation and another section having waterways—the difficulty that you mention would be obviated in that way, would it not?

Colonel LINDBERGH. I do not know. I simply would like to make the suggestion that, if possible, whatever branch regulates this industry be separated from the railroads or other methods of transportation.

The CHAIRMAN. How long have you been a flyer, Colonel?

Colonel LINDBERGH. For about 12 years.

The CHAIRMAN. I believe that another committee has already asked some of the questions that I wish to ask, but just to make our record complete I want to ask you, Are you interested in any of the aviation companies that had contracts with the Government?

Colonel LINDBERGH. Yes; for several years I have been technical adviser to the Transcontinental Air Transport originally and now the Transcontinental & Western Airways, and the Pan American.

The CHAIRMAN. Three?

Colonel LINDBERGH. No; the Transcontinental is now operating the old Transcontinental Air Transport.

The CHAIRMAN. Are you interested as an officer or director or stockholder in any of those companies?

Colonel LINDBERGH. As a stockholder. My connection with the companies is active, working with them as technical adviser.

The CHAIRMAN. What salary do you receive from each of the companies?

Colonel LINDBERGH. I receive \$6,000 a year from the Transcontinental & Western Airways up to the first of this month, and \$10,000 from the Pan American Airways.

Senator BARBOUR. That seems a very modest salary to me, Colonel. You could have very easily gotten a great deal more in your field with your reputation and popularity.

Colonel LINDBERGH. I felt more interest in aviation than any other field.

The CHAIRMAN. You are also a stockholder to some extent in these companies?

Colonel LINDBERGH. I turned in a questionnaire to a Senate committee soon after I returned from Europe, listing in detail my stock holdings and financial transactions. I cannot give you the exact figures, but they are available in this questionnaire.

The CHAIRMAN. Could we copy those figures here for us to have our record complete?

Colonel LINDBERGH. I should be glad to, but I have not the exact figures in mind.

The CHAIRMAN. Colonel Lindbergh, you objected to section 7, on page 5, and I just want to ask you if the two companies in which you are interested are comprised in the list of those contracts that are referred to in section 7.

Colonel LINDBERGH. I do not know what contracts are referred to definitely. The contract of the Transcontinental & Western Airways has been canceled.

The CHAIRMAN. Let me ask you, do you know anything about the making of those contracts with the Post Office Department?

Colonel LINDBERGH. Very little.

NO PART IN MAKING CONTRACTS

The CHAIRMAN. Did you ever take part in any making of those contracts or attend any meetings?

Colonel LINDBERGH. No; in no way.

The CHAIRMAN. I have so understood that you never attended any meetings at which these contracts were let?

Colonel LINDBERGH. That is right.

The CHAIRMAN. If they are honest contracts you are for them, and if they are illegal or dishonest you would not countenance them at all?

Colonel LINDBERGH. The only point I have ever made is I feel that any organization or a citizen has the right to trial before being convicted or found guilty of a charge which is implied and not proved.

The CHAIRMAN. Yes; I can understand that, but at the same time you would not want the public to understand you were defending in any way a contract that was in fact illegal?

Colonel LINDBERGH. I am only defending the right to trial.

The CHAIRMAN. And not the contract, if it is illegal. If it is honest and just, then you are defending the contract?

Colonel LINDBERGH. That is right; and under no other circumstances.

The CHAIRMAN. And under no other circumstances. That is just exactly what we thought you would say, substantially, and it's to your very great credit.

Senator O'MAHONEY. Let me ask a question. If you individually had a personal contract with another individual, and you should discover that that other individual had obtained that contract from you by fraud, would you consider yourself within your rights to cancel that contract?

Colonel LINDBERGH. Well, sir, I cannot answer that question the way it is put there.

Senator O'MAHONEY. Don't you know, as a matter of fact, that the history of commercial relations is full of cases in which one company or one individual canceled the contract with another individual for reasons that were satisfactory to the person doing the cancellation?

Colonel LINDBERGH. I do not know, sir; but I do not believe that the history of the United States Government shows where anyone has acted in the matter of convicting someone which has never been submitted for trial, or even hearing.

Senator O'MAHONEY. If there is a difference between a civil action and a criminal action, you would be willing to be guided by that difference?

DEFENDS RIGHT TO HEARING

Colonel LINDBERGH. I feel that I have not the legal background to make comment on that. I feel so obviously that these organizations have a right to trial and hearing. That is not a legal question.

Senator O'MAHONEY. They are not being accused in a criminal way.

Colonel LINDBERGH. I know that nothing has been proven so far as accusations are concerned.

Senator O'MAHONEY. I think, Colonel, you have confused the two elements, that of criminality prosecution and an ordinary civil transaction.

Senator BARBOUR. I do not think that is really fair, Mr. Chairman. To say that the colonel has confused anything. I think, as a matter of fact, that the colonel has made a very clear statement of facts. He takes the position that he would not defend the contract that was in any way an illegal contract. On the other hand, he and others who have contracts want an opportunity to prove in a court of competent jurisdiction in a proper way whether or not these contracts were illegal. Now, to ply him with some hypothetical technical questions will not, I am sure, swerve him from the point he makes so clearly.

Senator DAVIS. And also if he did have a contract with an individual and it was canceled the individual would have the right to go into court to determine whether the contract was legal.

Senator MCGILL. There is no doubt of that, but how would the suit be brought unless the cancellation first took place?

Senator DAVIS. The man that he contracted with would have the right to go into court.

The CHAIRMAN. One moment, gentlemen, I do not think that we can settle this question here, and we had better wait until the committee meets to write up the bill. What we wanted to do was to get Colonel Lindbergh's opinion. I have two more questions that I should like to ask. As I understand you, Colonel, you did not actually participate in the making of any of these contracts?

Colonel LINDBERGH. In no way.

The CHAIRMAN. No, Colonel; it has appeared in the hearing of another committee that the Transcontinental and Western Airways—and I believe you said you were the technical adviser of that company?

Colonel LINDBERGH. Yes, sir.

The CHAIRMAN. And probably own stock in it?

HALLIBURTON CHARGE MENTIONED

The CHAIRMAN. That the representative of that company entered into a collusive agreement with several other companies to buy a man by the name of Erle Halliburton off so that he would not bid on a contract. If such a thing as that was done, you would not think for a moment of approving it?

Colonel LINDBERGH. I have no knowledge of the action taken by the contractors, but I do feel whatever has been done should be established. I feel it is the right of the industry, and the right of the public, and my own right, to know what things have been done definitely.

The CHAIRMAN. And you feel that in making this statement you are representing the interests of your company, and the interests of what you believe to be right?

Colonel LINDBERGH. This is the interest of what I believe to be right in this case.

Senator HAYDEN. I want to direct your attention to section 11 on the seventh page. It provides, "The Secretary of Commerce shall prescribe the maximum flying hours of pilots and copilots on air-mail lines, and the minimum pay of pilots and/or copilots on such lines, safe operation methods, and is authorized to approve any plans made by air-mail operating companies for retirement or annuity benefits to pilots and/or copilots."

That appears to be the only section in the bill that deals with the operating personnel, and in this present discussion there has been a good deal of talk with respect to the kind of personnel that operates these planes, both with respect to the use of ordinary commercial pilots and the military pilots. I think that it is advisable, if I may, that I ask a few questions with respect to the training of pilots. Where does a commercial pilot get his preliminary training?

Colonel LINDBERGH. In most cases they are drawn from the military service. They have graduated from the Army or Navy schools, and very frequently after graduation spend a year or several years in the military service, and very frequently after that they have spent a number of months, or 1 or 2 months, at least, in private flying in commercial life.

Senator HAYDEN. That has not been at their own expense, but it has been provided by the Army or the Navy or the Marine Corps, and they received some sort of pay during the time of training?

Colonel LINDBERGH. In the case of men taken from military life, if the training has been by the Government, they are numbered on percentage, and—I do not know the exact percent—but if they received their training in commercial life, that has taken a longer number of years.

Senator HAYDEN. That is the next question I wanted to ask you; how long it takes to train a military pilot and how long a commercial pilot?

Colonel LINDBERGH. That is very difficult; to state the exact time on that. A man may learn to run or to fly a plane around a field in a week or two as a student, but it requires years before he can carry passengers and mail, with what you call a reasonable degree of safety to the passengers or the mail.

Senator HAYDEN. Your commercial pilots, even though barred from military training, would also be valuable in times of war?

COMMERCIAL PILOTS WAR ASSET

Colonel LINDBERGH. I believe that the commercial aviation of the future is one of the greatest assets in the military reserve. We have had a few reserve pilots who have had no military training, but they have had years of training behind them that would be an important factor.

Senator HAYDEN. What special training has the commercial airplane pilot that a military pilot does not have?

Colonel LINDBERGH. I should say it is a case more of the amount of specialized training. A commercial pilot, for instance, particularly in carrying the mails, and also in carrying passengers, is constantly encountering all different kinds of weather every day. The commercial lines must operate on schedule, if possible, and that naturally gives the commercial pilot more training in storms, and they are familiar with atmospheric conditions. The commercial pilot has a large amount of training in flying under adverse weather conditions.

Senator HAYDEN (turning to Department of Commerce certificates which pilots must have). Do you know how many there are in the United States that possess those certificates?

Colonel LINDBERGH. Not exactly. I believe it will be in the neighborhood of 600 or 700.

Senator HAYDEN. How many of them are employed on the air-mail lines regularly?

Colonel LINDBERGH. Most of those fellows are employed on air-mail lines.

Senator HAYDEN. Do you know how much instrument flying is done by military pilots?

Colonel LINDBERGH. Instrument flying is given in the military training, but there is not any comparable amount of instrument flying in the military in comparison to that done by the commercial lines. However, such training is given to the military pilot.

Senator HAYDEN. Do you know whether there is a requirement for blind flying in military training?

ARMY EQUIPMENT INADEQUATE

Colonel LINDBERGH. There are requirements for blind flying, but not as well as in our commercial planes. There is equipment, but there could not be as good equipment, in delicate instruments, as in the commercial planes, and still carry out military maneuvers. For instance, on the question of gyroscopes, that would somewhat limit the military planes, which are required to be highly maneuverable. It would be hardly desirable for military planes to carry the intricate equipment carried upon air lines.

Senator HAYDEN. Is it necessary for all commercial pilots to have knowledge of radio?

Colonel LINDBERGH. I believe it is.

Senator HAYDEN. On commercial planes, is the radio equipment required and installed?

Colonel LINDBERGH. Practically all of them; on all of the lines I have been connected with.

Senator HAYDEN. Do you know whether the Army planes are equipped with radio?

Colonel LINDBERGH. A number of them, not as the commercial radio has been developed. But keep in mind that the commercial radio was, to a large extent, originated through military development, and it simply happens that we have more use for radio in our present type of commercial flying.

Senator HAYDEN. As to the commercial pilots, they have knowledge of aviation and aerodynamics—must they have a knowledge of postal regulations?

Colonel LINDBERGH. Yes; there is a certain amount of knowledge required of postal regulations in carrying the mails.

Senator HAYDEN. Now, we come to the question, do you think it is proper for the Secretary of Commerce to have this authority prescribed in the bill to fix the maximum hours?

URGES LIMIT ON HOURS

Colonel LINDBERGH. As to the question of the method, I hesitate to comment on that without more experience. We all recognize that beyond a certain number of hours a month, a pilot loses his best flying ability. As we call it, he gets stale, and I do feel that there should be a limitation as to the number of hours a month that a pilot flies. As to the method of limitation, I think that is very important, and I do not think that I have spent enough study on that to comment.

Senator HAYDEN. There is also a section that the Secretary of Commerce shall prescribe the pay of copilots. Has there been any difficulty in that respect between the companies you are connected with and your pilots?

Colonel LINDBERGH. I feel that there has been very little. On the other hand, that is something that is not directly in my field. A pilot is a man who spends a great many years in training. His training is very special and he has to have technical knowledge, and I think he deserves a fair rate of compensation.

PILOTS CLASSED AS PROFESSIONALS

Senator HAYDEN. From the way that you have described a pilot, he is pretty much in the class of a professional man, such as a doctor or a lawyer, and he is required to be qualified physically, and by other rules, education, etc., and then to have this specialized knowledge, which requires a long time, and for that reason you think he should be well paid?

Colonel LINDBERGH. By all means; yes.

Senator HAYDEN. Under the arrangement with respect to the rates of pay now brought about, there must be some system for the beginning on the part of the pilot.

Colonel LINDBERGH. I feel I have so little experience in relation to that question I hesitate to make an answer. In my connection with these companies and in aviation, it has been in the development of new equipment and laying out of routes in the operation of equipment. I hesitate to express an opinion in a field with which I am not thoroughly familiar.

Senator HAYDEN. As I take it from your answer generally, you do believe there should be some limitation as to the hours of flying, and there would be no harm in designating some public authority with respect to the pay that the pilots should receive?

Colonel LINDBERGH. We recognize now that a minimum and also a maximum of hours is necessary. As to the methods, I feel that that is something that requires a great deal of study, and I have not given it enough study to make a suggestion.

The CHAIRMAN. Colonel, do you recall the minimum pay and the maximum pay of your companies? I do not mean for you to be accurate; just as near as you can give it from memory.

Colonel LINDBERGH. Very roughly, I should think it would vary around \$500 or \$600 a month, possibly a little more, for experienced men who were doing a great deal of flying and a little less for men who were being taken on without being on the regular routes. That is very roughly given and it probably includes the question of mileage.

The CHAIRMAN. Do you think the maximum is probably \$600 per month?

Colonel LINDBERGH. No; the maximum runs higher than that for men who are spending a great many years in that trade and who are doing a great deal of flying.

Senator BARBOUR. I think, Mr. Chairman, we have had testimony before to the effect that in some instances pilots received as high as \$800 or \$850 per month.

Senator GIBSON. Colonel Lindbergh, there are certain rates prescribed in this bill for the carrying of the mail. I think you are familiar with the provision. Are those rates reasonable and fair?

Colonel LINDBERGH. Senator, as to the question of rates, I have never taken any part in it. I have always been and should always like to devote my interest in aviation to the technical aspect and the question of contracts and of rates and the method of pay I hate to express an opinion on.

Senator GIBSON. It has been claimed that the Army has failed in carrying air mail. If you have any opinion, would you give some reasons which bring that about?

DENIES ARMY PILOTS FAILED

Colonel LINDBERGH. The carrying of the mail by the Army undoubtedly is not as efficient as the carrying by the commercial companies. The Army had 10 days to prepare to take over a system which had been developed by the commercial companies for a period of over 10 years. The Army equipment is not designed for the purpose of carrying the mail, and the Army pilots did not have adequate time to study the routes which they were to fly. I do not feel that that organization could be expected to take over the air-mail system of this country in anything like the short time that the Army had to prepare to take it over. If you change around the most experienced pilots we have in mail routes, giving them new routes, it would simply take them weeks and probably months before they could fly the new route as efficiently as the old route. I know if I went back on my old route, from St. Louis to Chicago, it would take me months to fly it as well as it was flown by me when I left.

Senator GIBSON. In other words, they were not qualified by experience?

Colonel LINDBERGH. Not qualified by experience in a certain type of work which they were taking over.

Senator DAVIS. Now, on the question, are the old companies being put into a position to make absurdly low bids and run the risk of losing everything they now have invested in that industry?

Colonel LINDBERGH. That is something, again, Senator, that does not come in my field, and I do not feel capable of expressing an opinion. I can see a great many difficulties which are facing them, but I do not feel on the question of bidding that I have had the experience to give testimony on it.

Senator SCHALL. I want to know what the cost is to the Army for the carrying of this mail, as distinguished from the private cost. I understand the private cost is \$12,000,000. If you have any information on that, Colonel, I would like to have it.

1933 COST \$14,000,000

Colonel LINDBERGH. The private companies, I believe, received about \$14,000,000, or did last year, from the Post Office. I believe one half of that was returned in postage. The amount returned by postage has been increasing and in relation to the total amount of subsidy. I know of no way to find out at the present time how much it is costing the Army to fly the mail.

Senator SCHALL. It was considered on the floor of the Senate, and I have heard it elsewhere, that it would cost the Army \$30,000,000 to do the same work that the private industry was doing for \$12,000,000 or \$14,000,000.

Senator BARBOUR. Colonel Lindbergh, when I made the suggestion that those who formerly held contracts should appear before the committee, it was because I felt that the testimony we were getting up to that time was from the War Department; and while I realized that it was, of course, valuable that the best information this committee could receive from a practical standpoint was from those who had been engaged in this kind of undertaking, and, with that in mind, I want to ask you quite a number of questions, some of which may, in some degree at least, cover a part or all of the questions that have been asked before. How long did it take the Transcontinental Air Transport to get ready for its mail service when it commenced on July 9, 1929?

DESCRIBES YEAR'S PREPARATION

Colonel LINDBERGH. Of course, starting on July 9 meant over a year's preparation for that starting. In that time passengers only were being carried, and up to that time no consideration had been given, as far as I know, to the carrying of mail. As I remember, the first mail carried over that line was in the fall of 1930, a little over a year after the start of operations and over 2 years from the time of the inception of the company, probably 3.

Senator BARBOUR. Was that the Transcontinental air service?

Colonel LINDBERGH. To begin with, it was Transcontinental air service for passengers using trains from New York to Columbus, Ohio, and planes from Columbus to a point in Oklahoma, and train again during the second night to Clovis, N.Mex., and plane from Clovis, N.Mex., to Los Angeles, making a total of 48 hours.

Senator BARBOUR. Then in a sense this was only half transcontinental?

Colonel LINDBERGH. In the beginning it was transcontinental in service, and the amount flown by the planes, it was in excess of one half.

Senator BARBOUR. Was any night flying involved in this operation?

Colonel LINDBERGH. Originally we carried passengers only by daylight. Then we also carried them by night.

Senator BARBOUR. Does the T.W.A. fly passengers both by night and day?

Colonel LINDBERGH. Yes, sir.

Senator BARBOUR. Does it use a multimotor or a single motor by night?

Colonel LINDBERGH. A multimotor.

Senator BARBOUR. Of course, I refer to the policy of your company in flying passengers by night, and only multimotor planes are used. Is that based on your recommendation?

Colonel LINDBERGH. Yes; I have always recommended that, and I believe other people also agreed with it.

Senator BARBOUR. Then you do not think it is sound policy to fly passengers by night with single-motor planes?

FAVORS MULTIMOTOR PLANES

Colonel LINDBERGH. I believe that passengers have the right to the safety of multimotor engines by night and also by day.

The CHAIRMAN. How many multimotor engines have you in your service?

Colonel LINDBERGH. I believe 16 of them.

The CHAIRMAN. On the transcontinental route from New York to St. Louis, and on to San Francisco?

Colonel LINDBERGH. That includes most of these, yes; on the route from New York to Los Angeles by way of St. Louis and Kansas City, and they also use multimotor engines on other routes.

Senator BARBOUR. Was your company carrying air mail from San Francisco to Chicago when the air-mail contracts were canceled?

Colonel LINDBERGH. Into Chicago. I am not certain about San Francisco at this time.

Senator BARBOUR. Did you have to carry passengers from San Francisco to Chicago some time before you were permitted to carry air mail?

Colonel LINDBERGH. As to the carrying of mail into Chicago I would have to check that.

Senator BARBOUR. But, assuming you did carry mail into Chicago, did you have to carry passengers into this point for some time before you were permitted to carry the mails?

Colonel LINDBERGH. We have carried passengers into these points in every instance for a good deal of time before we began to carry the mails.

LOST ON PASSENGER SERVICE

Senator BARBOUR. You operated this passenger service to Chicago and to San Francisco at a loss before you were permitted to carry the mails?

Colonel LINDBERGH. There was a material loss for the company. Senator BARBOUR. You were willing to take that loss in trying to pioneer and develop aviation?

Colonel LINDBERGH. The feeling was that private aviation could be developed to where it would be able to carry passengers without a loss, and that it was necessary to develop it to where that could be done.

(Senator BARBOUR asked about a United Aviation Co. bid in competition with the Transcontinental Air Transport and the Western Air Express for carrying the mail between New York and Los Angeles in September 1930, suggesting the company had been formed chiefly to make the bid.)

Senator BARBOUR. Assuming that all of the former air-mail carriers were disqualified from bidding as provided in this bill, and that the new contracts were let to new companies for that purpose, how long would it take, in your judgment, from the time the contracts were awarded, to get satisfactory transcontinental service in operation?

Colonel LINDBERGH. It is very difficult to know that. As I say, if you are building a new ship, we have found that it takes at least 2 years to get it into service. We have been building up these in the case of the Transcontinental and Western Air Lines since 1928, and how long it would take to reproduce that service, how many years, I do not know.

Senator BARBOUR. Then, too, of course, Colonel, it takes quite as long to build up what we might call the personnel and its morale and qualify them as it does to qualify the machines themselves?

STRESSES VALUE OF MORALE

Colonel LINDBERGH. I think one of the most important things, and one of the most difficult, is the morale of the organization, and that is one of the most important assets one has.

Senator BARBOUR. The breaking up of these air-line organizations is probably the most serious phase of the cancellation of the air-mail contracts?

Colonel LINDBERGH. Of course; in my mind the most serious thing is this action even without hearing. But, from an aviation standpoint, we have built in this country, without doubt, the best commercial aviation in the world. There is no other country, nor any other group of countries, that compares with the American commercial aviation. Now, to break down the system which is really the backbone of our commercial aviation, to me, has been an extremely serious blow to the industry, and I believe it will take a long time to get back to the position where we were in the beginning of the year.

Senator BARBOUR. Colonel, in the light of what you said about aviation in other fields, have you observed any commercial aviation abroad particularly?

Colonel LINDBERGH. Particularly the commercial aviation; yes, sir.

Senator BARBOUR. And how does our heretofore service in that respect compare, in your opinion, with the same service in other countries?

Colonel LINDBERGH. It is very definitely ahead, I believe, in service.

Senator BARBOUR. Over here?

UNITED STATES SERVICE LEADS WORLD

Colonel LINDBERGH. Over here. The performance of our planes is in advance of the performance of the European planes, beginning with the American air-cooled engines and the other equipment, and the gyroscopes are the best, and it can conservatively be said that the American commercial aviation is by far the leading commercial aviation in the world today, or was.

Senator BARBOUR. For instance, Colonel, is there much night flying abroad?

Colonel LINDBERGH. Comparatively little. Most of the night flying is done in America.

Senator BARBOUR. It is a fair statement that we lead the world in airplane operation from the point of view of safety, speed, and comfort in which we transport passengers, mail, and express?

Colonel LINDBERGH. Yes; I think that is a very fair statement. Senator BARBOUR. Do you feel the policy of Postmaster General Brown in establishing these transcontinental lines which were independent in ownership and competitive in service has proven to be sound; do you think that practice by the former Postmaster General was in the interest of aviation in this country?

Colonel LINDBERGH. Senator, I do not believe I am sufficiently acquainted with the details to comment on the method. That is something I have very little knowledge of. However, from the time Postmaster General Brown went into office to the time he went out I do know that commercial aviation in the United States and particularly in mail lines greatly improved.

TESTIMONY OF CAPT. EDDIE RICKENBACKER BEFORE THE SENATE COMMITTEE ON POST OFFICES AND POST ROADS

(The prepared statement read to the committee by Captain Rickenbacker follows:)

Gentlemen, I appreciate the opportunity to appear before this committee which is considering legislation which will determine the future of what up until February 19, 1934, was the greatest and most efficient air-transport industry in the world. Such legislation, I hope, will be passed by Congress only after a thorough study of the fundamental problems of this young industry, based upon facts and figures and uninfluenced by general opinions of a few who are not qualified by experience to speak for this industry.

During the last 17 years I have been directly associated with the aviation industry, both military and commercial, and am at present vice president of North American Aviation, the parent company of Transcontinental & Western Air, Inc., Eastern Air Transport, and Western Air Express, who are noncompetitive companies. I have occupied this position since May 1, 1933, the date on which North American Aviation Co. became affiliated with General Motors Corporation.

In this connection I wish to emphasize that not until May 1, 1933, was North American Aviation in control of any air line whatever except Eastern Air Transport. The combination of North American Aviation and General Aviation on that date was made in order to consolidate the various stock interests in Transcontinental & Western Air, Inc., in order to insure that Transcontinental & Western Air would at all times be competitive from an ownership standpoint with other transcontinental air lines, which consolidation accomplished that purpose; and I can say frankly that I know of no industry in which the spirit of competition is keener than the air-transport industry has been and still is.

OUTLINES CRITICISM OF BILL

I shall attempt to outline my criticisms of the proposed Senate bill 3012 and thereafter offer recommendations for what I believe to be a constructive plan to continue the development of the industry.

(1) I feel it will be a serious mistake if the equities of the present operators of the air transport lines of this country are not recognized and given preemptive rights on the routes which they have pioneered at great expense to their stockholders.

In justice to the hundreds of thousands of stockholders who have invested their funds in these companies, based upon the faith of what they believed to be binding obligations between their respective companies and the Government, as well as the thousands of employees highly specialized in the science of aeronautics, it is my belief that the equities of the present operators must be given first consideration.

PLEADS FOR EMPLOYEES

An air line is more than just airplanes in the air. These are incidental. Any of you gentlemen who have flown over one of these air transport lines must be impressed with the fact that for every air-line operator or an airplane there are approximately six highly trained employees on the ground.

These ground employees are operators of radio stations, weather-reporting services, traffic organizations, maintenance organizations, overhaul shops; and, last but not least, there must be recognized the knowledge of these routes acquired by them through long years of experience both from the standpoint of terrain and weather.

Further, the public good will and confidence developed by these air lines on these routes cannot, at will, be transferred to another locality or replaced by new operators.

T. & W. A. alone and its predecessor companies have lost over \$5,000,000 in pioneering its particular route, in addition to the present investments of millions of dollars in fixed ground equipment, which is just as much an air line on the ground as a railroad equipment makes a railroad system.

To ask any one of these companies to bid on another route is as impracticable as asking the New York Central Railroad to bid to carry mail over a route such as the Santa Fe system.

CALLS CLAUSE UNFAIR

(2) In recognizing these equities, there should also be eliminated the unfair and unjustifiable clause reading:

"No person shall be eligible to bid or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General."

I say "unfair and unjustifiable", as it is clearly at variance with ordinary business ethics that any company should be compelled to forego its right to enter a court of justice in order to obtain any contract, let alone a contract with the United States Government. Surely it is not the purpose of any Government legislation to prohibit any citizen or corporation from asserting what they believe to be their rights.

OPPOSES 3-YEAR PROVISION

(3) The provision for a contract with a maximum life of 3 years, after which air lines will come under the supervision of the Interstate Commerce Commission, is impracticable. Why should not a Federal regulatory board immediately be designated to supervise the air lines, whether that board be a separate regulatory board appointed by the President or one that already exists, such as the Interstate Commerce Commission?

If this be done, as I feel it most certainly should, immediately, would this not eliminate the need of competitive bidding?

What encouragement would there be under 3-year contracts for private capital to continue in this business except the capital that might be put in by promoters with a view to unloading it on the public at the first opportunity?

FAVORS POUND-MILE BASIS

The basis of pay prescribed by Senate bill 3012 would perpetuate the impracticabilities from the standpoint of administration of a space basis of pay as established in the Watres Act. As it shall be pointed out later, a much more satisfactory basis of pay would be the pound-mile basis, which recognizes payment in relation to the task performed for the Post Office Department.

Further, the rates prescribed in this bill apparently are based upon estimates furnished by operators of equipment who are and necessarily would have to be adequately equipped to do this job at the prices specified in this bill.

Shall this industry be paid on a basis that will encourage the development of such ships as the Douglas transport, created by T. & W. A., which recently made a record run from Los Angeles to New York in 13 hours 2 minutes 20 seconds elapsed time with a full load of passengers, mail, and express, or shall it be content to have this job done by inferior, slow, single-motored equipment?

Should not a rate of pay be adopted on a pound-mile basis which will guarantee the end of subsidy and insure, for instance, the fulfillment of T. & W. A.'s contract for the purchase of \$3,500,000 worth of such equipment as the Douglas airplane, which is the outstanding transport equipment in the world today?

(5) There have been recommendations made by certain people that the transcontinental system should be broken up into two or three short systems. Setting up fast transcontinental schedules will be practically impossible under such a proposed break-down of this system and costs will be increased materially, due to various types of equipment being used and unnecessary transferring of passengers, mail, and express, as well as consequent delays through the handling of this operation subject to various policies of management.

Breaking up the transcontinental system would force this industry into the uneconomical condition faced by the railroads as borne out by the task confronting the present coordinator of railroads in his attempt to work out a more economical plan.

To eliminate subsidy and still make the lines self-supporting we must continue to develop passenger and express business. When a passenger can be taken in one type of equipment over one system from coast to coast without these delays, passenger business will grow as it has during the last few years in spite of the depression.

To force a passenger to use 2 or 3 different lines, changing from one ship to another of entirely different type, will discourage passenger business and will likewise become more expensive.

This business must be encouraged in every possible way, and there is not today, nor has there ever been, any airplane, even including the T. W. A. Douglas transport, which can pay its operating costs from passenger and express revenue alone.

(6) Any officer or director who has heretofore entered into any combination to prevent the making of bids for carrying the mails is excluded from bidding on a mail contract. Certainly, from the standards of American fairness and justice, no officer or director should be deemed to have entered into any combination for the prevention of making bids before first having received a fair trial before a regular court of justice.

(7) Certainly the clause reading, "No person shall be eligible to bid for or hold an air-mail contract which has any officer or direc-

tor in any holding company holding stock, directly or indirectly, in any company engaged in any phase of the aviation industry, or in any other company engaged in the manufacture or sale of airplanes, parts, or other materials or accessories generally used in air transport" is decidedly impracticable, and in my opinion will work to the detriment of this industry.

As an example, any holding company or manufacturing company by an overt act of purchasing one share of stock in a successful air-mail company could immediately disqualify that air-mail carrier as a legitimate carrier.

RECOMMENDS LEGISLATION

My recommendations for constructive legislation which will guarantee a continuance of the rapid advance which this industry has made in the last few years' operation are:

(1) The immediate creation of a Federal regulatory board to be appointed by the President to perform somewhat similar supervision and regulation of air lines as the Interstate Commerce Commission exercises over the railroads.

(2) The issuance of certificates of necessity and convenience to all air lines operating on February 19, 1934, by this Federal regulatory board.

(3) Authorizing the Postmaster General to place mail on air lines having certificates of necessity and convenience from the Federal regulatory board, at the following rates of pay:

Two mills per pound-mile up to 250 pounds average load per airplane and 1 mill per pound-mile for all loads above this amount; such payments to air lines to be charged to the general post-office appropriation for the transportation of mails. Two mills per mile is the revenue which the Government estimates it receives from postage on mail carried by airplane. Thus subsidy is eliminated at a stroke by this system of payment.

FAVORS DIRECT SUBSIDY

(4) Authorize the Federal regulatory board to pay a direct subsidy to air lines receiving a certificate of necessity and convenience who cannot exist economically under the above rates of pay, the compensation, including the direct subsidy, not to exceed 40 cents per airplane-mile for the first year and in no event to exceed the annual loss incurred by the air lines receiving such a subsidy; this subsidy payment to be reduced 5 cents each year until eliminated entirely.

(5) A reduction in rates of postage to 5 cents an ounce for air-mail letters; the authorization of air lettergrams at 3 cents and the authorization of an air-mail postcard at 2 cents.

(6) This Federal regulatory body to arbitrate rates of pay for pilots. Our policy of pilots' rate of pay recognizes that pilots are professional men. They have entrusted to their care the lives of their passengers as well as other valuable cargo. They are the captains of their ships. Rates of pay to Army pilots should not influence rates of pay to air-line pilots. They should be paid high salaries in order to attract to and keep in this profession the highest type of young manhood.

With the increased poundage which will be developed under these changes and rates of postage, I am convinced from studies which I have made that not only would all air lines which operated on February 19, 1934, be able to exist without subsidy within a relatively few years, but new routes might be added to the network of air lines which existed at that date. Further, the Post Office Department would receive an amount from stamp sales in excess of the amount paid operators for this service.

Finally, gentlemen, I recommend that no plans should be considered which might tend to place commercial aviation under the same governmental heads or bodies as military aviation.

(At the conclusion of Captain Rickenbacker's prepared statement the following occurred:)

Mr. RICKENBACKER. May I make a statement in conclusion, Mr. McKellar?

Senator MCKELLAR. Yes, sir.

Mr. RICKENBACKER. With due respect to you all, I think I have earned my heritage to citizenship in this country. I have a fundamental interest in the country's welfare far and beyond my interest in air transport or the scene of aeronautics, and to that end I believe that in fairness to our Chief Executive, who has been guided in a measure by divine spirit up until the day of the cancellations of these contracts, should, in purging this industry of so-called "undesirable elements", which has not as yet been proven, purge his official family of those traitorous elements, few in number, I presume, who have misadvised or advised without giving full facts and caused him to act contrary to American principles and American justice and judgment to such a degree that millions of people in this country have grown to the point of questioning his judgment in times when we are on the verge of pulling out from the dregs of what has been a dastardly depression and now cause again that feeling across this continent, ocean to ocean and border to border, of unproven questionable fact.

CHAIRMAN INTERRUPTS

It is not the loss of the aircraft industry or air-transport industry in this case. That is incidental. That can be wiped off the slate and forgotten. We can forget we ever owned an airplane; but it is the question of the millions who doubt in their mind as to whether what the President has so ably accomplished in the N.R.A., C.W.A., gold content, and many others than have been proven or had time to prove they are as big a mistake as cancellation of the air-mail contracts, and whether or not tomorrow C.W.A. is also questionable—

Senator MCKELLAR. Mr. Rickenbacker, I will have to ask you not to attack the President or make a political speech. Please, Mr. Rickenbacker, in justice to the commission now let us confine our-

selves to this bill. We are glad to have you here, but I do not think you should make a political speech or attack the President of the United States.

Senator LOGAN. I do not think it was an attack on the President.

Mr. RICKENBACKER. I have tried not to attack the President.

Senator McKELLAR. If you have anything further to say—

Senator BARBOUR. I do not think that was an attack on the President; it was friendly and in support of him.

Mr. RICKENBACKER. It was my confidence in him which I did not wish destroyed.

Senator McKELLAR. If you have nothing further to say, we thank you.

[From the Washington Post, Washington, D.C., Sunday, Feb. 25, 1934]

"ARMY PLANES UNFIT; THE BOYS ARE SACRIFICED"—CAPTAIN RICKENBACKER, ACE OF ACES, PLEADS FOR LIVES OF AIRMEN—GOVERNMENT PLANES LACK NECESSARY EQUIPMENT FOR SAFETY IN FLYING THE DANGEROUS AIR-MAIL ROUTES, HE SAYS—MADE CROSS-COUNTRY HOP TO ROUSE NATION—HASTY CANCELATION OF MAIL CONTRACTS MEANS THE NEEDLESS LOSS OF LIVES OF COURAGEOUS ARMY PILOTS, CAPTAIN EDDIE DECLARES

By Capt. Eddie Rickenbacker

That there may be no misunderstanding, let me say at the start that I am vice president of North American Aviation, Inc., and am interested primarily in the development of the aviation industry in the United States.

But over and above any such personal consideration, I feel an obligation to the youth of this country, because I came out of the World War with a new title as a result of this new instrument of transportation.

I am by way of being a daddy to these unprepared, rosy-cheeked youngsters, upon whose willing shoulders the flying of the air mail has been dumped overnight, because of my experience in the war and title of "Ace of Aces."

And far more important than that the carrying of the air mail be returned to those air lines qualified for the operation of this service is the paramount necessity of avoiding further sacrifice of lives—in what I have termed, not without bitterness, "legalized murder."

Many of my Army friends have judged me hastily upon hearing those words, but it was for their benefit that they were uttered.

We know beyond dispute that successful operation of air lines is born of knowledge gained through experience, and that cannot come over night. Yet over night they suddenly dumped this job on the Army flyers.

LEGALIZED MURDER

And when three lives as suddenly were lost I grew very bitter at this decision to switch from competent commercial lines to comparatively untried boys. I saw my own sons in the place of these boys—brave, confident, but too young, too inexperienced in the air for this task, lacking the equipment of planes and maintenance, radio and meteorological facilities, which constitute far more than half the battle—and I hoped to prevent, through my criticism of legalized murder the possibility of further sacrifices.

When first I heard of the extraordinary, possibly hasty, decision to cancel all air-mail contracts, our subsidiary, Transcontinental & Western Airways, had a new Douglas monoplane ready for air-mail and passenger service.

The ship, which cost \$360,000 before it ever carried a pay passenger, was at Glendale Airport, ready to be brought East this coming week.

But when the crash came and the unexpected, the impossible-to-believe, occurred we decided that the simplest, the most direct way to bring to the public's attention the progress we had made—and to furnish a striking comparison with what was to come when the Army took over—was to take the last load of mail eastward in the new ship.

LAST ROUND-UP

We hoped to be able to bring forcibly to the attention of the Nation and of the world what we had accomplished through years of endeavor and the unbounded confidence of the men in our organization.

So we flew the "last round-up", and the success of our flight was as striking as we had hoped.

The ship in which we made our 13-hour dash from Los Angeles to Newark over, under, and through the worst storm since 1888, which since has buried the eastern cities along our route, is a low-wing, twin-motor monoplane, built by the Douglas Aircraft Corporation to our specifications.

It is one of a proposed fleet of 41, the others contracted for at a cost of approximately \$80,000 each. No one ever paid that price for that number of ships. The reason my company paid it is because we pay for performance and safety.

The ship's twin motors are capable of developing 700 horsepower each at 8,000 feet. It carries 14 passengers and 1,000 pounds of mail and has a cruising range of 1,000 miles.

This last is fundamental in air transit today. You can always reach good weather within this range.

Now, the new plane, the one which has been flying over Washington the last few days, has five special features which help make it the greatest of its kind ever built. These are:

1. Retractable landing gear.
2. Variable-pitch propellers, which give maximum efficiency.
3. The Sperry automatic pilot, which actually flew the ship 90 percent of the way from Los Angeles to Newark.

4. Engine supercharged to 8,000 feet, resulting in high performance at stratosphere altitudes.

5. Air brakes on the wings.

All these features are new and necessary for the pilot to know about. Moreover, the instrument board of this new ship is like the switchboard of the Edison Electric Light Co., seemingly complicated beyond reason, yet simple as A B C to air-line pilots of experience.

MUST HAVE LONG RECORD

By way of comparison with the Army flyers, most of them young first and second lieutenants with but a few hundred hours in the air, none of the pilots of Transcontinental & Western has less than 4,000 hours to his credit. A copilot must have a minimum of 1,200 hours, and he then works for us from 1 to 3 years before becoming qualified to be a pilot.

We have six pilots who have more than 1,000,000 miles or 10,000 hours to their credit.

A feature of the new ship is its commodious comfort; a 6-foot man can stand erect with his hat on or stretch at perfect ease in the reclining chairs. The cabin is insulated and soundproof, quieter than a Pullman car, due to the rubber mountings of engines, cabin, and chairs.

It is steam heated, with positive thermostatic control. When the temperature outside was 35° below zero, on the flight eastward, we sat in perfect comfort, although the windows were frozen over. An average temperature of 72° was maintained.

This ship is the closest to a stratosphere plane yet developed, as it has a ceiling of 30,000 feet with full load, and cruises efficiently at 20,000 feet. Next we will have one with the cabin hermetically sealed. And if I were to predict what I believe we will be doing in the way of flying 5 years from now the alienists would be on my trail.

I may say, however, that I am honored to have been one of the first to visualize the possibilities of the new ship.

There she sat, at Glendale Airport, trim and ready for the "last round-up", when I arrived on the Friday morning before the flight. I immediately set about checking the weather.

Our take-off was set for 8.45 p.m. Sunday, February 18, since no one else could leave later than that hour and get into Newark before the deadline of midnight Monday, when the Army took over.

Reports about the gathering storms in the East were not encouraging to say the least.

FACED BAD WEATHER

We figured on 15 hours elapsed time from coast to coast, and our eastern meteorological experts advised us that with that schedule we would encounter a low ceiling and squalls at Columbus, Ohio, and that we would be unable to get into Newark at all 20 minutes after the expiration of the 15 hours.

I was strongly urged to leave Sunday morning, but that wouldn't have made it actually the "last round-up" of the mail.

Messages from the East said: "It is too hazardous. Wait until the following day."

But after our western weather experts had checked their observations and calculations, together with those of the East, I said, "No. We'll go through on schedule."

Our actual take-off from Glendale Airport was at 8:56 p.m. Sunday. In addition to six newspapermen, we had aboard Jack Frye, vice president in charge of operations of T.W.A. and one of its crack pilots, and Paul Richter, western division superintendent, also an expert flyer.

As a matter of fact, the automatic pilot flew the ship most of the way to Albuquerque, where we clicked on schedule in a little more than 3 hours, and everyone had a stretch while several hundred gallons of gas were taken on. The maintenance work was as perfectly timed as the ship's performance, and in 8 minutes we were off again, over the mountains to Kansas City, greeting the dawn of a new day, the last day of our air-mail service for some time to come.

We followed the radio beam, the latest directional aid to flying, and I could not help but marvel at the extraordinary sensitiveness of the automatic pilot, whose uncanny precision smoothed out every air bump and kept us dead on our course.

At daybreak we were in Kansas City, where there was another brief pause of 14 minutes, to check again the weather reports and hear once more of bad weather over Columbus and the gathering, truly mountainous storms farther to the east.

At Kansas City we left behind Richter and took aboard Larry Fritz, eastern division superintendent, another of our most skillful pilots.

EXPERTS IN RADIO

It will be noted that while we were in constant two-way radio communication throughout the flight, we needed no special radio technician. All T.W.A. pilots must be experts in radio, weather, and the mechanics of their planes. They are a marvelously self-disciplined group of men.

As a matter of fact, modern flying is the most skilled profession I know of, and it will grow more so with each new development.

Our take-off from Kansas City was into the sunrise, a greeting from the Atlantic toward which we were hurrying. Already, thanks to the perfection of the ship and the complete cooperation of the ground forces, we were well ahead of schedule. I was well satisfied to know this, for the storm heading for Newark was increasing each hour.

The first storm we encountered was over Illinois, and of about 100 miles duration. We merely set the adjustable propeller, the supercharger did its stuff in feeding the motors, and we went over the blizzard at 14,000 feet.

Arriving at Columbus, we found conditions exactly as our weather man had predicted—2 days before. There was a low ceiling, and the squalls were really more of a blizzard than anything else. But we got in and out without the slightest difficulty, despite the high wind, refueling and wasting 10 minutes so that the boys could have something hot to eat.

With the development of fireless cooking, we'll do all our eating on board.

AT STORM'S TAIL

We took off at the tail end of the storm, which was shortly to bury the East, paralyzing all ground traffic. It couldn't stop our ship. We set the automatic pilot to his task and started climbing on the radio beam. Up, up we went until it seemed that storm simply had no top anywhere. But we found it at 18,500 feet, or around $3\frac{1}{4}$ miles, and came out into the sunshine.

We kept on climbing to 19,500 feet, at which point some in the cabin were noticing the effects of the extreme altitude, particularly if they attempted to move about, so I ordered a few breaths of oxygen all around. A dozen whiffs each, and everyone felt a new man, and, north of Harrisburg, Pa., we started down through the storm at 280 miles an hour.

In this connection, I want to say that aviation experts, after hearing of our flight, thought we must have been "wide open" and asked how we kept from burning out our motors.

Actually, we used less than 75 percent of our available maximum horsepower.

About 50 miles from Newark we came out of the storm, and there we found an 1,800-foot ceiling, just as predicted. Ten miles from our goal, newsreel photographers, in a low-wing Lockheed, flew out to meet us to record our arrival. We wobbled our wings to be sure they would spot us, but their effort was in vain. For so great was our speed that before the Lockheed could turn and catch up with us we had landed and stopped, even before it approached the field.

GROUND WORK ESSENTIAL

We had made the transcontinental flight—our "last round-up" of the air mail—in 13 hours 2 minutes and 20 seconds.

Now, a point I would like to make in connection with this decisive demonstration of our efficiency is that the flight of the ship itself is comparatively the simplest feature of the performance.

It is the groundwork, the mapping of routes, the making of charts, the uncannily accurate weather forecasts, the cooperation of radio and maintenance that makes successful air-mail flying possible.

Take, as an example, the work of our weather experts on this flight. They had told us that if we took off on a 15-hour flight we would beat the storm to Newark by only 20 minutes.

As it turned out we were approximately 2 hours ahead of schedule. And we'd been at Newark just 2 hours and 20 minutes before that storm closed in, and there was no more flying for anyone that day.

Our weather experts were never more than 5 minutes off in their forecasts at any stage of the flight, and these predictions had been made for us more than 48 hours earlier.

The flight showed, as I have said, that success is born of knowledge gained by experience. It is no overnight proposition.

URGES AIR BOARD

Would it be consistent to take a cub reporter and put him at the head of a great newspaper? Or to put a young bond salesman in charge of the stock exchange? Or a young Congressman just feeling his first thrill of long words and make him President? At least, would one expect him to succeed for the benefit of the great majority?

I believe that what should be done now is to appoint a board or committee of men of experience, who have given years of effort to the aircraft industry and to their country—men of unquestionable integrity, who have the confidence of the public and the President, and who have no political axes to grind or personal motives to further—to correct evils, if there are any, that may exist in order that this Nation may continue to boast of the greatest air service in the world.

Fourth or fifth in the scale of military aviation, we are far ahead of all the other nations combined in commercial aviation. We did fly more miles, day and night, with commercial lines than all the rest of the world combined.

We are accused of being an industry of subsidy. Why, we get only \$14,000,000 a year, and the Government gets seven or eight millions back in stamp revenue. Compare that with what the Army and Navy get for their organizations and what has been accomplished, comparatively.

FOR NATIONAL PROGRESS

For one thing, every large nation in the world tried to buy this Douglas plane which just achieved its record-breaking transcontinental flight. They couldn't do so, for it was our plane, planned and paid for by us.

Instead of the Government subsidizing the air-transport industry, it is subsidizing the Government. For if you took the engineering and technical fraternity and paid the price of keeping them apace with progress, if you took the administrative and maintenance personnel, the radio, meteorological and airport personnel, and the pilots, and paid the price of keeping them apace with progress and charged that to the Government, it would cost Uncle Sam \$150,000,000 to \$200,000,000 yearly.

However, to my mind, it isn't the destruction of the aircraft industry or the throwing out of work of 7,000 men, with 50,000

others affected incidentally, that is the principal tragedy of the cancellation of our contracts.

Rather, it is the loss of confidence by our great Government and President in what has been accomplished, that which time has not had an opportunity to prove.

[From the New York Times, Mar. 19, 1934]

THE WEIGHT OF EVIDENCE

Apparently the Senate subcommittee did not know the kind of testimony it would get from the three air-mail experts whom it summoned. The first of these, Colonel Lindbergh, was as fine a witness as one could find, searching the whole world over. Quiet and competent, he testified only to what he knew, putting aside questions which were either irrelevant or beyond the range of his personal knowledge and experience. Those Senators who hoped to win his approval of the new air-mail bill which they are pressing found it impossible to shake him in his opposition to some of its important clauses. In the matter of the original cancellation of the air-mail contracts he remained firm in his conviction that a great injustice had been done, with consequent injury to commercial aviation which it may take a long time to repair. In substantial agreement with him were the two other famous flyers, Chamberlin and Captain Rickenbacker. The latter left the Senators quite aghast by the frankness with which he condemned those who had so unfortunately given the President bad advice.

All three of these witnesses protested that they had no wish to excuse or shelter any man who might have resorted to fraudulent methods in securing an air-mail contract. If any were guilty, let them be punished to the full extent of the law. But let them be proved guilty before being condemned. Above all, let not the companies against which no collusion has been even charged be lumped with the few that may be under suspicion. All the evidence thus far given is to the effect that Army pilots had not been trained to carry transcontinental mail, were therefore not fitted to do the work, and should never have been called upon to undertake it.

What the country plainly desires and what the administration is now anxious to bring about is the speediest possible restoration of carrying the mails to the private companies which have developed the necessary technical skill. Complaints are numerous, particularly from the far West, about the disruption of the Mail Service, which had come to be a great modern convenience. If the Senate and the Post Office Department are alert to this popular demand, they will make haste to find a way out of the sad muddle which followed the Executive order of February 9.

[From the Washington Herald, Mar. 19, 1934]

LINDY MERITS PRAISE

Well done, Lindy.

This is the country's verdict on Colonel Lindbergh's voluntary appearance before the Senate Post Office Committee and on his lucid, straightforward, and manly replies to the questions addressed to him.

It was a Lindbergh day.

The largest room in the Senate Office Building was chosen for the hearing, as it was safely assumed that the appearance of America's super ace, the foremost flyer in the world, would stir great public interest.

His inquisitors were Senate politicians who are trying to pull the administration out of a bad hole. Like politicians, these Senators feel that the best way out of a blunder is never to admit it. Realizing that the civil aviation companies have been condemned without a hearing, the administration Senators are trying to make it appear that the companies were not entitled to a hearing.

They are trying to build the uncorrected injustice of such treatment into disabling conditions affecting the established companies as bidders under the new contracts, proposed in substitution for the old, which were canceled without inquiry, examination, or trial.

An American of the Lindbergh type naturally will not be a party to such a scheme.

"I feel that these charges", said he, "should have been definitely established before these contracts were canceled. I feel it was the right of my companies, the public, and my own right to have them definitely established."

"I say this only in the interest of what I most deeply believe to be right."

These words express the opinion of every right-thinking American. What else could be the opinion of a right-thinking man?

Referring to the provision of the proposed new legislation prohibiting operators whose contracts were thus unfairly annulled from bidding on new contracts unless they waived any claims against the Government, Colonel Lindbergh called it the most "unjust act ever placed into American legislation."

It is refreshing and invigorating when a man of such captivating type as Colonel Lindbergh, of so distinguished a record of valor and achievement, thus gives voice in ringing and forthright speech to the feelings of his countrymen.

But there is more to it than the feeling of approval it inspires. Here is the note of true leadership.

The gallant flying record, the simplicity and modesty that won our hearts, the thrilling exploits which have drawn the homage of the world, are apparently only a part of "Lindy."

There is a maturing man in his young head and breast.

The physical and moral courage of the youthful aviator is passing into a finer and perhaps a rarer courage—the courage of the fearless and high-minded citizen.

Such a man has great tasks ahead of him—rich possibilities of service to his country.

[Editorial from the Iola Daily Register, Iola, Kans., Tuesday, Feb. 20, 1934]

DESPOTIC INJUSTICE

As more and more facts concerning the air-mail situation are brought to light the conclusion becomes more and more irresistible that the order of the Postmaster General annulling all contracts hitherto in existing for carrying the air mail was an act of sheer despotism without any justification whatever, an act which convicted men of criminal conduct and bitterly punished them without having given them any hearing at all.

Let us consider, as a fair example, the facts with relation to the Transcontinental & Western Air, Inc., the great concern which had the contract for carrying the mail between New York and San Francisco. These facts are derived from a letter written by Mr. Richard W. Robbins, president of the company, to the Postmaster General.

The Postmaster General charges that this company obtained its contract by collusion. The facts are that the company obtained its contract on a competitive bidding, based on a public advertisement, without collusion with anybody.

The Postmaster General charges that there was a clandestine conference held in May and June of 1930. The facts are that representatives of every company that could qualify under the act of Congress in compliance with which the contract was let were present, as well as several who were not qualified, and the meeting was fully reported the next day in the press, and the then Postmaster General who is accused of having arranged this clandestine meeting issued a release to the press fully covering the meeting.

The Postmaster General charges that there was a conspiracy among the operators of the air routes to parcel out the air-mail map. The record shows that the meeting at which this alleged conspiracy was formed was called by the then Postmaster General and not by the operators; that instead of agreeing among themselves the operators disagreed; and that legal questions were raised by the operators as to the power of the Postmaster General which were referred to the Comptroller General, and that it was not until his ruling was made that the Postmaster General advertised for competitive bids.

Another point stressed by the Postmaster General is that air-mail contractors have made inordinate profits. The record shows that the T. & W. A. Co. has lost since October 1930, when this contract was made, over \$1,250,000. In this connection the president of the company calls attention to a report published by the Committee on the Post Office and Post Roads of the House of Representatives to the effect that the Government receives 2 mills per pound-mile by way of extra postage paid for air mail, and offers to have his contract changed so that his company will carry the mail for just that 2 mills, and thus receive no subsidy at all.

These are only a few instances in which it is proved conclusively that the charges made by Postmaster General Farley are directly contrary to the facts.

How much better it would have been for him, how much more to his credit as an American official, if he had given this company its day in court, had allowed it to be heard before he condemned and executed it.

It certainly is not in keeping with the established processes of this Government for one of its officials to make an arbitrary order which will deprive thousands of men of employment and in all likelihood will destroy the value of property in which millions of dollars are invested, without an orderly and legal hearing for anybody, without any judicial procedure whatever, without a record made of evidence showing just what crime had been committed, by whom committed, and to what extent damage has been done.

Later: Kansas City papers of this date report that the entire personnel of the Transcontinental & Western Air Corporation, 750 persons, have been furloughed as of February 28.

[Editorial from the Globe Democrat, St. Louis, Mo., Saturday, Feb. 24, 1934]

COMMERCIAL AIR SERVICE NEEDED

In the last 6 days 5 Army air pilots have lost their lives in connection with the Government's new Air Mail Service, and 2 others have been seriously injured. The significance of these distressing disasters should not be overemphasized. The fact that the new service was inaugurated under weather conditions extraordinarily unfavorable for air movements is a coincidence that must be taken into account. But these tragedies do accentuate the fact that the Army flyers are not trained or equipped to provide the service that has been developed by the commercial lines.

The Army flyers are trained for military purposes, and properly so. That is why they exist. Such training is concerned primarily with military maneuvers of many kinds and with various services of dispatch. Safety is not a first consideration in any military movements. While there are some of the most skillful and brilliant pilots in the Army to be found anywhere, the skill called for in this service is of a different order from that necessary in commercial service. Moreover, it is a constant complaint of

the Army Air Service that pilots as a rule get too few hours in the air, and therefore do not get the same practice as the commercial pilots. The latter are in continuous service. Their business is to pilot planes along fixed routes to fixed destinations. Naturally they acquire an acquaintance with their routes, with all its varying topography and the vagaries of its atmospheric conditions. They have learned to fly with almost unerring skill through fog or storm to their terminal ports. Safety is their primary consideration. Carrying passengers, as well as mail and express, their responsibility for safe delivery is great. Moreover, the planes that have been developed for commercial flying are much superior for their purposes to those of the Army, which are designed for other purposes. It is too much to expect that the Army flyers, however courageous and resolute, as they undoubtedly are, can carry on the mail service in planes not built for such use, with the efficiency or the safety that characterizes the service of the commercial flyers.

In taking over the Air Mail Service, the Government is undertaking to cover less than half the mileage of the commercial service. This involves the abandonment, temporary or permanent, of many routes, some of them of great importance, as St. Louis has reason to know, since much of the most valued service from here has been cut off. That it costs, or will cost, the Government a great deal more than it paid out for the commercial service even at the rates now so severely criticized, is beyond doubt; Mr. MEAD, Chairman of the House Committee on Post Offices, whose committee has charge of all legislation affecting the mails, says it will cost more than twice as much. Furthermore, with the Government carrying the mail and the commercial operators carrying passengers and express, both losing money, there is wholly unnecessary duplication of services that is economic folly.

The sooner the Government abandons the effort to carry the mails with its own forces and equipment, the better it will be for all concerned; better in particular for the public, which has found the Air Mail Service increasingly valuable and has become more and more air-minded. The mail should be returned to private carriers on any terms that appear sound and just, and it is encouraging to learn that Mr. MEAD's committee has framed a new law which will give the concerns whose contracts were recently canceled opportunity to obtain new contracts. Most of these companies have invested large sums in airports and equipment, and are therefore better provided with the means of efficient service than any others could be without equal expenditures of money and time. If any of the officers of these concerns have done wrong in the past, they ought to be punished; but the country, the taxpayers, and the Army should not be punished. These officials should be held liable if guilty and proven guilty of illegal conduct, but the service should not be broken down to get at them. The commercial air service as a whole and as a unit—that is to say, as a carrier of passengers, mail, and express—should go on, and it is necessary to go on, for it is an essential service the country cannot afford to lose.

[Editorial from the Kansas City Journal-Post, Wednesday, Feb. 21, 1934]

THE PRESIDENT RESENTFUL?

President Roosevelt, like General Johnson, apparently resented the insistence of the newspapers that a freedom-of-the-press clause be included in the newspaper code.

In approving the code, including the free-press provision, the President was guilty of the same sort of seeming vindictiveness that marked the White House reply to Lindbergh's protest against the blanket cancellation of air-mail contracts.

Lindbergh was branded as a publicity seeker. The newspapers, by inference, were branded as operating fire traps, publishing indecencies, and exploiting child labor. The language of the President was:

"The recitation of the freedom-of-the-press clause in the code has no more place here than would be the recitation of the whole Constitution or of the Ten Commandments."

"The freedom guaranteed by the Constitution is freedom of expression and that will be scrupulously respected—but it is not freedom to work children, or do business in a fire trap, or violate the laws against obscenity, libel, and lewdness."

The best comment on this that we have seen appeared in the Hearst papers, which supported the President both for the Democratic nomination and for election. It follows in part:

"The plain and obvious facts are that no publisher has expressed any desire to print in a fire trap. Moreover, State and city laws and ordinances would prevent him from doing it if he did wish to do so."

"Furthermore, no publisher does print or has expressed any desire to print indecencies—and even if any depraved publisher did want to print them, the Federal and State laws and city ordinances are quite sufficient to prevent him from doing so, and to land him in jail if he did so."

"And insofar as child labor is concerned, the Hearst papers and the greater part of the papers of the United States had been crusading for the abolition of child labor long before Mr. Roosevelt was of age; and certainly during the many years that he was in politics, without identifying himself conspicuously with that measure."

"What the publishers throughout the country are concerned about and have been fighting for is the preservation of their constitutional rights of press freedom—freedom from governmental

control; freedom to print the news fully and fairly without Government restriction; freedom to express in their columns their own opinions and the opinions of citizens generally, regardless of whether those opinions support the proceedings of the Government or oppose the acts and objectives of the Government.

"The publishers of the country will not relinquish any fraction of that guaranteed constitutional right for a free press, and they have made that fight more in the interest of the public than in their own interest.

"They made it for the perpetuation of the Republic and for the preservation of essential democracy.

"There can be no popular government without a free press to spread widely the necessary unbiased information to enable the public to decide wisely in public affairs and for the public welfare.

"The Mussolinis, the Hitlers, the Lenins, and all of those who seek to establish a dictatorial form of government always begin by repressing the press; because nothing is so fatal to their plans and ambitions as general public knowledge of their purposes and proceedings, which free publication affords.

"It is not conceivable that Mr. Roosevelt has any idea of establishing a permanent personal government of the Mussolini and Hitler type.

"But some of his aides, such as Mr. Richberg, have expressed revolutionary sentiments; and General Johnson himself has gnashed his teeth and stamped his feet and issued ukases to the newspapers in the customary dictatorial military manner.

"The patriotic purpose of the publishers has been to permit no doubt or question of the preservation of the constitutional right of free publication to arise.

"And in making this fight for the freedom of the press they have made the fight for the freedom of the Nation."

[Editorial from the New York Evening Journal, Feb. 26, 1934]

SENSELESS BUTCHERY—AND ALL DUE TO POLITICS

The senseless butchery of young Army aviators through the hasty order assigning them to fly the mails must stop.

As this is written, five have paid with their lives for what can only be regarded as a political maneuver.

No doubt more will have paid by the time these lines are printed.

The people of the United States will not tolerate this needless massacre.

No people, anywhere, would.

You may think it strange that the Army has had so many accidents in the brief time that it has been flying the mails, whereas the regular air-mail pilots had few.

The miracle is, however, that the Army has not had more accidents considering the conditions under which it has been forced to fly.

Its planes are absolutely unsuited to the work. They are too light. They lack the necessary radio equipment and other devices essential for this type of flying. They have open cockpits instead of warm, closed cabins.

The Army's men are trained in formation flying, in pursuit, attack, and bombing. They are not familiar with the long mail routes nor the weather conditions along them.

Commercial pilots, on the other hand, get a year of special training along these routes before they are allowed to go it alone.

And they are allowed more discretion in making flights while in the Army "orders are orders" under all circumstances.

"Why did the Government do it?" asked the mother of Lieutenant Lowry when she learned that her son had been killed in his gallant attempt to achieve the impossible.

That question is being asked today by every man and woman in the land. Why did the Government do it, and why doesn't the Government stop it? How much longer is this awful sacrifice to politics to go on?

[Article in the New York Herald Tribune, Sunday, Feb. 25, 1934]

AIR LINES SUSPECT CONTRACTS WERE VOIDED TO OPEN UP NEW FIELDS OF PATRONAGE—CRITICS NOTE VIRTUAL IMMUNITY TO ONE OF BIG FOUR SYSTEMS FRIENDLY TO ROOSEVELT REGIME—UNASSAILED COMPANY TOOK PRESIDENT, AS NOMINEE, TO CHICAGO CONVENTION, WAS HOST TO POSTMASTER GENERAL ON JUNKET TO TEXAS, AND IT SERVES THE DEMOCRATIC SOUTH AND SOUTHWEST

By C. B. Allen

An aviation industry that was stunned by the Government's summary cancellation of all domestic air-mail contracts 2 weeks ago now finds itself groping through a fog of uncertainty for the real reasons behind this drastic move. Many who hitherto have trusted implicitly in President Franklin D. Roosevelt's sense of fair play and his enlightened attitude regarding the whole science of aeronautics, are beginning to waver in that faith as they find it assailed by certain facts and questions difficult to ignore.

Fundamentally, these doubts in aviation circles resolved themselves into the single query of whether Postmaster General James A. Farley was permitted to scrap the entire air-mail set-up for the public good or simply for the purpose of breaking this particular patronage oyster wide open, and dishing out the heart of it, not to the groups that have made America's air transportation a model for the rest of the world, but to those who have played along with the present administration.

Developments in Washington following cancellation of the contracts have heightened rather than allayed the industry's concern on this score. Congress has put forward the naive suggestion and

embodied it in projected legislation which is hailed as an administration measure, that the erstwhile air-mail carriers whose contracts were canceled because of fraud and collusion, be absolved (by special amendment to the law of 1872 under which the Post Office Department abrogated its agreement with them) of the penalty accompanying this stigma—which is debarment from the right to bid on any mail contracts for a period of 5 years—"provided they can show to the satisfaction of the courts or the Post Office Department that their hands were clean."

PROPOSALS PUZZLE INDUSTRY

What a dazed aviation industry cannot understand is why, if the air lines that formerly carried the mail can show to the satisfaction of the courts or the Post Office Department that they were above reproach in obtaining their contracts, these should not be restored to them forthwith or why they should be exposed to the further jeopardy of being compelled to bid in the open market against competitors with no investment at stake, on franchises in which they possess an obvious pioneer equity. Conversely, it is equally beyond comprehension of the industry's rank and file how any air line that might be found after a fair hearing to have been guilty of crooked practices, can be purged by act of Congress and welcomed back to the Government fold.

Another matter about which there is a growing tide of comment, now the industry has recovered from the first shock of the disaster that has befallen it, is the apparent favoritism which has characterized the air-mail investigation directed by Senator Hugo L. Black, of Alabama. Even those who could not conceivably be charged with a selfish interest are beginning to ask why only three of the Big Four among the country's domestic air-line operators have been singled out for spectacular allegations and implications as well as grueling cross-examination in Senator Black's committee. It is especially pertinent because the line which, thus far, has enjoyed virtual immunity from Mr. Black, has long been known as the least defensible (on the basis of payment received from the Post Office Department and volume of mail carried) of the large systems comprising America's recently curtailed air-mail map.

STATISTICS INDICATE EFFICIENCY

In the eyes of these observers it is a singular, if not a sinister, coincidence that United Air Lines and Transcontinental & Western Air, Inc.—the two groups that have borne the brunt of Senator Black's attention—consistently have been doing the best job for the Government, if service rendered for payments received is any criterion. These companies contend, with the Post Office Department's own statistics to prove their point, that postage returns from their mail cargoes in recent months have equaled and, on certain heavy-traffic runs, far exceeded the subsidy paid to them for carrying the mail. As the entire Post Office Department operates at a tremendous yearly deficit, this is a showing for which these two air lines insist they might seem to merit a little praise rather than such wholesale damning.

"But", says some one, "what the President apparently has in mind is to wipe out existing contracts and start all over again, forcing certain of the big systems perhaps to purge themselves in the public mind by a complete reorganization, but giving them an equal chance with everybody else. Could anything be fairer than that?"

HUGE INVESTMENTS AT STAKE

Anyone who stops for a moment to consider the facts quickly will discern the speciousness of such reasoning, despite its plausibility. For this logic fails to take into account the hundreds of thousands of dollars that lines like United and T.W.A. have invested in radio ground stations, weather-reporting facilities, airport development, hangars, machine shops, etc.—all on the reasonable assumption that if they did their mail-carrying job well they would continue to have the Post Office Department as a guaranteed customer over a period of years.

Also it ignores the fact that United, a year ago, and T.W.A., within the last few weeks, each committed itself to a three to four million dollar new equipment program so that mail and passengers might cross the continent in 16 to 20 hours rather than 24 to 28. Their competitors, on the other hand—if the start-all-over-again program goes through—because of inferior planes, fewer safeguards, and a smaller pilots' pay roll (due both to lower salaries and the fact that these rival operators send out a single pilot in charge of a trimotor airplane, whereas United and T.W.A. require both pilot and copilot on such craft)—have everything to gain and practically nothing to lose. It is asserted that most of the weak-sister lines over which mail was flown in the past were bound for the scrap heap anyway, through lack of economic justification, and their operators doubtless were itching for a chance at the cream routes on which they long had had covetous eyes.

FELT FEAR OVER PROGRESS

That, for their type of operation, they could underbid the present operators of these runs, with their many safeguards and ultra-modern planes, seems fairly certain. Basically, the only question at stake is whether America is going forward or backward in commercial aviation; it is an issue on which the public should be neither confused nor misled, and the decision is one that must be made by the present administration. This is not to say that any operator or group of operators is indispensable, but that there is a definite choice between types of operation to be sponsored by the Government through the letting of air-mail contracts. Not so much, perhaps, because of the issues touched upon thus far by the Black committee as because of those left untouched, some observers in the aviation industry are attaching new and possibly

unwarranted significance to a series of incidents having to do with the air-mindedness of the current regime at Washington. They stress the fact that the same air line placed a big Wasp-motored Ford at the disposal of Mr. Roosevelt for his dramatic trip to Chicago after his nomination, carried Postmaster General Farley and his friends on their famous political junket to Texas and (so far, at least) has gone unscathed in having the activities of its officials aired before the Senate air-mail investigating committee. Also, that a former official of this line resigned a much more lucrative position to become one of Mr. Farley's assistant postmasters general soon after the new deal hit Washington.

That lack of excellent headline material concerning this particular system is in the hands of Senator Black seems scarcely conceivable. The Post Office Department's own records disclose that it received three times as much air-mail route mileage as any other operator under the extensions that have so aroused the investigator from Alabama as evidence of graft and collusion under former Postmaster General Walter F. Brown. They further show that the Government has been paying to this system more than twice as much a pound of mail carried as it paid to a certain other system that was thoroughly pilloried by Mr. BLACK for the profits it has been taking out of the postal budget.

One glance at the air-mail map of a week ago, however, will show that many of this company's routes, maintained at a tremendous loss to the Post Office Department, served the Democratic South and Southwest. Which may or may not account for the fact that nothing was done about discontinuing them as non-essential to the country's industry and commerce in accordance with recommendations made more than a year ago and later embodied in the so-called "Mead committee report" to the House of Representatives.

[From the New York American, Sunday, Feb. 25, 1934]

LET US HASTEN TO RECTIFY AN INEXCUSABLE MISTAKE

The unfortunate mistake of the administration in its summary disruption of the American aviation industry becomes more distressing with each day that passes.

Attempts by various spokesmen to justify the Government's action have, without exception, proved to be unconvincing pleas in exculpation—not justification in any sense of the word. They merely reveal the extent of the complications in which the Government is involved because of its hasty and ill-considered action, and confirm the adverse judgment on the incident which is well-nigh universal.

The new deal has been welcomed in most of its processes and provisions, but there are some innovations which the American people will never adopt.

And one is the condemnation of a man—any man—without trial or even formal accusation.

This is precisely what the Government is guilty of in its headlong cancellation of the air-mail contracts.

There may have been collusion in the making of them, but it has not been shown.

They may be permeated with fraud, but it has not been proved. And yet nevertheless and despite this trampling under of common right, judgment has been entered. Sentence has been pronounced.

The supposedly guilty and the admittedly innocent have alike been struck down by a high-handed Government which refuses to permit its conduct to be reviewed by its own courts, and is indifferent to the charge of injustice proceeding from its own citizens.

It is a distressing spectacle indeed. It fills every right-minded American with sorrow. It inspires everyone obliged to transact business with the Government with a feeling of dread and insecurity.

Not only on these major grounds of basic principle is the Government's action incomprehensible, but also in the light of its practical results.

The administration has leaped to the destruction of a great American industry as if nothing short of destruction would satisfy it, an industry which the country was justly proud. Commercial aviation in the United States led the world, and was an object of envy as well as admiration throughout the world.

The administration, by its ruthless action, threw out of legitimate employment thousands of good, self-respecting, and self-supporting citizens.

It became a party to the sacrifice of devoted Army flyers, without the experience or special training requisite for the hazardous service they were suddenly ordered to undertake, and who have already paid with their lives for their Government's folly.

This folly takes on a darker hue when it is borne in mind that the Army planes are admittedly without the necessary equipment which experience has shown to be indispensable in overcoming the risks of the Air Mail Service.

The probability of these tragic results was clearly foreseen by Eddie Rickenbacker, the great flying ace, who has done so much for the prestige and marvelous development of commercial aviation in the United States.

Voicing a sincere tribute to the Army flyers—their instant courage and high sense of duty—Mr. Rickenbacker did not hesitate to denounce as unreasonable the risks which the Army aviators were asked to face and assume. Trained for an entirely different type of flying, they were compelled to take over an unfamiliar service, for which the Army airplanes are wholly unsuited in design and deficient in necessary equipment.

"While I have every respect", said Rickenbacker, "for the ability of these men to fly, still they haven't the experience or equipment necessary to fly the mails. Most of them are just kids fresh out of Kelly Field, with perhaps 400 hours of experience."

"I fear for the future."

The fatalities which promptly accompanied the Army's switch into the mail service he branded as "legalized murder."

And such it is.

Let us hope that the Government will soon reverse its hasty action and rectify its incomprehensible error.

[Editorial from the Baton Rouge (La.) State Times, Friday, Feb. 16, 1934]

THE AIR-MAIL INQUIRY

Postmaster General Farley's announcement that the Government is willing for a full and complete open investigation of the action of his Department in summarily canceling the air-mail contracts and wrecking the air service of the country is timely.

We believe the Postmaster General could in fairness hardly do less.

Whether the Government was justified or not in its effort to wreck the air-mail companies of the Nation would, at this distance, seem to depend upon the sufficiency of the evidence which the Government can produce to show fraud.

The public knows nothing of the facts. These air companies were lined up against the wall by a one-sided court-martial proceedings, and the execution followed.

On the one side the present Postmaster General, Mr. Farley, says there was fraud, and the Government can prove it. On the other, former Postmaster General Brown says there was no fraud; that the Government merely followed a policy openly established by Congress to promote the interest of commercial aviation and to strengthen the air reserve forces of the Nation.

No one wants to see fraud perpetrated upon the Government. A high standard of honesty is demanded. But we believe there is a growing feeling, at least among a few people, that it is not quite fair to destroy millions in property values, wrecking business reputations, and then when an impartial inquiry is asked, even by such a man as Colonel Lindbergh, to demand the request as a publicity stunt and plainly intimate that anyone who questions the action of the Government is guilty of treason.

The Government cannot accuse the air transit companies of grave and reprehensible crimes and at the same time deny them a fair trial before the public tribunal.

To demand such a hearing by those who have been gravely injured is not a publicity stunt. It is justice and fair play. Let's have it.

[From the New York Sun, Mar. 5, 1934]

POLITICS SEEN IN AIR-MAIL ACTION

Cancellation of the air transport lines' mail contracts is but a wholesale plan for "redistribution of contract favors under the 'right' party", Frank A. Tichenor says in the issue of Aero Digest, out today.

The aviation authority is scathing in his denunciation of the administration's action in abrogating the air-mail contracts without trial. He also points out in his article that he forecast about a year ago the possibility of the air mail being passed back to Army flyers.

Launching into an attack on the cancellation action, which it is held is wrecking the commercial aviation structure at the rate of a million dollars a month, he calls the devastating action a play for patronage, making a political football of the air mail.

He states that the cancellation, "we are told, was necessitated purely and simply by the manner and method of making the Government contracts", and then challenges "the motives, reasons, and capabilities of those now responsible for the Nation's present aviation policy."

"The new deal", he writes, "has swept into the discard those Government officials who were representatives of the people in the making of the contracts."

"If Government employees and advisers were participants in what is now objected to, it would seem altogether fitting and proper to inquire into the motives, reasons, and capabilities of those now responsible for the Nation's present aviation policy."

"It is not surprising that the most astute political observers at Washington are frankly speculating today on whether the administration's handling of the air-mail situation may not prove the undoing of the new deal and the cause of the first active and outspoken opposition of the entire administration. It is not surprising that this should be so. We may pass over the high-handed manner in which all contracts were summarily canceled without right or benefit of hearing by the accused; we will pass over here the hasty turning over of the task of air-mail carrying to the Army, which was improperly equipped to do the job, with such regrettable results as to cause an immediate emotional reaction by the American people and we will for the moment ignore the discourteous way in which the communication of protest of the industry's most popular and outstanding spokesman (Col. Charles A. Lindbergh) was treated at the White House in order to inquire who were the President's advisers in this treacherous act."

"The Chief Executive has frequently been hailed here and elsewhere as a figure sympathetic and understanding to aviation; it therefore becomes the more surprising that he should have received and accepted advice on such a technically delicate problem

as concerns our industry from politically (but nontechnically) minded persons.

"An unexplored and incompletely defended charge that air-mail contracts were drawn and let illegally without a hearing of all the operators involved was approved as justification for summarily canceling all contracts. The first legal protest in the courts against such action drove the administration's case all the way back to that extremely weak last line of defense that no redress could be sought until such time or times as the Government gave its consent to be sued. Certainly the legal advice, wherever it came from, for the opening move, was not of the best.

"Such being the case, it might be advisable to inquire into the motives and reasons and even the ability of the men around the President who sought and did advise him upon what now seems one of the most disastrous and ill-advised moves in the year-old administration.

"Certainly, first and foremost among these titans of aeronautical thought stands James A. Farley. Late last summer, after what was a display of commendable patience on the part of the aeronautical industry, inquiry was made of Mr. Farley as to what was to be his long-promised policy concerning aeronautics. In due course Mr. Farley replied, 'The future of American aviation has been taken under advisement.'

"Mr. Farley, however, was too busy at the time in efforts to prevent the world's largest city from escaping from Tammany to pay much attention to his duties in the Post Office Department. Passing on from his defeat in New York City Mr. Farley traveled hither and yon on politics bent, and, obviously, in the course of his travels saw the political football possibilities inherent in tearing down the air-mail-carrying structure of the Nation. Not reform, not gradual change, not the legal elimination of the guilty was the plan which he evolved, but a wholesale redistribution of contract favors under the direction of the right party was the objective sought. Excepting his wisdom on the subject of politics, Mr. Farley has little to contribute in the way of advice on what the aeronautics policy should be.

"While it is true that Mr. Farley was out of Washington much of the time, and therefore not available to give his valuable advice to the President, there was available Mr. Gene Vidal. It certainly is regrettable that this source of technical and specialized knowledge, if it were called upon, was most recently gained in airline operation which had never carried air mail.

"In the meantime the administration's principal activity in laying the foundation of a new aviation policy was in charge of that sterling authority on aviation, HUGO LAFAYETTE BLACK, the senior Senator from Alabama. Senator BLACK is a lawyer by profession, a Senator by political ambition, and presumably myopic and dyspeptic toward aviation as a result of being in the Field Artillery during the World War."

Not even the highest officers in the War Department are missed by the broadside of the aviation authority who says that "once the aviation football had gotten to rolling in the wrong direction under the advice and direction of these 'new dealers'", no protest was to be heard from Maj. Gen. Douglas MacArthur concerning the ability of the Air Corps to take over the Nation's air-mail load practically over night.

"What of the lives lost purely through ill-advised haste to change for the sake of change? What of the attempt of an administration presumably interested in the economic welfare of the Nation, to discredit and wreck an entire industry for acts charged but not fully proven and for which Government employees were cooperatively responsible? And what, incidentally, of the damage done to the name and prowess of the United States Army in the eyes of its civilian supporters who see but one side of the picture and that side chalked with what they believe to be an Army failure?

"We have thrown out of the temple of Government political officeholders incapable of making, on behalf of the people, contracts considered fair and just in the eyes of another administration and installed in their places so-called 'constructive' experts who turn out to be politically minded house wreckers."

[Editorial from the Kansas City Journal Post, Friday, Mar. 9, 1934]
THESE FLYERS

It is now apparent that the administration is willing to have the carrying of air mail reopened to bids submitted by privately operated companies. In view of the unfortunate accidents, irrespective of heavy flying conditions, the wave of sentiment against using Army equipment and planes to do the job is rather a natural one.

If the air mail is to be more closely supervised under an act of Congress, as is now indicated, at least fairness would seem to dictate permission for all previous carriers to bid, in spite of the bar set up that no contractor on whom the Government ever canceled could bid again for 5 years.

Because of the pressure under which the cancellations were made, it is possible that there are inequalities and injustices in strict interpretation of that penalty. Any company could be barred for cause, and no one could object as long as the evidence was conclusive against it.

Incidentally, it is not clear that trained Army fliers take to flying the mail. That is a humdrum job compared to the development of tactics and military flying with intensive training for combat work. Regardless of whether or not Army planes are now equipped for such flying, equally to the newer type of ship used for mail, the crack Army fliers do not like to be used for this

peace-time work any more than a troop of cavalry would want to be turned into dray teams or plow horses. Perhaps the analogy is a little far-fetched, but the principle remains the same.

The flying of commercial mail should be restored to the men who were trained and are being refined to do that job—forming an important nucleus for additional combat fliers or observers should the need for them arise.

It is well that the question of restoration of the previous system is being hurried in Congress. For the country is beginning to listen to the talk heard all about that in canceling those air-mail contracts the administration was both hasty and too inclusive in its penalties. In fact, it was the administration's first major political blunder.

[Article in the Kansas City Star, Sunday, Mar. 4, 1934]

EYE ON T. & W. A. ROUTE—RUMORS SAY CORD WILL BID FOR THIS MAIL PATH—AMERICAN AIRWAYS HEAD IS DESCRIBED AS PLEASED AT CONTRACT CANCELATIONS, SEEING OPPORTUNITY

A rumor is spreading rapidly that a man identified prominently with air mail when it was operated by civilian lines now welcomes the existing situation in air-mail contracts as a future means to an end.

The individual is Errett Lobban Cord, once of Warrensburg, Mo., now head of American Airways, Inc., and its holding company, the Aviation Corporation of Delaware. The means to an end is an opportunity to bid for the central-transcontinental air-mail route through Kansas City, which, until the cancellation of all domestic air-mail contracts, was operated by Transcontinental & Western Air, Inc.

A GOAL LONG SOUGHT

The one-time citizen of Warrensburg is said to have his eye on the route through this community to give him something he has wanted since the day he first saw a mail pouch go aboard an airplane. That is a direct coast-to-coast air-mail route of good potential loads and one which does not fly all around Robin Hood's barn in getting from the Atlantic to the Pacific and back again.

The Cord lines, all now designated as American Airways, operate between Los Angeles and Atlanta, Ga., Chicago and New York, and many other routes. Under the extension method of creating air-mail routes—a method now coming in for so much comment by the Senate air-mail investigating committee and others—the American Airways system profited to a greater extent than any other system, but it has no direct route between the coasts at this time and it frequently is jokingly remarked that the line operates between the Atlantic and the Pacific "by way of Canada and the Gulf of Mexico."

Thus it is believed by many that Cord sees in the present situation an opportunity later to bid in more profitable routes, the central transcontinental in particular. It also is pointed out that Cord has remained passive, openly at least, even though his mail contracts have been canceled along with those of other domestic air systems.

AN UNUSUAL POSE

The idea of this passiveness, particularly in the face of the cancellations, is so wholly foreign to the usual Cord methods that many are sure there is something behind his unusually quiet demeanor. The air magnate—and that is what his position amounts to today—is a highly aggressive citizen who never stands for his toes being tread upon and never has cared who knows it.

[Editorial from the New York American, Saturday, Mar. 3, 1934]

DELEGATED TO DIE

"A government is the murderer of its citizens which sends them to the field uninformed and untaught, where they are to meet men of the same age and strength mechanized by education and discipline for battle." (Richard Henry Lee.)

The stern warning of this American statesman, who was a Member of the First Continental Congress in Philadelphia and one of the first United States Senators from Virginia, was recklessly flouted when the Government at Washington sent six young heroes of the Army Air Corps to an utterly unnecessary death in a single week.

These young officers were ordered to fly the mails before they could inform themselves regarding the routes to which they were assigned, before they could teach themselves the art of what was for them a new and unexpected mission, before their Government could or would supply them with planes equipped to give them every soldier's due, a sporting chance in battle.

The sacrifice of those six American heroes cannot be defended upon the ground of public necessity, because no such necessity existed.

There was one Democrat in Congress who, with voice and vote, expressed the real sentiments of the American people regarding the reckless sacrifice of their defenders with the colors, while, according to the newspapers, "roars of laughter swept the big majority caucus room of the Senate Office Building", where Senator BLACK, of Alabama, and Senator McCARRAN, of Nevada, dominated the scene.

This Representative in Congress, Mrs. ISABELLA GREENWAY, of Arizona, the widow of a veteran of the Spanish-American War and of the Great War, an air-line operator herself, was the only House Democrat with the courage to vote against the fatuous bill to authorize the Army to keep on murdering its pilots by condemning them to fly the mails in planes unequipped for that errand.

Her vote Mrs. GREENWAY defended in words that should bring the blush of shame to the pusillanimous politicians who voted the other way:

"I voted against the passage of this bill, because I think the last week has proved, without reflecting upon either the pilots or the Army, that the Army planes as such are not equipped to carry mail at this time; and I think that it might be better to suspend the air mail until the equipment is adequate rather than run a hazardous service."

[Editorial from the Bristol (R.I.) Phoenix, Friday, Feb. 16, 1934]
 DESERVE A FAIR TRIAL

The abrupt cancellation of practically all of the air-mail contracts by the Government without giving the transportation companies a chance to be heard in their own defense before a court of law brings to mind the wide-spread controversy of some few months ago over the lynching of two kidnapers in the State of California.

It will be recalled that Governor Rolph condoned the actions of the mob in breaking into the prison, seizing the two men, and hanging them on a limb of a nearby tree. He contended that it was justified because of the severity of the crime committed. It will also be recalled that President Roosevelt vigorously criticized this attitude on the part of any public official charged with the enforcement of the law. His statement at that time affirmed his belief that it is for the courts of the land to decide upon evidence of guilt and to determine the punishment that should be meted out to guilty parties.

In the case of the air-mail contracts, we hold no brief for the air transportation companies as far as collusion or fraud is concerned because only one side has been heard. If they are guilty of fraudulent acts, then they deserve to be punished, but, like anyone else accused of wrongdoing, they should be given the opportunity to testify in their own defense. They should not be hung from the limb of a tree.

According to the terms of the air-mail contracts, it is agreed that the Government has the right of cancellation upon proof of fraud. It should have this right of cancellation under such conditions. It would seem, however, that in all fairness there should be some third neutral party, such as the courts, to pass upon the evidence submitted to prove the fraud.

We have little patience, too, with those who would criticize Will Rogers or Lindbergh for publicly expressing their views in opposition to the Postmaster General's action. We believe the latter has stood as grueling a test of character as any young man in this country and has come out of it unspolled by the adulation and tempting offers which have poured in upon him since his memorable flight. His life from then on has shown him to be no flash in the pan but an expert in aviation and one worth listening to when he speaks—which is seldom. We do not think he would rush into print unless he felt he was certain he was right. We would rather take our chances with him than with some of those few who would now try to lower him in the estimation of his countrymen. There is as little need to defend Lindbergh as there is to point out the sound wisdom and logic contained in the humorous and pointed remarks made by Will Rogers in his writings and radiobroadcasts.

The danger lies not only in this instance but it is an indication that with the Federal Government's becoming apparently more and more powerful every day, the people of the Nation will resign themselves to the belief that the Government can do anything it sees fit.

[From Letters from Readers, New York Herald Tribune,
 Thursday, Feb. 15, 1934]

COMMENT ON THE AIR-MAIL EDICT

To the NEW YORK HERALD TRIBUNE:

Bully for your editorial Politics and the Air. For sometime past I have wondered if I should just shut my eyes as millions of others are doing and say all is well with the present administration. But since this air-mail episode I feel more disposed than ever to criticize.

It does seem to me, though, that there should be some way of punishing the ones who were dishonest and reopen the bids and let the contract out to companies at a fair profit. It seems wicked to do anything to curtail such a growing industry as commercial aviation. But, of course, we must not thwart the administration in their dramatics. It may make better citizens of this fine class of people interested in aviation to throw them out of employment and reemploy them in the C.C.C. or C.W.A.

ARLINGTON, N.J., February 12, 1934.

Mrs. A.E.S.

To the NEW YORK HERALD TRIBUNE:

I am grieved to learn that Mr. Early, of the White House staff, implies that Colonel Lindbergh was motivated by a desire for publicity when he gave out to the press the text of the message to the President in connection with the air-mail contracts without giving the White House an opportunity to read it first.

Whether Mr. Early likes it or not, the fact is that Colonel Lindbergh is esteemed by millions of Americans for the simple reason that he has persisted in avoiding publicity of any kind. I am perfectly willing to let the American people be the jury on my contention. Their verdict is far more important than the stereotyped remarks of the meticulous Mr. Early.

This particular message was addressed to the President as the executive head of our Government. As such I believe that it belongs to the public. If Colonel Lindbergh had suppressed the press report to permit the White House to give it out first, and if the White House had seen proper not to release it, then it would have been embarrassing for Colonel Lindbergh to publish it. Because of its official nature, the message was handled properly.

C. ROMERO, JR.

JACKSON HEIGHTS, N.Y., February 12, 1934.

To the NEW YORK HERALD TRIBUNE:

It is pointed out that the Postmaster General annulled these contracts. There is just as much chance that Farley would dare to cancel the air-mail contracts without the President's approval as there is that Secretary Early released his statement to the press without the same approval. The statement was childish. Colonel Lindbergh's prestige has increased because of the manner in which he has conducted himself.

B. F. MORRIS.

NEW YORK, February 13, 1934.

[From Letters from Readers, New York Herald Tribune, Tuesday,
 Feb. 13, 1934]

PROTESTS ON THE AIR-MAIL OVERTURN

To the NEW YORK HERALD TRIBUNE:

It was thrilling to read the protests made by Colonel Lindbergh and Capt. Frank Hawkes against the ruthless action taken against the air-mail carriers. It has always been a principle of American jurisprudence that a person or group of persons are guiltless until the charges are proved beyond question. Is this great principle only a scrap of paper to the President? There is no finer organization in the world in equipment and personnel than the United States air-service transport companies. The individual skill and devotion to duty of each employee is of the highest order. In the event of an armed conflict, these transport companies stand ready to take the shock of the first offense or defense—at least that is what the public has felt about them and would expect. Will the patriotism of the organization be increased by this ruthless handling? Let the Nation voice its protest in no uncertain terms.

FRED L. ROTH.

WHITE PLAINS, N.Y., February 12, 1934.

To the NEW YORK HERALD TRIBUNE:

If the sweeping Executive order re Air Mail Service had applied the stiff, new broom to the backs of the Government and air-mail officials who signed the air-mail contracts, those men could have received appropriate treatment.

As a frequent air traveler, I know well the care that is bestowed upon the United States mail at the airports, the ability and good judgment of the well-trained company pilots, as well as the stability of the planes.

It is the few men whose names are written on the papers involved who should be made to suffer, if they have done wrong, in such cases, not the vast number of stockholders, travelers, and employees who are in no way to blame.

S. WHITE.

NEW YORK, February 10, 1934.

To the NEW YORK HERALD TRIBUNE:

Colonel Lindbergh's letter to President Roosevelt in protest on mail-contract cancellation is timely, merited, and highly commendable. No greater authority on aviation could be heard. It should arouse the public to the existing grave conditions facing the Nation and to force action to combat further infractions upon our citizenship and individual rights.

WALTER S. LAMBERT.

LORDVILLE, N.Y., February 12, 1934.

To the NEW YORK HERALD TRIBUNE:

The aviation industry has been blacklisted by the Government. If the Government wanted to proceed against individuals, all very well and good, but to condemn an entire industry is a horse of another color.

Commercial air lines in this country carrying mail, express, and passengers, day and night, summer and winter, through sleet and fog, are the safest, fastest, and most reliable in all the world. This achievement would not have been possible without Federal aid.

With Army planes flying the mail, strong pressure will be exerted to make it a permanent service of the military branch of the Government.

I have every confidence in our President, but in this instance I feel that he has been ill advised.

G. H. LAMPMAN.

ST. JOHNSVILLE, N.Y., February 11, 1934.

To the NEW YORK HERALD TRIBUNE:

Although one of the staunchest Republicans for years back, I have been backing Mr. Roosevelt's moves for the last year like all good Americans. But I have at last rebelled.

When Mr. Roosevelt canceled all existing air-mail contracts, was he by any chance thinking of the average man who has invested all his spare change in an industry which he thought would be one of the greatest in time to come? Must the stock-

holders suffer because there may have been some crookedness which happened years ago? The least the President could have done in this case was to give the aviation companies a hearing, I should think.

NEW YORK, February 10, 1934.

To the NEW YORK HERALD TRIBUNE:

From now on let our motto be "Billions of dollars for doles but not one cent for subsidizing new industries." Let us stand for this principle even though other nations, such as Great Britain, have discovered that a growing industry which may prove invaluable in event of national emergency needs assistance.

D. L. STRICKLAND.

SEARSDALE, N.Y., February 10, 1934.

To the NEW YORK HERALD TRIBUNE:

The cancellation of the air-mail contracts is a deplorable example of arbitrary and despotic rule. Because there is a widespread (and probably well founded) belief that there have been many abuses connected with the method of subsidizing air transport, and because the victims of the order of cancellation are a few rich corporations, there is little likelihood that the order will evoke the popular resentment and protest which such a menace to sound constitutional government should evoke.

I hold no brief for the air-line companies. Neither I nor any member of my family owns, or has ever owned a single share of stock in any company engaged in air transportation. My only interest in the matter is that of a private citizen with a profound conviction that every arbitrary act by Government officials, every invasion of private right, and every attempt to destroy the great constitutional safeguards of private right, must be resisted if we are to remain a free people under constitutional government.

Section 3950 of the United States Statutes provides that any contract for carrying the mails may be annulled if the contractor has been guilty of entering or proposing to enter into any combination or agreement "to prevent the making of any bid for carrying the mails", or has "given or performed or promised to give or perform any consideration whatever to induce any other person not to bid for any such contract." There can be no sound objection to the safeguards of the public interest embraced in this statute or in other statutes or regulations which penalize unlawful and unfair practices which are manifestly against the public interest.

Obviously, however, penalty should be imposed only upon proof of guilt, not upon the mere allegation of guilt. Upon accusation being made the accused should have an opportunity to be heard, either before an authorized departmental tribunal, or a court of proper jurisdiction, to be confronted with the evidence offered in support of the accusation, and to make denial sustained by whatever evidence in disproof of the charge the accused has to offer. Obviously, too, accusation made against any individual or group of individuals, however amply sustained by evidence warranting the imposition of penalty, cannot justify the imposition of like penalty upon other individuals against whom no evidence of wrongdoing has been offered, or even accusation of wrongdoing made. Punishment en masse, without discrimination between the guilty and those not charged with guilt, violates every sound principle of law and morals. That is precisely what has happened in this instance.

There was no emergency of such a character as to preclude the necessary hearing and examination of the accused and their witnesses, to determine the accusations were true or false. If it is urged in defense that the President may be in possession of evidence not yet brought out, the adequate reply is that the imposition of penalty should have awaited the proof of wrongdoing.

JOHN SPARGO.

OLD BENNINGTON, VT., February 11, 1934.

To the NEW YORK HERALD TRIBUNE:

Putting the War Department into the Air Mail Service is conceivably a greater menace than the existence of fraud and graft. If cancellation of contracts means that the private companies will be kept out of the running 5 years, the Army will have time to intrench itself, and a tardy public opinion will wake up to the danger of militarizing air communications.

The Government's monopoly of mail, is on scrutiny, serious enough. And if civil administration can be perilous to freedom (witness the Burleson regime), complacency is impossible in the face of military encroachment. General MacArthur's breezy eagerness for the job does not warrant a cheery good riddance to the problem of finding a substitute plan of operation. Air mail, past the luxury stage, is bound to assume the importance of an agency of political development. In a democracy the tendency is supposed to be away from authority, not toward military regimentation.

The middle course between private profit and Army control lies in public management on a noncommercial, self-sustaining basis. If passenger traffic is needed to avoid a deficit, well and good; even without it the elimination of profit will narrow the margin between costs and rates. If Army planes are used (no passengers) and costs are not defrayed by postage, it is likely that an attempt will be made to mislead the people by hiding the loss under War Department appropriations and making nonusers of the service pay for it in taxes. Air mail must pay its own way. Experience will indicate whether rates ought to go up or down, with just wages provided for mail pilots.

A. REBEL.

The air mail must not be a tool of the Army for increasing its budget or power. Look out or the mail box will one day become a sentry box.

ALFRED LIEF.

NEW YORK, February 11, 1934.

To the NEW YORK HERALD TRIBUNE:

Has the United States Government come to that point of degeneration where it considers a contract as merely a scrap of paper? The wholesale annulling of air-line contracts has obviously condemned the innocent along with the guilty. The contracts of honest air lines would still be deemed as valid by an honest government.

GEORGE B. DYER.

GREENFIELD, MASS., February 12, 1934.

To the NEW YORK HERALD TRIBUNE:

Why quibble? Does the President oppose the order of the Postmaster General in which he canceled the air-mail contracts? Does the President fear publicity?

LOUIS C. FULLER.

SEARSDALE, N.Y., February 12, 1934.

ADMINISTRATION'S SUGAR POLICY—STATEMENT BY SECRETARY WALLACE

Mr. COSTIGAN. Mr. President, in an exceptionally clear and explicit announcement of March 16, 1934, Hon. Henry A. Wallace, Secretary of Agriculture, has officially analyzed the administration's sugar policy, as embodied in the sugar bill introduced in the Senate on February 12 and now pending before the Committee on Finance.

All friends of the sugar industry will wish to read this review by Secretary Wallace. He points out that there has been a vast amount of misunderstanding concerning the purposes of the program; that the plan is one to aid the domestic industry in part by guaranteeing basic incomes to domestic sugar growers to the extent of about \$6.50 per ton for more than 9,000,000 tons of beets; and that the prospect for the industry will be distinctly unfavorable if Congress should adjourn without legislation. He estimates that if no legislation is enacted, a disorganized sugar market will probably yield domestic sugar growers a total gross income of not exceeding \$34,000,000, whereas under the present program, if adopted, the gross total income of sugar growers in the continental United States during the coming marketing year should be about \$63,000,000.

I ask that Secretary Wallace's discussion of this important branch of farm-relief legislation be placed in the RECORD following my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY HON. HENRY A. WALLACE, SECRETARY OF AGRICULTURE, ON THE ADMINISTRATION'S SUGAR PROGRAM

Stabilization of the sugar industry to prevent a threatened collapse of prices from bringing distress to some 80,000 farmers engaged in domestic sugar production is one of the principal objectives of the administration's sugar program now pending before Congress.

Operating behind high-tariff protection, the sugar producers of continental United States have not received the intended benefits of such protection because production in the island Territories, particularly in the Philippines and also in Hawaii and Puerto Rico, has rapidly expanded to displace Cuban shipments into the United States markets. Under the impulse of a tariff, which the insular shipments do not have to pay, this insular expansion has been rapid during the past decade.

The administration recognizes that domestic beet and cane producers will suffer the disastrous effects of further price declines unless the impact of insular overproduction on the domestic market is modified through a definite restriction of shipments. Therefore an approach to a more stable sugar situation is sought through the establishment of definite quotas of continental, insular, and foreign marketings.

The program, as outlined in the President's message and implemented by pending legislation, recognizes a duty to stabilize the price and production of sugar for the benefit of the continental producers and the industry of the insular possessions. It also takes into account the obligations of the United States toward Cuba as implied by the Monroe Doctrine and specified in the Platt amendment.

Protests that the program tends to eliminate or destroy the beet-growing industry are entirely without foundation of fact. There is no intention to eliminate the industry. On the contrary, the plan is to guarantee the income of domestic producers. The program gives beet-sugar producers an opportunity to obtain what no other American farmer has yet been offered—an assurance of fair exchange or parity value for their crops.

It is true that a reduction is contemplated below the abnormal 1933 production. But that crop was so large that it now appears

certain that the processed sugar from this crop cannot all be sold during a single marketing year, except at extremely low prices. The quota of 1,450,000 tons of sugar, as suggested in the President's message, is greater than any single year's sales of continentally produced beet sugar on the American market.

The advantage that domestic producers have enjoyed under tariff protection is being threatened by two principal factors. The first of these is the increasing amount of sugar coming on the market from the insular areas which share in the domestic tariff advantages. Production in the Philippines, Hawaii, and Puerto Rico has expanded so much that a tremendous surplus is rapidly accumulating. The prospect of a decline in the price of sugar definitely threatens lower returns to beet and cane producers, because the prices they receive under the factory-contract system are based upon net returns to the processors from the sale of the sugar.

In the absence of any stabilizing program, the administration estimates that the returns for sugar beets may fall to as low as \$4 per ton and the gross income of beet producers decline to \$34,000,000. Therefore the administration proposed the present program.

Under this program stability in the market should result and the continental beet producers would be guaranteed, in effect, a market for approximately nine and seven-tenths million tons of beets, at a price of \$6.50 per ton, the parity price for sugar beets as of March 1. This would mean that the income to beet producers in the United States for the coming marketing year would be approximately \$63,000,000, or possibly double that income which would result if no steps are taken to stabilize the industry. This income to beet producers, based on the farm value of the crop, would be the highest received since 1920, with the single exception of 1930, when a record production of 9,199,000 tons of beets brought a price of \$7.14 per ton. (Abnormal years of post-war inflation (1919-20) not considered.)

The second factor which the Agricultural Adjustment Administration has taken into consideration is the report of the United States Tariff Commission. After a 2-year investigation begun under the Hoover administration, the Commission has recommended a reduction in the tariff on raw sugar.

It is understood that the Tariff Commission, acting under the flexible tariff provision of the Smoot-Hawley Act of 1930, has unanimously recommended to the President a reduction from 2 cents to 1½ cents per pound on Cuban 96° raw sugar.

If such a reduction in tariff should not be accompanied by action such as that now proposed under the Adjustment Act, domestic sugar producers would experience a marked curtailment in their market and in their incomes, the administration believes.

The unprecedented expansion of insular production is attributed to Executive inaction upon recommendations of the Tariff Commission in 1924. The Commission then recommended that a reduction be made on the tariff from the duty of 1.76 cents per pound provided in the Fordney-McCumber Act to 1.23 cents per pound. These recommendations were not followed, and under stimulus of the 1.76-cent tariff, expansion of insular production was begun. This insular expansion was further stimulated when in 1930 the tariff was further increased to 2 cents per pound.

The Philippine Islands increased the quantity of sugar shipped duty free to the United States from 318,000 tons in 1924 to 1,141,000 tons in 1933. The Hawaiian Islands responded to the higher tariff protection by increasing shipments to the continent from 608,000 tons in 1924 to 989,500 tons in 1933. Shipments from Puerto Rico practically doubled in the same period. But while the island Territories increased production under tariff protection, the expansion of beet- and cane-sugar production in the continental United States was relatively small during that period. Beet acreage did not expand materially during the period since 1924 until the 1933 crop, although sugar production was increased in some years due to favorable yields.

Continental producers were unable to compete effectively with the insular areas. Receiving the same tariff protection as do the continental producers, these areas enjoy lower production costs. Returns to American beet growers declined from \$8.99 per ton of beets in 1923 to \$5.26 per ton last year.

The purposes of the Fordney-McCumber Act, and subsequently the Smoot-Hawley tariff, to maintain and increase the domestic market for domestic producers were not accomplished. Instead of bringing the advantage to domestic producers, the tariff merely shifted the American market from Cuba to the insular possessions, with resulting economic distress to the sugar industry generally and loss of markets for Cuban production, which finally came to a climax with revolution in Cuba.

In 1924 the quantity of sugar produced in Cuba and used in supplying domestic consumption in the United States was 3,384,500 short tons. This began shrinking under the handicap of the American tariff until in 1933 all that Cuba was left of the American market was 1,601,000 tons. This decline in Cuban shipments was absorbed not by domestic American producers, who increased their contribution to the domestic market only a little more than one-half million tons, but by the insular producers in the Philippines, Hawaii, and Puerto Rico, where low-production costs and natural climatic advantages contributed to rapid expansion.

If the recommendation of the Tariff Commission in 1924 had been followed, much of the existing chaos in the sugar industry might have been prevented. The rapid accumulation of surplus production both of insular producers and continental beets probably would have been checked.

During the period of decline in Cuban sugar shipments to the continental United States, the purchasing power of the Cuban people was sharply reduced. This loss of Cuban buying power

proceeded to a point that the island no longer provided the once substantial market it had afforded American products. Cuba formerly had been an important customer for many American farm commodities including butter, cheese, milk, pork, lard, corn, oats, wheat flour, and vegetable oils. Translated into land equivalent, the area required to produce the purchases by Cuba in 1928 was 1,738,300 acres. In that year Cuba shipped 3,125,000 short tons of raw cane sugar or its equivalent to the United States market. The purchases by Cuba of American farm products have declined as the market for the Cuban sugar has been absorbed by insular possessions, and as the growth of surplus sugar stocks has driven down world prices of sugar to near the zero point.

In 1932 the acreage required to supply Cuba with the purchases of American farm products had declined to 921,033 acres. This meant that American farmers had lost an export outlet for farm products from 817,267 acres of land, or an area larger than the entire domestic harvested acreage of beets in 1932. In 1932 Cuban shipments to the United States market were 1,762,500 short tons, a reduction in shipments of 1,362,500 tons from the 1928 level.

The quota suggested for Cuba in the President's message to Congress constitutes a drastic reduction in shipments to the United States as compared with any year except the last 2 years. It does, however, increase permitted shipments above those of the last 2 years, which have been so low as to create economic chaos and political revolution in Cuba. The quota of 1,944,000 which was suggested by the President is 343,000 tons greater than the shipments of 1933 and 182,000 tons more than the shipments of 1932. But that moderate increase would be 496,000 tons less than Cuba's shipments in 1931.

The administration's program for sugar has five principal objectives. They are:

1. To insure stability to the domestic producers of beets and cane by giving them a virtual guaranty of fair exchange or parity returns on a level of production representing more continental sugar than has ever been successfully sold in a single year.
2. To assure greater stability to the sugar industry through the provision of adequate quotas for the insular possessions but preventing the impact of insular overproduction from so depressing the market as to decrease returns to domestic producers.
3. To contribute to the economic rehabilitation of Cuba by restoring to Cuba a portion of the American market that was lost to the insular possessions by virtue of the tariff policy.
4. To seek to restore Cuban purchasing power to some extent so that the market for the products of the 817,000 acres of American farm land which has been lost during the past 4 years may in part be restored.
5. To protect the consumers against price advances resulting from the processing tax. A tariff reduction will be made in an equal amount to the processing taxes, thus preventing any increased cost to consumers.

These five points constitute the major objectives of the administration's pending sugar program. Despite the contention of those objecting to the plan that it involves a drastic readjustment of continental sugar-beet cultivation, such a reduction is involved only in a nominal sense.

In view of the fact that beet growers in 1933 produced more sugar beets in terms of sugar than processors could possibly sell in this marketing year without a sharp price reduction, an adjustment of the abnormal acreage seems inevitable whether the administration program is adopted or not. Moreover, the nominal reduction that is involved permits a higher level of production than in any year except for the 1933 sugar-beet crop. The harvesting of 984,000 acres in sugar beets for the 1933-34 season was largely the result of low returns available from other crops in these areas; the tariff protection which was steadily crowding Cuba out of the American market, although most of this was absorbed by insular production, and the advance in the price level of sugar because of the monetary policy.

An analysis of the pending program as applied to individual sugar-beet producers shows that the aggregate return for beets produced on the proposed restricted acreage—a reduction only from the abnormal 1933-34 plantings—would exceed the aggregate that probably would be received under present conditions from larger, unrestricted acreage.

Should the domestic price of sugar decline in the absence of any stabilizing program, growers would likely receive \$100 less on a 10-acre plot devoted to sugar beets than would be received on a smaller acreage under the proposed program. This calculation is based on a present return of \$579 from a 10-acre tract producing 11 tons of beets per acre of 15-percent-sugar content, with a raw sugar price of 1.20 cents, the present duty and a refiners' margin of 1 cent. With the downward adjustment of one-half cent in the tariff, the probable decline in price would reduce the beet growers' income from the 10-acre tract \$83, or to below \$500.

With an assured price of \$6.50 per ton for beets a farmer would receive about \$100 more for the product of 8.5 acres than he would receive for the product of 10 acres without the proposed stabilization program.

The same relative advantages as outlined for beet growers will accrue to the domestic cane producers in Louisiana and Florida. During the last marketing season cane producers received about \$3.21 per ton. The fair exchange value at present is approximately \$4.62. The quota as suggested in the President's message for domestic raw cane sugar is 260,000 tons, which involves a reduction from the amount that was marketed last year. Under the proposed program the Secretary of Agriculture would be authorized

to make adjustments in cane areas where production, as compared with the continental sugar-marketing requirements, is relatively small. The principle of adjustment from last year's marketings would be involved but the cane producers in these regions would be assured of higher returns on the quota than has been proposed.

Amendment of the Agricultural Adjustment Act to make sugar a basic commodity is deemed necessary because of failure of negotiations to obtain satisfactory results through a marketing agreement. The draft of the proposed marketing agreement which finally was submitted to the Secretary of Agriculture was disapproved because, among other reasons, the agreement was so worked out that benefits proposed for processors were far greater than those offered farmers. The cost involved to all farmers as consumers would have been far greater than the probable benefits to the group engaged in domestic sugar production. The proposed agreement contained no provision which would effectively adjust supply to consumption requirements. The quotas allotted the various producing areas exceeded probable consumption.

By adding sugar to the list of basic commodities, it will be possible to pay benefits to continental producers who are asked only to make a nominal adjustment in their production and at the same time the first step toward limiting the supply to the requirements of the market will be taken.

In its important attributes, the sugar program is in line with the Agricultural Adjustment Administration's plans for other crops, with the following points of similarity and distinction:

1. It asks for farmers to adjust supply in return for benefit payments. (In the case of sugar the adjustment is relatively small compared with other commodities.)
2. A processing tax is proposed to finance the program. (In the case of sugar, consumers will not be asked to bear the tax because it is to be accompanied by an equal decrease in the tariff.)
3. It seeks to attain parity income for domestic producers. (In the case of sugar this is attainable immediately, whereas in other crops it is not.)

There is an additional point of distinction between the pending sugar program and other crop-adjustment programs in the fact that sugar producers are not the only farmers who will benefit. By the allotment of a definite quota to Cuba, it is believed that through enhanced purchasing power, a portion of a lost market for United States agricultural products will be restored.

There has been a vast amount of misunderstanding concerning the objectives of the sugar program. Once the continental sugar producers understand the opportunities and advantages offered, it would seem that they would clamor for the immediate adoption of pending legislation which will make it possible to carry out the program.

Sugar summary

Present price of beets per ton.....	\$5.32
Prospective 1934 price in absence of program.....	\$4.00
Prospective price under administration program.....	\$6.50
Current income of United States beet growers.....	\$58,988,000.00
Prospective income in absence of program.....	\$34,800,000.00
Prospective income if program is adopted at present fair-exchange value, about.....	\$63,000,000.00
Prospective income of cane growers without program.....	\$13,500,000.00
Prospective income of cane growers under administration program with present fair-exchange value, about.....	\$15,900,000.00
Cuban sugar sales to United States in 1928 short tons...	3,125,000
Cuban sugar sales to United States in 1932 short tons...	1,736,000
United States farm acreage required to raise agricultural exports to Cuba in 1928.....	1,738,000
United States farm acreage lost by reduction of Cuban agricultural imports from United States, 1928-32.....	817,000
Possible gain in United States acreage for agricultural commodities other than sugar by gradual restoration of Cuban market.....	817,000
Highest acreage harvested to beets in United States (1933).....	984,000
Average beet acreage, 1931-33.....	820,000
Beet acreage under administration program, about.....	820,000
Estimated carry-over of United States produced sugar (1933-34)..... tons...	300,000
World stocks of sugar, Jan. 1, 1934..... do	10,220,000
Estimated number of farmers engaged in continental sugar production.....	80,000
Number of farms reporting sugar beets (1930 census).....	35,155

Percentage of United States consumption supplied by domestic growers (beet and cane) in 1933, 27 percent.

Percentage to be supplied by them under administration's program, 26.4 percent.

ADMINISTRATION POLICIES—ARTICLE BY MARK SULLIVAN

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mark Sullivan appearing in yesterday's Washington Star, dealing with the

¹ Maximum.

² Per ton (present fair-exchange value).

problem of agriculture and the administration policies relating thereto.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Star, Sunday, Mar. 18, 1934]

PLANNED ECONOMY SEEN WAY TO DICTATORSHIP—ONLY WAY TO PREVENT COMPLETE CONTROL FROM WASHINGTON IS TO ABOLISH PLANNING, OBSERVER SAYS

By Mark Sullivan

The article I am here writing is based, almost wholly, on a pamphlet written by Secretary of Agriculture Henry A. Wallace, entitled "America Must Choose." Mr. Wallace's statement seems to me to be, under the circumstances, one of the most important documents in the contemporary world. Certainly to Americans it is literally the most important.

The pamphlet is a discussion of what the Roosevelt administration is doing, especially about agriculture, together with some concrete forecast of future steps the administration is likely to take. The statement comes from inside the administration; it is written by a member of Mr. Roosevelt's Cabinet. Yet it is a much more dire prediction about the future than any critic outside the administration has made. Coming from Mr. Wallace, coming from within the administration, it must be believed. Coming from almost any other source it would be incredible.

It is incredible, yet there it is. These things that Mr. Wallace says will strike the average American as terrible, unthinkable. Yet these things will be done unless there is some demonstration of public opinion, or unless Congress reasserts its prerogative, or unless Mr. Roosevelt, for some reason, chooses to change his course.

HORRIFIED AT PORTRAYAL

It is with Mr. Wallace's statement that the present article by myself deals. Mr. Wallace's pamphlet is about 15,000 words long. My article is limited to less than 2,000 words. Therefore, I shall be obliged to condense and summarize what Mr. Wallace says, in addition to such quotations as I make. I shall try to do this with care to preserve the meaning. But I find myself thrown into a strongly controversial mood by what Mr. Wallace says. Indeed, I am little short of horrified at Mr. Wallace's cold portrayal of what is ahead for America if we follow the planned economy which Mr. Wallace and the administration have started. Because I feel this way, I shall attempt especial care to be accurate and fair.

But there is always risk of incorrect interpretation. For that reason, and also on the broadest grounds, I urge every reader of this article to get and read Mr. Wallace's America Must Choose. I urge this particularly upon newspaper editors; I cannot think that any editor or editorial writer can be fair to his task without having read this document. It should be read also by men in every community who take an interest in their country's future, men who are local centers of public opinion, men who engage in debate and discussion. Particularly it should be read by farmers, who will be enabled to see what Secretary Wallace has in store for them. I should like to see it read by literally every American. The pamphlet can be procured by sending 25 cents to the Foreign Policy Association, 18 East Forty-first Street, New York.

AMERICA MUST CHOOSE

To those who read Mr. Wallace's pamphlet I should like to give one warning. Mr. Wallace starts with an assumption, a premise. The premise is that America must have a planned economy, that all our agriculture and industry must be directed from Washington. If you choose your own premises, you can arrive at any conclusion you wish. So Mr. Wallace arrives at the conclusion that America must choose between two forms of planned economy, both terrifying.

I disagree with this premise of Mr. Wallace. I hope most who read the pamphlet will disagree with it. I say that America's choice is between a planned economy and no planned economy, between planned economy and liberty. I say that "planned" is the same as "controlled", and that "controlled" is the same as "dictated." And I think America can avoid dictatorship.

But I hope each reader of this article will get Mr. Wallace's pamphlet and read it.

AIM TO RAISE PRICES

Almost exactly a year ago Secretary of Agriculture Wallace and Assistant Secretary Tugwell, with, of course, President Roosevelt, adopted a policy and practice about farming, which policy and practice are now familiar to every farmer and nearly everyone else as A.A.A. Messrs. Wallace and Tugwell, with, I think, some of the young radicals, wrote the legislation.

The purpose of the measure, as stated in the preamble, was to raise prices of farm crops to "a level that will give (farmers) a purchasing power" equal to what they had in the pre-war period 1909-14. This purpose has not been attained. Moreover, this policy and the whole A.A.A. program is encountering serious difficulties. Crop restriction by voluntary action, paid for by the Government, is breaking down and compulsion is being introduced.

Under this condition Mr. Wallace writes his pamphlet. For the extraordinary thing that the pamphlet is, I surmise an explanation. But my surmise may be due to a critical spirit—the reader should get and read the pamphlet himself.

My surmise is this: At the end of a year Mr. Wallace finds his farm plan not a success, finds it breaking down disastrously. He wishes to try a new policy. Intent upon making his new policy

seem good, he goes, without quite realizing it, to extraordinary lengths in condemning the policy he has been following for a year. Only on this surmise can he explain the spectacle of a member of the administration saying that Mr. Wallace says about steps which the administration, including himself, has taken, and about the future consequences of those steps.

INTERMEDIATE COURSE

The farm policy so far has looked toward "nationalism"; that is, toward restricting farm crops in the United States to just enough to supply our own domestic demands (plus, of course, some export of cotton, wheat, tobacco, and a few other crops). The farm policy which Mr. Wallace now proposes looks to raising a certain amount of additional surplus for export abroad. Mr. Wallace describes the new policy as partial internationalism, an intermediate course.

But Mr. Wallace is candid enough to say that the new policy he now proposes will not wholly save us from the terrifying consequences of the present one. He says the new policy may partially save us; "It would be unfair", he says, "not to point out that a steadfast national allegiance to any fixed course (national), international or intermediate, also requires a certain degree of regimented opinion."

In short, either of the two planned courses proposed by Mr. Wallace and the administration, whether the present course of nationalism or the proposed intermediate one—each involves results which most Americans regard as odious. He gives no thought whatever to the course America has followed in the past, the course of individualism and liberty. He insists on an agriculture planned and controlled from Washington, and he declares we must endure the consequences.

WALLACE QUOTATIONS

The following are quotations selected from Mr. Wallace's *America Must Choose*. They compose a picture of what is ahead if America continues on the course of the past year, the course of nationalism. And a large part of this is ahead, Mr. Wallace admits, even if we adopt the new policy he now proposes. In short, all of the following is ahead of us if we go on in the present course of nationalism and most of it is ahead even if we adopt Mr. Wallace's proposed new course. These are Mr. Wallace's words:

"Much as we all dislike them, the new types of social control that we have now in operation are here to stay. * * * By the end of 1934 we shall probably have taken 15,000,000 acres out of cotton, 20,000,000 acres out of corn, and about half a million acres out of tobacco, nearly one eighth of all the crop land now harvested in the United States.

"If we continue year after year with only 25,000,000 or 30,000,000 acres of cotton in the South instead of 40,000,000 or 45,000,000 acres, it may be necessary after a time to shift part of the southern population. We will find exactly the same dilemma, although not on quite such a great scale, in the Corn and Wheat Belts.

"If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer for every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture. * * * Every plowed field would have its permit sticking up on its post.

DISCIPLINE NEEDED

"As yet, we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires. * * * It is quite as serious a question whether we have the resolution and staying power to swallow all the words and deeds of our robust, individualist past, and submit to a completely army-like, nationalist discipline in peace time.

"Our own maneuvers of social discipline to date have been mildly persuasive and democratic. * * * Regimentation without stint might indeed, I sometimes think, go further and faster here than anywhere else. * * * Great prosperity is possible for the United States if we follow the strictly nationalist course, but in such case we must be prepared for a fundamental planning and regimentation of agriculture and industry far beyond that which anyone has yet suggested. To carry out such a program effectively, with our public psychology as it is, may require a unanimity of opinion and disciplined action even greater than that which we experienced in the years 1917-19. * * * It may require a great amount of governmental aid to take care of people formerly engaged in import and export businesses. It will mean the shifting of millions of people from the farms of the South. But these are minor considerations, in comparison with the extraordinarily complete control of all the agencies of public opinion which is generally necessary to keep the national will at a tensility necessary to carry through a program of isolated prosperity."

RUTHLESS IDEALISM

That is what Mr. Wallace says is ahead of us—all of it if we continue in the present course of nationalism, most of it if we take up Mr. Wallace's proposed internationalism. The deadly calm with which Mr. Wallace says it suggests the ruthlessness that is inherent in every reformer. Nearly every idealist is at heart an autocrat. All of them want to make the rest of us do as they say.

Incidentally, I should like to know whether Mr. Wallace knew a year ago, when he first adopted the present policy, that it would

entail the consequences he now says it will entail. If he knew then, why did he not tell us then?

But of course there is a third course—Mr. Wallace does not like this third course and dismisses it with a brief paragraph. We can throw overboard this whole notion of a planned economy. After that, we might or might not reduce the tariff. But it is planned economy that entails the regimentation which Mr. Wallace predicts. With planned economy gone, we can dismiss Mr. Wallace's nightmare.

FREEDOM OF PRESS

Incidentally, the careful reader of Mr. Wallace's pamphlet will find something interesting about freedom of the press. In both the plans Mr. Wallace sets forth, the only plans he is willing to entertain, he says that regimented opinion is inevitable. Regimented opinion means, of course, suppression of freedom of the press.

I go further, I say that no such revolution as is now being carried out at Washington has ever been carried out in any other country except by abolishing freedom of the press. There is no free press in Italy, Germany, or Russia. And the present attempted revolution in America cannot be carried out fully except by first getting rid of freedom of the press.

To sum up, the picture described above by Mr. Wallace is infallibly ahead of us if we go on with the system the administration has been following for a year, the system of an agriculture planned, directed, and controlled from Washington. The steps he describes are the steps the planners will take—and Mr. Wallace knows, for, as respects agriculture, he and Professor Tugwell are the chief planners.

The only way to avert what Mr. Wallace describes is to abolish planning and control from Washington. And that Mr. Wallace declines to consider. We can only get rid of Mr. Wallace's system, and get back to individualism and liberty by some extreme demonstration of public opinion, or by a decision of Congress to resume its normal functioning, or by the election next fall of a Congress less subservient to Mr. Roosevelt than the present Congress is.

PROPOSED COPPER CODE

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD a proposed code of fair competition for the copper-mining industry of the United States, prepared by the Arizona Copper Associations, together with an explanation and an analysis of the copper-mining industry of the United States and its relationship to the N.I.R.A., as presented at the copper-code hearing, Washington, D.C., March 12, 1934, by Mr. Hoyal A. Smith, of Warren, Ariz.

There being no objection, the code and explanation were ordered to be printed in the RECORD, as follows:

CODE OF FAIR COMPETITION FOR THE COPPER MINING INDUSTRY OF THE UNITED STATES

Requesting the President of the United States to—

1. Place a duty of 10 cents per pound on imported copper.
2. Embargo against foreign shipments of copper into the United States until production and consumption shall be equal.
3. Permit only current domestic production to enter into the current market of the United States.
4. Distribute production equitably among the copper States.

(Prepared and presented by Arizona Copper Associations, August 1933.)

CODE OF FAIR COMPETITION FOR THE COPPER-MINING INDUSTRY OF THE UNITED STATES

To effectuate the policy of title I of the National Industrial Recovery Act by providing a means whereby the copper-mining industry can be reopened, thereby giving immediate employment to the idle miners and other employees of industries dependent upon the operation of copper mining; to conserve the industry by providing safeguards that will regulate, stimulate, protect, and foster the industry in its discovery and development stages so as to maintain through the functioning of these departments of the industry a continued domestic supply of this essential metal; for the benefit of our people during times of peace and as an adjunct to our national defense in times of war, this code of fair competition is adopted.

ARTICLE I

Definitions

1. The word "copper", as used in this code, shall designate all that class of copper metal used in the fabrication of copper and its alloys in any form.
2. "Primary copper" is mined copper.
3. "Secondary copper" is that derived from reclaimed, used, or scrap copper, or come-back alloys containing copper.
4. "Effective date" is the date of the approval of the code by the President.
5. The word "persons" shall designate and mean natural persons, partnerships, associations, corporations, and receiverships of persons, partnerships, associations, and corporations engaged in the mining of copper.
6. "Productive quota" shall designate the percentage of production allowed persons, determined by ratio of capacity to that of the industry.

7. "Labor", as used in this code, shall designate employees of all branches of the industry, including labor performed for compensation in prospecting and assessment work, either by contract or day labor, but shall not include members of the executive, supervisory, technical, or engineering staffs.

8. "Domestic producing mines" shall designate persons engaged in mining copper within the boundaries of any of the States or Territories of the United States.

9. "International copper group" shall designate persons and/or their affiliates engaged in the domestic copper industry and either they or their affiliates having financial interests in the copper industry in one or more foreign countries.

10. "Development mines" shall designate that class of domestic copper mines which, through drilling operations or shaft and drifting operations, are in the development stage, but have not yet reached a commercial production.

11. "Prospecting mines" shall designate that class of the domestic copper industry made up of owners of copper-mining claims upon which annual assessment work is being annually performed and such patented or other claims which have not yet entered into the development-mines stage.

12. "Code committee", as used in this code, shall be the representatives to the code committees elected by the various group associations of the industry existing within the various States.

13. The word "group" shall designate persons engaged in the same branch of the industry.

14. "United States Bureau of Mines" shall designate the official Bureau of Mines as constituted in the Government of the United States.

15. "President" shall designate the President of the United States.

16. "Federal agency" shall mean the individual or individuals designated by the President of the United States to represent the President in his relation to the copper industry and in the administration of the act.

17. "Production" shall designate the act of producing primary copper.

18. The term "wages" includes only payment for labor performed in the industry.

19. The terms "hours of labor" or "hours of work" include only hours of labor or hours of work in the industry.

20. The term "the National Industrial Recovery Act" means the National Industrial Recovery Act as approved June 16, 1933.

21. The term "the code" means and includes this code and all schedules annexed hereto as originally approved by the President and all amendments hereof and thereof, and all amendments as subsequently made and approved by the President.

22. The term "average production" shall mean the average of copper produced by a mine during the normal years of 1924-28, inclusive.

ARTICLE II Organization

SECTION 1. The purpose of the code is to effectuate the policy of title I of the National Industrial Recovery Act into the copper industry of the United States.

Sec. 2. In order to secure adequate and full representation of all groups included within the copper-producing industry of the United States and in order that all such groups may have an opportunity to secure admission to membership in representative groups, and to protect the rights of members of each group against the elimination or repression of small enterprises, and in order to protect all groups against monopolies and monopolistic practices which are detrimental to the industry, the following organization is declared to be the organization of the code of fair competition for the copper-producing industry of the United States.

Sec. 3. The following groups of the copper-mining industry are recognized as the existing divisions of the industry:

- (a) Domestic producing mines group.
- (b) Development mines group.
- (c) International copper group.
- (d) Prospect mines group.

Sec. 4. The representation of groups a, b, c, and d shall be from organizations or associations representing persons in pursuit of that branch of the industry represented by the group.

Sec. 5. The qualifications for membership in the associations representing each of the groups shall be truly representative of the branch of the industry represented by such group organizations.

ARTICLE III Code organization

SECTION 1. Each State shall have a code committee, which shall be responsible to the President for the administration of the fair practice in its State and for the administration of the code laws in their respective States.

Sec. 2. The code committee shall be composed of representatives elected 1 from the domestic-mines group, 1 from the international-copper group, 1 from the development-mines group, and 1 from the prospect-mines group. These members when elected shall meet and choose from among the membership of the group associations a member who shall be the manager for all of the group associations in the State. The manager so elected shall be ex-officio member of the code committee. The code committee shall elect one of their members as chairman.

Sec. 3. In States having only a part of the various groups or group associations, the code committee shall be constituted from the representatives duly elected from the group associations existing in such State in accordance with the method provided herein.

Sec. 4. Each State code committee shall raise sufficient funds for its reasonable expenses by assessment in proportion to the

tonnage production allotted to the persons producing copper in its State. All budgets shall be submitted to associations for approval.

Sec. 5. The State code committee shall allocate to the various producers in its State relative shares of production based upon their relative productive capacities.

Sec. 6. In the event of a new mine coming into production, the persons owning same shall apply to the Development Mines Association for a production allotment. After an investigation, said Development Mines Association shall report its findings to the State code committee. The code committee, by and with the consent of the Development Mines Association, shall then make an allotment to said new mine for the ensuing year to be charged against the State's quota. In no instance shall this allotment exceed 2,000 tons of copper. After the new mine shall have proven its ability to maintain its production, the State code executive committee shall report same to the official designated by the President for the national allocation among the various States, and such new production shall be included in the next allotment to said State in which said new mine is located.

Sec. 7. No allotment shall be made by the State code committee until all assessments levied shall have been paid.

Sec. 8. All rules and regulations of the code shall be enforced by the State code committee. Rules of fair practice within the State may be passed by that State by its State code committee, such rules being subject to approval by the President.

Sec. 9. The State code committee shall hear all complaints against unfair practices and shall decide same in accordance with the rules and regulations. Members may abide by such decisions, but in the event that such decisions are not accepted an appeal may be made to the courts as provided in the National Industrial Recovery Act or to the Federal agency.

Sec. 10. Upon the call of the President representatives of State code committees shall meet at such time and place for the transacting of such business as the call shall designate.

All State code committees, upon receipt of such call, shall elect from among their number one or more delegates to said meeting as is stated in the call.

Acts performed by such meetings, when approved by the President, shall be mandatory upon all State code committees and group associations.

The expenses of said delegates shall be paid by their respective State code committees.

ARTICLE IV Production

SECTION 1. The President is hereby requested, after such investigation and hearing as is prescribed by, and subject to the limitations contained in title I of the National Industrial Recovery Act, to limit imports of copper, copper products, ores, alloys, or articles containing copper to such quantities as when added to the volume of domestic production will equal the volume of domestic consumption and such quantities as may be permitted to enter the United States shall pay thereon an import duty of 10 cents per pound.

Sec. 2. During the existing emergency, in order to immediately reopen the copper mines of the country for the benefit of those dependent thereon, all sales of copper and all articles containing copper for domestic consumption must be secured from current primary production and secondary copper. The ratio of secondary copper, as allocated by the Federal agency, shall not exceed 20 percent of the total consumption.

Sec. 3. Required production shall be estimated at intervals by a Federal agency designated by the President. The required production shall be equitably allocated among the several States by the Federal agency. To ascertain the average productive capacities of the various States, the average production during the normal years of 1924 to 1928, inclusive, shall govern, except in those instances where mines have gone into production subsequent to those times. In those instances the average production during their period of operation shall be used as the basis of ascertaining their allocations.

Sec. 4. Nothing in this code shall be construed to mean that surplus primary, secondary copper stocks, and current domestic primary production may not at all times be available for exportation.

Sec. 5. After the President shall have declared the emergency no longer exists the State code committees in national convention assembled, at the call of the President, and by and with the consent of the President, shall provide a method for the disposition of the surplus stocks of primary and secondary copper.

Sec. 6. It shall be the duty of the State code committees to ascertain whether or not producing mines remain within the quota allotted to them and during the emergency to enforce the code provision that all sales made in the current market shall be allocated from current primary production. In instances where such rule is violated, any State code committee having knowledge of such unfair practice shall immediately report same to the Federal agency of the President. Persons found guilty by the President of such violations shall not be eligible to receive further quotas until reinstated to the eligible list by the President.

Sec. 7. Immediately upon the effective date of this code the Federal agency designated by the President shall allocate among the several States its allotment of copper production and shall designate the period of time for which the allotment shall cover. The allotments shall be made in accordance with section 3, article IV of this code. The State code committees shall, immediately upon receipt of the allotment from the Federal agency, allocate it among the various mines within its State qualified for production in accordance with the method herein provided.

Persons having reason to believe their productive quotas are not commensurate with their productive capacity may apply to the association of which they are a member for additional productive quota. After investigation said associations shall report same with their findings and recommendations to the State code committee.

The code committee may make further investigations and shall forward the report with their approval or disapproval to the Federal agency. Provided an increased productive quota is allowed, the Federal agency shall include same in its list of productive capacity for said State and take such increase into consideration when making the next allocation of productive quota for said State upon the same basis as is given for "average production" in the determination of the productive quota for the State.

The State code committee shall accept the decision of the Federal agency and list the increased capacity allowed the applicant and use same in future State allocations.

Sec. 8. Persons not filling their allocated quota within time specified shall be subject to investigation by the State code committee. If determined that such failure was due to refusal or neglect and resulted in serious unemployment, same shall be reported immediately to the Federal agency. The code committee may, by and with the consent of the Federal agency, reallocate to some other persons qualified to fill said allotment, and shall declare such refusal to be in violation of the code and of section 1 of N.I.R.A. and subject to the penalties of section (3-f) of said act.

Sec. 9. State code committees shall upon application issue productive quotas to members of the association belonging to groups c and d, article II. Such quotas shall not exceed 200 tons of copper per annum for each person and shall be charged against the State quota.

ARTICLE V

Prices

SECTION 1. In conformity with section 1 of the N.I.R.A. and to bring immediate relief to unemployment and populations in distress within the copper districts dependent upon the operation of copper mines, it will be necessary to do four things:

(1) Limit foreign copper shipments into the United States, as provided in section 1 of article IV of this code.

(2) Limit current market sales of copper to current domestic primary production as provided herein.

(3) Spread the allocations of current primary production equitably throughout the industry as herein provided.

(4) Establish such price for copper as will permit as large a percentage of the copper industry to reopen as will not entail a hardship upon the consumer.

For the 27-year period from 1903-30 the weighted average price received for all copper sold in the United States equals 16.6 cents per pound. According to table 49, page 71, of the official report of Production Costs of Copper, by the United States Tariff Commission, published as Senate Document No. 28 in 1931, 10.5 cents per pound would reopen 35 percent of the copper mines upon a cost basis; 13.44 cents per pound would reopen an additional 25 percent, or a total of 60 percent of the copper mines; 14.63 cents per pound would open 90 percent; and 17.5 would reopen 100 percent of the mines. It is hereby stipulated and agreed that the minimum price of copper shall be placed at 15 cents per pound. This price is fair to the consumer, as it is 1.6 cents less than the price received during the period of 1903-30 at a time when copper was upon the free list; it being understood that the said price is the minimum, and if during this period the market should rise to a higher price, nothing shall prevent the signatories herein from accepting such higher price.

ARTICLE VI

Reports

SECTION 1. Each State code committee shall compile and report to the Federal agency such reports as shall be demanded by the President. The code committees shall secure such data and reports needed by them in the conduct of the code from members of the industry.

Members of the industry shall prepare and file with the State code committee such reports as shall be arranged by the committee and shall file same within the time limits prescribed.

ARTICLE VII

Rights of labor

Employers in the copper industry shall comply with the requirements of the National Industrial Recovery Act as follows:

"SECTION 1. That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

"SEC. 2. That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

"SEC. 3. That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President."

ARTICLE VIII

Minimum wage and maximum hours

SECTION 1. On and after the effective date, and during the period of the emergency, the maximum number of hours of work

for employees shall be 40 hours per week, except in case of accidents or emergencies, where the safety of the men or the preservation of property necessitates temporarily longer hours.

Sec. 2. On and after the effective date the minimum wages shall be at the rate as based on the scale of wages in use in the producing mines in the southwestern part of the United States May 1, 1921. The minimum rate of pay shall apply equally to all men employed, regardless of race, creed, or color, except to employees partially incapacitated through old age or physical condition for whom provision is made on a semipension basis and are not included in this list.

The minimum rate of pay shall be based upon a base scale, effective from May 1, 1921, to March 1932, when copper producing industry closed in the Southwest. For each 2-cent per pound raise in the price of copper averaged over a period of 3 months a 10-percent raise on the scale of wages paid shall become effective.

The base rate as established for 16 cents per pound of copper shall be the minimum rate of this code for the domestic copper producer.

Mine department

This scale is on the basis of 8-hour shifts:

Hoist engineer.....	\$5.00
Train boss.....	5.00
Electrical foreman.....	5.50
Jigger bosses.....	5.50
Repair foreman.....	5.75
Shift bosses.....	6.00
Framing-shop foreman.....	5.00
Cage boss.....	5.00
Trackmen (head).....	4.75
Timbermen.....	4.75
Saw filer (surface).....	4.75
Pipemen (head).....	4.75
Machinists.....	4.75
Framers (surface).....	4.75
Electricians.....	4.75
Drill sharpeners.....	4.75
Drill repairmen (surface).....	4.75
Blacksmiths (surface).....	4.75
Pumpmen.....	4.50
Motormen.....	4.50
Miners.....	4.50
Machinemen.....	4.50
Chute blasters.....	4.50
Trackmen.....	4.25
Skip tenders.....	4.25
Sawyer (surface).....	4.25
Samplers.....	4.25
Repairmen (surface).....	4.25
Pipemen.....	4.25
Oilers (spare engineer).....	4.25
Landers.....	4.25
Chute checkers.....	4.25
Cagers.....	4.25
Trammers.....	4.00
Trainmen.....	4.00
Tool nippers.....	4.00
Toolmen (underground).....	4.00
Toolmen (surface).....	4.00
Timber rustlers.....	4.00
Timber helpers.....	4.00
Sanitary man.....	4.00
Sample-mill operator.....	4.00
Powdermen.....	4.00
Oilers (hoist house).....	4.00
Muckers.....	4.00
Laborers.....	4.00
Electrician helpers.....	4.00
Drill-steel temperer.....	4.00
Car oilers.....	4.00
Cage helpers.....	4.00
Bulkhead rustlers.....	4.00
Repairman helpers.....	3.75
Machinist helpers.....	3.75
Drill-sharpener helpers.....	3.75
Blacksmith helpers.....	3.75
Top landers.....	3.50
Janitors.....	3.25
Laborers.....	2.50

Surface department

Assistant foreman and toolmaker.....	5.00
Machinists.....	4.75
Welders.....	4.75
Auto mechanic.....	4.75
Craneman.....	4.25
Drill pressman.....	4.00
Machinist's helpers.....	3.75
Janitors.....	2.75
Tool keeper.....	3.75
Apprentices (all).....	2.50
Blacksmith (head).....	5.00
Blacksmiths.....	4.75
Hammerman.....	4.00
Blacksmith helpers.....	3.75
Boilermaker (head).....	5.25
Boilermaker.....	4.75
Tinners.....	4.75
Plate-shop helpers.....	3.75

Surface department—Continued

Carpenters.....	\$4.75
Machine hands.....	2.75
Carpenter foreman.....	5.50
Carpenter helpers.....	3.75
Rigger foreman.....	5.50
Labor foreman.....	5.00
Riggers.....	3.75
Rigger laborers.....	2.75
Laborers (common).....	2.50
Surface electrical foreman.....	6.00
Electricians.....	4.75
Electrician helpers (special).....	4.00
Electrician helpers (regular).....	3.75
Electrical operators (shaft).....	4.75
Electrical operators (substation).....	4.00
Troubleman (head).....	4.75
Trouble shooters.....	4.00
Pipe fitters.....	4.75
Pipe-fitter helpers.....	3.75
Painters and paperhangers.....	4.75
Fireman, heating plant.....	4.25
Labor foreman.....	4.75
Laborers (special).....	2.75
Watchman foreman.....	4.75
Watchmen.....	4.25
Watchmen (special).....	3.75
Teamster (garbage).....	3.75
Surface pumpman (head).....	5.00
Surface pumpmen.....	4.50
Surface helper pumpman.....	3.75
Pumpman (oil).....	4.50
Warehouseman.....	5.50
Warehouse helper.....	3.75
Warehouse helper.....	3.00
Truck driver.....	4.75
Teamsters.....	4.50
Lumber-yard foreman.....	4.75
Lumber-yard laborers.....	2.50

Mill department

Assistant shift bosses.....	5.00
Crusher foreman.....	5.00
Tailings-dam foreman.....	5.50
Mill operators.....	4.00
Pumpmen.....	4.50
Oilers.....	4.00
Samplers (head).....	4.25
Samplers.....	4.00
Steam-shovel fireman.....	4.25
Shovelman.....	5.25
Repair foreman.....	5.75
Millwright.....	4.75
Millwright helpers.....	3.75
Repairmen (head).....	4.50
Repairmen.....	4.25
Repairman helpers.....	3.75
Repairman apprentices.....	3.50
Mill laborers.....	2.75
Foreman loading plant.....	5.50
Mill laborers.....	2.50

Power-plant department

Engineers.....	5.00
Oilers.....	4.00
Firemen.....	4.25
Boilermakers.....	4.75
Helpers.....	3.75
Janitors.....	3.00
Repairmen.....	4.50
Helpers.....	2.75

No minor shall be employed underground, and no one under 16 years of age shall be employed in the industry.

ARTICLE IX

SECTION 1. This code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provision of clause 10 (b) of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule, or regulation issued under title I of said act, and specifically to the right of the President to cancel or modify his approval of this code or any conditions imposed by him upon his approval thereof.

ARTICLE X

SECTION 1. Such of the provisions of this code as are not required to be included therein by the National Industrial Recovery Act may, with the approval of the President, be modified or eliminated as changes in circumstances or experience may indicate. It is contemplated that from time to time supplementary provisions to this code or additional codes will be submitted for the approval of the President to prevent unfair competition in price and other unfair and destructive competitive practices and to effectuate the other purposes and policies of title I of the National Industrial Recovery Act consistent with the provisions hereof.

ARTICLE XI

List of unfair practices

For purposes of the code the following-described acts shall constitute unfair practices:

I. Procuring, otherwise than with the consent of any member of the code, any information concerning the business of such member which is properly regarded by it as a trade secret or confidential within its organization, other than information relating to a violation of any provisions of the code.

II. Discriminating, publishing, or circulating any false or misleading information concerning the business of any member of this code or to the conditions of employment among the employees of any member thereof.

III. Inducing or attempting to induce by any means any party to a contract with a member of the code to violate such contract.

IV. Aiding or abetting any person, firm, association, or corporation in any unfair practice.

V. Purchasing more copper for domestic consumption than is allocated by the code committee to any person.

VI. Selling for domestic consumption more copper than is allocated by the code committee.

VII. Jumping mining claims owned by another.

VIII. Filing false information with Government agents concerning the holdings of a member of this code or the giving to a Government inspector any false information concerning the value of, locations, claims, assessment work, or mineralization of a holder of a claim.

IX. The filing of a location either directly or through others or encouraging the filing of any claim upon the location of others until such time as the validity of the holdings of the possessor shall have been determined by the Government.

X. The maintaining of "gunmen" in the conduct of the business of mining.

XI. The use of private detectives or of "poison squads" in the dissemination of false propaganda or to affect with any corrupting influence members of this code or their business.

XII. The use of agents in the destruction of or hampering of drilling or development work, such as plugging or blasting discovery drill holes, breaking equipment, or destruction of necessary water supplies, or any other act that would hinder or injure the work of discovery or development.

XIII. The use of secret operatives and "stool pigeons" in framing against labor or small companies.

XIV. The guaranteeing of credit accounts to company or other stores based upon wages due in order to monopolize community trade and thereby hampering employees from purchasing in the open competitive markets where such markets exist.

XV. The coercion of employees in the exercise of their full franchise in public elections.

XVI. The distribution of printed or written ballots containing favored candidates in an attempt to influence election contests.

XVII. The secret instigation of public officials to harass and injure small competitors or to bring to them expensive litigation to weaken their enterprise.

XVIII. The instruction through employment agents and bosses or other representatives of how to vote at public elections.

XIX. The posting of notices directing men how to vote. Example: "Unless — is reelected — this plant closes the day after election."

XX. The intimidating of employees and the spread of fear among them to secure their cooperation in public or company affairs.

XXI. The discharging of employees for refusing to vote the company ticket or perform any other act out of line of duty.

XXII. The promise of jobs for electioneering or voting.

XXIII. The making of false surveys and the establishment of false claims or quarter corners in order to confuse and harass prospectors and claim owners.

XXIV. The placarding of mining claims located and owned by others setting up claims to them and using unfair pressure in order to force possessors to abandon their mining claims so they or their agents may relocate them.

XXV. The filing of scrip entries upon mining claims owned by others.

XXVI. The molesting of claim owners in their peaceful possession.

XXVII. Influencing inspectors, Government agents, of lands against the peaceful possession by claim owners.

XXVIII. The refusal of smelters, refiners, and other reduction works to accept for treatment production quota at fair prices upon a cost-plus basis. The profit shall be reasonable and shall be determined by the State code committee with the right of appeal to the Federal agency by either party. The decision of the Federal agency shall be final, and either party not abiding by such decision shall be declared unfair and subject to the penalties provided by law.

AN ANALYSIS OF THE COPPER-MINING INDUSTRY OF THE UNITED STATES AND ITS RELATIONSHIP TO THE NATIONAL INDUSTRIAL RECOVERY ACT, PRESENTED AT THE COPPER CODE HEARING, WASHINGTON, D.C., MARCH 12, 1934, BY MR. HOVAL A. SMITH, OF WARREN, ARIZ.

FIRST PART. PRESENTATION OF DATA

I. United States copper-mining industry

INTRODUCTION

Production records of copper mined within the United States reach back to 1845. During the 88-year period, 1845-1932, the mine output equals 46,035,600,000 pounds, having a value of \$7,342,457,000, or 16 cents per pound.

The copper mined for the year 1845 equals 224,000 pounds, having a total value of \$45,000, or 20.1 cents a pound.

The maximum annual production during the period 1845-1932 was in 1929, same amounting to 2,002,900,000 pounds, valued at \$352,504,000, or 17.6 cents a pound.

The amount mined for 1932 equals 544,000,000 pounds, valued at \$34,273,000, or 6.3 cents a pound. The copper production for 1932 equals 27.2 percent of the 1929 output, but its value was only 9.7 percent of the value for copper mined during 1929.

It is estimated that during 1933 the domestic-mined copper output will amount to about 20 percent of the 1929 poundage, and its value will only equal 9 percent of the 1929 production.

Consequently, we note that during the past 2 years the domestic copper-mining industry has received only about 9.4 percent of the value output for the year 1929. A continuous shrinkage loss in mine values of more than 90 percent during the past 24 months emphasizes that the domestic copper-mining industry has reached the point of extinction.

The purpose of this discussion is to point out the economic factors that have brought ruin to the vast number of American citizens dependent on the production of copper which is one of the most vitally essential metals during peace as well as war, likewise an effort will be made to show what must be done to revive the all-important domestic copper-mining industry.

A REAL DISTRIBUTION OF COPPER

We find during 1845-1932 that 78 percent of the domestic-mined copper came from the 11 Western States of Arizona, Montana, Utah, Nevada, New Mexico, California, Colorado, Idaho, Wyoming, Washington, and Oregon. These 11 Western States embrace 39 percent of continental United States and contain a population of about 12,000,000 citizens.

The 21-year period, 1913-32, mined 62 percent of all the copper produced during 1845-1932. The 11 Western States furnished 84 percent of the domestic copper mined during this 20-year period.

The value of mineral products produced within these 11 Western States for years past is greater than the value output derived from either the farm or animal products division. In turn the value of copper mined within these 11 States is the most important metal produced therein.

For the year 1929 these 11 Western States mined \$310,000,000 worth of copper, same equaling 88 percent of the total domestic copper production.

The domestic copper industry for 1929 employed 44,502 wage earners, and it is estimated that about three quarters of a million citizens directly and indirectly are dependent on same.

The loci of the copper-producing districts within these 11 States that furnish about 90 percent of our domestic copper production lie about 1,200 miles westerly from the center of population for continental United States.

PRESENTATION OF DATA

In order to present concise yet sufficient details pertaining to the important domestic copper-mining industry, it was deemed most expeditious to offer the information in graphic form. Consequently, embodied herein will be found 10 charts, each of which will outline in the form of curves and tabulated data some of the essential factors pertaining to the copper industry.

The data used in compiling these charts were secured from the most authoritative source possible, principally United States Government publications.

Attention is also directed to exhibit A attached to this statement. It is entitled "American Copper Production" and was prepared by the writer at the request of the Arizona Copper Tariff Commission. Upon the motion of Senator ASHURST, February 5, 1932, it was made Senate Document No. 58, Seventy-second Congress, first session. This publication contains considerable data pertaining to the domestic copper-mining industry and should be read in connection with this statement in order to more fully understand the destructive factors besetting the industry.

II. Chart no. 1

Referring to chart no. 1 (omitted in RECORD) we find that data pertaining to domestic copper production in pounds, and prices for copper in cents per pound, have been plotted for the 66-year period, 1867-1932. This period embraces 99.6 percent of all the domestic copper mined during 1845-1932.

The percentage relationship of foreign copper production to domestic production is also shown on the chart for the 52-year period, 1881-1932.

This chart also shows the percentage relationship to domestic copper production of domestic copper exports and imports during the 66-year period.

Domestic copper consumption in percent of domestic production has been plotted for the 33-year period, 1900-1932.

A curve showing the percentage relationship that copper stocks bear to domestic production is also shown for the 28-year period, 1905-32.

Mention is also made on chart no. 1 (omitted in RECORD) of the various copper-tariff periods and the duty rate for ingot copper during the period 1864-1932.

PRODUCTION DETAILS

On chart no. 1 (omitted in RECORD) we note that the copper production for 1867 equals 22,400,000 pounds. We likewise observe a constant progressive increase in production to 1914. During the 4-year war period, 1915-18, production increased very rapidly. The post-war period, 1919-32, shows the production depression of 1921 and the high production period from 1923-29, likewise the diminishing production from 1930-32.

In order to more fully understand the relationship of production details the 32-year period, 1901-32, has been divided into three parts, the 4-year war period and the two 14-year post- and pre-war periods. The copper mined during 1901-32 equals 85.4 percent of the copper production for 1845-1932. The period 1867-1900 accounts for only 14.2 percent of the total copper mined during 1845-1932.

Analyzing the production for the 32-year period we find that the 14-year pre-war period, 1901-14, mined 28.8 percent of 1845-1932 production, the 4-year war period produced 15.5 percent, and the 14-year post-war period mined 41.1 percent of the 1845-1932 output.

We further find that the 14-year post-war period, 1919-32, mined 48.1 percent of the period production 1901-32.

It is evident from studying the production curve plotted on chart no. 1 (omitted in RECORD) that the uniform line of production increase during 1901-14 denotes the absence of depressive factors. It is likewise unnecessary in this discussion to dwell on the reason for the tremendous copper production during the war period, 1915-18.

In analyzing the production curve for the 14-year post-war period, 1919-32, we note its highly erratic course and bearing in mind that this post-war period mined about one half of all the copper produced during 1901-32, it should prove most interesting to study it minutely. Detailed domestic and foreign copper-production factors covering the period 1919-32 are shown on charts no. 2 and 2A (omitted in RECORD) and will be further discussed under that division.

PRICE DETAILS

In studying the copper price curve plotted on chart no. 1 we note its more or less horizontality, following the 15-cent line from 1883 to 1930, the exception being for the high prices existent during the 4-year war period, 1915-18.

The very observable horizontal equality of copper prices during the 12-year post-war period, 1919-30, with the 12-year pre-war period, 1903-14, as shown on chart no. 1 (omitted in RECORD), immediately emphasized the lack of a post-war commodity price for copper. As is well known the wholesale price index for all commodities averaged about 50 percent higher for the post-war period, 1919-30, when compared with the pre-war period, 1903-14.

In view of the fact that copper has failed to receive a post-war commodity price, a detailed analysis of copper prices for 1903-30, compared with the price details of other basic domestic products is submitted under chart no. 3 and chart no. 3A. (Omitted in RECORD).

EXPORT AND IMPORT DETAILS

An inspection of the copper exports curve from 1867-1932 on chart no. 1 (omitted in RECORD) shows a constant progressive increase to about 1895, its more or less horizontality from 1896-1924, and a decrease from 1924-32. This marked variation suggested that a detailed analysis be made of domestic-copper exports during the post-war period, 1919-32. These data will be found discussed under chart divisions no. 4 and no. 5 (omitted in RECORD).

Studying the copper imports curve from 1867-1932, as shown on chart no. 1 (omitted in RECORD), we note its variability from 1867-74. The high percentage of imports during 1871-73 was due to large imports of copper in manufactured form on account of the prevailing high domestic price for copper. The import curve from 1875-95 remained practically horizontal. We note a continuous rise in the import curve from 1896-1932. The post-war portion of the curve from 1924-32 shows such a marked increase; consequently, the post-war period, 1919-32, import details were analyzed and same will be found under chart divisions no. 4 and no. 5. (Omitted in RECORD.)

CONSUMPTION DETAILS

The copper consumption curve plotted on chart no. 1 is practically horizontal from 1900-1914. From 1914-32 the curve shows a most marked increase. A detailed analysis of consumption curve factors during 1901-32 will be found on chart no. 4 (omitted in RECORD) and a discussion thereof will be found under that division.

COPPER STOCKS

The percentage relationship that copper stocks bear to domestic copper production is also shown on chart no. 1 (omitted in RECORD). This phase has been plotted for the 28-year period 1905-32. The copper stocks' curve from 1905-17 is practically horizontal. We note the large increase from 1917-21 and its recession to about normal in 1925. From 1928-32 we observe a most unusual and persistent increase. Noting the curve symmetry between curve portion 1915-21 with that of 1926-32 they were superimposed, and this relationship is shown on chart no. 6 (omitted in RECORD). An analysis of copper stocks' details will be found under a subsequent subdivision titled "chart no. 6."

COPPER COMPANY PRODUCTION DETAILS

Various domestic and foreign copper production factors for 1915-32 pertaining to the Anaconda, Kennecott, and Phelps Dodge Copper Cos. are tabulated, likewise plotted, on chart no. 7. (Omitted in RECORD.) This chart was inadvertently numbered "7" instead of "9." Under division chart no. 7 will be found a discussion of the data outlined on said chart.

COPPER WAGE-EARNER DETAILS

Data were secured from United States Census publications pertaining to the number of wage earners engaged in the mining of domestic copper for various years from 1860-1929. These data and

related details have been tabulated and outlined graphically on chart no. 8. (Omitted in RECORD.) A discussion pertaining thereto will be found under division chart no. 8. (Omitted in RECORD.)

ARIZONA COPPER PRODUCTION AND TAX DETAILS

In order to visualize the importance that the production of copper bears to total property valuations, such data were secured, tabulated, and plotted for the State of Arizona on chart no. 9. (Omitted in RECORD.) Arizona has been the leading copper-producing State for many years. By referring to chart no. 2 we find that Arizona produced 32.8 percent of all the copper mined during 1845-1932. Arizona has furnished 41.4 percent of all the domestic copper mined during the 14-year post-war period, 1919-32. Arizona likewise produced 41.5 percent of the total domestic output for the year 1929, said year being the one of maximum production during the 88-year period, 1845-1932. In view of the foregoing, it was deemed interesting to submit chart no. 9 (omitted in RECORD), and a further discussion of the data shown thereon will be found under chart no. 9 division (omitted in RECORD).

III. Chart no. 2

The data tabulated on chart no. 2 (omitted in RECORD) were secured principally from United States Geological Survey and Bureau of Mines publications. Data as to foreign production and world totals for certain years were secured from the A.B. of M.S. Yearbook for 1932.

In the upper left-hand table on chart no. 2 (omitted in RECORD) will be found an analysis of the copper production of certain domestic States for the period 1841-1930. The writer did not have time to rearrange this table and include the data for years 1931 and 1932. There is no appreciable difference whether domestic production is assumed to begin with 1841 or 1845. The period 1841-1930, as shown, mined 96.6 percent of the copper mined during 1841-1932; consequently, the factors outlined will approximate those for the latter period.

We find that United States, during 1903-30, mined 82 percent of the total production for 1841-1930. The combined production of the States of Arizona, Utah, Nevada, and New Mexico was 120 percent greater for 1919-30 than 1903-14. On the other hand, the production for Montana and Michigan showed decreases of 24 and 26 percent, respectively, when comparing the post-war with the pre-war period.

Under section B of said table we find that the combined production of Canada, Africa, and Chile shows an increase of 358 percent for the post-war when compared with the pre-war period, while the rate of increase for the United States only equaled 44 percent.

The foregoing indicates a remarkable percentage increase of mined copper within the foreign areas during the post-war period, a satisfactory increase within the four States mentioned and an alarming decrease for Montana and Michigan.

In order more fully to understand the variable production factors during the post-war period data for each year were tabulated for these States and foreign areas, and are shown in table C.

The data relationship set out in table C are more easily understood when outlined graphically; consequently it has been plotted as shown on chart no. 2A. (Omitted in RECORD.)

Table A and table B outline in detail production factors for various year spans within the period 1841-1930 for the aforementioned domestic States and foreign copper areas. A careful study of these two tables will enable one to understand general cyclical production changes within the most important copper-producing areas throughout the world during the past century.

IV. Chart no. 2A

The data used in plotting the curves shown on chart no. 2A were secured from table C, chart no. 2. (Omitted in RECORD.)

The curves visualize the variability of copper-production percentage factors for the leading domestic copper-mining States and foreign areas during the post-war period, 1919-32. This 14-year span mined 41.1 percent of the domestic production and 40.9 percent of the foreign copper output during 1841-1932. These curves therefore depict in graphic form the existent relationship for about one half of all the copper mined domestically and within foreign areas during the past hundred years.

The total United States curve beginning with 58.7 percent of the world's production for 1919 declined slightly in 1920 and reached the 41.1 point during the depression of 1921. It increased to 49.9 percent in 1922 and reached its post-depression apex in 1924 at the 54.7 point. The curve declined slightly to the 54.1 point in 1926 and from that year it fell rapidly to 1929 and precipitously thereafter to the 28 point for 1932.

The curve for the total foreign production is the reverse of that described in the preceding paragraph.

It is needless to dwell on the startling change that the two foregoing curves indicate. It is grippingly evident that so far as the United States is concerned it has since 1927 mined less than one half the world's copper output and during 1932 only produced 28 percent thereof. We have to go back to 1890, 43 years ago, to equal this record. It is very evident from the foregoing analysis and a careful study of chart no. 2A, that the domestic copper-mining industry has indisputably lost control of the world's copper market and in the future must necessarily rely on furnishing the total copper requirements of the home market.

The two foregoing curves are necessarily a composition respectively of the domestic- and foreign-area curve details shown below.

DOMESTIC-CURVE DETAILS

We note through following the Arizona production curve from 1919 to 1932 that it parallels quite closely the total United States curve. The Arizona curve for 1919 shows a production percentage about equal to the total foreign remainder output and nearly twice the combined production of Chile, Africa, and Canada for that year. For 1932 Arizona equaled about one third the foreign remainder and only about one quarter of the combined Chile, Africa, and Canada production. As shown, each of the last three named foreign areas produced more copper than Arizona during 1932. The world-production percentage of Arizona has declined steadily since 1925.

We also observe that the percentage rate for Michigan and United States remainder has declined steadily since the depression year of 1921. The decline for Utah and New Mexico began in 1924. Montana began its post-war decline in 1925, and Nevada in 1928.

The decline for the total domestic production began with the year 1924, as afore-mentioned. We find that the copper mined subsequent to this decline during 1925-32 equals 63 percent of the period production 1919-32.

FOREIGN-CURVE FACTORS

The combined percentage of Chile, Africa, and Canada for 1919 equals 14.8 percent of the world's production. For 1932 we find their combined production has increased to 39.2 percent.

The C-A-C curve as shown on chart 2A (omitted in RECORD) shows a continuously undeviating rise during the past 14 years. This curve starts 75 percent less than the United States total for 1919, yet by 1932 it ends 40 percent higher. Their combined production passed Arizona in 1921, the foreign remainder in 1923, and the United States total in 1931. The curve shows that whether in the depression of 1921 or 1931, the combined production of C-A-C continued to increase—never shared in the huge world percentage losses incurred by the domestic producers.

We observe that Canada and Africa increased their world production percentage rate about 500 percent during the 14-year period; that Chile's rate increased about 100 percent.

We also see that the foreign remainder production percentage shows a most marked increase since 1929, amounting to 50 percent by the end of 1932. The productions of the 10 countries embodied in this curve are rapidly expanding their rate of operations.

We find that since 1924, during 1925-32, this period mined 70 percent of the total foreign copper produced during 1919-32. The foreign production during 1925-32 exceeded the domestic production during that period by 18.4 percent.

Near the right edge of chart no. 2A (omitted in RECORD) will be found graphical details showing that the known foreign copper poundage reserves are about four times greater than the domestic reserves.

From the statement of facts within this subdivision we find that foreign copper production has shown a most marked increase since 1924 and through comparison of known copper reserves the foreign production percentage rate can be increased to care for the world requirements.

V. Chart no. 3

The purpose of this chart (omitted in RECORD) is to show the price relationship of copper with other important basic domestic commodities produced during the 12-year pre-war period, 1903-14, compared with those existent during the 12-year post-war period, 1919-30.

The data outlined on chart no. 3 (omitted in RECORD) set out the price ratio for the 14 most important domestic agricultural crops, namely, corn, cotton, hay, wheat, oats, potatoes, tobacco, cottonseed, barley, sweetpotatoes, rye, sugar beets, rice, and flaxseed. The total farm value of these 14 crops for the 28-year period, 1903-30, equals \$172,110,000,000, and represents 73.5 percent of the total value of farm crops grown during said period.

The value of the nonmetallic products stated in chart no. 3, namely coal and petroleum, for the period 1903-30, equals \$47,619,000,000, and represents 66 percent of the total nonmetallic value for that period.

The value of the metallic products, pig iron, copper, and lead, analyzed in said chart, amounts to \$24,095,000,000 for the 28-year period, and equals 78 percent of the total value of metallic products.

Within the metallic subdivision for the 28-year period 1903-30, the value of copper is about 18 percent greater than the combined value of all the remaining nonferrous metals and twice the combined value of gold and silver. It was also ascertained that the value of copper for these 28 years equals about 40 percent of the total value of pig iron.

A series of pre-post-war period averages of R. G. Dun & Co. wholesale-price index for the United States is likewise shown on chart no. 3. This makes possible a comparison of approximate living costs with the price of the stated commodities.

PRICE COMPARISONS

The method of comparison of post-war and pre-war prices for the various basic commodities is fully detailed on chart no. 3, consequently it will be unnecessary to review that phase.

Of the 14 farm crops analyzed on the chart, namely: Tobacco, cotton, flaxseed, cottonseed, and potatoes received an average price 115 to 74 percent higher during the 12-year post-war period than the pre-war price. These farm products therefore received more than a commodity price when compared with the R. G. Dun

& Co., total price index. Sugar beets and sweetpotatoes received 30 percent less; rice, corn, and wheat 40 percent less; hay, rye, oats, and barley from 60 to 85 percent less than the total price index afore-mentioned.

The nonmetallic products, coal and petroleum received 114 and 106 percent more, respectively, during the post-war than the pre-war period. These two nonmetallics secured 50 percent more than a commodity price based on the Dun total index.

Referring to the metallic elements stated in the chart, we find that although lead received 47 percent more in price during the post-war, nevertheless this was 36 percent less than the Dun index commodity price. The price of pig iron was 33 percent higher during the post-war years than in the pre-war period yet sold 55 percent less than the commodity price index.

COPPER PRICES

It is startlingly evident by referring to chart no. 3 that copper is the only one of all the basic commodities analyzed that has failed to receive any post-war increase whatsoever.

We note that the price of copper during the 12-year post-war period, 1919-30, which equals 14.87 cents per pound is about equivalent to 14.80 cents per pound paid during the pre-war period. The actual rate of increase amounted to only 0.47 percent. If copper had received a rate increase during the post-war period equivalent to the R. G. Dun & Co. total wholesale price-index increase of 74 percent, it would have sold at 34.8 cents per pound. The Dun index shows that metals received a 40-percent increase during the post-war period; consequently an equivalent increase for copper would have brought an average price of 20.7 cents per pound during 1919-30.

The value of the four leading farm crops—corn, cotton, hay, and wheat—equals 55.6 percent of the total farm crops value for 1903-30. These four important crops received an average price 48 percent greater during 1919-30 than the pre-war period, 1903-14. If copper had received a 48-percent increase, it would have sold for 21.90 cents per pound during the 12-year post-war period instead of 14.87 cents, as shown in chart no. 3.

The important nonmetallic products—coal and petroleum—which represent 66 percent of all the values produced within that division during 1903-30 received an average price 111 percent higher during 1919-30 than the pre-war period. If the price of copper had received a similar rate of increase, it would have sold for 31.2 cents per pound during 1919-30.

Within the metallic division, pig iron, during 1919-30, sold 33 percent above the pre-war average. The price of copper would have averaged 19.7 cents per pound during the post-war period through receiving an equivalent increase.

The nonferrous section of the metallic division shows that the price of lead was 47 percent greater during the post-war period than the pre-war period 1903-14. A similar rate of increase for copper denotes an average price of 21.8 cents per pound during 1919-30. Attention is directed to the fact that the total value of copper produced during 1903-30 is not alone about four times more than the period value of lead, but it is greater than the combined value of all the remaining nonferrous metals, including lead produced during the 28-year period.

It is very obvious in the light of the foregoing analysis of pre-war and post-war basic commodity price factors that copper has failed to receive a post-war commodity price. Copper has been subjected to a most vicious degree of economic discrimination during the period 1919-30. This 12-year period mined 39 percent of the total output during the 86-year period 1845-1930.

The Anaconda Copper Co. voiced the same degree of criticism that the foregoing paragraph recites. We find on pages 10 and 11 of the Copper Target, published in 1924 by the Anaconda Copper Mining Co., certain statements pertaining to pre-war and post-war price relationships of copper and certain other basic commodities. These data as reproduced are shown herewith and are marked "Exhibit No. 3."

Referring to exhibit no. 3 we note that copper should have sold at 23.9 cents per pound during August 1824 instead of the price, 13.2 cents, actually received. We likewise find that although copper only averaged 18.0 cents during 1920, it should have received 44.4 cents per pound when compared with the other basic commodities stated therein. We further note that the 1919 price of 19.1 cents per pound should have been 34.3 cents; the 1918 price of 24.7 cents should have equaled 35.1 cents; and the 1917 price of 29.4 cents should have approached 35.2 cents per pound.

VI. Chart no. 3A

Due to the delay in presenting data at a copper code hearing—instead of August 1933 the delay has carried us to February 27, 1934—it was deemed advisable to bring chart no. 3 (omitted in Record) or parallel data forward to the end of 1933. The writer submits herewith a somewhat different set of economic factors than those set out in the chart no. 3 discussion, but the end-stage analysis of these corroborate the tragic conclusions of the prior chart.

We find in chart no. 3A (omitted in Record), a table and curves, showing price-index number relationship of copper ingot and sheet prices; likewise, wages per hour, cost of living, all commodities, steel, lead, and zinc price details for the period of 1903-33.

The table contains data secured from the Bureau of Labor Statistics, United States Department of Labor.

Price-index numbers of wages per hour, cost of living, and all commodities, 1913=100. These factors were obtained directly from Bureau of Labor Statistics publications.

The basing average assumed for 1913, for the copper, steel, lead, and zinc factors, is the 12-year pre-war average, 1903-14. This

basing average being deemed more accurate than merely the year 1913.

The copper ingot price index number is for the electrolytic copper ingot; 1913 equals the average for 1903-14. The hot rolled copper sheet differential price index number represents the price differential between the sheet and the copper ingot. The sheet being a manufactured product, it was deemed more satisfactory to compare the ingot price with the difference between the ingot price and the price for the sheet.

The bessemer steel billet price index is compared with the differential between the billet and no. 27 steel sheet. The price index for pig lead is compared with the price differential between it and lead pipe. The zinc slab price index is compared with the differential between slab and sheet zinc sheet prices.

The table factors discussed foregoing were plotted as shown in the curve division for the 31-year period, 1903-33.

We note the equality and parallelism of nearly every one of the 11 curve details during the 12-year pre-war period, 1903-14. The startling meteoric rise of all the curves during the 4-year war period, 1915-18, is clearly depicted. The post-war period, 1919-33, shows a wide diffusion of curve details compared with the pre-war period factors.

It is unnecessary to compare, analyze, and discuss herein all the many interesting facts these curve details suggest. The curve relationship that is of immediate interest is the one pertaining to copper.

The parallelism and equality of the copper ingot, and copper sheet-ingot differential curves during the pre-war period, are strikingly evident. This 12-year period was one of economic equality so far as the copper ingot, copper sheet-ingot differential, and all the other factors are concerned.

We also note that during the war period the copper ingot and the sheet-ingot differential curves paralleled one another and both approached the 200-point coordinate.

We note, however, at the very beginning of the post-war period, 1919, that the sheet-ingot differential factor was at 184 and the ingot at 128.

Continuing on through to 1933, we note a submergence of the copper-ingot curve below the pre-war level from 1921 onward, with the exception of 1929.

On the other hand, the copper sheet ingot differential curve averaged above 150 from 1919-28; about 186 during 1929-32; and at 165 during the depression year, 1933.

During the last 3 years, 1931-33, the copper ingot price index average is 47, whereas the same period average for the copper sheet ingot differential equals 184. In other words, the manufacturers' income detail was proportionately about four times the return accorded the copper miners' labor product.

We also find during the last 3-year period, 1931-33, that the cost-of-living average was about 138, some three times greater than the copper-ingot average.

The average price of all commodities for 1931-33 equals 97, about twice the copper ingot average rate for the 3-year period.

The union rate of wages per hour average during 1931-33 stood at 252; this price index is about five times greater than the copper ingot index average for the same period of time.

A résumé of the foregoing emphasizes that the domestic-copper miners' labor product, the copper ingot, has sold from one half to one fifth of all the foregoing comparative values. The copper miners' labor effort will only purchase a fractional part equivalently when compared to all the afore-mentioned economic factors.

The copper ingot, as can be seen by scanning table and curve factors, has been viciously discriminated against during the whole 14-year post-war period; this span of years embraces nearly one half of all the copper mined during the industrial life of our country.

This degree of industrial peonage has brought starvation to the human element within our domestic copper-mining districts and practically ruined one of the most important of our basic domestic industries.

It certainly is unnecessary to dwell on the perfectly obvious discrimination against the copper-miners' labor product which is so vividly shown in chart no. 3A—the thing to do is to correct this injustice immediately.

The only way that economic justice can be accorded the domestic copper miner is to make effective a rigid protective policy enabling him to secure a commodity price for his labor effort within the domestic market.

An equitable copper code will immediately aid the copper miner in his effort to rehabilitate his life's equities and likewise save the near extinct domestic copper mining industry.

VI. Chart no. 4

The factors outlined on chart no. 4 (omitted in Record) pertain to United States copper consumption and exportable surplus details for the 32-year period, 1901-32. This period embraces 85.4 percent of the copper mined within the United States during the 92-year period, 1841-1932.

New refined domestic-copper consumption for any year is the remainder after deducting the combined copper exported and stock at end of year from the combined total supply of new refined copper plus stock at beginning of the year. The method of arriving at the production of primary or new refined copper annually is to summarize the domestic refinery production of copper from domestic and foreign sources plus imports of refined copper.

The available exportable surplus as used in this discussion is the difference between the new refined copper withdrawn on domestic account and smelter production of copper from domestic sources.

Due to the interrelationship of copper exports and imports with consumption and available surplus it was deemed advisable to submit data pertaining thereto. This relationship is emphasized by referring to table C, where the available surplus and excess exports are about equal for the period 1901-32.

The four tables shown and the graphical details outlined on chart no. 4 (omitted in RECORD) make it unnecessary to discuss at great length the copper factors afore-mentioned.

In table C we find that the increase for period 1919-32 over 1901-14 was 42 percent for copper production; 93 percent for consumption; 36 percent for exports and 145 percent for copper imports. A decrease during the post-war period of 50 percent and 49 percent, respectively, for available copper surplus and excess exports is also stated.

Although the domestic copper mined during the post-war period showed an increase of 42 percent over the pre-war period, we find that the rate for domestic copper consumption increased much more rapidly than production. The consumption rate, which equals 93 percent, was more than twice the domestic consumption rate during the post-war period.

Copper exports increased 36 percent during the post-war over the pre-war period. This rate of increase was smaller than the production rate and only one fourth the rate of increase for copper imports. Copper imports increased 145 percent and copper exports 36 percent during the post-war period.

In other words, even though the rate of domestic copper consumption was twice that for production during the 14-year post-war period compared with 1901-14, nevertheless, the copper import rate increased 50 percent faster than the consumption rate and 4 times more rapidly than the export rate during 1919-32.

The copper import rate of increase during the post-war period was so startling that it immediately suggested a yearly analysis of the 14-year period, 1919-32. This detail will be found in table D.

A study of the various factors stated in table D will make clear the relationship of decreasing copper exports and increasing copper imports during the post-war period.

The yearly factors for the 14-year period were segregated as shown in two 7-year periods and their summaries compared.

For the period 1919-25 excess exports equal 1,638,000,000 pounds. The average yearly exports and imports for the period are, respectively, 791,800,000 and 557,800,000 pounds.

During the second half of the post-war period, 1926-32, the excess exports only amount to 751,200,000 pounds, which is 886,800,000 pounds less than the total for 1919-25. The yearly average rate of exports and imports for 1926-32 equal 829,300,000 and 722,000,000 pounds, respectively.

The foregoing analysis clearly shows that while the average yearly rate for exports remained about stationary during the two 7-year periods, nevertheless the average annual rate for imports during 1926-32 exceeded 1919-25 by 164,200,000 pounds. This tremendous increase in imports during 1926-32 which equals 1,149,000,000 pounds is unquestionably the contributing cause for the present huge domestic copper surplus. This phase will be discussed in more detail under chart no. 6.

The rate of increase for the 7-year period, 1926-32, over the period 1919-25, equals 17 percent for copper production; 20 percent for consumption; 0 percent for available surplus; 55 percent for excess exports; 4 percent for exports; and 29 percent for imports.

Comparing the data set out in the preceding paragraph with that stated foregoing when discussing table C factors, we find that where the import rate increase ratio was four times the export rate for the total period, 1919-32, we note the rate to be seven times greater during the last half of the period.

Continuing the break-down it was ascertained that, although both exports and imports were decreasing during the last half of 1926-32, the export rate decrease was twice as great as the import rate. This is strikingly evident when summarizing the excess export factors during the last 4-year period, 1929-32. During this period imports exceeded exports by 131,400,000 pounds. This situation clearly emphasizes that imports should have been excluded during the last half of the post-war period.

COPPER CONSUMPTION

The graphical details outlined on chart no. 4 clearly show the copper consumption factors for the period 1901-32. This 32-year period mined 85.4 percent of the copper produced within the United States during 1841-1932.

The 14-year post-war period, 1919-32, mined 41.1 percent of the production for 1841-1932, and 48.1 percent of period production 1901-32. Annual factors are shown graphically for 1919-32, this period having mined about one half of the total domestic production of copper during the past 32 years.

During this post-war period, as shown on chart no. 4, we find that 87.7 percent of the copper mined entered into domestic consumption and 12.3 percent was available for export. The consumption rate for 1919-25 equals 86.6 percent, and for 1926-32 equals 88.9 percent of the domestic production.

The last half of the post-war period, namely, 1926-32, consumed about 90 percent of the domestic copper production.

VII. Chart no. 5

Chart no. 5 (omitted in RECORD) shows United States copper import and export details for the 14-year post-war period, 1919-32. This post-war period mined 41.1 percent of the 1841-1932 output and 48.1 percent of period production, 1901-32.

Copper exports during 1919-32 equals 49.2 percent of total copper exported during 1901-32.

Imports of copper during the 14-year post-war period represents 61.7 per cent of all the copper imported during the past 32 years.

Consequently, chart no. 5 (omitted in RECORD) analyzes about one half of all the copper exported and about 62 percent of the total imports for the period, 1901-32.

COPPER IMPORTS

Table A on chart no. 5 (omitted in RECORD) gives the origin and pounds of copper imported into the United States during the 14-year post-war period, 1919-32. Summaries are also shown for 1929-32, 1925-32, and for the year 1932.

Six foreign areas, Canada, Chile, Mexico, Peru, Africa, and Cuba imported 93.7 percent of the total copper imports during 1919-32; 94.4 percent for 1925-32; 95.4 percent during 1929-32, and 99 percent for the year 1932.

None of the foregoing six copper-importing areas, except Canada, buy any appreciable percentage of our domestic copper exports, as is evidenced by scanning table B.

Comparing table A and table B we find that Canada during 1919-32 sold to us three times more copper than she bought from United States. During the last 4 years, 1929-32, Canada shipped to us five times more copper than our Canadian exports.

We note the glaringly vicious economic fact that Canada poured into United States 60 times more copper during 1932 than she bought from us.

The remaining five areas, namely, Chile, Mexico, Peru, Africa, and Cuba, are just as culpable as Canada when viewing the huge excess of copper imports over exports they have deluged the United States with the past 14 years.

A study of the curves showing the origin of copper imported into United States during 1919-32 amply confirm the foregoing statements. The almost vertical rise of Canada's curve from 1923-32 is spectacular. The Chile curve shows a great increase during 1925-32. Mexico's curve shows a most unusual advance for 1925-32. The Peru curve shows a persistent increase during 1925-32. The foregoing four countries have furnished 79.8 percent of the total copper imported into United States during 1919-32. African copper imports since 1926 have decreased due to diverting, temporarily perhaps, their output into European trade channels.

COPPER EXPORTS

Referring to table B, chart no. 5 (omitted in RECORD), we find set out the destination and pounds of copper exported from United States during the 14-year post-war period, 1919-32.

As aforementioned, this period mined about one half of the copper produced domestically since 1900.

A study of table A shows that none of the nine countries stated in table B, except Canada, imports copper into the United States.

We find that these eight nonexporting copper countries, France, United Kingdom, Germany, Italy, Belgium, Sweden, Netherlands, and Japan, bought 93.7 percent of United States copper exports during 1932, 84.9 percent during 1929-32, 86.4 percent during 1925-32, and 84.8 percent during the 14-year period, 1919-32.

As to Canada, we note that where she bought 2.7 percent of the total domestic production, or 4.6 percent of total domestic exports, during 1919-32, her purchases for 1932 were only 0.4 percent and 0.6 percent, respectively.

Curve factors based on percentage ratio between exports and United States copper production as stated in table B were plotted as shown. These curves show the destination of copper exported during 1919-32.

The export-curve data clearly show the persistent percentage decrease of United States copper exports to United Kingdom, France, Germany, Italy, Belgium, Netherlands, Japan, and Canada since 1924. These eight countries bought 86.3 percent of United States copper exports during 1919-32.

The foregoing discussion of the factors outlined on chart no. 5 (omitted in RECORD) clearly indicate that since 1925 United States copper import percentages have shown a phenomenal increase, while domestic exports have shown a persistent tendency to decrease. This destructive relationship is fully corroborated by referring to the discussion of exports and imports under chart no. 4 (omitted in RECORD).

VIII. Chart no. 6

The data outlined on chart no. 6 (omitted in RECORD) pertains to United States copper stocks for the 28-year period, 1905-32. The copper mined during these 28 years equals 80 percent of the production for 1841-1932.

There is also shown the graphical relationship between special percentage curve sections of copper stocks and copper exports and imports for 1915-32.

Due to the rather uncertain contributing causes which have resulted in creating and maintaining the present colossal surplus of copper stocks within the United States during the past 3 years, which in turn has depressed prices and production and caused untold misery to the hundreds of thousands of citizens dependent on the domestic copper-mining industry, it seems essential to outline and discuss all the pertinent facts pertaining thereto. A realization of these destructive factors will enable one to guard against their repetition in the future, consequently the following discussion is submitted with the belief that it demonstrates the cause and offers a solution for future guidance.

The copper-stocks curve sections for 1915-25 and 1926-32, superimposed as shown, were taken from copper-stocks curve shown on chart no. 1. The graphical parallelism between the two curves, as

superimposed, during their initial 5-year period is very evident and confirms the statement made in connection therewith during chart no. 1 discussion.

The table shown on chart no. 6 (omitted in RECORD) gives the yearly poundage of refined copper, also blister and material in process of refining, likewise their percentage relationships to United States copper production for the 28-year period, 1905-32. Also tabulated is the export and import data for various years stated in percentages of United States copper production. The percentage ratios between the export and import percentages are also given.

It is comparatively easy to approximate trends of increasing or decreasing copper stocks, imports and exports through the medium of factors similar to those set out in the table and/or its graphical equivalent.

Referring to the graphical outline it will be seen that the lower curve is that portion of the copper-stocks curve embracing 1915-25. The upper curve is that part for the period 1926-32.

The copper stocks, imports and exports data in pounds will be found on the left side of the yearly vertical coordinates; similar data for the 1926-32 curve will be found plotted in pounds on the right side.

Connecting lines were drawn joining the top of the various export, import, and stocks pound column factors as shown.

Subsequently the graphical-area difference between the export and import connecting lines were hatched as shown. A comparison of the two dissimilar hatched areas gives a visual approximation of the excess exports or imports poundage volume factors between the two periods.

TABLE FACTORS

Copper-stocks data, as shown in the table on chart no. 6 (omitted in RECORD), are subdivided into refined and blister and other material in process of refining; likewise a total of these two subdivisions. These data, plus the other column factors, are stated for each year, 1905-32.

We also find that imports percent of exports percentages are shown for certain periods back to 1867. It is most interesting to note the minute percentages that prevailed during the copper-tariff period, 1870-94, and the persistent increase in imports of exports percentage rates to excessive heights during the free-trade copper era, 1895-1932. The high rate for 1870-73 was due to copper imported in manufactured form when the price of copper advanced to 36 cents per pound.

Summaries for six different subdivisions within 1905-32 are also given. Divisions A, C, and E represent annual averages for periods of minimum copper stocks. B, D, and F state annual averages for periods of maximum copper stocks.

Division A represents the annual average for 1905-6. This average shows that refined copper stocks equaled 6.6 percent; blister, etc., 13.6 percent; and the total stocks 20.2 percent of the average United States copper production for the 2 years. We also find that the annual average for 1905-6 of copper exports and imports equals, respectively, 55.8 and 24.1 percent. The imports percentage of the exports is 43.2 percent.

The preceding minimum-stocks period A was followed by the maximum-stocks period B. The annual average for division B states that total stocks equaled 36 percent of the average United States copper production, 1907-10; this shows a large increase over the 20.2-percent factor for division A. Division B average exports and imports were 64.3 and 28.5 percent, respectively, of the United States production, and the imports were 44.3 percent of the exports for that 4 years. We note that although the export and import percentage had increased for B over A, yet the imports percentage of the exports for the two divisions were nearly equal, being 43.3 and 44.3 percent, respectively.

The next, division C, is also designated a minimum-stocks period, although its factors exceed those for division A. Nevertheless its annual average-stocks percentage is less than that for division B. The annual average of total-stocks percentage for division C is 28.6 percent, compared with 20.2 and 36 percent, respectively, for divisions A and B. We also find that the imports percent of exports for C equals 47.2 percent is greater than the respective rates of 43.2 and 44.3 percent for A and B. We also note that, although the respective imports percentages of 28.5 and 28.2 percent, respectively, of C and B are nearly equal, yet the export-percentage rate for C is smaller than the B rate.

The division following C, namely, D, is classified as one of maximum copper stocks. The annual total copper-stocks average for D equals 60.7 percent. This rate is unusually high compared with the previous divisions. The imports percentage of exports for D, which is stated at 73.4, shows a most unusual increase over divisions A, B, and C. Attention is also directed to the 42.8 percent for imports in division D. This shows a 50-percent relative increase over the import rates for divisions C and B. We find, however, that the exports rate for D is less than the C and B rate.

Division E is termed "a period of minimum stocks." The annual average of total copper-stocks percentage equals 32.7 percent. This rate is only about one half the D rate, although larger than the rate for C. The imports percent of exports for E, which equals 69 percent, though slightly smaller than the D rate, is about 50 percent above the C and B rates. The imports percentage for E, which equals 42.4 percent, is practically identical with the D rate and about 50 percent greater than the C and B rates. We also note that the exports percent for E, 61.5 percent, is more than the D and C rates and less than the B rate.

LXXVIII—303

The final division F is a period of maximum copper stocks. The annual average of total copper-stocks percentage of United States equals 90.8 percent. This rate is 50 percent greater than the D rate and about three times the E, C, and B rates. The imports percent of exports equals 106.7 percent; this rate is about 50 percent greater than the rates for E and D, likewise more than twice the rates for C, B, and A. We also see that the imports percent rate of production, which equals 55.6 percent, is about 30 percent larger than the rates for E and D, also two times greater than the rates for C and B. The exports rate for F, namely, 52.1 percent, is less than the rates for all the preceding five divisions.

A résumé of the foregoing discussion of the six divisions indicates clearly a progressive increase in total copper stocks and copper imports and a persistent decrease in copper exports. This is vividly apparent when comparing the factors for initial year 1905 with final year 1932.

The total copper-stocks percentage for 1932 is more than 12 times greater than the rate for 1905.

Although the exports percentage for 1932 is 15 percent relatively less than the 1905 exports rate, nevertheless, the 1932 imports rate is 210 percent greater than the 1905 imports rate. We find that for the period when copper stocks are maximum the price of copper is at a minimum. When copper stocks are at a minimum the price of copper is at a maximum.

The summary of the minimum periods of copper stock, A, C, E (representing 51 percent of copper mined, 1905-32) show that the average copper stocks equal 29.3 of the domestic production. The copper-stocks percentage being a composition of 7.8 percent for refined copper and 21.5 percent for blister, etc. The annual average of copper mined equals 1,434,500,000 pounds.

As shown, the summary of the maximum periods of copper stocks, B, D, F (representing 49 percent of the copper mined), states that the average copper stocks equal 63.6 percent of United States production. This total being a summation of 33.6 percent for refined copper and 30 percent of blister, etc. The annual average of copper mined for the periods is 1,193,200,000 pounds.

A comparison of these two periods show that the minimum periods not only mined more copper than the maximum stocks periods, but that the annual average of copper produced was 20 percent greater. We further find that the maximum periods total-stocks percentage is 117 percent greater than the minimum periods. The blister, etc., percentage for the maximum periods is 40 percent greater than the minimum periods rate. Refined copper percentage for maximum periods is 330 percent in excess of the rate for minimum periods.

Consequently, a résumé of the factors set out in the table as discussed foregoing denote that due to the fact that the minimum-stocks periods not alone mined the major portion of the copper during 1905-32 and that its annual average rate of copper produced was 20 percent greater, likewise that higher copper prices prevailed during the minimum-stocks periods, it seems essential from a copper producer's viewpoint that the ratio of total copper stocks to domestic production for the minimum periods be a guide for the future. This means that total copper stocks should never exceed 30 percent of the domestic production, also that refined copper stocks should not exceed 8 percent of the domestic production and blister, etc., 22 percent thereof.

CURVE FACTORS

The graphical relationships shown on chart no. 6 (omitted in RECORD) are submitted primarily to compare the factors that brought about the large copper surplus as of December 31, 1920, and its reduction by one half as of December 31, 1922, with the huge copper surplus which existed as of December 31, 1931, and the failure to reduce same subsequent thereto.

SURPLUS FACTORS, 1917-21, COMPARED WITH 1928-32

In order to simplify the discussion there is submitted from the table on chart no. 6 the following factors:

Total stocks				Percent of United States production							
Pounds		Percent of United States production		United States production		Exports		Imports		Imports percent of exports	
1917-21	1928-32	1917-21	1928-32	1917-21	1928-32	1917-21	1928-32	1917-21	1928-32	1917-21	1928-32
525.0	537.0	27.8	29.3	1,886.1	1,825.9	59.9	61.5	29.4	43.0	49.0	69.9
742.6	806.0	38.9	40.3	1,908.5	2,002.9	39.1	49.9	30.2	48.7	77.2	97.6
904.0	1,065.0	70.1	76.6	1,286.4	1,394.4	40.0	54.2	33.3	53.3	83.2	107.6
1,124.0	1,272.6	92.9	122.0	1,209.1	1,042.7	51.6	53.5	40.5	56.3	78.5	105.2
742.0	1,382.0	146.7	254.0	505.6	544.0	124.3	60.4	68.7	72.1	55.3	119.4
807.5	1,012.5	59.4	74.1	1,359.1	1,361.9	53.7	55.3	35.3	52.3	65.7	94.6

The two 5-year period factors tabulated foregoing to show parallelly their comparative relationship affords ample evidence as to what was done in 1921 to correct existing copper surpluses, and the failure to reduce the huge surplus of 1931 during 1932.

The tabulation shows that total copper stocks for 1917 and 1928 are practically equal, likewise their percentage factors, also the copper produced and the exports percent of United States production. We note, however, that the imports rate for 1928 is rela-

tively 46 percent greater than the 1917 rate. This emphasizes the very high percentage plateau to which copper imports had risen during the intervening years. The imports percent of exports for 1917 equals 49 percent, but the rate for 1928 had increased to 69.9 percent, a relative increase of 43 percent. This shows conclusively that imports during 1928 had increased enormously when compared with the 1917 imports rate, although exports for the 2 years were nearly equal.

When comparing the year 1918 with 1929 we find that copper stocks and copper-production factors are about equal and exceed those for the years 1917 and 1928. We note that the copper-stocks percentages for 1918 and 1929 are, respectively, 38.9 and 40.3 percent; likewise that the imports percent of exports for 1918 and 1929 are 77.2 and 97.6 percent, respectively—a very large increase over the 1917 and 1928 factors.

The year 1919 compared with 1930 shows that copper stocks and its percentages and copper production to be somewhat equal. Copper stocks having increased considerably, while production factors show a most marked decrease when compared with the 1918 and 1929 factors. The imports percentage of exports for 1919 and 1930 equal 83.2 and 107.6 percent, respectively. These two factors still show a progressive increase over those for the years 1918 and 1929.

Nineteen hundred and twenty factors compared with those for 1931 show considerable variance. We find the huge copper stocks for 1920 exceeded by those of 1931. The copper-stocks percentage for 1920 equals 92.9 and that for 1931 is 122 percent. The exports percentage is 51.6 for 1920 and 53.5 for 1931. The imports rate for 1920 equals 40.5 and for 1931, 56.3 percent. We also note that the imports percentage of exports for 1920 is 78.5 and for 1931 equals 105.2 percent.

Copper production for the years 1921 and 1932 are about equal. The percentage of copper exports for 1921 is 124.3 percent and for 1932 the rate is shown to be 60.4. These two factors compared with those for 1920 and 1931 show an enormous increase in the 1921 rate over that of 1920. A comparison of imports percentages for 1921 and 1932, which equal 68.7 and 72.1 percent, respectively, show a large increase over those from 1920 and 1931. When comparing the imports percent of exports for 1921 with that for 1920 we find a 30-percent decrease, while the 1932 rate compared with 1931 shows a 14-percent increase. Copper stocks for 1921 show a decrease of 382,000,000 pounds when compared with the 1920 total, whereas copper stocks for 1932 show an increase of 109,400,000 pounds over the total for 1931.

The annual average for the respective periods show the copper production for 1917-21 and 1928-32 to be nearly identical. Average copper stocks for 1928-32 are 25 percent greater than during 1917-21. We note that the copper exports for the two periods to be about equal. Copper imports, however, for 1928-32 show a 48-percent increase over the annual average during 1917-21. Imports percentage of exports during 1928-32 exceed the rate for 1917-21 by 44 percent.

The foregoing period annual averages therefore show about identical copper productions and exports. Copper stocks and copper imports, however, are 25 and 48 percent, respectively, greater for 1928-32, when compared with 1917-21; also, in view of the fact that domestic copper consumption for these two periods were about equal (1928-32 exceeds 1917-21 by only 7.8 percent), the deduction is inescapable that the huge copper-stocks surplus as of December 31, 1932, is directly due to excessive imports during 1928-32.

A résumé of the foregoing discussion of the two periods, 1917-21 and 1928-32, shows that with practically identical sequence production factors for the two periods—although no attempt was made to prevent excessive imports during 1928-32 in comparison with the much smaller import rate for 1917-21—total copper stocks were reduced by 1921, on the one hand, in 1 year by 382,000,000 pounds and increased 109,400,000 pounds during its comparative year, 1932, a difference of 491,400,000 pounds. The copper producers borrowed \$40,000,000 in 1921 and took 400,000 pounds of refined copper off the market. This poundage reduction would equal about 60 percent of the refined-copper stocks as of January 1, 1921. Through this effort total refined-copper stocks (see table in chart no. 6) were reduced 433,000,000 pounds, a reduction of 67 percent, by December 31, 1922, down to a total of 216,000,000 pounds. An equivalent reduction within 2 years of 60 percent in stocks of refined copper which equaled 924,600,000 pounds December 31, 1931, would only leave about 370,000,000 pounds as of December 31, 1933, instead of the existing 1,000,000,000 pounds. Copper, which has averaged about 7 cents per pound during the past 2 years, would have taken 570,000,000 pounds off the market for \$40,000,000, the amount used in 1921 to carry the 400,000,000 pounds.

CURVE FACTORS—1917-21 COMPARED WITH 1928-32

Referring to the graphical curve details in chart no. 6, we note two areas—one for the period 1915-25, and the second pertains to period 1926-32.

The important area portions to be compared in this discussion are 1917-21 with 1928-32.

CURVE PORTION 1917-21

As heretofore stated, the hatched area shows the excess of exports over imports or the reverse thereof. As for 1915-25, of which 1917-21 is a part, all the hatched area represents excess exports.

The annual average of copper exports for 1917-21 equals 730,000,000 pounds. Imports averaged 479,600,000 pounds and were 65.7

percent of the exports. The total excess copper exports during the period was 1,252,200,000 pounds.

An inspection of graphical section 1917-21 shows a precipitous falling of the export line and a continued rise of the import curve from 1917 to 1918; a continued sharp falling of the export curve and a lesser drop for the import curve from 1918 to 1919. The two curves rose slightly from 1919 to 1920. The export curve was about horizontal, but the import curve declined from 1920 to 1921.

The great constriction of excess exports by 1919 was due to the import curve failing to drop parallelly with the export curve; the consequence was that copper stocks increased from 525,000,000 pounds in 1917 to 904,000,000 pounds in 1919. Due to the constricted area persisting from 1919 to 1920 we find that copper stocks increased to 1,124,000,000 pounds as of December 31, 1920. The expansion of the excess exports area from 1920 to 1921 denotes a drop in copper stocks to 742,000,000 pounds by December 31, 1921. The continuance of this expansion area into 1922, even though both rose parallelly, resulted in a drop of copper stocks to 577,000,000 pounds as of December 31, 1922.

CURVE PORTION 1928-32

The hatched area for 1928-32 shows excess exports from 1928 to 1929 and into 1930. From 1930 to 1932 we note that the hatched area depicts excess imports.

The annual average of copper exports for 1928-32 is 752,600,000 pounds. Imports for that period averaged 711,300,000 pounds and were 94.6 percent of the exports. The excess copper exports for 1928-32 totals 206,500,000 pounds.

Graphical section, 1928-32, shows a continuous precipitous decline in the export curve from 1928-32. The import curve rose most abruptly from 1928 to 1929, while the export curve declined. We note the import curve crossing the export curve in 1930 and continuing to decline sharply and parallelly to the export curve to 1932.

The nearly total construction of the excess exports area 1929 was due to the abrupt rise of the import curve, and copper stocks as of 1928, which equaled 537,000,000 pounds, rose to 806,000,000 pounds as of December 31, 1929. The uninterrupted continuance of excess imports from 1930-32 resulted in copper stocks rising to 1,382,000,000 pounds as of December 31, 1932. It is evident that this huge copper surplus by the end of 1933, or thereafter, cannot be decreased in the absence of rigid tariff protection and controlled domestic production unless the import curve shows a most abrupt downward trend.

SUMMARY OF DISCUSSION

The detailed analysis submitted foregoing of the factors stated on chart no. 6 clearly demonstrate that the present huge surplus of copper is due to excessive imports of copper during 1928-32.

A repetition of future excessive stocks of copper can be prevented by excluding foreign copper imports and synchronizing domestic production with domestic consumption. Copper imports can be excluded through the medium of an adequate tariff and the regulation of production to meet domestic requirements is easily attainable by curtailing the past average 14-year production rate about 10 percent.

When the domestic market is supplied solely from domestic-controlled mine production it is certain that copper can be sold at a domestic commodity price.

The copper miner is entitled to receive a commodity price for the end stage of his labor effort and the only way this is obtainable is to rigidly exclude copper imports and regulate copper production to just meet domestic demand.

The regulation of copper-mine output is easily obtainable and can be adjusted to a most minute degree through proper State, district, and mine allotments based on past productive records.

The question of disposal of the existing huge copper surplus must be accomplished through Federal agencies. The failure of adequate import duties the past 5 years is the direct cause of this menacing surplus. It must be removed or rendered nascent immediately if the human element involved is to be accorded the right to earn a livelihood.

IX. Chart no. 7

Owing to the stress laid on copper-production ratio factors during the preliminary discussion of copper-code details, it was deemed informative to submit data not alone as to past production but also to designate the units that control the domestic copper-mining industry.

Past production data, based on actual output, would be the most reliable aid in estimating future domestic annual production ratios under the provisions embodied in the proposed copper code. Future allocations of State, district, and mine annual copper output ratios under the code should certainly not be left to hearsay, self-interest, or nebulous quotas, but should be based on actual annual past production factors averaged over a period of nondepression years.

In reviewing past domestic copper-production records, it was found that three domestic companies, namely, Kennecott Copper Corporation, Anaconda Copper Mining Co., and Phelps Dodge Corporation, had mined more than one half the domestic copper output during the past 18 years, 1915-32.

Consequently, there is herewith submitted certain detailed copper-production data pertaining to those three companies, hereafter termed the "KAP group", for the period 1915-32, during which time United States mined 56.6 percent of the total domestic copper output, 1841-1932.

Referring to chart no. 7 (omitted in Record), we find outlined thereon tables A and B, also certain graphical relationships per-

taining to production factors for the KAP group during the 18-year period aforementioned. The data submitted has been systematized and made clear through explanatory notes, hence there is no need to enter into detailed explanations.

Yearly total production factors for each company of the KAP group have been plotted as shown. This annual data has been segregated as to domestic production into the major domestic unit and the remainder of domestic production, also as to foreign production.

KENNECOTT

Kennecott plotted factors show that its major domestic unit, namely: Utah copper mined 38 percent of the total for 1915, 21 percent during 1921, 26.6 percent for 1932, and the average for 1915-32 equals 33.4 percent.

The foreign production of Kennecott was 9 percent of the total during 1915, 23 percent for 1921, 44.5 percent during 1932, and the average for 1915-32 equals 23.4 percent.

The domestic remainder equals 53 percent for 1915, 56 percent during 1921, 28.9 percent for 1932, and 43.2 percent average for the period 1915-32.

The foregoing factors emphasize likewise their graphical relationship, that the low cost, Utah copper shovel-operated mine, production has remained constant percentage, and that the low-cost foreign unit (Braden) has increased rapidly.

The result being that the domestic remainder for 1932 was only about one half the 1915 percentage rate. This means that so far as Nevada Consolidated, Ray Consolidated, and Chino mines are concerned their production ratios have been sacrificed to advance Braden's output.

It will be noted that the graphical curve depicting Kennecott foreign production, which means Braden, cuts right across and ever upward during not alone the 1921 depression but also the 1930-32 depression. It is particularly interesting to note in table A that Braden's production during the depression of 1931 was 26 percent above its 1929 rate while Kennecott's domestic properties only mined one half of their 1929 output. During 1932 Braden mined 60 percent of its 1929 output compared with only 20 percent for the domestic properties.

Kennecott, for the 18-year period, 1915-32, obtained 76.6 percent of its total copper production from mines owned within the United States, the remaining 23.4 percent was mined in Chile. During the 11-year period, 1922-32, Kennecott secured 71.3 percent of its total output domestically, and 28.7 percent from foreign areas. For the 4-year period, 1929-32, Kennecott mined 67.3 percent of its total production within the United States, and 32.7 percent of the total output came from South America. Kennecott's copper production for the year 1932 discloses that 44.5 percent of its total output was mined in Chile, and 55.5 percent within our country.

From the foregoing it is evident that the copper-production ratios of the domestic mines controlled by Kennecott have been constantly reduced and conversely their foreign output has been persistently increased during 1915-32.

ANACONDA

Anaconda's most important domestic unit, namely, Montana, mined 86 percent of the total for 1915; 64 percent during 1921; 38 percent for 1932; and the average during 1915-32 is 42 percent.

The foreign production of Anaconda for 1915 equals 6 percent of its total output, 4 percent for 1921, 55 percent during 1932, and the average equals 40.5 percent for the period 1915-32.

We find that Anaconda's domestic remainder production during 1915 is 8 percent, 32 percent for 1921, 7 percent during 1932, and the average for the period 1915-32 equals 17.5 percent.

When analyzing the foregoing production factors and scanning their graphically plotted percentages, we note that Anaconda's most important domestic unit, namely, Montana, shows a reduction of 56 percent in production percentage for 1932 when compared with 1915. Montana's curve shows a most persistent uniform decrease during these 18 years.

On the other hand, we observe the startling increase in Anaconda's foreign-production curve during 1915-32. Starting with 6 percent in 1915, it reached 55 percent in 1932, a comparative increase of 900 percent.

During the rapid increase of Anaconda's foreign-production curve, 1915-32, we find that Anaconda's domestic remainder (Inspiration and Walker), which equalled 8 percent in 1915, expanded to 32 percent in 1921, has shrunk to 7 percent in 1932. We note that the constriction has been uniform from 1922-32 compared with the expanded area 1916-21.

It appears that Anaconda's foreign-production curve, which advanced so amazingly to 1929, seems poised ready to swing ever upward the moment its foreign production can be marketed, either domestically or abroad.

Montana has suffered a reduction in copper output of 24 percent during the post-war period, 1919-30, compared with the pre-war period, 1903-14. These two periods account for 56 percent of all the copper mined in Montana during 1841-1932. This disastrous reduction in copper output certainly emphasizes that the foreign activities of Anaconda during the post-war non-commodity-price period has not aided the State.

We also find that the maintenance of the uniform percentage rate of foreign production equaling 55 percent from the peak year, 1929, right through the depression period, 1930-32, is much different than the production conditions besetting Inspiration and Walker during this interim. Inspiration dropped 84 percent and Walker 93 percent from 1929 compared with 1932.

Anaconda, during 1915-32, secured 59.5 percent of its total production domestically and 40.5 percent from foreign areas. For the past 11 years, 1922-32, Anaconda obtained 50.3 percent of its production within the United States and 49.7 percent from abroad. During the last 4 years, 1929-32, Anaconda has only mined 44.7 percent of its total output within our country and derived 55.3 percent thereof from Chile and Mexico.

PHELPS DODGE

The Phelps Dodge Corporation production activities during the 18-year period, 1915-32, are clearly stated in table A. Its total copper output during the period only equals 13.5 percent of the total for the KAP group, therefore it need not be analyzed in detail.

We note during 1915-32 that 58.3 percent of its total production came from the Copper Queen unit; 21.4 percent was mined within the domestic-remainder area and 20.3 percent of the total copper output was secured from foreign sources.

The foreign production curve, starting at 18 percent in 1915, reached its apex, 27 percent, in 1923, dropped to 21 percent during 1925, then horizontal to 1930, then 13 percent for 1931, and to zero for 1932.

The Copper Queen curve shows a constant recession for the 18-year period.

The domestic remainder shows an expansion throughout due to the recession of both the foreign and Copper Queen production curves.

The Phelps Dodge Corporation is the only one of the KAP group that shows a slight increase in its domestic output ratio of the total production during 1915-32.

SUMMARY KAP PRODUCTION DETAILS

The summary details stated at the foot of table A show that for 1915-32 the KAP group mined 70 percent of its combined total copper production within the United States and 30 percent came from foreign countries.

An inspection of the first three subdivisional periods shows that the domestic-production percentages were 86.4, 65.7, and 59.1 percent, respectively, and the foreign percentages are 13.6, 34.3, and 40.9 percent. This denotes a progressive decrease in domestic-production ratios and conversely an increase in the foreign rate.

For the year 1932 the domestic ratio equals 57.3 percent and the foreign rate was 42.7 percent of the total combined KAP copper production.

TABLE B

Table B, first column, states the combined KAP domestic copper-production percentage of the total United States copper production for each year during 1915-32.

Averages for certain subdivisional year periods are also given.

The average for 1915-32 equals 53.7 percent. This means that the KAP group mined 53.7 percent of the total domestic copper production during the 18-year period, 1915-32.

The KAP group mined an average of 49.5 percent of the 1915-21 domestic production; 54.1 percent during 1919-32; 56.1 percent of 1922-32; and 57.8 percent during 1929-32.

The percentage of domestic copper production for KAP is plotted graphically by years as shown by the heavy solid meander line from 1915-32.

SECOND COLUMN

The second column of table B gives the combined KAP foreign copper-production percentage of the total Chile plus Mexico copper production, annually, for 1915-32.

Annual averages are likewise stated for various periods.

For the 18-year period, 1915-32, we note that the KAP group mined 72.7 percent of the total copper production of Chile plus Mexico.

We also find that the KAP group mined 41.1 percent of the Chile plus Mexico copper production during 1915-21; 77 percent for 1919-32; 82.2 percent during 1922-32; and 83.4 percent for 1929-32.

Forty-eight and eight-tenths percent of all the copper imported into the United States during the 14-year period, 1919-32, came from Chile plus Mexico. The poundage of these imports represents 60.6 percent of the total Chile plus Mexico copper output and is equivalent to 79 percent of total KAP, Chile, plus Mexico copper production during the 14-year period.

TABLE B SUMMARY

Comparing the combined KAP copper production for the United States, 1915-21, which equals 49.5 percent, with KAP production for Chile plus Mexico, 41.1 percent, we find the domestic rate to be 20 percent greater.

During the next 7 years, 1922-28, we note the domestic rate to be 55.3 percent and the foreign rate 81.4 percent; the latter is 47 percent greater than the former.

For the last 4 years, 1929-32, the domestic rate equals 57.8 percent, compared with 83.4 percent for the foreign area, showing a relative increase of 44 percent.

A comparison of the last period, 1929-32, with the first period, 1915-21, the domestic rate is respectively 49.5 and 57.8 percent; the foreign rate equals 41.1 and 83.4 percent. The domestic rate increased 17 percent when comparing the two periods, but the foreign rate showed a 103-percent increase for 1929-32 when compared with 1915-21.

The foregoing percentage increase of the combined copper-production rate for KAP domestically, which equals 17 percent, gave them domestic control, but the huge increase within the

foreign area accorded KAP monopolistic ownership of the copper reserves within Chile and Mexico.

These two countries alone, during the last 14 years, 1919-32, have poured into our country one half of the flood of copper imported but have failed to absorb even a minute part of our exports.

X. Chart no. 8

An attempt has been made to outline on chart no. 8 (omitted in RECORD) data pertaining to the wage earner dependent on the domestic copper mining industry.

The chart is a graphical representation showing pounds and value of copper mined per domestic copper mine wage earner for various census years from 1860 to 1929, outlining particular details for the United States and leading domestic copper-producing States.

During the period analyzed, 1860-1929, we find that 99.9 percent of the domestic copper produced 1841-1932 was mined subsequent to 1860.

During the last two census periods covering 20 years, 1909-29, the average number of wage earners engaged in the domestic copper-mining industry equals 46,600. We also note that 71.6 percent of the total copper production, 1841-1932, was mined during 1909-32.

The number of copper wage earners and the domestic copper-production percentage for Michigan and Montana when 1929 is compared with 1909 show a decrease of about 50 percent.

We note, however, that the pounds of copper mined per wage earner for Montana and Michigan during 1929 is, respectively, 35 and 63 percent above the 1919 poundage for these two States.

The period 1919-32 mined 41.1 percent of all the copper produced during 1841-1932. Consequently a comparison of chart data within this period that accounts for about one half of all the copper mined domestically should give an approximation of the trend of operating factors.

Arizona, plus the combined production of Utah, Nevada, and New Mexico, represents 62.6 percent of the total domestic production for 1919 and equals 69.8 percent for 1929. A comparison of mine factors for Arizona with the three States, representing as they do about two thirds of the domestic production, should be of interest.

Most of the copper mined within Arizona comes from underground operations. On the other hand, the major part of the copper mined within Utah, Nevada, and New Mexico is shovel mined.

During 1929 Arizona secured about 87 percent of the total copper output from underground operations, while the three States hereafter termed "U.N.N." secured 88 percent of their copper production from shovel operations within open-pit mines.

The number of copper wage earners within Arizona for 1919 equals 14,237, compared with 15,564 in 1929, an increase of 9 percent. The copper-production percentages of the total domestic output for 1919 and 1929 are about equal. The power used per wage earner within Arizona during 1919 equals 11.1 and for 1929 is 12.4 horsepower, an increase of 12 percent.

As shown, the number of wage earners within U N N during 1919 equals 6,924, and for 1929 is 8,116, an increase of 17 percent. The copper-production percentage rate for 1919 is 20.9, compared with the rate of 28.3 for 1929, an increase of 35 percent. A comparison of the power used for U.N.N. during 1919 is 13.6 and for 1929 equals 24.9 horsepower, showing an increase of 91 percent during these years.

Shovel-mine areas within Utah, Nevada, and New Mexico, through increased mechanization alone, were able to increase their domestic-copper output percentage rate 35 percent by only increasing the number of wage earners 17 percent.

The underground mine operations within Arizona, even though the mechanization rate increased, had to add 9 percent more wage earners merely to maintain its past domestic-output percentage rate.

A comparison of the number of pounds of copper mined per wage earner for Arizona shows an increase of 40 percent for 1929 over the 1919 amount.

On the other hand, U.N.N. has a rate of increase equal to 80 percent for 1929 over 1919.

In other words, although the percentage rate of increase in the number of wage earners was about the same, nevertheless, the shovel-mine area percentage rate of copper mined per wage earner is twice the Arizona underground-mine rate.

We also find that where the shovel-mine States of Utah, Nevada, and New Mexico mined about 70,000 pounds of copper per wage earner for 1929, the average for the remainder of the United States is only about 35,000 pounds.

The maximum copper production for the shovel-mine area within Utah, Nevada, and New Mexico was in 1929 and equaled 28.3 percent of the total production, or about 565,000,000 pounds. In addition, there was mined about 108,000,000 pounds of copper during 1929 within the open-pit mines of Arizona. This gives a total of 673,000,000 pounds of shovel-mined copper, and equals 33.7 percent of the United States production for the year 1929.

XI. Chart no. 9

STATEMENT

This chart is submitted in order to show the relative economic importance of the copper-mining industry within Arizona, which for years past has been the leading domestic copper-producing State.

Arizona has mined 15,087,300,000 pounds of copper having a value of \$2,414,000,000 during 1845-1932. Arizona's production during this 88-year period represents 32.8 percent of the domestic output.

For the year 1929 the 11 Western States mined about 90 percent of the total domestic-copper output. Arizona alone mined nearly one half of the copper produced within these 11 Western States during 1929.

Arizona during 1929 mined about as much copper as the combined production of Montana, Utah, Nevada, and New Mexico. During the 14 years, 1919-32, Arizona mined more copper by 338,000,000 pounds than the combined production of Montana, Utah, Nevada, and New Mexico.

In consequence of the major position occupied by Arizona as a copper-producing State, it was deemed important to submit the generalized data within chart no. 9 (omitted in RECORD); in turn this information should reflect proportionately conditions existent within the other important western copper-producing States.

ARIZONA

Chart no. 9 (omitted in RECORD) outline curves showing tax percentage relationships within Arizona for mining property and other taxable subdivisions.

There is also shown a graphical representation of Arizona annual copper-production values during the 33-year period 1900-32. Tables are also submitted pertaining to the plotted factors.

The value of copper mined within Arizona during 1900-1932 equals about 90 percent of the total mineral-value output. In addition, the silver and gold byproducts from the copper mined during 1900-1932 equals about 5 percent of the total mineral value.

Consequently, the value of copper and its associated silver and gold equals about 94 percent of the total mineral output value during 1900-1932.

Economic factors indicate that during 1919-32 copper provided about 63 percent of Arizona's industrial income. Farm crops and animal products furnished, respectively, about 20 and 17 percent during said period.

The tables show that 94.4 percent of Arizona's total copper production has been mined during 1900-1932, the period outlined on chart no. 9 (omitted in RECORD).

COPPER VALUES

Arizona, during 1919-32, mined 41.4 percent of the total domestic-copper output. In 1929 Arizona produced 41.5 percent of the total copper mined within the United States.

Within the last 14 years, 1919-32, Arizona produced 51.9 percent of all the copper mined during her industrial life. This output equaled 7,831,100,000 pounds and was valued at \$1,120,630,000.

During the 12-year period, 1919-30, Arizona mined 7,229,700,000 pounds of copper, having an average yearly value of \$89,590,000. Arizona mined 829,200,000 pounds of copper during 1929, having a value of \$145,940,000.

Arizona's industrial problem can never be solved until her copper mines are allowed to reopen and furnish her part of the national consumptive demand at a domestic commodity price.

XII. Copper wages

The Arizona copper miner wage detail for the period 1921-32, is set out in the Arizona Code, exhibit D. Miners received a minimum of \$4.50 and muckers \$4 per 8-hour shift. A 10-percent raise in wages was accorded for each 2-cent per pound raise in the price of copper above 16 cents per pound. No one was employed underground that did not receive at least 50 cents per hour.

The underground wage detail for the Butte, Mont., copper mines was about equivalent to the Arizona copper miner wage schedule, discussed foregoing.

Referring to exhibit no. 21, we find that air-drill runners in the 6 open-cut copper mines therein mentioned received from \$3.30 to \$5 per 8-hour day. We also note that common laborers, who were mostly Mexican, Japanese, Chinese, and Papago Indians, received from \$2.42 to \$3.10 per 8-hour day.

We find in exhibit no. 4 that the Anaconda Copper Co. paid an average of \$5.74 per day to the men on the hill during 1923. We also note that about one half of the cost expenditure represents wages. Furthermore, that Anaconda, during the 10-year period, 1914-23, employed an average of 14,841 men in their Montana operations.

In exhibit no. 25 we find data pertaining to wages paid copper wage earners throughout the United States for the period 1909-29, and that about 50 percent of the principal expenses went directly to copper wage earners. Page 245, of said exhibit, shows that the wage earners cost percentage of value of products for 1929 is 37 percent for Montana, 33 percent for Michigan, 24 percent for Arizona, and 17 percent for Utah, Nevada, and New Mexico. The low cost for the open-pit mines of Utah, Nevada, and New Mexico is one half that of the underground mines of Montana and Michigan.

The writer estimates that about one half the price paid for copper during the past 30 years, or 8 cents per pound, has gone to pay dependent labor within the western copper districts and adjacent service areas.

The wages paid the domestic-copper miner during all these years does not embody the loss suffered through occupational diseases like miners' consumption or tuberculosis.

The whole wage structure of the copper miner will have to be readjusted when the end stage of his labor effort, namely, the copper ingot, is accorded a domestic commodity price.

The copper miner must not alone be paid for the arduous and skilled work he performs, but likewise should receive compensatory benefits for the hazards constantly confronting him and the certain danger of contracting occupational diseases.

XIII. Copper costs

Detailed copper-cost discussions can be found in exhibits A and B, attached hereto. A résumé of cost details set out in exhibit A, page 67, shows that about 49 percent of the domestic-copper output during the average post-war year, 1928, equals 9 cents, and 51 percent about 12 cents per pound. In other words, that a cost price of 12 cents per pound must be assumed provided the domestic industry is to function as an entity.

In exhibit B, page 71, table 49, without depletion or interest, we find that 60 percent of United States copper production cost 8 cents and the remaining 40 percent 10.9 cents per pound. This denotes that a cost price of at least 11 cents per pound must be secured in case the domestic copper-mining industry is to operate as a unit.

Referring to exhibit no. 7, we find that Anaconda copper costs, within Montana, during the 10-year period, 1923-32, equals 13.7 cents per pound. We further find from exhibit no. 5 that Anaconda lost \$13,652,121 on its Montana operations during the 5-year period, 1919-23. The average price of copper during 1919-32 equals 13.6 cents per pound. Consequently, so far as Anaconda's Montana copper-mining operations are concerned, the company failed to show a profit during the 14-year post-war period, 1919-32. A reference to exhibit no. 3 affords ample evidence that Anaconda was most critical when copper failed to receive a commodity price, saying nothing about the then prevailing low price of 13.2 cents per pound. Exhibits no. 2 and no. 4 also vividly describe the cost difficulties encountered by Anaconda within Montana in comparison with the cost details enjoyed within its Chilean mine areas.

A review of exhibits no. 11 and no. 12 discloses that the average per-pound cost for about 23 Michigan copper mines from 1909-18 was about 13 cents.

Exhibit no. 15 outlines with great detail subdivisional per-pound costs for 85 copper mines covering the year 1918. We note that the average cost for all companies reporting equals 16.2 cents per pound. The percentage cost of mining for Montana and Michigan is about twice the average mining cost of the Arizona, New Mexico, Utah, Nevada, and California copper mines. Furthermore, the mining cost percentage of net cost per pound of copper is about three times greater for an underground copper-mining State, like Montana, when compared with the cost of mining within the open-pit copper States of Utah and Nevada.

In exhibit no. 16 we find domestic copper cost details for the 12-year period, 1909-20, covering 13,915,000,000 pounds of copper, equals 11.35 cents. The copper output analyzed equaled 85 percent of total domestic smelter production for said 12 years. Domestic copper mined during 1909-20 represents 36 percent of all the copper mined during 1841-1932.

It is very evident from the data submitted foregoing that the minimum domestic cost that can be safely assumed in order to permit the copper-mining industry to function as a unit is 12 cents per pound. This cost does not embody a reasonable exploratory cost detail, neither does it care for increased wages to copper miners to compensate for the hazards of their profession.

It is, of course, dangerous from a national-defense standpoint not to have a continuous maximumly functioning domestic copper-mining industry from ore to ingot stage during time of peace so that adequate quantities of copper shall be immediately available when war overwhelms us.

XIV. Copper prices

The failure to receive a commodity price for copper during the post-war period, 1919-30, was discussed in chapter V. The copper price details submitted in charts no. 3 and no. 3A unquestionably demonstrates that the end stage of the domestic copper miners' labor, namely, the copper ingot, failed to receive a commodity price throughout the whole post-war period. The failure to accord a domestic commodity price for copper during this 14-year post-war period is a most vicious form of economic discrimination.

We find in exhibit no. 18, bottom of page 259, the following:

"The copper price index, based on pre-war conditions, is only a little more than half that of labor and other commodities. This condition is resulting in the exhaustion of one of the country's basic wasting assets, at a price that will purchase hardly more than one half its equivalent in other commodities. Obviously both the country and the investor must ultimately suffer as a result, and national economics and conservation demand that the situation be remedied."

The foregoing quotation is from United States Mineral Resources, 1922; consequently the lack of a commodity price for copper was well understood 12 years ago. An inspection of chart no. 3A (omitted in RECORD) chapter V, shows that the copper ingot price index based on pre-war conditions, for 1922, is only about one half of the labor and commodities factors. We likewise note that this discriminatory condition begins with 1921 and continues uninterruptedly for 8 continuous years until 1929. The copper ingot curve rose for the year 1929, but immediately fell thereafter to its present abysmal level. For the year 1932 we note that the copper ingot price index is still only one half of the commodities price index and one sixth the U.R. wages index. In other words, the copper miners' product for the past 12 years has been sold at a price that will only purchase one half its equivalent in other commodities, likewise only make possible the payment of a fractional wage detail. It is certainly obvious that this trade

discrimination be remedied forthwith, both from a national economic and conservation standpoint.

We likewise note in exhibit no. 19, from United States Mineral Resources, 1923, that "the producers who have been producing copper at a loss during the post-war years cannot go on indefinitely depleting reserves of ore and capital." In order to correct this situation "has caused some of the copper producers to feel that a tariff on copper would solve some of the perplexing problems with which producers have had to deal during the period of low prices. It is largely this condition that has caused the agitation among high-cost producers for a tariff on copper, resulting in the introduction in May 1924, of a bill in Congress by Representative JAMES, of Michigan, providing a duty of 6 cents a pound on copper imported."

In exhibit no. 3 we note that the Anaconda Co., discussing the price of copper in 1924, states "prior to the World War the average price was 15 cents per pound. Since the war it has been hovering around 13 cents." In answer to the query if this condition was peculiar to copper, it replies: "It is. Here is the only raw material produced in large quantities in the United States which is not selling at a price equaling or exceeding the pre-war average." Anaconda then goes on to verify this by data submitted by the Harvard Economic Service. This data is set out in tabulated form and shows that if copper had been granted the same equivalent average commodity price accorded sugar, corn, wheat, hogs, cotton, wool, petroleum, coal, pig iron, and steel, then copper should have sold for 34.3 cents in 1919 instead of the actual price of 19.1 cents; 44.4 cents in 1920 instead of 18 cents and 23.9 cents in August 1924 instead of 13.2 cents actually received. Anaconda still complaining, states: "The World War raised the prices of 11 basic commodities, including copper; that in spite of the depression following the war, none of these commodities are now as low as the pre-war price level, with the exception of copper, which is now about 16 percent lower in price than before the war. And this is not all. The costs of producing a ton of ore are now 50 percent higher than in pre-war times." Anaconda, still lamenting, states: "Of the six important Montana commodities in the list, copper is the only one that is selling below its pre-war price. Corn, wheat, hogs, wool, and petroleum all show prices that are 13 percent to 97 percent higher than pre-war. Compare that with copper, which is selling 16 percent lower and then ask yourself if it is logical to burden this industry with additional taxation."

Referring to exhibit no. 14, page 370, United States Mineral Resources, 1924, we find the following: "In May 1924 Representative JAMES, of Michigan, introduced a bill in Congress providing a duty of 6 cents a pound on copper imported. Congress took no action on this bill. In years since the war the producers of copper have had to accept a lower scale of prices than those current for other commodities, and therefore a large number of them have made records in lowering costs of production. The efficient organizations that have been built in response to the necessary cutting of costs will enable producers to make money by selling at prices that would not have yielded profits in the past." A situation such as last described leads one to suspect that lowered costs were the result of rawhiding labor and high-grading the ore reserves.

Exhibit no. 19A, page 564, United States Mineral Resources, 1926, has the following: "The ore reserves of the Americas could take care of the world's requirements for some years to come, but to these have been added recently the large deposits of Africa of high average grade. Being now in course of development, with an ambitious program of production, the possible effect of the coming of copper from these new sources upon the price of copper, the profits of producers, and the stability of established agencies of production has undoubtedly been a psychological factor affecting the price of copper."

A résumé of the foregoing certainly emphasizes that political economists, congressional Representatives, technical publications, and major domestic copper producers, even since 1921, have repeatedly pointed out the economic discrimination directed against the copper miners' labor product.

The copper ingot has been subjected to such an unusual degree of persistent vicious discriminatory legislative neglect during all these years that it certainly is fortunate that some other way is now available to rehabilitate the domestic copper-mining industry, through according its product a domestic commodity price.

XV. Copper reserves

Referring to pages 55 and 56, exhibit A, we ascertain that the domestic copper reserves, as of 1929, equal about 39,760,000,000 and the foreign reserves about 145,770,000,000 pounds. In other words, the foreign copper reserves are three and seven-tenths times greater than the domestic. We likewise note that the foreign ore grade is two and six-tenths times richer than the domestic copper ore grade. A summary on page 57 states: "That the foreign competitive copper poundage is three and sixty-six hundredths times greater than our domestic poundage, and can be laid down at New York City at a transportation cost of about 40 percent of the domestic cost." On pages 71, 74, and 75, exhibit A, estimates are given indicating that this foreign-copper poundage can be delivered domestically at a cost varying from 3.835 cents to 5.565 cents per pound. It seems advisable from a domestic copper miners' standpoint, to assume that ample quantities of foreign cheap-labor copper can be laid down at any or all domestic tide-water points at a cost of 4 cents per pound.

Foreign copper competition is not a new menace. It has existed ever since 1921 as exhibit no. 3A clearly portrays. We find constant reference to this foreign-copper menace starting back in

1923, as stated in exhibit no. 19. We find voluminous references thereto during the year 1924, as evidenced by exhibits nos. 2, 3, 4, 5, 9, 10, and 14. The statistical data embodied in exhibit no. 1 and exhibit C were largely prepared in 1925. Exhibit no. 19A emphasizes the growing menace of foreign-copper resources as of 1926, 1927, 1928, and 1929.

It certainly is obvious from the foregoing that rigid protective precautions must be taken immediately to exclude, once and for all, the flood of cheap foreign copper that has brought ruin to the domestic-copper miner during the post-war period.

It is likewise evident that drastic and immediate steps must be taken to segregate the present huge domestic-copper surplus which is due directly to excessive copper imports from foreign-copper areas during 1928-32, as stated in chapter VIII. This surplus which is due to legislative neglect, cannot be blamed on the dependent human element within the domestic-copper areas; can only be solved expeditiously through an adequate copper code.

The domestic-copper miner can never receive a domestic commodity price for his labor product unless foreign copper is rigidly excluded and domestic production is synchronized with domestic consumption.

XVI. Copper production

By referring to chapters III and IV, detailed information is available as to copper poundage mined within the various domestic States during 1841-1932.

Exhibit no. 8 is a United States map showing the location of 217 domestic copper-mining districts scattered throughout 19 States.

The location of 206 copper districts and electric power details within 11 Western States are shown in exhibit no. 8A.

We find detailed copper production statistics for the year 1917, within 52 United States copper districts, in exhibit no. 13.

Exhibit no. 21 contains a map showing the location of the open-pit copper mines within the United States, as of 1929.

A reference to exhibit no. 19A gives the copper mined during the year 1929, within 36 of the leading domestic copper-producing districts. The year 1929 is the one of maximum domestic-copper production during 1841-1929, same equaling 2,002,863,135 pounds, having a value of \$352,504,000. This is equivalent to about \$500 for each of the three quarters of a million people directly and indirectly dependent on the domestic copper-mining industry.

Within exhibit no. 8B will be found for the year 1930 the centers of domestic population, manufactures, cereals, farm values, corn production, wheat production, and the approximate center of copper production. We note that the center of copper production lies only about 900 miles west of the center of farm values, 1,200 miles west of the center of population, and 1,400 miles west of center of manufactures.

Ninety percent of the copper mined within the United States during 1929, having a value of \$315,000,000, came from the 11 Western States. About one half of this, or about \$160,000,000, was spent locally for wage details. It is quite evident that the domestic farm value center, which lies only 900 miles easterly, should be vitally interested in maintaining so valuable an industry. This wage outlay was twice as valuable as all the domestic meat products exported during 1929; it was about four times more valuable than leather exports; also more than five times more valuable than oil cake and meal exports; and it was only 20 percent less than the total value of wheat, including flour, exported during 1929. The maintenance of a maximally functioning domestic copper-mining industry on a domestic commodity-price basis will absorb vast quantities of the domestic agricultural surplus. Domestic agricultural control factors should do all in their power to build up and maintain the buying power of the domestic copper-mining districts. It is a certainty that the foreign copper-mining areas of Africa, Canada, and Chile will buy only minute quantities of domestic agricultural exports.

The writer noticed a newspaper item quite recently which mentioned the liquidation of domestic copper districts. To those entertaining such a desire, irrespective of the actuating motive, their attention is called to exhibit no. 24. In table no. 5 we note that the value of copper during 1929, is only exceeded by the colossally valuable coal-mining industry. The value of copper was about 50 percent greater than the value of iron ore. Copper was valued at about twice the combined value of lead, zinc, gold—lode and placer—silver, and minor metals during the year 1929. We likewise note in table no. 6 that percent of increase, 1919-29, for copper was plus 56.4, whereas iron ore shows a decrease of 9.6 percent. We also note that the rate of increase was greater than the lead rate.

The anthracite industry only showed an increase of 5.7 percent while the bituminous division suffered a decrease of 15.6 percent. The foregoing mine value factors demonstrate that the copper industry showed the maximum percentage value increase 4 years ago; consequently it is absurd to seriously consider the liquidation of this century-old industry unless the intent is to totally abandon all our major domestic metal-mining industries.

The according of a domestic commodity price for copper will at once neutralize the propagandic suspicions of noneconomic unit terminology, so gratuitously and volubly directed against the domestic copper miners' labor product.

The domestic copper-mining industry has now about 25 years of copper blocked out to meet domestic copper consumption requirements. An unending and unfailing supply of domestic copper can be made available during the year to come, provided a constant domestic commodity price is accorded same.

XVII. Copper explorations

Ore explorations within the 217 domestic copper-mining districts during the 14-year post-war period have been virtually abandoned. The only accretionary copper poundage added to the domestic-copper reserves since the war has been due to the extension of known ore areas and increased mining, metallurgical, and power efficiencies.

We note in exhibit no. 15, that back in 1918 criticism was voiced that "development had been neglected."

Referring to exhibit no. 16, we find that during 1920, when copper was selling at 18.4 cents a great amount of development work was done during 1920.

Exhibit no. 17, covering the year 1921, when copper was selling at 12.9 cents, states: "companies forced to mine their highest grade ore."

For the year 1922, when copper sold at 13.5 cents, we find in exhibit no. 18, "National economics and conservation demand that the situation be remedied", namely, that copper be accorded a price index comparable with all other commodities and labor price indices.

During the year 1923, copper sold at 14.7 cents. In exhibit no. 19, covering 1923, we find: "Producers who have been producing copper at a loss during the post-war years cannot go on indefinitely depleting reserves of ore and capital."

In exhibit no. 14, reviewing the year 1924, when copper sold at 13.1 cents, we find: "Copper fails to receive a commodity price."

An inspection of the copper ingot price index curve shown in chart no. 3A (omitted in RECORD), demonstrates conclusively that copper has failed to receive a commodity price during the 14-year post-war period.

In view of the foregoing statements, it is perfectly obvious that the failure to develop new domestic copper ore reserves during the post-war period, was due to the prevailing low domestic price for copper.

It is likewise perfectly obvious that no new copper ore exploratory work can or will be carried on in the years to come unless a domestic commodity price is paid for copper.

Domestic copper costs during the post-war period have not included adequate ore exploratory costs any more than they embodied items covering occupational diseases.

It is vitally essential that continuous and unremitting efforts be directed to place in sight ample copper-ore reserves to care for national defense purposes and to provide a livelihood for hundreds of thousands of our citizens who are dependent on a maximally functioning domestic copper-mining industry.

The only way that the foregoing vital phase can be cared for is through according a domestic commodity price for copper.

XVIII. Copper uses

Data regarding the use of copper within the United States during recent years was secured from the 1932 A.B. of M.S. yearbook.

The use of copper by percentages was plotted as shown in exhibit no. 20, sketch A.

We note that the 10-year plotted period, 1923-32, embraces 32.6 percent of the copper mined during 1841-1932.

Of the 13 subdivisional channels of copper consumed the electrical manufactures section absorbed about one quarter of the total.

Eight of the consuming channels lie between the 5- and 15-percent coordinates.

The remaining four lie below the 2.5-percent line.

There are no violent breaks in any of the 13 curves shown. The increases as well as decreases of the curves are gradual and follow parallelly the general trade tendencies of the decade.

The electrical manufactures division actually increased its percentage consumption of domestic-copper production from 1928-32, and during the last 2 years shown, 1931 and 1932, the consumption was at its maximum percentage rate for the 10-year period.

We also note that the percentage increase of copper consumed by the light-and-power lines was greater in 1932 than in 1924; this is likewise true for other uses, buildings, castings, refrigerators, radio-receiving sets, and wire cloth.

There was a percentage decrease in copper consumed during 1932 when compared with 1929 within the automobile, telephone and telegraphs, and railway-equipment subdivisions.

The manufactures for export rate for 1932 (6.3) is about equal to the 1929 rate (6.5).

In other words, we find that the subdivisional industries that showed percentage copper-consumption increases for 1932 when compared with 1929 represent 76.8 percent of the 1932 total, whereas 16.7 percent declined and 6.3 percent remained stationary. This means that even during a depression year like 1932 the percentage use of copper within about 80 percent of the industries stated was above normal; and although the remaining portion, namely, automobiles, telephones and telegraphs, and railway equipment, showed a decrease, yet these during the last half of 1933 and during the first part of 1934 show marked consumptive increases over 1932.

The foregoing analysis emphasizes that the percentage use of copper during the depression period, 1929-32, has more than held its own proportionally when compared with the other industries, and it is safe to predict that the use of copper in the months and years to come will show a most satisfactory increase.

XIX. Copper smelting and refining

The details discussed in this chapter are the number of wage earners, values, and plant-distribution factors connected with the domestic copper smelting and refining industry.

Exhibits nos. 26, 27, and 28 outline United States census details for the copper smelting and refining industry within the United States from 1899 to 1929. A careful study of these exhibits is suggested in connection with this review.

Exhibit no. 26 shows that the smelting and refining of metals from primary sources during 1929 employed 30,981 wage earners, compared to 5,065 wage earners connected with the secondary subdivision. During 1914 we find the ratio to be 34,733 wage earners in the primary and 3,041 wage earners within the secondary. In other words, the average number of wage earners employed during the past 25 years in the smelting and refining of metals, about eight times more were found within the primary than the secondary division. We further note that in the primary division the number of wage earners employed in the copper smelting and refining industry has averaged about one half of the total engaged.

Referring to table 1, page 1085, exhibit no. 28, we find that during the past 20 years, 1909-29, the average number of wage earners engaged in the domestic primary copper smelting and refining industry equals about 15,000. The exact number for 1909 is 15,628 and equals 14,544 wage earners for 1929. We note, however, that the wage detail has lagged behind the value added by manufacture.

Comparing 1919 with 1929, we find wages decreased 6.9 percent, while the value added by manufacture for 1929 was 11.6 percent greater than 1919. The foregoing percentage relationship shows a most marked decrease when 1909 is compared with 1919. For instance, the percentage increase was 92 percent in wages and only 47.3-percent increase in value added by manufacture.

In table 2, page 1086, exhibit no. 28, we find, for 1929, that of the 14,544 wage earners employed in the primary smelting and refining industry, 3,730 were in New Jersey and about 1,000 in Maryland and New York. In other words, about 70 percent of the smelting and refining wage earners were within the domestic copper-producing areas and only about 30 percent in the eastern tidewater, copper importing, smelter, refining section. Arizona alone, during 1929, employed 3,711 smelter wage earners compared to 3,730 wage earners employed in all the smelter and refining plants within New Jersey.

We find in tables 1 and 2, exhibit no. 27, a mass of details pertaining to the smelting and refining of secondary metals other than gold, silver, or platinum, not from the ore. In table 1 we note that 4,134 wage earners were employed in the United States during 1929, 2,167 in 1919, and 2,147 wage earners were at work during 1909. This indicates that an annual average of about 3,000 wage earners have been employed in the domestic secondary smelting and refining metal industry, not from the ore, during the past 20 years.

In table 2, exhibit no. 27, we find that the aforementioned 4,134 wage earners employed in 1929, were scattered throughout 106 establishments, or an average of 40 wage earners per plant. This table also states that Illinois led, with 25 establishments, employing 1,153, or a plant average of 46 wage earners. Pennsylvania was second, with 14 establishments and 783 persons, or an average of 56 wage earners. New York came third with 11 plants and 272 persons or an average of 25 wage earners. New Jersey was fourth with 7 plants employing an average of 30 wage earners. Indiana fifth, with 4 plants averaging 44 wage earners. Ohio sixth, with 10 establishments, averaging 15 wage earners. The remaining 35 establishments, employing an average of 40 wage earners, were scattered throughout 15 additional States. From the foregoing it is very obvious that the domestic secondary smelting and refining metal industry, not from the ore, is a very diffused aggregation of very small business units.

As a résumé, it may be said that, due to the lack of a profitable foreign copper-export market and the development of large quantities of cheap electric power within the western copper areas (see exhibit no. 8A), the tendency henceforth will be to refine the blister copper output at or near the shelter site. Whereupon the refined electrolytic copper ingot can be shipped direct to centers of population and manufacturers (see exhibit no. 8B), thereby saving the long haul to eastern tidewater refining and fabricating areas, and return.

The secondary smelting and refining metal industry, not from the ore, can always continue to function domestically irrespective of the original source of the junk material they recondition.

XX. Secondary copper

In order to simplify the presentation of data pertaining to the domestic consumption of refined copper from secondary sources, the same is outlined in graphic form as shown in sketch B, exhibit no. 20.

The data presented covers the 23-year period, 1910-32. This period mined 69.2 percent of the total copper produced during 1841-1932.

Referring to sketch B, we note that whereas the domestic consumption of refined copper from primary sources equals 80 percent of the total of primary and secondary for 1910, it recedes quite rapidly to the 57 percent point by 1922. We then note a gradual rise to the 64-percent line in 1924, then to the 57-percent point again by 1931. In other words, the decade 1922-31 shows that the relationship of primary and secondary copper was in equilibrium at or near the 60-percent point.

There is also submitted curve relationships between refined primary and secondary copper consumed in percentage of United States copper production.

We note the gradual rise of the primary copper-consumption curve from the 67-percent point in 1910 to 95.5 in 1932. The

intervening apex, as of 1921, was due to the near cessation of mine production during that year.

The secondary curve begins at the 18-percent line in 1910 and rises approximately parallel to the primary curve until 1931, when it jumps abruptly from the 66-percent to the 91-percent point as of 1932. We note a similar abrupt rise in the secondary curve during the depression of 1921 and its recession by 1924, upon the then reduction of surplus and increased domestic consumption. The secondary curve will again recede to normal parallelism to the primary curve when the existing huge surplus copper stocks of 1928-34 are removed and domestic consumption again becomes normal.

We find that the scrap-metal problem during a depression, when surplus stocks tend to increase due to diminished consumption, is the same in the iron, lead, and zinc industries just as it is in the copper industry. The foregoing mentioned metals, except copper, have been rigidly protected for many years, whereas copper has been on the free list. The domestic iron, lead, and zinc industries are burdened with their scrap-metal problem during this depression, which is serious enough, but it would have been infinitely worse if they were further submerged by the dumping of huge foreign surpluses.

The domestic copper-mining industry will in the future be able to meet its scrap-metal problem during times of depression without undue hardship provided foreign copper is rigidly excluded.

XXI. Copper manufacturers

The domestic copper fabricating and manufacturing industry can function whether they use domestic or foreign copper. The controlling factor with them is solely one of cost. The domestic copper fabricator will certainly continue to use the cheap-labor foreign product just as any and all other manufacturers eagerly seek to secure their basic materials at minimum prices.

Attention is directed to the fact that the principal primary purchaser or consumer of the domestic copper-miners' labor product, the copper ingot, is the fabricating and manufacturing industries. The electrolytic copper ingot is not purchased direct by the ultimate copper consumer. The copper ingot is sold to the ultimate consumer in the form of fabricated articles or delivered electric power by the manufacturers and public utilities.

As matters are now framed, and have been for many years, the domestic-copper miner is absolutely at the mercy of the domestic fabricator so far as receiving a commodity price for his ingot.

The past 14-year, post-war period affords ample evidence of failure of the copper fabricator and manufacturer to voluntarily pay a domestic commodity price for the domestic copper-miners' labor product. A vastly different and more equitable way must be made effective henceforth, thereby compelling the highly protected manufacturer and fabricator to pay a commodity price for the domestic copper ingot.

Exhibit A, attached hereto, is replete with vociferous and moving pleas made by the domestic copper fabricator when it comes to asking for special and prohibitive protective tariff rates, thereby ensuring him a super domestic commodity price for his manufactured copper article.

We note particularly the long and detailed protective petition submitted by 15 of the leading domestic copper manufacturers in 1921 to the United States Senate Finance Committee.

This petition has been reproduced and is attached hereto as exhibit no. 22.

We find in exhibit no. 22 that with copper selling at 13 cents the petition states that the price of copper and brass mill products will sell at a minimum of 20 cents up to a maximum of \$4.60 per pound. Specific duties asked by them will in no case exceed an equivalent of 40 percent ad valorem on American valuation. They specifically state that duties asked will not shut out imports. They also say that present capacity is three times normal requirements. That domestic competition will keep down prices of brass and copper products. Cannot compete with cheap foreign labor costs. A well-equipped copper and brass industry absolutely necessary for military preparedness. In closing their plea "they ask only for such protection that will enable them to continue to pay liberal wages to their employees, secure a fair return on the capital invested, and retain the American market for American institutions."

In answer to the foregoing, the past 13 years emphasizes that there have been no foreign imports of manufactured copper or brass products. The rates established in the Fordney-McCumber bill, 1922, and carried verbatim into the Smoot-Hawley Act of 1930, in compliance with the petition request aforesaid, have been notoriously prohibitive.

The protective rates established for the manufactured copper article all these years, while the copper ingot was left unprotected, has resulted in all our leading copper miners becoming copper fabricators.

Table no. 4, exhibit no. 27, and table no. 6, exhibit no. 28, give details as to tonnage and values of the major copper and brass-mill products manufactured in the United States during 1929 and certain previous years. These tables emphasize the importance of Connecticut as the leading domestic copper-fabricating State.

Chart no. 3A (omitted in Record) affords excellent testimony as to the ever-increasing price differential between copper plates and ingot, secured by the copper manufacturer. This chart likewise emphasizes the ruinous price index accorded the copper ingot during the post-war period.

XXII. Interlocking copper corporations

Exhibit no. 10 is submitted to show the interlocking relationship, particularly of J. P. Morgan & Co. to Kennecott, Phelps Dodge, Cerro de Pasco, American Metal, Newmont, Magma, United Verde Extension, International Nickel, Hudson Bay M. & S. Co., Anglo-American Corporation of South Africa, Ltd., South African Copper Co., Ltd., Rhodesian Minerals Concessions, Ltd., Rhokana Corporation, Ltd., etc.

This exhibit is self-explanatory and certainly emphasizes the interlocking of nearly every important copper enterprise in the world, except, Anaconda, with the House of Morgan.

We note that one of the directors of the important Newmont Mining Corporation is Albert H. Wiggins.

This exhibit shows the important foreign copper equities of the American Metal Co., Ltd., and the Cerro de Pasco Corporation, these two American copper corporations were particularly active 2 years ago in their opposition to a domestic copper tariff.

The fabricating activities of the Kennecott and Phelps Dodge Corporations are also mentioned in the exhibit.

It appears from the interwoven relationship of all these important domestic and foreign copper corporations that it is only a question of time when they will be consolidated into a single corporate unit or world-wide copper cartel.

The very nature of this huge interwoven economic mantle of world-wide copper poundages means opposition to nationalistic tariff barriers that tend to shut out their cheap-labor copper.

It requires no subtle mind to realize that so far as this economic mass is concerned, acting either as a unit or through any or all its component parts, it will unceasingly oppose the erection of rigid tariff barriers for the protection of the domestic copper-miners' labor product.

XXIII. Miners' consumption

In order to emphasize the occupational-disease hazards besetting the domestic copper miner excerpts were reproduced from Technical Paper No. 260, published by the United States Bureau of Mines in 1921. This publication is titled "Miners' Consumption in the Mines of Butte, Mont.," and the excerpts are shown in exhibit no. 23, attached hereto.

The data outlined in this exhibit certainly shows that ample provision should be accorded those who are so unfortunate as to contract so dreaded a disease as miners' consumption or tuberculosis.

An occupational disease of so ghastly a type means that the copper miners' labor product must be accorded a price sufficiently great to care for its victims generously and unflinchingly.

Miners' consumption is wide-spread amongst those who have spent 10 years or more underground as air-drill miners, muckers, chute tenders, carmen, etc.

Immediate consideration should be given the wage detail of the proposed copper code, and a demand should be made that its wage structure embody specific provisions to care for occupational diseases as well as the inherent danger that constantly envelops the copper miner.

XXIV. Copper dividends

Exhibits nos. 30 and 31 are submitted showing certain data as to dividends paid during 1909-30 by some of the most important domestic copper-mining companies.

We find certain dividend data within these two exhibits for the Anaconda, Kennecott, and Phelps Dodge companies and for their subsidiaries; likewise dividend details for other important domestic copper mines.

It was impossible for the writer to complete a detailed tabulation of dividends paid per pound of copper mined in time for this presentation.

However, the data in the two exhibits and exhibit A will give one a fair average approximation of the dividends paid for the industry subsequent to 1909. It may be stated that 72 percent of the domestic copper mined, 1841-1932, was subsequent to 1908. As an example, one of the lowest grade domestic copper mines, Miami, combined with one of the highest grade mines, namely, Calumet and Arizona, discloses that during the 22-year period, 1911-30, the combined average dividend rate paid equaled 5 cents per pound of copper mined.

The domestic price of copper during 1909-30 was about 17 cents per pound. The amount paid in dividends per pound of total copper mined domestically during 1909-30 was about 5 cents per pound. The remainder, which equals 12 cents per pound, is the approximate cost for copper mined during the 22-year period.

The foregoing dividend data has been carefully checked by the data submitted in exhibits nos. 30 and 31, also table no. 7 in exhibit A.

The dividend rate of 5 cents per pound paid during the period 1909-30 necessarily embodied capital return and profits. It is estimated that about three quarters of the dividend paid, or 3.75 cents per pound, represents profit and the remainder, or 1.25 cents, capital return.

Consequently we find that during a period embracing about 70 percent of our domestic production the per-pound profit equaled about 4 cents and the cost about 13 cents per pound of copper mined.

In other words, the incentive for jeopardizing capital in searching for and developing our domestic copper-mining industry was to secure an average profit of 4 cents per pound for electrolytic copper.

It is a certainty that in order to continue the search for additional domestic copper reserves, the hope must be held out to

the prospector, mine developer, and the copper producer that his reward will consist of securing an average profit at least of 4 cents per pound for the refined copper he delivers within our home market.

The difference between the profit of 4 cents per pound and a commodity price received for future domestic mined copper should, in addition to other cost items, embody a generous commodity wage to labor and the payment of an adequate tax for the maintenance of dependent civic institutions and citizenship.

XXV. Copper and national defense

It is unnecessary to offer any extended argument in support of the premise that copper is one of the metals that is of vital necessity during time of war. This fact was well known during the Bronze Age, and the recent World War demonstrated that an adequate copper poundage was an imperative war requirement.

The history of copper mining within our country is replete with data emphasizing that it requires from 2 to 5 years from the time of discovering a copper ore area before a deposit in same is explored, developed, and equipped ready to deliver blister or refined copper.

It certainly is obvious that war necessities demand an unfailing supply and a large poundage of copper. This copper must be immediately available when war overwhelms us without a moment's notice.

The only sure and certain and absolutely dependable supply of copper for war purposes is to secure that poundage within our domestic ore reserves. To rely on foreign copper poundages during this era of over, under, and on the sea warfare, is to invite national disaster.

An efficient and adequate functioning domestic copper-mining industry from ore to ingot stage is rigidly essential from a national standpoint alone saying nothing about caring for the human element and civic details dependent thereon.

XXVI. Copper protection

Details pertaining to copper tariff protection for the domestic copper-mining industry are submitted at length in exhibit A. This exhibit outlines the history of domestic copper tariff efforts from 1846-1931.

The revenue bill passed June 1932 accorded a 4-cent excise tax to be laid against copper imports, up to June 30, 1934. The last revenue bill advanced the expiration date to June 30, 1935, some 15 months hence.

Nearly 2 years have elapsed since the makeshift emergency excise tax was passed. It is vitally essential that an adequate permanent tariff rate, as against foreign copper imports, be fixed in our metal tariff schedule at the earliest possible moment.

When the temporary expedient excise tax was laid June 1932, the copper surplus (see chart no. 6, omitted in RECORD) was about 1,300,000,000 pounds, the greatest this country or the world had ever known up to that time. The huge destructive domestic surplus of 1920 was nearly 200,000,000 pounds less than the June 1932 poundage.

The surplus, as of January 1, 1933 (see chart no. 6, omitted in RECORD), amounted to 1,382,000,000 pounds. The surplus of January 1, 1934, equals about 1,300,000,000 pounds.

In other words, after nearly 2 years of excise-tax protection, the huge copper surplus of June 1932 is still intact, which emphasizes that some drastic method must be devised to reduce same even though adequate protection is constantly accorded henceforth. Without ample future tariff protection foreign copper imports will continue to pile up and maintain huge domestic copper surpluses in the future, as they have in the past, as discussed and demonstrated in chapter VIII. The present menacing copper surplus, that has persisted for several years, must be remedied. It must be segregated and set aside during the period of depression, and such surplus recurrence must be prevented through rigid cessation of copper imports.

It will be utterly impossible for the domestic copper miner ever to secure a domestic commodity price for his labor product unless he is accorded the inalienable right to supply the total copper requirements of the domestic consuming market. If this right is denied the copper miner it means future continuance of a most vicious past degree of un-American economic discrimination.

The domestic copper miner only asks for the same degree of economic justice accorded millions of his fellow laborers. He is entitled to this degree of equality; to accord him less is violative of the very essence of civic decency and righteousness.

XXVII. Summary

A very skeletonized summary of the data presented within the preceding 27 chapters is submitted herewith in order to emphasize a few of the general factors connected with the domestic copper-mining industry that need correction.

It is impossible to submit a detailed, referenced summarization of all the data submitted herein, due to lack of time and space; consequently only certain general conclusions will be stated. The accuracy of this analysis can easily be verified by reviewing the data within the preceding chapters whereupon much detailed corroborative information will be found to support the deduction submitted.

In reviewing the data presented within the 27 chapters, the writer submits the following generalized deductions:

1. The domestic copper-mining industry has functioned continuously from 1845 to 1933.
2. The domestic copper industry has within its known ore reserves sufficient copper to satisfy 25 years of average future domestic copper-consumption requirements.

3. The domestic copper industry definitely lost control of the world's copper market during the post-war period.

4. About 90 percent of the domestic copper mined during the 14-year post-war period, 1919-32, was consumed within the United States.

5. The domestic copper miner failed to receive a commodity price for his labor product during 1919-33.

6. Due to lack of tariff protection vast quantities of foreign copper were imported during 1923-32, to create the present destructive copper surplus.

7. The foreign refined copper ingot can be laid down domestically at a cost of about 4 cents per pound.

8. Rigid duty or embargo rates must be laid henceforth to prevent the importation of foreign-mined copper.

9. A commodity price for domestic-mined copper can only be secured by prohibiting the entry of foreign copper and synchronizing domestic production with consumption.

10. Due to past legislative neglect special government aid must be rendered to remove the present menacing copper surplus.

11. To care unfailingly for each and all the human, district, and State equities dependent upon the domestic copper-mining industry, some rigid way must be devised to allot the domestic copper-consuming market based on past average ratios of production.

12. In order to relieve human distress immediately current domestic copper consumption must come from current domestic production.

13. The post-war period of the domestic copper-mining industry has been dominated by domestic copper fabricators and owners of huge foreign copper deposits.

14. The failure of the domestic copper miner to secure a domestic commodity price during the 14-year post-war period is directly chargeable to the domestic-control factors that permitted the copper ingot to sell at a ruinous price while the manufactured article received an adequate return.

15. The long and vicious discrimination directed against the copper miners' labor product during the past 14 years, permitted by the control factors dominating the domestic copper-mining industry, certainly emphasizes their unfitness to revive an industry they have practically destroyed.

16. The situation is so serious and the human element involved so great that the only factor that can be entrusted to revivify the dying domestic copper-mining industry is through an impartial agency directly responsible to the President of the United States.

SECOND PART—COPPER CODE DETAILS

XXVIII. Eastern code

An analysis of the proposed copper code presented on February 13, 1934, by the United States Copper Association, unincorporated (see exhibit E) hereinafter termed the "eastern code", is submitted herewith.

The writer was advised on February 13, 1934, that the eastern code had been submitted to Mr. H. O. King, deputy administrator, and that a public hearing would be held in Washington, D.C., on February 27, 1934, to discuss the provisions of the proposed code.

Additional time was granted on February 23, 1934, by extending the date for the public hearing until March 12, 1934.

EASTERN CODE

The code as submitted is seemingly a composite of two things: First, a statement in articles III, IV, and V as to hours, wages, and general labor details; second, a statement of the corporate factor relationship that requests control of the domestic copper-mining industry through the Code Authority.

The first embodies a minimum rate of \$3.04 per 8-hour day for underground labor. This magnanimous offer is extended evidently in exchange for the waiver of the Sherman Antitrust Act and the delivery of the whole domestic copper-mining industry, lock, stock, and cutlass, over to control factors that have practically ruined the industry during the post-war period.

An inspection of pages 3, 4, and 6, proposed copper code August 17, 1933, in connection with page 6, eastern code, clearly shows that the three members, one to be appointed by each primary producer having a production capacity in excess of 150,000 tons per annum, are the Kennecott, Anaconda, and Phelps Dodge Cos. These three companies, plus the Guggenheim-Morgan interests, who control the Kennecott, likewise control the domestic custom smelters and refineries. Consequently, the K.A.P. group (see chapter IX) will, under the eastern code set-up, absolutely control the code authority. As to the (b) page 6, eastern code, two members, it is evident from exhibit no. 10 that the Kennecott-Morgan crowd, through the Newmont Mining Corporation, will be able to secure the support of the Magma and United Verde Extension Cos.

The eastern code is merely an attempt to secure N.R.A. signature to a blank check detail of rigid industrial control without agreeing to do anything to correct the destructive practices that prevail within the domestic copper-mining industry.

If stock control of an industry implies authority to govern the total industry unreservedly, irrespective of past destructive practices by the factors constituting said stock control, then it appears to the writer that the dependent human element involved has little to hope for through the medium of any agency which accepts majority, proxy route, or ticker-tape control as an unfailing criterion.

The writer, however, feels that N.I.R.A. stands for rigid social justice and that its powers of observation, intuitive sensitiveness to aid the helpless, and its willingness to scrutinize patiently and

analyze past and present industrial control practices, will result in justice being accorded to all concerned.

"Niralization" certainly does not stand for sterilization of basic domestic industries and will not condone past policies of destruction by perpetuating the factors responsible therefor within future code authorities.

The omission of essential elements conducive to livelihood and human betterment within a controlling industrial code is just as serious as though the code contained provisions notoriously destructive.

The domestic copper miner needs affirmative, positive, and most detailed protective provisions within a copper code of fair competition. The weak and oppressed have always needed clear and concise declarations as to the rights, equities, and liberties guaranteed them.

The post-war history of the domestic copper industry is an aggregate of vicious economic discriminatory practices directed solely and alone against the domestic copper miners' labor product; namely, the copper ingot.

No other important basic domestic product, mined or grown, has suffered the degree of exploitation directed against the copper miners' ingot during the post-war period.

The writer insists that the record presented in this petition clearly shows that the Kennecott, Anaconda, and Phelps Dodge companies controlled the domestic copper mining industry during the destructive post-war period.

They raised \$40,000,000 in 1921, and took the then huge copper surplus off the market.

They failed to lift their hand to remove the nearly equivalently large surplus as of 1930. They utterly neglected to do anything in 1931, when the surplus was 150,000,000 pounds greater than the huge copper surplus of 1920. They again failed to make an effort in 1932, when the surplus was 260,000,000 pounds larger than the 1920 surplus. And we find that the K.A.P. group let the year 1933 carry a copper surplus burden 100,000,000 pounds in excess of the crushing surplus of 1920.

The record also shows that when the K.A.P. group controllers of the domestic copper-mining industry lent their effort and credit to care for the destructive flood of war-time copper stocks and scrap metal in 1921, they were copper miners and not owners of copper fabricating subsidiaries.

The K.A.P. group, in 1921, depended on the sale of their copper ingot for economic existence. They then knew that they were entitled to and consequently sought a commodity price for the end stage of their economic effort, by removing the crushing copper surplus.

We find that as of 1931 the K.A.P. group had become copper fabricators. They no longer depended wholly on the sale of their copper in ingot form but were intent on selling the manufactured copper article.

We also find that by 1931 the K.A.P. group were mining nearly one half of their group production within foreign copper areas. Consequently this tended to make them less dependent upon their domestic-controlled production.

It is an old, old practice within the industrial channels of our country for manufacturers to seek supplies at minimum prices for their plants. They will scour the Seven Seas in their effort to buy their materials at low prices. However, years ago this practice was discouraged domestically by the erection of tariff barriers, preventing the cheap-labor low-cost foreign product from jeopardizing domestic labor or industry.

Due to the fact that the K.A.P. group are now manufacturers, and, therefore, interested in selling the manufactured article, they will naturally strive to secure their copper-ingot requirements from the cheapest possible source. If they are permitted to bring in their low-cost foreign-mined copper to be fabricated for domestic consumption, they will continue to do so in the future as they have in the past.

The huge copper surplus that has existed domestically ever since 1930, plus depression-period accumulation of excessive quantities of scrap copper, has been an ample reservoir to supply the K.A.P. group fabricating plants with copper at a ruinous domestic price.

The copper manufacturer has secured more than a commodity price for his sale differential during the past 2 years (see chart 3A, omitted in RECORD), while the domestic copper miner was offered a slave-labor price for his copper ingot.

The question confronting the domestic copper miner is not academic. His plight is known from the Mexican to the Canadian border, from the copper areas of Arizona and Montana to those within Michigan and Tennessee.

The domestic copper miner has been forced into a bread line that is longer and more sinuous than any other within our land. His family and equities have been discriminated against to a degree unbelievable until the facts pertaining thereto are reviewed by unbiased agencies.

The copper miner is entitled to the same degree of economic protection accorded the copper fabricator.

The foreign copper fabricator cannot, virtually, bring in a single pot, pan, or kettle to compete with the domestic copper fabricators' product.

Why should the foreign copper miner be permitted to bring in a single copper ingot to compete with the copper miner's product?

Certainly in our land of brotherly equality—during this era of a new deal, with a new deck instead of the old deal with a dirty, marked deck—what is fair for one group of citizens should be the measure of economic justice for an associate group.

The copper miner is entitled to supply the total domestic copper market with his domestic mined copper ingot just as the domestic

copper manufacturer controls the total domestic copper-consuming market for the fabricated article.

Furthermore, the copper miner is entitled to receive at least a commodity price for his ingot, comparable with the excessive sale differential absorbed by the domestic copper manufacturer.

CONCLUSION

The eastern code, as presented, is a vicious instrument as aforesaid. It is hopeless of amendment, due to what it does contain and what has been omitted. Consequently, it should be discarded completely and a substitute offered in lieu thereof. The writer will proceed to discuss such a substitute code in the succeeding chapter.

XXIX. Arizona code

The Arizona Code, a copy of which is attached hereto, marked "Exhibit D", was filed August 1933.

The Arizona Code of Fair Competition for the Copper Mining Industry of the United States was prepared and presented by three Arizona mines associations, namely, Arizona Domestic Copper Producers' Association, Arizona Developing Mines Association, and Arizona Prospecting Mines Association.

The Arizona Code is sponsored by vast numbers of citizens within Arizona and other western copper States. Petitions embracing some 15,000 signatures have been presented to the President of the United States, endorsing the Arizona Code.

The Arizona Code as presented may need some revision as to definition, detail, legal phraseology, and list of unfair practices, etc., however, such revision should be effected to strengthen, not weaken, these subdivisions of the code.

The article dealing with labor in the Arizona code sets out in detail the minimum wage scale for the industry. This wage scale was the one used for about 13 years, 1921-32, and it is fair to use same until the industry has recovered somewhat. It is essential to increase the wage scale the moment domestic copper is accorded a domestic-commodity price.

The real purpose of the Arizona code was predicated on the necessity of immediately caring for the human element involved. To secure for the domestic copper-mining industry wage-earner maximum wage benefits at the earliest possible moment. This policy means that with a commodity wage paid to one half of the dependent wage earners, or the work spread among all, dependent labor within the domestic copper-mining industry could soon care for its own necessities without district, State, or Government aid.

A domestic-commodity wage cannot be paid dependent domestic labor unless the wage earners' labor product receives a domestic-commodity price. Furthermore, a domestic-commodity price for labor's product cannot be secured unless labor is accorded the domestic consuming market and synchronizes production to meet domestic demand.

Consequently, in order to effectuate the policy of immediately caring for the necessities and protecting the equities of the domestic copper-mining industry wage earner it was deemed essential to care for four economic protective phases, namely:

1. Place a duty of 10 cents per pound on imported copper.
2. Embargo against foreign shipments of copper into the United States until production and consumption shall be equal.
3. Permit only current domestic production to enter into the current market of the United States.
4. Distribute production equitably among the copper States.

The Arizona code embodies the four protective subdivisions aforesaid.

The duty of 10 cents a pound is needed in order to shut out the 4-cent cost copper of slave-labor Africa and peon-labor South America. This rate of duty will only accord a 14-cent copper price domestically, which is much below the domestic commodity price.

It is essential to shut out all foreign copper until the domestic copper-consuming market is able to absorb all the domestic-produced copper.

The only way that the copper wage earner can be accorded maximum work relief is to permit him to care for current domestic consumption out of current copper production. The huge copper stocks, due to control practices of the dual owners, should be held in leash until the human element is cared for. Innocent dependents have suffered long enough at the hands of ruthless exploiters. The time has come to curb the machinations of these agencies, and this can only be done by impounding temporarily their destructive copper surplus.

The only possible way rigidly to care for the equities of dependent citizenship within our domestic copper producing districts, scattered throughout 19 States, is to allocate copper production based on past average production rates. Communities and States throughout our country for generations past have been dependent upon the mining of copper. It is only fair to the human element within these copper districts that they receive their pro rata share of the allotted production.

CONCLUSION

The Arizona code, in fact, embodies within its provisions that will immediately put back to work the maximum possible number of wage earners dependent on the domestic copper-mining industry. There is an average of nearly 50,000 wage earners directly employed normally within the domestic copper-mining industry. These, with their family and service dependents, aggregate some 750,000 within the 11 western copper-producing States. The domestic copper-consuming market is about 50 percent normal at this writing and is improving rapidly each passing moment.

In other words, if the provisions of the Arizona code are made effective immediately it means that about 375,000 people will be

removed from the bread line all the time or 750,000 people half the time. These 11 western copper-producing States have a population of 12,000,000 citizens, embrace 40 percent of the continental area, and mine 90 percent of the domestic copper production.

The value of copper mined therein is greater than the combined value of all other metals. Copper mining is the major metallic industry, and normally it furnishes \$300,000,000 worth of wealth annually throughout this western area.

XXX. Summary

In order to effectuate the policy of title I of the National Industrial Recovery Act by providing a means whereby the domestic copper-mining industry can be reopened, thereby giving immediate employment to the idle miners and other employees of industries dependent upon the operation of copper mining, it is inescapable that the Arizona code must be selected instead of the eastern code.

The Arizona code stands for conservation of the human element within our domestic copper districts, while the eastern code fails to emphasize anything having to do with caring for dependent citizenship.

The Arizona code desires that an unbiased Federal agency, directly appointed by and responsible to the President of the United States, administer the provisions of the copper code, rather than intrust it to control factors that have practically wrecked the domestic copper-mining industry during the post-war period.

The writer is sanguine that control factors within N.R.A. will emphasize and make effective the humanitarian phases embodied in the Arizona code.

XXXI. General summary

The writer realizes that the one immediate hope, offered the helpless and oppressed human element within the copper districts of our country, lies in securing a correction of their plight through the President and/or control factors of the National Industrial Recovery Administration.

The N.R.A. will find within this memorandum factual data confirmatory of the charge that the vitally important domestic copper-mining industry—greater in value production than the combined value of all other nonferrous metal product values mined during 1919-32—has been subjected to a long and persistent degree of exploitation during the post-war period.

They will find that the domestic copper miners' labor product, the copper ingot, has been sold at a ruinous domestic noncommodity price throughout the period 1919-32.

The failure of the domestic copper miner to receive a domestic commodity price for the copper ingot has prevented the wage earner receiving an adequate compensatory wage; and dependent civic communities could not secure an equitable replacement tax for depleting a natural resource; and the low price received for the ingot could not care for essential ore exploratory costs.

N.R.A. will find a combination of banking forces shifting the policy powers within the control factors of the domestic copper-mining industry during the post-war period. These same banking influences have been virtually booted out of the banks they exploited but they still sit on the boards of the K.A.P. group and interrelated copper companies.

N.R.A. will have a splendid opportunity of ridding the domestic copper-mining industry of a skeletonized proxy route aggregation of banker control.

This banking influence has permitted its satellites to absorb excessive salaries and bonuses during the depression period out of the stockholders' treasuries. This calloused exploitation is particularly sordid when viewed from the midst of the human misery and wretchedness universally prevalent within domestic copper-mining districts.

The domestic copper-mining industry has a right to exist in this country. An endless array of facts presented in this memorandum attests that right.

The domestic copper-mining industry has been in the hands of exploiters during the post-war period, which accounts for its present plight.

The writer also respectfully requests that the President of the United States, under the provisions of section 3 (d), title I, Industrial Recovery Act, should thoroughly investigate the present, which are likewise the past, control factors within the domestic copper-mining industry during the post-war period, and if such an investigation "upon his own motion—the President" should find "that abuses inimical to the public interest and contrary to the policy herein declared are prevalent in any trade or industry or subdivision thereof, and if no code of fair competition has theretofore been approved by the President, the President after such public notice and hearing as he shall specify, may prescribe and approve a code of fair competition for such trade or subdivision thereof, which shall have the same effect as a code of fair competition approved by the President under subdivision (a) of this section."

The writer addresses the foregoing plea to the President in conformity with the 15,000-signature petition requesting his support in behalf of the oppressed copper miner and his dependents and the Arizona code.

It certainly is essential, from a national standpoint of justice and decency to hundreds of thousands of American citizens whose livelihood and life equities have been and still are in constant jeopardy due to lack of an equitable copper code, that their condition be ameliorated forthwith.

Administrative factors should intervene energetically to the end to see that a fair and equitable code of fair competition be

accorded immediately to rigorously care for the economic destinies of all those suffering thousands dependent upon a maximum-functioning domestic copper-mining industry.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the New York Times of March 19, 1934, entitled "The Weight of Evidence"; an editorial appearing in the Washington Herald of March 19, 1934, entitled "Lindy Merits Praise"; and a newspaper article appearing in the New York Herald Tribune of March 18, 1934, containing Captain Rickenbacker's statement before a Senate committee.

There being no objection, the editorials and the newspaper article were ordered to be printed in the RECORD, as follows:

[From the New York Times, Monday, Mar. 19, 1934]

THE WEIGHT OF EVIDENCE

Apparently the Senate subcommittee did not know the kind of testimony it would get from the three air-mail experts whom it summoned. The first of these, Colonel Lindbergh, was as fine a witness as one could find searching the whole world over. Quiet and competent, he testified only to what he knew, putting aside questions which were either irrelevant or beyond the range of his personal knowledge and experience. Those Senators who hoped to win his approval of the new air mail bill which they are pressing found it impossible to shake him in his opposition to some of its important clauses. In the matter of the original cancellation of the air-mail contracts, he remained firm in his conviction that a great injustice had been done, with consequent injury to commercial aviation which it may take a long time to repair. In substantial agreement with him were the two other famous flyers, Chamberlin and Captain Rickenbacker. The latter left the Senators quite aghast by the frankness with which he condemned those who had so unfortunately given the President bad advice.

All three of these witnesses protested that they had no wish to excuse or shelter any man who might have resorted to fraudulent methods in securing an air-mail contract. If any were guilty, let them be punished to the full extent of the law. But let them be proved guilty before being condemned. Above all, let not the companies against which no collusion has been even charged be lumped with the few that may be under suspicion. All the evidence thus far given is to the effect that Army pilots had not been trained to carry transcontinental mail, were therefore not fitted to do the work, and should never have been called upon to undertake it.

What the country plainly desires, and what the administration is now anxious to bring about, is the speediest possible restoration of carrying the mails to the private companies which have developed the necessary technical skill. Complaints are numerous, particularly from the far West, about the disruption of the mail service, which had come to be a great modern convenience. If the Senate and the Post Office Department are alert to this popular demand, they will make haste to find a way out of the sad muddle which followed the Executive order of February 9.

[From the Washington Herald, Monday, Mar. 19, 1934]

LINDY MERITS PRAISE

Well done, Lindy!

This is the country's verdict on Colonel Lindbergh's voluntary appearance before the Senate Post Office Committee and on his lucid, straightforward, and manly replies to the questions addressed to him.

It was a Lindbergh day.

The largest room in the Senate Office Building was chosen for the hearing, as it was safely assumed that the appearance of America's super ace, the foremost flier in the world, would stir great public interest.

His inquisitors were Senate politicians who are trying to pull the administration out of a bad hole. Like politicians, these Senators feel that the best way out of a blunder is never to admit it. Realizing that the civil aviation companies have been condemned without a hearing, the administration Senators are trying to make it appear that the companies were not entitled to a hearing.

They are trying to build the uncorrected injustice of such treatment into disabling conditions affecting the established companies as bidders under the new contracts, proposed in substitution for the old, which were canceled without inquiry, examination, or trial.

An American of the Lindbergh type naturally will not be a party to such a scheme!

"I feel that these charges", said he, "should have been definitely established before these contracts were canceled. I feel it was the right of my companies, the public, and my own right to have them definitely established."

"I say this only in the interest of what I most deeply believe to be right."

These words express the opinion of every right-thinking American. What else could be the opinion of a right-thinking man?

Referring to the provision of the proposed new legislation prohibiting operators whose contracts were thus unfairly annulled from bidding on new contracts unless they waived any claims

against the Government, Colonel Lindbergh called it the most "unjust act ever placed into American legislation."

It is refreshing and invigorating when a man of such captivating type as Colonel Lindbergh, of so distinguished a record of valor and achievement, thus gives voice in ringing and forthright speech to the feelings of his countrymen.

But there is more to it than the feeling of approval it inspires. Here is the note of true leadership!

The gallant flying record, the simplicity and modesty that won our hearts, the thrilling exploits which have drawn the homage of the world, are apparently only a part of Lindy.

There is a maturing man in his young head and breast.

The physical and moral courage of the youthful aviator is passing into a finer and perhaps a rarer courage—the courage of the fearless and high-minded citizen.

Such a man has great tasks ahead of him—rich possibilities of service to his country.

[From the New York Herald Tribune, Sunday, Mar. 18, 1934]

RICKENBACKER STATEMENT

The prepared statement read to the committee by Captain Rickenbacker follows:

"Gentlemen, I appreciate the opportunity to appear before this committee which is considering legislation which will determine the future of what, up until February 19, 1934, was the greatest and most efficient air transport industry in the world. Such legislation, I hope, will be passed by Congress only after a thorough study of the fundamental problems of this young industry, based upon facts and figures and uninfluenced by general opinions of a few who are not qualified by experience to speak for this industry."

"During the last 17 years I have been directly associated with the aviation industry, both military and commercial, and am at present vice president of North American Aviation, the parent company of Transcontinental & Western Air Inc.; Eastern Air Transport, and Western Air Express, who are noncompetitive companies. I have occupied this position since May 1, 1933, the date on which North American Aviation Co. became affiliated with General Motors Corporation."

"In this connection I wish to emphasize that not until May 1, 1933, was North American Aviation in control of any air line whatever except Eastern Air Transport. The combination of North American Aviation and General Aviation on that date was made in order to consolidate the various stock interests in Transcontinental and Western Air, Inc., in order to insure that Transcontinental and Western Air would, at all times, be competitive from an ownership standpoint, with other transcontinental air lines, which consolidation accomplished that purpose, and I can say frankly that I know of no industry in which the spirit of competition is keener than the air transport industry has been and still is."

OUTLINES CRITICISM OF BILL

"I shall attempt to outline my criticisms of the proposed Senate bill 3012 and thereafter offer recommendations for what I believe to be a constructive plan to continue the development of the industry."

"(1) I feel it will be a serious mistake if the equities of the present operators of the air transport lines of this country are not recognized and given preemptive rights on the routes which they have pioneered at great expense to their stockholders."

"In justice to the hundreds of thousands of stockholders who have invested their funds in these companies, based upon the faith of what they believed to be binding obligations between their respective companies and the Government, as well as the thousands of employees highly specialized in the science of aeronautics, it is my belief that the equities of the present operators must be given first consideration."

PLEADS FOR EMPLOYEES

"An air line is more than just airplanes in the air. These are incidental. Any of you gentlemen who have flown over one of these air transport lines must be impressed with the fact that for every air-line operator on an airplane there are approximately six highly trained employees on the ground."

"These ground employees are operators of radio stations, weather-reporting services, traffic organizations, maintenance organizations, overhaul shops, and, last but not least, there must be recognized the knowledge of these routes acquired by them through long years of experience both from the standpoint of terrain and weather."

"Further, the public goodwill and confidence developed by these air lines on these routes cannot at will be transferred to another locality or replaced by new operators."

"T. & W. A. alone and its predecessor companies have lost over \$5,000,000 in pioneering its particular route, in addition to the present investments of millions of dollars in fixed ground equipment, which is just as much an air line on the ground as a railroad equipment makes a railroad system."

"To ask any one of these companies to bid on another route is as impracticable as asking the New York Central Railroad to bid to carry mail over a route such as the Santa Fe system."

CALLS CLAUSE UNFAIR

"(2) In recognizing these equities, there should also be eliminated the unfair and unjustifiable clause reading:

"No person shall be eligible to bid or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General."

"I say 'unfair and unjustifiable', as it is clearly at variance with ordinary business ethics that any company should be compelled to forego its right to enter a court of justice in order to obtain any contract, let alone a contract with the United States Government. Surely it is not the purpose of any Government legislation to prohibit any citizen or corporation from asserting what they believe to be their rights.

OPPOSES 3-YEAR PROVISION

"(3) The provision for a contract with a maximum life of 3 years, after which air lines will come under the supervision of the Interstate Commerce Commission, is impracticable. Why should not a Federal regulatory board immediately be designated to supervise the air lines, whether that board be a separate regulatory board appointed by the President or one that already exists, such as the Interstate Commerce Commission?

"If this be done, as I feel it most certainly should immediately, would this not eliminate the need of competitive bidding?

"What encouragement would there be under 3-year contracts for private capital to continue in this business except the capital that might be put in by promoters with a view to unloading it on the public at the first opportunity?

FAVORS POUND-MILE BASIS

"(4) The basis of pay prescribed by Senate bill 3012 would perpetuate the impracticabilities from the standpoint of administration of a space basis of pay as established in the Watres Act. As it shall be pointed out later, a much more satisfactory basis of pay would be the pound-mile basis, which recognizes payment in relation to the task performed for the Post Office Department.

"Further, the rates prescribed in this bill apparently are based upon estimates furnished by operators of equipment who are and necessarily would have to be adequately equipped to do this job at the prices specified in this bill.

"Shall this industry be paid on a basis that will encourage the development of such ships as the Douglas transport, created by T. & W. A., which recently made a record run from Los Angeles to New York in 13 hours 2 minutes 20 seconds elapsed time with a full load of passengers, mail, and express, or shall it be content to have this job done by inferior, slow, single-motored equipment?

"Should not a rate of pay be adopted on a pound-mile basis which will guarantee the end of subsidy and insure, for instance, the fulfillment of T. & W. A.'s contract for the purchase of \$3,500,000 worth of such equipment as the Douglas airplane, which is the outstanding transport equipment in the world today?

"(5) There have been recommendations made by certain people that the transcontinental system should be broken up into two or three short systems. Setting up fast transcontinental schedules will be practically impossible under such a proposed breakdown of this system, and costs will be increased materially, owing to various types of equipment being used and unnecessary transferring of passengers, mail, and express, as well as consequent delays through the handling of this operation subject to various policies of management.

"Breaking up the transcontinental system would force this industry into the uneconomical condition faced by the railroads, as borne out by the task confronting the present Coordinator of Railroads in his attempt to work out a more economical plan.

"To eliminate subsidy and still make the lines self-supporting, we must continue to develop passenger and express business. When a passenger can be taken in one type of equipment over one system from coast to coast without these delays, passenger business will grow as it has during the last few years, in spite of the depression.

"To force a passenger to use two or three different lines, changing from one ship to another of entirely different type, will discourage passenger business and will likewise become more expensive.

"This business must be encouraged in every possible way; and there is not today, nor has there ever been, any airplane, even including the T.W.A. Douglas transport, which can pay its operating costs from passenger and express revenue alone.

"(6) Any officer or director who has heretofore entered into any combination to prevent the making of bids for carrying the mails is excluded from bidding on a mail contract. Certainly, from the standards of American fairness and justice, no officer or director should be deemed to have entered into any combination for the prevention of making bids before first having received a fair trial before a regular court of justice.

"(7) Certainly the clause reading 'No person shall be eligible to bid for or hold an air-mail contract which has any officer or director in any holding company holding stock, directly or indirectly, in any company engaged in any phase of the aviation industry, or in any other company engaged in the manufacture or sale of airplanes, parts, or other materials or accessories generally used in air transport' is decidedly impracticable, and in my opinion will work to the detriment of this industry.

"As an example, any holding company or manufacturing company by an overt act of purchasing one share of stock in a successful air-mail company could immediately disqualify that air-mail carrier as a legitimate carrier.

RECOMMENDS LEGISLATION

"My recommendations for constructive legislation which will guarantee a continuance of the rapid advance which this industry has made in the last few years' operation are:

"1. The immediate creation of a Federal regulatory board to be appointed by the President to perform somewhat similar supervi-

sion and regulation of air lines as the I.C.C. exercises over the railroads.

"2. The issuance of certificates of necessity and convenience to all air lines operating on February 19, 1934, by this Federal regulatory board.

"3. Authorizing the Postmaster General to place mail on air lines having certificates of necessity and convenience from the Federal regulatory board, at the following rates of pay:

"Two mills per pound-mile up to 250 pounds average load per airplane and 1 mill per pound-mile for all loads above this amount; such payments to air lines to be charged to the general post-office appropriation for the transportation of mails. Two mills per mile is the revenue which the Government estimates it receives from postage on mail carried by airplane. Thus subsidy is eliminated at a stroke by this system of payment.

" FAVORS DIRECT SUBSIDY

"4. Authorize the Federal regulatory board to pay a direct subsidy to air lines receiving a certificate of necessity and convenience who cannot exist economically under the above rates of pay, the compensation, including the direct subsidy, not to exceed 40 cents per airplane-mile for the first year and in no event to exceed the annual loss incurred by the air lines receiving such a subsidy; this subsidy payment to be reduced 5 cents each year until eliminated entirely.

"5. A reduction in rates of postage to 5 cents an ounce for air-mail letters; the authorization of air lettergrams at 3 cents and the authorization of an air-mail postcard at 2 cents.

"6. This Federal regulatory body to arbitrate rates of pay for pilots. Our policy of pilot's rate of pay recognizes that pilots are professional men. They have entrusted to their care the lives of their passengers as well as other valuable cargo. They are the captains of their ships. Rates of pay to Army pilots should not influence rates of pay to air-line pilots. They should be paid high salaries in order to attract to and keep in this profession the highest type of young manhood.

"With the increased poundage which will be developed under these changes and rates of postage, I am convinced from studies which I have made that not only would all air lines which operated on February 19, 1934, be able to exist without subsidy within a relatively few years but new routes might be added to the network of air lines which existed at that date. Further, the Post Office Department would receive an amount from stamp sales in excess of the amount paid operators for this service.

"Finally, gentlemen, I recommend that no plans should be considered which might tend to place commercial aviation under the same governmental heads or bodies as military aviation."

MONEY—ADDRESS BY SENATOR THOMAS OF OKLAHOMA

Mr. WHEELER. Mr. President, I ask unanimous consent to have inserted in the RECORD a very able address delivered before the Beta Chapter, Phi Delta Kappa, at Columbia University, March 15, 1934, by the senior Senator from Oklahoma [Mr. THOMAS], on "Money."

There being no objection the address was ordered to be printed in the RECORD, as follows:

I have come tonight to one of the great educational institutions of America to discuss what I consider to be the most important problem pending before the people.

This problem is the issuance, control, and management of money. Other issues are of importance to individuals, groups, and sections, but money affects the success and prosperity of every man, woman, and child; every firm, partnership, and corporation; and every city, county, and State, not only of our country but throughout the world.

It is appropriate, therefore, that a discussion of so important a question should be held here in New York, the richest, strongest, and most influential city of the earth.

What is money?

Money and its control is an international as well as a domestic issue, but money as it affects the individual, the community, and the State will have my attention tonight.

DEFINITIONS

In order to prevent possible misunderstandings, permit me to define the terms "money", "credit", and "inflation."

"Money" means anything that serves as a common medium of exchange in trade, such as gold coin, silver coin, or currency.

"Credit" means bank deposits based upon loans made to individuals, firms, or corporations. In normal times such bank deposits, although imaginary and based upon confidence, may be transferred by checks and thereby serve as a substitute for money.

"Inflation" is of two kinds: First, inflation of currency; and second, inflation of credit.

Inflation of currency means an improper, excessive, and over-issue of currency.

Inflation of credit means an overexpansion of bank loans, causing the creation of an excessive amount of bank deposit or credit money.

Before proceeding further, permit me to state that, as I understand and interpret inflation, I am as much opposed to an improper, excessive, and overissue of either currency or credit as any money changer in Wall Street.

ECONOMIC LAWS

In addition to defining money, credit, and inflation, I must define the simple economic laws which govern and control the value or purchasing power of money.

The value of money depends upon supply and demand; hence the purchasing power of the dollar depends upon the quantity of real dollars—gold, silver, and currency notes—in circulation. Under normal conditions and influences any increase in the quantity of real dollars in circulation lowers the value or purchasing power of such dollars, and conversely any decrease in the quantity of real dollars in circulation raises or increases the value of buying power of such dollars.

Let me now call your attention to the record to substantiate my interpretation of the terms and economic laws just mentioned. During the War between the States the North found its Treasury exhausted. The Government had no gold, had no silver, and had exhausted its credit. If the Union was to be preserved, the war had to be financed.

President Lincoln did not hesitate to issue and place in circulation some \$477,000,000 of Treasury notes, sometimes called "greenbacks" or "printing-press money." These notes were not based on either gold or silver but instead were backed by all the property of all of the people, plus the taxing power of the Government. As these notes were paid into circulation dollars became more plentiful, hence cheaper, and prices of all kinds advanced accordingly.

The question is suggested, Did President Lincoln inflate the currency?

If your answer is in the affirmative, you must admit that such inflation was necessary to save the Union.

During the World War the currency in circulation was again substantially increased, resulting in consequent higher prices. During that period we not only financed ourselves but likewise were forced to finance our Allies, and to do this both currency and credit were issued and expanded.

The question again arises, Did President Wilson inflate the currency?

If your answer is in the affirmative, then you must admit that, like President Lincoln, he did not let either the issuance of currency or the expansion of credit get out of control.

With neither gold, silver, nor credit, President Lincoln deliberately authorized and carried out rational and controlled inflation of the currency.

With a sizable supply of gold and silver and with ample credit, President Wilson issued currency and expanded credit and such inflation was both rational and controlled.

Thus, in the two great wars, when in each instance our national existence was threatened, we have the record of inflation—rational and controlled.

From the platform and in the press we hear and see statements that inflation always injures and never helps, and always destroys and never saves, either a people or a government.

What would have happened to the colonies if there had been no issue of "Continental currency"? What would have happened to the Union if there had been no "greenbacks"?

What would New York City be tonight if either or both of these forms of inflation had been denied and rejected?

All admit that inflation, as just defined—an overissue and improper expansion of currency—is dangerous and should be avoided if politically and economically possible.

Inflation could not have been avoided by the colonists, and instead of destroying the people the policy contributed to American independence.

Inflation could not have been avoided by the North and instead of destroying the Nation, such policy saved the Union and the American Republic.

From the record we learn that currency inflation in times of great emergency has been authorized and decreed by the Government.

CREDIT INFLATION

What is the record of credit inflation?

In the years 1926 to 1929, in a period of peace, the banks of our country, led by the great banks of this city, inflated credit by an excessive and improper expansion of loans. When the depression broke upon us in October 4 years ago, we had less than \$5,000,000,000 of real money in circulation, although the banks showed deposits in the total sum of approximately \$60,000,000,000. These bank deposits, imaginary or credit moneys, were presumed to be convertible into currency, silver, or gold upon demand.

In addition to the bank deposits we had some \$200,000,000,000 represented by listed bonds and stocks presumed to be as liquid, and as quickly and easily convertible into money, as such bank deposits themselves.

Thus in peace time, with no emergency save the greed for gain, the only real, dangerous, destructive, and inexcusable inflation this country had experienced in 150 years was the "bankers' credit inflation", responsible for and terminating in the 1929 crash, now conceded to be the worst depression in history.

TINKERING WITH CURRENCY

It is contended by some that money, like the sun, moon, and tides, is controlled by unchanging and unchangeable natural laws; hence any attempt to manage our currency or to influence or control our monetary policy constitutes tinkering with the currency.

It is self-evident that I do not subscribe to such doctrine. Money is a man-made device to encourage, promote, and facilitate commerce and trade.

Money and monetary policies, man-created, are subject to control, management, and manipulations; hence the kind of control and management is important, very important, to the people of our country.

As the word "tinker" is so frequently used in connection with the American monetary policy, perhaps it is not out of order to refer to the record.

The Federal Reserve Act was passed in 1913 in response to a demand for more money and an elastic-currency system. When the law was passed the United States had only \$3,400,000,000 in circulation. This was not enough to satisfy needs of business, and from 1913 to 1920 the Wilson administration increased the circulation to \$6,200,000,000.

The year 1920 was a national-campaign year and saw Franklin D. Roosevelt nominated for Vice President. The party sponsoring Cox and Roosevelt was condemned as being responsible for the high cost of living. Wheat was selling for \$2.50 a bushel, corn \$1.50, cotton 40 cents a pound, and other commodities at comparable prices.

All remember the good times just after the World War, and with high prices there were jobs for all, and all forms of business were at the peak.

In 1920 the war had been over almost 2 years and 4,500,000 soldiers had returned to civilian life to find places in business and industry.

That year the opposition party in its Chicago platform said the reason prices were high was a "50-percent depreciation of the purchasing power of the dollar due to gross expansion of currency and credit." In other words, the Wilson administration was condemned for having made prices high by making money plentiful and credit easy.

In addition to condemning Mr. Roosevelt's party for its monetary policy and high prices the opposition party pledged itself to bring down the high cost of living by reducing the price of wheat, corn, cotton, and other commodities. The Chicago convention was frank in detailing the exact procedure to be followed. The platform read:

"We pledge ourselves to earnest and consistent attack upon the high cost of living . . . by courageous and intelligent deflation of over-expanded credit and currency . . ."

MORE MONEY MEANS HIGHER PRICES

Thus, the opposition party admitted that placing money in circulation had cheapened the dollar and that the depreciated dollar was responsible for high prices. As a remedy the minority party declared for scarcer money, higher-valued dollars; hence lower prices. In the campaign scarcer money and lower prices won, and Mr. Roosevelt and Mr. Cox were defeated.

Immediately after the victors took over the Government, deflation of currency and credit began, and from March 4, 1921, to September 1, 1922, the actual currency in circulation was decreased from \$6,200,000,000 to \$4,390,000,000.

Thus, during the first 18 months of the new administration \$1,800,000,000 or \$100,000,000 a month, of actual currency was withdrawn from circulation.

The minority party in 1920 became the majority party in 1921 and made good its campaign pledge to deflate the currency, and as the money in circulation was reduced, the prices fell so that at the end of 18 months cotton was selling for 20 cents per pound, and all other prices were reduced in proportion. Deflation of currency and credit ruined agriculture first, then livestock, lumber and mining industries followed the decline; still later smaller towns and cities suffered, and with one half the people impoverished the 1929 crash came.

In view of this record, if increasing the volume of money from 1913 to 1920 was responsible for a cheaper dollar and higher prices, and if the policy promised in 1920 and carried out in 1921-22 of reducing the volume of money in circulation by approximately \$1,800,000,000 decreased prices, is it illogical now to assume that an increase in money in circulation will increase the price of wheat, corn, cotton, livestock, and commodities in general?

From the foregoing, it is clear that the insolvent and near-insolvent condition of towns, cities, counties, States, and even the Federal Government has been brought about by too much tinkering with the currency.

OUR MASSES DEBTS

In view of present conditions the question arises: What should be done to adjust our monetary policy? To answer such question it is necessary to consider the burden of debt resting upon the people. It is estimated that all the people together have massed debts approximating \$250,000,000,000. This estimate was made by a committee of experts, and the findings are analyzed in a book entitled "The Internal Debts of the United States." The data show that at the end of 1932 our estimated long-term debts were \$134,000,000,000 and our estimated short-term debts were \$103,000,000,000. This shows a total of \$237,000,000,000 of debts resting upon the people at the beginning of the present year.

At present, instead of these debts being paid, much of the interest on such debts is being postponed and the debts extended, which means that such debts are being compounded. It is likewise estimated that the national Federal indebtedness increased \$4,000,000,000 during 1933. If the same percentage of national debt increase was carried through by States, counties, cities, and smaller units of government, such increase during 1933 exceeded \$10,000,000,000, and this increase added to the amount before stated, will make the grand total of public and private debts approximately \$250,000,000,000 at the beginning of 1934.

If this estimate is correct, it is difficult for anyone to conclude that this debt burden can be met with our present high-priced dollars; hence the only conclusion is that either these debts must be repudiated or the dollar must be substantially cheapened so that the people can procure such dollars with which to meet debts contracted and outstanding.

President Roosevelt has stated it as his purpose to give the people the same valued dollar to meet their obligations that they

received when such obligations were contracted; hence it may be assumed the administration's policy is to reduce the value or buying power of the dollar to that point which will permit the people to liquidate, rather than to force them to repudiate their obligations.

ONE HUNDRED-CENT DOLLARS

The next question is to what point the value of the dollar should be reduced to enable the people to meet taxes, interest, and debts. Propaganda is being broadcast by a small group suggesting to those not familiar with the intricacies of the money system that any effort to cheapen the dollar will result in printing-press money and that the United States is certain to have a repetition of the German and Russian systems of inflation.

While inflation, literally interpreted, means increasing the money in circulation abnormally, improperly, or unjustifiably, inflation as understood by the masses means more money in circulation, hence cheaper money and higher prices for commodities.

In fact, the administration's policy of cheapening the dollar does not go even so far as the cheap-money policy just after the World War. At that time, if the declaration in the Chicago platform is accepted, the dollar was worth only 50 cents. If America had a 50-cent dollar in 1920, then by the same yardstick it had approximately a 200-cent dollar in February 1933.

It is contended by those who favor an adjustment of our monetary policy that the dollar was too cheap in 1920 and too dear in 1933. By the same yardstick it is found that the dollar in 1926 had a buying power of 100 cents; hence, it is to that level it is proposed to return.

The plentiful and cheap-money policy of 1930 found wheat selling at \$2.50, corn \$1.50, and cotton 42 cents, while the scarce and high-valued money policy of last February found wheat selling at 40 cents, corn 25 cents, and cotton at 6 cents per pound. As an adjustment, the advocates of a cheaper dollar, recommending the 1926 level, hope to return to such prices that wheat will sell for \$1.50, corn \$1, and cotton 20 cents per pound.

With such prices farmers can get cost of production plus a profit to apply on taxes, interest, and debts. Other producers of raw materials will benefit comparably. Such a policy will restore buying power to the farmers and producers. This in turn will increase employment and enable those who process raw materials to open their factories and return gradually to prosperous activity.

History shows that American money has been "tinkered" with in the past, and in every instance the tinkering has been brought about by a small but powerful group which profits by scarce and consequently high-valued dollars.

I have just said that the money question is the most important issue pending before the people. Money is that thing for which men plan, work, toil, and slave. Money is the one thing which men must secure if they are to enjoy any degree of success, prosperity, and happiness in our complex system of civilization.

I will not consume time in describing conditions, save as such conditions suggest or demand adjustment of our monetary policy.

MILLSTONE OF DEBT

We have a millstone chained to our necks, and such millstone is the two hundred and fifty billion of debts now bearing us down. How much is \$250,000,000,000?

At the beginning of this year it was 21 times all the monetary gold in the world. It was 45 times all the money in circulation.

This debt is so large that much of the interest is not being paid, save in cases where funds can be borrowed with which to meet maturing coupons.

Already the Federal Government, itself a borrower, has appropriated and loaned or allocated some \$13,000,000,000 as direct relief for the people or for loans to corporations and the several units of government.

When the Federal Government either spends or loans it has to either tax or borrow. For 4 years we have taxed and then increased our taxes. We have borrowed, and each year our borrowings increase. This year the Federal debt will be increased by more than five billions, making the consolidated total almost \$32,000,000,000. The interest bill will amount to almost one and a quarter billion dollars, a sum almost as large as the total tax receipts for 1933.

With such conditions facing our people, our corporations, and our units of government, how can anyone, much less a public official, remain silent?

If these statements are correct, it is difficult for anyone to reach the conclusion that this debt burden can be met with the present high-priced dollars.

Although the value of the dollar has been cheapened in terms of gold, it still has an excessive value as measured by domestic prices.

As measured by the Bureau of Labor Statistics, in February the dollar still had a value of \$1.38. We are demanding that this 38 cents of excess value or buying power be eliminated from the dollar.

REMEDIES

For years our fiscal policies have been formulated by the influential bankers of the country.

What is their remedy?

Their answer is a demand that the borrowers pay their loans. Instead of making loans they are collecting notes. Instead of expanding the credit they are deflating both currency and credit.

Today banks, as a rule, are institutions for deposit only. For the reasons stated, the Federal Government has been forced to open and operate the largest banking institution ever developed.

Again I ask, what is the remedy for the conditions confronting us? How can we meet \$250,000,000,000 of debts?

The only conclusion I can reach is that either these debts must be repudiated or the dollar must be substantially cheapened so that the people can procure dollars with which to meet such debts.

RESPONSIBILITY ON CONGRESS

Under the Constitution the Congress has power to coin money and to regulate its value. The Congress, in recent special session, appointed and constituted the President its agent to exercise, within his discretion, its constitutional powers relative to money.

The President accepted the agency and is now exercising the powers conferred. In other words, President Roosevelt is now regulating the value of our money. He is managing and adjusting our monetary policy.

I have made the statement that in order for the people to pay their taxes, interest, and debts, the value of the dollar must be substantially reduced. A 167-cent dollar closed every bank in America. A 138-cent dollar will not make it possible for the people to pay their taxes, their interest, and the quarter of a trillion dollars of indebtedness now resting upon them.

We are not asking for a cheap dollar, but we are demanding that the value of the dollar be reduced to 100 cents as measured by the average of commodity and wholesale prices, based upon some 50 years of official Government statistics. Such statistics show that in 1926 we had a 100-cent dollar; hence the demand that we return to the dollar value of that year.

The definition of terms and interpretation of economic laws just made are supported by what I concede to be the best of authorities.

I contend that the same economic law that controls the price or value of commodities, such as wheat, corn, and cotton, also controls the value or the purchasing power of money.

When wheat, corn, and cotton are plentiful, the value of such commodities is low, and when such commodities are scarce, their value is high. Likewise, when money is plentiful the value or buying power of the dollar is low, and when money is scarce its value is high.

The Government at Washington has acknowledged and adopted the economic principles just stated. Within the last year the Department of Agriculture has withdrawn some 10,000,000 acres of cotton land from production in order to make cotton scarce and therefore higher in price. Wheat lands are being likewise withdrawn for the same economic purpose. Also some six and one half million pigs and hogs have been slaughtered and much of the meat destroyed in order to help the price of pork and meat products generally.

At any time it is necessary to lower the price of a commodity the reverse process is inaugurated, and, instead of decreasing production, an increase is planned and ordered.

ECONOMIC LAW APPLIES TO MONEY

The law of supply and demand applies to the value of money as well as to commodities. The Government, acting through its agents, has demonstrated the unfailing results from the application of such law.

The interpretation of the economic law governing the value of money, just given, is supported by such recognized economists as Ruffner, Taussig, Torrens, Ricardo, Nicholson, Sir James Graham, John Stuart Mill, and Gustav Cassell.

Again I say that the dollar must be cheapened. How may this be brought about? Let the economists answer:

Ricardo said: "The value of money in any country is determined by the amount existing."

Taussig said: "Double the quantity of money and, other things being equal, prices will be twice as high as before and the value of money one half."

If dollars are issued into circulation, such dollars become more plentiful and thereby cheaper. As dollars become cheaper, prices rise, and such is the goal of our efforts.

In order to secure cheaper money and higher prices, it will be necessary to have more money in circulation.

Who opposes the policy of a more liberal supply of money?

Only those who want a swollen dollar of excessive value or buying power.

It is contended by some that the act of removing the excess value from the dollar constitutes inflation. I deny that such an operation can be properly defined as an inflation of the currency.

The reducing of the value of the dollar to 100 cents is not inflation, but rather an act of simple honesty and justice toward the people of the United States.

AGAINST UNCONTROLLED INFLATION

Every citizen who has the faintest conception of our monetary problem shudders at the thought of uncontrolled inflation. The nations which have fallen under a flood of irredeemable currency were governments without gold, silver, or credit. Fortunately such is not the status of America.

As a remedy for our economic ills we have tried deflation, and more than \$10,000,000,000 of added Federal indebtedness is only one of the results.

The annual income of our people has been reduced from ninety to some forty billion dollars.

Unemployment increased until we had some 14,000,000 men out of work and more than 20,000,000 men, women, and children in the public bread lines.

For 3 years we have financed the Government by a system of kiting checks through the Federal Reserve banks of the Nation.

Individuals, cities, counties, and the States cannot thus finance themselves.

How much longer must we wait before the dollar, in terms of commodities, will be cheapened?

How much longer must we wait for an ample supply of money to be placed in circulation?

PRINTING-PRESS MONEY

In some sections we hear much about "printing-press money." In a recent issue of a once reputable weekly publication we find on the editorial page the following:

"The forces led by Senator THOMAS are out-and-out inflationists. Frankly, Senator THOMAS wants to issue worthless printing-press money for the purpose of repudiating debts."

So says the poor, weak, and helpless editor who evidently has manacles on his limbs, a ring in his nose, and a mortgage upon his mind.

In another New York financial publication, we find the following—I quote the headlines as follows:

"Bankrupt cities to make determined fight for financial aid from incoming Congress."

From the body of the article I read as follows:

"Congressman WILCOX declares that with 1,105 cities, or public subdivisions, in default of bonds at the end of February and an even larger number hovering on the verge of bankruptcy something must be done."

Only recently the mayors and managers of our larger cities met in convention at Chicago and resolved to demand that Congress give their cities the right to file petitions of insolvency with the Federal court in order to void their bonds, bills, and debts.

As before stated, I am not an inflationist. Neither am I a repudiationist.

During the recent special session of the Congress, the House of Representatives passed the Wilcox bill giving cities the right to take bankruptcy. I opposed the bill in the Senate and voted against its passage. Individuals and corporations now have the right to go through bankruptcy. If the doors of the Federal bankruptcy courts are opened to the cities, then the counties and the States will join the procession, and before it is over your Uncle Sam may be leading the parade.

CAPITALISM THREATENED

The American economic system is the capitalistic system. This system grows, thrives, and expands upon profits and withers, dwells, and decays upon deficits; hence the life and continued existence of the capitalistic system is now in the balance.

Governments, great and small, live off of taxes paid by the masses of the people; hence if the people are impoverished and cannot get money, taxes default, governments fail, and the inevitable results are revolution and chaos.

MORE MONEY DEMANDED

Of deflation we have enough. We now demand an expansion of the currency.

Who is there among us who can say that it is not yet time to act?

The record before us demonstrates that we have but two roads open to possible travel. One is a continuation of deflation leading to bankruptcy and repudiation of debts, public and private.

The other road is an expansion of the currency leading to more money; hence cheaper money, higher prices for commodities, wages, and salaries, and thereby reinvesting the people with added buying power.

More money means the payment of taxes, interest, and debts. More money means the saving of homes, farms, and factories.

More money means the restoration of personal, corporate, city, county, State, and national solvency.

What program have the deflationists to offer?

Without a plan they are at Washington borrowing the peoples credit and spending some of the money in parading Russian and German inflation ghosts before the public.

POWER OF PRESIDENT

Today the President has practically unlimited power to coin money and to regulate the value of the dollar.

Already he has exercised some of the powers conferred.

Through the Federal Reserve Board and banks he has purchased bonds, paying for same with Federal Reserve money.

Through the Reconstruction Finance Corporation he has bought gold for the single purpose of forcing down the value of the paper dollar.

The President exercised the third power conferred by issuing silver certificates against silver recently received as partial payment of interest due from foreign governments.

Recently the President, under the authority conferred, issued a proclamation providing for the practical free coinage of all newly mined silver in the United States.

Then more recently he reduced the gold content of the dollar from 25 grains plus of gold nine-tenths fine to 15 grains plus nine-tenths fine.

The President has other powers in reserve—some of which he may never have to use.

However, the program is not yet completed. Our monetary problem is not yet adjusted. The following things remain to be done:

More actual money must be placed in circulation.

Credit or deposit money must be expanded and made available for the people and for industry.

Gold has been withdrawn from circulation and will not again pass from hand to hand among the people. Gold will be kept in the Federal Treasury as the base for the issuance of money.

SILVER

A wider use must be made of silver. All surplus gold is now monetary gold and, if the United States should acquire all the surplus silver possible and place same in circulation, we would not thereby increase the circulation sufficiently to meet the demands of either the conditions, times, or the people.

The longer the adjustment of our monetary system is delayed the cheaper the dollar must be made and the greater the danger of real inflation.

If confidence is to be restored, if business is to be revived, and if taxes, interest, and debts are to be paid, the people must be able to secure both money and credit; hence, to dispel the money famine is the paramount issue before the Congress and the country.

THE NEXT STEP

The next step is to dispel the existing famine of money and credit. Those who want the present high-valued dollar retained are those who have a corner on such dollars. The people, industry—great and small—and the several units of Government are begging for dollars, and dollars can be secured only from the Federal loan agencies at Washington.

To remedy this situation the people are powerless; industry is helpless; and even the banks themselves are not wholly to blame. The money in the banks does not belong to such banks but, instead, such money is the property of the depositors in such banks. Banks are not loaning the funds of their depositors, because the people, corporations, and industry generally are not making money and are not prosperous; therefore, are not good risks for loans.

Who is to blame?

What are the facts?

During this depression we have lost almost one half our banks and have lost some twenty billions of credit or deposit money. All gold and gold certificates have been withdrawn and retired from circulation. The remaining actual money in circulation is inactive and credit is frozen and dormant. Those who need money are denied, and those who have or can get money are afraid to either spend or invest; hence business, while improved, is creeping when it should be at full speed.

One year ago the dollar was worth, in terms of commodities, almost 200 cents. Today, although cheapened, the dollar is still worth, in domestic products, almost 150 cents. This excess value must be removed, and we cannot possibly return to prosperity until the value of the dollar, in terms of American products, is reduced to 100 cents again.

The people have made the demand and are insisting that the dollar be cheapened, and that the general price level of 1926 be restored. The people themselves are powerless to act save through their agents at Washington. The Congress, in both House and Senate, has repeatedly gone on record favoring such policy, but to date there is an influence greater than the Congress which has held the value of the dollar up, thereby keeping prices down.

This contest will not abate. The people must have money and credit, and if the private agencies controlling our financial system are either unwilling or unable to provide relief, then the Congress must act. Already the Congress has provided credit for the larger industries and is now extending and expanding its credit activities to the smaller institutions of the country.

If necessary to provide money and credit, the Congress, in addition to nationalizing gold, may be compelled to nationalize silver, to nationalize currency, and to nationalize credit; and, if necessary, will either nationalize all existing banks or provide a Federal system of banks, Government owned and Government operated.

If the financial system will not or cannot solve this problem, then nothing remains but for the Congress to undertake to provide relief.

Our economic system depends upon profits, and our plan of Government, in all its units, depends upon taxes; hence, money and credit must be made available if our present form of society and even civilization is to survive.

REPLY OF RAILWAY LABOR EXECUTIVES' ASSOCIATION

Mr. WHEELER. Mr. President, I ask permission to have inserted in the RECORD the reply of the Railway Labor Executives Association at Washington, D.C., March 17, 1934, to the statement made by the conference committee of managers on March 15, 1934.

There being no objection the reply was ordered to be printed in the RECORD, as follows:

REPLY OF THE RAILWAY LABOR EXECUTIVES' ASSOCIATION AT WASHINGTON, D.C., MARCH 17, 1934, TO THE STATEMENT MADE BY THE CONFERENCE COMMITTEE OF MANAGERS ON MARCH 15, 1934

WASHINGTON, D.C., March 17, 1934.

MR. W. F. THIEHOFF,

Chairman Conference Committee of Managers,

Willard Hotel, Washington, D.C.

DEAR MR. THIEHOFF: We have given your statement, submitted to us on March 15, careful and serious consideration.

We must say at the outset that we are amazed by the spirit of pessimism, defeat, and despair which pervades the statement of the

conference committee of managers. The revival of the characteristic American feeling of confidence in our economic future and in the ability of our country to meet and solve its problems, which animates our people and their leaders today, finds no echo in the dismal tones of the management's statement. While the whole Nation moves resolutely forward to renewed industrial health, you offer us but one more stanza of the dirge to which we have listened for 4 years. It is not surprising, in view of such an attitude by the railway managements, that so many people in the United States mistakenly believe the railway industry to be upon its deathbed.

But the facts show the situation to be exactly the reverse. Not only is general industrial recovery well under way throughout the Nation but the railway industry itself very definitely reflects that general recovery. You have told us again the distressing story of 1932 and the early months of 1933. We ask you rather to consider what has happened during the late months of 1933 and the first 2 months of 1934. In that record we believe you may find the courage and confidence to place our industry where it belongs, in the front line of our economic advance, rather than to keep it halting and stumbling in the rear guard.

Beginning with May 1933 every month in the latter part of last year showed a distinct improvement in gross operating revenues over the corresponding month of 1932—with the exception of October, which was one third of 1 percent under 1932. The last 8 months of 1933 showed operating revenue of \$2,214,000,000 as compared with \$2,039,000,000 for the same months of 1932. Net railway operating income for these months of 1933 was \$419,000,000—against \$241,000,000 for the same months of 1932. Surely an increase of 74 percent in net railway operating income ought to be enough to convince railway managements that the industry is emerging from the depression.

But if that is not enough, we ask you to consider the results to date in 1934. Your statement conservatively says that car loadings exceeded 1933, approximated 1932, but were 20 percent below 1931. For the month of January, car loadings this year were above 1933, but below 1932, and 25 percent below 1931. For the month of February, car loadings were above 1933, 3 percent above 1932, and 19 percent below 1931. For the latest week in 1934, car loadings were above 1933, 8 percent above 1932, and only 16 percent below 1931. No one can fail to see in these figures the fact that railway traffic is rapidly rising toward substantially higher levels.

Car loadings, however, are only a part of the story. A more significant change is that in the net railway operating income of the carriers. So far, only the figures for the month of January are available. But net railway operating income for January 1934 is 127.7 percent greater than it was for January 1933, 177 percent greater than in January 1932, and only 8 percent below 1931. Later months will certainly show 1934 net railway operating income passing that of 1931. The railway industry is regaining, has in fact already regained, a large part of the ground lost during the depression.

It is in the light of these conditions of the present and the future, rather than with our eyes fixed upon the long-past low point of the depression, that we must consider the problem of railway wages. We here are discussing wages for the year 1934, not for 1932, nor for 1933.

Railway managements understand, as well as railway employees do, that the foundation of railway activity is in the general economic condition of the country. You may perhaps not have realized the extent to which the United States has recovered from the low levels of 1932 and 1933. If so, we would call your attention to the fact that industrial production in January of this year is 16 percent higher than in January 1932, and 34 percent higher than at the low point of the depression. Output of the steel industry, in January, was 31 percent above January 1932, and 114 percent above the low point of the depression. Automobile production had risen 20 percent above January 1932, and had more than tripled the month of lowest production. Building contracts awarded in January were 124 percent higher in value than in January of 1932. The outlook for increased railway traffic, as indicated by these figures, is very different indeed from what it was when we met in January 1932 to consider the request of the railway managements for reduction in the wages of the men we represent.

We are very much surprised that the representatives of the management seem not to know about the change in our industry and in business conditions generally. We feel sure that if you will consider the facts to which we have referred, you will come to share with the railway employees their confidence in our industry, and that you will recover from the despondency which seems to have inspired the statement submitted to us.

But while we would emphasize current developments on the railways, there is one grave abuse surviving from the depression period which demands drastic action. This abuse was a legacy from the days of festive finance which ended in 1929, but its heavy cost has come to be understood only as a result of the last 4 years. We refer to the hopelessly topheavy capital structure of the railway industry.

In the management statement there is reference to the deficits of 1932 and 1933. Technically, and from the standpoint of I.C.C. accounting regulations, the term was correctly used; but actually the railways were operated in 1932 and 1933 not at a deficit but with a very large return to the owners of the industry. Other industries consider they have earned a net income if the investors who have supplied their capital have any return whatever above

operating expense. The railway capital structure, with its overload of bonded indebtedness, is such that more than half of the actual capitalization is represented by bonds. No other industry earning a net of 1.8 percent on investment at the bottom of the depression would have reported a deficit. But the railroads report their earnings in a manner that makes return to the owners largely a fixed charge, and net income is calculated only after a half billion dollars has been paid to the owners of the industry. The word "deficit", therefore, is misleading. In 1932, when the carriers reported a deficit of \$139,000,000, there was actually a profit from railway operations of \$326,000,000. In 1933, when the class I roads reported a deficit of \$14,000,000, there was, in fact, a profit on operations of \$474,000,000. Even viewing the term "deficit" in its technical sense, we must take issue with your statement that "the slight improvement since the spring of 1933 has resulted only in decreasing the deficit for that year." While reports published by the Interstate Commerce Commission show that there was a deficiency in so-called "net income" for class I railroads of \$13,800,000 for the year of 1933, they also show that for the year of 1932 this deficiency had been \$139,204,000. This means that the 1933 technical deficit amounted to only approximately 10 percent of that for 1932, and such improvement certainly cannot be classified as slight.

The net result for 1933 was attained notwithstanding an increase of \$8,000,000 in payments to security holders in 1933, as compared with 1932.

Twenty-three railroads, representing 25 percent of the mileage represented in this conference, and which showed a net income for both the years 1932 and 1933, realized an increase in net income of approximately \$19,500,000, or 18.9 percent, in 1933, as compared with 1932. Fourteen roads, comprising 14.5 percent of the mileage, which reported a technical deficit totaling approximately \$21,500,000 in 1932, realized a net income of approximately \$17,500,000 in 1933, an improvement of approximately \$39,000,000. The remaining lines and their subsidiaries, which showed a technical deficit in net income in each of the years, approximating \$220,000,000 in 1932 and approximating \$151,500,000 in 1933, were able to improve their position by nearly \$69,000,000 in the later year, or approximately 31 percent. Most of the \$1,500,000,000 of railroad bonds listed on the New York Stock Exchange upon which interest is not being paid are naturally those of railroads now in receivership. Many of these roads are notorious for their topheavy bonded capital structure. You are aware of the fact, of course, that for some of these lines receivership is not a new or unusual experience. It might not be out of place to remind you that of the total capitalization of the Rock Island, 68 percent is funded debt; of the Missouri Pacific, 72.6 percent; of the I. & G. N., 81.5 percent; of the M. & O., 86.3 percent; of the Frisco, 71.9 percent; of the Central of Georgia, 73.3 percent; of the Florida East Coast, 62.2 percent; of the Seaboard Air Line, 64.8 percent. No such structure can be maintained without a continued era of abundant prosperity. Some of the other lines with a lower ratio of funded debt to capital stock are in receivership for reasons entirely independent of the depression in business.

Despite the statement that railway bonds are not now all paying interest, we are not moved to any great sympathy for the bondholder, who has been taking most of this net railway income during the depression. We invite you to consider, and we believe the people and the Government of the United States should consider, the conduct of these bondholders in the years since 1929. No previous national calamity, neither war, nor disease, nor economic decline, has taken such toll from the American people as have these years of suffering. The scars left by the depression will never be effaced. The misery of the working people of the country cannot be measured nor described. Small business interests, too, paid heavily in losses and complete failures. But the railway bondholder has been above the storm. Class I railways paid to these bondholders in 1929, \$511,000,000; in 1930, \$509,000,000; in 1931, \$518,000,000; in 1932, \$525,000,000; and in 1933, \$533,000,000. We have been told that these last 2 years have been the worst in railroad history, the only 2 when so-called "deficits" were incurred. But these very 2 years were the harvest period of the bondholder; never before have they taken such toll of the railway industry. And it is more than a coincidence that the worst years in net railway returns were the fattest years for the coupon clippers.

If these increased returns to railway bondholders had come without the active effort of their beneficiaries, it might still be said that the industry could justly have expected the bondholders to have volunteered a reduction in the interest burden upon the carriers. But so far from making any such reduction, so far from making any contribution during this period of economic distress, the bondholders have organized themselves for the purpose of forcing all other groups to shoulder the entire cost of the depression. These organizations have put pressure upon the railways to reduce employment and to lower wages; they have sought Government aid to bolster the crazy-quilt railway capital structure; they have filled the newspapers of the country with lamentations about the trials of the bondholders. And the interest bill has been paid. Railway employees of long service have been turned out to accept charity or to starve; hundreds of thousands have gone on part time, and have brought home the diminished earnings which meant drastic curtailments in their living standards, and painful privations for their families. But the interest bill has been paid—\$22,000,000 more in 1933 than in 1929. If the men who collected that interest bill know the havoc they have

wrought in the homes of these railway workers and if they had acted in that knowledge, no condemnation could adequately characterize the inhuman greed which such action would have evidence. But we know these bondholders are ignorant of the harm they do. They are the absentee owners of our industry, whose pressure is felt by the public, by the management, and most of all by the railway worker. Their ignorance excuses their avarice, but it does not justify a continuance of the suffering they have imposed upon the railway employees we represent.

If our condemnation of the railway bondholders seems severe, we ask you to consider what has been said of them by men whose authority even the bondholders themselves must accept. The Coolidge Commission, financed by the owners of railroad securities, said that "there is a need to reform the topheavy structures" of railway capitalization. Mr. Alfred E. Smith, a member of the Commission, said:

"There must be a scaling down of many railroad securities. I believe that the banks, trust companies, insurance companies, and other holders of railroad securities must be realistic about this phase of the problem. The public will not stand for making them a preferred class of investors."

Federal Coordinator Joseph B. Eastman, in his report of January 20, 1934, said:

"Many railroads are overcapitalized, whatever test be applied. . . . Important in this connection are the amount and character of the railroad funded debt. It aggregates 56 percent of the outstanding capitalization. This is a high percentage."

President Roosevelt, during his campaign for election in 1932, indicated in his Salt Lake City address that the Government should condition its assistance to the railways "upon acceptance of such requirements as may in individual cases be found necessary to readjust topheavy financial structures through appropriate scaling down of fixed charges." Newspaper reports of February 9, 1934, indicate that the President is still of the opinion that interest charges on railway securities must be reduced.

In recognition of this situation, and following out the pronouncements of 1932, the Congress of the United States included in the Emergency Railroad Transportation Act provisions for the reorganization of unsound railroads, looking to the rationalizing of the railway capital structure.

It is for the purpose of continuing these still untouched interest rates and debt totals that railway managements are now asking railway employees to continue their depression sacrifices. We believe the request to be indefensible.

In your statement, presented us on March 15, you stated in part that "recognizing the seriousness of the situation the representatives of the railroads and the employees agreed upon the 10-percent deduction which has been effective since that time", namely, February 1, 1932. We did agree to accept the 10-percent deduction for 1 year at the insistence of the management, but we did not agree then nor since that this procedure would lead to industrial recovery. On the contrary, we insisted that the policy then being pursued by big employers, including the railroads, of throwing men out of jobs, of extending part-time employment, of lowering wage rates and of considering only dividend and interest payments could only bring about further decreases in the purchasing power of the masses of the people, and thereby intensify the evils of the depression.

Our position has now been sustained. We find other industries making an effort to whip the depression by raising wages, shortening hours, and employing additional men. But the railroads are still clinging to the economic fallacy that business can be improved by destroying the foundation of business; that is to say, by lowering the purchasing power upon which business depends.

When the original 10-percent deduction was made, the representatives of the carriers strongly emphasized the hope that this contribution by railway workers would prove to be the turning point in this depression, a thought with which we did not agree. Now, after 2 years, you come before us representing the same carriers and admit that the emergency has continued during the 2 years since the original deduction agreement was made. In other words, you sustain the position that we took 2 years ago, you concede that your own economic predictions or hopes were poorly founded, and you advance the evil consequences of your own unsound economics of 2 years ago as justifying the continuance of this same industrial suicide for a still longer period. To put it frankly, your faith and hope in this unsound and antisocial economic policy has only led to the necessity of charity for hundreds of thousands of railroad workers.

Your reference to the cost-of-living figures is neither convincing nor impressive. We do not accept the current changes in living cost as being the proper yardstick for the measurement of wages. Moreover, the index figures published by the United States Department of Labor were never intended for any such purposes. These figures are predicated upon living standards that are acknowledged to be out of date by those who were originally responsible for their establishment. Ethelbert Stewart, a noted economist, who was in the service of the United States Government in various capacities for 45 years and who dealt directly with this subject as Commissioner of Labor Statistics from August 1, 1920, until his retirement in the middle of 1932, has publicly stated that "the use of the cost-of-living figures of the Bureau of Labor Statistics (for 1918), now 15 years old, is a crime, a fraud, and an outrage when used as an argument, or as a basis of reducing wages in the year of 1933." Isadore Lubin, the present United States Commissioner of Labor Statistics, has likewise condemned this use of the Bureau's figures, and three successive Secretaries of Labor, James J. Davis,

William N. Doak, and Frances E. Perkins have also voiced their dissatisfaction with, and their disapproval of, such use of this index.

We respectfully submit, further, that your references to changes in the cost of living are glaringly inconsistent. We recall vividly that in 1919 and 1920, when the cost of living was increasing by leaps and bounds the same carriers you now represent appeared before Federal wage tribunals in vigorous opposition to wage increases. Following the depression of 1921, when we sought the restoration of wages that had been taken from us by a board that has since been discredited and abolished, your roads persisted in this opposition to wage increases, notwithstanding the current increase in living costs. You now seek to justify a further extension of the 10-percent deduction and a continued restriction of the purchasing power of your employees by referring to the same cost of living records that you have persistently refused to accept when the figures were on the upward trend. In the same breath, however, you admit that the cost of living is now rising.

Nor is it necessary that we possess the qualifications or wisdom of a prophet to see with reasonable certainty that prices will continue to increase at an accelerated rate. The devaluation of the dollar, the codes providing for higher wages and shorter hours in other industries, the fair-competition regulations, the destroying of surpluses of wheat, cotton, and hogs, and in fact the President's entire industrial-recovery program has for one of its major purposes the increasing of prices. The increase so far experienced is but the beginning. If changes in living costs are to be the criterion for wage determination, substantially higher rates of pay should be established immediately.

However, since you have introduced the question of living costs, we now desire to invite your attention to the present living standards of railway workers. As a result of total unemployment for nearly a million of these workers, part-time employment for about 400,000 others, the low basic wages and the 10-percent reduction, living standards for both the unemployed and the so-called "employed railroad workers" have been dangerously reduced.

An investigation conducted a year ago revealed that at that time the homes of railway men were being lost, savings exhausted, and necessary household equipment was being taken from them because of their inability to meet instalment payments. Life insurance was being dropped or greatly reduced, debts were increasing, necessary medical and dental care was being deferred, and families were undernourished, improperly clothed, and enduring unreasonable hardships. Naturally enough, these vicious conditions are more marked in the case of the railway workers falling in the lower-wage brackets. Since you desire to continue the 10-percent deduction for all railway employees, including those in the lower-wage brackets, we feel impelled to direct your attention to some of the sweatshop wages now being paid and as a result of which the living standards of certain railway classes have been reduced to the level of Chinese coolies.

Let us be specific on this point: On the Southern Railway, track and roadway section men are being paid as low as 25 cents an hour and in February worked 3 days per week. This provides a weekly wage of \$6 from which you deduct 10 percent or 60 cents, leaving these workers \$5.40 a week with which to care for their families and make their contribution to national industrial recovery. We understand you desire to continue this deduction, but no assurance has been given that part-time work will be reduced. If these men on the Southern were given 6 days per week, they would make \$12, which, after the 10 percent deduction, would leave them \$10.80.

On the Atlantic Coast Line, section men are paid \$1.70 per day. We understand that you desire to continue a 10-percent deduction from this totally inadequate wage for a period to expire in April 1935.

On the New York Central, section men receive a basic wage of 43 cents an hour and are working as little as 10 days per month, or an average of 2½ days a week. This gives them \$8.60 per week from which 10 percent or 86 cents is deducted, leaving \$7.74 a week in a territory where the P.W.A. minimum is \$15.

In Detroit, on the Michigan Central, section men are paid 46 cents an hour and work about 2½ days a week. Their weekly earnings are \$9.20 from which 10 percent or 92 cents is taken by the management, leaving these workers \$8.28 a week in a city where the relief basis for a totally unemployed man with a family of five is \$11.40 a week.

In Chicago, section men on the Chicago Junction and the Chicago River & Indiana receive 41 cents an hour, work 3 days a week, earn \$9.84 a week, give 10 percent or 98 cents of this back to the railroad and then try to maintain their families in that great industrial center on the remaining \$8.86.

The Florida East Coast pays a basic wage of 20 cents an hour to section men and is one of the roads represented by you in your request for a continuation of the 10-percent deduction.

The Illinois Central pays section men as little as 25 cents an hour, works them as little as 2 days a week, enabling them to make \$4 per week.

These specific cases could be dealt with in greater detail, but they are sufficient to illustrate the earnings prevailing on individual roads, and to show the totally inadequate living standards prevailing for some railway classes on roads represented by your committee. We have referred to section men, but conditions are equally bad for some other railway classes. Almost all railway workers have suffered reductions in living standards, and so far

they have shared in none of the effects of the recovery program excepting to pay the increased prices of the necessities of life that have arisen from this program.

Still further evidence of the inadequate earnings of railway employees is to be found in the average earnings as reported by the Interstate Commerce Commission. For the year 1932 there were 140,000 railway employees whose earnings were approximately \$50 a month, or less, which means about \$12 a week. This number embraces about 13 percent of all railway employees. Approximately 266,000 railway employees, over 25 percent of the total number, earned \$75 a month or less. There were over 434,000 railway employees, 42 percent of the total, who earned less than \$100 a month. The railway employees who earned \$125 a month or less, numbered 749,000, and this group embraced about 72 percent of all railway employees. Less than 7 percent of those engaged by the class I roads earned \$175 a month or more. This 7 percent included the entire official family but embraced relatively few of those commonly referred to as employees.

In 1929 the average earnings of more than 200,000 track and roadway section men were \$833 a year, declining to \$621 in 1932, representing a loss of \$260 or 29.5 percent. We direct this to your attention in view of your statement that since 1929 the cost of living had decreased 21.2 percent, and in order that you might see that this one big group of railway workers, who because of their low earnings are least able to meet additional burdens, have seen their earnings drop much more than has the cost of living.

In the light of these earnings and circumstances we hold that the current changes in the prices of the necessities of life from month to month mean but little to thousands of the railway employees involved in these negotiations. The price changes merely reflect the degree with which these workers will proceed with their gradual starvation.

You advised us on March 15 that you had addressed a letter to President Roosevelt under date of February 19 stating in part that "the conference committee of managers is most sympathetic to the important considerations of national welfare, etc. * * *". We are greatly pleased with this expression relative to the national welfare and we sincerely hope that the carriers represented by your committee will now demonstrate this sympathy by making your long-deferred contribution to the national welfare. The President on March 5 indicated precisely how this sympathy might be given practical application when he said:

"The immediate task of industry is to reemploy more people at purchasing wages and to do it now. Reductions in hours coupled with a decrease in weekly wages will do no good for it amounts only to a forced contribution to unemployment relief by the classes less able to bear it."

The President in further emphasizing the manner in which you can demonstrate the sincerity of your sympathetic interest in the national welfare stated:

"In working out the plans on a national scale, of which I have spoken before, we can list certain immediate objectives. I spoke last June of the fact that wage increases will eventually raise costs but I asked that management give first consideration to increasing the purchasing power of the public. I said that is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. What I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power. We must remember that the bulk of the market for American industry is among the 90 percent of our people who live on wages and salaries and only 10 percent of that market is among the people who live on profits alone. No one is opposed to sensible and reasonable profits but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterward and humanity first and profits afterward we have no room for hesitation."

What confronts us, then, when we consider your proposal for an extension of the 10-percent wage deduction may be summarized thus:

In response to what we then considered an unjustified demand by railway managements, we consented in January 1932 to this 10-percent deduction from the earnings of the men and women we represent. What shadow of justification there was for this deduction at the low point of the depression has now disappeared, and rising railway traffic, increasing gross and net revenues, together with rising prices, at once require and permit the restoration of basic rates of pay. Your request would in effect continue this deduction in the interest of strengthening the position of the railway bondholders. But the lean years of the depression found interest payments to these bondholders steadily increasing, rising in the worst years of the slump to the highest level ever attained. The record shows an increase in interest payments from \$511,000,000 in 1929 to \$533,000,000 in 1933—while compensation of employees dropped from \$2,941,000,000 in 1929 to \$1,404,000,000 in 1933. The figures of decreased compensation only indicate the terrific privations forced upon these railway employees; men earning as low as \$5 or \$6 per week are among those being asked to continue their sacrifices from their pitiful wages to permit improved conditions for the railway bondholders. The managements here are asking us to agree with them in a policy which contradicts and must to a very large extent nullify the National Industrial Recovery program. We are asked to confirm a program of restricted wage payments and of reduced employee purchasing power. In plain language, you ask us to obstruct and retard American economic recovery and to support you in your refusal

to contribute anything at all to the national rehabilitation. We cannot and will not acquiesce.

Therefore we most respectfully but definitely reject your proposal for a 15-percent reduction in basic rates of pay, and decline to agree to your proposal for an extension of the existing 10-percent wage-deduction agreement for a period of 10 months beyond its present expiration date, June 30, 1934. We insist that basic rates shall be restored on July 1, 1934, in keeping with the terms of the existing agreement.

A. Johnston, grand chief engineer Brotherhood of Locomotive Engineers; D. B. Robertson, president Brotherhood of Locomotive Firemen and Enginemen; S. N. Berry, president Order of Railway Conductors of America; A. F. Whitney, president Brotherhood of Railroad Trainmen; T. C. Cashen, president Switchmen's Union of North America; E. J. Manion, president Order of Railroad Telegraphers; J. G. Luhrs, president American Train Dispatchers' Association; B. M. Jewell, president Railway Employees' Department, A. F. of L.; A. O. Wharton, president International Association of Machinists; J. A. Franklin, president International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America; Roy Horn, president International Brotherhood of Blacksmiths, Drop Forgers and Helpers; Martin Francis Ryan, president Brotherhood Railway Carmen of America; J. J. Hynes, president Sheet Metal Workers' International Association; C. J. McGloghan, vice president International Brotherhood of Electrical Workers; John F. McNamara, president International Brotherhood of Firemen and Oilers; G. M. Harrison, president Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; F. H. Pljozdal, president Brotherhood of Maintenance of Way Employees; D. W. Helt, president Brotherhood of Railroad Signalmen of America; M. S. Warfield, president Order of Sleeping Car Conductors; Fred C. Boyer, president National Organization Masters, Mates, and Pilots of America; Chas. M. Shepler, president National Marine Engineers' Beneficial Association; A. F. Whitney, chairman Railway Labor Executives Association.

AIR-MAIL CONTRACTS

Mr. McADOO. Mr. President, I ask unanimous consent to have printed in the RECORD several telegrams from California relating to the air-mail situation.

There being no objection, the telegrams were referred to the Committee on Post Offices and Post Roads and were ordered to be printed in the RECORD, as follows:

SAN FRANCISCO, CALIF., March 17, 1934.

Senator WILLIAM G. McADOO,

Senate Office Building:

State chamber favors return air-mail contracts to private contractors on temporary basis pending congressional investigation and establishment of new rates. We feel that inconvenience to California business and loss of public confidence in air mail indicates clearly the necessity for such action.

N. H. SLOANE,

General Manager California State Chamber of Commerce.

SAN FRANCISCO, CALIF., March 14, 1934.

WILLIAM GIBBS McADOO,

Senate Office Building:

Irrespective of merits of mail carriers it is a fact that present suspension of transcontinental and coastwise air mail is disastrous to all lines of business and finance in San Francisco. Situation here even more critical than other coast cities, and we strongly urge your utmost efforts for quick relief.

SAN FRANCISCO CHAMBER OF COMMERCE,

GEORGE J. PRESLEY,
Executive Vice President.

LOS ANGELES, CALIF., March 14, 1934.

Hon. WILLIAM GIBBS McADOO,

Senate Office Building, Washington, D.C.:

Air-mail poundage has dropped to almost vanishing point because of inability business groups to use present unsatisfactory service. There is total lack of confidence by business heretofore heavily using air mail, and the injury will be cumulative unless service established equal to needs. This section had built up large air mail because of distance from eastern business and industrial centers with which southern California has urgent and daily communications. Heavy dependence was put on the service by important groups including motion pictures, banks, security houses, and dealers in style merchandise with New York, Philadelphia, and other eastern centers, oil-well supply inventories at branch plants throughout midcontinent fields, agricultural perishables with all large market centers, and miscellaneous business groups imperatively requiring dispatch. Our manufacturing plants stand to suffer loss of large plane and motor-building contracts if air mail not restored to commercial aviation with consequent serious unemployment.

HARRY L. HARPER,

President Los Angeles Chamber of Commerce.

LOS ANGELES, CALIF., March 13, 1934.

W. G. McADOO.

Senate Office Building, Washington, D.C.:

Certain businesses, such as produce dealers, injured through doubling or perhaps trebling time within which sight drafts for fruit shipped can be cashed. Certain businesses using wires instead of air mail at considerably increased cost. Banks using air express at an average cost of 17 cents a letter, 8 cents for air-mail postage and 9 cents express. Many businesses undoubtedly seriously inconvenienced, even if not injured. Believe sentiment generally favors return Air Mail Service to commercial companies under proper conditions.

EDWARD ELLIOTT,

Security First National Bank of Los Angeles.

JOANNA A. SHEEHAN

Mr. COOLIDGE. Mr. President, I ask unanimous consent for the present consideration of the bill (H.R. 3908) for the relief of Joanna A. Sheehan. This bill is identical with the Senate bill (S. 628) for the relief of Joanna A. Sheehan, introduced by my colleague the senior Senator from Massachusetts [Mr. WALSH] and which passed the Senate on March 15.

I make this request in order to avoid the necessity of referring the House bill, already passed by the House of Representatives, to the Senate Committee on Claims.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the bill (H.R. 3908) for the relief of Joanna A. Sheehan was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of Joanna A. Sheehan, of Haverhill, Mass., United States Liberty loan permanent coupon bond no. 321,498 in the denomination of \$1,000, of the third 4½'s, issued May 9, 1918, matured September 15, 1928, with interest from the date of issue to the date of maturity, at the rate of 4½ percent per annum, without presentation of said bond, the said bond, together with coupons due September 15, 1922, to September 15, 1928, inclusive, attached, having been lost, stolen, or destroyed: *Provided*, That the said bond shall not have been previously presented and paid, and that payment shall not be made hereunder for any coupons which shall have been previously presented and paid: *And provided further*, That the said Joanna A. Sheehan shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said Liberty loan bond and the unpaid interest which had accrued thereon when the principal became due and payable, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, with condition to indemnify and save harmless the United States from any loss on account of the Liberty loan bond or the coupons thereof hereinbefore described: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

BONDS OF HOME OWNERS' LOAN CORPORATION

The Senate resumed the consideration of the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

Mr. BULKLEY. Mr. President, the principal purpose of the pending bill is to provide that the principal of the bonds of the Home Owners' Loan Corporation shall be guaranteed by the Treasury of the United States as well as the interest. The reasons for this change in the law may be briefly summarized.

Some mortgagees holding mortgages on homes have refused to accept in exchange for mortgages bonds not guaranteed by the Treasury. That has created an arbitrary distinction against certain mortgagors through no fault of their own. The only way by which we can provide for relief of all mortgagors who are deserving of relief is to add the Government guaranty to the principal of the Corporation's bonds.

The second reason for the step proposed is that the Government will save a considerable sum in interest. The bonds

of the Home Owners' Loan Corporation now carry 4-percent interest and have sold at considerably below par. With the guarantee of the Treasury, there is no doubt that bonds can be sold approximately for par, even at a very substantially lower rate of interest. It is presumed that the bonds guaranteed by the Treasury will carry a rate of interest not more than 3½ percent. If we assume that \$2,000,000,000 of those bonds are outstanding, the saving in interest of one-half percent will amount to \$10,000,000 a year. This will provide considerable additional margin to cover possible losses and thus more certainly relieve the Government of losses resulting from the operation of the Home Owners' Loan Corporation.

Mr. JOHNSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from California?

Mr. BULKLEY. I yield.

Mr. JOHNSON. I am sure the Senator will pardon the query when I say to him that I have not had opportunity to go through the particular measure in detail as I should like. There are certain outstanding bonds at the present time, are there not?

Mr. BULKLEY. There are.

Mr. JOHNSON. Does the bill provide the guarantee for those outstanding bonds, for all the bonds issued, as well as for those which may be subsequently issued?

Mr. BULKLEY. No; it does not. It provides that the outstanding 4-percent bonds are exchangeable during a period of 6 months for new bonds guaranteed by the Treasury but carrying such lower rate of interest as may be fixed by the corporation, being the same rate of interest that will be offered to new mortgagees accepting the new bonds.

Mr. JOHNSON. As I understand, then, the outstanding bonds which have now been delivered to mortgagees and the like, may be exchanged for the bonds provided for, with the specific rate of interest indicated in this bill, and then those bonds, of course, will be in the same situation as those which may be issued in the future.

Mr. BULKLEY. Yes. The outstanding bonds may be exchanged, but this bill does not provide a specific rate of interest. It provides that the rate of interest may be fixed from time to time by the Home Loan Corporation Board with the approval of the Secretary of the Treasury. It is anticipated that the initial rate of interest on the new bonds will be 3½ percent. Anyone owning a 4-percent bond will have the privilege, during a period of 6 months, of converting it into a new guaranteed bond bearing a lower rate of interest.

Mr. JOHNSON. But the guaranty will attach to all the bonds at the lower rate of interest?

Mr. BULKLEY. All bonds issued after the enactment of this bill will bear the lower rate of interest and will be guaranteed by the Treasury. There is a provision, however, that commitments which may have been made before the passage of this bill are to be carried out by the delivery of 4-percent bonds similar to the bonds already outstanding, so that if a commitment has been made, regardless of the fact that the papers have not passed, the mortgagee will receive 4-percent bonds even after the enactment of this bill; but all new transactions closed after the date when this bill becomes a law will be based on the new guaranteed bonds.

Mr. JOHNSON. My query related solely to the guaranty, and its purpose was to ascertain definitely upon the floor, because of my inability heretofore to study the bill as I desired, that the guaranty will attach on the exchange that may be made of bonds now outstanding.

Mr. BULKLEY. That is correct. They may be exchanged for guaranteed bonds.

Mr. GOLDSBOROUGH. Mr. President—

The PRESIDING OFFICER (Mr. McADOO in the chair). Does the Senator from Ohio yield to the Senator from Maryland?

Mr. BULKLEY. I yield to the Senator.

Mr. GOLDSBOROUGH. I should like to ask the Senator from Ohio to explain subsection (b) on page 5, which reads:

(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.

Mr. BULKLEY. That is to say that the guaranty does not attach to bonds now outstanding or to bonds which may be issued in compliance with commitments made before the enactment of this bill.

Mr. GOLDSBOROUGH. It is not very clear to me.

Mr. BORAH. Mr. President, there is one question I should like to ask in connection with the point brought out by the Senator from California [Mr. JOHNSON]. What loss is it contemplated that the present bondholders will suffer by reason of this transfer to the new bonds?

Mr. BULKLEY. The present bondholders will not suffer any loss, because they will have the option of retaining the bonds which they already have; and as far as the market is concerned, the market price of the outstanding bonds has decidedly advanced since this bill has been expected.

Mr. BORAH. The bondholders have had to take those bonds at a lower price. They have sold below par, have they not?

Mr. BULKLEY. They have taken bonds, and the face amounts of the bonds are equivalent to the amounts they are entitled to on their mortgages. The market for the bonds has been below par, but the bondholders will have the right hereafter to exchange those bonds for new bonds which are to be guaranteed by the Treasury, and will, therefore, presumably sell at par or above.

Mr. FLETCHER. Mr. President, may I interrupt the Senator to say that the present outstanding bonds are guaranteed only as to interest. The new bonds are guaranteed as to principal and interest, and when the holder of an outstanding bond wishes to exchange it for a new bond, he will be expected to do so at a lower rate of interest than he now receives.

Mr. BULKLEY. The Senator from Florida is exactly correct. The owner of a present bond who wishes to exchange for a new guaranteed bond will have to accept exactly the same rate of interest that is given to the mortgagees who accept the guaranteed bonds on original transactions that may take place hereafter.

Mr. JOHNSON. Mr. President, if the Senator will yield further—

Mr. BULKLEY. I yield.

Mr. JOHNSON. I think I understand the position the Senator now makes plain; but it ought to be absolutely clear that the bonds which are now outstanding may, by virtue of an exchange and acceptance of the rate of interest which may be prescribed in the exchange, be guaranteed and will be guaranteed exactly as bonds which may be issued in the future. That, I understand, is the position of the Senator, and that is the design of the bill.

Mr. BULKLEY. Oh, yes; there is no doubt about that.

Mr. JOHNSON. Did the Senator follow the section that was read by the Senator from Maryland [Mr. GOLDSBOROUGH] a moment ago, on page 5? I refer to the provision—

(b) The amendments made by subsection (a) of this section (except with respect to refunding) shall not apply—

I presume that takes care of it—

to any bonds heretofore issued by the Home Owners' Loan Corporation under such section 4 (c), or to any bonds hereafter issued in compliance with commitments of the Corporation outstanding on the date of enactment of this act.

Mr. BULKLEY. That is to say, we make it clear that we do not guarantee as to principal any of the bonds that are now outstanding. If the holders of those bonds want a guarantee as to principal, they must come in and exchange and get the new bonds.

Mr. JOHNSON. If the Senator thinks that is perfectly clear and that there can be no ambiguity in the language I have read, I accept that as conclusive.

Mr. BULKLEY. I have no doubt about it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. NORRIS. It seems to me there is still one point that the Senator has not made clear. The question of the Senator from California, I think, does not cover this matter:

As to those bonds not issued now, but for which commitments have been made, this bill when it becomes a law will have the effect of permitting those bonds to be issued according to the commitments, regardless of the enactment of this measure.

Mr. BULKLEY. That is correct, because some holders might prefer the 4-percent interest. They might not want to exchange.

Mr. NORRIS. That is the question. If people have commitments for bonds not yet issued at 4 percent, and they are issued, can those holders come in under the provisions of this measure and surrender those bonds and get those of the lower rate of interest, but guaranteed as to principal?

Mr. BULKLEY. Oh, yes; they certainly can, but they are not obliged to do so. The commitment is carried out in accordance with its terms.

I am not sure whether the Senator from Maryland [Mr. GOLDSBOROUGH] now feels clear about this matter.

Mr. GOLDSBOROUGH. Yes; I thoroughly understand the Senator from Ohio.

Mr. BULKLEY. Then I shall proceed to review the other reasons for the Treasury guaranty of the Home Owners' Loan bonds.

The third reason is to facilitate the relief. The negotiation with mortgagees has in many cases taken a good deal of time, delayed the relief, and caused additional cost in the operation of the system. All of this will be facilitated by the Government guaranty of the principal as well as the interest of the bonds.

A fourth reason why it seems logical and necessary that the Treasury should guarantee these Home Owners' Loan bonds is that we have already provided for a Treasury guarantee of the bonds of the Farm Credit Corporation, and Congress would hardly wish to be in the position of having Home Owners' Loan bonds in any different position from those of the Farm Credit Corporation. I will say that the purpose of this bill has been to put these bonds as nearly as may be in exactly the same status as those of the Farm Credit Corporation.

Mr. FESS. Mr. President, will my colleague yield?

Mr. BULKLEY. I yield.

Mr. FESS. Has the Senator made any investigation whatever as to the probable cost of this legislation in its finality?

Mr. BULKLEY. The limitation provided by law, which is not changed, is that the Home Owners' Loan Corporation may issue bonds up to \$2,000,000,000. The amount of bonds guaranteed could, therefore, not exceed \$2,000,000,000, and presumably it would be somewhat less than that, because it is quite likely that part of the owners of the bonds now outstanding will not bring them in for exchange.

What it will cost the Government, of course, depends on how the operation comes out. The advocates of the legislation, including myself, are confident that it will not cost the Government anything, that the operation will work itself out and pay for itself, and I have just undertaken to explain that it has a much better chance of doing so with the Government guarantee of the principal of the bonds, because a lower rate of interest can then be obtained.

Mr. FESS. In other words, the Senator thinks the project will be self-supporting, so that the Government, although guaranteeing the bonds, will not be called upon to pay the bonds?

Mr. BULKLEY. Yes; it should be self-supporting, and in all probability will be.

Mr. FESS. Otherwise, there would be no possibility of estimating how much money would be needed by the Government to take care of any subsequent defaults.

Mr. BULKLEY. As I have said, the Government assumes a contingent liability limited to \$2,000,000,000, but probably

somewhat less than that on account of the failure of certain bondholders to exchange.

Mr. FESS. In making up the estimate of the obligation of the Government in its public debt, the Senator would not include this guarantee as a part of the public debt?

Mr. BULKLEY. I suppose that is a question of form of getting out a Treasury statement. It is not a direct liability; it is a contingent liability. If contingent liabilities are shown on the statement, it should be so listed.

Mr. FESS. I thank the Senator.

Mr. BULKLEY. The second purpose of the bill is to provide for cash advances for rehabilitation, modernization, rebuilding, and enlargement of homes financed by the Corporation. The original act provided that cash advances might be made where necessary to pay taxes or for necessary repairs. The experience of the corporation is that in many cases cash advances could be made to the advantage of the borrower, to the advantage of the Corporation, and to the advantage of the country, by providing additional employment, for the purposes of modernization and enlargement of homes. Those advances will make the mortgaged homes a better security for the Corporation, and will provide the means of employment in our cities all over the country.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. VANDENBERG. Is this provision confined to homes that are already mortgaged, or could a home owner without a present mortgage negotiate a mortgage for the purpose of getting funds for improvements under this bill?

Mr. BULKLEY. Any loan which the Corporation might make in cash, for necessary repairs or for the payment of taxes, under existing law, may in future be made for the additional purposes of rehabilitation, modernization, enlargement, and rebuilding of homes. Advances for these purposes are subject to exactly the same limitations, as to amounts which may be loaned, as are the loans already authorized for the purpose of paying taxes and for necessary repairs. This bill simply enlarges the scope of cash advances which may be made by the Corporation.

It is clear that if the Home Loan Corporation is not authorized to make these advances for modernization, rebuilding, and enlargement, nobody else can, because if the Corporation has a first mortgage on a home, a second mortgage will be too difficult to place, or too costly, and so the home owner will not have the opportunity to rebuild or modernize his home. If the Corporation adds that much more to its mortgage, and keeps the mortgage still within the total limit provided by existing law, the advance may safely be made, and not only safely but actually to the improvement of the security behind the Corporation's mortgage.

The most important amendment which this bill would make in existing law is that which limits the Corporation's loans to cases where the applicant for the loan was in default on June 13, 1933, which is the date of the approval of the original Home Owners' Loan Corporation Act, with the exception that loans may be made where the borrower shows that a subsequent default was due to unemployment, or to economic conditions, or misfortune beyond the control of the applicant. Another exception is made in favor of cases where the mortgages are owned by institutions which are in liquidation, so that the liquidation of closed banks may be forwarded by the proposed legislation.

The limitation which is proposed in this bill was not considered necessary in the original act because, the bonds not being guaranteed by the Government as to principal, it was presumed that mortgagees would accept them only where there were cases of real distress. But now, with the principal of the bonds guaranteed by the Treasury, it is presumed that these bonds will be accepted on such a large scale as to swamp the Corporation unless a limitation is inserted confining advances to cases where default had actually occurred before the enactment of the Home Owners' Loan Act.

It is believed that even with this limitation there will still be eligible \$5,000,000,000 of home loans, and, since the total limit of the corporation's activity is only two billions, it does

not seem safe to permit loans except in cases where default had occurred prior to June 13, 1933.

Another amendment of the existing law is proposed by eliminating the so-called "compulsory moratorium." The original act provided that no payment of any installment of principal shall be required by the corporation during the period of 3 years from the enactment of the law. Experience shows that many mortgagors are perfectly well able to make their payments of principal installments, and there is no reason for a compulsory moratorium. The discretion to the Home Owners' Loan Corporation is left very broad to give extensions of time in cases of real need.

Another important amendment is with respect to the recovery of homes lost by foreclosure or by surrender before the enactment of the law. The existing law provides that a home so lost within 2 years before the exchange of papers with the Home Owners' Loan Corporation may be recovered by a loan from the corporation. The pending bill extends the period to 3 years, and dates it back not from the final exchange of papers but from the filing of the application for the loan with the Home Owners' Loan Corporation. This latter change is important because there is no reason why the borrower should be handicapped and penalized because of a delay in action by the Corporation on his application.

Mr. GOLDSBOROUGH. Mr. President—

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Ohio yield to the Senator from Maryland?

Mr. BULKLEY. I yield.

Mr. GOLDSBOROUGH. Are the bonds eligible only through Federal Reserve member banks limited to 15-day loans?

Mr. BULKLEY. That is a technical provision of the bill, making the bonds eligible as collateral with the Federal Reserve banks for the so-called 15-day loans. It puts them on the same basis with United States bonds in this respect.

Mr. GOLDSBOROUGH. But there is a limit to 15 days?

Mr. BULKLEY. That is part of the Federal Reserve Act; it is not part of the proposed legislation. We are simply conforming to the Federal Reserve Act in giving these bonds a technical privilege, which they ought to have when they are guaranteed by the Treasury.

Mr. GOLDSBOROUGH. But that provision is incorporated in the pending bill?

Mr. BULKLEY. It is incorporated by reference. The bill merely refers to an existing provision in the Federal Reserve Act.

Another provision of the bill is that the Secretary of the Treasury may buy full-paid income shares of common stock of the Federal savings and loan associations which were provided for by the Home Owners' Loan Corporation Act. The original act provided only for the purchase of preferred stock, and we would, by this bill, make it possible for the Treasury to buy common stock of these institutions, and make it possible for the Treasury to buy up to three quarters of the total amount of stock, instead of one half, as provided in the original act. This provision is believed to be necessary for the proper development and promotion of the Federal savings and loan associations.

The other provisions of the bill are of a more or less technical character, and have been adequately covered in the report made by the committee. Unless some Senator cares to ask further questions, I shall not take the time of the Senate to go into any further detail.

As I understand it, Mr. President, the question is now on the amendment of the senior Senator from Nebraska [Mr. NORRIS], which he has perfected since we last met, on Thursday. I have indicated that I have no objection to the amendment. I ask for a vote on it.

Mr. VANDENBERG. Mr. President, when the amendment submitted by the Senator from Nebraska was under consideration on Thursday, the junior Senator from Rhode Island [Mr. HEBERT] suggested its amplification to the extent of throwing the protection of the Civil Service around the employee structure. The Senator from Rhode Island is necessarily absent this morning. He has sent to me the

amendment which developed the thought he submitted upon Thursday, and in behalf of the Senator from Rhode Island, I want to offer his amendment to the amendment of the Senator from Nebraska. I send it to the desk.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. In line 3 of the amendment proposed by the Senator from Nebraska [Mr. NORRIS] it is proposed to strike out all after the word "employees" and the comma and to insert in lieu thereof the following:

All appointments, selections, and promotions, shall be made from the Civil Service: *Provided*, That the provisions of this paragraph shall not apply to the appointment of attorneys, who shall be selected solely upon the basis of merit and efficiency.

Mr. VANDENBERG. Mr. President, the amendment submitted by the Senator from Rhode Island [Mr. HEBERT] speaks for itself. I merely add this word. The obvious purpose sought to be encouraged by the Senator from Nebraska is the complete elimination of politics in the administration of this admirable measure. The need for the elimination of politics has been amply submitted by the Senator from Nebraska himself.

In the first instance, since this proposed legislation involves the utterly sacred responsibility of dealing with the maintenance of home ownership, certainly it should be lifted completely out of the field of politics. In the second place, since the ultimate responsibility of the Government in respect to loss under the proposed bond issue depends entirely upon the propriety and the wisdom of appraisals and administration under the law, there is added reason why the legislation should be lifted completely out of the field of politics.

Everything that was urged by the Senator from Nebraska in behalf of his amendment, seeking to set up an abstract rule of efficiency, it seems to me, can be said with double emphasis in behalf of the amendment submitted by the Senator from Rhode Island in favor of reducing that generality to the specific protection of the Civil Service system.

I submit the amendment on behalf of the Senator.

Mr. NORRIS. Mr. President, I think everybody who has paid any attention to my record since I have been in the Senate will agree with me when I say that I have always been a sincere friend of the Civil Service law, and have always tried to see that it was enforced in good faith.

During my argument on last Thursday in support of the amendment offered, when the Senator from Rhode Island suggested that it would be better to provide that appointees should be taken from the Civil Service, I said I had my doubts about that working to good effect in connection with this proposed law, which would apply to the whole country, and I suggested that it would probably in a good many instances delay the operation of the law. I said at that time, however, that if those who favored that change would get the word of Mr. Fahey, who is the head of the Home Owners' Loan Corporation—whom I have never seen and with whom I am not acquainted but whose ability and conscientiousness in making a success of this great Corporation I think everybody concedes—and if he should say that he preferred the language of the amendment proposed by the Senator from Rhode Island to the language I had already incorporated in my amendment, I would agree to the amendment of the Senator from Rhode Island, as far as I was concerned, and support it.

I have not taken up the matter with Mr. Fahey. The chairman of the Committee on Banking and Currency, the Senator from Florida [Mr. FLETCHER], who has charge of this bill, has, I understand, taken the matter up with Mr. Fahey. I was told by my secretary this morning that the Home Owners' Loan Corporation had communicated with my office. In both instances the word I get is that the amendment now proposed by the Senator from Michigan would be entirely unsatisfactory and, Mr. Fahey thinks, unworkable as applied to the particular legislation under consideration. I had feared, Mr. President, that that would be true.

I will now ask the Senator from Ohio whether he can give us any information or throw any light upon the question, based upon his conversation with Mr. Fahey.

Mr. BULKLEY. I am very glad to confirm exactly what the Senator from Nebraska has said concerning Mr. Fahey's attitude. Not only has Mr. Fahey been consulted but other members of the Board have been consulted, and I have here a memorandum over the signature of Mr. Russell, counsel for the Home Owners' Loan Corporation, written with the approval of the Corporation, which I shall be glad to read now, if the Senator from Nebraska wishes me to do so.

Mr. NORRIS. Mr. President, I yield to the Senator for that purpose.

Mr. BULKLEY. The letter is as follows:

HOME OWNERS' LOAN CORPORATION,
Washington, March 19, 1934.

IN RE CIVIL SERVICE

HON. ROBERT J. BULKLEY,
United States Senate.

DEAR SENATOR: The placing of the employees of Home Owners' Loan Corporation under the provisions of the civil-service laws and regulations appears to be impracticable for the following reasons:

(1) A large number of employees have been selected and put to work in an emergency in a specialized task, and it is necessary, both in order to get the task done in a reasonable time and to protect the Corporation against financial loss, that large numbers of these employees be promptly changed. If the employees were placed under civil service, the time required to prefer charges, to conduct trials, and to accomplish these changes would hopelessly delay the program.

(2) The personnel of the Corporation has to be very substantially increased, both to replace incompetent employees and to complete the organization in many States. Many of these employees must be very carefully selected for their practical ability, experience, and training, such as appraisers, title attorneys, and others. It would not only delay us very greatly to provide civil-service regulations for such employment and to conduct examinations and to select the employees in this manner but it also appears to be impracticable to select such employees on a civil-service basis.

(3) Employees of the Corporation, both in Washington and in the field, engaged in an emergency task are working as many hours as may be necessary to try to accomplish their task. Civil service would tend to restrict operations to civil-service hours and would practically destroy the present esprit de corps.

(4) It is well known that civil-service laws and regulations involve a substantial amount of red tape, involving delays all the way through. It seems inconceivable that the task of Home Owners' Loan Corporation could be organized and performed in any reasonable length of time under such restrictions. It should be understood that the members of the board, the executives, and employees of the Corporation do not now understand the civil service and would have the greatest difficulty in conforming to the rules and regulations of the civil service.

(5) Home Owners' Loan Corporation program is worth a great deal more to the country if performed very promptly than it would be if extended over a long period. The very essence of the relief depends upon prompt action. The Corporation is about to get under way so as largely to perform its emergency task during 1934. If it were placed under civil service at this time, its program would undoubtedly be substantially delayed.

When the emergency task is performed of acquiring the distressed mortgages an entirely different situation may exist, and it may be appropriate for the Congress to consider this question at a later date and provide for the permanent employees of the Corporation to be under the civil service for the performance of the long-term task of servicing the mortgages held by the Corporation.

Very truly yours,

HORACE RUSSELL, General Counsel.

In view of the information contained in the letter, I sincerely hope that the substitute amendment will not be pressed.

Mr. NORRIS. Mr. President, in addition to what has been said, I desire to say what I had in mind to say, but which I did not mention the other day, that a great many of the employees of the Home Owners' Loan Corporation in different localities will be employed in positions of a very temporary nature. I should think their employment in some instances in carrying out the program would last but a short time. Appraisers, for instance, have been mentioned. I think if we give the Civil Service Commission time enough, they can get for us a set of appraisers who would answer the requirements of the bill, but they would be handicapped in their work.

The principal thing, which I did not desire to discuss previously and which I do not want to discuss now more than merely to refer to it, is that there are some employees now in the service, and if they were put under civil service and had to be removed under civil-service rules it would take considerable time and cause a great deal of delay. There will undoubtedly be a good many employees who will be replaced, or will be put to work in positions other than those in which they are now working. Since expedition is one of the necessities of the case I should prefer, under the circumstances, the language in my amendment which really seeks to accomplish the same thing.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. VANDENBERG. I know the Senator's complete zeal to lift this whole operation out of politics. He has made that perfectly clear. May I ask the Senator whether he thinks his amendment actually will contribute specifically to that net result?

Mr. NORRIS. I do. I will say to the Senator that I am willing to concede that where the head of a department or the head of a bureau, or, as in this case, a corporation, wants to put politics into it, he probably will be able to do so even though we adopt the amendment putting it under civil service.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. I yield.

Mr. BORAH. That would be true in large measure even though the organization were under the civil service, if the head of the organization were not in sympathy with it.

Mr. NORRIS. Yes. We have in this case an organization headed by Mr. Fahey, who, I think everybody concedes, is in dead earnest and in sympathy with the central idea to relieve the home owners' situation, to make this great Corporation a success, to accomplish that which it is the purpose of the bill to accomplish, and which can be done if the bill is properly carried into effect. The measure, if enacted, should prove to be one of the most useful and successful of any of the laws we have enacted for a great many years, because it comes directly to the home. If the head of the Corporation is wrong and does not want to carry out the full intent and spirit of the law, and cares more for making a lot of jobs for those who want to get jobs, and if he is only a politician, he is going to make a failure, I think, with this amendment or with any other amendment embodied in the law. Believing as I do, however, that he is just as earnest as one can be, and that it is one of the sincere wishes of the President of the United States that the Corporation be conducted on business lines, and that no politics enter into it, with a view to doing the greatest amount of good to the home owners for the least amount of money, I think the amendment of the Senator from Rhode Island, while offered in the best of faith, ought to be defeated and the original amendment ought to be agreed to.

Mr. VANDENBERG. Will the Senator from Nebraska yield further?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Of course, I am acting solely in behalf of the Senator from Rhode Island in offering this amendment. It is my assumption that when he drew it and sent it up to me to present in his name he thought he was in agreement with the Senator from Nebraska respecting it.

Mr. NORRIS. I should like to say to the Senator from Michigan that when this question was debated in the Senate the other day, and when I made my offer to anyone who wanted to consult with Mr. Fahey and see what he thought about it, the Senate branched off onto a discussion of some other subject, and in effect we laid this bill aside for the day. I had a conversation with the Senator from Rhode Island, and I suggested that he change the amendment to the exact form in which the Senator from Michigan has today offered it. That change was not very material, but a

change, nevertheless, was made willingly by him at my suggestion, and I told him I would agree to it.

When we came back into the Senate, while other Senators were discussing the subject of the air mail, I went to the Senator from Ohio and asked him whether any consultation had been had with Mr. Fahey in regard to the proposition I had made. He told me he had had a conversation with him, and that Mr. Fahey had agreed with me when I said that I did not believe the civil-service amendment would work as well as the other amendment would in this case, and that Mr. Fahey and the board were in favor of the amendment I had offered, but opposed to its modification in line with the amendment suggested by the Senator from Rhode Island.

When I learned those facts, I immediately went back to the Senator from Rhode Island—it all happened within 10 minutes—and told him of the information I had received, and I said that under those circumstances I thought it would be wrong for me to agree to his amendment. I gave him that information, and that was the end of it.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. NORRIS. Yes; I yield.

Mr. VANDENBERG. In view of the situation as it develops on the floor this morning, I feel quite certain that were the Senator from Rhode Island here he would not press the amendment. Therefore, Mr. President, I will take the liberty of withdrawing it.

Mr. NORRIS. Very well.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. Is it the intention of the Senator from Nebraska that the amendment shall operate retroactively?

Mr. NORRIS. I think it would have that effect.

Mr. COSTIGAN. If the amendment were adopted, and the Senator were the manager of a home-loan office, would he feel under obligation to scrutinize with care, with respect to partisan affiliation, the members of his staff?

Mr. NORRIS. I would not say that I would scrutinize them with reference to their party affiliations, but if I found in the organization a man who was simply a politician and not doing his duty, I would not hesitate to discharge him; and I think that is the way this provision will operate if it shall be adopted.

Mr. COSTIGAN. In other words, the Senator would be guided by the services performed?

Mr. NORRIS. Yes; exactly.

Mr. BARKLEY. Mr. President, I desire to ask the Senator from Nebraska about a situation of the kind I am about to mention. I join him wholeheartedly in the desire to insure that men, and women likewise, who are in responsible positions in connection with this activity shall first of all be competent. I do not subscribe to the theory that seems to be entertained by some, that in order to insure nonpartisan operations of any activity, we have got to go to the opposite party in order to get a man to manage it. I do not think the Senator wants that kind of condition to prevail.

Mr. NORRIS. No; I do not want to convey that idea at all.

Mr. BARKLEY. I know the Senator does not believe in that theory; but I happen to have had this experience: When some of these new activities were coming forth during the last year, in connection with the employment of men I was asked by the head of a bureau to furnish a list of engineers in my State who were qualified to do engineering work. I went to the expense of fifty or sixty dollars in calling up over the long-distance telephone from Washington back to Kentucky to secure a list of such men, because I did not know them; I had no intimate association with engineers of the type desired. I submitted the list which was called for with the expectation that the names on the list would be considered for some engineering places. I did not inquire as to the politics of these men; I simply

asked whether they were good engineers, what their experience was, and whether they were qualified to do engineering work. One of these engineers later came into my office and asked for a letter of recommendation to the appointing power. He presented that letter of recommendation to the head of the office in charge of such appointments. As soon as that officer read the letter, among others recommending him for appointment, he announced to this young engineer that his appointment would be impossible because he had secured a political endorsement, to wit, mine.

If the amendment of the Senator from Nebraska is to be administered in any such silly, asinine fashion as that, so as to bar a man from appointment if he approaches the appointing power with a recommendation from a man who happens to hold a political office, it certainly ought not to be adopted. I do not believe the Senator from Nebraska would approve any such interpretation or administration; and yet it has been done by men who are so strait-laced or lean so far backward that they would not appoint a man, regardless of his qualifications, if he had a recommendation from someone who, holding office, might be designated with a contemptuous slur as a politician or as a political endorser. If this amendment is capable of any such interpretation as that, I think it should not be adopted.

Mr. NORRIS. I will say to the Senator, depending upon the man who is the appointing power, I suppose he could put such a construction on it, and I do not know any remedy for it. I look upon the particular case the Senator cites with a great deal of sympathy. I know, from my observation and from talking with men in the Government service and outside of it, that a great many jobs are put upon the appointing power with not always a political consideration in view but some other consideration, and, perhaps, a man who was listening to four or five thousand applicants who came before him probably would naturally become disgusted. A great many people are trying to use the name of somebody else in order to better their own interests.

I do not agree if I were administering such a law as I propose that I would consider that a recommendation from a Senator would necessarily vitiate the application; in fact, if the applicant, for instance, had given the name of a Senator, I would write to him and ascertain what he knew about the applicant, and I would give the endorsement such weight as I thought it ought to have. If he disclosed in his answer that he was personally acquainted with the applicant, knew his qualifications, had come in contact with him, knew his family, or something of that kind, I would probably give his recommendation a great deal of weight. Perhaps if he said, "I do not know this man, but he is recommended to me by some other good men", I would give it less weight.

Mr. BARKLEY. And yet, under this amendment, the appointing power would be subject to the criticism if he should make an appointment that he had made it through political preference.

Let us take this kind of a case: Let us assume that two men are applicants for a given position, both of them equally qualified; one of them is a Democrat and the other is a Republican; the appointing officer happens to be a Democrat. The two applicants come before him, each equally qualified. He happens to know that one is a Democrat and the other a Republican. If he appoints the Democrat he is subject to the charge that he appointed him because he was a Democrat, while, if he appoints the Republican he is subject to the charge that he appointed him because he was a Republican and because he was afraid if he appointed a Democrat somebody would accuse him of appointing a Democrat because of his politics. That may be an extreme illustration, but it is entirely possible that such a situation might arise; so that, indirectly, the appointing power would be doing exactly what the Senator is trying to get away from, either appointing a man because of his politics or denying him an appointment because of his politics.

Mr. NORRIS. No; Mr. President, if the Senator will yield there, in the first place, his illustration is very remote. I can hardly conceive of such a case arising, but suppose it should—

Mr. BARKLEY. As a partisan, I might say I could conceive of such a case, but I am not so partisan as not to concede that 2 men, 1 a Democrat and 1 a Republican might not be equally qualified.

Mr. NORRIS. In the case suggested the Senator puts the appointing officer in a situation where his action, no matter which way he goes, is probably going to be criticized, and probably by some honest men. I know no escape from it. I know there are judges on the bench who when attorneys whose recommendations perhaps secured their appointment to the Federal bench appear before them, while wanting to be fair, hardly give those attorneys justice; on the other hand, there are others who may act the other way and give them anything they want. The judge is going to be criticized in either case; and so the appointing officer is put in a difficult position, and it is probably beyond the power of the human race entirely to avoid going wrong to a degree on that question. I do not know of any law that will change that situation.

Mr. BARKLEY. Frankly, I do not believe there has been any abuse—

Mr. NORRIS. In this case?

Mr. BARKLEY. So far as my personal knowledge goes in the appointing of responsible officials of this institution.

Mr. NORRIS. Let me tell the Senator that, while I do not have personal knowledge, I am told by Senators who are now in this room, who are listening to what I am saying, that there have been built up under this law in their States political machines which are rotten to the core, and which eventually will bring disgrace and shame upon this administration if the conditions shall not be rectified.

Mr. BARKLEY. Does the Senator mean with reference to the Home Owners' Loan Corporation?

Mr. NORRIS. Yes, I do; I mean that and nothing else. I am also informed by men who are connected with the organization that here and there are sections where this corporation today is entirely inefficient. I am told by some men, who are as anxious as anybody can be to make this great service a success, men who are praying for this very amendment, that there are existing instances of such a character that unless conditions shall be rectified in some way, there eventually will be disclosures made in different localities that will throw discredit upon the whole law, and even upon the party of which the Senator is a member.

Mr. BARKLEY. There is at present no lack of authority or law to remedy that situation.

Mr. NORRIS. Yet I have said that very thing. I have told some of these officers that if such things happened and I was in control I would fire such a man by wire, and they have said, "Well, you do not know how much influence is behind this man; you do not know what political power is behind him. We do not want to have trouble with a Senator or with a Governor or with the chairman of a committee of a party"—I do not mean of national committee, but the chairman of a State committee; I do not want anybody to misconstrue what I am saying; I am not thinking of any particular case—"here is somebody who has all those influences behind him and my own job is not safe if I should fire him." I do not see any way out of it. I have had those people tell me, "I will not stay with an institution that is going to be bound down by politics, by some politician or someone who is called a politician, a Senator, or a Governor, or a member of the Cabinet." They may be just as careful as is the Senator from Kentucky, just as anxious to avoid politics creeping in, and be extremely careful about their recommendations, but some other man will not be careful at all and we will get somebody in office who knows that he has behind him a United States Senator or a Governor or the chairman of his State committee and the party to which he belongs, and he is not afraid to do almost anything. Officials with whom I have talked believe, and I, too, believe that if such a provision as this were on the statute books that situation would be clarified; but still difficulties will arise. I recognize that even with such a law as is proposed.

Mr. BARKLEY. Of course the Senator recognizes the fact that if, in the selection of anyone for an important

office, we must go to those who have no political convictions, who have never taken sides in any political contest, we will have a lot of nonentities, because the man in these days who holds no political convictions on the great questions that confront the people of this country and the world, is hardly competent for any kind of service.

Mr. NORRIS. There is some truth in that, although the great majority of the people of the United States are not politicians and they do not care much about politicians. They are opposed to putting politics into the operation of this kind of a business institution. The Senator would find that probably 99 percent of the people should like to have politics kept out of it. In the town where I live, a comparatively small town, I could pick out Democrats and Republicans all along the street who would not countenance for a moment the putting of politics into an institution of this kind and yet who probably are in their way strong politicians, have always voted the straight party ticket. They realize that in a matter of this kind politics must not be permitted to enter, that here is a matter which goes to our homes, and we want it kept as pure as it can be kept. At the same time I could pick out, without making any inquiries, men who would oppose anybody not of the same political party, men of the type who would oppose the preacher in their own church if he were not of the same political party, men who would not go to prayer meeting if the class leader belonged to the other party. They are just that bitter partisan politicians.

Mr. BARKLEY. I do not happen to know any such men. It may be there are such men, but I believe the Senator's illustration is about as extreme as mine was.

Mr. President, I do not care to delay a vote on the pending amendment, but it seems to me the efforts to minimize political convictions or even political activities are in a way misdirected. I think it is the duty of every citizen to take some part in politics, not necessarily to run for office, not necessarily to be a candidate. It is not in that sense that I use the word "politics." There is no governmental activity I know anything about that is not political in its nature. The very fact that it is a governmental activity makes it political. Everything that is governmental has to do with politics.

I am not going to oppose the amendment of the Senator from Nebraska to the extent that I am going to occupy any time arguing against it; but I do think, in view of the situation, that it will create about as many difficulties as it will solve. If there is in his State or in any other State a political organization or group of officials who are trying to use the distress of home owners in order to build up a political machine, either for their personal aggrandizement or for the benefit of their political party, I would denounce any such activities in unmeasured terms. At the same time I think it ought to be said in frankness that that really ought to apply to both political parties and to men in all political parties and all political factions. If there is any activity in any State brought about by this emergency where, in order to avoid the appearance of partisan politics, men of the opposite political party have been put in charge of activities, the same rule ought to apply to them. They ought not to be allowed to build up a political machine in order that they may use it to bring about the defeat of the very administration and the very policies under which they are working. I think the Senator from Nebraska will agree with that observation.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. THOMPSON. Mr. President, I should not want this question to come to a vote without having made a statement as to my own individual position on the matter. I remember when Cleveland adopted what I believe to have been the first civil-service policy as to postmasters. I do not remember how far that extended, but I do remember that in the campaign that followed, when General Harrison opposed our then President Cleveland, of hearing the Republicans ridicule the idea of civil-service reform and, in order that the ridicule

might be understood as such, it was referred to as "snivel service reform."

The reform idea, so far as civil service is concerned, is democratic and practical in a way and impractical in another way. If there was a method of enforcement I think every business man and every citizen of the United States who loves his country would favor it, but it will not be enforced as is evidenced by an incident that occurred last fall during the campaign. We then had civil-service reform applicable as to postmasters. We found the Republican Postmaster General speaking in Omaha declaring, in substance, to a convention of postmasters that they were expected to get busy and do their duty politically.

As an evidence that I have been interested at all times in any legitimate effort to build up and aid the administration in matters relating to the home-loan bank, the farm-land bank, and all other governmental banking agencies, I want to read into the RECORD a letter which I have just received from Governor Myers, of the Farm Credit Administration, in regard to a bill which I introduced here sometime ago but which I have not pressed because of the fact that the matter is under discussion in the Department in an effort to determine what should be done. The letter reads as follows:

FARM CREDIT ADMINISTRATION,
Washington, D.C., March 15, 1934.

Hon. WILLIAM H. THOMPSON,
United States Senate, Washington, D.C.

MY DEAR SENATOR: Referring further to your recent conference with Deputy Governor Morgan, Land Bank Commissioner Goss, and the writer, you will be interested to know that the Farm Credit Administration is recommending experimental work in a number of land banks along the lines you have suggested in your bill for contact men. It is the thought of the Farm Credit Administration that the general public has a right to look to us to see that proper service is rendered in our various units. Inasmuch as the Farm Credit Administration is an aggregate of four different lending agencies, each designed to furnish a type of credit needed by agriculture, it is our thought that these contact men should represent the Farm Credit Administration rather than any one of the divisions. Our experience has demonstrated that some of the difficulties farmers are now facing are due to the fact that they have not had the type of credit best fitted to their needs, and it is our thought that these contact men should be consultants as well as trouble shooters.

We are therefore recommending the development of a department designed to operate about as I have outlined, and we believe that we have sufficient authority under existing law to build up an adequate service, modifying it from time to time as conditions warrant.

Sincerely yours,

W. I. MYERS, Governor.

It is my hope that this administration may succeed, not only along the line of the home-loan bank but along all lines. I think everything depends upon its general success. It is my wish to be helpful.

As to the question before us, as my colleague knows, I had nothing to do with the appointment of the officers for Nebraska who were to administer the home-loan bank in its first set-up. Those officers were appointed without even consulting me. The list was made here in the city and sent home for execution, so I was told. However, they make an efficient corps of workers, and I want to do everything I can to aid them. So far as I am individually concerned, if I felt that my colleague's amendment would accomplish that which he hopes and which we all hope it may accomplish, I should have no hesitancy in voting for it; and it is my intention, whether I hesitate or not, to give it a trial, and it shall have my vote.

When the Senator started first on the home-loan bank with this amendment and not on some other activity of the Government, and the head of the home-loan bank was located in Grand Island, my home, and that seemed to be the special thought of the Senator, I hardly knew how to take it. I do want to acquit him of meaning it to be personal or anything of that kind. And, as I believe in the merit system, I intend to join him in the support of his amendment. There is no man of my acquaintance for whom I have a higher regard than I have for my colleague the senior Senator from Nebraska [Mr. NORRIS].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. Nor-

ris]. [Putting the question.] By the sound the noes seem to have it.

Mr. NORRIS. Mr. President, before the Chair makes that announcement—

The PRESIDING OFFICER. The Chair has not announced that the amendment is rejected. The Chair has announced that the noes seem to have it, but he will suspend the final announcement.

Mr. NORRIS. I ask for the yeas and nays.

Mr. MCGILL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Kansas suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Keyes	Schall
Austin	Dickinson	King	Sheppard
Bachman	Dill	La Follette	Shipstead
Bankhead	Duffy	Logan	Smith
Barbour	Erickson	Lonerger	Steinwer
Barkley	Fess	McGill	Stephens
Black	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Thompson
Bulkley	Gibson	Neely	Townsend
Bulow	Goldsborough	Norris	Trammell
Byrd	Gore	Nye	Tydings
Byrnes	Hale	O'Mahoney	Vandenberg
Capper	Harrison	Overton	Van Nuys
Caraway	Hastings	Patterson	Walcott
Clark	Hatch	Pope	Wheeler
Connally	Hatfield	Reed	White
Coolidge	Hayden	Robinson, Ark.	
Couzens	Johnson	Robinson, Ind.	
Cutting	Kean	Russell	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, on the viva-voce vote, as I heard it, there were only two Senators voting for my amendment. I do not intend to criticize any Senator for his stand on this or any other question; but after—

The PRESIDING OFFICER. The Senator will please suspend for a moment. The vote was being taken, and the Chair had announced that the noes seemed to have it. Would not parliamentary procedure require—

Mr. NORRIS. Well, Mr. President, I had tried to get the Chair's attention. The Chair said that the noes seemed to have it, and the Chair said that that announcement would be withdrawn. On this question that we have been debating for portions of 2 days I think I am entitled to have a roll-call vote. If the amendment shall be voted down on a roll call, I shall have no complaint whatever; but I ask for the yeas and nays on this question.

The yeas and nays were ordered.

Mr. SMITH. Mr. President, may the question we are to vote upon be stated by the clerk?

The PRESIDING OFFICER. The Chair desires to make clear his attitude. The Chair did not state the final result of the vote. The Chair said that the noes seemed to have it. The Chair did not announce that the amendment had been rejected, but suspended after the announcement that the noes seemed to have it, in order to give the Senator from Nebraska an opportunity to ask for a roll call if he desired one.

The Senator from South Carolina requests that the amendment be stated. The clerk will state the amendment.

The CHIEF CLERK. On page 6, after line 18, it is proposed to insert the following:

(M) In the appointment of agents and the selection of employees for said corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska

[Mr. NORRIS], just read. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], which I transfer to the senior Senator from North Carolina [Mr. BAILEY], and vote "yea." I am advised that if present the Senator from Wyoming would vote "yea", and the Senator from North Carolina would vote "nay."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. I therefore withhold my vote.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Senate. I am not informed as to how that Senator would vote, and therefore withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] has a general pair with the Senator from Illinois [Mr. LEWIS]. I am advised that the Senator from Rhode Island would vote "yea" if present, and the Senator from Illinois would vote "nay."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Arizona [Mr. ASHURST], the senior Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the senior Senator from New York [Mr. COPELAND], the Senator from Colorado [Mr. COSTIGAN], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], the Senator from Louisiana [Mr. LONG], the junior Senator from Nevada [Mr. McCARRAN], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from North Carolina [Mr. REYNOLDS], the Senator from Iowa [Mr. MURPHY], the Senator from California [Mr. McADOO], the junior Senator from New York [Mr. WAGNER], the Senator from Massachusetts [Mr. WALSH], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

Mr. WALCOTT. I have a general pair with the Senator from California [Mr. McADOO]; and as that Senator is not present, I am not permitted to vote. If I were permitted to vote, I should vote "yea."

Mr. NEELY (after having voted in the negative). I wish to change my vote from "nay" to "yea", so that I may move to reconsider the vote.

The result was announced—yeas 40, nays 33, as follows:

YEAS—40

Austin	Fletcher	Keyes	Reed
Barbour	Frazier	La Follette	Robinson, Ind.
Black	Gibson	Logan	Russell
Borah	Goldsborough	McNary	Schall
Bulkley	Hale	Metcalf	Shipstead
Capper	Hastings	Neely	Steinwer
Couzens	Hatch	Norris	Thompson
Cutting	Hatfield	Nye	Townsend
Davis	Johnson	Overton	Vandenberg
Dickinson	Kean	Pope	White

NAYS—33

Adams	Clark	Hayden	Stephens
Bachman	Connally	King	Thomas, Okla.
Bankhead	Coolidge	Lonerger	Thomas, Utah
Barkley	Dill	McGill	Trammell
Brown	Duffy	McKellar	Tydings
Bulow	Erickson	O'Mahoney	Van Nuys
Byrd	George	Robinson, Ark.	
Byrnes	Gore	Sheppard	
Caraway	Harrison	Smith	

NOT VOTING—23

Ashurst	Dieterich	McAdoo	Reynolds
Bailey	Fess	McCarran	Wagner
Bone	Glass	Murphy	Walcott
Carey	Hebert	Norbeck	Walsh
Copeland	Lewis	Patterson	Wheeler
Costigan	Long	Pittman	

So Mr. NORRIS' amendment was agreed to.

Mr. NEELY. Mr. President, I give notice of a motion to reconsider the vote by which the amendment was agreed to.

The PRESIDING OFFICER. The Senator from West Virginia makes a motion and spreads it on the RECORD to recon-

sider the vote by which the amendment of the Senator from Nebraska was agreed to.

Mr. NORRIS. Mr. President, does the Senator from West Virginia make the motion, or has he simply given notice of intention to make a motion?

The PRESIDING OFFICER. The Senator from West Virginia gave notice of his intention to make the motion.

Mr. NEELY. Mr. President, I desire to wait until a few more Democrats get home from their vacations over Sunday. It seems that on the Republican side they are able to get all their Members in, and I should like to have a few absent Democrats present, because if the bill shall be finally passed as at present worded, the board in West Virginia, based on past experience, will be 100 percent Republican.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to the pending bill. I do not believe there is any amendment now pending.

The PRESIDING OFFICER. The Senator from Florida [Mr. TRAMMELL] offers an amendment, which the clerk will read.

The CHIEF CLERK. It is proposed, on page 5, to strike out subsection (1) in lines 10 to 21, inclusive.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. TRAMMELL. Mr. President, on page 5, lines 10 to 21, inclusive, we find that the text of the bill contains a provision which proposes to discontinue loans and advances with respect to a certain character of home mortgages, and we also find that under the provision no loans may be made unless default has taken place prior to June 13, 1933, but there is an exception made with respect to the individual home owner—

That the foregoing limitation shall not apply in any case in which it is specifically shown to the satisfaction of the Corporation that a default after such date—

That is, after June 13, 1933—

was due to unemployment or to economic conditions or misfortune beyond the control of the applicant, or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.

It occurs to me that this particular section is intended to curtail and reduce the rights or the privileges of home owners to negotiate loans through the Home Owners' Loan Corporation, which at this particular time, I think, would be a very unfortunate departure from the law in its present form.

While many home owners have received relief under the act as it was approved on June 13, 1933, there is a large number of applications in course of investigation and in course of consideration, and there are many home owners in distress, who will be, in all probability, excluded not only from obtaining loans but from even having their loan applications given any consideration under the provisions of the pending bill.

There are, to my mind, also some discriminatory provisions in this section. I cannot understand why restrictions should be placed upon the home owner as to the character of proof which he should present in order to obtain a loan if a default has occurred since June 13, 1933, and, on the other hand, provide that institutions which are in receivership should have the opportunity of disposing of home mortgages without any restriction being applied to them.

As an illustration, when a home owner makes an application direct he is subjected to the conditions set forth in the bill, unless—

It is specifically shown to the satisfaction of the Corporation that a default after such date was due to unemployment or to economic conditions or misfortune beyond the control of the applicant.

That applies to the average citizen making an application for a loan; but if mortgages are held by an institution that is in receivership, there is no restriction placed upon the Home Owners' Loan Corporation in purchasing or acquiring those mortgages. I cannot quite understand why the discrimination and the difference in applying this requirement.

The individual has to comply with that condition to the satisfaction of the corporation, and it provides that in each specific case he has to do that.

If a mortgage is held by some institution which is in the hands of the receiver, the Corporation may purchase all the mortgages it desires without this restriction being placed upon such mortgages. My objection is not so much to that as it is to the fact that the bill would prescribe restrictions and throw around the average individual home owner in making application conditions which will make it much more difficult for him to obtain a loan, if they will not result in precluding him entirely.

If we have a hostile or unsympathetic set-up in some of our State managements of the Home Owners' Loan Corporation, or if the central board should so determine, they could make it almost impossible for an individual to obtain a loan under the restriction as written into the bill.

My amendment proposes to strike out subsection (1) and leave the law as it is at present. There is no change of condition whatever which makes it necessary to strike out the original provision and insert the one that appears in the bill.

The original law up to July 13, 1933, provided for loans which might be made through the issuance of bonds. It provided to an extent for loans of cash to home owners, but did not place the character of restriction upon those loans which we find proposed in the pending bill.

I take the position that the same conditions exist now as existed then. There are thousands, if not millions, of home owners who are still in distress, who have not obtained a loan. There are thousands of them who are going to have their homes swept from under their feet and who are going to be driven into the street by foreclosure if they do not obtain loans through some source. There is just as much reason why the Government should continue this broad, expansive, and beneficent policy now as there was when the act was approved in June 1933. I do not think it is dealing quite fairly with those who have not received loans up to the present time to say, "Because you did not get in during the previous period when we were dealing more generously, we will preclude you now unless you can make certain proof and establish certain facts."

It just occurs to me that the provision is unnecessary and that it will help to deprive home owners in this country of the treatment which I felt they should receive when we passed the original law, and which I contend they should receive at the present time. That is my reason, Mr. President, for offering the amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

CARRIAGE OF AIR MAIL BY THE ARMY

The PRESIDING OFFICER (Mr. CONNALLY in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist upon its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. HAYDEN, and Mr. SCHALL conferees on the part of the Senate.

APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. RUSSELL. I move that the Senate insist upon its amendments, agree to the conference requested by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. HAYDEN, Mr. SMITH, Mr. KEYES, and Mr. NYE conferees on the part of the Senate.

MONETARY USE OF SILVER

Mr. WHEELER. Mr. President, my attention has been called to a statement which has been issued, apparently from authoritative sources, which reads:

Although the administration has turned a deaf ear to congressional pleas for further action to aid silver, the decision to undertake the survey in China indicated that the Treasury and White House still are keenly interested in the question.

It was considered significant also that announcement of Rogers' trip—

My understanding is that the administration or the Treasury Department is sending James Harvey Rogers to China for the purpose of studying the silver question—

It was considered significant also that announcement of Rogers' trip came as the House was ready to vote on silver bills in defiance of the administration.

China and India are the world's leading silver-money countries. The Shanghai silver market probably is the most important in the world in its effect on this country.

Some Shanghai bankers recently protested to President Roosevelt that uncertainty of the American silver policy was having an adverse effect there. Some Shanghai interests have threatened to seek an embargo on Chinese silver if this country acts further to increase the price.

The statement goes on to say that of the things Mr. Rogers is going to find out—

The first is whether increased prices would mean greater exports from the United States to China. The other seems to be that if prices of silver are increased China will have to curtail imports.

Rogers will seek to find out which is which. He will see the small business man, farmers as well as people in the banking business.

His mission, Morgenthau said, will be to get information only, and he will not act as an official negotiator. His trip will be purely an economic survey.

China already has ratified the London silver agreement, which is designed to bolster the world price of silver through working off of surpluses. Canada and Mexico are the two countries which, so far, have failed to ratify the agreement.

The statement goes on to say:

United States trade with China has shrunk in recent years in about the same proportion as that with other countries.

Last year's Chinese-American trade was valued at \$56,170,600, compared with \$166,233,000 in 1929 and an average of \$150,448,000 for 1922-26.

Mr. President, I wish to call attention to the fact that now, when it appears that the House of Representatives is about to vote measures affecting silver, the Senate having already come within 2 votes of passing silver legislation, the Secretary of the Treasury, for the purpose, apparently, of delaying further action by the Congress of the United States with reference to the silver question, sends to China an economist from Yale University to ascertain, as he says, what the effect will be upon our commerce in the Orient. From whom is he to obtain the information? From Chinese merchants, from Chinese farmers, from Chinese bankers. Bear in mind, if you will, Mr. President, that 90 percent of the 500,000,000 Chinese are illiterate, and that includes many of the merchants as well as the Chinese coolies and so-called "farmers." So, naturally, the only people whom Professor Rogers will come in contact with or be able to get any information from will be the Chinese manufacturers and the Chinese bankers; and when I say "Chinese manufacturers" I do not mean Chinese who are manufacturing, but I mean

British manufacturers and Japanese manufacturers who are living in Shanghai, in Tientsin, Hong Kong, and Peiping, who are actually enslaving some of the Chinese and who are engaged in manufacturing in China for the purpose of making money out of the Chinese people; and yet our representatives are going over there to consult them as to what we should do about the money policy of the United States of America.

It seems to me that is the height of asininity to do a thing of that kind, particularly in view of the fact that the Senator from Nevada [Mr. PITTMAN], himself one of the best informed men on silver, went over to China as a member of a commission appointed by the Senate a few years ago for the purpose of studying this question. Other Members of the Senate have also visited China and have likewise studied this question; but now the Treasury is going to send Professor Rogers, of Yale University, who starts out, in my judgment, with a prejudice against doing anything for silver, ostensibly to consult Chinese coolies, Chinese merchants, and Chinese manufacturers, but in reality, as I have suggested, to consult Japanese and British manufacturers as to what our monetary policy should be.

Let me call attention, if I may, to an article which appeared in the Saturday Evening Post by Sir Henry Detering. Sir Henry Detering is the president of the British-Dutch Shell, and I wish to call attention to the article because he probably knows more about oriental trade and oriental business than almost any other man in the world today, because of the vast interests which his company has in the Orient. He said:

To reestablish gold as the sole standard strikes me as fundamentally dishonest, since we all know that there is not enough gold to go around and the role it is supposed to fill as a yardstick, or measuring rod, becomes correspondingly ineffective. A shopman who has not enough yardsticks with which to measure his goods must fall back on some other system of measurement; he may even have to measure the goods out with his arm. But why reduce world commerce to this ridiculous extremity when there is an abundance of silver at hand? For hundreds of years silver served well as a standard in many countries.

If silver as well as gold were made standard, what would be the immediate effect? The silver-using peoples of the earth still comprise three fifths of the world's population and millions upon millions of the world's wealth would be converted into a huge purchasing power which would come as healing balm at a time when world production and world credit alike have been too long reduced. Instead, our so-called "economists" have thought it wiser to destroy the value of silver by not using it and thus diminishing demand for it. When all is said and done, the world's real wealth is not gold but labor in its actual results, either manual or mental. Wealth cannot be created by act of Parliament, only by actual production. Only let this wealth be plentiful in—real—currency and the benefits of the resultant distribution will soon be felt.

This article appeared in the Saturday Evening Post of October 14, I think it was, of last year.

Now I wish to call attention, if I may, to the statement from the Treasury Department to the effect that last year Chinese-American trade was valued at \$56,170,600, whereas in 1929 it was valued at \$166,233,000, and the average for the period 1922 to 1926 was \$150,448,000.

The Treasury Department goes on to state that our trade with the Orient had dropped in proportion and approximately the same as it dropped with Europe. Our trade with Europe dropped, to a large extent, because of the fact that European countries depreciated their currencies in terms of the American dollar and we were constantly losing our trade with them, as they could not buy from us. President Roosevelt, recognizing that fact, went off the gold standard, depreciated our dollar in terms of the then value of the pound sterling and the French franc and other European currencies.

Also let me call attention to the fact that low-priced silver means depreciated currencies in the Orient; low-priced silver means the same to the Orient as depreciated paper currencies mean in Europe, or as a depreciated pound sterling means in London, or a depreciated franc in France, or a depreciated mark in German money. While the President has sought to overcome the advantages that Great Britain and other countries had in the world markets with reference to our money, and has endeavored to put us in a position

where we could compete with Great Britain and the other countries of Europe by depreciating our currency and reducing the gold content of the dollar, nothing has been done by the administration looking toward a recovery of our trade in the Orient.

The article states that some of the Chinese bankers or some of the Chinese merchants have cabled the Government saying they are going to put on an embargo if we raise the price of silver. That, of course, completely refutes the idea which has been advanced from time to time that if we raise the price of silver in this country we would be flooded with silver. I have repeatedly said that we would not be flooded with silver, because of the fact that those countries could not divest themselves of the only money they have and still carry on trade and commerce in their own countries.

If Mr. Rogers consults with the manufacturers or bankers in Shanghai, of course, they are going to say to him, "You are going to ruin Shanghai and other port cities of China if you raise the price of silver", because of the fact that Japanese and British manufacturers have been making huge profits, in some instances as high as 100 percent, and in many instances have paid 20- or 30-percent dividends during the last few years in the cotton-textile business, while our plants have been shut down. They have been doing that because, by reason of the low price of silver and by reason of their coolie and slave labor, they could undersell American manufacturers in the United States.

Yet we are going to send to China and consult those manufacturers and those bankers, the British and Japanese manufacturers, who are exploiting the Chinese people by buying and selling them in slavery, to determine what our money policy shall be in the United States with reference to silver.

I, for one, am heartily disappointed that the Secretary of the Treasury should adopt such an unwise policy and what seems to me almost a silly thing under the circumstances; because if he wanted any facts upon the situation, he could consult the senior Senator from Nevada [Mr. PITTMAN], who has been to the Orient and made a complete study of the situation. I, too, have visited the Orient and visited all of those places, and believe I have learned something about the situation.

But now, when the Congress is about to enact some legislation, the Treasury Department comes out and says, "We want to send somebody over there to consult with the Chinese coolies to determine whether or not it is going to affect them adversely", as if we could learn something by talking with that class of people among the 500,000,000 inhabitants of China, 90 percent of whom can neither read nor write. Yet it is proposed to consult some of the Chinese merchants, when even most of our own merchants know very little whatsoever about the money question.

Of course the information the Treasury Department may obtain will come from the manufacturers who are being benefited at the expense of American manufacturers; it must come from them who are benefiting because of the low price of silver to the detriment of the wheat and cotton farmers of this country. It must come from those people who are benefiting by the low price of silver at the expense of the cotton textile manufacturers, and the manufacturers of this country in general.

Mr. BORAH. Mr. President, I think it was on Thursday last that the Secretary of the Treasury gave out an interview in which he said that the investigations of the Treasury Department had revealed that some of the advocates of silver were acting from personal, selfish motives, leaving the clear implication that the Treasury Department had discovered that there is something in the nature of corruption upon the part of some of the advocates of silver.

I think the Secretary of the Treasury owes it to those who are interested in the silver question to state more fully just what he had in mind. His interview leaves an impression which, I presume, is much broader in its effect than the Secretary intended it should be, but clearly there is an implication that some of the advocates of silver were speculating and had an opportunity, in case there should be

any favorable legislation, to make large amounts of money. I presume in all probability there are those, as there were some connected with the gold legislation, or with any other legislation which might possibly be considered here, who would have some advantage in case the legislation was enacted. But there is a vast number of people throughout the United States, and that constitutes practically all of those who are interested in silver, who believe in it as humanitarians that it is a wise financial policy.

I had intended to introduce this morning a resolution asking the Secretary of the Treasury for the information which he professes to have, but I trust he will make a statement which will relieve us of the necessity of adopting a formal resolution calling for the information.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BORAH. I yield.

Mr. KING. My attention was drawn to the statement attributed to the Secretary last Saturday, and I read in the Chicago Tribune the statement which purported to have come from him. I called his assistant over the telephone and challenged his attention to the statement, and then followed it with a letter enclosing to him the article. I expressed the hope that we would be advised as to just what the situation is and whether the Secretary had made such a statement. I have not as yet had a reply, but I am inclined to think that the statement in the newspaper was broader than was intended by the Secretary of the Treasury.

Mr. BORAH. Undoubtedly the Secretary of the Treasury has read what appeared in the newspapers. If the statement there attributed to him was broader than he intended, or if it carried implications which he did not intend, then it is clearly fair and just that he should make a statement in that respect.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

Mr. WHEELER. When I saw that statement I at once called the Secretary on the telephone and he stated he was going to issue a statement. I am informed that he immediately called in the representatives of the newspapers and said that no Member of Congress, of either House, was in any wise connected with it, and that statement was carried in some of the newspapers.

Mr. BORAH. I understood that to be true, but I am not interested alone in the Members of either House. I want to know more specifically whom he had in mind. I should like to locate those people. They may be first cousins to some who were interested in the gold legislation.

Mr. WHEELER. As I have said, of course, there are probably some mining companies and some people who would make money if the price of silver went up. I feel it was a very unfair and very unjust statement to be given out by the Secretary of the Treasury because of the broad implications which were placed upon some one by him. It was a reflection, it seems to me, upon every Member of Congress and everybody else who has been interested at all in the subject.

Mr. BORAH. Let me say a word upon the general subject which the Senator from Montana has been discussing. In the last 10 or 15 years one method or another has been adopted to postpone any definite action upon the silver question. In fact, it runs further back than that. When there comes a time that it seems entirely probable there will be definite action upon the part of the Congress to effectuate something with reference to silver, there is some program or some plan proposed for the purpose of postponing action. I do not know of an instance in which the Congress has been nearing a decisive vote upon this question when that has not happened. Away back in the nineties the system began, and then under the former President we had the proposal for an international conference, provided the other nations would ask for it. During the campaign statements were made with respect to an international conference. We had a conference. We know the views of these peoples and

these nations as well as they can be ascertained. We know the conditions in China. We know the influences there which are against the remonetization of silver for the same reason that certain influences here are against the remonetization of silver.

Of course the manufacturing establishments which have gone into China and built up industries by reason of the advantage which low-priced silver gives them, and by reason of the fact that they have very low-paid labor, not only generally speaking but accentuated because of the low price of silver, will naturally from a selfish viewpoint be opposed to anything in the way of remonetization or stabilization or raising the price of silver.

There is nothing to be gained, there is no information to be had, that is not now available to the Government of the United States. There is no phase of the silver question that has not been discussed. There are no data in regard to it that have not been gathered. There is no kind of information that is not available to the Congress and to the administration. I feel, as the Senator from Montana [Mr. WHEELER] has said, that as we now approach what seems to be definite action upon this matter, this program is again thrown out for the purpose of confusing the situation.

Let us have a definite program and definite action upon the part of the law-making body of the United States in regard to silver. Let us act upon our judgment and our information, and record our views in our laws, and not postpone indefinitely and for all time to come the decision in order to secure information which we already have. The silver question has been discussed and considered by economists, leaders, and statesmen for years and decades. That which postpones is not want of information; it is unwillingness to meet the issue.

Mr. KING. Mr. President, I associate myself with the Senators from Montana and Idaho in the criticisms which they have leveled against methods employed in the past to prevent legislation favorable to the remonetization of silver, and I regret that the Treasury Department has found it expedient or necessary to send a professor to China to learn something about silver. In my opinion no investigation made by the professor will be of any particular value to Congress, and I do not conceive that his investigations will prove of any particular advantage to the Treasury Department of our Government.

The silver question is not a new one. It has been the subject of exhaustive investigations for hundreds of years. These investigations have been made by experts, financiers, industrial organizations, governments and banks; indeed, by groups, associations, and individuals from every walk of life. This question has been examined and investigated and studied in connection with the financial systems of the world, and gold and silver, as everyone knows, for thousands of years constituted the primary money of the world. They were the foundation upon which rested currencies and credits. Complete data are available showing the production of gold and silver during many centuries and the uses to which these metals have been put, the quantity now in the world, the position which silver occupies in China and in India, and, for that matter, in all countries of the world for monetary purposes or as the basis of credit or as a medium of exchange. We are not ignorant of conditions in China and the important position which silver occupies there in the monetary system of that country. We know the uses to which silver is put not only in the great cities of China but also in the remotest parts of that vast territory. Comprehensive studies have been made by commissions, experts, banks, and industrialists of the monetary situation in China, and the effect upon the trade and commerce of the hundreds of millions of people there residing. In international conferences where monetary and fiscal questions and policies have been discussed, representatives of China have been present, and where information was lacking concerning silver and the uses to which it was put in China and the purposes which it served, the same was supplied by such representatives.

When Germany in 1871 and 1872 determined to demonetize silver, and carried her purpose into execution, and other European nations followed her evil course, and the United States joined in the destructive movement, there were prolonged discussions of the money question in all countries. In the many sessions of Congress since 1873 the silver question has been the subject of prolonged investigation. Senator Jones, of Nevada, a man of learning and ability, delivered in the Senate a number of addresses upon the silver question, and demonstrated beyond all question the importance—indeed, the necessity—of both gold and silver being employed as primary money. During the past 3 years the question of bimetalism has been canvassed not only in Congress but in political, industrial, and commercial conventions in nearly every State of the Union. Many industrial, labor, and farm organizations have devoted a great deal of time to a careful consideration of the money question, including, of course, the remonetization of silver.

Commissions have been appointed by the British Government to study monetary questions and particularly the gold standard and bimetalism, and the monetary systems in China and India. The League of Nations has given attention to the monetary systems of the world and has secured data and published reports dealing with these questions. Recently, pursuant to a resolution adopted by the Senate, the Committee on Foreign Relations, of this body, made a rather exhaustive study of conditions in China, and particularly the position of silver as a money in the economic and, indeed, the political life of that country. Senator PITTMAN, representing the committee, visited China and submitted a report upon his return to the United States, which contains information important to those who are interested in the silver question.

At various sessions of the International Chamber of Commerce, representatives from China and Japan, as well as from other nations, have discussed the silver question in connection with the monetary systems of the world. Two or three years ago, the International Chamber of Commerce convened in this city. Hundreds of representatives from most of the nations of the world participated in this important economic conference. Among them were bankers and business men from China, Japan, and India. The silver question was there discussed and a resolution adopted which, in effect, requested the delegates when they returned to their respective countries, to urge their governments to consider the question of enlarging the monetary base of the world by a larger use of silver. Books and pamphlets and reports by the scores are available, showing the economic, industrial, and political conditions in China. These reports show the use to which silver is put; the part which it plays in the economic and business life of the people; the investments by Japan and other countries in textile and other manufacturing plants in Shanghai and other large cities of China. These voluminous reports contain very much more information than the professor referred to can secure, if he should spend many months in China; and in making this statement, I am not questioning his ability and learning. I might add, by way of parentheses, that at the International Chamber of Commerce conference, representatives from India and China took an active part and urged that silver be restored to its former position in the monetary system of the world.

I do not desire to be critical, but I cannot help but believe that a mistake is being made by the Treasury Department in this plan to send Professor Rogers to China. It is certain that those who believe that before Congress adjourns legislation should be enacted looking to the rehabilitation of silver, will regard this plan as an attempt to delay legislation. A few moments ago, when it was learned that Professor Rogers was being sent by the Treasury Department to China to study the silver question, it was remarked to me that the movement was inept if not stupid, and that by many persons would be regarded as an effort to draw a "red herring" across the trail for the purpose of diverting attention from the consideration of pending legislation looking to the rehabilitation of silver.

With the regard which I have for the officials of the Treasury Department, I cannot believe that they would knowingly adopt any policy that would defeat silver legislation. My information is that they have not fully appraised the situation or realized the implications that will arise from the announcement of the plan referred to.

I take this opportunity to challenge attention to the fact that the Democratic Party, in its platform, and President Roosevelt accepted the platform and gave it his approval, declared in favor of the remonetization of silver. That declaration was a recognition of the inadequacy of the gold standard.

The rehabilitation of silver means that it shall be restored to the high station which it occupied as primary money prior to its demonetization by many nations of the world. The Democratic Party owes it to the country to redeem the promise made in its platform, and I cannot help but believe that before the present session ends a measure will be enacted that will lift silver to the station which it occupied for thousands of years as a copartner with gold in carrying forward the trade and commerce of the world.

It is obvious that the gold standard has failed and has not met the demands of trade and commerce or the monetary needs of the world. It is a narrow base, wholly inadequate to sustain the currencies and credits of the world. The sooner that fact is recognized the better it will be not only for the United States but also, indeed, for the people of all countries.

Recently I received a communication from Hon. J. F. Darling, one of the leading bankers of Great Britain and one of the advocates of bimetalism. He had forwarded to me an issue of the London Times, dated February 20, 1934. This issue of this great English paper discusses the silver question and gives evidence of the fact that in Great Britain bimetalism is commanding the attention not only of industrialists but also of the representatives of financial interests in Great Britain.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, in which it requested the concurrence of the Senate.

BONDS OF HOME OWNERS' LOAN CORPORATION

The Senate resumed the consideration of the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

Mr. BULKLEY. Mr. President, the pending amendment is one offered by the Senator from Florida [Mr. TRAMMELL] to strike out the provision of the bill which restricts advancements from the Home Owners' Loan Corporation to cases where the mortgages were in default on June 13, 1933, with certain exceptions in favor of distressed cases.

I shall take a few moments only to state why, in my opinion, the amendment of the Senator from Florida ought to be rejected.

The original purpose of the act was to relieve mortgages that were actually in distress. Inasmuch as the bonds provided by the original act were guaranteed by the Government as to interest only, it was believed that mortgagees would accept those bonds in exchange for their mortgages only in cases of actual distress. The bill now pending proposes that the bonds of the Home Owners' Loan Corporation shall be guaranteed as to principal as well as guaranteed as to interest, and therefore makes the exchange much more desirable from the mortgagee's point of view.

The fear the committee has, and the fear which the Home Owners' Loan Board has, is that if we leave the other provisions of the act as wide open as they are in the existing law, and at the same time provide for guaranteeing of the

principal of the bonds by the Treasury of the United States, we will bring on such a flood of applications for exchanges as to make it more difficult for the cases of actual distress to be adequately served.

The embarrassment the Corporation has had since it began has been to handle its business rapidly enough to take care of cases of distress. It has applications for exchanges of mortgages into bonds running up to about \$3,000,000,000, and yet only \$325,000,000 of bonds have actually been put on closed loans. The effect of leaving the act wide open to relieve anybody regardless of distress would be to slow down the operation of the Corporation and make it more difficult for distressed cases to get proper attention.

As the bill stands, there is an exception in favor of borrowers whose default subsequent to June 13, 1933, can be shown to have been due to unemployment, or to misfortune beyond the control of the borrower. There is also an exception in favor of cases of distress on the part of mortgagees, where institutions holding mortgages are in process of liquidation. The very fact of their having been put into liquidation shows that they are in extreme distress, and presumably their depositors and creditors are in distress, and need the relief offered by the Home Owners' Loan Corporation.

Mr. President, I submit that the exceptions permitted by the bill as it stands are as liberal as they can be made without accomplishing the result we do not want to accomplish, the slowing-down of the operations of the Corporation in serving cases of real distress.

I am ready for a vote.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on agreeing to the amendment offered by the junior Senator from Florida [Mr. TRAMMELL].

The amendment was rejected.

Mr. BULKLEY obtained the floor.

Mr. McNARY. Mr. President, there are two amendments to be offered by the senior Senator from Michigan [Mr. COUZENS]. In his absence, I was about to suggest the absence of a quorum.

Mr. BULKLEY. I was just about to suggest the absence of a quorum. The Senator from Michigan spoke to me about the amendments.

Mr. McNARY. I defer to the Senator from Ohio.

Mr. BULKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Kean	Robinson, Ind.
Austin	Davis	Keyes	Russell
Bachman	Dickinson	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Loneragan	Smith
Black	Fess	McAdoo	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Neely	Townsend
Byrd	Goldsborough	Norris	Trammell
Byrnes	Gore	Nye	Tydings
Capper	Hale	O'Mahoney	Vandenberg
Caraway	Harrison	Overton	Van Nuys
Clark	Hastings	Patterson	Walcott
Connally	Hatch	Pittman	Wheeler
Coolidge	Hatfield	Pope	White
Costigan	Hayden	Reed	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. COUZENS. Mr. President, I desire to offer an amendment, on page 4, line 3, after the word "price", to add the words "not to exceed par", so that the sentence would read:

The corporation shall have power to purchase in the open market at any time and at any price, not to exceed par, any of the bonds issued by it.

Mr. BULKLEY. I shall not oppose that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I offer another amendment, on page 4, line 6, after the word "price", to insert the words "not less than par", so that the sentence would read:

Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price not less than par.

Mr. BULKLEY. I shall not oppose the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still open to amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. McNARY. Mr. President, notice was given of a desire on the part of the Senator from West Virginia [Mr. NEELY] to ask for a reconsideration of the vote by which the Norris amendment was agreed to. I supported the amendment, but I do not want advantage taken of the absence of the Senator from West Virginia.

Mr. SMITH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SMITH. Mr. President, I inquire what is the status of the motion made by the Senator from West Virginia to reconsider the vote whereby the Norris amendment was agreed to?

The PRESIDING OFFICER. The Senator from West Virginia gave notice that he would make a motion to reconsider the vote.

Mr. NEELY. Mr. President, what is the status of the bill at the present moment?

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. NEELY. Mr. President, that being the situation, I now make my motion. I first make the point that there is not a quorum present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Johnson	Robinson, Ark.
Ashurst	Cutting	Kean	Robinson, Ind.
Austin	Davis	Keyes	Russell
Bachman	Dickinson	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Loneragan	Smith
Black	Fess	McAdoo	Stelwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Gibson	Metcalf	Thompson
Bulow	Glass	Neely	Townsend
Byrd	Goldsbrough	Norris	Trammell
Byrnes	Gore	Nye	Tydings
Capper	Hale	O'Mahoney	Vandenberg
Caraway	Harrison	Overton	Van Nuys
Clark	Hastings	Patterson	Walcott
Connally	Hatch	Pittman	Wheeler
Coolidge	Hatfield	Pope	White
Costigan	Hayden	Reed	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

The Chair understands the parliamentary situation to be this: The Senator from West Virginia [Mr. NEELY] gave notice that he wanted to move to reconsider the amendment adopted by the Senate to this bill; and, after the Senate had ordered the bill to be engrossed and to be read a third time, and it was read the third time, the Senator from West Virginia made the motion. If he desires to get a vote on that amendment, he will have to move to reconsider the votes by which the bill was ordered to be engrossed and read a third time, so as to get the bill back before the Senate for amendments.

Mr. BULKLEY. Mr. President, I ask unanimous consent that the votes by which the bill was ordered to be engrossed

for a third reading and read a third time be reconsidered, for the purpose of enabling the motion of the Senator from West Virginia to be put.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the votes are reconsidered. The question now is on reconsidering the vote whereby the amendment of the Senator from Nebraska [Mr. NORRIS] was adopted.

Mr. NEELY. Mr. President, is that question open to debate?

The VICE PRESIDENT. The question is debatable.

Mr. NEELY. Mr. President, the proposal to make this Democratic administration nonpartisan in the matter of appointing the officials and employees of the Home Owners' Loan Corporation is idealistic and beautiful from a Republican point of view. If those who are in control of the Republican Party were as generous and just as the illustrious Senator from Nebraska [Mr. NORRIS], no one would object to his amendment. It would probably be a godsend to the American people if all appointments in the public service were made by someone who is as wise and as magnanimous and as free from partisanship as the distinguished author of the amendment is known to be. But, in practice, the nonpartisanship that is habitually proposed from the other side of the aisle during a Democratic administration is humbuggery of the first magnitude and most repulsive form.

Let me very explicitly and emphatically assert that I believe the Senator from Nebraska is actuated by the purest of motives and the most patriotic of desires in urging the adoption of his amendment. But, unhappily the Republican reactionaries who are so enthusiastically, gallantly, and unanimously following the leadership of the great Nebraska Progressive on this occasion know that to make the Home Owners' Loan Corporation nonpartisan will be to make it eventually solidly Republican, in spite of the intentions of the Senator from Nebraska to the contrary.

Under existing law this Democratic administration has in 12 months given more appointments to Republicans than were ever given to Democrats by Republican administrations in any 12 years in the country's history. Republican office holders are so thick in Washington today that a Democratic Member of the Congress needs police protection when he visits some of the governmental departments. But like Oliver Twist, our insatiable friends across the aisle unblushingly clamor for more.

Senators of the minority, we appeal to your sense of fairness to permit us to retain upon the pay roll a few of the millions of capable and deserving Democrats who for 12 long years have not had even the shadow of a chance to hold a public office.

Let us see just how nonpartisan our Republican friends actually are. For example, I came here on the 4th of March 1923 as a Member of the Senate, and assisted by the Democratic Senator from Mississippi [Mr. HARRISON], demanded of the Republican Senator charged with the assignment of offices that I be given rooms in the Senate office building, whereupon I was told that all the offices were needed by the Republican Senators, and that the only room in the Senate office building that I would be permitted to occupy until the Congress convened in the following December, was one which had seven machines in it and which would be used throughout the summer as sewing headquarters by the female employees of the Senate office building. That room I was compelled to accept, and in it I was kept until a Senator unfortunately died, and I, fortunately, inherited his offices.

Mr. NORRIS. Why was not the Senator glad to stay there?

Mr. NEELY. Because I was not as attractive as the Senator from Nebraska, and consequently the girls refused to sew in my presence, and I was obliged to keep company with the sewing machines instead of the sewing girls, and to that I strenuously objected. [Laughter.]

Six years later a Republican Senator from an eastern State moved into my offices at 9 o'clock in the morning,

3 hours before my term of office had expired and 3 hours before his term had begun, all of which illustrates the pious nonpartisanship of our Republican friends.

I am reliably informed that within a week after the Roosevelt administration began, a Republican banker from West Virginia was given an appointment by the R.F.C. at \$6,500 a year. But to this hour I have not been able to obtain an appointment for a Democrat at a salary of more than \$5,000 a year.

I am also informed that within the last month a Federal board of three was appointed in West Virginia to discharge important duties, and that every member of that board is a Republican.

In a West Virginia county within a hundred miles of Washington the C.W.A. board was set up to administer nonpartisan relief; it is composed of 18 Republicans and 3 Democrats. The C.W.A. in West Virginia recently gave one of the most important offices at its disposal to the treasurer of the Republican State executive committee. A few days before or after this eminent Republican received his appointment a newspaper in his home city carried two columns from his pen which, in effect, specified the means by which the Republicans could defeat the Democrats at the next election.

I am further informed that in the city of Huntington a former Democratic national committeewoman, who immediately after Al Smith's nomination, bolted her party, took the stump for Mr. Hoover, ridiculed and abused the Democratic candidates in 1928, and as a reward for her apostasy was given a lucrative appointment by the Hoover administration, was recently appointed to an important post by the C.W.A.

I am still further informed that the Federal Relief Administration in Logan County, W.Va., appointed a committee of five on sanitation. It was composed of the last Republican jailer of Logan County, the last Republican assessor or assistant assessor of the county, the present Republican chairman of the executive committee of the city of Logan, and a Republican who had completed a term in the penitentiary for having dynamited a Democratic newspaper in 1928 [laughter], and one lone Democrat. And you Republicans seek to make this administration nonpartisan.

If the adoption of the Norris amendment meant that there would be a fair distribution of offices between Democrats and Republicans in the future, regardless of which of the great parties was in power, I should vote for it, and fight for it; but in West Virginia it will simply mean that no Democrat will hold an appointment in the Home Owners' Loan Corporation.

It has been reported to me that upon the recommendation of a Republican representative of this Corporation, the Democratic appraiser for West Virginia has been removed from office and the Democratic State manager has been asked to resign. I predict that if the Norris amendment becomes a law every prominent office in this Corporation will, so far as West Virginia is concerned, be held by a Republican within 60 days after the adjournment of this session of the Congress.

Mr. SCHALL. Mr. President—

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Minnesota?

Mr. NEELY. Not now, but in a moment I shall gladly yield to the Senator from Minnesota.

The VICE PRESIDENT. The Senator from West Virginia declines to yield.

Mr. NEELY. I have voted with the Senate progressives on practically all important measures since I became a Member of this body, because I have believed them to be right. I now appeal to them to vote against the pending amendment because I believe it to be wrong and wholly unfair to the members of the party in power. If future Republican administrations could be bound by it, I should eagerly support it. But let us not be deceived by specious pretenses. This situation is similar to that indicated by the following:

At the conclusion of a great religious revival in the county in which I was born, an old saint was requested to offer the closing prayer. It was after this fashion:

"Good Lord, we have had a great meeting. Everybody has professed religion. But good Lord, these old hypocrites will fool you. But they can't fool me. Before the summer is over, they will all backslide and be in sin up to their eyes." [Laughter.]

So with the Stand Pat Party. Before the next Republican administration is a week old, it will be in political sin up to its eyes [laughter], and every Democrat in West Virginia will be driven from office.

Mr. VANDENBERG. Mr. President—

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Michigan?

Mr. NEELY. I yield.

Mr. VANDENBERG. Will the Senator tell me why an amendment, which merely requires the appointment of public officials based on merit and efficiency, is going to put all of the Democrats in West Virginia out of office? [Laughter.]

Mr. NEELY. Certainly; for the same reason that a trained prize fighter would annihilate one who did not know how to box. For 50 years Republicans have held practically all the offices in West Virginia. They are highly trained experts in the matter of obtaining them and holding them. The Democrats have had scarcely a chance in a half a century to learn the technical office-holding game.

Let me pay my sincere compliments to the great Senator from Nebraska and measure my words when I say that in my opinion, excepting George Washington, Thomas Jefferson, and Abraham Lincoln, the United States Government owes him more than it owes any other American citizen, living or dead.

That is my estimate of the Honorable GEORGE W. NORRIS, the greatest progressive since the crucifixion. It is with the deepest regret that I am compelled to oppose his amendment with all my heart and mind and strength.

Mr. President, I yield now to the Senator from Minnesota.

Mr. SCHALL. Mr. President, I was thinking, as I heard the statement of the Senator from West Virginia relating how during his career in the Senate he has voted with the progressives at all times, that I have sat here, especially during the last session, when he was one of only eight Democrats who dared stand up in behalf of the injured soldier, and it occurred to me that that might have something to do with all those Republican appointments in his State.

Mr. NEELY. I do not attempt to specify the cause; I only state the fact. I do know that West Virginia Democrats and 50,000 West Virginia progressive Republicans who voted the Democratic ticket in the last election are very unhappy because multitudes of the stand-pat, life-time job holders have been continued upon the public pay roll under this administration.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from West Virginia [Mr. NEELY] to reconsider the vote by which the amendment of the Senator from Nebraska [Mr. NORRIS] was agreed to.

Mr. NORRIS. Mr. President, I discussed this subject last Thursday and supposed that the question of the amendment was settled and that there was no objection to it except on the part of some who said they were in favor of it but could not vote for it. I discovered later that the Democrats in this body were almost unanimous in their opposition to the amendment. I was dumfounded.

I am almost breathless now as I have listened to the Senator from West Virginia [Mr. NEELY] declaiming against the amendment. I do not see how it is possible for him to occupy that position. He has told us, as others have done, of the great evils of the past, that the Republicans have done this and that—and I admit it. And now, because the Republicans have done wrong and filled offices with Republican incompetents, those now in power are going to

do the same thing and fill them with Democrats. They are going to follow on the heels of the men whom they have denounced and who they say were wrong. Yet, in the next breath, they vote to do the same things that were done by those whom they condemn.

The Senator from West Virginia has said that there will be a Republican President again some day. If the Democrats keep on doing as he would have them do, there will be one much sooner than he anticipates. Democrats, do your duty and you will stay in power; but go crazy and get wild and drunken with power and do what you have condemned your enemies for doing, and you will go out of power.

The present administration came into power because of the very things Democrats have condemned but which they are now doing. Such conduct in the past had disgusted millions of progressive-minded men and women of the country, and they voted the Democratic ticket. They did it with some reluctance. They were more anxious to vote against the Republicans than they were to vote for the Democrats. But they put the Democrats into office and into power. Many Democratic Senators would not be here now looking into my face if it were not for those progressive Republicans who were thinking of the country, who were thinking of humanity when they cast their votes. Every one of them is being slapped in the face, it seems to me, by what is now being tried to be done here.

Mr. President, here is a provision offered by me at the request of members of the Democratic administration who feared Democratic politicians would take their political lives if they dared let it be known where they stood. Here is a Democratic administration going to deal, under the terms of this bill, with millions of American citizens who are trying to save their homes. They want to do a businesslike job in a businesslike way. The man selected by Franklin D. Roosevelt to do that job is praying for the adoption of this particular amendment. He wants it. He is not thinking, it is true, of the man who is hunting a job. He is thinking of the man in his humble home who wants to save his home, who has lost his job and has to have assistance from the Federal Government. That is the man about whom he is thinking. He wants machinery based on efficiency. He does not want the positions all filled with politicians who care nothing about the purposes of the bureau or what it is trying to accomplish, but who are anxious only to save their own jobs. That is not what he wants.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. Does the Senator know any home owner in this country whose right to preserve his home and not have it foreclosed has been denied by anybody who has charge of an office connected with this administration?

Mr. NORRIS. No; I have not heard of any of them coming for relief, but I know there are thousands of them who need help and that a man will have to say in some instances, perhaps, that he voted the Democratic ticket at the last election in order that he may get any money or get an extension of his loan.

Mr. BARKLEY. Mr. President, on second thought I think the Senator will not want to make that statement.

Mr. NORRIS. Well, of course, I have not been able to make a statement applying to a particular case, because none has happened. I know something about human nature, however. So does the Senator from Kentucky; and there is no use in beating around the bush. The country knows that if this amendment should be defeated, the Home Owners' Loan Corporation will become a political machine. It will become a rendezvous for politicians.

I do not charge anybody with being corrupt. The men who will be put in there probably will be put in by men who would rather they should not be corrupt, but that is always the tendency.

When you are electing a cashier of your bank, a business institution, why do you not put up a sign and say, "We do

not want any Republicans in this bank"? When you are selecting a president of your local business corporation, why do you not say, "We cannot have any Democrats in this organization—it is going to be Republican throughout"? What kind of a business move would that be? What kind of a business man would stand for that?

There is no use in fooling ourselves. If politicians are going to name the men for these offices, we are going to have politicians running the machinery. We may assume for argument's sake that the Senator from Kentucky [Mr. BARKLEY], as pure and white as the driven snow, sends in names of Democrats by the hundreds, anxious that only competent men shall get in; but many incompetent men will creep in under the guise of political pull.

Those who want to keep this institution out of politics, the Democrats who want to have it operated on a basis of efficiency, who themselves want to be relieved of making the appointments, ought to be for this amendment. If they will enact it, they will relieve themselves of much labor which they ought not to be called upon to do. Senators and Representatives ought not to be simply errand boys getting offices for people, but that is what many of us are. We cannot help it, because they come down on us by the thousand; and we hear Members every day, in the cloakrooms and at the lunch tables, say, "I wish I could be relieved of that. I cannot attend to those things. I ought to look after something in the Senate." Vote for amendments such as this and they will get some relief.

Mr. President, I have not talked with any officials on this subject. I have not received any word from the President of the United States and cannot speak for him. There is not any doubt that the President wants this Corporation to be a success. There is not any doubt that those in charge, a letter from one of whom has been read by the Senator from Ohio, want this Corporation to be a success. They do not want it to fail. Referring to Presidents coming into power who are Republicans, let this giant Corporation become a stinking mass of political corruption and even men like Franklin Roosevelt will be brushed aside because under his administration corruption grew and spread; and it is going all over the country. There is not any hamlet but what is going to have an agent of this Corporation there to do something. Shall he do it on partisan lines or shall it be a business institution?

The Senator from West Virginia speaks of what happened in the Senate Office Building. A Republican administrator of the Senate refused to give him justice by letting him have a suitable room. I uphold what the Senator said about that incident. The action was wrong. Are we going to make it right by having a Democrat do the same thing to me? Is it going to right the wrong to do it over again? Of course it will not make the situation any better than it was; but the Democratic Party will go down to defeat, as the Republican Party went down to defeat, because it is just following in the lines of the Republican Party that took it to defeat.

That is one of the things that hurt the Republican Party. Now the Senator from West Virginia wants the Democratic Party to do the same thing. That will be one of the things that will contribute to throw the Democrats out.

The Senator complains that in his State he has not had one appointment drawing more than \$5,000 a year. I should not think that ought to influence a Senator's vote here. I have not had one drawing \$500 a year. I have just received notice that the postmaster in my home town has been supplanted and his successor has been appointed. I received the notice from the newspapers. Nobody consulted me about it. I might have raised Ned, and said that Roosevelt ought to come down to me and ask me what I thought about this nominee; but he did not. The Democratic Member of the House of Representatives did not consult me, directly or indirectly. I am not kicking about it. I am not going to object to it. The Republicans did the same thing when they were in office. It is a little thing about a job.

This great Home Owners' Loan Corporation, while it will be in operation, will do a business greater perhaps than

any other corporation in the United States. It will be using my money, Republican money, just the same as Democratic money, the taxpayers' money, to relieve the common home owner of a debt, to enable him to keep his home. I am not willing that such an institution should be run on the basis of partisan politics, and the people of the country will never stand for it.

A big outcry may come from several sources, but in the main it will be from men who want the jobs. If we will consult with the people, we will find that there are more honest men and women in the country who are anxious that this great Corporation shall succeed, and that it shall not be thrust into dirty partisan politics.

Mr. NEELY and Mr. SCHALL addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield to the Senator from West Virginia.

Mr. NEELY. Mr. President, the Senator has stated that under the present administration he has not obtained an appointment that paid even so much as \$500 a year. I presume, however, that the Senator did have appointments that paid more than \$5,000 a year during the 12 years of Republican rule under Presidents Harding, Coolidge, and Hoover.

Mr. NORRIS. No; I never had one.

Mr. NEELY. Mr. President, I knew there was something the matter with those administrations, but I never knew before exactly what the trouble was. [Laughter.]

Mr. NORRIS. That is probably one of the troubles; but I never complained about it. When the President had an appointment to make, given to him by law, I said that if he wanted to consult with my political enemy and select him, that was his business, not mine. If he selected a man who I thought was competent, I had nothing to say. That was the law as I understood it. We passed a law, for instance, that gives to the President of the United States power to appoint certain postmasters. It is on the statute books in black and white.

Mr. SCHALL. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. I will yield pretty soon.

The President can take his own method of making appointments. He can advise with me about doing it. He can advise with the Senator from West Virginia. He can advise with a man in jail if he wants to do so. That is his privilege. I will not object, no matter where he goes or with whom he advises, just so long as he obtains competent and efficient men.

Mr. NEELY. Mr. President, will the Senator yield once more?

Mr. NORRIS. I yield.

Mr. NEELY. The Senator has referred to the misfortune that would result from selecting bank officials with reference to political considerations. I inquire of the Senator if in Nebraska, during the past 12 years of Republican control, they pursued the policy which they pursued in the State of West Virginia, to my certain knowledge, which was to permit no one to be even an attorney for a receiver of a national bank who was not an active and aggressive member of the Republican Party; and in most instances—particularly in my county, in every instance—the chairman of the Republican executive committee, if he was a lawyer, was made the attorney for the receiver for the bank; and if he was not a lawyer, a former chairman of the Republican committee was appointed; and no Democrat could obtain the slightest consideration for appointment as an attorney for a receiver of a bank, no matter how little or how great the compensation might be.

Mr. NORRIS. Very well. So far as that question applies to my State, I want to answer it.

I have no personal knowledge on the subject. I have been told by those who, I think, know the facts that the statement the Senator has made about Republicans and the appointment of attorneys is correct. I think the practice is wrong. I condemned it when my party was in power. I

have always condemned it. It has been wrong from the beginning. It is wrong now. Then, why do the Democratic Party want to do it if they want to be right? They are pleading here for the rejection of an amendment without which they will have the power to make this Corporation a political machine all the way through.

Mr. NEELY. Mr. President, will the Senator yield just once more?

Mr. NORRIS. Yes.

Mr. NEELY. Did the Senator, during the 12 years which preceded the beginning of the Roosevelt administration, ever seek, by amendment to any bill—

Mr. NORRIS. Yes; I will answer that.

Mr. NEELY. Pardon me until I finish the question, if the Senator please.

Mr. NORRIS. Very well, if the Senator will not make it so long that I will forget the question.

Mr. NEELY. No; I will not do that. I just want to make it so concrete that it will apply to a specific question.

Mr. NORRIS. It is very concrete now, and I understand it exactly.

Mr. NEELY. I was going to restrict my question to the field of exploration in which we now are. Did the Senator ever offer an amendment to prevent the Republican administration from appointing only Republicans as attorneys for bank receivers, or to provide the same measure of relief against partisanship under Republican administrations during the past 12 years that is proposed under the amendment now before the Senate under a Democratic administration?

Mr. NORRIS. Yes. I will cite a particular instance. I have offered the amendment in various forms, civil-service amendments and otherwise, in various forms, many times during that time to different bills that have been pending; but I am going to answer the Senator by saying that I have. The Muscle Shoals bill is an illustration of it. I did it over and over again in that bill, from the very first bill I introduced to the last one. It was in all of them.

Mr. NEELY. Mr. President, I knew the Senator from Nebraska had taken that very liberal and fair-minded view in regard to that measure, and that is why I restricted my question to the appointment of attorneys for receivers of banks.

Mr. NORRIS. I can say further to the Senator that from the time President Harding went into office down to the incoming of this administration—not completely down, because I left off when I found that my intercession was no good—he will find my letters in the Post Office Department, in the Treasury Department, and in other departments where there would be a receiver to be appointed, for instance, for a bank, protesting against making that a political machine, and protesting against the selection of attorneys by receivers on the basis of partisanship. I pled for the depositors whose money was at stake. I wanted to save every dollar I could for them. If a record of conversations I had with Presidents had been kept, it would be found that I pled with pretty nearly every Republican President, beginning with Harding, that the Post Office Department should not be a great political machine, that it ought to be a great business institution, that it ought to be kept out of politics, and that the Postmaster General should not be a man whose chief business was to furnish jobs for Republicans who had supported the President. That will be found in letters I wrote. It would be found that a good many times I made remarks on the floor of the Senate and the House bearing out that attitude. Some bills I introduced along those lines could be found. But I failed, and it is evident that I am failing now to get the support which it seems to me this kind of a proposition ought to have from the friends of President Roosevelt for another friend who is trying to make his administration a success, who is anxious that this great corporation shall not be a stench in the nostrils of the American people, who wants to lift it out of the mire of politics and place it on a business basis.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. NORRIS. I will have to yield to the Senator from Minnesota, who requested that I yield to him.

Mr. SCHALL. Mr. President, I am very heartily in favor of the amendment offered by the Senator from Nebraska [Mr. NORRIS]. I understand that in my State, under the C.W.A., people are not allowed to get jobs unless they join the Farmer-Labor organization and pay \$2, a practice which I understand has been going on for some time. The Farmer-Labor Party in my State, in the last election, was closely allied with the Democrats. I am not so well informed as to what the Democrats are doing out there, but newspapers of my State have called attention to this practice and I have personally heard read an article to that end from the St. Cloud Sentinel and I have been told that there are a number of affidavits supporting the statement, that before one can get a job he has to pay \$2 to join the Farmer-Labor organization. It is a fact beyond dispute, and at least one Representative of Minnesota of the Farmer-Labor Party has sent out a letter in which he calls attention to the fact that he has paid his 3-percent tax to the Farmer-Labor association stating further that all loyal public officials of the party are expected to make similar contributions, and that he knows of no one, except two Members of Congress, of the entire party who has not paid such a tax. As I understand, the only distinction here is that the C.W.A. pay before they get in and the officials of that party pay after they get in. The beginning of a sort of a young Tammany. So, in or out, it is a question of pay and no one gets recognition unless his party affiliations are correct.

Mr. President, I am very strongly in favor of the amendment offered by the Senator from Nebraska, and I hope the motion of my friend, the Senator from West Virginia [Mr. NEELY], to reconsider may not carry.

Mr. NEELY. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. Not now; I desire to speak with reference to what has been said by the Senator from Minnesota.

Mr. President, I think Senators make a mistake in jumping at conclusions. If we look into the facts, many times we will find that we should trim off the rough corners. Sometimes we will find that we have been misinformed, as we are very apt to be misinformed on a question of this kind, sometimes by a disappointed office seeker. It is inevitable that there will be thousands of disappointed office seekers in this country, because there are about 10,000 applicants for every office, and I refer to them with respect. I have never seen the time when conditions have been so aggravated. I say that with a breaking heart, because it causes me real pain to have to turn down men and women, competent as they appear to be, to turn the cold shoulder to them and say that there is no hope, that there is no place for them, that there are now too many asking for the few places which are available. I do not refer to them with any disrespect, but disappointed office seekers who make their complaints to their Senators and to their Representatives and to their governors are very apt to exaggerate things. They are very apt to have a wrong viewpoint, and to say of this man or that man that he was too cold, that he turned a cold shoulder to them. Perhaps I have done so many times when I have become exasperated, when I was trying to do something that required my attention, and have been diverted all day long, from early in the morning until dark, sitting in a chair in one place and telling people I could not help them.

I have become exasperated after a while, and I suppose I have insulted some of those folk. I suppose some of them have gone away cursing me, perhaps many of them have. I cannot help that. I did not mean any disrespect to them. Many of them have no doubt been asking for things they ought to know better than to ask for. Men have often said to me, "You can get me a job under the Tennessee Valley Authority." I have said, "I am the author of that law. Are you my friend? Do you want me to succeed? Do you want me to be honorable? If you do, do not ask me to violate the very law I helped to enact."

The provision we inserted in the Tennessee Valley Authority Act has proven a relief in a great many cases, and a similar provision in this case will prove to be a relief to

Senators if it shall be enacted, and it will help to bring about honest government.

Mr. BARKLEY. Mr. President, in view of the fact that I animadverted on this subject, earlier in the day, I wish to add just a little to what I said then.

I agree with the Senator from Nebraska and the Senator from West Virginia that it would be very fortunate if Members of the United States Senate were relieved entirely of the pressure of being importuned to obtain political appointments under an administration of which they are supposed to be a part, and I am not so sure but that I would vote for a measure that would make it unlawful for any United States Senator to recommend to any Department in the Government anybody for any place. Yet I can well understand how for 150 years the system has been growing up whereby executive departments do depend upon Members of Congress for recommendations in many cases.

For instance, the Comptroller of the Currency, and I have no reference to the present incumbent, but any Comptroller of the Currency having to appoint an attorney for a receiver of a national bank in a small town in my State, or in Nebraska, or in West Virginia, or in Tennessee, or in Alabama, would naturally communicate with a Senator or Representative from the State affected. We may assume that the Comptroller of the Currency has no general information concerning the qualifications of lawyers in the various States. We may assume that he has not the slightest knowledge as to who ought to be appointed attorney for the receiver of a national bank. We may assume that he does not know who ought to be appointed receiver of a bank, because he may not be acquainted with the bankers, and is not generally acquainted with the lawyers, in any given State. This is, of necessity, the case with any Comptroller in any State except his own.

Are we to require him either to get on the train and go down into the State and find a lawyer, or to send an inspector, or a representative, at public expense? Are we to condemn him because he calls up a Member of Congress, either a Senator or a Member of the House, who is acquainted with the lawyers and says, "Recommend to me a good lawyer to represent the receiver of a national bank"? Are we to be condemned, and is the Comptroller to be condemned, because between the two of us we try to find the best qualified lawyer in the community to represent the bank?

Mr. NORRIS. Mr. President, if I were answering the question I would say "no"; but the Senator ought to add something. I have received many letters making requests of that kind, and they always add another string. If it was a Republican Comptroller, the letter said it must be a Republican lawyer. If it was a Democratic Comptroller, he said that the lawyer must be a Democratic lawyer.

Mr. BARKLEY. I will say this to the Senator from Nebraska: That I have received many letters of that sort from the present Comptroller of the Currency suggesting recommendations, and in no single one of those letters has the question of a man's politics ever been mentioned. The word "Democratic" or the word "Republican" has never been in any request the present Comptroller has ever written to me along the line suggested.

Mr. NORRIS. I have never received such a letter from the present Comptroller, and I am not speaking of him. I am speaking of the past. But if what the Senator says be true, that is an added reason why the Senator ought to be in favor of my amendment. If that be true, the present Comptroller is trying to run his office on a basis of efficiency rather than of partisanship.

Mr. BARKLEY. I think that is true, but that does not appeal to me as a reason why an amendment ought to be adopted which would embarrass every executive officer in the Home Owners' Loan Corporation.

Mr. NORRIS. They want it.

Mr. ASHURST. If they want it, why did they not ask the Banking and Currency Committee to put it in the bill? They appeared before us on this bill, but did not ask for

this amendment. They do not have to have this amendment to get rid of bad men.

Mr. NORRIS. They are afraid.

Mr. BARKLEY. Afraid of whom? They are not afraid of me.

Mr. NORRIS. I do not know whether they are or not.

Mr. BARKLEY. I undertook this morning to draw to the Senator's attention an illustration. My vehemence in this matter is not to be taken by the Senator from Nebraska as indicative of any lack of respect for his views, because I join with the Senator from West Virginia and all other Senators in my admiration and my respect for the independence and the statesmanship of the Senator from Nebraska. But we need not become virtuous all of a sudden. I want to take it in doses.

I recall that in 1912, after the election of Woodrow Wilson, when William Howard Taft was President of the United States, between the election in November and the inauguration of Woodrow Wilson on the 4th of March 1913, Mr. Taft issued an Executive order putting about 45,000 Republican postmasters of the fourth class under the civil service, without an examination, without any evidence of their qualifications, except that some Republican Congressmen had recommended them for those appointments. When Mr. Wilson was inaugurated, recognizing the injustice of that action, and undertaking to modify it at least to the extent of requiring that these appointees take a civil-service examination, and that thousands of other applicants have a chance to qualify for these appointments, the cry was raised that he was opening up the Postal System to spoils, and he was denounced by those who were fanatic on the subject of civil-service reform because he gave others an opportunity to show that they were qualified for these places.

Mr. NEELY. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. NEELY. Has the Senator from Kentucky observed, in his long service in the House of Representatives and the Senate, that the enthusiasm of Republicans for nonpartisanship and for civil service is always violent immediately after a Democratic administration begins, and, with the exception of a few, like the distinguished Senator from Nebraska, that no Republican ever suggests being nonpartisan until a Democratic President has been inaugurated?

Mr. BARKLEY. I was coming to that, Mr. President.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. BARKLEY. I yield.

Mr. NORRIS. When the Senator gets to it, I wish he would remember that the same rule applies to the Democratic Party, and is being illustrated right now.

Mr. BARKLEY. I have gone back, Mr. President, to the Taft Executive order with reference to fourth-class postmasters, and I believe the Senator from Nebraska agrees with my criticism of the injustice of that order. I do not know what position he took with regard to it at the time. I do not remember whether the Senator from Nebraska criticized that order or not, and it is not material whether he did or did not. If he did, I am sure he was sincere about it; and if he did not, I am sure it was because of an oversight.

Then Mr. Wilson was President for 8 years. I do not recall that Mr. Wilson, during a single year while he was President of the United States, by Executive order covered into the civil service a lot of Democrats appointed by him. I remember that he issued an order that required a civil-service examination for first-, second-, and third-class postmasters, which were not covered by the Taft order, and he required that the man who made the highest grade should be appointed postmaster; and I recall that in some communities which were almost unanimously Democratic communities, Republicans were appointed postmasters under Woodrow Wilson as a result of that order.

Then along came Mr. Harding, and then Mr. Coolidge, and then Mr. Hoover, and all three of those gentlemen, after filling the Executive Office, the Treasury Department, the Department of Agriculture, and all other departments with

Republican appointees, issued Executive orders covering them into the civil service. There are today in every department of the United States Government thousands of employees, who were appointed as partisan Republicans either by Harding or by Coolidge or by Hoover, who were then covered into the civil service by Executive orders, and we cannot remove one of them except by filing charges of inefficiency or corruption, or for some other cause that would be justification for removal.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Kentucky yield to the Senator from South Carolina?

Mr. BARKLEY. I yield.

Mr. SMITH. I join with the other Senators in my expressions of respect and love for the Senator from Nebraska, but I think he is reasoning illogically in reference to his amendment. I desire to ask the Senator from Nebraska if he did not consider the last election an absolute landslide repudiation of the Republican Party and its administration, testifying that the people wanted to try the Democrats? Under the Senator's proposition he is trying to open the door for the same rotten crowd to have a part of the pie when the public said, "We want the Democrats to run the Government."

Mr. BARKLEY. Mr. President, I think there is a good deal of force in what the Senator from South Carolina says.

I wish to say another thing: The Senator from Nebraska says we are trying to do the very thing that brought about the defeat of the Republican Party. The Republican Party was not defeated because of the men who were appointed postmasters. The Republican Party was not defeated because of the men who were appointed United States marshals or United States district attorneys. The Republican Party was defeated because of the failure of its policies, and because the people believed that the policies of the Democratic Party, as proclaimed and promised by Mr. Roosevelt, would mean more toward the welfare and the growth and development of our country than those advocated and put into practice by his predecessor and his opponent, Mr. Hoover. If the Democratic Party, as many of us hope and believe it will, shall become and remain the majority party in the United States, it will not be because of a sop or a bribe being held out to some Republicans in the way of appointments, but it will be because of the fact that the independence, the foresight, the statesmanship, the progress, and the vision of Mr. Roosevelt appeals to millions of independent Republicans, who will vote to keep that administration in power or keep those policies in control of the Government. It will not be brought about because some petty Republican or some petty Democrat has been given some petty job, either in the Home Owners' Loan Corporation or in the Reconstruction Finance Corporation or any other activity inaugurated by this administration.

We must appeal to the American people upon the quality of our leadership, upon the quality of our legislation, and upon the quality of our administration. If I were in charge of the appointments to office in this country, I would, without regard to politics, put in key positions those men and those women who are in sympathy with what we are trying to do, regardless of how they may have voted in previous elections. I would not confine all appointments to Democrats. I would appoint men and women of the character and stripe of the Senator from Nebraska and of the Senator from Wisconsin and others who are in sympathy with and have tried as much as I am trying to make this administration a success. President Roosevelt has very properly recognized the propriety and the justice of this policy.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Maryland?

Mr. BARKLEY. I yield.

Mr. TYDINGS. The Senator seems to adhere to the old adage that "to the 'victim' belongs the spoils."

Mr. BARKLEY. That, Mr. President, is to me a new adage.

Let us see what the amendment, if agreed to, will do. It says that no man shall be appointed to an office under the Home Owners' Loan Corporation because of any partisan or political consideration. What does that mean? If there is anybody in the Home Owners' Loan Corporation who has not the courage or the ability or the intelligence to prevent the appointment of incompetent and corrupt men, or who has not the courage or the intelligence or the ability to fire men who are incompetent, who are not efficient, or who are corrupt, then he ought not to be in the position he holds. What the Senator is doing here is asking Members of Congress to pass a resolution, as he says, giving courage to the appointing power.

Mr. NORRIS. Well, they need it.

Mr. BARKLEY. Let us go back to the beginning of the set-up in connection with the Home Owners' Loan Corporation, or any of the rest of them, because if this amendment ought to go into the act, such an amendment ought to go into every other act.

Here is the State director of the Home Owners' Loan Corporation appointing the manager for some district in the State with headquarters in some city. He is the manager, for instance, in the city of Omaha, and he has to make appointments and to manage, within a certain district, the affairs of this great business institution. There are two outstanding men of equal ability, either one of whom would be a successful manager and administrator. One of them is a Democrat and the other a Republican. These two men are standing before the State director of the Home Owners' Loan Corporation, and he cannot find any appreciable difference between the two so far as qualifications or character or background are concerned. One is a Democrat, the other is a Republican. He will say, "I should like to appoint the Democrat; but if I appoint him, although he is equally qualified with his Republican opponent, I shall be guilty of a violation of this amendment, because, being a Democrat, I will have allowed that fact to have some weight with me in making the appointment." Therefore, in order that he may not be criticized, he will turn down the Democrat and appoint the Republican, and the appointment of that Republican will have been brought about because he is a Republican and not a Democrat.

Therefore I say that we will have injected the political element into the corporation just as much as if the State director had appointed the Democrat simply because he was a Democrat. The result will be that he will appoint a Republican because he is a Republican and the other man is a Democrat.

So it seems to me it is impossible to get away from some political considerations in the appointment of men not only in this organization but in all the organizations.

Politics is in reality the science of government, and the real politician ought to be one who is versed in the science of government, though often the term is used derisively as meaning a mere office seeker.

Mr. FESS. Mr. President—

Mr. BARKLEY. However much we might desire to escape, however much out in the cloakrooms and around in the dining rooms we say we wish there were some way by which we might be relieved from the annoyance and the burden and the exasperation of being called upon to choose from among our friends in making recommendations for positions, the experience of this Nation for 150 years has been that we cannot escape it; we cannot be relieved of that burden. Whenever the time comes that I am compelled to say that no man who entertains honest political convictions on any subject, no man who honestly tries to carry those convictions into effect by trying to make them successful, shall be entitled to consideration for any appointment, then I will relieve myself of any obligation or any embarrassment, because I would not recommend men who had no convictions on any subject; and no such man is entitled to any office, because he is not qualified to fill it.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Ohio?

Mr. BARKLEY. I yield.

Mr. FESS. I think both the Senator from Kentucky and the Senator from West Virginia were rather caustic and hardly fair in their criticism of the Republicans. Has the Senator thought about the number of new bureaus requiring additional officers that were created incident to the war during Wilson's administration and the enormous make-up under the new program that comes as an incident of the new deal and of getting out of the depression? Has the Senator considered at all the large volume that is involved in these new bureaus?

Mr. BARKLEY. Why, of course I have. Of course, the war brought on the necessity for employing thousands of men. Those of us who were here in 1914 and 1917 and 1918 remember the feverish activity with which men and women were gathered here from all parts of the country to administer the agencies of war; but there was no partisanship there. I venture the statement that Woodrow Wilson was more liberal in the appointment of Republicans during the war than any Republican President, or all of them combined, since the Civil War in the appointment of Democrats.

I will venture the statement that during the last 12 months in the selection of men to administer the emergency laws which have been passed under President Roosevelt, by the liberality of his policy and by recognizing that these measures were nonpartisan, he has given more appointments to outstanding Republicans than all the Republican Presidents since the Civil War ever gave to Democrats in all the administrations that have served from that day until now; and I dare the Senator from Ohio to challenge that statement. President Roosevelt has exemplified his liberality and his desire to call to the service of the country in this emergency men of all political persuasions.

Mr. FESS. I should like to have the Senator from Kentucky name one Republican in Ohio who has been appointed.

Mr. BARKLEY. I do not know anything about Ohio, but I have no doubt there are some.

Mr. FESS. Certainly not.

Mr. BARKLEY. But I am satisfied I can name many of them in my State, and I can name many of them in other States. I am not complaining of that; I am rather commending the President on account of his liberality. There is no complaint here that the Democrats have been unduly favored in the appointments in the emergency bureaus.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. BARKLEY. Yes.

Mr. FESS. I think that I agree with the Senator with reference to the appointment of those who must have special equipment or special fitness. I have always thought that where appointments are made to positions which require particular ability, it is almost impossible to make sure of getting what is desired through the Civil Service Commission, and I have rather leaned toward such appointments being left very largely to the discretion and will of the President; but it seems to me, when it comes to the large number that are fit to do the work under the Home Owners' Loan Corporation, that we ought to put the appointments under the Civil Service.

Mr. BARKLEY. Mr. President, this amendment does not involve the Civil Service.

Mr. FESS. I understand that.

Mr. BARKLEY. But the Senator knows that in the organization of an emergency set-up of men, both high and low, it is impossible to wait around for the Civil Service Commission to hold examinations and grade papers, because the emergency might be over before they would ever get to it. I have in mind some vacancies in offices in my State which were vacant a year ago when the administration came into power, and the Civil Service Commission has not as yet held an examination or created an eligible list from which appointments may be made. There may be special reasons why this has been so. But in most of the emergency activities which we have undertaken in the last year it was more important to get relief to the people than to hold a Civil Service examination.

What I am complaining about is that every time the Democratic Party comes into power our opponents assume

that the time has arrived for them to preach the doctrine of nonpartisanship, whereas they never preach it when they are in power. I do not refer to my good friend from Nebraska [Mr. NORRIS], who has offered this amendment, because I pay him the tribute to which he is entitled, that he treats all parties alike; he knows no difference; he is in favor of this proposal because he believes it is right; but I think that the same thing cannot be said about many Senators on the other side who are voting with the Senator from Nebraska on this question. None of them ever felt in their breasts the surge of nonpartisan political virtue when they were in power.

What I have in mind is not a partisan question here at all, I will say to the Senator from Nebraska; but what I have in mind is, as I said a while ago, if there is any administrative officer in the Government of the United States, whether he be a Democrat or Republican, who has not the courage to take action so far as dishonest or incompetent employees or officials are concerned and wants us to adopt a resolution stiffening up his backbone, then I must say, if this amendment shall be adopted it ought to operate on him first. I do not believe there is any such man. I am quite confident that such a thing cannot be said about the President of the United States; and I have no doubt, if there is any administrative officer who will go to the President and complain that in Nebraska or in Wyoming or in Michigan or in Kentucky there is some officer in charge of the President's program who is unworthy, that the President will very promptly remove any such officer without a resolution or an amendment on the part of the Senate of the United States. I know and admire and respect the members of the board of directors of the Home Owners' Loan Corporation, and I think they will do the same.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I do.

Mr. CLARK. I call the Senator's attention to the fact that that has taken place in several States. In one State the President removed the Democratic lieutenant governor of the State from an important position in connection with the administration on charges of too great political activity.

Mr. BARKLEY. And if there is any Senator on this floor who has recommended and secured the appointment of any inefficient or corrupt man in any department in any State and he shall be removed by the President, there is not one of us who will have the courage to stand up on this floor and denounce the President for such removal.

I hope the vote whereby the amendment was adopted will be reconsidered, and when it shall be reconsidered, if it shall be, I hope the amendment offered by the Senator from Nebraska will be defeated. I do not make that statement lightly, for I have followed the Senator from Nebraska more earnestly than I have followed some of my own colleagues on this side of the Chamber. I have as great admiration for him as I have for any man in public life in the United States, but I believe on this particular occasion he is wrong.

The PRESIDING OFFICER. The question is on reconsidering the vote by which the amendment of the Senator from Nebraska [Mr. NORRIS] was agreed to.

Mr. NORRIS, Mr. McNARY, and other Senators demanded the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessarily absent. I am advised that if present he would vote as I intend to vote. I am therefore free to vote, and vote "nay."

Mr. FESS (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. I transfer that pair to the Senator from Wyoming [Mr. CAREY], and will vote. I vote "nay."

Mr. HASTINGS (when his name was called). I have a pair with the senior Senator from North Carolina [Mr. BAILEY]. I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD], and will vote. I vote "nay."

Mr. HAYDEN (when his name was called). I have a pair with the senior Senator from Idaho [Mr. BORAH]. I transfer that pair to the junior Senator from Illinois [Mr. DIETERICH], and will vote. I vote "yea."

Mr. RUSSELL (when his name was called). On this question I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. If he were present, he would vote "yea", and if I were at liberty to vote I should vote "nay."

The roll call was concluded.

Mr. WALCOTT (after having voted in the negative). I inquire if the junior Senator from California [Mr. McADOO] has voted?

The VICE PRESIDENT. The Chair is advised that the Senator from California has not voted.

Mr. WALCOTT. Then, under the circumstances, as I do not know how he would vote, I withdraw my vote.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] is paired with the Senator from Illinois [Mr. LEWIS], that the Senator from Missouri [Mr. PATTERSON] is paired with the Senator from New York [Mr. WAGNER], and that the Senator from Maine [Mr. WHITE] is paired with the Senator from Washington [Mr. DILL]. If the Senators from Rhode Island, Missouri, and Maine were present, and permitted to vote, they would vote "nay", while the Senators from Illinois, New York, and Washington, I am informed, if present and permitted to vote, would vote "yea."

I also wish to announce that the Senator from Idaho [Mr. BORAH] and the Senator from Minnesota [Mr. SHIPSTEAD] would vote "nay" if present.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nebraska [Mr. THOMPSON] is necessarily detained from the Senate on official business. If present, he would vote "nay."

I also desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the senior Senator from Washington [Mr. DILL], the junior Senator from Washington [Mr. BONE], the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], the Senator from Colorado [Mr. COSTIGAN], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. McADOO], the Senator from Massachusetts [Mr. WALSH], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Nevada [Mr. McCARRAN], the Senator from Iowa [Mr. MURPHY], and the junior Senator from North Carolina [Mr. REYNOLDS] are necessarily detained from the Senate on official business.

The result was announced—yeas 34, nays 35, as follows:

YEAS—34

Adams	Clark	King	Stephens
Ashurst	Connally	Loneragan	Thomas, Okla.
Bachman	Coolidge	McGill	Thomas, Utah
Barkley	Duffy	McKellar	Trammell
Brown	Erickson	Neely	Tydings
Bulow	George	O'Mahoney	Van Nuys
Byrd	Gore	Robinson, Ark.	Wheeler
Byrnes	Harrison	Sheppard	
Caraway	Hayden	Smith	

NAYS—35

Austin	Fess	Johnson	Overton
Barbour	Fletcher	Kean	Pope
Black	Frazier	Keyes	Reed
Bulkley	Gibson	La Follette	Robinson, Ind.
Capper	Goldsborough	Logan	Schall
Couzens	Hale	McNary	Steiwer
Cutting	Hastings	Metcalf	Townsend
Davis	Hatch	Norris	Vandenberg
Dickinson	Hatfield	Nye	

NOT VOTING—27

Bailey	Dieterich	McCarran	Shipstead
Bankhead	Dill	Murphy	Thompson
Bone	Glass	Norbeck	Wagner
Borah	Hebert	Patterson	Walcott
Carey	Lewis	Pittman	Walsh
Copeland	Long	Reynolds	White
Costigan	McAdoo	Russell	

So the Senate refused to reconsider the vote by which the amendment of Mr. NORRIS was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PHILIPPINE INDEPENDENCE—HOUSE BILL PLACED ON CALENDAR

The bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, was read twice by its title and ordered to be placed on the calendar.

PHILIPPINE INDEPENDENCE

Mr. TYDINGS. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. KING. Mr. President, is it the purpose of the Senator to do more today than have the bill made the unfinished business?

Mr. TYDINGS. No. I understand the matter cannot be disposed of today. The Senator from Utah, who has an amendment pending, will have an opportunity tomorrow to discuss it, I imagine. Of course, I cannot bind the Senate, but that is my opinion.

Mr. KING. I am sure the Senate would not go contrary to the understanding of the Senator from Maryland under the circumstances.

Mr. JOHNSON. Mr. President, what is the bill?

Mr. TYDINGS. The Philippine independence bill.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Maryland.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and form of government for the Philippine Islands, and for other purposes, which has been reported from the Committee on Territories and Insular Affairs without amendment.

ORDER FOR CALL OF THE CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, at the conclusion of the routine morning business, the Senate proceed to the consideration of unobjected bills on the calendar, beginning where we left off on last Thursday, at Order of Business No. 471.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, on several occasions the request has been made of me that we might have a call of the calendar without restriction so that a motion could be made to take up a bill on the calendar in the usual way which obtains at any other time than on Monday by unanimous consent. The Senator from Idaho [Mr. BORAH] has made such a request within the last few days, that we might proceed to take up bills in their order by the usual form of motion. I wonder if the Senator would be willing tomorrow that we call the calendar under rule VIII?

Mr. ROBINSON of Arkansas. No; not tomorrow. May I suggest to the Senator from Oregon that there is a considerable number of bills on the calendar that have not been called, which have been placed there since the calendar was last called. It is my intention and purpose to make an arrangement for the consideration of unobjected bills tomorrow. I will say to the Senator from Oregon that in all probability an arrangement will be effected to consider the calendar under rule VIII at an early date.

Mr. McNARY. May we not have an understanding that some day later in the week we may take up bills on the calendar under rule VIII?

Mr. ROBINSON of Arkansas. I will confer with the Senator about it.

Mr. McNARY. Then I may feel at liberty to say that during the week we will reach a call of the calendar under that rule?

Mr. ROBINSON of Arkansas. I will confer with the Senator and try to arrange it. I submit the request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Just a moment. I want to cooperate with the Senator from Arkansas, but I should like to have a little better understanding that the next time we reach the calendar it will be called under rule VIII, so that a motion may be made to take up a bill against objection. May I have that understanding with the Senator from Arkansas?

Mr. ROBINSON of Arkansas. I thought I had an understanding with the Senator from Oregon. I am not in a position now to fix a day upon which that may be done.

Mr. McNARY. I am not asking for that.

Mr. ROBINSON of Arkansas. I will arrange it for the early future.

Mr. McNARY. Very well.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

AGRICULTURAL DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. RUSSELL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5 and 6.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 19, 21, 29, 30, 31, 33, and 34, and agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,348,619"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,394,323"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$230,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$312,701"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$136,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$16,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 3, 4, 25, 26, 27, 28, 32, and 35.

RICHARD B. RUSSELL, Jr.,
CARL HAYDEN,
HENRY W. KEYES,
GERALD P. NYE,

Managers on the part of the Senate.

JOHN N. SANDLIN,
M. J. HART,
CLARENCE CANNON,
J. H. SINCLAIR,
LLOYD THURSTON,

Managers on the part of the House.

Mr. RUSSELL. Mr. President, there are involved in the bill several matters which the Department of Agriculture is very anxious to have enacted into law as promptly as possible. The approval of the report at this time, therefore, is of vital importance. I move its adoption.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

NOMINATION OF POSTMASTER AT RISING SUN, MD.—RECONSIDERATION

As in executive session,

Mr. McKELLAR. Mr. President, I ask unanimous consent that the vote by which the nomination of Taylor R. Biles to be postmaster at Rising Sun, Md., was confirmed on March 14 may be reconsidered, and then that the nomination be recommitted to the Committee on Post Offices and Post Roads. The reason for this request, I will say to the Senate, is that, by accident, this nomination was not submitted to the Senator from Maryland [Mr. TYDINGS].

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Frank J. McDonnell, of Pennsylvania, to be United States attorney, middle district of Pennsylvania, to succeed Andrew B. Dunsmore, whose term expired February 6, 1934.

The VICE PRESIDENT. The reports will be placed on the calendar.

The calendar is in order.

The first nomination on the calendar will be passed over under the unanimous-consent agreement.

PUBLIC HEALTH SERVICE

The Chief Clerk read the nomination of Harry J. Warner to be medical director.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Robert Olesen to be medical director.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Charles M. Fauntleroy to be medical director.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Knox E. Miller to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Joseph G. Wilson to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Clifford E. Waller to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Charles V. Akin to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John H. Linson to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Newton E. Wayson to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Frank M. Faget to be senior surgeon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be considered en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none; and, without objection, the nominations are confirmed en bloc.

That completes the calendar.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 24 minutes p.m.) the Senate, in legislative session, adjourned until tomorrow, Tuesday, March 20, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 19 (legislative day of Mar. 15), 1934

CONSUL GENERAL

Carol H. Foster, of Maryland, now a Foreign Service officer of class 4 and a consul, to be a consul general of the United States of America.

ASSISTANT COMMISSIONER OF PATENTS

Bryan M. Battey, of New York, to be Assistant Commissioner of Patents, vice Millard J. Moore, retired.

MEMBER OF THE PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Richmond B. Keech, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the remainder of the term expiring June 30, 1935, vice Mason M. Patrick, resigned.

RECORDER OF DEEDS OF THE DISTRICT OF COLUMBIA

William J. Thompkins, of Kansas City, Mo., to be recorder of deeds, District of Columbia, to succeed Jefferson S. Coage.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS

Second Lt. William Gordon Beard, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Julian Merritt Chappell, Infantry (detailed in Air Corps), with rank from June 11, 1931.

Second Lt. John Joseph Hutchison, Coast Artillery Corps (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Arnold Leon Schroeder, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. John Francis Wadman, Infantry (detailed in Air Corps), with rank from June 9, 1928.

PROMOTION IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. Ned Bernard Rehkopf, Field Artillery, from March 9, 1934.

TO BE LIEUTENANT COLONEL

Maj. Thruston Hughes, Adjutant General's Department, from March 9, 1934.

TO BE MAJOR

Capt. Benjamin Bowering, Coast Artillery Corps, from March 9, 1934.

TO BE CAPTAIN

First Lt. Charles Theodore Skow, Air Corps, from March 9, 1934.

TO BE FIRST LIEUTENANTS

Second Lt. John Jordan Morrow, Air Corps, from March 9, 1934.

Second Lt. Mercer Christie Walter, Field Artillery, from March 10, 1934.

Second Lt. Theodore John Dayharsh, Coast Artillery Corps, from March 10, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 19 (legislative day of Mar. 15), 1934

PUBLIC HEALTH SERVICE

TO BE MEDICAL DIRECTORS

Harry J. Warner.

Robert Olesen.

Charles M. Fauntleroy.

TO BE SENIOR SURGEONS

Knox E. Miller

John H. Linson

Joseph G. Wilson

Newton E. Wayson

Clifford E. Waller

Frank M. Faget

Charles V. Akin

POSTMASTERS

ILLINOIS

Joseph I. Kvidera, Cary.

Eugene P. Kline, East St. Louis.

Owen Kelly, Farmington.

Clifford W. Brewer, Knoxville.

John H. Priept, Mendon.

Mervin N. Beecher, Yorkville.

MISSISSIPPI

Brooksie J. Holt, Duncan.

James W. Lucas, Moorhead.

Buren Broadus, Wiggins.

MISSOURI

Leslie B. Kincaid, Braymer.

Max Clodfelter, Dexter.

Rolla S. Cozean, Farmington.

Louis N. Bowman, King City.

Charles E. Sears, Macon.

Leonard D. Dyer, Rushville.

William B. Maus, Schell City.

Clarence F. Bruton, Sikeston.

Emmett S. Stewart, Sturgeon.

NEW JERSEY

William H. Cottrell, Princeton.

Jane L. Garland, Sea Bright.

TEXAS

Albert A. Allison, Corsicana.

Carl W. Amberg, Lagrange.

William H. Lyle, Sudan.

Margaret E. Lasseter, Westbrook.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 19, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Teach us how to live, our blessed Heavenly Father. Today is our own; we thank Thee for its providence. O Spirit divine, plead with us that we may have sweet and understanding minds. With clear seeing and straight thinking, let us fulfill the obligations of our great calling. May our thoughts respond to Thy thoughts—harness our purpose with

Thy purpose and key our desires to Thy holy will. Impress us that a benevolent heart is more rewarding than self-interest and allow not dreary selfishness to be the prison of our souls. Almighty God, lead us just now to consecrate ourselves at the altar of our country. O clothe us with the spirit of dedication that crowned and made memorable our forefathers in the establishment of the cause of good and righteous government in a new land and in a new world. In the name of the world's Savior. Amen.

The Journal of the proceedings of Saturday, March 17, was read and approved.

THE COTTON BILL

The SPEAKER. Under the special order of the House agreed to on last Saturday, the unfinished business is the bill H.R. 8402, to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SNELL. Mr. Speaker, on the final passage of the bill I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 251, nays 115, answered "present" 2, not voting 64, as follows:

[Roll No. 109]

YEAS—251

Adams	Darden	Jeffers	Parker
Allgood	Dear	Jenckes, Ind.	Parks
Arens	Deen	Johnson, Minn.	Parsons
Arnold	Delaney	Johnson, Okla.	Patman
Ayers, Mont.	DeRouen	Johnson, Tex.	Peterson
Ayres, Kans.	Dickinson	Johnson, W. Va.	Pierce
Bailey	Dies	Jones	Polk
Bankhead	Dingell	Kee	Prall
Beam	Disney	Keller	Ramsay
Beiter	Dobbins	Kelly, Ill.	Ramspeck
Berlin	Dockweiler	Kenney	Randolph
Black	Douglass	Kerr	Rayburn
Blanton	Doxey	Kloeb	Reilly
Bloom	Drewry	Kniffin	Richards
Boehne	Driver	Kocalkowski	Robertson
Boileau	Duncan, Mo.	Kopplemann	Robinson
Boylan	Dunn	Kramer	Rogers, N.H.
Brown, Ga.	Durgan, Ind.	Kvale	Rogers, Okla.
Brown, Ky.	Eagle	Lambeth	Romjue
Brown, Mich.	Edmiston	Lanzetta	Ruffin
Browning	Ellenbogen	Larrabee	Sadowski
Brunner	Ellzey, Miss.	Lea, Calif.	Sandlin
Buchanan	Faddis	Lee, Mo.	Schaefer
Bulwinkle	Farley	Lewis, Colo.	Schuetz
Burch	Fernandez	Lindsay	Schulte
Burke, Calif.	Fiesinger	Lloyd	Scrugham
Byrns	Fitzpatrick	Lozier	Sears
Cady	Fletcher	Ludlow	Secrest
Caldwell	Ford	Lundeen	Shallenberger
Cannon, Mo.	Frear	McCarthy	Shoemaker
Carden, Ky.	Fuller	McClintic	Sinclair
Carmichael	Fulmer	McCormack	Sirovich
Carpenter, Nebr.	Gambrill	McDuffie	Sisson
Cartwright	Gasque	McFarlane	Smith, Va.
Cary	Gavagan	McGrath	Smith, Wash.
Castellow	Gilchrist	McMillan	Snyder
Celler	Gillespie	McReynolds	Somers, N.Y.
Chapman	Glover	McSwain	Spence
Chavez	Granfield	Maloney, Conn.	Steagall
Christianson	Greenway	Maloney, La.	Strong, Tex.
Church	Greenwood	Marland	Stubbs
Clark, N.C.	Gregory	Martin, Colo.	Studley
Coffin	Griswold	Martin, Oreg.	Sumners, Tex.
Colden	Haines	May	Sutphin
Cole	Hancock, N.C.	Mead	Swank
Collins, Miss.	Harlan	Meeks	Sweeney
Colmer	Hastings	Miller	Tarver
Condon	Healey	Milligan	Taylor, Colo.
Connery	Henney	Monaghan, Mont.	Terry, Ark.
Cooper, Tenn.	Hill, Ala.	Montet	Thom
Cox	Hill, Knute	Murdock	Thomason
Cravens	Hill, Samuel B.	Musselwhite	Thompson, Ill.
Crosby	Hoeppel	O'Connor	Thompson, Tex.
Cross, Tex.	Holdale	O'Malley	Thurston
Crosser, Ohio	Howard	Oliver, Ala.	Truax
Crump	Hughes	Oliver, N.Y.	Umstead
Culkin	Imhoff	Owen	Utterback
Cummings	Jacobsen	Palmsano	Vinson, Ga.

Wallgren
Warren
Weaver
Weldman
Werner

West, Ohio
West, Tex.
White
Whittington
Wilcox

Willford
Wilson
Withrow
Wood, Ga.
Wood, Mo.

Woodrum
Young
Zioncheck
The Speaker

NAYS—115

Andrew, Mass.
Andrews, N.Y.
Bacharach
Bacon
Bakewell
Beck
Beedy
Biermann
Blanchard
Bland
Bolton
Britten
Buck
Burke, Nebr.
Burnham
Busby
Carpenter, Kans.
Carter, Calif.
Carter, Wyo.
Chase
Clarke, N.Y.
Cochran, Mo.
Cochran, Pa.
Connolly
Corning
Darrow
De Priest
Dirksen
Dondero

Doutrich
Dowell
Elcher
Eltsch, Calif.
Englebright
Evans
Fish
Foss
Gifford
Gillette
Goodwin
Goss
Griffin
Hancock, N.Y.
Harter
Hartley
Hess
Higgins
Holmes
Hope
Huddleston
James
Jenkins, Ohio
Kahn
Kelly, Pa.
Klinzer
Knutson
Kurtz
Lambertson

Lamneck
Lehlbach
Lesinski
Luce
McFadden
McGugin
McLean
McLeod
Mapes
Marshall
Martin, Mass.
Merritt
Millard
Mitchell
Moran
Morehead
Mott
Nesbit
Peavey
Pettengill
Peyser
Plumley
Powers
Rankin
Ransley
Reece
Reed, N.Y.
Rich
Richardson

Rogers, Mass.
Sanders
Seger
Simpson
Snell
Stalker
Stokes
Strong, Pa.
Swick
Taber
Taylor, Tenn.
Terrell, Tex.
Thomas
Tinkham
Tobey
Traeger
Turner
Turpin
Wadsworth
Walter
Wearin
Welch
Whitley
Wigglesworth
Wolcott
Wolfenden
Wolverton
Woodruff

ANSWERED "PRESENT"—2

Doughton

Gray

NOT VOTING—64

Abernethy
Adair
Allen
Auf der Heide
Boland
Brennan
Brooks
Brumm
Buckbee
Cannon, Wis.
Carley, N.Y.
Cavicchia
Claiborne
Collins, Calif.
Cooper, Ohio
Crowe

Crowther
Cullen
Dickstein
Ditter
Duffey
Eaton
Edmonds
Fitzgibbons
Flannagan
Focht
Foulkes
Frey
Goldsborough
Green
Guyer
Hamilton

Hart
Hildebrandt
Hollister
Kennedy, Md.
Kennedy, N.Y.
Kleberg
Lanham
Lehr
Lemke
Lewis, Md.
McKeown
Mansfield
Montague
Moynihan, Ill.
Muldowney
Norton

O'Brien
O'Connell
Perkins
Pou
Reid, Ill.
Rudd
Sabath
Shannon
Smith, W.Va.
Sullivan
Taylor, S.C.
Treadway
Underwood
Vinson, Ky.
Waldron
Williams

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Doughton (for) with Mr. Treadway (against).
Mr. Taylor of South Carolina (for) with Mr. Eaton (against).
Mr. Cullen (for) with Mr. O'Connell (against).
Mr. McKeown (for) with Mr. Guyer (against).
Mr. Pou (for) with Mr. Claiborne (against).
Mr. Cannon of Wisconsin (for) with Mr. Perkins (against).
Mr. Lehr (for) with Mr. Brumm (against).
Mr. Rudd (for) with Mr. Crowther (against).
Mr. Sullivan (for) with Mr. Hollister (against).
Mr. Carley of New York (for) with Mr. Focht (against).
Mr. Dickstein (for) with Mr. Cavicchia (against).
Mr. Auf der Heide (for) with Mr. Ditter (against).

General pairs:

Mr. Lanham with Mr. Buckbee.
Mr. Abernethy with Mr. Cooper of Ohio.
Mr. Kennedy of New York with Mr. Muldowney.
Mr. Sabath with Mr. Lemke.
Mrs. Norton with Mr. Edmonds.
Mr. Montague with Mr. Allen.
Mr. Kleberg with Mr. Moynihan of Illinois.
Mr. Flannagan with Mr. Waldron.
Mr. Lewis of Maryland with Mr. Reid of Illinois.
Mr. Mansfield with Mr. Collins of California.
Mr. Vinson of Kentucky with Mr. Adair.
Mr. Underwood with Mr. Bolland.
Mr. Shannon with Mr. Duffey.
Mr. Williams with Mr. Frey.
Mr. Hart with Mr. Fitzgibbons.
Mr. O'Brien with Mr. Brennan.
Mr. Smith of West Virginia with Mr. Hildebrandt.
Mr. Brooks with Mr. Foulkes.
Mr. Goldsborough with Mr. Hamilton.
Mr. Kennedy of Maryland with Mr. Green.

Mr. BOEHNE. Mr. Speaker, I change my vote from "nay" to "yea."

The result of the vote was announced as above recorded.

On motion of Mr. Jones, a motion to reconsider the vote by which the bill was passed was laid on the table.

AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, if I understand this bill correctly, this is the bill that has the La Follette amendment attached to it to provide a certain amount for the purchase of diseased dairy cattle, and so forth, the amount being \$150,000,000.

Mr. JONES. The Senate put in everything except the kitchen stove.

Mr. SNELL. May I say in all seriousness to the gentleman, this amendment, as I understand it, is more important than any measure that we have had before us in recent times affecting the dairy interests of the country. It is the only direct aid, as far as I can see, that would come at once to this industry, and as far as I am concerned, and as far as others who are very deeply interested in the dairy situation are concerned, we feel that the amendment should come back to the House and be agreed to. We should at least give the House a chance to express its opinion before the House conferees insist on the Senate withdrawing the amendment. If this goes to conference I would ask the gentleman to agree that before any such thing happened he would bring it back to the House and give us an opportunity to express ourselves on such an important amendment.

Mr. JONES. I may state to the gentleman, as I have stated to several others, that the purposes outlined in the La Follette amendment are in the main the features that were intended to be used under the declared purposes of the bill as it passed the House. There was a committee of livestock men representing both the dairy- and beef-cattle people of the entire country who met here, and the purposes named in the La Follette amendment were outlined as a part of the program that would be adopted if the House bill passed. Of course I am not authorized to speak for the conferees, but I think some good purposes are outlined in the amendment, and they are specified now rather than stated generally as heretofore.

Mr. SNELL. That is the main point. Furthermore, the question of a processing tax is not involved in this amendment.

Mr. JONES. I think at least part of the funds should be used for the purposes outlined. I do not know whether we will be able to use as much money as here involved, but I may state to the gentleman that personally I believe a part of the funds should be devoted to these specific purposes.

Mr. SNELL. The original bill is very general in its purposes. This is a definite, specific appropriation for a main specified project, and that project is the thing in which we are deeply interested.

Mr. JONES. The original bill provided that at least 40 percent should be used for dairy cattle.

Mr. SNELL. Yes; but it might be used in a general way and not for the specific purposes mentioned in the La Follette amendment.

Mr. JONES. With all the various matters outlined in the bill, the gentleman knows we cannot have direct and positive commitments; but I do not think the gentleman and I are far apart in our opinion as to what should be done or what could be accomplished. I am in thorough sympathy with reserving a part of what we may be able to hold in the bill for this purpose, but I do not know whether we will be able to hold as much as this would involve in the bill and secure its approval.

Mr. HOPE. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HOPE. It seems to me one very important element in the La Follette amendment is the fact that it is specifically provided that the funds which it authorizes to be appropriated shall not be raised through a processing tax. I think it is the thought and the purpose of those interested in the

dairy industry that a processing tax would be a very unfortunate thing to impose on that industry at this time.

Mr. JONES. The gentleman was present at the hearing and knows what was the declared purpose and that any processing fee will probably be deferred a short time and then put on in a small way until conditions get better, and the funds authorized would be made immediately available for the program. The gentleman will be on the conference committee, and I think, under the circumstances, we will ask that five Members be in this conference, including the gentleman from Kansas [Mr. HOPE] and the gentleman from Pennsylvania [Mr. KINZER]. I think we will be able to work out a very satisfactory agreement and one that none of you gentlemen would object to.

Mr. SNELL. That is not quite satisfactory. I want the bill to go to conference, but I want a definite understanding that the La Follette amendment is coming back to the House, or some part of it. The gentleman from Kansas [Mr. HOPE] has raised the matter of the processing tax and that is very important to our people.

Mr. JONES. I will state to the gentleman that, personally, I am in favor of at least having a part of whatever fund may be appropriated set apart in this fashion. I can only speak for myself, but I think the men concerned are reasonable, and I do not think any of us are very far apart in our wishes in the premises.

Mr. SNELL. That is satisfactory so far as it goes, but I do not want something to happen that will cause this to slip away from us.

Mr. JONES. The gentleman knows that this is the same conference that has considered a number of bills, and I do not think he feels we are going to try to put anything over on the House.

Mr. SNELL. I do not mean entirely that, but this is so important to the dairy industry that I would want an understanding that at least part of it is coming back to the House to be definitely acted upon, because the question of a processing tax is involved and that is a very important matter with this industry.

Mr. JONES. I cannot assure the gentleman what the conferees will do. I have said that, personally, I favor doing just what the gentleman has suggested, insofar as it is practical to do so, to wit, setting part of it aside for the specific purposes mentioned. I am in favor of that, personally, and that is as far as I can go. I cannot speak for the other conferees.

Mr. BRITTEN. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BRITTEN. I would suggest to the gentleman that, so far as I am concerned, the minority leader is not talking for the Republicans on this side of the aisle. I do not see any reason why the dairy farmers should be made an outright gift of \$100,000,000 or \$150,000,000. Why should they not be cared for out of a processing tax like the tax imposed on all other farm products?

Mr. JONES. I think if the gentleman from Illinois will read the amendment he will find that it is a provision for eliminating diseased cattle, in which I think everybody is interested, and also distributing a certain amount for relief purposes.

Mr. BRITTEN. What I want to convey to the House is the fact that because the distinguished minority leader over here, with whom I am always in accord, has the dairies in his district, he is very anxious about this particular bill, but there are other Republicans on the floor of the House who are just as anxious to see justice done the National Treasury.

Mr. JONES. The gentleman's discussion has shown the impossibility of making a definite promise on any of these things, and I hope the gentleman will not object to the bill going to conference.

Mr. BOILEAU. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BOILEAU. The gentleman has stated that he is in favor of retaining the provisions of the La Follette amend-

ment that would make something available for the eradication of tubercular and other disease-infected cattle.

Mr. JONES. Part of the fund.

Mr. BOILEAU. The bill we passed originally would make those funds available for that purpose if the Department of Agriculture wanted to use them in that way.

Mr. JONES. Yes; absolutely.

Mr. BOILEAU. So the whole sum and substance of it is that the La Follette amendment actually increases the appropriation or the amount that would be made available for this purpose.

Mr. JONES. Yes; it not only increases it, but makes it certain that some of the funds will be used for those specific purposes. It might be that if the cattlemen and the dairymen did not insist, part of the \$200,000,000 would not be used.

Mr. BOILEAU. I appreciate that, but it seems to me that in order to carry out a program of that magnitude a substantially larger amount than that appropriated would be required.

Mr. JONES. I am not in position to assure the gentleman how much would be used, but I can assure the gentleman that, personally, whatever fund is allotted, I should be pleased to have part of it, at least, earmarked for that purpose.

Mr. BOILEAU. Can the gentleman also assure us that he will make an effort to have a larger amount appropriated than the amount in the bill as passed by the House?

Mr. JONES. I would rather the gentleman did not press that.

Mr. BOILEAU. I hope the gentleman will make that effort.

Mr. JONES. I am pleased to have the gentleman's thought in the matter.

Mr. McFADDEN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. McFADDEN. I infer the gentleman is of the opinion that this distribution should be made by the Secretary of Agriculture?

Mr. JONES. I do not think that is particularly important. They call in the various groups with respect to the part that affects them, and the Secretary has stated he would call in these groups and let them help work out the program. I do not think they will have any trouble about that.

Mr. McFADDEN. What I am fearful of is that the conference will so mix up this question that the House will not have an opportunity to express itself on these particular matters.

Mr. JONES. We will try to be fair with the House, and I hope the gentleman will not insist on any objection. We must go to conference to get anything, and we have in the offing a program that will really do something for the dairy- and beef-cattle industries and we all know that they have been in extreme need of stabilization. At the same time we can do something of advantage to the public by using some of the funds, as has been outlined, to much better advantage than some other relief funds have been used.

Mr. McFADDEN. Has the gentleman in mind the same method of distribution that was considered in the past—a 60-40 division?

Mr. JONES. No. That was simply a limitation. It must be as much as 40 percent for one or the other.

Mr. McFADDEN. Are these additional funds to be distributed on the same basis?

Mr. JONES. I do not believe there is such a limitation.

Mr. SNELL. It is entirely different.

Mr. JONES. This is a dairy proposition, and it may be necessary to make some readjustment.

Mr. BOILEAU. Is it not a fact that if the money were to be spent in accordance with the La Follette amendment that both the dairy and cattle money spent in that way would help both industries?

Mr. JONES. I am rather inclined to think that is correct. However, I would rather not undertake to construe the amendment at this time.

Mr. SNELL. Mr. Speaker, considering the assurances I have received from the chairman of the committee, I think the dairy interests will receive fair consideration, and I withdraw the reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. JONES, FULMER, DOXEY, HOPE, and KINZER.

Mr. HOEPEL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOEPEL. A morning paper publishes the Democratic black list. I should like to know if they are going to publish it in the RECORD now or after election.

The SPEAKER. That is not a parliamentary inquiry.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 3908. An act for the relief of Joanna A. Sheehan.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7966) entitled "An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKellar, Mr. Hayden, and Mr. Schall to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8134) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Russell, Mr. Hayden, Mr. Smith, Mr. Keyes, and Mr. Nye to be the conferees on the part of the Senate.

THE PHILIPPINE ISLANDS

Mr. McDUFFIE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

The SPEAKER. The Clerk will report the bill.

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent that the reading of the bill be dispensed with.

There was no objection.

The bill follows:

H.R. 8573

A bill to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes

Be it enacted, etc.:

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, but not later than October 1, 1934, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December 1898, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November 1900. The Philippine Legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

Sec. 2. (a) The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(1) All citizens of the Philippine Islands shall owe allegiance to the United States.

(2) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(3) Absolute toleration of religious sentiment shall be secured, and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

(4) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(5) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(6) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(7) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(8) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

(9) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(10) Foreign affairs shall be under the direct supervision and control of the United States.

(11) All acts passed by the Legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(12) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(13) The decisions of the courts of the Commonwealth of the Philippine Islands shall be subject to review by the Supreme Court of the United States as provided in paragraph (6) of section 7.

(14) The United States may, by Presidential proclamation, exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty, and for the discharge of government obligations under and in accordance with the provisions of the constitution.

(15) The authority of the United States High Commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this act, shall be recognized.

(16) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof.

(b) The constitution shall also contain the following provisions, effective as of the date of the proclamation of the President recognizing the independence of the Philippine Islands, as hereinafter provided:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(3) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(4) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(5) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. (2)) in a treaty with the United States.

SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES

Sec. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted within 2 years after the enactment of this act to the President of the United States, who shall deter-

mine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act, he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this act, he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 4 months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence, and the Governor General shall, within 30 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manilla (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by

the government of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their average annual production for the calendar years 1931, 1932, and 1933, and the amount of sugar from each mill which may be so exported shall be allocated in each year between the mill and the planters on the basis of the proportion of sugar to which the mill and the planters are respectively entitled. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

(1) During the sixth year after the inauguration of the new government the export tax shall be 5 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(2) During the seventh year after the inauguration of the new government the export tax shall be 10 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(3) During the eighth year after the inauguration of the new government the export tax shall be 15 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(4) During the ninth year after the inauguration of the new government the export tax shall be 20 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(5) After the expiration of the ninth year after the inauguration of the new government the export tax shall be 25 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such funds shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to disapprove such amendment within 6 months from the time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The chief executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States High Commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the United States High Commissioner of the Philippine Islands. He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government or any subdivision thereof, and shall be furnished by the Chief Executive of the Commonwealth of the Philippine Islands with such information as he shall request.

If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States High Commissioner shall immediately report the facts to the President, who may thereupon direct the High Commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States High Commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be delegated to him from time to time by the President under the provisions of this act.

The United States High Commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress, including a financial expert, who shall receive for submission to the High Commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States. The salaries and expenses of the High Commissioner and his staff and assistants shall be paid by the United States.

The first United States High Commissioner appointed under this act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, and shall fix his term of office. He shall be the representative of the government of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all departments upon presentation to the President of credentials signed by the Chief Executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

(6) Review by the Supreme Court of the United States of cases from the Philippine Islands shall be as now provided by law; and such review shall also extend to all cases involving the constitution of the Commonwealth of the Philippine Islands.

SEC. 8. (a) Effective upon the acceptance of this act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except sec. 13 (c), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of 50. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the Immigration Act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purposes of sections 18 and 20 of the Immigration Act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the Immigration Act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

SEC. 9. There shall be no obligation on the part of the United States to meet the interest or principal of bonds and other obligations of the government of the Philippine Islands or of the provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands: *Provided*, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States.

RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

SEC. 10. (a) On the 4th day of July immediately following the expiration of a period of 10 years from the date of the inauguration of the new government under the constitution provided for in this act the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such naval reservations and fueling stations as are reserved under sec. 5), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same as the government instituted by the people thereof under the constitution then in force.

(b) The President of the United States is hereby authorized and empowered to enter into negotiations with the government of the Philippine Islands, not later than 2 years after his proclamation recognizing the independence of the Philippine Islands, for the adjustment and settlement of all questions relating to naval reservations and fueling stations of the United States in the Philippine Islands, and pending such adjustment and settlement the matter of naval reservations and fueling stations shall remain in its present status.

NEUTRALIZATION OF PHILIPPINE ISLANDS

SEC. 11. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

NOTIFICATION TO FOREIGN GOVERNMENTS

SEC. 12. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

SEC. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

IMMIGRATION AFTER INDEPENDENCE

SEC. 14. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

CERTAIN STATUTES CONTINUED IN FORCE

SEC. 15. Except as in this act otherwise provided, the laws now or hereafter in force in the Philippine Islands shall continue in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the Legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the government or officials of the Philippines or Philippine Islands shall be construed, insofar as applicable, to refer to the government and corresponding officials respectively of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and

its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

Sec. 16. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

Sec. 17. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

The SPEAKER. Is a second demanded?

Mr. BEEDY. Mr. Speaker, I demand a second.

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, I will detain the House but a few moments. The pending bill involves no partisanship, no politics, and insofar as I know, little if any dissension in the views of Members of the House.

The bill is substantially a reenactment of the Hare-Hawes-Cutting Act.

That act was the result of the work of the Insular Affairs Committee of the Senate, the Committee on Insular Affairs of the House, with the earnest and fine efforts of the Commissioners from the Philippine Islands, the sturdy patriot and able Commissioner GUEVARA, and the brilliant OSIAS, whose fine ability and excellent qualities of statesmanship have endeared him to us all. That bill, I assume, is thoroughly understood and has the approval of this House and the entire country. The outstanding work of former Senator HAWES for Philippine independence will go down in history. The former Chairman of the Committee on Insular Affairs, Mr. HARE, of South Carolina, and Senator CUTTING contributed their statesmanlike and most effective efforts. To these three Americans must go the major credit for Philippine independence. I am not unmindful that the name of Senator PITTMAN will always be associated with those whose assiduous labors have brought about this legislation.

The Hare-Hawes-Cutting Act provided that the legislature of the islands should meet not later than January 17, 1934, to consider the calling of a convention to frame a constitutional form of government for the islands.

The Philippine Legislature, assigning several objections, refused to accept that bill. No further consideration by that legislature can now be had without extension of the time by Congress. Representatives of that school of thought which opposed the bill in the islands, and indeed some of those in the legislative branch of the island government, came to Washington several weeks ago.

A series of conferences followed not only with the President of the United States but also with many of us who are interested in settling the very important question of the independence problem, which has confronted us for many years.

The only change involved under the terms of this bill, or I should say the major change presented in this bill, is that provision in section 10 whereby we agree when independence is accomplished to remove our Army and relinquish the Army reservations. We continue to retain our naval bases and coaling stations, but agree to enter into negotiations with the new independent government to determine the feasibility of further maintenance of our Navy in the islands.

Among those who came to Washington representing that school of thought in the islands, which had opposed the provisions of the Hare-Hawes-Cutting Act, is the former commissioner, indeed one of the first commissioners from the islands to sit in this House, the splendid patriot, the brilliant Emanuel Juezon, now president of the senate of the Philippine Islands, and who honors us with his presence on the floor of the House today. [Applause.] I am glad all major factions in the islands are now apparently ready to urge acceptance of this bill. With Quezon, Quiniro, and

others of their views, joining hands with Roxas, Osmeña, and Osias, there can be no doubt of favorable action and there is glory enough for all.

As the result of conferences with him and others, including advocates of the Hare-Hawes-Cutting Act, we have the assurance that if the Congress reenacts the Hare-Hawes-Cutting Act with the changes I have indicated, it will have the approval of the Filipino people, and the legislature will be called together immediately to give its approval.

Mr. SNELL. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. SNELL. As I understand the gentleman's statement, the main objection to the original legislation was the fact that we maintain an army over there and a naval base.

Mr. McDUFFIE. That was one of several objections.

Mr. SNELL. That was one of the outstanding objections?

Mr. McDUFFIE. That was one of the outstanding objections.

Mr. SNELL. And that has been removed?

Mr. McDUFFIE. That has been removed insofar as keeping our Army in the islands is concerned, and while other objections were assigned, those who opposed the bill are now willing to accept it, and present it to the people and urge them to accept it.

Mr. SNELL. And the gentleman is of opinion that with these exceptions it will be ratified very quickly by the Philippine Legislature?

Mr. McDUFFIE. I have no doubt of it.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. JENKINS of Ohio. Is the gentleman in position to state the attitude of the Navy and Army with reference to these changes?

Mr. McDUFFIE. I assume that the Bureau of Insular Affairs, which is a part of the Army, is favorable to the change and to this bill with some exceptions. They would like to have a few amendments which may be worked out in the future, but they have raised no material objection, insofar as I know. I have heard no objections to passing this bill from the Army or Navy.

Mr. JENKINS of Ohio. Would it be improper if I were to ask as to whether or not the administration has taken a position with reference to this bill?

Mr. McDUFFIE. The attitude of the administration, of course, is represented in a message to Congress by the President of the United States suggesting the enactment of this bill.

Mr. ENGLEBRIGHT. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. ENGLEBRIGHT. What is the status of the naval stations, as worked out under the provisions of this bill, and the fueling stations?

Mr. McDUFFIE. We retain those after independence is an accomplished fact, but we agree to negotiate with the independent government as to the propriety or feasibility of further retention of naval bases. We further promise to urge neutrality for the islands. The gentleman, I am sure, can see the absolute necessity of that.

Mr. WELCH. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. In a moment. The House realizes, I am sure, that it has been the fixed policy of this Government since we acquired the islands ultimately to make them free and independent. Every President, from the lamented McKinley down to the present occupant of the White House, has assumed that attitude, and has expressed properly and correctly the attitude of the American people. President Roosevelt very correctly expressed it when he said in his message to us that "we desire to hold no people over whom we have gained sovereignty through war against their will." As a result of that policy and carrying out our responsibility, and, as I take it, discharging the solemn duty of this Government, this bill, setting up the processes under which ultimate independence may be achieved, is again presented, and we believe, as already stated, that it will be accepted in the islands.

There are 14,000,000 Filipino people, as many people as there are in the Republic of Mexico, a greater population than in any of the 18 countries to the south of us on the Western Hemisphere, with the exception of three. The islands comprise an area as large as all of New England and New York combined. These people have made wonderful strides under the American flag. They have an educational system that ranks amongst the best systems in the world. They have 9,063 schools and colleges, 7,000 of which were established since our flag was raised on the islands. They have a million and a quarter students in these colleges; 30 percent of their revenues is expended for education. Eighty percent of them, I am informed, speak our language, which is required to be taught.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. I yield first to the gentleman from California [Mr. WELCH].

Mr. WELCH. Referring to the inquiry of my colleague from California [Mr. ENGLEBRIGHT], the only change in this bill from the bill enacted last year is the one in reference to the military and naval reservations?

Mr. McDUFFIE. Yes.

Mr. WELCH. That is the only change in the bill?

Mr. McDUFFIE. Yes. I now yield to the gentleman from California [Mr. COLDEN].

Mr. COLDEN. Is it not a fact that only about one third of the children in the Philippine Islands are in school, and that the average term is only about 3 years?

Mr. McDUFFIE. We have no such information before the committee.

Mr. THURSTON. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. THURSTON. The chairman of the committee will agree that if this had been initial legislation upon the subject, a number of members of the committee would have insisted on the much shorter term than the provisions in the present bill.

Mr. McDUFFIE. I agree to that. There are some who would like to see independence granted immediately.

Mr. THURSTON. Within a 5-year period.

Mr. McDUFFIE. Yes; and doubtless some selfish interests want to cut those 14,000,000 people adrift immediately, which might result in their seizure by some nation within 24 hours. To pull down our flag and retire immediately, without giving them an opportunity to readjust their economics and without an opportunity to fix their place in the sun, which they are capable of doing, would be an act of moral cowardice upon the part of the American Republic, especially in the light of present conditions in the Far East. The Congress and the American people are not willing to follow such a course.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. MARTIN of Colorado. When the gentleman was interrupted he was making a very splendid statement regarding the achievements of the Filipino people. Would he kindly continue that statement in an extension of his remarks, if he has not the time to do so now?

Mr. McDUFFIE. I should be glad to do so. There are 8,442 public schools in the islands, staffed by 28,519 supervisors, principals, and teachers, all Filipinos except about 300. Included in the educational establishment is the university in Manila which was founded in 1611, 25 years before the foundation of Harvard. Many Filipinos are attending colleges and universities in America and other countries. For the last 15 years the health service has been administered almost wholly by Filipinos. Sanitation became one of the first concerns of the American Government, and the present director of the health bureau is a Filipino, as are nearly all of his 522 medical and 2,083 lay assistants. In 1930 there were 105 hospitals of all types in the islands. One of them was founded in 1596. A civil-service system is used in the legislative, executive, and judicial departments,

and in 1930 there were more than 21,700 civil-service employees, all but 461 were Filipinos. The administration of justice in the islands is a matter of pride to the Filipino people as well as to Americans. There is a supreme court, 28 courts of first instance in 28 districts, and 865 justices of the peace. There are 31 auxiliary judges who assist the district judges.

All the justices of the peace except two are Filipinos. The supreme court until 1913 numbered 9, 5 Americans and 4 Filipinos. Maj. Gen. William C. Rivers, United States Army, retired, who spent many years in the islands, writing recently, had this to say with reference to the capacity of the Filipino people:

I believe the Filipinos will surprise many by their capacity to govern themselves. Great numbers have long had extensive and successful experience in executive, legislative, and judicial positions. I never heard a rumor against the integrity of a Filipino judge in any of the 26 Provinces, though I was working among people some of whose relatives may have suffered imprisonment or worse after trial before a Filipino judge. The record of the Filipino judges in the Supreme Court and in the provincial courts, in the troublesome post-revolution time and under new and strange codes of procedure, with the innumerable questions arising after the long armed conflicts involving three races and in trials where two languages were used, deserves more mention than it has received.

The bonded indebtedness of the Philippine Islands in 1932 and as of today is \$170,000,000, or \$65,000,000, against which there is a sinking fund of \$50,000,000 now deposited in American banks. The present national debt is but 48 percent of the bonded-debt limit fixed by Congress. The Philippine Government is regularly meeting both interest and the required amortization of its bonded indebtedness. Nearly 92 percent of approximately 13,500,000 inhabitants in the islands are Christians, 4 percent are pagans, and 4 percent are Mohammedans, and there is little or no evidence that the Moros have protested against Christian preponderance in the government.

The commerce of the islands amounts in dollars to approximately \$270,000,000 more than 72 percent of which is with the United States. They are our best customers in the purchase of dairy products sold abroad. They wear cotton clothing and purchase much of our cotton. Their national wealth was estimated in 1927 as \$5,905,085,000. Former Congressman Hare stated that—

If independence be bestowed on them, the Filipino people will begin their separate existence with a greater patrimony than was possessed by many of the peoples who recently have joined the ranks of sovereign nations.

The most important provisions of the pending bill are:

First. Formation of a constitution to be submitted to the President.

Second. Limitations on importations from the islands. An export tax after the fifth year to be applied on their bonded indebtedness.

Third. Immigration provisions, fixing quota of 50.

Fourth. Providing office of American High Commissioner and prescribing his duties during the interim government.

Fifth. Withdrawal of American sovereignty July 4 following the 10-year period of the Commonwealth government.

Sixth. Relinquishment of the Army bases, including some 300,000 acres of land, after independence is established.

Seventh. Negotiating between the two Governments with reference to retaining the naval bases and fueling station.

The limitations of the hour will not permit recalling all the romantic history of the Filipino people. Much of this is set out in the hearings and in the report of the committee, which I commend to your reading. They are patriotic, proud, ambitious, and possess much culture. He who denies their capacity to manage their own affairs, in my opinion, is not cognizant of present conditions in the islands, nor does he understand the remarkable progress they have made. This people will become, relatively speaking, the thirtieth nation in the world from the standpoint of natural resources, population, and economic development. I am glad to be a Member of this Congress which is carrying out the solemn pledge of our Nation given from year to year, and fulfilling every responsibility in discharging a great American duty in

a big American way. I yield now to the Commissioner from the Philippine Islands [Mr. GUEVARA].

Mr. GUEVARA. Mr. Speaker, to many of the Members of this House the bill now under consideration presents no new issue. The Seventy-second Congress thoroughly considered a similar bill, and the committees of the Senate and House of Representatives held extensive and exhaustive hearings on the economic, political, social, and international aspects of the Philippine question. There are, therefore, no new arguments either for or against the bill.

The Philippine Legislature, acting in accordance with the provisions of section 17 of Public Act No. 311 (after which the bill now under consideration is patterned), saw fit to decline to accept it, in the sincere conviction that political conditions and circumstances would change in the United States in such a way as to assure the modification of some of the provisions which it believed would imperil the political, social, and economic stability of the islands. The Philippine Legislature was mindful that Act No. 311 was the best obtainable from the Seventy-second Congress. Also, it realized the changes that were forthcoming. The message of the President on March 2 of this year, followed by the report of the Committee on Insular Affairs on the bill now under consideration have crystallized the hopes of the Philippine Legislature.

Credit should be given to the Chairman of the Committee on Insular Affairs, the gentleman from Alabama [Mr. McDUFFIE], in his efforts to find a common ground upon which my own fellow countrymen who held divergent views as to the meaning and effect of some of the provisions of act 311 could meet. Needless to say, Mr. McDUFFIE has been completely successful in his undertaking, and I am sure that confidence and harmony will be restored in the Philippines.

I would be recreant to myself if I did not acknowledge at this moment the valuable services rendered by the Senator from Maryland [Mr. TYRINGS], Chairman of the Committee on Territories and Insular Affairs of the Senate, in making possible the reunion of mind of the Filipinos who supported and opposed Act 311 in their patriotic desires to assure for their mother land a future which will insure happiness and prosperity to their children and their children's children.

Mr. Speaker, I am now in a position where I can say that if the bill now under consideration is passed by the Congress of the United States it will be accepted by the Filipino people. It is my expectation that this House will pass the bill as the Seventy-second Congress did on April 4, 1932.

It is not inopportune to say that I regard the bill now under consideration as the epitome and synthesis of America's aim and purpose in the Philippines. It is the fulfillment of her pledge and the glorious crowning of her humanitarian task.

Mr. CULKIN. Will the gentleman yield?

Mr. GUEVARA. I yield.

Mr. CULKIN. Can the gentleman tell the House whether or not this bill, which is substantially the Hawes-Cutting Act, will meet with the approval of all factions in the Philippine Islands?

Mr. GUEVARA. It will.

Mr. CULKIN. There will be no division this time?

Mr. GUEVARA. No division this time.

Mr. CULKIN. Although there is no real distinction between the Hawes-Cutting Act and this bill?

Mr. GUEVARA. There is no distinction, and in view of the message of the President of the United States, there will be no division.

Mr. CULKIN. And there is peace now between the several groups and factions?

Mr. GUEVARA. Oh, yes; there is no question about it.

Mr. CULKIN. It must be gratifying to the distinguished gentleman to have his views finally concurred in by all his nationals.

Mr. SIROVICH. Will the gentleman yield further?

Mr. GUEVARA. I yield.

Mr. SIROVICH. One of the most eminent, brilliant, and patriotic Filipinos is Commissioner OSIAS. Can the gentleman state whether he is in favor of this bill?

Mr. GUEVARA. Yes; he is in favor of this bill.

Mr. McDUFFIE. Mr. Speaker, the gentleman from Maine [Mr. BEEDY] has stated that he would yield the Commissioner from the Philippines an additional 3 minutes.

Mr. BEEDY. I stated to the gentleman from Alabama that I will be glad to extend that courtesy to the gentleman from the Philippines. I will yield him 5 additional minutes.

Mr. GUEVARA. I thank you.

The arrangement proposed in the bill will place the Filipino people in a position of more responsibility, and it lays not only within their reach but in their own hands the instrumentalities of their salvation. The bill also gives the Filipino people an opportunity to work out their destiny in accordance with their own genius and traditions, and to my mind there is no doubt that in this task they will not only preserve what America has done in the last 34 years but also will develop and love it as the precious heritage of future generations.

The part of the bill which grants the Filipino people the right to formulate and adopt their own constitution is the romantic phase of the American sovereignty in the Philippines. The grant of this fundamental right in itself constitutes an event never heretofore recorded in the history of colonization. It is the consecration of those lofty principles for which the American people have fought in the past. It is the imperishable monument to be erected on the graves of those brave American soldiers who fought and died in the Philippines for their flag, not in the name of conquest but for the sake of justice and liberty. While this humanitarian spirit guides the mind of the American people we can say that the world is safe from tyranny. The small and weak nations can turn their eyes to the United States for relief and inspiration with full confidence that the call to duty will not fail to find response.

The acknowledgment of the right of the Filipino people to formulate and adopt their own constitution is the glorious culmination of American efforts to build a new nation in the Far East. With this grant the Filipino people can face the world and say with pride that America's interests are their interests and her safety their safety.

As to the time fixed in the bill when independence for the Philippines shall be granted, it is within the wisdom and sense of justice of the American people. It is to be reminded that the aims and purposes of the United States in the Philippine Islands were and are to assist the inhabitants therein, firstly, to prepare for self-government, and, secondly, for their independent life. The fulfillment of this task, as announced by the United States, necessarily requires a friendly and sympathetic spirit. Not only do the Filipino people need a reasonable period of economic adjustment like that granted to Spain by the United States in the Treaty of Paris, but American investment in the Philippines, made under the auspices of American sovereignty, should in fairness and justice be given ample time either to liquidate or to continue if the new situation to be created by the bill proves satisfactory and advantageous.

This policy not only will not cause any detriment to the best interests of the United States, but it will, without question, place her in the position to say that she has completed her mission in the Philippines with honor to herself and with justice to the Philippines.

If this policy and philosophy which inspired the formulation of the bill now under consideration is finally adopted by the Congress of the United States, the Filipino people can look to the future with confidence. The United States has helped them to solidify the cultural and political foundation of self-government. This mission would not be complete if that help were not extended also to strengthen the structure upon which the independent government of the Philippines is to be built. The bill covers this aim and purpose. It translates into reality what America announced to the world at the inception of her occupation of the Philippines.

Mr. Speaker, it would be presumptuous for me to say that the cooperation of the Philippines would ever be needed by the United States in her international affairs. However,

I conceive it to be my duty to say that the bill under consideration assures the loyal, friendly, and undying gratitude of the Filipino people to the United States. They will be attached to this Nation by spiritual bonds which are stronger than any political or physical ties, and consequently there is nothing that they possess which they would refuse to offer to the service of the United States.

I wish to say before concluding that on this momentous occasion, when the final solution of our common problem is about to be reached, it is indeed inspiring to see both parties cooperating to make of the bill a document expressing the wishes and longings of both the United States and the Philippine Islands. The unanimous vote of the Committee on Insular Affairs of this House in reporting this bill proves my statement. Therefore, permit me to convey my gratitude and that of the Filipino people. [Applause.]

Mr. BEEDY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, this is a reenactment of the Hawes-Cutting Act which passed this House 2 years ago. I opposed it at that time, and I oppose it now. I hope my good friend, the Commissioner from the Philippine Islands, and my other good friend, the president of the Senate of the Philippine Islands, will not take amiss anything that I may say in opposition to this bill, because I have high regard not only for them but for the Filipino people.

I opposed this bill 2 years ago because I honestly and sincerely believe that under the Constitution of the United States the Congress of the United States has no right to turn the Philippine Islands loose without a constitutional amendment. Our title to the Philippine Islands is better than our title to a large part of continental United States, and I do not believe there is anyone here who would agree that we could turn loose Texas, Alaska, Arizona, and New Mexico, or Florida, for example, without a constitutional amendment.

Our title to the Philippine Islands not only came by treaty but also by purchase.

However, I am not going to discuss the constitutional question further. Constitutional lawyers and judges who have examined into this question have agreed that the Congress of the United States has no right to alienate the Philippine Islands without a constitutional amendment. I am simply stating that I have studied this question for many years, and I honestly and sincerely believe that the Congress has not the right to alienate this or any other American territory legally acquired.

Mr. RANKIN. Will the gentleman yield?

Mr. BACON. I only have 5 minutes.

Mr. Speaker, the constitutional inability of the Congress to act is one of the reasons why I oppose this bill and why I did so 2 years ago.

Furthermore, I do not believe this bill is fair to the Philippine people or that it is fair to the high moral purpose that this country of ours has shown toward the Philippine people for the past thirty-odd years. I know they are willing to accept this bill, but I believe honestly in their hearts they are only doing it because it is the best thing that they can get and because of home politics. When this bill passed 2 years ago, those of you who were in the House will recall the persistent efforts of lobbyists who did not like the fact that Philippine sugar was coming in, lobbyists who did not like the fact that coconut oil was coming into this country from the Philippine Islands, and when the bill passed 2 years ago the whole atmosphere on the floor of this House was to get rid of the Philippine Islands. They did not care what became of the Filipinos. I, for one, do care what becomes of them. I believe we have a high moral purpose to carry out, and I, for one, believe that if this bill should be defeated, a much better and more satisfactory arrangement for the future of the Philippine Islands could be worked out if we tackled the problem with a high moral purpose, and without any thought of sugar and coconut oil.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BACON. I yield.

Mr. McDUFFIE. Is the gentleman really in favor of the independence of the Philippine Islands, deep down in his heart?

Mr. BACON. No. I will state frankly that my personal belief, after many years of study of this question, is that eventually a dominion status might be worked out for the Philippine people so that the Philippines might have the same relation to the United States as Canada and Australia have to Great Britain.

I appreciate that my opposition to the bill is futile, but I do want to express my sincere convictions on the subject at this time, and I want to do so because I have visited the Philippine Islands, and I have probably traveled more extensively in the Philippine Islands than any Member of Congress. I have a sincere liking for the Filipino people. I want to be fair to them as well as fair to the United States and to the civilized world. This bill is fair to no one. We are scuttling our entire position in the Far East because of local selfish interests. The Far East today is in a troubled and uncertain state. By passing this bill we are adding to the uncertainties. For the next 8 years we are putting ourselves in the perilous position of having great responsibilities without authority. Continued American authority in the Philippines would make for stability and tranquillity in the entire Far East. Many momentous questions are involved, and yet we are passing this bill with but 40 minutes of debate.

[Here the gavel fell.]

Mr. BEEDY. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Speaker, it is not my intention to again take the time of the House to discuss this bill, with which every Member is familiar. A question has been raised, however, with reference to section 8 of the bill, the section concerning immigration.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. WELCH. I yield.

Mr. JENKINS of Ohio. Is section 8 in the bill now under consideration the same as the immigration section of the bill which was passed last year?

Mr. WELCH. Section 8 of this bill is identically the same as section 8 of the original bill; there is no change whatsoever.

Mr. JENKINS of Ohio. Was any opposition shown to this section by the Philippine people when the matter was being considered?

Mr. WELCH. I have been informed that the representatives of the Philippine people who are here expressed a desire to have this section changed, but they did not press it, and a change was not recommended by the President in his message to Congress.

Mr. JENKINS of Ohio. I have not had time to read this section carefully. As I remember, however, the immigration quota was fixed at 50 pending the final independence of the Filipinos; and after that they would take the same status as other people of that race.

Mr. WELCH. Exactly. Under the interim government they will have a quota of 50 not eligible to citizenship; at the expiration of the interim government, or at the time of complete independence, they will have the same quota as other nations whose nationals are not eligible to citizenship; that is, 100.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. WELCH. I yield.

Mr. LUNDEEN. Is this satisfactory to the people of California and the west coast?

Mr. WELCH. It is very satisfactory to us. As a matter of fact, the original bill, the Hawes-Cutting bill, and the Hare bill, contained no immigration provision. Section 8 was inserted in the bill at my advocacy during its consideration by the Committee on Insular Affairs, of which I am a member.

I might say in passing that the entire California delegation joined with me in this request to the committee. It was inserted in the bill and was approved by every member

of both the House and Senate committees. There has been no change from the original bill.

Mr. LUNDEEN. Is this provision satisfactory to the American Federation of Labor and other labor groups?

Mr. WELCH. Absolutely so; as a matter of fact, they participated in the preparation of section 8, which was drawn by the legislative counsel of the Senate.

Mr. Speaker, I yield back the balance of my time.

Mr. BEEDY. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. COLDEN].

Mr. COLDEN. Mr. Speaker, about 4 years ago at this time of the year I was approaching the Philippine Islands. As some of my fellow passengers were residents of the islands and were returning from a trip to their native land to their oriental home by adoption, I inquired about the question of Philippine independence. The first time my question was answered I was somewhat surprised and shocked by the abrupt reply of a rugged American who had been a veteran in the Spanish-American War and had participated in the Philippine campaign. His former home was in North Carolina, but now he was a prominent business man of Manila. He replied: "Nobody in the Philippines cares a damn about independence excepting the politicians, who use 'independence' as a popular slogan for reelection. Much of the propaganda you read back home for Philippine independence is financed by the Sugar Trust and sugar interests of New York and Cuba. The sugar clique want to get rid of the islands in order to get more money for their own sugar. It is all a lot of buncombe and hokum."

My American friend was so emphatic and utterly frank—but yet I was not convinced. I discussed the same topic with a refined gentleman of Spanish ancestry who was born on the islands and lived on the Island of Negros. His reply was characteristic of his race, and he replied in soft and polite language, but the meaning was identically the same as given by the American. When I arrived in Manila, I conversed with American newspapermen and business men, and invariably the reply was the same. I conversed with Army and Navy men and American teachers at Baguio, the mountain city, but there seemed to be no difference of opinion among those who are most competent to judge.

During the last "lame duck" session of Congress, beginning in December 1932, I sat on the floor of the House and listened to the debate on the Philippine independence bill, which was then discussed and passed. I was disappointed at the repetition of the arguments relating to sugar and butter and cottonseed oil. Conceding that the commercial aspect is of importance and should be considered, yet there are other factors that deserve careful consideration from the Membership of this House. Before we haul down the American flag and set a helpless people adrift in the face of a neighboring empire that is rampant with imperialism and militarism, we should pause and reflect. A nation that is disregarding its solemn treaties as mere scraps of paper, a nation that today is maintaining a mandate over the islands of the Pacific and flaunting the League of Nations, a nation that has invaded the territory of a peaceful neighbor and is taking advantage of China's chaotic domestic afflictions should not be given a license to override the will of the Filipinos. We cannot at this moment overlook the conditions that exist in the affairs and policies of nations whose good will, cooperation, and international integrity are necessary to preserve the independence and the Territorial boundaries of the people we profess to protect.

So far as my brief observation goes, the opinion of many substantial citizens of the Philippine Islands is that when the American flag is hauled down, the peaceful penetration of the islands by Japan will begin. Cut off from American markets and American ships driven from oriental shores, and Japanese business men taking up where America leaves off, the Philippines will fall into the lap of Japan. The question involved at this time is more than the competition of sugar and butter and cottonseed oil, but reaches into the relations of this country with the nations of the Orient. It is our duty as Members of Congress to weigh this subject from the

national standpoint and the international welfare of the other nations concerned.

What facilities have the islands for national defense when the American flag is hauled down, when they are turned adrift and must rely upon themselves? Let us take a look at the map for a moment. The Philippine Archipelago consists of not a few islands but of 7,083 islands scattered over a distance from north to south of 1,152 miles and from east to west of 682 miles. Spread over the map of the United States the islands would reach from Chicago to Galveston north and south, and from Washington to beyond the borders of Indiana east and west. These islands have more than 20 harbors, a coastline of more than 11,000 miles, exceeding that of the United States proper. One of the first burdens that must be assumed by the Philippines is the building of a navy, not only for the preservation of authority and order in the numerous and scattered islands, but for the purpose of resisting foreign attack. And what a feeble fleet in any event, to meet a militaristic neighbor with one of the strongest battle fleets of the world!

The military defense of the islands will present a similar problem. What possibility of defense have the 7,083 islands against a hostile first-class military power? At present the islands have a constabulary of from 6,000 to 7,000 men which must be materially increased with the withdrawal of the American flag. Thus the requirement of the army necessary to preserve order and maintain sovereignty over a considerable population, represented to be bitterly opposed to Philippine administration, will involve a second burden not now borne by the Filipinos under American protection.

Instead of confining our consideration to sugar and butter and cottonseed oil, should we not give some consideration to the question of education and the ability of the islands to govern themselves? The area of the islands is over 114,000 square miles, which is about the size of Arizona, comparatively speaking, or about the combined area of the six New England States plus New York, Delaware, and about one half of New Jersey. The population is approximately 12,000,000, which is about the same as that of the State of New York, or more than twice that of California or Texas but less than one fifth of the population of Japan, her militant neighbor.

Spain in her rule of 300 years over the Philippine Islands gave the majority of the people the Christian religion and established a culture and a love of music that is rare among orientals. The visitor to these Far East islands is at once impressed at the more hopeful and happier attitude of mind of the Filipino people as compared with other orientals. Someone has said that the Spaniard came to the islands with a sword in one hand and the Bible in the other, but that the American came with a rifle in one hand and a school book in the other. The Americans have made three outstanding contributions to the islands in the brief period of American protection and direction—sanitation, modern highways, and education. I have heard it said that in no other country of the world are children so eager for education and that they actually cry to go to school.

Notwithstanding the planting of the American school on the islands and the enthusiastic reception accorded to it, but 36 percent of the children have the advantage of the American school. Nearly two thirds are denied this great privilege because of the lack of facilities. During the first 25 years of American occupation, between six and seven million children were of school age, but only 530,000 completed the primary course, 160,000 finished the intermediate course, and but 15,500 graduated from high school. The average period of attendance is 3 years or less. The total number speaking English in the islands is about 1,000,000, or about 1 person in 12. Such is the status of education, according to Nicholas Roosevelt, a well-known authority on the Far East. Later authorities, however, increase the number of English-speaking Filipinos.

National unity is an important and essential factor in self-government of any people. Authorities state that the Filipino people speak seven or eight languages as distinctive

as the languages of Europe. It is estimated that more than 80 dialects are used. The people of one community are unable to converse or understand those of another community but a few miles away. The islands of the south are peopled with the Moros, who are Mohammedans. A religious hatred has existed between them and the Filipinos proper for centuries. The mountain people are another distinct people, with little sympathy with the majority, and the prejudices of these are shared by both classes.

What a soil in which to plant a nation! Would it not seem to be just and proper to consider this situation as well as sugar and butter and cottonseed oil? The hauling-down of the American flag will fan the embers of tribal and religious hatred that have been smoldering these years and may burst forth into internecine warfare and domestic dissension and bloodshed that will be destructive of the institutions that are yet in their infancy and, if protected and cultivated, promise to bring about a common language and the dissemination of democratic ideals and a national unity that will in time enable these people to develop a peaceful, progressive, and prosperous destiny.

The American advocates of Filipino independence speak much of sugar and butter and cottonseed oil—too much commercialism and too little statesmanship. Permit me to call your attention to the Filipino presentation of this subject. The two eloquent Delegates from the islands have many times plead to the Members of this House for independence. They make frequent use of those cherished words of "freedom" and "liberty." They have submitted a platform and seven-point program. In reading it I do not find a single objective that cannot be more easily achieved under the protective arm of Uncle Sam, his Army and his Navy, and his philanthropic and sympathetic interest than can be achieved by a helpless people set adrift with a warlike and imperialistic nation less than 100 miles away.

Under the American flag these people have an opportunity to develop a universal school system and teach their citizenship a common language and common ideals of democracy, the very foundation of a sound destiny. Under the direction of the American Government, these people have an unmolested opportunity to develop sanitation, highways, railways, and develop a system of communication and transportation that will cement their commerce, their understandings, and develop a regard for each other. In their present status they are protected by a flag that frees them of the burdens of any army, navy, and the entanglements of diplomacy and enables them to concentrate on their domestic development. What other peoples of the Orient are so advantageously situated, enjoying all the freedom and liberties of domestic pursuits and unhampered with the burdens of militarism and autocratic government and undisturbed by internal dissension and factional strife? What other people in all Asia occupy 7,083 gems of the Pacific, enjoying the liberty and freedom of preparing for a safe and sound destiny, protected at home and from dangers beyond their borders?

Mr. Speaker, the first paragraph of the platform and seven-point program of our esteemed delegates and their friends contains an appeal for support and for votes. Here I quote:

In the present titanic struggle for a cause which involves the life, the liberty, and the happiness not only of the present generation but of generations yet unborn.

Such a statement is not justified by fact in my estimation but is only a rhetorical appeal of patriotic and eloquent fiction. Instead of lashing their supporters into a rhetorical foam they should be urging Uncle Sam to remain in these islands and to protect their people until they have developed through a free school system, a common language, and a national unity and an understanding of the fundamentals of democracy that will assure themselves of stability at home and respect abroad that will permit their untrammelled progress on the road to a greater destiny.

There are other factors from the American viewpoint that should be considered, other than sugar and butter and cot-

tonseed oil. Setting the Philippines adrift and forcing them to find another market for their products in order that they may survive economically, what are we doing to ourselves? There is more justification for California to favor Filipino independence than any other State in the Union. The Filipino laborer who works in the city or the country displaces an American employee. It is much more serious than the competition of sugar and butter and cottonseed oil. Cheap labor from Mexico, the Hindu from India, the Japanese, and the Chinese, and the Filipino bring down standards of living so as to deprive the American laborer of employment. I am decidedly in favor of an embargo on all cheap foreign labor including the Filipino. But I believe this menace can be eliminated without hauling down our flag in the Philippines.

This can be said in defense of the cheap foreign labor in California. Most of these laborers were imported into this country by Americans who desired to exploit them and to profit by their labor. Many of the Filipinos in California were brought by the Navy, which utilized them in a menial capacity. Some of them came from the Hawaiian Islands, where they were brought to work on the plantations, just as were the Portuguese, the Puerto Ricans, the Chinese, the Koreans, the Japanese that preceded them. It is to the credit of many Filipinos that they arose above their environment and sought a more abundant life. Not they but their exploiters should be blamed and curbed.

Pardon this digression, but the Philippine bill means the driving of the ships of America from the shores of the Orient. Sugar, copra, vegetable oils, tobacco, and rope are important items of cargo. Rubber would in time become a valuable export from the islands if American capital had any assurance of the permanency of American protection. The neglect of the development of rubber in the islands is forceful evidence of the lack of confidence in the protection of investments and property under the uncertainties of Filipino government. When the American flag is hauled down, the ships of Japan will drive the American flag from every port of the Orient. Have you ever enjoyed the thrill of seeing the American flag flying from the ships of America in foreign seas? But in voting for the Philippine bill you are voting to drive the flag from every oriental sea where you have expended so many millions of money to maintain it. You are inviting the ships of foreign and competing nations to carry these cargoes from the islands that have contributed materially to our ships that circle the globe and are familiar in its most important ports.

China is the greatest potential market of the world. If the industry and the frugality of China were fostered by a stable and progressive government and the Chinese worker could provide himself with the necessities and few comforts of food, clothing, and shelter, China could absorb the surpluses of America. China is one of the world's largest consumers of cotton and that market can be tremendously expanded by the stability and prosperity of that unfortunate people. If the hunger of China were appeased, our surplus wheat would be consumed in a few months.

If this country had expended a dime in stabilizing the Government of China where it has expended a dollar in the muddles of Europe, we would be enjoying an enormous commerce with China now. Manila is the front door to south China. It is but 400 miles away. An easy step for commercial purposes but far enough for naval defense. French Indo-China is the same distance, and Siam, the Malay States, Singapore, and the Dutch East Indies beyond. Under the protection of the United States, Manila occupies a strategic location in regard to the trade of the Orient.

In addition to the tremendous possibilities of future trade with China, Japan and Russia afford inviting opportunities. Siberia is the New West of the Orient and possesses great natural resources just beginning to yield its riches to the oncoming tide of immigration. It is significant that southern California has already sent the first colony of Americans to this new Eldorado. These may prove the pioneers to an important migration and lay the foundation for a valuable commerce with the Russian ports on the Pacific.

But, you may ask, what has this to do with our relationship to the Philippines? Commerce depends to a large extent upon the friendliness of nations. Russia, England, France, China, and Holland are all deeply interested in maintaining the balance of power and the maintenance of the peace of the Orient. War in the Pacific may involve several of the great nations of the world, including the United States. Our remaining in the Philippines and assisting in maintaining the balance of power is assurance of peace. Hauling down our flag and departing from the islands is an invitation to the nations intoxicated with imperialism to invade and possess the defenseless Islands.

The American flag is a warning for others to keep out and also an influence to retard the imperialistic designs of unscrupulous governments.

Every fourth person in the world is a Chinese. His has been a friendly people. With America in the Orient, he has a friendly neighbor at his door. Think of the disappointment of the Chinese people when they learn that America has hauled down her flag and is no longer a near and friendly neighbor. What will his respect be for our flag if it is hauled down because of sugar and butter and cottonseed oil? What will be his opinion of this Nation which has heralded its ideals of democracy to every cranny of the globe? What will be his feelings when the unfriendly flag of the "rising sun" supercedes the Stars and Stripes and his ancient enemy with its islands and its ships stretches a screen of guns and hostile implements of war before the doors of every port of the great Chinese Republic?

Mr. Speaker, to haul down the American flag in the Orient is to invite the disgust of every nation hoping to preserve the balance of power and the peace of the world in the Orient. Mr. Speaker, the lowering of our flag in the Philippines and the sound of the bugle of our retreat will not only pain the hearts of our friends in the Orient but it will inflame to a greater disregard the greedy ambitions of a peaceful people who at the present hour are intoxicated by the illusions of military ambition.

You may raise the question of self-determination. But self-determination presupposes national unity, popular education, ability to provide national defense, an understanding of the fundamentals of democracy. But what about self-determination in Florida, Louisiana, Puerto Rico, the Virgin Islands, and Alaska? Let us not be led into a false path by the chanting of a subtle shibboleth.

When the people of the islands have begun to reap the rewards of that great institution, the American school, when their people read a common language and speak a common tongue, when they have reached a point in their development that they feel the inspiration of the spirit as well as the forms of democracy, when they are equipped to govern for the common good, then and when their neighbors to the north have yielded to a government of peace and progress and that has a proper regard for its solemn covenants, then we can in honor take down our flag and march away without bringing an apology to those who fought and to those who died to put the flag over the citadels and the castles of an oriental realm.

Let us not forget that if you grant this bill before these people have reached national unity and an understanding of democracy you are wiping out the destiny that Admiral Dewey and his naval heroes won for you by his historic and brilliant victory; you are saying to every American veteran who fought in the Philippine campaign and who suffered the ravages of tropic jungles and a torrid climate, "You fought and died in vain. You won an empire that has been surrendered to sugar and butter and cottonseed oil."

Mr. McDUFFIE. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, in 2 minutes one cannot make much of an argument for a bill; but I want to say that I introduced a bill for the immediate independence of the Philippine Islands the first term I was in Congress.

I have never voted for a high protective tariff on oil or on anything else; that is not what I am interested in. I am

interested in carrying out our solemn pledge to these people to give them, if I had my way, immediate and complete independence.

These people have an ancient civilization. The average man who discusses this question, and the propaganda that is spread by the sugar interests which, by the way, are opposed to this measure, would lead one to believe that these people are in the same savage state the American tribes were in at the time the new world was discovered; but let me call your attention to the fact that the Filipinos had long since emerged from the Stone Age and were using steel instruments in 1519. They killed Magellan in a battle that year with steel instruments. They have a civilization that goes back as far as that of the Japanese or that of the Chinese; and to say that we are giving them something they cannot handle is beside the question, it seems to me. In my opinion, they can take as good care of themselves as many of the other nations of the world are doing at this time.

I am extremely anxious to see the American people carry out their solemn pledge and give these people immediate independence, if possible, and if this is not possible, to give it to them as quickly as we can.

Mr. SIROVICH. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from New York.

Mr. SIROVICH. Is it not a fact that if our distinguished predecessor had spoken to the Tories in the days of the American Revolution they would have been opposed to the independence of our Colonies?

Mr. RANKIN. Yes. The average man is looking out for his own selfish interest. The Chamber of Commerce of the United States in the Philippines do not seem to think that any people are capable of governing themselves.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. BEEDY. Mr. Speaker, I also yield 3 minutes to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, as a result of the war with Spain the United States of America came into accidental possession of the paradise of the Far East. President McKinley and every President of the United States since that time stated and reiterated the position of America regarding the Philippine people and their domain. It was a solemn, sacred, and a voluntary promise of freedom and independence at the very first opportunity. I have no patience with anyone who will advance the sweet argument here against the independence of the Filipino people. The argument against Filipino independence is plainly a question of sugar, and sugar is not the all-important thing in the lives of the Filipino people. They want the right of self-government, of which they are thoroughly competent. They are entitled to immediate independence. As a matter of fact they are prepared for independence and are in a far better position at this moment and have been for years than the colonies were at the time they fought for their independence against England.

I am not fully satisfied with the terms or the provisions of this bill as it stands. May I compliment the Filipino people, their legislature, their leaders, and the brilliant statesman, the president of the Philippine Senate, Senor Quezon, that they are satisfied with so little, that they have made such modest demands, and in this they have shown their faith in the Government of the United States.

First of all, I should like to see the immediate withdrawal on the part of the United States, and negotiation afterwards, or, as a compromise, I should like to see the probationary period of American domination reduced to not over 5 years. It would be my greatest ambition to see Frank Murphy, the greatest of the Governors General of the Philippine Islands, as the last Governor General there and the first High Commissioner of the new Philippine republic.

I have visited the islands and have heard the objections against Philippine independence, and these objections always emanate from interloper Americans who are living off the fat of the land. If you want the correct sentiment as to whether the Filipino people want independence or not, do not ask a former South Carolinian or someone from Michigan who lives a life of ease out there. Ask somebody who was born and raised there. Ask a Filipino how he feels about freedom and liberty as we Americans know it in this country. There is no question about this attitude and answer. If you place the matter before the people of the Philippine Islands, they will declare in unmistakable language, so that even the opposition will understand, for full and complete independence. America should grant no less than that which she fought for and won for herself.

I feel very keenly on this question of Philippine independence. There should be no condition or argument advanced against it, because there is no tenable argument that can be made against granting liberty and freedom. These people want it, and they should have that which every President of the United States has declared himself as being in favor of in a language that was unmistakable.

It is high time that America discharge her obligations to these people, else they will lose confidence in our veracity. The question of sugar, copra, and whether our trade balance is for or against us makes very little difference. The prime question is the question of the happiness and the ambition of these people to govern themselves. They await immediate relief, and America is honor bound to discharge her obligation by granting it.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Is it not true that many that resist independence for these people have investments in the islands amounting to something like \$247,000,000?

Mr. DINGELL. That is in my estimation one of the fundamental reasons why the Philippine people are not independent today.

Mr. CARPENTER of Nebraska. And are there not others opposed to the independence of the Philippine Islands who own soap factories in San Pedro and some parts of New York?

Mr. DINGELL. That is also true. [Applause.]

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Speaker, I favor the pending bill, H.R. 8573, which is in essence and substance the Hare-Hawes-Cutting bill, which the Seventy-second Congress passed over the veto of President Hoover.

I have been a consistent and militant advocate of Philippine independence. I voted for and advocated the enactment of the Hare-Hawes-Cutting bill, which had the unqualified approval of PEDRO GUEVARA and CAMILO OSIAS, Resident Commissioners from the Philippine Islands, and also of the Special Philippine Independence Mission, headed by Sergio Osmeña and Manuel Roxas. Their place in history is secure. I also understand Hon. Manuel Quezon endorsed and favored the enactment of the Hare-Hawes-Cutting bill.

When party passions in the Philippines have subsided and when the political feuds in these islands have ended, the Hare-Hawes-Cutting Act will stand out in history as one of the monumental charters of human liberty. It marks the manumission of a race of 14,000,000 people, and the birth of a republic in the Far East that will exert a potential influence in the Pacific, awaken the slumbering Asiatic millions, and imbue them with a passion for freedom and representative government.

I will enumerate the difference between the Hare-Hawes-Cutting bill and the McDuffie bill:

The title to the Hare-Hawes-Cutting bill is as follows:

An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands and to provide for the independence of the same, and for other purposes.

The title to the McDuffie bill is as follows:

A bill to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government in the Philippine Islands, and for other purposes.

The words "complete independence" mean no more than the word "independence." Independence is defined as "the state or quality of being independent; freedom from dependence; exemption from reliance on or controlled by others; self-subsistence or maintenance; direction of one's own affairs without interference."

The Hare-Hawes-Cutting Act provided that the Philippine Legislature should call a convention to meet not later than January 17, 1934, to frame and submit to the Philippine people for adoption, a constitution for the Philippine Commonwealth. The McDuffie Act extends that time to not later than October 1, 1934.

Only in one provision does the McDuffie Act materially differ from the Hare-Hawes-Cutting Act. In sections 5 and 10 of the Hare-Hawes-Cutting Act the United States Government retains both military and naval reservations, while in sections 5 and 10 of the McDuffie Act the United States does not retain any military reservations, but does retain naval reservations and fueling stations. In other words, at the end of the 10-year transition period, under the Hare-Hawes-Cutting Act the United States could have retained both naval and military bases, while under the McDuffie bill the United States can retain only naval bases and fueling stations in the Philippines, and within 2 years after the withdrawal of our sovereignty the United States and the Philippine Commonwealth may enter into negotiations to adjust and settle all questions relating to naval reservations and fueling stations of the United States in the Philippine Islands, and pending such adjustment and settlement the matter of naval reservations and fueling stations shall remain in its present status. It is to be hoped that all political parties, blocs, and groups in the Philippines will accept this measure and harmoniously cooperate in building their new Commonwealth and preparing their people for their duties and responsibilities as a member of the sisterhood of nations.

Mr. McDUFFIE. Mr. Speaker, may I read for the RECORD a telegram from the majority floor leader of the Senate and of the House of Representatives of the Philippine Islands on behalf of the senate and the house of representatives. This telegram reads as follows:

On behalf of the majority of the senate and of the house of representatives we endorse the McDuffie-Tydings bill and request that it be passed by Congress. If said bill is enacted into law during the life of the present legislature, it will be accepted by the said legislature.

PAREDES,
Speaker of the House of Representatives.
RECTO,
Majority Floor Leader of the Senate.

Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have 5 legislative days within which to extend their remarks in the RECORD on this bill.

Mr. Speaker, I yield the remaining time, 30 seconds, to the gentleman from Minnesota [Mr. JOHNSON].

(Mr. JOHNSON of Minnesota asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Minnesota. Mr. Speaker, I shall have to vote for this bill that the Committee on Insular Affairs is bringing up today under suspension of the rule, because I am in favor of the independence of the Philippine Islands, but I think under this bill it will require too long a time. Ever since the United States signed the treaty with Spain and took over the Philippine Islands it has pledged these people their freedom, and President after President has repeatedly made the statement that, when the Philippine Islands were ready, they would be granted their independence. The Filipinos have been ready for this for many years, and yet the past administrations have failed to grant them their freedom that they are so deserving of.

As a liberty-loving people ourselves, we cannot escape the responsibilities that fall upon our shoulders in meeting this

problem, and we should pass legislation that will grant the people of these islands their own democratic form of government that they have been fighting for for so many years. This is not only a problem of vital concern for the citizens of the Philippine Islands but it is a vital problem of our own Nation. The farmers of this country, as well as the laborers, must be protected from the flood of imports that have been produced by these islands. The things that we are producing and the prices which our producers are getting have been forced down to new all-time minimums. We can do much to correct the evils of this vicious flood of imports by voting for a bill that will provide for immediate independence.

At the outset of this session I introduced the companion measure of Senator KING, which will give the Philippines their complete independence within the shortest possible time. The passage of my measure would immediately set the dairy farmers, the cotton farmers, and the sugar growers free from the yoke of a strangulation hold that the Philippine producers now hold over them.

It is needless for me to say that hundreds of thousands of tons of sugar and millions of pounds of fats and oils coming free into this country should be stopped, or it will at once set free the unfair competition that our producers have had to face in beating down this low-price flood of cheap substitutes. With millions of coconut trees producing already, it takes but a moment's reflection to visualize what will happen to our dairy industry in the future.

Through the passage of my butter resolution, when I was a Member of the Senate, which has brought millions of dollars to the dairy farmers of this country we had hoped at that time to place a barrier on imported butter products. We hope that this committee bill will be amended in the Senate so as to give the Philippines their independence within the shortest possible time, as their independence will bolster and protect American agriculture for the American farmer.

The SPEAKER. The question is on the motion of the gentleman from Alabama to suspend the rules and pass the bill.

The question was taken; and two thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

Mr. MARTIN of Colorado. Mr. Speaker, I esteem it a privilege to have been present in the House of Representatives today and to have participated in the applause when the name of the Honorable Manuel L. Quezon, the President of the Philippine Senate, and former Commissioner to Congress from the Philippine Islands, was mentioned by Mr. McDUFFIE, the Chairman of the Committee on Insular Affairs, during his presentation of H.R. 8573, to provide for the complete independence of the Philippine Islands.

The applause was a deserved tribute to the man who was a pioneer in Congress in the cause of the independence of his country, and perhaps there is no Member of Congress who has any better title than I, on this historic occasion, to pay an added tribute to him. As the Members applauded his name, I looked across at him seated in the Hall and my memory bridged the gap of 25 long years since I first saw him in the House of Representatives in 1909 and listened to his maiden speech in Congress, a brilliant and masterly effort which won him instant recognition as a statesman, although at that time he was perhaps under 30 years of age.

Four years later I dropped out of Congress, but I have kept track of his career during all this long interval, a career devoted to the service of his country and the cause of its independence. It is my sincere wish that not only may he live to see his life's work crowned with success, but that his distinguished abilities and unswerving record of loyalty and service to his country may be finally crowned and rewarded by his election as the first president of the Philippine republic.

The basis of my sentiment and regard for Senator Quezon is deep rooted. It originated in a struggle during the Sixty-first Congress for the rights of the Filipino people, to which

I feel peculiarly entitled to write the final chapter at this time, a struggle we waged practically alone and which seemingly ended in defeat, but which I have only just learned was crowned with success, to the lasting benefit of the people of the islands. I never knew the last chapter until after the lapse of 21 years, when I again met Senator Quezon as his guest at a dinner recently given by him at Washington in honor of the Honorable George W. Dern, Secretary of War.

Let me review the story in brief. There are few Members in the present Congress who have any knowledge of it, because when I returned to the House of Representatives after a lapse of 20 years, I found among its Membership of 435 men only 6 familiar faces. Such are the ravages of time and politics.

Shortly after coming to Congress in 1909, my attention was turned to insular affairs, owing to my membership on the Insular Affairs Committee. The story begins. When the United States acquired the Philippine Islands from Spain there was taken over from the religious order of Friars, certain large tracts of rich farming lands, much of it located in the vicinity of Manila. The avowed purpose of the dis-possession of its owners was to break these large tracts up into small farm holdings among the tenant farmers. Contrary to this avowed and beneficent purpose, I discovered that these lands were being leased in large tracts to certain sugar interests in the United States. As many of the persons who were involved in the controversy which ensued my discovery of this perversion and violation of the solemn contract of this Government and the rights of the Filipinos have now passed from the scene, I shall mention no names.

I introduced a resolution to investigate this situation, and subsequently many other resolutions, bit by bit dragging out the required information. The committee was against me, the House was against me, the administration was against me. I forced recognition to move the passage of the resolution under dramatic conditions, taking advantage of a parliamentary situation on the last night of a session of Congress, which need not be rehearsed here.

I was made to pay dearly for my victory. When the ensuing session of Congress convened several of the executive heads of the Philippine government had been brought to Washington, together with what was said to have been tons of documents, and from the Bureau of Insular Affairs, also in the hands of the opposition, a session-long fight was conducted. Except for the assistance rendered me by the then Commissioner Quezon, it was a single-handed fight against great odds. As is only too frequently the case, the acquisition of these lands by the exploiting interests was handled by powerful persons who were much closer to the administration than being merely persona grata. They were of the reigning blood. One of these persons was in a position to interpret officially the organic law of the Philippine Islands passed by Congress.

The organic act limited the alienation of Philippine public lands to 65 acres to an individual and 2,500 acres to a corporation. This official rendered an opinion that the limitation in the organic act did not apply to the so-called "Friar lands." The sugar camel not only got his nose into the tent, he shoved all the occupants out, or, rather, he trampled them under foot.

Against such insurmountable odds, the result of the investigation was inevitable. The committee finally brought in a report exonerating the insular government and the administration at Washington and severely criticizing the author of the investigation. It required all the good offices of the Democratic minority on the committee to prevent more drastic action.

From the day I left Congress on March 4, 1913, until I met Senator Quezon in Washington in February 1934, I never cared to inquire or learn what had become of the Friar lands. It was an episode in my life I would fain forget. The lapse of time has not been able to erase the ordeal of that inquisition, in which one man was crucified for months by overwhelming odds and knowing all the time that condemnation would be his reward.

Naturally, however, on meeting Senator Quezon, I asked him what had become of the Friar lands, and to my utter amazement he replied, "your fight was successful. * * * It was a whitewash at Washington, but not in the Philippines, and those lands are now all in private possession of the people." The Philippine Assembly, it appears, had passed acts to bring this about and finally effectuate the original object of the acquisition of those lands. Further, I learned that the effects of this fight have shaped and dominated the land policy of the Filipinos. They determined that their people should not be peonized to great landowners. Surely this is a great reward, not only after many days but many years.

I rejoice that this country is to adhere to its foundation principles, its traditions, and its oft-declared policy against the acquisition of foreign territory through military conquest and the government of foreign people against their will. This bill forever sets at rest any question as to the intent of the United States of America regarding the Philippine Islands. It is one more act distinguishing the policy of the United States from that of all other governments with respect to the acquisition of foreign territory. It is in line with the return to China of the Boxer indemnity, a thing done by no other nation. It is in line with the freedom of Cuba. It is in line with our refusal of colonial acquisitions after the World War. It is in line with the withdrawal of our armed forces from Central American territories. It is an affirmation of the declarations of Grover Cleveland and Woodrow Wilson. It should forever establish in the mind of the world the position and policy of this great Republic touching the rights and liberties of the smaller and weaker peoples of the world. America vindicates and justifies itself in its own eyes and in the eyes of mankind.

Mr. WELCH. Mr. Speaker, I favor the immediate passage of legislation granting independence to the Philippine Islands. The enactment of this bill (H.R. 8573) will fulfill the obligation of the United States incurred when Admiral Dewey fought the Battle of Manila Bay on May 1, 1898. We pledged the people of the Philippines then, and repeatedly since that time, that the United States Government had no intention of permanent annexation of the islands, but on the contrary that we were moved entirely by the desire to assist them in establishing a stable government which would assure them permanent freedom.

The record of the past 35 years indicates we have rendered this assistance. The Filipinos have demonstrated their ability for self-government. This is conceded on every hand. They have now asked the fulfillment of our pledge. Their request is in complete harmony with our policy. We should grant them full sovereignty in accordance with the safeguards included in this bill.

As a member of the Committee on Insular Affairs of the House of Representatives, I have taken a sympathetic interest in the study of their progress and future problems. The presentation of their case before the committee by their representatives, proved conclusively that the Filipino people are prepared to take their place among the nations. They have been steadily developing their own natural resources; broadening their educational facilities, and securing their economic prosperity. Our work is completed. To continue American dominion over this people, who because of their racial characteristics necessarily differ from us, will bring harm to the institutions they have built and involve us in greater problems.

In the preparation of the present legislation, the members of the Committee on Insular Affairs have given deserving consideration to the economic security and international relationships of the Filipino people by providing for complete Philippine independence after a transition period during which their domestic economy can be adjusted to meet the necessarily changed conditions. I favor this because it places a safeguard insuring the economic safety of the Philippines.

From every conceivable standpoint we have considered their problems and accordingly have presented a bill fully assuring them of every possible assistance in the attainment

of their national ideals. On the other hand, we have taken into consideration our own problems as they relate to the people of the Philippines.

Section 6 of the bill deals with the trade relations between the Philippines and the United States. These relations have been beneficial to both the islands and the United States in the past. The passage of this section of the bill will encourage the Filipino people to continue that friendly relationship by adding to their own revenues in shipping their products to the United States. As the great majority of the tonnage is handled by American owned and operated vessels, this will continue a valuable traffic for our American merchant marine.

But of far greater importance than these economic advantages are the human and social rights involved. I do not discredit the people of the Philippines when I say that, with all my friendship and admiration for them, I must also recognize that they are a people of another race. Their outlook upon life differs from the American outlook; their philosophy is not ours; their mode of life differs; their very ideals must necessarily differ from our own. Because of these, our own human and social interests demand that we make proper recognition of these facts.

The Congress recognized these problems when the islands were acquired and therefore did not grant citizenship to the inhabitants of the Philippines. But the mistake was made of permitting their migration to this country in unlimited numbers to compete with the American workingman in a manner that has placed our own people at a great disadvantage.

I introduced the first bill in Congress ever presented to stop this migration. The original measures providing for independence of the Philippines did not include such a provision. The Hare bill and the Hawes-Cutting bill, upon my advocacy, and the present bill, in section 8, contains provisions which, when enacted, will satisfactorily settle this problem.

The migration of Filipino laborers in unlimited numbers to the United States must be stopped by the present Congress and simultaneously with the passage of this bill. I believe that if Congress could have foreseen the present serious difficulties which have arisen from their unrestricted migration to America, it would have withheld the privilege of complete freedom of entry into the country from the very beginning.

Filipino laborers, many of whom were first lured to the Hawaiian Islands by American proprietors of the extensive sugarcane fields and sugar mills, have for a number of years been coming to the Pacific coast in large numbers. A study of this migration will reveal that more than one half the number shown present in the United States by the census of 1930 arrived during the 3 years 1929, 1930, and 1931. This is conclusive proof that while the census of 1930 shows a Filipino population of only 45,203, the actual number present in the United States far exceeds this figure.

I have no racial prejudices. Every man and woman in this country is descended from foreigners, no matter whether our ancestors landed on Plymouth Rock or in Castle Garden. However, we have long since reached the saturation point. With over 10,000,000 unemployed and other millions on temporary relief work, our problem of employment cannot be further increased by the migration of other races who cannot be merged with our own people. It is unjust to American workingmen to add more to this deplorable list of unemployed. To every race God gave a place in the sun, and the place of the Filipino is in the Orient. The enactment of this bill and its acceptance by the Filipino legislature will immediately stop this migration of the Filipinos to our shores.

SALES OF AMERICAN AGRICULTURAL SURPLUS PRODUCTS

Mr. SOMERS of New York. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with a view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon, which shall

not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That for the purpose of exchanging American agricultural surpluses for foreign silver bullion and coin, a board named the "Agricultural Surplus Exchange Board" is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture. Hereafter in this act the Agricultural Surplus Exchange Board shall be designated as the "board."

SEC. 2. The board is hereby authorized and directed, through commercial attachés, consuls, and other agents residing in foreign countries, to negotiate with foreign buyers with the view of selling American agricultural surpluses produced in the United States at the world market price to be paid for by said foreign buyers in silver coin or bullion at such value per ounce as may be agreed upon by the board and said foreign buyers: *Provided, however,* That the board shall in no event agree to accept silver bullion or coin at a price in excess of 25 percent above the world market price of silver. The board is authorized, through the foreign agents above mentioned, to enter into option contracts with foreign buyers to deliver to them agricultural surplus products at the world market price and accept in payment for same silver bullion or coin at such value per fine ounce as may be agreed upon and which shall not exceed 25 percent above the world market price of silver.

SEC. 3. The board is further authorized to purchase such agricultural surplus products as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries to foreign buyers for the purpose of carrying out this act. The board is authorized to employ any governmental agency of the Agricultural Department in securing the amount of agricultural surplus products necessary to make such deliveries, and to enter into contracts with the producers of such products as may be necessary for the purpose of carrying out the purposes of this act.

SEC. 4. The board is authorized and directed to deposit the silver bullion or coin received in exchange for the said products sold to foreign buyers with the Secretary of the Treasury, and the Secretary of the Treasury shall immediately cause to be issued, against such silver bullion or coin, silver certificates based upon the value per fine ounce which was agreed upon by the board and said foreign buyers: *Provided, however,* That the Secretary of the Treasury shall in no event issue silver certificates based upon any agreed value in excess of 25 percent above the world market price of silver. The silver certificates so issued shall be used by the board to pay for the agricultural products sold to foreign buyers under the provisions of this act.

SEC. 5. The board is hereby directed to authorize the Farmers' Cooperative Marketing Associations to enter into contracts for the sale of American agricultural surplus products in exchange for silver bullion or coin at such value per ounce as the board shall determine and the same provisions in reference to the issuance of silver certificates and the limitation as to the amount at which the silver coin or bullion shall be valued as above set forth in preceding section hereof shall apply to this section.

SEC. 6. The amount of premium or excess above the world market price which the board is authorized to agree to as payment for the products sold to foreign buyers shall not exceed \$400,000,000 a year.

SEC. 7. The Secretary of the Treasury is authorized and directed to accept any deposits of silver in the Treasury of the United States which such Secretary, subject to regulations prescribed by the board, is satisfied have been imported into the United States in payment for agricultural surplus products sold and delivered, or to be delivered, to foreign buyers for exportation at a price which shall from time to time be determined by the said board; *Provided, however,* That the price per ounce for such silver shall not be less than 10 percent above the world market price of silver and not in excess of 25 percent above the world market price of silver. The Secretary of the Treasury is further authorized and directed to issue for the account of the Treasury, against the silver so deposited, silver certificates based upon the price per ounce fixed by the board, and deliver same to the owner of such silver who tenders same to the Secretary of the Treasury under the provisions of this act.

SEC. 8. Upon receipt of the silver bullion or coin from foreign buyers the board shall deliver same to the Secretary of the Treasury. The Secretary of the Treasury shall immediately cause to be issued, against such silver bullion or coin, silver certificates based upon the agreed value at which the silver is accepted, and issued in denominations of \$1, \$5, \$10, \$20, and \$100.

SEC. 9. The silver bullion received under the provisions of this act shall be stored in the Treasury of the United States in blocks or bricks of standardized or uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury.

SEC. 10. The silver certificates issued under this act or any silver certificates reissued shall be legal tender in payment of all debts and dues, public and private, of every nature and description, and shall be receivable for customs, taxes, and all public dues, and when accepted by the Government shall be reissued and in all respects shall become a part of the lawful money of the United

States. Said certificates, when held by international banking associations or Federal Reserve banks, may be counted as a part of their lawful reserve.

SEC. 11. That there shall be engraved on one side of each certificate so issued "This certifies that there is on deposit in the Treasury of the United States silver bullion equivalent, when valued in gold, to the face value of this certificate" and, on the reverse side, "This certificate is legal tender for all debts, both public and private."

SEC. 12. At such times and in such amounts as, in the judgment of the Secretary of the Treasury, is necessary to maintain the equal purchasing power of every kind of currency of the United States, there shall be delivered to the holder of the certificate, upon presentation for redemption of silver certificates provided for in this act, a quantity of silver as will equal in value at the date of presentation the number of dollars expressed on the face of the certificate at the market price of silver, or in gold, at the option of the Board.

SEC. 13. The board is hereby authorized and directed to make such rules and regulations as may be necessary for immediately carrying out the provisions of this act.

SEC. 14. The board provided for in this act shall terminate on January 1, 1936, unless by law hereinafter enacted the life of such Board shall be extended.

SEC. 15. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 16. All acts or parts of acts inconsistent with any of the provisions of this act are hereby repealed.

Mr. McGUGIN (interrupting the reading of the bill). Mr. Speaker, I ask unanimous consent that the further reading of the bill be dispensed with and the bill be printed in the RECORD in its entirety.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. Is a second demanded?

Mr. ELTSE of California. Mr. Speaker, I demand a second.

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent, in view of the importance of this legislation that we may have a more extended discussion. I have requests for little over 1 hour and I would therefore suggest, if agreeable to the gentlemen on the other side, it might be a good plan to have 2 hours of discussion of this measure.

Mr. SNELL. One hour on the side?

Mr. SOMERS of New York. One hour on the side.

Mr. SNELL. I think this is such an important piece of legislation we ought not to pass it in 20 minutes on the side.

Mr. McGUGIN. If the gentleman will permit, I think we should have more time than that and will not the gentleman make it one hour and a half on the side?

Mr. SOMERS of New York. That is acceptable to me, if no one objects.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I do not see any use of extending debate upon a bill that you are going to be required to vote on as is. If you were going to consider this bill under the 5-minute rule it would be a different matter, but why should you want extended debate when you are calling up a bill under suspension of the rules and are not going to give us an opportunity to offer amendments to the bill? We, members of the committee to which the bill was referred, did not have an opportunity to offer amendments in committee. It comes to you from the committee without an amendment and you will be asked to vote on the measure as introduced in the House on February 2, 1934. A measure of such vast importance should not come here without some definite report from the Treasury Department. As written, the bill creates another Government agency to engage in business, for it authorizes a board to sell surplus agricultural products. Why not leave that to our citizens, engaged for years in that business. If there is such a demand for this bill as would appear by the action of the committee in reporting the measure without considering it for amendment, then I see

no reason for discussing it longer than the rule provides. Therefore, Mr. Speaker, I object to 3 hours additional debate on the bill as it can serve no useful purpose.

Mr. WOODRUFF. Mr. Speaker, will the gentleman reserve his objection a moment?

Mr. CARPENTER of Nebraska. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count.

Mr. SOMERS of New York. Mr. Speaker, I desire to renew my unanimous-consent request.

The SPEAKER. Does the gentleman from Nebraska withhold his point of no quorum?

Mr. CARPENTER of Nebraska. I withhold it temporarily, Mr. Speaker.

Mr. SOMERS of New York. Mr. Speaker, I renew my request for unanimous consent to extend the time for debate to 2 hours.

The SPEAKER. The gentleman from New York asks unanimous consent that debate on this bill be extended to 2 hours, one half to be controlled by the gentleman from California [Mr. ELTSEL] and one half by himself.

Mr. BACON. Mr. Speaker, I object and demand the regular order.

Mr. CARPENTER of Nebraska. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count.

Mr. CARPENTER of Nebraska. Mr. Speaker, I withdraw the point of no quorum.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SOMERS]?

Mr. BACON. Mr. Speaker, at the request of the minority leader I withdraw my objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. SOMERS of New York. Mr. Speaker, I yield 20 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, ladies and gentlemen of the House. Before I begin the discussion of this bill I want to deny some of the rumors that are going about the House. It has been whispered in some quarters that the administration is opposed to this bill. I want to say in the most emphatic manner that, insofar as I have been able to learn, the President has not authorized anyone to say that he is opposed to this bill. I challenge any man to show that the President of the United States is opposed to this bill.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. DIES. Yes.

Mr. FITZPATRICK. Has not the President the same power now to do what is in this bill?

Mr. DIES. No.

Mr. SNELL. I should like to ask the gentleman a question.

Mr. DIES. I yield to the gentleman.

Mr. SNELL. It has been reported that the Secretary of the Treasury appeared before your committee and opposed the bill. Is that true?

Mr. DIES. That is not true. I will say to the gentleman that the Secretary of the Treasury has never opposed this bill before our committee. I will also add that the Secretary has never stated to me that he was opposed to it.

Mr. CELLER. Is the administration in favor of it?

Mr. DIES. I am not authorized to say that the President favors the bill because the President has never told me that he favors the bill.

In that connection permit me to say that on January 30, 1934, I wrote to Hon. Marvin McIntyre, the secretary of the President, in reference to this bill. In the letter I stated as follows:

I think that it is highly important that the President should examine the bill and advise me whether or not he has any objection to it. As you know, I am tremendously interested in the success of the administration, and do not want to urge anything that might be contrary to the President's policy at this time.

I also stated in that letter that—

It is very important that I have his views on this bill before Monday, and I am asking you as a personal favor to me to bring the matter to his attention as soon as possible.

On February 5, I again wrote Mr. McIntyre as follows:

If the administration has no objection to H.R. 7581, it is my opinion that it will be reported favorably in a few days and that we can secure immediate hearings before the House. As a Democrat, with an unbroken record of supporting the President, I feel that I am entitled to know whether or not the President has any objection to these bills. May I, therefore, request you to advise me as soon as possible whether or not the President is opposed to these two bills so that I can communicate this fact to our committee, the Speaker of the House, the majority leader, and the Rules Committee?

On February 12, Mr. McIntyre replied to my letter, as follows:

This is to acknowledge receipt of, and thank you for, your letter of February 5, re H.R. 7581. It is my understanding that Secretary Morgenthau is communicating with you further on this subject.

On February 3, 1934, I wrote Secretary Morgenthau a letter which contained the following paragraph:

If you will advise Mr. FIESINGER what day next week will be most convenient for you to appear before the committee we will make our arrangements accordingly. In the meantime I will be very grateful if you can find it possible to advise me definitely whether you approve or disapprove these bills. If the administration is going to object to these bills, as a loyal Democrat with an unbroken record of supporting the President I should like to know as soon as possible.

On February 9 the Secretary of the Treasury wrote me a letter which he later authorized me to make public. The letter is as follows:

I promised I would let you know today what the Treasury's position is with reference to the two bills relating to silver, which you were good enough to send to me.

As appears from the latter part of the President's recent message to the Congress on monetary matters it is the firm policy of the administration to move forward on a program for the rehabilitation of silver. Any such program should be in line with, and in aid of the London agreement, in the consummation of which the United States Government took the initiative. A program for the rehabilitation of silver has also to take into account the many and complex factors involved in the action with reference to gold which it has been necessary to take, and involved in the complex field of foreign exchange and world trade. In other words, steps for the rehabilitation of silver must be taken in the light of the entire domestic and international monetary and trade policy of the Government.

Under existing legislation the President has full and ample power to deal with any and all phases of the silver question. What further steps in relation to silver I may recommend to the President, it would not be in the public interest at this time to say more than that they are the subject of vigorous and constant study.

On January 30, 1934, I wrote a letter to Secretary Wallace and enclosed a copy of this bill. In that letter I stated "The committee would like to have you appear before it and state whether or not you approve this bill. The Chairman has authorized me to extend an invitation to you. Will you please let me know your views on this bill and whether or not you will be able to appear before our committee next Monday?" On February 3, 1934, the Secretary of Agriculture acknowledged receipt of my letter as follows:

This will acknowledge receipt of your letter of January 30 in which you extend an invitation to appear before the Committee on Coinage, Weights, and Measures, on next Monday to express my views relative to H.R. 7320.

I regret that engagements already arranged will make it impossible for me to accept your kind invitation. We shall be pleased to submit to you, however, at a later date our views relative to H.R. 7320 when we have had an opportunity to examine the proposed measure in greater detail.

Neither the President, nor the Secretary of Agriculture, nor the Secretary of the Treasury has ever submitted to me any objections to this bill. I think that everyone will agree that I have been perfectly fair with the administration and given it a full opportunity to express any objections it might have to this bill.

Let me describe this bill as rapidly as the time will permit. The bill provides for the appointment of a board to be composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture. This Board is to be known as the "Agricultural Surplus Exchange Board. The board is authorized and directed, through commercial attachés and other agents residing in foreign countries, to negotiate with foreign buyers with the

view of selling American agricultural surplus products in the United States at the world market price to be paid for by the foreign buyers in silver coin or bullion at such value per ounce as may be agreed upon by the Board and the foreign buyers. The board shall in no event agree to accept silver bullion or coin at a price in excess of 25 percent above the world market price of silver. The Board is further authorized to purchase such agricultural surplus products as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries to foreign buyers for the purpose of carrying out this act. In this connection, the board is authorized to employ any governmental agency of the Agricultural Department in securing the necessary amount of agricultural surplus products. The Board is authorized and directed to deposit the silver bullion or coin received in exchange for the products sold to foreign buyers with the Secretary of the Treasury, and the Secretary of the Treasury shall immediately cause to be issued against such silver bullion or coin, silver certificates based upon the value per fine ounce which was agreed upon, with the limitation that the agreed value shall not exceed 25 percent above the world market price. The silver certificates so issued shall be used by the Board to pay for the agricultural products sold to foreign buyers under the provisions of the act.

In order that the Farmers' Cooperative Marketing Association may receive the same treatment, the Board is directed to authorize them to enter into contracts for the sale of American agricultural surplus products in exchange for silver bullion or coin at such value per ounce as the Board shall determine, with the same provisions in reference to the issuance of certificates and the limitations as to the amount at which the silver coin or bullion shall be valued as set forth in the preceding sections of the bill.

In order that it may not be charged that this bill discriminates against the private exporters of agricultural surpluses and puts the Government into competition with them, section 3 provides that the Secretary of the Treasury is authorized and directed to accept any deposits of silver in the Treasury of the United States which such Secretary, subject to regulations prescribed by the Board, is satisfied have been imported into the United States in payment for agricultural surplus products sold and delivered, or to be delivered, to foreign buyers for exportation at a price which shall from time to time be determined by the Board; provided, however, that the price per ounce for such silver shall not be less than 10 percent above the world market price of the silver and not in excess of 25 percent above the world market price of silver.

The same provisions in reference to the issuance of certificates is set forth in section 7 of the bill. The bill also provides that the silver certificates shall be legal tender in payment of all debts and dues. Section 12 is the redemption clause of the act, and in this connection may I emphasize that this bill contains the same redemption provisions as the gold revaluation bill recently passed by Congress. It provides, in other words, that at such times and in such amounts as, in the judgment of the Secretary of the Treasury, it is necessary to maintain the equal purchasing power of every kind of currency of the United States, there shall be delivered to the holder of the certificate, upon presentation for redemption of silver certificates provided for in this act, a quantity of silver as will equal in value at the date of presentation the number of dollars expressed on the face of the certificate at the market price of silver or in gold at the option of the Board.

Another important provision of this bill is section 13, which authorizes and directs the Board to make such rules and regulations as may be necessary for immediately carrying out the provisions of the act.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. DIES. Let me go a little further, then I shall yield. As everyone knows, the Treasury at the present moment is accepting deposits of newly mined silver and paying 64½ cents an ounce for the silver. The Treasury is also taking one half of all newly mined silver as seigniorage. Against

the deposits of newly mined silver legal tender certificates are issued. The plan proposed in this bill is more or less an extension of the domestic plan already in force by administrative proclamation to include the acquisition of foreign silver in payment for agricultural surplus products.

I think it is generally recognized that one of the most serious problems that confronts us today is our inability to dispose of our agricultural surpluses. In 1928 we sold approximately \$1,800,000,000 of agricultural surpluses to foreign Nations. This has dropped year by year until last year we sold only about \$400,000,000 of agricultural surplus products. The reasons for this are apparent. Nations who would like to purchase our agricultural surpluses are unable to do so because, in the first place they have no gold to pay for it. The gold of the world is cornered by three Nations—the United States, France, and England—and under the monetary policies now in force in those three countries there is little or no probability that in the near future there will be any redistribution of gold. As a matter of fact, these Nations are beginning to lock their gold bullion in vaults and keep it there.

The following facts illustrate how unequally the gold stock of the world is distributed. The United States and France now hold more than \$6,000,000,000 of gold, something approximating \$40 per capita of population based on the value of gold prior to revaluation. It would be difficult to convince either country that it has an unnecessary amount of gold. But if two of the leading nations believe that they require this much gold per capita, is it not reasonable to assume that weaker nations require fully as much? If we were to give the other nations the same amount of gold per capita we would have to have more than five and one half times the present supply of gold in the world. If we subtract the amount of gold locked up in the vaults of France and the United States from the total world supply of gold, we would have less than \$4 per capita for the rest of the world. This is, of course, based upon the old valuation of gold.

Even the advocates of the orthodox gold-standard theory admit that due to the maldistribution of this precious metal, a large percentage of the commercial population of the earth do not possess sufficient gold with which to do business, or maintain a currency and credit system based upon this metal. Many thoughtful students of the question believe that the annual increase of the world's monetary stock of gold has been insufficient during the past decade or so to maintain the price level to which society has become adjusted. This school of thought contends that "for a stable and equitable price level, the world monetary stock of gold must first be large enough to sustain the price level to which society is adjusted and must thereafter increase at the same rate as the production of other commodities, or about 3.15 percent per year", and that "in order to have the monetary stocks increase 3.15 percent per year when only 56 percent of the production is added to monetary stocks, the world production must be 5.6 percent of the world monetary stock of gold." This school of thought cites authentic figures to prove that we have had no such increase to the world stock of gold during the past decade or so and that this is partly responsible for the disastrous fall in prices. This same school of thought contends that due to the insufficient increase to the world's monetary stock of gold, the purchasing power of gold, as measured in commodities, has increased to such an extent that we are approaching bankruptcy.

Whether or not this contention is correct, I shall not seek to prove at this time. Suffice it to say that according to the views of all schools of thought, the monetary stock of gold is so unevenly distributed, and so completely monopolized by a few nations, that the majority of the people of the earth do not possess sufficient quantities of it to purchase the agricultural surplus products of America.

There is only one other way by which foreign nations can purchase our agricultural surplus products and that is by the exchange of their surplus products for ours. This they cannot do because on account of our prohibitive tariff laws

we will not permit the products of other nations to enter the United States. Since the War between the States we have committed ourselves to the policy of protective tariffs. These tariff barriers have been raised through the course of years until the Hawley-Smoot tariff bill was passed. Under this bill we effectually stopped the importation of foreign products to America. The example furnished by this measure was rapidly followed by other countries until today the exchange of commodities, products, and goods between nations is practically prohibited.

It seems to me apparent that we must reach one of two conclusions in the United States. We can adopt a purely nationalistic policy in reference to agriculture; this means that we must by legislation restrict and limit our production to domestic needs and consumption. If we do this, we must sacrifice the agricultural sections of the West and South in favor of the industrialism in the United States. If we do that, we drive from agricultural pursuits millions of people now dependent upon farming for a livelihood, and they will be compelled to find other means of subsistence. Is the industrialism of the Nation prepared to absorb this addition to its population? When we consider the millions of unemployed in the industrial sections of the Nation, the answer must be "no." If industrialism is unable to employ these people, what will become of them? The alternative seems to be the dole.

So much for the policy of adjusting agricultural production to the domestic needs of our people. The other alternative is the lowering of our tariff barriers in order that foreign nations may import to the United States sufficient quantities of their own products to enable them to purchase ours.

Although we from the agricultural South and West are firmly convinced and determined that the tariff barriers must be lowered, the task is not as simple as it appears. After we initiated the vicious policy of prohibitive tariff rates, other nations retaliated by doing the same thing. The problem is, therefore, how to undo what has been done. The lowering of our own tariff barriers without reciprocal action on the part of other nations would only result in a tremendous increase in our imports, with no appreciable addition to our exports. In other words, other nations would flood us with their products, while their tariff barriers would prevent us from doing likewise. For this reason, the administration is attempting to formulate a policy of reciprocal tariff treaties, concessions, and agreements. The success of this policy is dependent upon the degree of intelligent co-operation which we may receive from other nations. There are so many complicated factors that enter into the success of this program that it is difficult to predict how long it will take to carry it out. Our experience in world-wide disarmament does not afford much occasion for optimism. Not only will we have to secure the cooperation of other nations but we will have to overcome the determined opposition of many industries and sections of this country that will oppose every attempt to reduce the tariff rates. Industries, labor, and many interests have become adjusted to the present policy of prohibitive tariffs. They will, therefore, resist to the bitter end any attempt to reduce tariffs so as to permit the importation of foreign products and commodities.

I am not saying that the lowering of our tariff barriers is not advisable and necessary. I am heartily in favor of it. What I am saying is that at best it will be slow and difficult. In the meantime we are producing agricultural surpluses; we are depressing the domestic prices of all farm products. This not only impoverishes the agricultural sections of the Nation but it also makes it impossible for the farmers and those dependent upon farming to purchase the products of industry.

Mr. Speaker, it is my opinion that this bill will provide a method whereby we can dispose of our agricultural surplus without waiting until the gold stock of the world is redistributed or until tariff barriers are lowered. What does this bill propose to do? Nothing radical. We are not taking any money from the Treasury of the United States and buying silver. We are not straining the credit of this Govern-

ment to purchase silver. We are merely recognizing the money now used by more than one half of the population of the earth. There are 11 billion ounces of monetary silver in the world according to the best estimates. That silver is reasonably well distributed. Of course, the greater part of it is in the Orient, but most of the nations of the earth have, or can secure, a reasonable supply of silver. The world price of silver has been abnormally depressed on account of the unwise actions of certain governments.

Our committee conducted exhaustive hearings over a period of 3 years on this subject, and it is admitted by nearly everyone that the low price of silver is largely due to foolish governmental action. I shall not discuss the demonetization of silver because this is a subject that has been discussed from every possible angle over a long period of time. Suffice it to say in this connection that in 1696 England fixed a ratio between gold and silver of 16 to 1. France and most of the other countries had a ratio of 15½ to 1, and therefore silver drifted to France and gold to England. This contributed to the demonetization of silver in England, and in 1873 we followed the example. In 1871 Germany, taking advantage of the receipt of a considerable sum in gold from the payment by France of the indemnity of 200,000,000 pounds imposed on her after the Franco-Prussian War, adopted the gold standard. The demonetization of silver by the actions of governments brought about the decline in the purchasing power of silver. But even though it had been demonetized by a number of leading nations, silver was recovering on account of the persistence with which many millions of people clung to it as a storehouse of value and medium of exchange. This recovery might have been completed had it not been for the action of the British Government in forcing India off the silver standard and compelling her to melt up her silver coins and place them as bullion in the treasury.

The Secretary of the Treasury of India was given the authority to sell any quantities of such silver at any price and at any time that he deemed it advisable. Four hundred million ounces of silver were withdrawn from circulation under that process. India began to sell this melted silver as bullion on the markets of the world, with the consequence that she destroyed the purchasing power of silver. When India started to sell silver in 1928, she had about 400,000,000 ounces in the treasury. After selling about 140,000,000 ounces, she still has about 400,000,000 million available for sale. In other words, she is acquiring this silver by withdrawing it from circulation. Although India is not selling such a great amount of silver, nevertheless the very fact that she has a large supply on hand and that her secretary is authorized to dump any part of it at any time and for any price upon the markets of the world, exerts a depressing influence upon the world price of silver.

According to the Director of the Mint, whose report I have here, the action of certain governments in clipping their silver coins and selling the clippings as bullion, the action of certain governments in decreasing the amount of their subsidiary coin, and the equally destructive acts on the part of other governments, produced a tremendous depression in the price of silver, with the result that silver-using countries are no longer able to buy the products of American industry and American agriculture.

Let it be emphasized at this point that the "oversupply" of silver was not caused by "overproduction" as is stated by those who have not taken time to examine the facts. In the past 100 years, the world silver production was 10,658,588,000 ounces. In the same period the production of gold amounted to 931,645,000. The production of silver was 11.4 times that of gold. Eighty percent of the silver production of the world is a byproduct in the production of other metals, such as gold, copper, lead, and zinc. Therefore, even should silver rise in value until it reached a parity of 16 to 1, there is no probability of any overproduction of silver. The increased price of silver without a corresponding increase in the price of the other metals with which it is associated would not justify increased production. To those who charge that this bill will bring about

an overproduction of silver and that we will be flooded with silver, may I point out that the maximum production of silver in the world at all times was only 260,000,000 ounces in a year.

As I have previously said, the abnormal low price of silver caused by the ill-advised actions of certain governments has made it impossible for silver-using countries to purchase our surplus products. The great fall in the gold value of silver has led to the impoverishment of the silver-using countries of the East, particularly India, where the ancient habit of the people has been to keep their small savings in silver, and, above all, China, which has remained on the silver standard. Since silver is used by more than one half of the population of the earth, we must restore it to its normal purchasing power in order to bring the world onto a single international monetary standard and to so increase the metallic bases of currency as to give the world a monetary standard far less liable than gold by its too severe and violent fluctuations in purchasing power.

As I have said, the silver-using countries cannot purchase our products with their silver money because, through the process of exchange of their money for gold, they are compelled to pay too much for our products. An automobile which costs \$600 in this country will cost the Chinaman about \$3,000 in his own money on account of the low price of silver.

What we propose to do under this bill is to permit silver-using countries to pay for our products with silver. This is not a 16 to 1 bill. This is not the act of taking the money of the people of the United States and buying silver. We have on hand more than 11,000,000 bales of surplus cotton. We have on hand millions of bushels of surplus wheat. Our tobacco, corn, hogs, rye, barley, and much of our agricultural products must be sold on the markets of the world in order for western and southern agriculture to survive. If we will say to foreign nations that have silver and who need our products, "We will accept in payment for this surplus your silver", then they will agree to trade with us.

It is said by the opponents of this bill that this will constitute dumping. Why? They say because you will allow this board that is to be created to accept the silver of any nation at 25 percent above the world market price. Therefore they say this is a process of dumping. That is not true, because all we propose to do is to allow a reasonable price for silver and restore its normal purchasing power.

The price of silver is now depressed by abnormal conditions. It has been lower in the past few years than ever known in the history of the world. All we propose to do is to give to these people a reasonable price for their silver. It is admitted by everyone who has studied the subject that if we could remove from the markets of the world a sufficient quantity of silver and thereby reduce the "oversupply" coming from unnatural sources, silver would be stabilized at a normal price. This bill not only promises us to remove this oversupply from the markets of the world, but in doing so it enables us to dispose of our surplus products, retain our dominant position as an export nation, and make agriculture profitable in the Nation. As I have said, the supply of silver is definitely limited by nature. Since only a small portion of silver comes from purely silver mines and most of it is a byproduct, there is no danger of any great overproduction. Therefore, stabilizing silver, the production of which is limited by nature by removing a sufficient quantity from the markets of the world, is an entirely different proposition from our futile attempt to stabilize the price of cotton and wheat by undertaking to store in warehouses the surplus.

But assuming that we pay the maximum 25 percent above the world market price of silver, and assuming that the quantity of silver which we acquire through this process is either not sufficient to maintain its increased price or that overproduction neutralizes the effect of the action, have we lost anything? Even if we get a billion ounces of silver and accept it at 60 or 75 cents an ounce and issue certificates against it, and even if the price of silver eventually declines below the price at which we accepted it, and even if some

day we return to redemption and have to make good the difference between the world market price and the price we agreed to accept it: certainly it would be worth the difference to dispose of our agricultural surplus products and retain the markets of the world for the benefit of our producers. Even if the worst should happen and this bill should amount to no more than a subsidy, can anyone say it would not be worth \$400,000,000 to export \$1,600,000,000 worth of agricultural surplus? If the time should ever come that we would have to make good that \$400,000,000, it would cost us considerably less than our present expensive program of paying the farmers for plowing up their crops or limiting production. For less money we will be keeping people employed and retaining the markets of the world, and we will not have to resort to the harsh and undemocratic principle of dictatorship and discipline that is contrary to the genius and spirit of our Constitution. [Applause.]

You gentlemen who are opposed to the reduction of our tariff rates and schedules should certainly agree to some plan that will give to agriculture the advantages that industry now enjoys as the result of high tariffs. Under this plan the Government will lose nothing, because, as I said, when we remove a billion ounces of silver from the markets of the world, the price of silver will be stabilized at a normal price. Many people talk about silver as a commodity. You understand that I am not interested in silver simply to help the silver States. I have no silver mines or interests in my district, and I do not own one dollar of silver stock in the world. My interest in silver is confined to the benefits that will flow to agriculture and industry by recognizing it as money. You gentlemen who speak of silver as a commodity, let me remind you that silver was money in the world long before gold was ever heard of. Let me further remind you that silver was the money of this Republic for many decades until 1873; and let me further remind you of the fact that today in the United States one twelfth of your currency is silver. Let me further remind you of the fact that the silver dollar which is readily exchanged for a gold dollar and which is on a parity with every other sort of dollar in this country has only about 25 cents' worth of silver in it.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. SIROVICH. Why does the gentleman limit the application of his bill to agricultural surpluses? Why not apply it against industrial, commercial, and mineral resources?

Mr. DIES. The reason is because industry is protected by the tariff. Industry enjoys the advantages of the tariff, but the tariff is not effective in the matter of agricultural surpluses. [Applause.]

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. WOODRUFF. Does not the gentleman propose to make the provisions of his bill precisely the same as those of the McNary-Haugen bill, or at least is not his bill intended to carry out the purpose expressed in the McNary-Haugen bill and the debenture plan of the National Grange?

Mr. DIES. No; I do not think so.

Mr. WOODRUFF. The idea behind those propositions was to move the agricultural surpluses.

Mr. DIES. That is true; but this does not proceed by the same method.

Mr. WOODRUFF. No; I said through a different method.

Mr. DIES. There are 11,000,000,000 ounces of silver in the world. Eighty percent of silver is produced as a byproduct of copper, lead, zinc, and other minerals. The gentleman from the silver States know that even if silver were selling at \$1.29, this price would not be sufficient to justify an increase in the production of silver. [Applause.]

Mr. MARTIN of Colorado. That was proved in 1920 and 1921.

Mr. DIES. The silver production is limited. Therefore, there can be no wild and uncontrolled inflation if silver were remonetized under the terms of this bill, because we are prepared with agricultural surpluses to purchase all the

silver in the world, if you want to go that far, and still do no injury to American finance and American credit.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. RICH. The gentleman made the statement that industry is protected by the tariff.

Mr. DIES. Yes.

Mr. RICH. Will the gentleman name five commodities the farmer produces which are not protected by the tariff?

Mr. DIES. The gentleman knows as well as I do that in the case of agricultural surpluses, cotton, wheat, and all other crops, a tariff rate of even 500 percent would not be worth the paper it was written on but would be merely a subterfuge.

That man is indeed an optimist who imagines that we will soon resume our former trade with Europe.

Europe today is what she was in the days of yore—quarrelsome, militaristic, grasping, ever ready to seize every advantage from the weakness or innocence of other countries. It is high time that we should profit from the sad experiences of the past. Let us not deceive ourselves with the false illusions of hope. Europe has no intention to disarm, either economically or otherwise, her professions to the contrary notwithstanding. Not in our generation will we regain our trade with Europe. Defaulting debtors never trade with their injured creditors, unless necessity or self-interest compel them to do so. Neither would the cancellation of the war debts restore normal trade relationships. She would only despise us for acceding to her unjust demands, and the consciousness of her breach of faith would only strengthen her dislike for America. Our commercial future lies in the Western Hemisphere and the Orient. It is our right to enjoy the majority of the trade of North, Central, and South America, because it is to us that all these countries would be forced to turn for help in case of European aggression. There is enough potential purchasing power in the countries of these continents to absorb our surplus products. An idiotic and fatal fascination for Europe has caused us to neglect our own hemisphere, but now we must develop our natural trade territories. [Applause.]

If we accept silver at a reasonable price in exchange for our agricultural surpluses, we can also develop a tremendous trade with the Orient. We must develop these natural trade territories unless the Congress is prepared to commit itself to the doctrine of economic isolation, which means the forcible destruction of the South and West, which means driving from the farms of the South and West millions of people who today make their living tilling the soil. Can you people of the East take care of this surplus population? Are you prepared to put this surplus population to work in your factories and industries?

Mr. MAY. Mr. Speaker, will the gentleman yield.

Mr. DIES. I yield.

Mr. MAY. Suppose in the exchange of these products the Government of the United States acquires 5,000,000,000 ounces of the 11,000,000,000 ounces of silver in the rest of the world and that silver should then depreciate 25 percent, how would we escape the loss?

Mr. DIES. In the first place, if we acquire 5,000,000,000 ounces of silver and deposit it in the Treasury of the United States, instead of silver depreciating 25 percent it will, in my judgment, increase more than 25 percent. At the present time we do not redeem even gold certificates. [Applause.]

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Speaker, I yield 5 additional minutes to the gentleman from Texas.

Mr. DIES. We do not even redeem gold certificates today. But assuming we do go back to redemption, and assuming that we do acquire 5,000,000,000 ounces of silver from the markets of the world, and that it is put into the Treasury of the United States, silver will go to \$2.58 an ounce. This statement can be proven by mathematical calculation.

Mr. MAY. Then would be a good time to market the silver. Is there anything in the bill which authorizes the

Secretary of the Treasury to market it advantageously; or has he that authorization already?

Mr. DIES. He can market it if he wants to, provided he keeps on hand sufficient silver for redemption purposes.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. MARTIN of Colorado. Under the terms of this bill he can market it.

Mr. DIES. As I stated before, under existing law he would have the right to market the silver, but it is my opinion that he would have to keep on hand sufficient silver to make good the currency issued against it.

Mr. MARTIN of Colorado. If the gentleman will yield further, I shall support the gentleman's bill, but I want to call attention to section 6, which is involved in the question just asked by the gentleman from Kentucky [Mr. MAY]. Section 6 provides that the amount of premium or excess above the world market price which the board is authorized to pay for products sold to foreign buyers shall not exceed \$400,000,000 a year. I have recently conducted a considerable investigation into the quantity of silver available in the world in the event the United States should launch a world silver-buying program, and I have been wholly unable to find where the United States can get a billion ounces of silver even though she paid \$1 an ounce for it. In this connection let me point out that even though we paid 50 cents an ounce in excess, it would take 800,000,000 ounces to take up the \$400,000,000; and even if we paid 25 cents an ounce, which amount we would not pay until silver was \$1 an ounce, it would take 1,600,000,000 ounces; and I have not been able to find where we can get even 800,000,000 ounces.

Mr. DIES. Mr. Speaker, let me say this is not a bill by which we propose to take money out of the Treasury and buy silver. Whenever we acquire an ounce of silver under the terms of this bill, we export agricultural surpluses which depresses the domestic price of our products. This bill provides an intelligent method by which we can deal with this surplus instead of the present crude method of reduction and destruction. [Applause.]

In conclusion, Mr. Speaker, may I say that this bill was not conceived by an academic mind. It was not formulated by college professors who learn their philosophy in a third-story attic and not from actual contact with flesh-and-blood men. It is not written in the obscure language and meaningless phrases of the technical draftsman. There is nothing experimental or revolutionary in the plan suggested. It does not involve the violation of the Constitution or the abridgment of any political, personal, or economic right. It does not constitute any sacrifice of fundamental American principle. Nor does it mark any departure from the ancient landmarks of the fathers. No visionary economist has placed his seal of approval upon it. It is not sponsored by any organized bloc or selfish group. It merely seeks to provide a sane, sensible, and common-sense method of disposing of our agricultural surplus products in a normal and constructive manner. It is merely the recognition of the money of more than one half of the world as payment for the surplus of our soil and labor. The principal purpose of the bill is the disposition of surplus products, but as an important result of this exchange we increase and stabilize the purchasing power of silver and put into the hands of millions of producers a new supply of honest money backed up by an adequate metallic reserve. [Applause.]

Mr. ELTSE of California. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it has been properly said that this bill is one of the most important bits of legislation coming before this body. It is very far-reaching. It is dangerous. I submit that it is a monumental folly. I am not going to stand here and take the position that a certain gentleman on this floor took the other day when he stated that there are only 12 Members in this House who know anything about money. To make that statement he must himself have been convinced

that he knew much about it, otherwise he would not have been able to appraise the intelligence of the Members whom he classified as being among the chosen 12. This bill, H.R. 7581, will not bear the cold logic of analysis or the searchlight of examination. I have gone to the trouble of making up a table, which will show the operation of this bill. Much of what I say will be tied into the table.

Permissible premium (25 percent)..... \$400,000,000
100 percent, or market price of silver delivered..... 1,600,000,000

(1) World market value of products purchased in United States.
(2) Base upon which \$2,000,000,000 silver certificates issued. } 2,000,000,000

INFLATION! SOUND MONEY?

Two billion dollars in silver certificates versus \$1,600,000,000, world market price of bullion.

	Debit	Credit
REDEMPTION		
United States in account with holders:		
Certificates issued.....	\$2,000,000,000	
Bullion at world market price.....		\$1,600,000,000
To balance.....		400,000,000
Total.....	2,000,000,000	2,000,000,000
REISSUANCE (SEC. 10)		
Certificates reissued.....	2,000,000,000	
To balance.....		2,000,000,000
Total.....	2,000,000,000	2,000,000,000

Under section 6 of the bill you will see that the maximum premium which is permissible for the purchase of exportable agricultural surpluses is \$400,000,000. If this \$400,000,000 is the permissible premium, then the 100-percent market price of silver taken in exchange for our surplus would be \$1,600,000,000. Strangely enough, this \$2,000,000,000 represents the market value of the products purchased. In other words, the foreign nations that are supposed to come into our markets and buy our exportable surplus will get \$2,000,000,000 worth of our exportable surplus for an actual payment in silver bullion of \$1,600,000,000. They get this at a discount of 25 percent.

The bill provides that silver certificates shall be issued on what base? On a base of the \$1,600,000,000 of bullion purchased, plus the 25-percent premium, which means that silver certificates will be issued to the extent of \$2,000,000,000 on \$1,600,000,000 value of bullion. We have heard a lot about watered stock. There is a lot of it right here. There are \$2,000,000,000 of silver certificates issued against \$1,600,000,000 of silver bullion, or, in other words, there is \$400,000,000 worth of watered stock.

There is a provision in the bill for redemption. That will be found in section 12. In order to demonstrate to you the operation of the redemption feature, I have set this up in the form of a double-entry book account. Under it the United States will be in account with holders of these silver certificates on the debit side to the extent of \$2,000,000,000, and on the credit side bullion will be credited to the extent of \$1,600,000,000. Debit the bullion at the world-market price, as provided by the terms of the bill, which is \$1,600,000,000. That is the price at which it was purchased in the first instance. In order to balance the two sides, we have to put on the credit side of the ledger \$400,000,000. In other words, the United States upon redemption of these silver certificates will have to go down into their Treasury to the extent of \$400,000,000.

Mr. SIROVICH. As a subsidy to agriculture.

Mr. ELTSE of California. As a subsidy to agriculture on top of your processing tax.

Under section 10 of the bill it is provided that the silver certificates issued under this act or any silver certificates reissued shall be legal tender, and so forth; and—

When accepted by the Government shall be issued and in all respects shall become a part of the lawful money of the United States.

Under the redemption clause of the bill there is no provision for cancelation and retirement of these silver certificates.

What situation do we have on reissuance? We have silver certificates reissued in the amount of \$2,000,000,000, and again I have set this up in the form of a book account. There is a reissuance of \$2,000,000,000 against a credit of what? Nothing, because the silver bullion that went in behind the certificates in the first place has been withdrawn and paid out to redeem the silver certificates, and the United States Treasury is in the red to the extent of the \$2,000,000,000. This operation may be repeated ad infinitum. I see some Members smiling. I take that as an indication that they are not able to follow the argument. As I say, the operation can be repeated ad infinitum. What will be the result? There will be a draft on the United States Treasury until we pass into bankruptcy, and all we will have in the end, Mr. Speaker, will be the inscription on the silver dollar, "In God we trust." That will be the remnant of our monetary structure.

This is nothing but a raid on the Treasury.

May I point out the additional feature that the exportable surpluses are supposed to be exchanged for silver from foreign countries. What will be the real operation under this bill? The silver-mining industry, the silver speculators, and the silver operators of this country will ship their silver to the Orient—China, India, and Japan—buy our exportable agricultural surpluses, take them over to Japan, India, and China, sell the products, and reap a magnificent profit in the premium of 25 percent. With provision for a minimum premium of 10 percent and a maximum premium of 25 percent, I say that the premium on the purchases will be 25 percent if the mining interests, the silver operators, and the silver speculators have anything to say about the matter. They will get it just as high as they can. What is the object in paying to the purchasers of our exportable agricultural products, which are taken in the normal course of trade, as they have been in the past, a premium of 25 percent on the exportable surpluses that go to other nations at the present time?

It is a pretty racket. It is a subsidy, as my good friend, the gentleman from New York [Mr. SROVICH] suggests. It is a racket for the silver operators, for the silver speculators, and it will be a racket for banks to be developed in Japan and in China and in India, and elsewhere.

There is another thing about this bill I want to point out to you. If you will refer to line 18, page 2, section 2—and I want you to get this—

The board is authorized, through the foreign agents above mentioned, to enter into option contracts.

Please get that.

[Here the gavel fell.]

Mr. ELTSE of California. Mr. Speaker, I yield myself 5 additional minutes.

Option contracts. Now, keeping this in mind, please refer to section 3:

The board is further authorized to purchase such agricultural surplus products as may be deemed necessary to fulfill option contracts with foreign buyers or to make deliveries.

And a little further on the board is authorized to employ any governmental agency of the Agricultural Department in securing the amount of agricultural surplus products necessary to make such deliveries and to enter into contracts with the producers of such products as may be necessary for the purpose of carrying out this act.

In the first instance, under section 2, you have option contracts and the foreign buyers may buy under option contracts which are not binding. They may take the surpluses if they want to and if they do not want to, they can tell you to go to.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. ELTSE of California. Not just now. A little later I will yield.

Under section 3 the contracts that are there authorized to be entered into with the producers are binding contracts and are not option contracts.

I have heard on the floor of this House, as well as before I came here, the Federal Farm Board cursed and damned and discussed and repudiated. I say to you that under the provisions of this bill you are setting up another Farm Board that will buy these exportable surpluses and accumulate them in order to provide another subsidy for the agriculturists of the United States.

Mr. SIROVICH. Will the gentleman yield?

Mr. ELTSE of California. Yes; I will.

Mr. SIROVICH. We have been granting subsidies this morning to the cotton growers and we have given subsidies to the railroads and to the merchant marine. Why can we not grant a subsidy to the mineral resources or interests of the country in the same way?

Mr. ELTSE of California. They are trying to do that now.

Mr. PARSONS. Will the gentleman yield?

Mr. ELTSE of California. Yes; I yield.

Mr. PARSONS. The gentleman understands that in the silver dollar at the present time, upon which is printed "In God we Trust", there is only about 30 cents worth of silver at the world price.

Mr. ELTSE of California. Yes.

Mr. PARSONS. But the gentleman would like to own and possess 1,000,000 of them. Would not the gentleman like to have 1,000,000 of these 2,000,000,000 silver dollars he is talking about? [Laughter.]

Mr. ELTSE of California. I would rather have a silver dollar that is worth 30 or 40 cents, or whatever you say it is worth at the present time, than to have the same number of dollars 6 months or 1 year from now, after billions of dollars worth of silver is poured into this country and the value of silver depressed.

That is the history of silver production throughout the entire world. Every time the price of silver increases production increases, which, in turn, is followed by a depression in the world market price of silver. If you want to glut the market of America with silver, you will vote for this bill. If you want inflation of the most radical and rabid kind, you will vote for this bill.

Mr. MARTIN of Colorado. Will the gentleman yield for a suggestion?

Mr. ELTSE of California. No; I do not yield for a suggestion; I yield for a question.

Mr. MARTIN of Colorado. I wish the gentleman would put the figures in his speech to sustain the statement he has just made.

Mr. ELTSE of California. Is this a question?

Mr. MARTIN of Colorado. Yes; this is a question. I want to ask the gentleman to put in his speech the figures that will sustain the statement he has just made regarding the production of silver.

Mr. ELTSE of California. I will leave that for the gentleman's cohorts.

Mr. MARTIN of Colorado. The gentleman ought to have the figures before making a statement of that sort.

Mr. O'MALLEY. Will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. O'MALLEY. In the earlier part of the gentleman's argument he pointed out that what we were doing was actually selling our farm products at a 25-percent discount in order to get rid of them. Does not the gentleman think it is good business that we sell them for 25 percent in order to prevent destruction of them?

Mr. ELTSE of California. This is providing a 25-percent subsidy in addition to what they have already.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. ELTSE of California. Yes.

Mr. JOHNSON of Texas. I understand the gentleman is a member of the committee that considered this bill.

Mr. ELTSE of California. I am.

Mr. JOHNSON of Texas. And I also understand the gentleman did not vote against the bill when it was considered in committee.

Mr. ELTSE of California. Yes; I did.

Mr. JOHNSON of Texas. Then I have been misinformed. Mr. ELTSE of California. I voted against both of these bills—bill No. 7581 and bill No. 1577.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Speaker, I yield 10 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Speaker, January 18, 1934, the Committee on Coinage, Weights, and Measures reported to this House the President's money-control bill, which became a law on the 30th day of January 1934. I stated on this floor at the time that bill was under consideration by our membership that it went further and was more far-reaching than any bill considered in Congress for many years. In the President's message recommending that bill to Congress, January 15, 1934, concerning silver, he said:

Governments can well, as they have in the past, employ silver as a basis for currency, and I look for a greatly increased use. I am, however, withholding any recommendation to the Congress looking to the further extension of the monetary use of silver, because I believe we should gain more knowledge of the results of the London agreement and of our other monetary measures.

On the 16th day of March 1934 the Committee on Coinage, Weights, and Measures reported to this House for its consideration H.R. 7581, known as the "Dies silver bill." Our able and distinguished Speaker, Hon. HENRY T. RAINEY, has been advocating the remonetization of silver for many years and has been one of its most consistent and forceful advocates. The Speaker has most appropriately permitted the Members of this House to bring that bill up for consideration at this time. The committee has held extensive hearings on this bill and other silver bills.

This bill is written in plain language and is easily understood. Section 1 of the bill provides for the establishment of an agricultural surplus exchange board, consisting of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture. Section 2, directs the board, through our commercial attachés and Government agents in foreign countries, to sell the agricultural surpluses of this country to foreign countries and accept in payment therefor silver coin or bullion at such price per ounce, not in excess of 25 percent of the world market price of silver, as may be agreed to by the board and the foreign buyers. Section 3 directs the board to purchase agricultural products as may be necessary to fulfill option contracts with foreign buyers, and to employ any governmental agency of the Department of Agriculture to carry out the purpose of the act.

Section 4 authorizes and directs the board to deposit the silver bullion or coin received in exchange for products sold to foreign buyers with the Secretary of the Treasury, and he shall immediately cause to be issued against such silver bullion or coin, silver certificates based upon the value per fine ounce which was agreed upon by the board and the foreign buyers subject to the 25-percent limitation above the world market price for silver.

Section 5 directs the board to authorize farmers' cooperative marketing associations to sell American agricultural surplus products abroad and accept silver bullion or coin in payment thereof in the same manner as the board can make such sales. Section 6 fixes the maximum premium above the world market price which the board is authorized to agree to as payment for such products as \$400,000,000 per year. Sections 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 provide for the issuance of the silver certificates, the denominations in which they shall be issued, the storage of the silver bullion, redemption of the certificates, making them legal tender for all debts, public and private, and rules and regulations to be provided by the board.

Mr. Speaker, in 1920 the total exports of the United States amounted to \$8,100,000,000, and in 1933 the amount was \$1,500,000,000. In 1920 we exported agricultural products to the amount of \$3,466,619,819, and in 1933 the amount has

been reduced to \$600,000,000. Most of our exports went to Europe and in order to increase them to much extent we must increase our trade with the countries of the Orient, as China, India, and Japan, which are on a silver basis. These countries need our agricultural products, but they cannot buy them with gold, for they have no gold; they cannot exchange them with us by reason of our high tariff, and they cannot buy our products with their silver money by reason of the exchange of their silver for gold to pay us, which makes the prices too high in payment with their silver.

The enactment of this bill to be followed with further silver legislation, will open the foreign markets of the Far East for our surplus products, and lessen the likelihood of further farm-control production. These countries need our goods for their people and we need their markets for our people.

The world production of silver from 1493 to 1931, inclusive, amounted to 14,960,313,580 ounces. From 1792 to 1930 there has been produced in the United States 3,167,273,554 ounces of silver. In 1932 the United States produced 23,980,773 ounces of silver and the first 11 months of 1933 produced 19,393,000 ounces. From the best figures the committee could get it is believed that there are about 11,000,000,000 ounces of silver in the world for monetary purposes, and about 7,000,000,000 ounces of that amount are in China and India.

The money kings and the captains of industry, of course, do not want this bill, for like the gold control bill enacted a few weeks ago, their clutches are further removed from the Treasury and the control of the money of our country. The silver certificates issued under the provisions of this bill cannot be called "flat" or "printing press" money in order to scare the people, for back of each silver certificate there will be a sufficient amount of silver to redeem the certificate. There is now in circulation in the United States silver certificates to the amount of \$406,918,544, and we have not heard these silver certificates described as "flat" or "printing press." There is in circulation now standard silver dollars to the amount of \$29,337,523.

Mr. Speaker, silver was our unit of money long before gold was made our standard. The Continental Congress of 1786 adopted the silver dollar as our unit of value, and it contained 375.64 grains of silver. The silver dollar now contains 371.25 grains of pure silver. This metal continued to be our standard unit of value until it was demonetized by the act of February 12, 1873. We know how industry and business declined right after that law was passed. The price of farm products and other commodities began to advance as soon as this bill was reported favorably by your committee. The remonetization of silver will help bring a new era of prosperity in this country. This is the first time we have had an opportunity to vote on silver, and we anxiously await the result, and hope the bill will be enacted into law this session of Congress. [Applause.]

Mr. ELTSE of California. Mr. Speaker, I yield 10 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Speaker, I can well understand why the silver-producing States, observing the lavish way in which the Federal Government has been pouring out money by the hundred million to the agricultural States as a bounty or as a subsidy, with the purpose of raising prices of farm products, might be tempted to seek a Government subsidy also in order to raise the price of silver, and might find justification in the fact that there seems to be a prevailing obsession in certain quarters in favor of high prices for everything. However, if this is the objective, if this is what you seek, I insist that you should seek it by honest and straightforward methods and not by the method of indirection, which is involved in this absurd bill. This is a thoroughly deceptive measure. The gentleman from Texas [Mr. DIES], who introduced the bill, proved to be an excellent showman, if I may use that term in no invidious sense, because, after all, what is proposed in this measure is a certain feat of legerdemain, carried on on a world-wide basis, whereby you pull rabbits from hats, and goldfish from tail pockets; and the gentleman succeeded very well, it seems

to me, in confusing the issue and in making it appear that things were coming out of this bill that cannot possibly come out. It was clever sleight-of-hand.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. Not now. This bill reminds me of an old-fashioned conundrum, which is several thousand years old. A man that was not a man threw a stone that was not a stone at a bird that was not a bird that was clinging to a tree that was not a tree. I do not know the answer. I believe, however, that the man who was not a man was a eunuch, and the bird that was not a bird was a bat, and you will have to use your imagination for the other features.

What this bill proposes is inflation that is not inflation, dumping that is not dumping; it proposes to increase the foreign purchase of our farm products by taking in payment silver that is not silver and by giving a subsidy that is not a subsidy in order to help the ever-distressed farmer and to aid the impoverished mining States. Of course, this is, without any question, dumping. What are we proposing to do? To sell farm products and take in exchange silver; and we are saying to anyone who will pay for them in silver, "We will mark your silver up 25 percent. If it is worth \$100 according to actual valuation in the world market, we will call it \$125, if you spend it for our farm products", which, obviously, means selling goods by just so much at a discount. Then we are going to bring this money that we have received back to this country in silver coin or bullion and deposit it and issue silver certificates against it, supposed to be redeemable in silver, although only \$100 of the \$125 is represented by silver actually on deposit; the rest is pure inflation. To that extent we are undoubtedly inflating. And this transaction is supposed to be completed without costing the Government a cent, just because we juggle with our bookkeeping in that fashion. It is strictly fiat money to the extent of that added 25 percent which is to be handed out as a subsidy, partly to help the farmer and partly to increase the price of silver so as to help the mining States.

I insist that we ought to be honest in these measures. You ought to have a straightforward remonetization of silver, if that is what you want, and not seek to reach your goal by this indirect and deceptive method. But you are not going to help agriculture, as you suppose, by this measure, because underlying the whole proposal is a false premise. There simply is not silver enough to accomplish this result.

What are you proposing to do? You are proposing to take your surplus product and sell it abroad and bring back to this country the silver received for it. But if you will turn to the testimony of the experts you will find they all agree that the amount of silver which can be turned over to us is very limited, and when that supply is exhausted what are you going to do? There is no method whatever of meeting this situation that we have confronting us now, so far as the farmer is concerned, except, first, by a better balance between supply and demand in this country, and, second, by such extension of foreign trade as is possible. There is no other way of helping the farmer. This bill is a delusion and a snare. It ought not to pass.

I observe with interest that the administration has not sent down its orders as yet, so that gentlemen on the Democratic side are still free to use their own judgment on this matter. They signed on the dotted line this morning after the warning came out in the morning newspapers and the Democratic black list was published.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. Yes.

Mr. CULKIN. Is it not a fact that the Secretary of the Treasury, Mr. Morgenthau, has indicated that he is actually in opposition to this measure?

Mr. BAKEWELL. It was so stated in the newspapers, but was denied by the gentleman who introduced this bill. I have no direct knowledge about it.

Mr. ELTSE of California. It was announced in the committee—I do not know whether the gentleman was present or not—that Mr. Morgenthau, the Secretary of the Treasury,

said he did not know anything about it, that they were making a study of it, and did not know when they would be ready to report on it.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. BAKEWELL. Yes.

Mr. MARTIN of Colorado. I am inclined to agree with the gentleman's observation that there is not sufficient silver available to accomplish the objects of this bill, and in connection with that admission I ask the gentleman what his real objection is to undertaking remonetization of silver?

Mr. BAKEWELL. That is another story. It would require much more time than I now have at my disposal to answer that question.

Mr. DOCKWEILER. Will not the result of this bill bring us back to the experience that we had in the silver purchase act that Grover Cleveland had so much trouble with trying to redeem paper in silver? The people will not redeem in silver; they want gold, because we are only temporarily off the gold standard.

Mr. BAKEWELL. Of course, you must remember that this administration has by royal decree canceled all the laws of economics, including Gresham's law. That also has been thrown out of the window.

I would say in conclusion that it seems to me that this bill is a roundabout way of trying to accomplish two results, and that it will accomplish neither, and that the bill ought to be defeated in the interest of honesty and sound legislation.

The SPEAKER pro tempore (Mr. LUNLOW). The time of the gentleman from Connecticut has expired.

Mr. FIESINGER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it is unfortunate that we cannot have a longer time, although I appreciate the time we are having here today, to discuss thoroughly the question which I think is most important to this country and the world today.

I notice in the New York Times of yesterday an article which reads:

Bankers disagree on economic cure.

This comes from the League of Nations who assume to know all about gold, and they say that they are dumbfounded and baffled because of the economic conditions of the world as they have been for the last 5 or 6 years. In other words, they are not able to suggest a remedy for these deplorable conditions. I have proposed a bill, with the aid of the hearings of my committee, and under the counsel of my economic adviser, which I believe provides a remedy. I indulge the hope that this bill will soon be brought before this House for criticism and debate. So far I have heard no serious criticism as to it. I am confident it solves this depression; that it cures the gold disease.

I have been asked several times today whether the bill we are now considering, the Dies bill, is in conflict with this measure I have introduced in the House and which was reported out by the Committee on Coinage, Weights, and Measures a week ago. I say to the House there is no conflict between these two measures. I want to explain, as I understand, what is to be accomplished by the Dies bill.

The Dies bill provides that our surplus farm products may be sold in the markets of the world and silver be taken therefor. The board that is set up in the bill may allow a premium so that those farm products may have a better price. The bill that I sponsor is founded upon an entirely different principle. I say to the House, lest there be some misgiving about this, that I am supporting the Dies bill. I say there is no conflict between the two bills.

Bearing in mind, now, what I said about what the Dies bill will accomplish, I am going to read the introduction of my bill, and I think you will note the difference between the two measures if I read three or four lines.

The bill I sponsored, H.R. 1577, is:

A bill to preserve and protect the gold standard, through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates, payable in their gold-value equivalent, and under such regulations as will provide protection to gold from being cornered, and protection from inflation in gold values during periods of excessive demands.

We are in a critical period, and, as I say, the disease which the world is suffering from today is a gold disease—extreme inflation in gold values. We are approaching this problem from the standpoint of gold. We would take the inflation out of gold and bring the purchasing power of a given weight of gold back to where it would equal its purchasing power under the commodity price index of 1926. That, as a policy, the President has sponsored. He has said we need the 1926 price level, and this House has voted in favor of that price level.

How would we tend to accomplish that under this bill? We would get silver and add it to our money supply in a way that places silver in competition with gold. That is a monetary step in the right direction. Somebody has said this afternoon that if we pass the Dies bill we will get a flood of silver. On the other hand, the gentleman who preceded me, I believe, said, if I quote him correctly, that there is not enough silver in the world to accomplish this object. Am I correct in that statement?

Mr. BAKEWELL. Not enough silver which the nations can ship. The figures given showed clearly that, for example, China, with, perhaps, 800,000,000 ounces, could export four or five million and send them out of the country. They could not ship silver out of the country.

Mr. FIESINGER. The bill that I sponsor provides for the purchase of an amount of silver limited to not exceed 1,500,000,000 ounces. This would cover a long period of years. The Secretary of the Treasury would control the purchase of silver under the law as to the amount to purchase, so long as he got to the object provided in the bill, namely, the 1926 price level.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. DOCKWEILER. Is the Dies bill a temporary measure?

Mr. FIESINGER. I understand it is. I understand it is not a permanent piece of legislation. The bill that I offered is intended to be a permanent piece of legislation to restore and control the stability of gold values and, therefore, of all gold moneys.

Mr. DOCKWEILER. I would like to be corrected if my understanding is wrong, but, as I read the Dies bill, it is a permanent piece of legislation until a subsequent Congress may repeal or amend it?

Mr. FIESINGER. I do not so understand that it is. I will let the gentleman from Texas answer the question.

Mr. DOCKWEILER. Will the gentleman yield further?

Mr. FIESINGER. I yield.

Mr. DOCKWEILER. What is the gentleman's belief as to what people will do? When they hold these silver certificates, when we go back on a gold basis, as we will, will people ask for gold or silver?

Mr. FIESINGER. Under the terms of the bill, they are redeemable in either gold or silver. I do not know whether they will call for gold or silver.

Mr. DOCKWEILER. Does the gentleman remember the silver-purchasing act over which Grover Cleveland had so much trouble?

Mr. FIESINGER. I know the history of that very well.

Mr. DOCKWEILER. Does the gentleman remember how few people walked up and asked for silver as against gold, and it was optional then?

Mr. FIESINGER. If my recollection serves me right, I understand they had the right to get gold by first asking for silver.

Mr. DOCKWEILER. No; they did not ask for silver at all.

Mr. FIESINGER. And then they had to issue bonds in order to restore the gold.

Mr. DOCKWEILER. The Secretary of the Treasury was to do exactly what the gentleman's bill proposes. I do not remember the amount, but he was to purchase so many million dollars' worth of silver and issue silver certificates.

Mr. FIESINGER. It seems to me it was not less than 2,000,000 ounces a month and not over 4,000,000 ounces a month.

Mr. DOCKWEILER. I do not remember the amount, but he was to do exactly what the gentleman's bill provides.

Mr. FIESINGER. There is a difference between the two measures. In the bill I have presented, while the certificates are to be redeemed in the full gold value, that value is paid over in the form of silver, and it meets your objection.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. PARSONS. Section 4 of the Dies bill provides that these powers shall terminate on January 1, 1936; so there is a limitation in the bill.

Mr. FIESINGER. As I say, it is of a temporary nature.

Mr. DIES. And it is optional with the Secretary of the Treasury as to whether he redeems in gold or silver.

Mr. FIESINGER. He can redeem either in gold or in silver.

Mr. MARTIN of Colorado. Does the gentleman believe the United States will ever purchase 1,500,000,000 ounces of foreign silver before the price of silver reaches parity with gold?

Mr. FIESINGER. From my studies of the question I doubt whether we would have to buy or take into the Treasury 500,000,000 ounces of silver in order to reach the 1926 price level.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. WOODRUFF. Will the gentleman tell the House what, in his opinion, will be the effect on the speeding up of production of silver in this country and other countries of the world upon the passage of this bill?

Mr. FIESINGER. A little while ago I heard the statement made that it would immediately start the silver mines to work. Some of the greatest experts on silver in the world appeared before our committee and their testimony was that silver is a byproduct; that it comes out of gold mines, copper mines, and zinc mines; and that it would be impossible to increase the quantity of silver except that large expenditures were made to increase mining facilities; and then it could not be substantially increased over present production except in a period of about 5 years. It would take 5 years before any increased production could be had over normal production. It must be understood that I am talking about normal production.

Mr. WOODRUFF. Did those experts when they were talking to the committee have in mind the rich silver lodes in Canada?

Mr. FIESINGER. Oh, yes. I regard Mr. Francis Brownell, chairman of the board of the American Smelting & Refining Co., as one of the greatest experts in the world upon this subject. His testimony before the committee was that it would require great commercial activity to substantially increase silver production.

Mr. WOODRUFF. Long before that time the program would expire by the terms of the Dies bill.

Mr. FIESINGER. I should like to point out that those who fear a flood of silver are viewing this matter from a fixed ratio viewpoint. Under silver laws, which fix the price of silver in terms of gold, you must hold up the price you fix. That has been obviated in the use of silver here proposed.

Under the Dies bill, and also under the Fiesinger bill, there is no application of a flood of silver, nor does Gresham's law apply. That is the contribution to modern monetary improvement in method which is found in both of these bills.

The silver certificates are payable in silver at the market price, and to the amount of their gold value in silver. If you wish to assume that there might be a flood of silver, it would alter the amount of silver the certificates will call for, but it could not affect their value. The certificates will always be worth the full gold value called for on the face of the certificates.

Under this plan you make gold out of the silver you place in your reserves. You control the gold values in reserves. You control the value of gold plus gold equivalents in the

world. You have a key to control gold values. You cure the gold disease. You solve your money problem.

[Here the gavel fell.]

Mr. ELTSE of California. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, it is a strange fate that makes it seem incumbent upon me from time to time to take the floor in defense of the administration and the President. Once more I feel called upon to do that because, although it would be greatly to the interest of my party to have this measure become law, I prefer the welfare of my country to that of my party.

The program here presented runs counter to one the administration has been following for the last 5 months. In the course of this period it has expended an unknown amount of money in buying gold abroad in order to cheapen the value of gold. It is here proposed to spend the equivalent of a huge amount of money to buy silver abroad in order to increase its value, and I would not put the administration in the paradoxical situation of trying to lower the value of gold and in the next breath trying to raise the value of silver.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. LUCE. If I have time at the end of my remarks it will give me the greatest of pleasure to yield to the gentleman.

I hope that gentlemen will not attempt to follow the mathematical abstractions of this question, but will try to reach the pith of it, the marrow of it, the core of it, the very heart of it, which may be set forth in one sentence: It is the purpose of this bill to sell to foreign countries surplus agricultural products below cost. That is the primary purpose. We have faced that sort of thing now at almost every session in the 15 years I have had the honor to be a Member of this body; and again, and again, and again Congress has set its face against what it briefly calls "dumping". The gentleman who presents the bill says this is not dumping. If you will carefully read his statement of reasons in the report as I have—and I have read it over three times—you may get a glimmer of what he means by his rejoinder in this particular. To my mind the best explanation I can find is that from the home point of view, regarding only the money result here, he holds this is not dumping. That, however, does not concern the foreigner. If the foreigner can get his food and his cotton at a quarter less than he would otherwise have to pay, that is dumping.

Pray, of what gain is it to give our foreign competitors one half their cost of living—that being the average for food and clothing combined—one half their cost of living at one quarter less than the expense to the wage earners of this country?

Why give the employer of labor in Berlin, in Lyons, in Manchester, or Leeds the advantage of a reduction of one quarter of one half of what he must pay for wages? Why thus put at a disadvantage the wage earner of the United States by compelling him to pay more for his food and for his clothing than is paid by his competitor abroad?

At the present moment the administration is doing all that is within its power to conciliate the countries of the world, to bring economic peace, to attempt by methods with which you are all familiar in the matter of proposals, to accomplish the very opposite of what is contemplated here. By dumping you invite the animosity of every country into which you dump; you invite retaliatory action; you invite the raising of tariffs, even embargoes. In many directions you encourage animosity and resentment, when the administration is doing its best to secure some measure of economic peace and harmony.

Furthermore, you have here an interesting contradiction presented by the method of redeeming the silver certificates. I congratulate the author of the bill for the adroitness with which he has drawn his provision, but he seems to have forgotten the fact that within a few weeks we have made it illegal for any citizen of this country to have in his possession a single ounce of gold or a single gold certificate; and

yet he has the courage, in the face of the program of his administration, to come here and advise that these certificates may be redeemable in gold. He contradicts his vote. He contradicts the program of the President. You will find some difficulty in understanding the gentleman's report, but in his speech on the floor he has definitely said that these certificates might be redeemed in gold. If time permitted, I would have the statement read over to you.

Mr. DIES. Will the gentleman yield? He has made an incorrect statement.

Mr. LUCE. Under the circumstances I yield to the gentleman.

Mr. DIES. I said that this bill has the same redemption clause as contained in the gold bill. The Treasury does not have to redeem unless it wants to, then when it redeems it can redeem in gold or silver.

Mr. LUCE. I thought the gentleman must have used language he did not mean. When he reads the transcript tonight he will find language there with implication he did not mean, I am sure. If, however, the wording of the devaluation bill was the same as it is here, attention may be called to section 5 of that bill, which began:

No gold shall hereafter be coined, and no gold shall hereafter be paid out or delivered by the United States.

Exception is made as to coinage for foreign countries. All gold coin is to be withdrawn from circulation and melted into bullion. The gold is to be maintained in the Treasury as alleged security equal to the dollar amounts required by law, a requirement that, unless the Government acquired other gold, would be impaired by use to redeem silver certificates.

I call it "alleged" because nothing is in reality "security" unless it can be had at the demand of the holder of an obligation. For the purposes of domestic use as money, gold certificates are in effect irredeemable. However, my observations would have been more accurately directed to the implication the uninformed citizen would see in the use of the phrase "in gold." Without technical explanation that phrase gives the public to understand it means what it says. And by the way, I seriously object to the words in a note to the monthly Circulation Statement of United States Money, saying:

Gold certificates are secured dollar for dollar by gold held in the Treasury for redemption for uses authorized by law.

That is deception. There is now no assurance whatever that the holder of a certificate can get an ounce of gold, nor will there be if this bill is enacted. Redemption in gold is a fantasy, a delusion, and a lure to the people of the United States, because it continues the attempt to make them think their money may be redeemed. We ought not to deceive them in this regard. The people ought to know that, except for the purposes of foreign trade and the arts, not a dollar of our pretended gold currency is redeemable in gold. We have irredeemable paper currency.

Silver today is redeemable. Under this bill it will be redeemable, but to what extent? I call the gentleman's attention to the words of his own report:

There is only approximately 20 cents' worth of silver in our silver dollar.

The only difference between a silver dollar and a paper dollar in this regard is that the paper dollar may have about one tenth of a cent of intrinsic value while a silver dollar has 20 cents of intrinsic value. It is nothing but fiat money. It never will be anything else but fiat money until it is restored to a parity with gold.

In the meantime, what is the proposal of the gentleman who says that there is only 20 cents' worth of silver in a silver dollar? He is asking us to enact a measure that will put 25 cents into the silver dollar. In other words, increase its intrinsic value by one fourth. It has 20 cents' worth of silver now and he would add 5 cents more of value to what we called a "cart-wheel dollar" when we used it hereabouts. He will then go forth to the country and make the people feel that he has made some great contribution to their welfare because he has changed the content of a

flat dollar from 20 cents to 25 cents. Here again is an interference with the monetary program of the administration that will throw it out of gear.

[Here the gavel fell.]

Mr. ELTSE of California. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. LUCE. May I take this additional time to insert in the Record the words of a great President, a great Democrat, a great American, one of the bravest Presidents, if not the bravest President, this country ever had, Grover Cleveland, of New York. [Applause.] They were spoken in a message to Congress August 6, 1893, 40 years and a little more ago. Then the plight of the country was as bad as it is today. Panic had wrought havoc on every hand. Misery stalked the streets. The monetary situation was worse than the one we now confront. A law requiring increased purchase of silver bullion, enacted 3 years before, had helped to bring on the disaster. The Congress was called together in special session to repeal that law. Let me read as solemnly as I can and with as much emphasis as I can command the opening paragraph of the strongest part of President Grover Cleveland's message, the rest to be inserted in the Record:

The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. The Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our national strength and ability to jeopardize the soundness of the people's money.

The President went on to say:

This matter rises above the plane of party politics. It vitally concerns every business and calling and enters every household in the land. There is one important aspect of the subject which especially should never be overlooked. At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values, but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefit of its correction—is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labor. One of the greatest statesmen our country has known, speaking more than 50 years ago, when a derangement of the currency had caused commercial distress, said:

"The very man of all others who has the deepest interest in a sound currency and who suffers most by mischievous legislation in money matters is the man who earns his daily bread by his daily toil."

These words are as pertinent now as on the day they were uttered, and ought to impressively remind us that a failure in the discharge of our duty at this time must especially injure those of our countrymen who labor, and who, because of their number and condition, are entitled to the most watchful care of their Government.

Let every man here devoutly pray that another Democratic President, coming, likewise, to the White House through the capital at Albany, may also have the courage, the honesty, and the patriotism to keep the pledge of his party and his own pledge to preserve for the people of the United States a sound currency. [Applause.]

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Speaker, I yield the gentleman from Illinois [Mr. PARSONS] 5 minutes.

Mr. PARSONS. Mr. Speaker, it is very appropriate that the first silver bill that has been brought into this Chamber with any possible chance of favorable consideration or passage since the year 1890, is brought in on the anniversary of the birth of that great silver leader, the late William Jennings Bryan. [Applause.] Today is the seventy-fourth anniversary of his birth.

I have been very much amused at two of the gentlemen who have preceded me. I am very much indebted to the gentleman from California, because I think he gave to the House two of the real fundamental reasons that this bill should be passed. [Applause.] Namely, that it would be possible to sell \$2,000,000,000 worth of farm commodities and increase our issue of currency by the same amount.

The gentleman's first statement was that under this bill we could buy \$2,000,000,000 worth of silver and thereby

export \$2,000,000,000 worth of agricultural products. The Lord knows this is what we want to do. [Applause.]

But there seems to be a difference of opinion. The gentleman from Connecticut said we would not get any appreciable amount of silver—not enough to do any good.

So before the opponents of this measure present to this House valid reasons for their opposition, they should at least consult each other and unitedly present the same reasons for opposing the bill.

I would say to the gentleman from California, I understand that Thurston, the great magician, will be here at the theater on March 30, and I am sure he can sell these new tricks to him. The gentleman says we will have \$2,000,000,000 of monetary silver placed in the Treasury and then have it slipped out by some unknown method like Mr. Thurston slips cats out of hats or out of the tail of his coat, and so on, and leave \$2,000,000,000 in silver certificates outstanding, against which the Treasury has nothing for redemption. Certainly, the gentleman knows that no silver certificates are issued or reissued unless the silver dollars or bullion is in the Treasury for coverage.

Mr. ELTSE of California. Will the gentleman yield?

Mr. PARSONS. The gentleman can answer that a little later, because I have only 5 minutes.

Now, let us see what this bill does. In the first place it sets up a board which shall consist of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture, which shall be known as the "agricultural surplus exchange board." The board is directed to deal with individuals and farmers' cooperative marketing associations in exporting agricultural commodities to those nations that may pay for these goods in silver at a price somewhere between 10-percent and 25-percent premium, at the option of the board.

The price of silver in the United States on Saturday's market, was about 45.65 cents per ounce. The London price, if I remember correctly, in gold, the same as our price is expressed, was 41.10 cents per ounce. Therefore if we gave 10 percent under the terms of this bill to our exporters through the services of this board we would only equalize the world price of silver with our domestic price.

However, we are now purchasing at the rate of approximately 2,000,000 ounces a month, newly mined silver and paying therefor at the rate of 64½ cents an ounce. This is one half of the old coinage price of \$1.29. If we are paying at the present time 64½ cents an ounce for newly mined silver, why could we not very safely issue silver certificates against silver that is brought here from the foreign nations in payment of our exportable surplus agricultural products. The gentleman from Texas has very well explained this part of the subject.

I was amused at the gentleman from California when he said we would have great inflation and wind up by losing not only the \$400,000,000 which represents the balance in premiums paid, but, probably, the entire \$2,000,000,000; but in the question that I directed to him as to whether he would like to have a million of these dollars, by some of the same magic he tried to use with his bookkeeping, he tried to wave that aside and say that in 6 or 8 months it would be of no value.

This bill does not go as far in the rehabilitation of silver as I desire. But it is a step in the right direction. Great Britain controls 80 percent of the annual gold production of the world. Three nations own and control practically 85 percent of the present gold stock, namely, Great Britain, France, and the United States. The gold revaluation policy cannot seriously affect the commodity price level, because gold is not well enough divided among the population. Therefore we cannot hope to attain the results of a 1926 commodity price level with this policy alone.

The United States owns and controls about 56 percent of the annual silver production and about 80 percent of silver refining. More than three fourths of the people of the world utilize silver either as their standard of exchange or in a minor capacity. We cannot hope to develop our former export trade with Europe. In my judgment that trade is

gone forever. We must look to the Orient. India and China, with a population of more than 800,000,000 people, possesses three fifths of the silver monetary stock of the world. At present ruinous world price for silver they cannot buy our goods. With silver rehabilitated, they will be able to purchase our commodities. Our export trade in the future must be developed in the Orient.

There is no subsidy in this bill to agriculture. The premium which may be offered for foreign silver will be entirely compensated for in the rise of the price of silver, and the value will be contained in the bullion placed in the Treasury. In addition thereto, the Government will enjoy seigniorage profits to the extent of anywhere from 80 cents to 29 cents an ounce, depending, of course, upon how fast the price of silver rises.

I venture the prediction that if this bill is passed today by a two-thirds vote, as I fully believe it will, there will be a favorable reaction not only in the price of silver but in the price of agricultural commodities throughout the United States. Let us give it a trial. The crime which destroyed silver, the money of the Constitution, first perpetrated in 1873 and finally consummated in 1900, will be partly undone in the passage of this measure today. Pass this bill, enact it into law, and let us get rid of our surplus wheat, cotton, and meat products, and the price of agricultural commodities will greatly advance before another harvest is gathered.

I ask unanimous consent to revise and extend my remarks and insert in the Record the following table, which shows the location of the gold and silver stocks of the world.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The table is as follows:

World's monetary stocks of gold and silver at the close of the year 1932

[The amounts are expressed in American dollars at the gold price of \$20.67 per ounce and the then prevailing price of silver per ounce]

Country	Population	Total gold stock	Silver stock in banks and treasuries
1. United States.....	125,198,000	\$4,513,001,000	\$845,702,000
2. South America.....	83,000,000	362,008,000	35,750,000
3. Central America.....	35,000,000	39,010,000	64,325,000
4. France.....	41,835,000	3,254,247,000	52,480,000
5. Belgium.....	8,092,000	360,842,000	9,483,000
6. Germany.....	64,624,000	209,015,000	356,168,000
7. Great Britain, Canada, Australia, South Africa.....	71,220,000	855,001,000	309,012,000
8. Italy.....	41,230,000	307,153,000	89,488,000
9. Netherlands.....	8,030,000	415,101,000	54,558,000
10. Russia.....	162,686,000	367,692,000	11,733,000
11. Spain.....	23,903,000	435,904,000	250,901,000
12. Switzerland.....	4,085,000	505,890,000	1,351,000
13. Remainder of Europe.....	140,455,000	427,102,000	92,480,000
14. India.....	332,987,000	162,000,000	1,411,330,000
15. Japan.....	90,395,000	212,004,000	36,632,000
16. China.....	462,387,000	(¹)	2,019,788,000
17. Remainder of Asia.....	133,150,000	85,607,000	194,212,000
18. Africa and Oceania.....	127,465,000	50,208,000	82,410,000
Total.....	1,975,772,000	12,567,790,000	5,915,803,000

¹ No figures.

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their own remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ELTSE of California. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGugin].

Mr. McGUGIN. Mr. Speaker, in considering this bill today we are largely bogged down with all of the prejudices growing out of the money question. It seems to me that if we can cut away all of the underbrush and get down exactly to what is in this bill there is not a great deal of controversy.

This bill is not a far-reaching money bill. Primarily it is paying a 25-cent subsidy for exporting to foreign countries our farm surpluses.

The subsidy is paid in silver, the hope being that it will benefit the agricultural industry in this country and may

also benefit the silver industry, both of which are in the dumps.

I believe I can say without exaggeration that until agriculture, silver, and other mineral commodities are upon a paying basis there is no hope of recovery in the industrial sections of this country. [Applause.]

This bill is limited to \$400,000,000. That is the amount of the subsidy, and by the expenditure of this 25 percent subsidy a dollar's worth of farm products will be purchased.

Now, if we spend that \$400,000,000 we shall have exported at least a \$1,600,000,000 worth of surplus farm products. If that is done, the depression is over. [Applause.]

Let me tell you that the thing the last one of us should worry about is that we may not be able to sell that many dollars' worth of farm products. The thing we should be worrying about is that we are not going to be able to spend \$400,000,000 in subsidies in exporting farm products.

This country produces a surplus of cotton, wheat, and other farm commodities. There is no hope of getting out of the present dilemma unless we can reduce production or export the surplus. We cannot reduce the production of farm commodities without giving up our rights under the Constitution as free born American citizens.

I would not vote for the cotton bill that we passed today, because I would not vote to send any man to the penitentiary for producing cotton and selling it without paying a confiscatory tax. But this much is certain, we either must follow that course or figure out some plan whereby we can export the surplus farm commodities.

Now, I listened with interest to some of the remarks by my friend from Massachusetts [Mr. LUCE].

He worries for the American laboring man and says that if we pass this bill we are making it possible for his labor competitor in foreign countries to buy these commodities at 25 percent less than the American laboring man can buy them. My answer to that is that through the protective tariff system the American laboring man has a dollar with which to buy these commodities, while the British laboring man has 50 cents and the French and the German laboring man have but 25 cents with which to buy them.

My friend from Massachusetts states that it is heresy to talk about subsidizing an exported farm commodity and that it is heresy to talk about selling it abroad below the cost of production. If it is a crime by legislation to sell below the cost of production, then it is a crime by legislation to sell above the cost of production, and by virtue of tariff legislation American manufactured products have been sold above the cost of production to the cotton and wheat producers of this country for 60 years. [Applause.] It is not to be concluded from my remarks that I am a free trader or that I would tear down our tariff walls. I shall state my position on that matter when we reach the bill in a few days wherein Congress is called upon to give away its constitutional right to levy tariffs. I believe in protecting the American market for American producers, and following that one step further, I say that we have reached that time when it is not within the power of Congress or the power of the people of this country to protect American markets for American producers unless we provide that the agricultural sections in America are able to buy. I do not believe that you will reach a time when agriculture is able to buy by driving 50 percent of the farmers of this country out of business, and that is the policy that we are following if we follow the policy of reducing farm production to American consumption. If we continue to follow the policy of reducing farm production to American consumption, it is going to mean that 25 to 50 percent of the farmers must be driven from the soil to join the ranks of the unemployed in the industrial sections.

Talk about a subsidy! If here is a \$400,000,000 subsidy which at the same time makes it possible to export \$1,600,000,000 of farm surpluses, then it is a good investment. That subsidy of \$400,000,000 is nil as compared with the subsidy of billions which we are now spending trying to uphold industry and support the unemployed, primarily because the agricultural sections are unable to buy the products of the American laboring man.

I do not know that this bill will succeed. I lay no claim here today that if you pass this bill we shall be able to export these farm commodities, but I do say that if by the enactment of this bill we are able to export these farm commodities, the agricultural sections may gain in the first instance, but the greatest gain will be for this country as a whole. Unless agriculture can produce in a normal way at a profit, then we have reached that day when we need hold out no hope for a return of industrial employment, when we need hold out no hope for a solvent Government, when we need hold out no hope for the preservation of the value of any accumulated property in this country. This country has reached the place where it is going down further and further unless agriculture can come back up. But I will not subscribe to remedies to help agriculture, which remedies mean trying to bring agriculture back to prosperity through the process of going out of business. I believe agriculture must prosper through the process of production and not through lack of production.

Mr. JOHNSON of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. MCGUGIN. No. My time is too limited. So, getting this bill down to its last analysis, it is not an unbridled silver bill. My Republican friends, if this bill is a wild silver bill, then John Sherman was a money fanatic and a silver crank, because he advocated a silver-purchase bill. If this bill were a bill providing for a double standard of money I could not at this time be for it. I do not believe that we can have a double standard of money. The future must teach me that which I have not yet learned before I can understand how a double standard of money at a fixed ratio will succeed.

Mr. EVANS. Mr. Speaker, will the gentleman yield?

Mr. MCGUGIN. No. I do believe that within reason we can uphold the value of silver certificates issued under this bill.

Something has been said about inflation under this bill. Well, if we export the maximum amount of farm products possible under this bill, we shall add \$2,000,000,000 to our currency. There will be back of that \$2,000,000,000, \$1,600,000,000 of silver at the current market price. As of the moment, it will be a \$400,000,000 inflation. In the end it may not be inflation at all. If some day and sometime silver regains its normal value of \$1.29 an ounce, we shall have \$4,000,000,000 worth of silver backing up \$2,000,000,000 of currency.

I am not afraid of inflation which is confined to 75 cents worth of silver at the present low market price backing up a dollar of currency. As a part of our Federal Reserve Act and the accepted principle of sound money, we have for years provided that 40 cents worth of gold would justify a dollar of currency.

I am not afraid of such inflation as is found in this bill. I am afraid of pure paper inflation when there is nothing back of the currency except faith and credit. If we do not balance our Budget and if we continue to spend more than we take in, it is only a question of time until we shall be meeting Government obligations with printed money. If we can export our surplus farm commodities and get agriculture back on a paying basis in this country, we shall be able to balance our Budget. If this bill will succeed in exporting these farm surpluses, we shall be able to escape a pure printing-press inflation, which we shall probably not be able to escape unless agriculture does quickly return to a profit-producing basis.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. SOMERS of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, the more the silver question is discussed, the more the mind becomes confused. It is hard to find any two men who have the same view on the subject.

My outstanding objection to this bill is that it does not have the endorsement of the Treasury Department. A ques-

tion of such importance should be considered jointly by the executive and legislative branches.

Then, again, it creates a board; puts another Government board into the business of selling surplus agricultural products abroad. Will it be another farm board? This board can deal with foreign buyers. It will be known as the "Agricultural Surplus Exchange Board."

The board, under section 5, is directed to authorize the farmers' cooperative marketing associations to enter into contracts for the sale of American agricultural products in exchange for silver bullion, and so forth.

Now, what does it do with reference to the old, established firms that have been exporting our agricultural products for years? Some gentlemen will say that section 7 will take care of that. I say section 7 will not take care of it.

I could say a great deal about how this bill was handled in committee, but I am not going to do so. I will abide by the rules and not discuss what occurred in executive session.

If this bill goes to the Senate, in my opinion, everything after the enacting clause is going to be stricken out. If it should go to the Senate, you probably will have some kind of a silver bill that in the end might be very valuable, but I do not think the Senate will agree to this measure as written. However, that is not a proper way to legislate.

I cannot understand why there is such a big rush to put through a silver bill that affects agricultural products when the Treasury Department has stated it is giving the general silver question consideration and intimates that it will not be long before it will be ready with some suggestions that will take care of silver. We waited for the Treasury and the President's recommendations as to gold. Why not wait a few days and see what they have to say about silver?

I am interested in increasing the purchasing power of silver. Many countries on a silver basis buy American products but when silver was down to 30 cents our workmen in our factories were only required to manufacture one half the number of shoes, and so forth, to fill orders in comparison with the number they manufactured when silver was around 65 cents. If we can find a way to get silver back to its old value it will help our industries.

If the principle in this bill is sound, then why did you not let us so word the bill so as to let those who have been engaged for over a hundred years exporting our surplus agricultural products handle the job and not put the Government in the business, thus destroying our exporters, as did the Farm Board. Our exporters have elevators, all kinds of storage facilities, and can take over this work. The new board will be required to secure facilities just as the Farm Board did. There can be no doubt as to that.

Again I say, I think we should have some kind of a silver bill, and I do think when that bill is written the Treasury Department should have its views before the committee so that we can work in harmony with the administration. Team work is essential at this time.

I do not like to disagree with the members of a committee of which I am a member, but I cannot support a bill that is going to create another governmental agency to go into business and compete with those who are engaged in the exporting of grains in this country, and who have handled the exports for over 100 years, or until the Farm Board came into existence.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes; I yield to my friend from Texas.

Mr. TERRELL of Texas. I want the gentleman to understand there is a difference between this board and the Farm Board.

Mr. COCHRAN of Missouri. Absolutely none whatever when it comes to competing with private business men.

Mr. TERRELL of Texas. This does not propose to expend the taxpayers' money. You are to get the money from foreign countries.

Mr. COCHRAN of Missouri. The gentleman from Texas, whose opinion I respect, should certainly know this will be a board just exactly like the Farm Board, insofar as the

handling of our exports is concerned and its effect on those engaged in the exporting business.

Mr. DIES. Will the gentleman yield?

Mr. COCHRAN of Missouri. In yielding to the gentleman from Texas [Mr. DIES], the author of this bill, I want to say the House is indebted to him for the study he has given this question, and I regret exceedingly I cannot agree with him today. He is sincere and feels that he is doing something to help a situation that needs assistance. I do think if he had just waited for the Treasury's recommendations he would have a better bill.

Mr. DIES. Does the gentleman not know that according to the plain wording of section 7 the exporter has the same rights as anybody else?

Mr. COCHRAN of Missouri. I do not. If the exporter has the same right, then why did you not put him in section 5? I ask to have the exporter put in section 5 in committee. The exporters in my city do not agree with the gentleman's interpretation of the language of section 7. They do not understand why you specifically named the farmers' cooperative marketing associations in section 5 and left them out. If you would have added "regular established firms or corporations engaged in the handling of agricultural products" it would have been better.

Mr. DIES. What difference does it make just so long as it is in the bill?

Mr. COCHRAN of Missouri. I do not agree the exporter is in the bill. Why did you not put them in along with the cooperative marketing associations? What objection could you have if you claim they are in the bill? I repeat I requested the committee to do so when one of the representatives of the farm organization was before the committee, and I understood the gentleman from Texas to say that would be taken care of. The hearings will bear me out. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

Mr. ELTSE of California. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, yesterday was the anniversary of the birth of Grover Cleveland. This bill, I assume, is a Democratic present to commemorate the birthday of that former courageous Democratic President who, in and out of season, opposed silver heresies, as was stated by the gentleman from Massachusetts [Mr. LUCE]. Grover Cleveland, when warned not to speak publicly against silver, answered:

I am supposed to be a leader of my party and if any word of mine can check these dangerous fallacies, it is my duty to give that word, whatever the costs may be to me.

I hold in my hand the hearings before the Committee on Foreign Affairs of June 10, 1933, which contains a number of statements by Grover Cleveland against both the purchase of silver and the experimenting with free silver.

I was interested in reading in the newspapers this morning that a blacklist, a Democratic blacklist, had been established by the Speaker. I have forgotten all the votes that were involved, but I suppose it included the economy bill, soldiers' bonus, veterans' legislation, and so on; but now the Speaker has brought into the House this silver bill so that he can be put on the list, too. Like Abou ben Adhem, his name will be at the head of the list. [Laughter and applause.]

Mr. HOEPPPEL. Will the gentleman yield?

Mr. FISH. Oh, no; not in 5 minutes.

One of my main objections to the consideration of this bill is the fact that this is no way to consider legislation of such importance, involving a silver experiment under suspension of the rules which limits debate and does not permit amendments. Very few Members of the House, other than those from the silver States, have studied the silver question carefully in recent years. It has not been a paramount issue before the country. From 1873 to 1896 it was perhaps the main issue before the country, and the Members of Congress knew the facts, and repeatedly voted down legislation of this kind, particularly involving the purchase

of silver. The Democratic Congress in 1893, overwhelmingly Democratic by a majority of 2 to 1, voted to repeal the 1890 resolution to buy silver bullion by a vote of 239 to 109. Now, you come in here under suspension of the rules, when it is impossible to offer any amendments, and you say to the farmers out in the Middle West, "We are going to solve all your problems; all you have to do now to become rich is to sell all the surplus foodstuffs that you can produce to foreign nations at a 25-percent discount provided you are paid in silver."

Now, what is the answer? This is nothing but a hoax. This is nothing but a racket. The answer is that last July the Government, through the Reconstruction Finance Corporation, offered to loan China money to buy our products. China has been particularly mentioned here in connection with this bill, and you say you are going to open up the Asiatic markets for the surplus products of the American farmers. Almost a year ago we offered the exporters doing business with China \$40,000,000 to export cotton and \$10,000,000 to export wheat. What happened? China took exactly \$4,000,000 of cotton and until now has only paid back \$400,000, and she took practically no wheat at all—I believe less than half a million dollars worth of wheat.

Mr. HOEPEL. Will the gentleman yield?

Mr. FISH. I cannot yield in 5 minutes.

We have got practically nothing in return for our loans and China even refuses to buy wheat and cotton with our money.

Now, it is proposed to give a bonus of 25 percent to the buyers of cotton and wheat and other farm products in foreign countries if they will pay in silver. Will wonders never cease? You say you are going to sell a billion dollars worth of farm products. You want to be very careful the farmers do not lose \$100,000,000. You want to be very careful by the passage of this legislation that the present foreign markets for our surplus farm products are not interfered with so that foreign importers will actually be paying less than they are paying today. Nobody can guarantee by this bill that foreign nations will buy one dollar's worth more of your farm products. We found that to be so in Russia and China and other countries when we tried to lend them money to buy our surplus crops with. Now you propose to undermine your own markets abroad by permitting foreign importers to pay 25 percent less by use of silver payments.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. SOMERS of New York. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. BERLIN].

Mr. BERLIN. Mr. Speaker, I do not come from a silver-producing State. None of my constituents, large or small, so far as I know, is engaged in the production of silver. I have no direct interest in this industry. The prosperity of the silver industry will not stir me to a pitch of wild enthusiasm. Neither will its depression thrust me into the depths of despair.

The activities, the frequently wild antics and startling fluctuations in the price of this metal on the trading exchanges will neither add to nor detract from my personal material possessions. I am not a speculator in silver.

I set all this forth, Mr. Speaker, because I resent the implication which we recently heard made in high places that a vote for silver is not a disinterested, is not an honest vote. Before I would voice such sentiments as those to which I refer I would be prepared—indeed, I would insist—that my statement be more than mere innuendo. I resent such type of statesmanship, if you can dignify that attitude by such description.

Mr. Speaker, I shall vote for the Dies bill. My interest in this bill is due to my conviction that it may have sufficient merit to accomplish the worthy purpose which my colleague from Texas, who is author of it, presumes.

I see in this bill, Mr. Speaker, an attempt to perform a constructive service for agriculture and, at the same time, a constructive service for the whole country; for what benefits agriculture generally must in the end benefit the rest of our population.

This bill, as I see it, is more practically conceived, if I may put it that way, than most of the monetary legislation which comes before this body. It is not merely an effort to set at work machinery to expend money solely to buy money. It does not propose to buy silver with gold, or silver with silver, or directly subsidize miners and mining.

There is much more to it than that. The basis of this proposal of my colleague from Texas appears to me to be to move out of our cluttered markets a large portion of the agricultural surplus with which we are burdened and exchange that perishable asset for something more permanent, more substantial and fluid, namely, silver.

Mr. Speaker, if I were a producer of peaches, or apples, wheat, corn, or cotton, and I had warehoused a large quantity of these things which I could not move, it seems to me that I would be in most desperate circumstances. The peaches and apples I could not keep. The corn, wheat, and cotton I could, for a time at least. On the other hand, how am I going to finance this storage and at the same time continue financing the cultivation of my acres? Obviously I am not. I say "obviously" because even a hasty glance at statistics bearing upon the financial position of our farmers would indicate that the word "finance" must ring in their ears like a doomsday bell.

This bill, Mr. Speaker, appears to me to be an instrument which we may grasp as a means of distributing this vast surplus which we are amassing from year to year. Do not misunderstand me. I am not certain—as who can be?—that we have in this bill a panacea of some rare quality. No, indeed. Whether it will perform in the manner desired remains to be seen.

I have studied this bill, however, and I feel certain that it can do no harm and has within it the potentialities of doing much that is good.

I feel that there is too much scorn, too much hasty and unconsidered judgment, in regard to legislation which is connected with silver. That modest metal seems an inspiration either to extravagant enthusiasm or bitter denunciation. Either course, I am sure, is scarcely worthy of this House in so important a matter. When the word "silver" is mentioned, men are too likely, in such a body as this, to jump to their feet and cheer or slump on their spines awaiting only a chance to arise in vigorous wrath and assail all and sundry connected with that word.

As for myself, the proposal that agriculture be assisted through the stimulation and circulation of silver and silver certificates does not alarm me. In fact, should such stimulation result in a legitimate increase in circulation through the disposal of agricultural surpluses, I see great advantage accruing to our farms and farmers.

It is not necessary, Mr. Speaker, for me to argue this bill clause by clause before this House. I should, however, like to point out what I consider a most important aspect of it.

In section 2, referring to the agricultural surplus exchange board, we read:

The board is hereby authorized and directed . . . to negotiate with foreign buyers with the view of selling American agricultural surpluses produced in the United States—

And so forth.

It appears to me that this language is clear enough to convince anyone that the action of the board is not mandatory, it is not forced to enter any agreements with prospective foreign buyers if the terms are not advantageous, so that we are not here adopting legislation making compulsory the disposal of surplus, the acceptance of silver, and the issuance of silver certificates. These things are left to the judgment of this board, which, I dare say, will be as capable as any such board can be made. We, therefore, may rest assured that our vote for this measure will not be a vote for some wild unworkable scheme that will put a silver spoon in the mouth of agriculture at the expense of the rest of the population.

In conclusion, I should like to ask a question: Suppose you had done a day's work for someone. Suppose that you had raised 10 bushels of potatoes. Suppose you sold your furniture, a picture, your books, or whatever else you wanted to

put on the market. The buyer tenders payment in good old-fashioned "cart wheels"—silver dollars. Would you take them? Or would you withdraw your offer and sit pouting because the buyer did not offer gold pieces instead? I think you would take the "cart wheels." Then, Mr. Speaker, why should not our farmers have the opportunity of disposing of their surplus products by accepting silver dollars or silver certificates for them? I see no reason; and because I believe that if these commodities can be disposed of to the foreign buyers, then here is a practical opportunity to effect such sale.

Mr. SOMERS of New York. Mr. Speaker, I yield 4 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker, we have had times in this country when labor was employed and when the job sought the man rather than the man having to seek the job, and I wish to give you the reason which brought about the former situation. I hold in my hand a report of the conference between officers of the Federal Reserve Board and of the Federal Advisory Council of class A directors of Federal Reserve banks. Governor Harding, in explaining the situation in 1920, had this to say:

We have had an analysis made of the general banking and credit expansion in this country. Without going into details I am going to save time by stating the result. We find that since the 20th of June 1914, the expansion of bank credit in this country has amounted \$11,000,000,000. At the same time there has been about \$1,900,000,000 new money put into circulation. During the same time there has been an advance in commodity prices of about 25 percent, and this has been accompanied by a decrease in production of essential articles.

If there is one activity of the Government which should be paramount, it should be the effort to bring about an increase in prices and a decrease in consumption. We have the answer in the statement of the Governor of the Federal Reserve Board contained in this document—Senate Document No. 310—when he explained that as a result of putting \$1,900,000,000 into circulation and expanding the credit by \$11,000,000,000 we had a decrease in production and an increase in prices.

Twenty percent of the wheat produced in the United States is raised west of the Rocky Mountains. Of this amount 60 percent has always found an outlet in foreign export.

Today we have lost our foreign outlet and have the wheat left on our hands with the result that every man, woman, and child in the United States is paying a tax on all the wheat products which reach his table to make up the deficiency caused by neglect of silver and neglect to build up our foreign markets through stabilizing the price of silver. The penalty we are today paying for this neglect is 20 cents a bushel on every one of the 120,000,000 bushels of wheat raised west of the Rocky Mountains that formerly went to the Orient, and this tax is necessary to balance the price on the Chicago market plus the freight rate from the Pacific coast.

When this bill is put into operation the people will be saved this amount of money. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. ELTSE of California. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, a great deal has been said this afternoon concerning the attitude of the administration toward this bill. I dislike very much to quote a Cabinet officer from memory, and must apologize for not having the transcript of his testimony before the House Committee on Banking and Currency, where he appeared some 2 weeks ago. For the last hour I have been trying to get the transcript of his testimony, but within the last 10 minutes I have learned that, contrary to the rules of the Committee on Banking and Currency, the transcript is in the office of a distinguished Senator and is not obtainable because he and his secretary say it is lost. So I must quote from memory.

When the Secretary of the Treasury was before the subcommittee of the Committee on Banking and Currency which had under consideration the bill to establish a Federal monetary authority, my distinct recollection is that he said

that the administration, without any hindrance or interference of any other legislation concerning monetary matters, should have another 9 months in which to work out its program.

Personally I have tried to go along with the Secretary of the Treasury and the President in every way I honestly could; and without any comment upon the merits of this particular bill—and I admit it has merit—I think all of us, Republicans and Democrats alike, should give the President and the Secretary of the Treasury an opportunity to establish and perfect their monetary program without interference. For that reason, and that reason only, I shall vote against this bill. [Applause.]

Under the authority granted to me to revise and extend the above remarks, I should like to call the attention of the Members of the House to certain excerpts from a statement made by Hon. Henry Morgenthau, Jr., Secretary of the Treasury, before the subcommittee of the House Committee on Banking and Currency, on Thursday, March 1, 1934. The transcript of this testimony has been obtained by me since making the above statement on the floor of the House.

H.R. 7581, the bill under consideration, authorizes the issuance of silver certificates in a manner contrary to the present policy of the administration, and the mandatory features of the bill might cause embarrassment to the administration in the establishment and maintenance of its monetary policy. This is borne out by the fact that Secretary Morgenthau, when he appeared before the subcommittee on March 1, testified as follows:

The country has just come through one of the most difficult financial crises we have ever had, and through various Executive orders of the President and through acts of Congress we are just beginning to see a little daylight. What the future monetary policy of this country will be I do not think anybody is wise enough to tell at this time, because we have not had sufficient experience.

I quote further from his testimony, as follows:

I hope Congress will give us at least the balance of this year to work out the present program as it has been laid out before it is changed. I think possibly if we have another 9 months or a year, then we will know a little bit more about it.

Mr. Morgenthau went on further to state that the monetary policy of the Government today is more or less of an experiment, and he would not recommend that the Congress take any action that would change the present system.

It is because of this attitude on the part of the Secretary of the Treasury that I feel that we should refrain from passing any legislation at the present time having as its purpose the further use of silver as a monetary base, and we should be willing to await the announcement of the Treasury Department on these questions after they have had an opportunity to gather together all the information which is now being obtained, and should not commit the Treasury Department prematurely to a policy to which, after months of study on its part, might not be desirable.

Mr. SOMERS of New York. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC. Mr. Speaker, today, this afternoon, marks the last chapter with respect to the sad passing of one of the prominent citizens of Oklahoma and the Nation, namely, the Honorable John Simpson, president of the Farmers' Educational and Cooperative Association of America, whose funeral service is now being held in Oklahoma City. He was stricken while testifying before a Senate committee for the purpose of giving his views with respect to pending legislation, and it can truthfully be said that he died in the harness, while expressing views of the organization which he so well represented. I think it is fitting for me to say that this is one bill that he has sponsored on many occasions and I am sure that he knew the economic condition that relates to world markets and that, if Congress would pass a suitable silver bill similar to the one that is now being considered, it would enable our citizens to dispose of their surplus crop to countries like China, India, and others that produce silver. I am sure that had he not been stricken, his familiar face could have been seen as an onlooker in the gallery at this very moment.

There may be those who have differed with him, with respect to his pronouncements, yet, when it came to ability, perseverance, and integrity every person is bound to say that he was conscientious in the performance of a duty for the organization that he headed as its president. As the chairman of the Oklahoma House delegation, I want to take this opportunity of expressing to the members of the family and his cooperators my appreciation for the assistance he has given to the delegation in working on matters of vital interest to the citizens of Oklahoma and the Nation as well. I also want to express to his loved ones my sincere sympathy, and I know that I am joined in this expression by many of my colleagues, who held him in the highest esteem. [Applause.]

Mr. SOMERS of New York. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Speaker, more than 2 years ago a little handful of Members of Congress, largely from the South and West, who were interested in remedial legislation to relieve the acute money shortage throughout the country, formed what has been known here as the "Open Forum." I was a charter member of that group. We have seen it grow from a small but earnest committee to one of the most powerful groups ever organized by Members of this body. At first some of the old guard jestingly, if not sarcastically, referred to our committee as the "Little House of Commons." But under the able leadership of the distinguished gentleman from Texas, Judge SUMNERS, we continued to dig into the all-important money question, presenting evidence and arguments in favor of a more sensible and scientific money policy, until the influence and importance of that unofficial organization has become a mighty power in Congress.

The position of the President with reference to this legislation has been raised several times here today, apparently in an effort to raise the false and deceiving bugaboo of White House opposition. It is somewhat amusing that some of our Republican leaders, who have not followed the President on other legislation, should raise that question now. Let me say that the record of the President speaks for itself. He has done more for silver than any one man since the World War. [Applause.]

Last year, as a member of the committee from the special money committee mentioned, I called at the White House for the purpose of discussing the money question and especially silver. After an extended conference with the President, it is only fair to say that we had no indication that he opposed silver legislation. He asked many questions and showed a deep interest in the subject. Again, shortly before the opening of the present session, I was a member of another group, representing the same money committee, which called at the White House. We discussed the possibilities of silver legislation further and in more detail, and again the President assured us of his interest in the subject but gave no sign of opposition.

Therefore, I have no reason to believe the President opposes silver legislation but have every reason to believe that he is for it. This legislation may not be part of his outlined program, but I can see no reason why it will not fit in with his program and materially aid in hastening economic recovery.

We all recall very well the bold step the President took within a few hours after his inauguration, when he took the country off the gold standard. Some of those who are here today opposing the present bill predicted then that the country could not long survive off the gold standard. The big bankers of Wall Street, who have held up gold and predicted dire calamities should the United States ever seriously consider going off the gold standard, were shocked that their views and advice had been thrown to the winds. But that action set in motion a gradual and steady climb of commodity prices. Even many who predicted such terrible calamities then must shudder today when they think what probably would have happened to our country had the President lacked the courage to throw the gold standard overboard.

The gentleman from New York [Mr. FISH] and the gentleman from Massachusetts [Mr. LUCE], who represent views of the old guard, were bitter in their denunciation of the pending bill; but if I remember correctly, the same two gentlemen were among those who predicted that the country would go to the bowwows when the President announced that the country had been taken off the gold standard. Time has proved that they were mistaken then, and they might possibly be mistaken again today. The gentleman from California [Mr. ELTSEL], with his ouija board, or chart of figures, which he held up in front of Members to frighten them away from this measure, has evidently convinced himself that the bill we are about to vote on today will immediately produce what friends of the Wall Street crowd call "wild inflation." Admitting that all gentlemen opposing this measure are sincere, it is also apparent that they are unduly excited. The silver certificates proposed to be issued under the terms of this bill will be backed by silver bullion; and whatever you may say about the money, the fact remains that it will be just as good as gold certificates or gold dollars and will pay taxes, interest, debts, and mortgages. [Applause.]

If this bill is passed by both Houses and signed by the President, I confidently believe that we will see a substantial rise in the prices of farm commodities, the one thing that is needed most to save the farmer and thereby save the business man of the country. The day this bill was reported favorably wheat advanced 2 cents a bushel and cotton, as well as other farm commodities, went up instantly to a marked degree. When the Secretary of the Treasury gave a statement the other day indicating that he was opposed to this legislation, the prices of farm commodities went down. I am confident that Members of Congress will vote their convictions on this bill this afternoon, and that the pending measure will pass by more than a two-thirds majority, notwithstanding the attitude of the Secretary of the Treasury, who has not yet distinguished himself as having too much sympathy with the forgotten man. [Applause.]

Personally, I favor the Wheeler bill and stand ready to vote for it, but this House has never had an opportunity to vote on the Wheeler money bill. The Dies silver bill is a great forward step in the right direction.

It is significant that this House is voting on an important silver bill on the seventy-fifth anniversary of the birth of the Great Commoner, William Jennings Bryan. It is fitting, also that our great beloved Speaker, who served with Bryan in this House, should have made it possible for this important silver bill to be brought up, debated, and voted on the birthday anniversary of the late lamented Nebraska statesman who so ably championed the cause of silver. [Applause.]

Many bugaboos are held up to us today, as in the days of Bryan, to frighten us away from a recognition and a remonetization of silver, which now seems destined to come about in the not far distant future.

We are told that the free and unlimited coinage of silver would cause this country to be flooded with all of the silver of every country in the world. However, the Somers congressional committee established after an exhaustive investigation in 1932-33 that approximately 600,000,000 ounces of silver would be the absolute outside figure that is available and could be brought in. It can be seen that this would have but little influence against the gold now in the United States. At least, our foreign trade would be accelerated with silver-producing countries, and that would certainly raise commodity prices, something that must happen if our debt-burdened farmers are to get relief. We cannot long continue to pay back debts contracted in an era of high commodity prices with scarce and dear money.

It has been estimated that the people of this country owe in excess of \$230,000,000,000. The value of all the monetary gold in the world is but a mere fraction of that staggering sum. And practically all of that vast debt was contracted from 1917 to 1929, inclusive, when the purchasing power of the dollar was 62½ cents. So I insist that if there is to be any relief for the debtor class there must be offered some

way for debts to be paid in dollars of somewhere near the value they were when the debts were contracted.

The pending bill may not be perfect. Certainly it is not all that some of us had desired in the way of silver or money legislation, but it is the result of more than 2 years of study and research, and its passage will in no way impair the consideration of other legislation to bring silver back into its own. There are no silver mines in Oklahoma, therefore, I have no selfish motives in supporting this and other silver legislation, except that I am firmly convinced that we must have a reasonably large amount of money and credits in circulation before it is going to be possible for the debt-ridden farmer to secure decent and respectable prices for the products of the farm. It is not denied by the "old guard", who are so bitterly fighting this measure, but that this bill, if and when enacted into law, will be a substantial help in disposing of surplus farm products because it will help us to do business with countries like China, India, and other nations of the East that have an overabundance of silver, but no gold.

In closing, let me say that this bill is endorsed by the Farmers Union and other farm organizations. In my last conversation with our late, lamented John A. Simpson, who passed to his reward a few days ago, he expressed the hope that not only the Frazier bill and the Wheeler bill should be passed, but that the Dies bill might be enacted during the present session of Congress. It is my regret that this bill was not passed a year ago. Had it been enacted then I am not sure that it would have been necessary for the House to pass the Bankhead bill and other production-control legislation now. I am firmly convinced that this silver bill is real farm relief; it is mortgage relief; it is tax relief. Let us pass it today by an overwhelming vote and give notice to the world that so far as Members of this House are concerned we propose to take some affirmative action in our endeavors to relieve distress and want throughout the land. [Applause.]

Mr. ELTSE of California. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I have been called a magician by the gentleman from Illinois [Mr. PARSONS]. Perhaps I am a magician, but not the equal of those who advocate the issuance of these silver certificates. Under section 12 redemption of these silver certificates is made by delivering the bullion received in the first instance, plus the premium of \$400,000,000.

Under section 10 I call attention to the language that these silver certificates shall be used for the payment of debts and dues, public and private, of whatever kind or description, and then occurs the significant language: "And when accepted by the Government shall be reissued and in all respects shall become a part of the lawful money of the United States."

Mr. Speaker, I submit that when those silver certificates are called in under redemption or are redeemed and the bullion paid out, there will be nothing remaining behind them, there will be no reserve behind them whatsoever. The Federal Treasury will be in the red to the extent of \$2,000,000,000 on the second redemption and, mark my word, the speculators and operators will be busy.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. ELTSE of California. I yield to the gentleman from Illinois.

Mr. PARSONS. This is the identical language under which silver certificates are issued now. We do not issue silver certificates if the bullion is taken out of the Treasury now.

Mr. ELTSE of California. That is not what the bill states.

Mr. PARSONS. This is the same operation identically that the Treasury follows in issuing silver certificates against silver dollars at the present time. The gentleman knows that is the fact.

Mr. ELTSE of California. I submit this bill shows on its face that it is possible for silver certificates to be issued without one bit of silver reserve behind them. Greenbacks! [Here the gavel fell.]

Mr. SOMERS of New York. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, before closing this debate I desire to read a letter that the Secretary of the Treasury has written and asked me to present to the Membership of the House. This letter is dated March 19, 1934, and is as follows:

HON. ANDREW L. SOMERS,

*Chairman Committee on Coinage, Weights, and Measures,
House of Representatives.*

MY DEAR MR. SOMERS: It appears from newspaper accounts that some Members of Congress have not been correctly informed or have misunderstood statements I made at the press conference on Thursday of last week, as to an inquiry into holdings of silver stocks and their connection with the advocacy of silver legislation. The record of the regular press conference held in my office on Thursday morning reveals the following questions and answers:

"Q. What will happen to that investigation about stocks of silver in this country?—A. We haven't a final report.

"Q. What was the real purpose of that?—A. To find out if all these silver advocates were entirely disinterested.

"Q. That's just what I thought. Have you found anybody interested?—A. We have found some that were not disinterested. If and when we complete the report we will give out the whole thing at one time—if we ever give it out."

Since I had met with the members of your committee immediately before the press conference, some who read the newspaper accounts of the conference gained the impression that I might have been referring to Members of Congress as among the "silver advocates" who were "not disinterested." The fact is that there was no connection between the discussion in the press conference about the presence of the members of the Coinage Committee and that relating to the silver inquiry, and my reference to silver advocates had no reference to Members of Congress. However, as soon as I learned of the wrong impression gained from my statements I immediately took steps to correct it. Newspapersmen were at once notified that the statement that some "silver advocates" were not disinterested had no reference to any Members of Congress and later in the day I again called the newspapersmen in the Treasury Department into conference and made the following statement to them:

"What I asked you to come up for is this: My remarks about interested parties in silver seem to have been misunderstood in certain quarters, and I want to say this: That, as far as the investigation goes, we have found that there is no Member of Congress who is a buyer of silver."

I am referring this to you because it seems to me quite important that consideration of this subject should not be obscured by any erroneous statements or misunderstandings.

Sincerely yours,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SOMERS of New York. I yield to the gentleman from New York.

Mr. SNELL. Will the gentleman tell the Members of the House whether the Secretary of the Treasury is for or against this bill? The Secretary is quoted in the morning papers as being opposed to the bill.

Mr. SOMERS of New York. I am sorry I cannot explain the quotation in the morning paper, but I think Mr. DIES has made it very clear to the House that the Secretary of the Treasury has no definite objection to this bill. However, he did say that inasmuch as he is studying the silver legislation or the possibility of silver legislation he would not at this time make any recommendation for or against silver legislation.

Mr. SNELL. Does not the gentleman think from the statement made by the Speaker of the House this morning that the Speaker believes the Secretary of the Treasury is opposed to this bill?

Mr. SOMERS of New York. I do not know what the Speaker said. Unfortunately, I am not in his confidence, and I did not hear him make any statement.

Mr. SNELL. I wish the gentleman would tell us whether the administration is for or against the bill.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. SOMERS of New York. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Does not the gentleman think the Secretary of the Treasury should come before his committee and give the committee any information in his possession relative to silver speculators?

Mr. SOMERS of New York. I do not know what the problems of the Secretary of the Treasury are. I venture

to say that in the few months he has served it is impossible for him to study all these great questions, and I shall not criticize him.

May I address myself for the moment that remains to this particular bill? I am sorry I cannot yield further.

Like the gentleman from Massachusetts, I, too, want to get down to fundamentals. The two great problems that we are facing in this country, Mr. Speaker, are an inadequacy in our monetary reserve and a surplus of agricultural products.

[Here the gavel fell.]

The SPEAKER. The question is on the motion of the gentleman from New York [Mr. SOMERS] to suspend the rules and pass the bill.

Mr. SNELL. Mr. Speaker, on that I ask a division.

Mr. SOMERS of New York. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 258, nays 112, not voting 61, as follows:

[Roll No. 110]

YEAS—258

Adams	Dowell	Kloeb	Romjue
Allgood	Doxey	Kniffin	Rudd
Arens	Driver	Knutson	Ruffin
Arnold	Duncan, Mo.	Kocalkowski	Sabath
Ayers, Mont.	Dunn	Kopplemann	Sadowski
Ayers, Kans.	Durgan, Ind.	Kramer	Sanders
Bailey	Eagle	Kurtz	Sandlin
Bankhead	Edmiston	Kvale	Schaefer
Beam	Elcher	Lambertson	Schuetz
Belter	Ellzey, Miss.	Lambeth	Schulte
Berlin	Faddis	Lamneck	Scrugham
Biermann	Fiesinger	Larrabee	Sears
Black	Fitzgibbons	Lee, Mo.	Secrest
Blanton	Fitzpatrick	Lesinski	Shallenberger
Boehne	Fletcher	Lewis, Colo.	Shoemaker
Boileau	Ford	Lindsay	Sinclair
Boylan	Frear	Lloyd	Sirovich
Brown, Ga.	Frey	Lozier	Smith, Wash.
Brown, Ky.	Fuller	Ludlow	Snyder
Brown, Mich.	Fulmer	Lundeen	Somers, N.Y.
Browning	Gambrill	McCarthy	Spence
Buchanan	Gasque	McClintic	Steagall
Buck	Gilchrist	McDuffie	Strong, Tex.
Bulwinkle	Gillespie	McFarlane	Stubbs
Burke, Calif.	Gillette	McGrath	Summers, Tex.
Burke, Nebr.	Glover	McGugin	Swank
Busby	Granfield	McReynolds	Sweeney
Byrns	Gray	McSwain	Tarver
Cady	Greenway	Mansfield	Taylor, Colo.
Caldwell	Greenwood	Marland	Terrell, Tex.
Cannon, Mo.	Gregory	Martin, Colo.	Terry, Ark.
Carden, Ky.	Griswold	Martin, Oreg.	Thom
Carmichael	Haines	Mead	Thomason
Carpenter, Kans.	Hancock, N.C.	Meeks	Thompson, Ill.
Carpenter, Nebr.	Harlan	Miller	Thompson, Tex.
Cartwright	Hart	Milligan	Thurston
Cary	Harter	Mitchell	Truax
Castellow	Hastings	Monaghan, Mont.	Turner
Chapman	Healey	Montet	Umstead
Chase	Henney	Morehead	Vinson, Ky.
Chavez	Hildebrandt	Murdock	Wallgren
Church	Hill, Ala.	Musselwhite	Walter
Coffin	Hill, Knute	Nesbit	Warren
Colden	Hill, Samuel B.	O'Connor	Wearin
Collins, Miss.	Hoepfel	O'Malley	Weaver
Colmer	Hoidale	Oliver, Ala.	Weideman
Condon	Hope	Owen	Welch
Connery	Howard	Palmisano	Werner
Cooper, Tenn.	Hughes	Parks	West, Ohio
Cox	Imhoff	Parsons	West, Tex.
Cravens	Jacobson	Patman	White
Crosby	James	Peavey	Whittington
Cross, Tex.	Jeffers	Peterson	Wilcox
Crosser, Ohio	Jenckes, Ind.	Pettengill	Willford
Crump	Johnson, Minn.	Pierce	Wilson
Cummings	Johnson, Okla.	Polk	Withrow
Dear	Johnson, Tex.	Ramsay	Wolverton
Deen	Johnson, W.Va.	Randolph	Wood, Ga.
Delaney	Jones	Rankin	Wood, Mo.
DeRouen	Kee	Rayburn	Woodruff
Dickinson	Keller	Reilly	Young
Dies	Kelly, Ill.	Richards	Zioncheck
Dingell	Kelly, Pa.	Robinson	The Speaker
Dirksen	Kennedy, Md.	Rogers, N.H.	
Dobbins	Kerr	Rogers, Okla.	

NAYS—112

Andrew, Mass.	Bloom	Celler	Culkin
Andrews, N.Y.	Boiton	Christianson	Darden
Bacharach	Britten	Clarke, N.Y.	Darrow
Bakewell	Brunner	Cochran, Mo.	De Priest
Beck	Burch	Cochran, Pa.	Ditter
Beedy	Burnham	Connolly	Dockweiler
Blanchard	Carter, Calif.	Cooper, Ohio	Dondero
Bland	Carter, Wyo.	Corning	Doughton

Doutrich	Jenkins, Ohio	Moran	Stalker
Drewry	Kahn	Mott	Stokes
Eltse, Calif.	Kennedy, N.Y.	Oliver, N.Y.	Strong, Pa.
Englebright	Kenney	Parker	Studley
Evans	Klinzer	Peyser	Sutphin
Farley	Lanzetta	Plumley	Swick
Fernandez	Lea, Calif.	Powers	Taber
Fish	Lehlbach	Prall	Taylor, Tenn.
Foss	Luce	Ramspeck	Thomas
Gavagan	McCormack	Ransley	Tinkham
Gifford	McLean	Reece	Tobey
Goodwin	McLeod	Reed, N.Y.	Traeger
Goss	Maloney, Conn.	Rich	Turpin
Griffin	Maloney, La.	Richardson	Utterback
Hancock, N.Y.	Mapes	Robertson	Wadsworth
Hartley	Marshall	Rogers, Mass.	Whitley
Hess	Martin, Mass.	Seger	Wigglesworth
Higgins	Merritt	Sisson	Wolcott
Holmes	Millard	Smith, Va.	Wolfenden
Huddleston	Montague	Snell	Woodrum

PRESENT—1

Ellenbogen

NOT VOTING—61

Abernethy	Collins, Calif.	Hamilton	Perkins
Adair	Crowe	Hollister	Pou
Allen	Crowther	Kleberg	Reid, Ill.
Auf der Heide	Cullen	Lanham	Shannon
Bacon	Dickstein	Lehr	Simpson
Boland	Disney	Lemke	Smith, W.Va.
Brennan	Douglass	Lewis, Md.	Sullivan
Brooks	Duffey	McFadden	Taylor, S.C.
Brumm	Eaton	McKeown	Treadway
Buckbee	Edmonds	McMillan	Underwood
Cannon, Wis.	Flannagan	May	Vinson, Ga.
Carley, N.Y.	Focht	Moynihan, Ill.	Waldron
Cavicchia	Foulkes	Muldowney	Williams
Claiborne	Goldsborough	Norton	
Clark, N.C.	Green	O'Brien	
Cole	Guyer	O'Connell	

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. McKeown and Mr. Muldowney (for) with Mr. Bacon (against).
Mr. Guyer and Mr. Pou (for) with Mr. Perkins (against).
Mr. Lemke and Mr. Cannon of Wisconsin (for) with Mr. Focht (against).
Mr. Kleberg and Mr. Lehr (for) with Mr. Treadway (against).

Until further notice:

Mr. Green with Mr. Cavicchia.
Mr. Taylor of South Carolina with Mr. Disney.
Mr. Abernethy with Mr. Brennan.
Mr. Shannon with Mr. Smith of West Virginia.
Mr. Clark of North Carolina with Mr. Claiborne.
Mr. Dickstein with Mr. Boland.
Mr. O'Brien with Mr. Williams.
Mr. Cole with Mr. Duffey.
Mr. Lewis of Maryland with Mr. Hamilton.
Mr. Crowe with Mr. Adair.
Mr. Foulkes with Mr. Brooks.
Mr. Lanham with Mr. Buckbee.
Mr. Cullen with Mr. McFadden.
Mr. Vinson of Georgia with Mr. Crowther.
Mrs. Norton with Mr. Hollister.
Mr. Sullivan with Mr. Simpson.
Mr. Flannagan with Mr. Waldron.
Mr. Douglass with Mr. Allen.
Mr. Underwood with Mr. Collins of California.
Mr. Auf der Heide with Mr. Brumm.
Mr. McMillan with Mr. Edmonds.
Mr. O'Connell with Mr. Moynihan of Illinois.
Mr. May with Mr. Eaton.
Mr. Goldsborough with Mr. Reid of Illinois.

The SPEAKER. The Clerk will call my name:

The Clerk called Mr. RAINEY's name, and he voted "yea."

Mr. DISNEY. Mr. Speaker, I wish to vote "yea."

The SPEAKER. Was the gentleman in the room listening when his name was called?

Mr. DISNEY. No, Mr. Speaker, I was not.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

H.R. 7581—EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, the bill of the gentleman from Texas [Mr. DIES] is of vast importance and benefit to the country and should be passed by the required two-thirds vote here today and sent to the Senate, where it will undoubtedly be passed and go to the President for his approval, and I feel sanguine that President Roosevelt, who is friendly to the silver cause, will affix his signature so that it will become the law of the land.

I shall not attempt any extended discussion of the silver question today, for I delivered a speech of considerable

length on the subject when the gold devaluation bill was before the House for consideration in January. I shall, therefore, on this occasion merely recapitulate the remarks I made on that occasion and present a summation of what I deem to be the unanswerable facts in favor of the measure proposed by the able gentleman from Texas [Mr. DIES] who has made a special study of the silver question.

This bill will create a board, consisting of the President and the Secretaries of the Treasury, Commerce, and Agriculture, and vest said board with authority to negotiate the exchange of surplus American farm products for silver and to pay a maximum 25 percent above the world market price for silver shipped into the United States in payment for the exported agricultural products and issue new silver certificates based on that metal to pay for the silver thus obtained in payment.

What would be the effects attained by this legislation?

First. We would dispose of our surplus farm products to the silver-using nations of the Far East and thereby enhance the value and price of the remainder to the American farmer who would thus be immediately and directly benefited in two respects. The new silver money (certificates) received by the farmer would circulate freely in all the farming communities of the United States and thereby we would increase the volume and velocity of our circulating medium, which everybody realizes needs to be done. This new silver money placed in the hands of the farmer would continue to be turned over and create an augmented spending power and purchasing power affecting every branch of business and industry.

Second. The resultant increase in the value and price of silver in the world market would increase the domestic price of silver in the United States and thereby benefit every silver-producing State and cause more employment, pay rolls, and industrial and business activity, and a greater demand for necessary supplies and goods from other States and aid business recovery.

Third. The increase in the price and value of silver in the world market would also add immeasurably to the purchasing and spending power of the Orient, Mexico, and South America, who would be placed in a better position to buy our lumber, salmon, and manufactured articles of all kinds and resume their trade and commerce with the United States, which has been curtailed to a minimum on account of the low price of silver, and also gain for our Nation their amity, good will, and friendship.

Fourth. This enlarged foreign demand for American products would increase the income of our laborers, farmers, merchants, and manufacturers.

Fifth. This legislation would prove a forward stride toward the remonetization of silver, and therefore I favor it.

After many years of investigation and study of the monetary problem, I have come to the conclusion that silver as a primary money metal should never have been demonetized and the congressional action which brought it about in 1873 was a crime against the American people, for which we have paid dearly, and the sooner this wrong is righted the better.

The single gold standard has failed and is responsible for the rule and control of money—which is economic control—by the international bankers of Europe and America, and is closely identified and linked with the vicious system of issuing Government bonds drawing interest to bankers in order that the money of the Federal Government may be issued to the bankers and utilized by them for their private profit and aggrandizement and the exploitation of the people and the Government itself.

Mr. Speaker, restore silver as a primary redemption money on a parity with gold at a regulated ratio, and we would strike a real blow for human liberty and happiness in the United States and throughout the world, for our action would be followed by similar action by every nation in the civilized world with which the United States carries on commercial relations.

Mr. Speaker, let us then cease printing tax-exempt interest-bearing bonds and issuing money to the banker,

and instead issue the money direct to the people, based upon silver and gold as a metallic base, which would be sound, honest money, issued for service instead of profit, and we would "drive the money changers out of the temple."

Mr. GLOVER. Mr. Speaker, ladies, and gentlemen, the bill under consideration today is right in principle and will help, in my opinion, to give us a market for our surplus agricultural crops, such as cotton, wheat, rice, and other crops. This bill provides for the exchange of our surplus crops and take silver bullion for them at the market price for silver.

The Constitution provides for both gold and silver money, and nobody would dare say that money issued on this bullion was fiat money. It would raise immediately the price that farmers would get for their crops when sold on a foreign market. The reason that we are burdened now with a surplus of cotton is the fact that nations that are now growing the short-staple cotton were forced to raise it by reason of the fact that we were on a gold standard of money and they on a silver standard, and their dollar in silver was only worth about 25 cents under the gold standard, and when they came here to buy cotton with their silver they paid 20 cents per pound, and the farmer who raised it got 5 under the gold standard. If this bill passes—and I hope it will—it is my belief that the nations that are now growing 12,000,000 bales of short-staple cotton will quit growing it and buy our cotton as they once did. This bill has the approval of the farmers generally and it will help them materially. We should have a double standard of money and tie the two together so that one is just as good as the other and the Government backing each of them alike. I see no reason why anyone should oppose this bill. We hear newspapers howling about printing-press money. That is the only kind that you have now except a little silver to make change with. Silver has always been the money that was kept in circulation. Gold would hide away, but silver has kept in circulation. There is but little money now actually in circulation. It is in the banks, but it is not in circulation as it should be. The banks, of course, have to be careful, for they are handling the other fellow's money. I am glad that I have the chance to vote for this bill. I introduced a bill 3 years ago to put \$2,000,000,000 in silver in circulation, and if it had been done then it would have averted this panic in my opinion.

Mr. WHITE. Mr. Speaker, the opponents of silver legislation in an effort to discredit the metal are raising the cry of "speculation" against its advocates. This seems to have caught the attention of the Secretary of the Treasury, Mr. Morgenthau, who expresses concern of the speculators' interest in silver.

It is suggested that the Secretary might investigate the profits made by the speculators in gold in recent months as a result of Government legislation recommended by his Department. The importers have turned into the Treasury 15,714,286 ounces reported since the proclamation setting an increase value of \$14.33 per ounce on gold which yielded to the speculators of gold \$225,185,713.38 or \$25,000,000 more money than the total amount used by the Government to buy silver under the Pittman Act when we had the highest commodity prices and the best times ever known in this country. Secretary Morgenthau might give a thought to the advantage the gold devaluation bill gives to our trade rivals of the British Nation, producing approximately 70 percent of the world gold. Great Britain and its possessions produced 16,428,000 ounces of gold in 1933 with an increased purchasing power in this country of \$235,413,240. When we realize we have given this advantage to our competitors in purchasing the commodities produced in this country we might pause to consider that if temporary profits attendant on monetary changes due to the proposed increase in the price of silver is to be taken into consideration in passing legislation, we should realize our domestic mining industry supporting some of our finest communities, and in times of prosperity providing some of our best markets, is surely entitled to more consideration than the gold-mining industry of South Africa with its Negro compounding and semislave labor which produces 50 percent of

all the world's gold. It is to be wondered if our people are fully cognizant of the vast advantage we have placed in the hands of our competitors for trade and business, an advantage that could be discounted and reduced by the remonetization of silver.

Mr. STUDLEY. Mr. Speaker, the heresy of trying to advance the price of silver by act of Congress has again arisen. This heresy was slain by our people in 1896.

But it has again been brought to life.

Let us turn back the pages of our recent history.

Within the memory of many of us now in the Congress the Silver Purchase Act of July 14, 1890, was enacted. This act provided in substance that the Government must purchase monthly 4,500,000 ounces of silver bullion and that the Secretary of the Treasury should issue in payment therefor Treasury notes redeemable on demand in gold or silver coin at the discretion of the Secretary of the Treasury, and that said notes may be reissued. It was declared in the act to be—

The established policy of the United States to maintain the two metals on a parity with each other upon the then legal ratio, or such other ratio as may be provided by law.

The action of the Secretary of the Treasury was so controlled by the above declaration as to prevent his exercising the discretion nominally vested in him. It is at once apparent that if the Secretary refused to pay these Treasury notes in gold, if demanded, they would stand discredited and would suffer a depreciation as obligations payable only in silver; this would destroy the parity between the two metals by establishing a discrimination in favor of gold.

More than \$147,000,000 of these Treasury notes had been issued in payment of purchases of silver bullion by July 15, 1893. A large proportion of these notes given in the purchase of silver bullion had been paid in gold out of the Treasury. Between May 1, 1892, and July 15, 1893, these Treasury notes issued in payment of silver bullion amounted to a little more than \$54,000,000, and during the same period about \$49,000,000 was paid out by the Treasury in gold for the redemption of such notes.

This policy made the depletion of our Treasury gold reserves easy, and the European nations immediately took advantage of such a soft opportunity. Our gold reserves in our Treasury were promptly depleted. Between July 1, 1890, and July 15, 1893, the gold in our Treasury was decreased by more than \$132,000,000, while during that same period the silver coin and bullion in our Treasury increased by more than \$147,000,000.

The implacable law of economics could not be stayed even by an act of the Congress. Grimm's law went grimly and irresistibly forward, and the cheaper metal drove the dearer metal out of circulation.

When the Silver Purchase Act of July 14, 1890, was enacted it was hailed as sure to advance the price of the white metal. But the price of silver, obedient to economic laws, went down, and down, and then further down as the purchases increased until its price reached the lowest point ever known up to that time.

The situation with the Treasury grew steadily worse notwithstanding the sales of Government bonds made to reinforce the gold reserves, and on the 1st day of December 1895, within less than 5½ years there had been withdrawn from the Treasury nearly \$375,000,000. Nearly \$327,000,000 of the gold thus withdrawn had been paid out on these Treasury notes, and all of the \$346,000,000 was then still uncanceled and ready to be used to draw more gold from the Treasury.

In his special message to the Congress of August 8, 1893, and again in his third annual message of December 2, 1895, President Cleveland earnestly besought the Congress for remedial legislation. Meanwhile, on November 1, 1893, the silver purchase law had been repealed, but at that time the mischief had been done and the Treasury notes had been issued which had wrecked our Treasury's gold reserve and made our fiscal system the gullible objective of the nations of Europe.

In his special message above referred to, President Cleveland used the following language, which has since become one of the high lights of Democratic doctrine with reference to our financial structure:

The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our national strength and ability to jeopardize the soundness of the people's money.

Mr. PETTENGILL. Mr. Speaker, I think the Bankhead cotton bill is the wrong way to reach a right result.

I favor the Dies silver bill as a right step, in part, to a correct conclusion, both with reference to cotton and other commodities.

First, some objections to the cotton bill. What cotton needs is an expansion of export markets. This bill reduces production in a world that is half clothed. It not only does nothing to secure the only permanent relief possible for the Cotton Belt but, in addition, it stands idle while the rest of the world steps up production to fill the export markets we formerly enjoyed. When our competitors in Egypt, India, and southeastern Russia have once supplied this market, we shall win it back, if at all, only with the greatest difficulty. What we lose while applying the wrong remedy is apt to be lost forever.

Second, the bill may, temporarily, benefit the plantations growing 500 to 5,000 bales, but it does not recognize the necessities of the share-cropper or tenant whose meager income is already down to the iron margin of existence. He, too, must reduce. If he does not, he goes to jail. Some margin of mercy should be left to him. We exempt from income tax those whose incomes do not exceed a certain minimum. This bill does not recognize this principle.

Let me quote Dr. Clarence Poe, editor of the *Progressive Farmer and Southern Ruralist*, a man who was born on a little farm in the South, who received 6 months free-school education, yet has built up a great journal of agriculture with a million readers. That is his credential to respect. Dr. Poe says:

As I pointed out in my article, *The Right of the Little Man to Live*, there ought to be a reasonable minimum below which we would not require a farmer to cut his acreage. * * * Probably no one * * * should be required to drop below * * * eight bales of cotton.

Eight bales at present prices would bring but \$480 if he got all of it. But if he was a tenant or share-cropper, he would have to give his landlord half or a third of that. I do not believe the grower of eight bales should be required to make any sacrifices by taxation to the solution of the cotton problem. I, too, believe in the right of the little man to live.

Third, there is no machinery in the bill to hold an election. There is no assurance that the minority will be given an honest right to vote on a question that affects them as profoundly as any question open to suffrage. The bill reads, "When the Secretary of Agriculture finds", and so forth. Will the Negro farmer, for example, have the right to vote or will he not? If not, it is "taxation without representation."

I think these doubts are justified by reason of the history of the bill thus far.

As originally drawn the bill provided that "whenever the Secretary of Agriculture finds that two thirds of the persons", and so forth. As amended by the committee it calls for a finding with respect to "the persons who own, rent, share crop, or control two thirds of the land * * * on which cotton is produced." Two thirds of the persons and two thirds of the land are not the same thing.

The chairman of the committee has stated on the floor that the reason for the change was "that those who would have charge of the administration of the act felt it would be much more difficult to ascertain when they had gotten two thirds of the individuals than it would be when they had gotten representatives of two thirds of the acreage." It would be "more difficult."

It is now proposed to go back to "two thirds of the persons." Persons are to vote, not acres. That is right. But the point is worth noting to illustrate how close this bill got to the feudalism which we thought we had abandoned forever.

I do not know whether any kind of a vote—majority, two thirds, three fourths, or nine tenths—may constitutionally control, against their will, the use of their own land by the minority. I doubt if it can under many decisions of the Supreme Court, including *Federal Compress & Warehouse Co. against McLean* and *Chassaniol against Greenwood*, decided within the last 3 months. Both of these were cotton cases, and held that cotton, until it begins to move in interstate commerce, is entirely within the tax jurisdiction of the States within which the cotton is grown, and, therefore, by strong inference, outside of the power of Congress.

The number of persons who own "two thirds of the land" are probably a minority of the total cotton growers of the Nation. Indeed, if the cotton land of the South held by the few is at all in proportion to the total wealth of the Nation held by the few, it is a moral certainty that this plan under the amendment could be placed in operation by a small minority of the total cotton growers against the will of the majority.

That would not be democracy. It would be feudalism. Or fascism.

It may well be that two thirds of total acreage should be taken into consideration as well as two thirds of total growers. But the bill is not only to control cotton. It is to control men. It is not only to restrict production. It is to restrain producers; and under the amendment—which is now to be abandoned—a minority of producers could restrain a majority of producers.

There is something beside cotton involved here. There is "life, liberty, and the pursuit of happiness." The dignity of the human soul was here at stake.

For the first time in many decades in this country it was seriously proposed by the amendment that property was to vote, not men. Let us pause upon that statement. To me it has an ominous sound—none more so in my lifetime. Two thirds of property was to have the power, the legal statutory power, to outvote two thirds of human beings. I wonder what Lincoln or Jefferson would have thought of this. I do not believe that the amendment carried out the social viewpoint of President Roosevelt.

On this point, I would make certain that the humblest citizen with one mule and an acre of land should not be outvoted by the broad acres of the "lord of the manor" himself. I would make certain by the machinery of an honest election that two thirds of the human beings whose lives and happiness are involved shall consent as well as two thirds of the acres.

Unless we preserve this principle we shall not preserve America.

I am glad the right of acres to vote has been abandoned. I have mentioned it to justify my present doubts as to how the will of the two thirds is to be "found" by the Secretary of Agriculture.

Next, as to silver. The Dies bill is to encourage the sale of cotton in exchange for silver. This should do two things—enable foreign buyers to take our cotton, and at the same time increase our silver base against which money can be issued in which our people will have confidence. The result will be to expand our currency on a sound foundation, thus raising prices at home, and finding markets abroad, not only for cotton, but wheat, tobacco, and many other products of our farms and factories, which in turn will increase employment and thus rebuild our domestic market while expanding our foreign market.

Seventeen Studebaker cars out of one hundred, for example, are now sold abroad. That percentage will increase as we encourage our foreign markets. Increasing prices and increasing wages from employment will make it again possible to carry our crushing burden of debt.

We must not forget that there are a billion people in foreign lands, users of silver, who are potential buyers of our goods. Why not sell to them?

RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. CHAVEZ. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932, as amended.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to extend such provisions of the act entitled "An act for the temporary relief of water users on reclamation projects constructed and operated under the reclamation law", approved April 1, 1932 (47 Stat. 75), as extended by the act of March 3, 1933 (47 Stat. 1427), as relate to the deferment of payment of certain water-rights charges for the years 1931, 1932, and 1933, in like manner to all similar charges coming due for the year 1934. The Secretary of the Interior is further authorized, upon the acceptance by the Uncompahgre Valley Water Users Association of the moratorium act of April 1, 1932, and its amendments, including this act, to enter into a contract with the association deferring the initiation of its drainage construction program until January 1, 1936, and permitting the completion of said drainage program during the years 1936 to 1941, both inclusive, under the conditions set out in the act of January 31, 1931 (47 Stat. 1947), as herein modified, and to extend such provisions of such section 3 as relate to certain water-rights charges on the Grand Valley reclamation project in like manner to all similar charges coming due for the year 1934.

SEC. 2. Interest on the charges for which the time of payment is extended pursuant to this act shall be payable at the same rate and under the same conditions as those prescribed in such act of March 3, 1933, with respect to the charges for the years 1931, 1932, and 1933.

The SPEAKER. Is a second demanded? [After a pause.] If not, the question is on the motion of the gentleman from New Mexico to suspend the rules and pass the bill.

Mr. SNELL. Mr. Speaker, are we not going to have the bill explained?

The SPEAKER. No one has demanded a second.

Mr. SNELL. Then, I shall demand a second. I think, in all fairness, on a matter of this kind, the House should at least be told what is in the bill. I was under the impression the gentleman from Wyoming [Mr. CARTER] was going to demand a second.

Mr. CHAVEZ. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. The gentleman from New Mexico asks unanimous consent that a second be considered as ordered, although the Chair has not heard anyone demand a second.

Mr. SNELL. Mr. Speaker, I demand a second.

Mr. BLANTON. Mr. Speaker, let us be liberal and give the gentleman from New York a second, even though he did not demand it.

The SPEAKER. The Chair recognizes the gentleman, and, without objection, a second will be considered as ordered.

There was no objection.

Mr. CHAVEZ. Mr. Speaker, on April 1, 1932, Congress passed a bill granting a moratorium for the years 1931 and one half of 1932 to irrigation districts in the payment of construction charges. On March 3, 1933, the provisions of the original act were extended a year and a half, granting in all a 3-year moratorium, from 1931 to 1933, inclusive. This bill is simply to extend the provisions of those acts for the year 1934.

As the gentleman knows, under the reclamation act construction charges have to be paid to the Government by the irrigation districts, and this bill provides that the construction charges for the year 1934 be deferred to the future.

Mr. SNELL. How many times have we deferred these charges?

Mr. CHAVEZ. This is only the third time.

Mr. SNELL. Only the third?

Mr. CHAVEZ. Yes; and I may say to the gentleman from New York that up to the year 1930 every one of the districts throughout the country—and there are some 27 of them—had made its full payment to the Government; but, as the gentleman will see from the report, their revenue from crops has gone down in some instances from \$90 an acre to \$26 an acre, owing to the price of farm products. The gentleman can readily understand they are not in position to pay these charges, and all they are asking is that you continue the

debt just a little while longer. We are not giving them a thing. The bill does not carry any appropriation and does not interfere with the financial program of the administration.

Mr. CULKIN. Will the gentleman yield?

Mr. CHAVEZ. Yes.

Mr. CULKIN. I note there is a distinction here with respect to the Uncompahgre Valley. Was that amendment put on in the Senate?

Mr. CHAVEZ. No; I will explain that particular feature of the bill to the gentleman. The Uncompahgre Valley project is in Colorado, and there were provisions for a moratorium in a special bill. This is a general bill applying to all irrigation projects.

Mr. CULKIN. May I ask the gentleman whether that particular project is now in production?

Mr. CHAVEZ. I will yield to the gentleman from Colorado [Mr. TAYLOR] to answer the gentleman.

Mr. CARTER of Wyoming. I may say to the gentleman that that is the oldest irrigation project in the United States.

Mr. TAYLOR of Colorado. In further answer to the gentleman from New York, I may say that 2 or 3 years ago there was some land on this project that became water-soaked, and the Reclamation Service, through an act which I had the honor of passing, waived all construction charges for 5 years with the understanding that a certain amount of money would be spent on drainage work.

Mr. CULKIN. I think we had that matter up last year and discussed it at that time.

Mr. TAYLOR of Colorado. Yes; this project is one of the oldest in the United States. It has been in active operation for 25 years.

Mr. CULKIN. I should also like to inquire of the chairman with reference to the Grand Valley reclamation project. The main point I am interested in is whether or not it is in production.

Mr. CHAVEZ. The Grand Valley project is also in Colorado; and I yield to the gentleman from Colorado.

Mr. TAYLOR of Colorado. Yes; that project is in production.

Mr. CULKIN. So the gentleman can state to the House that there is no new reclamation project involved?

Mr. CHAVEZ. Not an acre of additional land is involved.

Mr. TAYLOR of Colorado. No; nothing of that sort.

Mr. DOWELL. The extension of this matter will not bring any further land into cultivation?

Mr. TAYLOR of Colorado. No.

Mr. CHAVEZ. Nothing of that sort is involved.

The SPEAKER. The question is on the motion of the gentleman from New Mexico to suspend the rules and pass the bill.

The question was taken; and two thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

INVESTIGATION OF RATES FOR ELECTRICAL ENERGY

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass Senate Joint Resolution 74, authorizing necessary funds to conduct investigations regarding rates charged for electrical energy, and to prepare a report thereon.

Mr. MARTIN of Massachusetts. Mr. Speaker, I thought the Chair had stated that there would be no further suspensions this afternoon.

The SPEAKER. The Chair thought that the gentleman from Mississippi had left the room. [Laughter.]

Mr. SNELL. Mr. Speaker, it seems to me that this ought not to be brought up at this time. I do not see the gentleman on the other side here.

Mr. RANKIN. There is a member of the committee sitting right in front of the gentleman, one of the ablest Republicans in the House.

Mr. SNELL. In all fairness, Mr. Speaker, when we informally understood that no more suspensions would be brought up this afternoon, it is hardly fair to bring this up

at this late hour. I do not see the gentleman from Ohio [Mr. COOPER] present.

Mr. RANKIN. There is little or no opposition, in my opinion, to this bill. I introduced the bill several weeks ago, and it was also introduced by Senator NORRIS in the Senate. The bill passed the Senate almost immediately. Owing to the fact that the Committee on Interstate and Foreign Commerce was engaged with other matters, it took some time to get a hearing on the bill and get it reported out of the committee. This bill is to take the census of the light and power rates throughout the country.

Mr. SNELL. Mr. Speaker, the gentleman from Ohio [Mr. COOPER] left the House because he was informed that this bill would not come up, after I had sent a man to consult with the Speaker. I do not think this ought to be brought up at this time, and I shall do what I can to delay it.

Mr. RANKIN. Will the gentleman agree that it may be taken up by unanimous consent tomorrow?

Mr. SNELL. I can tell better after I consult the minority members of the committee. I want to know what their position is.

Mr. RANKIN. I do not wish to take any undue advantage of anyone. There is no adverse report on the bill. If there is any opposition to it, it does not show in the report.

Mr. BLANTON. The gentleman from Mississippi can call it up under suspension now if he desires to do so, but he wants to grant the minority leader a chance to consult about it. Why not agree that it may be taken up tomorrow?

The SPEAKER. The Chair will say to the gentleman from Mississippi that he will recognize him to take it up tomorrow; and if there is objection, to take it up first on the next suspension day.

Mr. RANKIN. That is satisfactory.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HAMILTON, indefinitely, on account of illness.

To Mr. CROWE, for today, on account of important business.

To Mr. BROOKS, indefinitely, on account of serious illness in his family.

To Mr. LANHAM, for today, on account of illness.

To Mr. KLEBERG, for today, on account of illness.

THE MENACE TO AMERICAN DRAMA

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Dickstein bill, and also on the F.A.C.A.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, House bill 3674, as introduced by Representative DICKSTEIN, of New York, is now being considered in the House of Representatives. It seeks to keep out alien actors unless they be of distinguished merit and ability. Utterly selfish interests have agitated for this bill. I believe that it is without merit. Its passage will greatly impede not only the motion-picture industry but the little that remains of the spoken drama. There is involved therein real menace to American drama. We have already hedged the drama around with many restrictions. Unlike other countries who give it kindly encouragement, we place an admission tax upon it. Other nations subsidize the drama, build state theaters, pension dramatists, and appoint poet laureates. We offer no such encouragements. Instead, we would embargo all alien actors unless they be of distinguished and recognized ability.

H.R. 3674 would put the spoken drama into a strait-jacket. The producer, casting around for actors to play certain parts, should not be fettered. He should not be hamstrung. If he wants an actor or actress to play a particular part, and needs an alien to do so, none should gainsay him. If he wishes a man who speaks British English to play the part of an English butler, he should not be forced to take an American. The American may not be able to

play the part of a frozen-faced, tall English butler. So with a French lady playing a French maid.

Recently I saw the play *The Shining Hour*. It has a cast almost exclusively made up of British actors. Some are and some are not celebrated. The cast is perfect. The removal of any one of these alien actors in this play, which would be one of the results of this bill, would mar its perfection. The play requires the setting-up of a thoroughly British atmosphere and milieu, that would be woefully lacking in the mannerisms and speech of thoroughly American actors. The latter could not give the delicate and sensitive shadings of British character required by this play.

There is a play on the boards called "*Wind and Rain*." It deals with medical students at Edinburgh University. The effect of the play depends altogether on the preservation of the atmosphere of a Scotch boarding house. If some of the alien actors producing that atmosphere were to be barred by this bill, the effectiveness of this play would be destroyed. *Wind and Rain* is essentially a play of atmosphere, not of plot. In the former, particular persons are needed for particular parts. This bill disregards these essentials of drama. *Journey's End* was a play of atmosphere rather than one of plot or story. It concerned the British Tommies in the trenches. It was a drama essentially of British character and setting. As presented here it was a replica of the London production. It was necessary to import some of these British thespians.

The passage of this resolution would have made proper presentation of *Journey's End* impossible. In the play, *Pursuit of Happiness*, a drama about colonial "bundling", the part of the Hessian trooper is played by Tonio Selwart, a Teuton. He is the very keystone of the play. This resolution would bar him. This barring would ruin the play. Frances Lederer, a native of Czechoslovakia, was the very spirit of the play called "*Autumn Crocus*." This bill would have kept out Frances Lederer and destroyed that play as a box-office success. What *Price Glory* was a play indigenous of France. It was essential to have some alien actors in that production, creating the appropriate French atmosphere and character. An all-American cast could not have produced this French background.

The success of *Autumn Crocus*, *Pursuit of Happiness*, *The Shining Hour*, *What Price Glory*, *Journey's End*, and many similar plays, far from reducing American employment, increased it. The success of these plays made possible the employment of scene makers, scene shifters, painters, dress-makers, costumers, designers, stage hands, musicians, bill-posters, printers, advertisers, ushers, charwomen, and so forth.

There is just as much artistry in casting for a play as in painting a picture, composing a symphony, modeling a statue. We would not take away the artist's tints, the sculptor's mallet. By the same token, we should not take away from the producer and the dramatist his right of choice and discretion in play-casting.

Cavalcade, one of the outstanding pictures of the past year, could never have been made if this bill had been enacted into law. Most of its success was due to its entirely English cast. It might have been just another American mob scene.

If we had had a law of this character previously, some of our now-famous stars and actors would have been denied entrance into this country. Many of them achieved fame only after their entrance. George Arliss, Leslie Howard, Charley Chaplin, Marie Dressler, H. B. Warner, Greta Garbo, Norma Shearer, Mary Pickford, Elissa Landi, Clive Brook, Herbert Marshall, Ronald Colman, Dennis King, Claude Rains, and Victor McLaughlin would have been denied entry because when they first came they were far from being recognized for their ability. They were then persons. They have since become personalities. They might have been lost to the spoken drama and motion pictures had this law been in effect.

George S. Kaufman, testifying before the Senate Immigration Committee last year, spoke of the obscurity of Lynn

Fontanne when she first came to this country. I quote him:

No one had ever heard of her. Laurette Taylor had seen her in London. She was a timid, frightened girl who played a 2-minute scene in Miss Taylor's production.

Today she is one of the greatest "draws" on the American stage, affording employment to hundreds of American workmen such as ushers, stage hands, electricians, scene shifters, cleaners, and so forth.

Directors of motion pictures would also be excluded if this bill were enacted. Directors who came here as obscure persons and who later developed are Edmund Goulding and Frank Lloyd, of England; Ernst Lubitsch, Germany; Frank Capra, Italy; and many others. Alexander Korda came to the United States about 8 or 9 years ago. He successfully directed a number of American pictures, but, as he was only here on a temporary visa, the Department of Labor refused to extend his stay and he returned abroad. In the last year he has directed two of the outstanding pictures of the world for an English producing firm, namely "*Henry the Eighth*" and "*Catherine the Great*", thereby creating for the American motion picture industry very serious competition both in the American and foreign markets.

I agree that there may be argument in an immigration-exclusion act excluding alien carpenters and shoemakers. They may displace American skilled workmen. But when it comes to the art of the drama, one actor cannot be replaced necessarily by another actor, an alien by an American. You cannot replace one personality by another. An actor or an artist is not a shoemaker or a blacksmith.

The contention is that we should not permit alien actors to take bread out of the mouths of American actors, and we therefore must put a tariff on the drama. It is not a case of impoverishing American actors. Whether an alien actor comes in or not, the American actor might still be out of a job. It is not a matter of competition of alien actors as against American actors. It is simply a case of bringing over an alien actor to fill certain necessary parts that cannot be played by American actors.

If we embargo alien actors, the next move would be to embargo alien dramatists. The next argument would be "Why should English authors come here and take bread out of the mouths of native authors?" Let us therefore keep out Barry, Shaw, Galsworthy, Pinero, Jones, and Masefield.

This bill will cause international irritation at a time when there is real need for amity and accord. Our President desires to effectuate reciprocal trade agreements with England, France, Spain, and South American countries. This type of chauvinism causes friction and irritation and will tend to make difficult the efforts of President Roosevelt. The Department of Labor figures show comparatively few alien actors in this country, despite assertions to the contrary. The number is inconsequential. This bill therefore is an endeavor to kill a fly with huge cannon. Its sponsors blink at the havoc and menace it involves.

This bill gives the right of censorship to the American consul abroad. He must determine whether an actor is a nonentity or a celebrity—whether he is ordinary or extraordinary. No consul has either the wisdom or the perspicacity to determine that. There is ample evidence submitted in the hearings on this bill by the Chief of the Visa Division of the Department of State indicating the extreme difficulties that would arise under this bill and the embarrassments that would be created for the consuls in passing upon the qualifications of actors applying for entrance.

The effect of this bill on the motion-picture industry would be most disastrous. American movies must essentially be international. A large percentage of the revenue coming to the motion-picture industry is from sales in foreign countries. It is essential for the motion-picture producer to import upon occasion foreign actors. With this bill, their foreign business would be jeopardized. This, in the face of the National Recovery Act, which requires and advocates the building-up of export trade. Greta Garbo,

for example, has increased manifold American pictures in Sweden and Norway. Maurice Chevalier has helped our sales in France. Diana Wynyard has helped American pictures in England. American motion-picture industry has grown great and world-wide not only because of its technical superiority, but also because of the use and exploitation of international creative talent. There must be, for the success of the movies as well as the drama, free flow of talent from one country to another.

It must be remembered also that American talkies in Europe are subtle but effective ads for American goods. They stimulate trade and commerce. They are our greatest salesmen in foreign parts. They actuate and encourage the purchase by foreigners of our typewriters, refrigerators, tractors, motor boats, autos, sewing machines, and other comforts and conveniences of American life.

This bill would indeed be a menace to the spoken drama and the motion-picture industry. It would seriously impede the plans of the administration relative to friendly pacts and reciprocal treaties with other nations.

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an analysis made by the Solicitor of the Veterans' Bureau on the amendments in the act passed last week.

Mr. KVALE. Mr. Speaker, I reserve the right to object. Has the gentleman from Illinois made any effort to lay that material before the conferees?

Mr. DIRKSEN. Yes; I have, and at their suggestion I am putting it in the Record, and will return the original copy to them tomorrow.

Mr. BYRNS. What is it?

Mr. DIRKSEN. It is an analysis by the Acting Solicitor of the Veterans' Bureau, Mr. Brady, of the House legislation that went to the conference committee last week.

Mr. BYRNS. Why does the gentleman put it into the Record?

Mr. DIRKSEN. Because it is at variance with some of the statements that appeared in the parallel columns that the gentleman from Texas [Mr. PATMAN] had inserted in the Record, and also at variance with some of the newspaper reports.

Mr. BLANTON. Did the gentleman ask Mr. Brady for this, or did Mr. Brady tender it voluntarily?

Mr. DIRKSEN. He sent it to my office. I asked him over the telephone last Saturday whether he had prepared such an opinion, and he sent me a duplicate.

Mr. BLANTON. Was the gentleman here on Saturday morning when the gentleman from Texas [Mr. PATMAN] corrected an erroneous statement that appeared in these parallel columns?

Mr. DIRKSEN. Yes; but that does not go far enough. I have talked with the gentleman from Texas.

Mr. BOYLAN. Mr. Speaker, I reserve the right to object. I think in all fairness, if this information is of any value it should be submitted to the conferees.

Mr. DIRKSEN. I submitted it to one this afternoon, and at his suggestion I am asking that it go into the Record, and this copy will be turned over to him.

Mr. BOYLAN. Did the gentleman submit it to the chairman of the conferees?

Mr. DIRKSEN. No.

Mr. BLANTON. Mr. Brady is trying to do what?

Mr. DIRKSEN. I do not know that he is trying to do anything except to make a rather dispassionate analysis of the so-called "Taber amendment" in its practical effect upon the veterans.

Mr. BOYLAN. Mr. Speaker, in view of the absence of the chairman of the conferees, and inasmuch as it has not been submitted to us, I shall be constrained to object.

Mr. DIRKSEN. I submitted it to one of the minority members of the conference.

Mr. BOYLAN. I must insist, in the absence of the chairman, on my objection.

Mr. DIRKSEN. Is there any reason why the gentleman should object to my extending my own remarks in putting in this communication sent to me?

Mr. BOYLAN. Yes. Inasmuch as it has not been submitted to the conferees, I regret that I shall have to object.

The SPEAKER. Objection is heard.

COTTON

Mr. ALLGOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including a statement that I made before the Committee on Agriculture.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALLGOOD. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

Mr. FULMER presiding.

Mr. BANKHEAD. Mr. Chairman, I want to introduce to you Mr. ALLGOOD. I will say before he begins that he was formerly commissioner of agriculture in the State of Alabama, and I know no man in the State who is in any better position to give you the attitude of the farmer and his opinion than Mr. ALLGOOD.

Mr. ALLGOOD. I thank Mr. BANKHEAD for his statement. We of the South know that the conditions that confront the cotton farmer at this time are not normal conditions. They are conditions that have grown out of the panic. We are asking Congress at this time to support this measure so that every farmer will do his part. Mr. Chairman, what this bill means is that every cotton farmer will do his part and if he is not willing to do his part voluntarily, then under the bill he will be compelled to come in and do his part.

We in the South have our cotton program, you in the North and West have your dairy program, your corn and hog program, your wheat and other programs that interest you, and we are willing to support your programs, if you will support the program which the producers of cotton think best for them. We all realize that agriculture must prosper in this country because it is the industry that must prosper or all other industries will suffer.

AMERICAN PRINTING HOUSE FOR THE BLIND

Mr. GOSS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including a three-page history of the American Printing House for the Blind, which has come up before the Committee on Appropriations. This statement has been prepared by the trustees of the institution.

The SPEAKER. Is there objection?

There was no objection.

Mr. GOSS. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following history of the American Printing House for the Blind, prepared by the trustees of the institution:

At the first convention of American Instructors of the Blind, held in New York City in 1853 a committee, with Dr. Samuel T. Howe, of Boston, as chairman, was appointed to appeal to Congress for national aid for printing for the blind, but nothing came of it. In the South also organized attempts were made to create an establishment for embossing for all the blind of the country. Money for printing was difficult to be had. Mr. J. Morrison Hedy, a blind man of Kentucky, canvassed central Kentucky and collected funds for printing *Paradise Lost*; Jonathan Burr gave to the American Bible Society some \$4,000 for embossing the Bible. In 1858 a charter was obtained from the Legislature of Kentucky establishing the American Printing House for the Blind at Louisville, Ky. Among its charter members were Mr. James Cuthrie, president (Buchanan's Secretary of the Treasury); Mr. William F. Bullock, the founder of Kentucky's public-school system; Dr. T. S. Bell, the most prominent philanthropist in the State. Their successors have been among the ablest, wisest, and noblest men in the community, and they have managed its affairs with the judgment and even-handed justice that was to be expected from such men.

Auxiliary boards were formed in Arkansas, Tennessee, Mississippi, and Louisiana, but the Civil War, by confusing commercial relations, prevented the use of the funds raised by these auxiliary boards for the purpose intended. After the war, in 1865, the State of Kentucky granted an income to the American Printing House for the Blind of \$5 for every blind person in the State, and renewed efforts were made to establish boards in various States. Mr. H. L. Hall, of Philadelphia, a man overtaken in early adult life with total blindness, took hold of the work, and Indiana, Ohio, Illinois, New Jersey, Delaware, and Ontario aided.

In 1871 the American Association of Instructors of the Blind was formed. For the first few years of the association's existence various hopes were excited of obtaining a large endowment for printing for the blind through the beneficence of Mr. Stephen P. Ruggles, of Boston, but when these hopes were proved an irides-

cent dream, a committee was appointed in 1876, at a meeting of the association in Philadelphia, consisting of the superintendents of the schools of Kentucky, New York City, Philadelphia, Maryland, and Georgia, to prepare a bill and present it to Congress. The chairman of this committee, Mr. B. B. Huntton, superintendent of the Kentucky school drew up the bill and it was presented to Congress by Congressman Albert S. Willis, Representative from the Fifth Congressional District of Kentucky. Mr. Wait, of the New York school, was spokesman and presented the case of the blind in an address marked by all of his great ability, force, and eloquence. While every superintendent in the country labored each with the Congressman in his own State, it was due to the energy and enthusiasm and parliamentary skill of Mr. Willis that the bill setting aside a 30-year 4 percent bond of \$250,000, providing a subsidy of \$10,000 annually, finally became a law March 3, 1879.

A fund of \$40,000 had accumulated from the State of Kentucky, with which 6½ acres of land was purchased and the building erected in 1883, and for the first time in the history of the world a supply of embossed books was assured the blind.

Early in 1906 steps were taken to renew the 4-percent bonds for \$250,000 at its maturity in 1907, but the Government was then paying but 2-percent interest and refunding at that rate would have reduced the income one half. The president and secretary of the executive board visited Washington and found the Secretary of the Treasury unable to renew the bonds for 30 years at 4 percent without a special act of Congress. A bill to this effect was prepared by the Honorable Swagar Sherley, Representative of the Fifth Congressional District of Kentucky, and favorably reported from the committee by the Honorable Sereno E. Payne, a life-long friend of our then president, Col. Andrew Cowan. Through Mr. Sherley's efforts the bill passed the House, but was amended in the Senate, at the instance of Senator Spooner, so that the proceeds of the \$250,000 bond on maturity was credited on the books of the Treasury as a perpetual trust fund, and a permanent annual appropriation was provided.

Through the skill and mechanical genius of Mr. Huntton, secretary and superintendent, for almost half a century the processes of producing embossed books were developed and improved and the list of publications grew from a few titles to several thousand. The embossed books produced at the American Printing House for the Blind have never been equalled and are the best of the kind in the world, as attested by the medals awarded wherever the work was exhibited: Vienna, 1873; Centennial at Philadelphia, 1876; Chicago World's Fair, 1893; Paris Exposition, 1878; St. Louis World's Fair, 1904.

During all these years, while the processes of printing were being evolved and improved, the number of schools for the blind were increasing in size and number. When the original appropriation was made in 1879 there was an enrollment in the schools of 2,180, which has gradually increased in 40 years to about 6,000. It has been realized for some years that the needs of the schools and the demand for embossed literature has grown beyond the \$10,000 annual appropriation. The final determining factor to secure more funds for printing was the adoption of the revised Braille, grade 1½, as the uniform type for the blind of America at the meeting of the American Association of Instructors of the Blind held at Colorado Springs, June 1918. At the subsequent annual meeting of the American Printing House, held July 1, 1918, the following resolution was unanimously adopted:

"Whereas as a result of the Great War many soldiers and sailors of the United States now in service will be blind, and since a part of their reeducation and rehabilitation will require textbooks and general literature in the improved system of reading matter for the blind in increased number and volume; and

"Whereas the number of pupils in schools for the blind when provision was made in 1879 by the Congress of the United States for the support of the American Printing House for the Blind, whereby the income has been \$10,000 per annum has been increased from 2,180 pupils in 1879 to 5,640 pupils in the year ending June 30, 1917.

"Resolved, That the trustees of the American Printing House for the Blind request of the Congress of the United States an increase of the appropriation to such an amount as will provide in perpetuity an income of \$50,000 per annum to be devoted to the publication at the American Printing House for the Blind located at Louisville, Ky., of textbooks and literature for the instruction of the blind."

At the same time a committee of seven trustees was appointed to promote the passage of legislation looking to an increase of the support and the extension of the facilities of the American Printing House for the Blind by the United States Government, but no definite action was taken until February 1919, when a bill was introduced by the Honorable Swagar Sherley, of Kentucky, authorizing an increased appropriation of \$40,000 annually. This bill received a favorable report from the committee but failed of passage during the closing days of the Congress.

A bill identical in form was then introduced at the next session by Hon. Charles F. Ogden, of Kentucky, successor to Mr. Sherley. This measure passed the House on July 10 and the Senate on August 4 and was signed by the President August 16, 1919. This bill as enacted differs from the original act of 1879 inasmuch as it does not appropriate but simply authorizes an appropriation of \$40,000 annually. The original appropriation of

\$10,000 is derived from a trust of \$250,000, which is held in perpetuity to produce this income each year. The increased appropriation of \$40,000 must be put into some appropriation measure and acted upon by Congress each year. This same procedure is true of the \$25,000 which was received in 1927 through Hon. Congressman Thatcher, Mr. Bramlette, and Mr. Barr. The \$10,000 is a permanent appropriation, but the \$65,000 must be appropriated each year. The total appropriation received to date is \$75,000 annually.

EDUCATION IN THE PHILIPPINE ISLANDS

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, the debate on this Philippine independence bill brought out many facts concerning the governmental procedure and the industries of the Philippine Islands, but very little on the educational institutions of the islands.

We must bear in mind that the 34 years of public education in the Philippine Islands brought about the conditions which made it possible for this bill to be so liberal. Those who are now handling the reins of government in the Philippine Islands were not only taught in a school system equivalent to our own system here in the United States but the teaching of the English language for this space of time has brought about an understanding on the part of the young Filipinos that they are now able to interpret the advantages and privileges of independence in a much broader way than they were at that time.

The Filipinos have an organized system of education that is functioning. This is more than can be said of the Thirteen American Colonies at the time of the adoption of the Federal Constitution a few years after they had gained their independence. In fact, the Federal Constitution made no mention of education. Education was one of the implied powers left to the States and up to the year 1800 only 8 of the 14 State constitutions mentioned education. As stated by Dr. E. P. Cubberley (Public School Administration, by Ellwood P. Cubberley, Houghton Mifflin Co., New York, 1929, p. 3):

Nothing which could be regarded as even the beginnings of a State system or series of systems of education existed. Nine colleges, a few private secondary schools, and a number of private and church schools offering some elementary-school instruction of an indifferent character, constituted the educational resources of the new Nation. Even in New England, where a good beginning had been made in the seventeenth century, the educational enthusiasm of the people had largely died out and the schools had sadly degenerated. In the rural districts, where the great bulk of our people then lived, there were practically no schools of any kind, while in the towns and cities ignorance, vagrancy, and pauperism went hand in hand.

In my own State of Pennsylvania there was no public school system until 1834 or just 100 years ago. Many of the States did not organize public schools until much later. It is true that life was much simpler when the American colonists gained their independence than it is now, and that it was possible for the masses to get along with the rudiments of an education.

Since there are organized schools of elementary, secondary, and collegiate grade in the Philippines, the people of these islands when granted independence will not start as did the independent American colonies without the means of public education. The growth of schools and of the interest in education in the Philippines has been nothing less than marvelous. Let us consider the increase in enrollment since 1899-1900. At that time there were only 6,900 pupils enrolled in the public schools; in 1930-31 the enrollment had increased to 1,224,548. Not until 1911-12 were separate figures on elementary and high-school enrollment available. At that time the elementary school enrollment was 525,556; by 1930-31 it had increased to 1,143,708, or 118 percent. In 1911-12 the high schools of the islands enrolled only 4,109 pupils; in 1930-31 they enrolled 80,840 pupils, or an increase of 1,867 percent within 19 years.

The following table shows the enrollment in March for each year from 1899-1900 to 1930-31:

March annual enrollment in public schools from 1899 to 1931

School year	March annual enrollment		
	Elementary	Secondary	Total
1899-1900.....	(1)	(1)	2,900
1900-1901.....	(1)	(1)	2,901
1901-2.....	(1)	(1)	200,000
1902-3.....	(1)	(1)	227,600
1903-4.....	(1)	(1)	263,974
1904-5.....	(1)	(1)	311,843
1905-6.....	(1)	(1)	375,554
1906-7.....	(1)	(1)	479,978
1907-8.....	(1)	(1)	486,676
1908-9.....	(1)	(1)	570,502
1909-10.....	(1)	(1)	587,317
1910-11.....	(1)	(1)	610,493
1911-12.....	525,556	4,109	529,665
1912-13.....	434,824	5,226	440,050
1913-14.....	614,592	6,438	621,030
1914-15.....	602,943	7,576	610,519
1915-16.....	629,444	9,099	638,543
1916-17.....	666,540	11,432	677,972
1917-18.....	656,909	14,539	671,448
1918-19.....	665,160	16,899	682,059
1919-20.....	774,422	17,204	791,626
1920-21.....	924,410	19,092	943,502
1921-22.....	1,053,180	24,964	1,078,144
1922-23.....	1,069,148	33,248	1,102,396
1923-24.....	1,091,421	41,298	1,132,719
1924-25.....	1,080,619	49,747	1,130,366
1925-26.....	1,053,799	55,156	1,108,955
1926-27.....	1,013,033	59,207	1,072,240
1927-28.....	1,047,161	64,242	1,111,403
1928-29.....	1,050,072	71,161	1,121,233
1929-30.....	1,097,978	77,167	1,175,145
1930-31.....	1,143,708	80,840	1,224,548

¹ Enrollment data not available for elementary and secondary grades.

² July data from a report of Mr. George P. Anderson, Superintendent of Public Instruction, dated Aug. 5, 1900, to the Acting Adjutant General, Manila.

³ Report of the Philippine Commission. Report of the General Superintendent of Education for the year ended Sept. 1, 1902, p. 603.

⁴ Annual Report of the General Superintendent, September 1904, p. 12.

If the foregoing figures do not indicate that the Filipinos are intensely interested in education what do they indicate?

A notable feature of the Philippine schools is the length of the school term and the average number of days attended. In 1931-32 the average number of days that the schools were in session was 195 and the average number of days attended was 178. In continental United States the average school term is only 171 days and the average number of days attended is only 145. An interesting fact to be noted is that the Filipino children are attending school more regularly than they did. In 1919-20 only 80 percent of the pupils enrolled were in daily attendance; in 1931-32, 90 percent were in daily attendance.

The increased interest of the Filipinos in education is also indicated by the increasing amounts received for the support of schools. In 1920 the total revenue receipts were \$9,128,297 and in 1932 \$15,410,996, an increase of 69 percent within 12 years. The value of public-school property within the 12-year period increased from \$11,364,399 to \$23,744,137, or 109 percent.

To top the educational system is the University of the Philippines. That the Filipino people are interested in higher education is evident from the increase in enrollment in the university. In 1912 the enrollment was only 1,400; in 1920, 3,409; and in 1932, 7,261. Within 20 years the enrollment increased 490 percent.

In 1932 the university was maintained at an expenditure of \$995,393, of which \$936,525 was for current expenses. No stronger evidence of the interest of the Filipinos in higher education need be given than these figures.

The increase in the professional training of teachers should also be noted. In 1927 only 16 percent of the elementary and secondary school teachers were college or normal-school graduates; in 1932, 36.5 percent were college or normal-school graduates.

Let us now see what the schools are doing to prepare the children for citizenship. One of the essentials of a good

citizen is good health and one of the aims of the school should be to look after the health of the children and to train them in health habits. Dr. Luther B. Bewley, director of education in the Philippines, says in his 1932 report:

Constant progress has been made in improving the sanitation of the school plant. * * * In the classroom efforts have been made to improve the quality of the instruction and to encourage the practical application of health knowledge not only in school but also in the home and the community.

In 1932, 420,043 pupils were examined by physicians, 423,409 were inspected by physicians, and 837,682 were inspected by nurses; 726,509 were immunized against cholera, 260,795 against typhoid, 707,231 against dysentery, and 348,591 against smallpox.

Physical education is being emphasized. The Director of Education says in his 1932 report:

Continued and encouraging progress in physical education was made in 1932. This progress was enhanced through improved play facilities, more equipment, and better organization of the various physical-education activities. Games and sports have gained steadily in popularity during recent years.

The campaign for the improvement of playgrounds and for the local construction of standard play apparatus is gradually gaining the desired ends.

Does not all this indicate that the schools of the islands are striving to attain one of the major objectives of education—healthful living?

What are some of the other things that the schools are doing to educate the children for citizenship?

In the high schools there is a general curriculum which in September 1932 enrolled 43,257 pupils, a normal curriculum enrolling 3,943 pupils, a trade curriculum enrolling 5,970 pupils, an agricultural curriculum enrolling 3,280 pupils, and a home-economics curriculum enrolling 5,040 pupils.

In the elementary schools much attention is given to hand weaving and shop work. The total number of pupils enrolled in hand weaving is 176,058, distributed as follows: Basketry 39,548, mat 8,221, hat 7,025, net 1,107, others 120,157. The total enrollment in shop work is 44,693, distributed as follows: Wood working, 8,583; rattan furniture, 3,770; bamboo furniture, 5,965; sheet metal, 4,924; others, 21,451.

There are in the islands 299 schools of agriculture, with an enrollment of 27,509 pupils. Three thousand eight hundred and ninety-two hectares are under cultivation. The total value of the school projects in 1932 was 340,425.80 pesos.

There are 1,968 agricultural clubs—vegetable, fruit, poultry, hog, goat, sheep, and others—with a membership of 26,476.

There are 5,928 schools with gardens. The number of pupils taking gardening is 189,599, and the number of pupils that have home gardens is 161,870. The estimated number of hectares cultivated in these gardens is 3,022.

There are 3,920 schools with nurseries. During 1932, 583,974 trees were started, and thousands of shade and fruit trees were planted on the school grounds and at the pupils' homes.

One of the essential services in a school system is its library. Are there libraries in the Filipino schools? Of the 7,644 schools there are 4,947 that have libraries. The total number of volumes in them is 2,215,796. In 1932 they acquired 183,554 volumes, and the total number of subscriptions to periodicals was 14,696.

Data on many other points could be presented, but those already given are sufficient to show that the Filipino children are being educated.

Adult education is also beginning to receive attention. In 1908 the Philippine Bureau of Education was required by law to have prepared a series of lectures on a variety of subjects for the benefit of adults. These lectures were to be called "civico-educational lectures." By an amendment in 1914 municipal teachers were to be in charge of lectures, although other citizens could also be asked to give them. A limited number of lectures were prepared and were delivered in many localities and on many occasions.

During 1932 this civico-educational program was revived by the Governor General in the form of community assemblies. The organization of activities was remodeled upon the suggestion, encouragement, and active support of the Governor General. The objectives set up by the central advisory committee appointed were as follows:

First. To develop a more intelligent and enlightened public opinion, especially among the adults who read no papers.

Second. To instruct the public regarding subjects of wide interest.

Third. To inform the public regarding citizenship activities, duties, health problems, proper diet, and so forth.

Fourth. To guide the public in improved methods of industry, agriculture, and economy.

Fifth. To encourage the community to gather together for social intercourse and for the purpose of discussing problems regarding their community and general welfare.

Sixth. To further interest the community in its local folklore, folk song, folk dances, and games (33d Annual Report of the Director of Education, 1932).

Such a program will mean much in keeping the people informed on public questions and citizenship duties, thus helping the people to govern themselves intelligently.

MAJ. GEN. HARRY G. BISHOP RETIRES—FORTY YEARS OF SERVICE BY ONE OF AMERICA'S OUTSTANDING GENERALS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, Maj. Gen. Harry Gore Bishop, an officer who has, for more than 40 years, rendered outstanding service to the Army and to his country, just completed his tour as Chief of Field Artillery and is retiring this month.

Only the American Army could have produced a career as colorful, and the occasion deserves more than passing attention, I feel. Graduated from West Point in 1897, young Bishop had barely 2 years of commissioned service when he was made chief of the department of licenses and municipal revenue of the city of Manila, maintaining supervision over all the civilian business of this cosmopolitan city of a quarter of a million people. During his year and a half in that position he drafted many of the municipal ordinances still in force in Manila. Young Bishop not only succeeded in breaking up much of the graft then rampant in the city but prevented the scandals connected with the business affairs of the city.

As a line officer Bishop has commanded every unit of field artillery. More than 12 years of his service has been in actual duty with troops. In August 1912 he was stationed at Fort Sill, Okla., in my district, as a major of the Fifth Field Artillery, where he gained not only the respect of his officers and enlisted men but the admiration and friendship of the people of Lawton and vicinity. Hundreds of people there will long retain a warm admiration for General Bishop.

From Fort Sill, Bishop went to the Mexican border and commanded the field artillery troops at El Paso during the troublesome times in the spring and summer of 1916. In the following year he was assigned to the War Department General Staff. On July 9, 1917, he was appointed a brigadier general and assigned to the One Hundred and Fifty-ninth Field Artillery Brigade on the Eighty-fourth Division, which organization he took to France. Shortly after his arrival there, he was transferred to the Third Field Artillery Brigade of the Third Division, which he commanded during the Meuse-Argonne operations and the march into Germany.

He was awarded the Distinguished Service Medal by General Pershing, with a citation reading: "By his skill and able leadership, rendered exceptionally valuable services during the battles of the Meuse-Argonne and the subsequent advance to Sedan." He was decorated by the French Government "An officer of the Legion of Honor, for exceptionally valuable services in action in France."

In April 1919 he was ordered to the States for duty as commandant of the Field Artillery School at Fort Sill, but later orders sent him to the Army War College as director. He served in this capacity until detailed to the War Department General Staff as head of the training section of the war-plans division. He was chief of staff, Philippine Department, from November 2, 1922, until September 1924, when he returned to the States and served at Fort Sam Houston, Tex., in command of the Fifteenth Field Artillery. He was transferred to Fort Hoyle, Md., in August 1927 in command of the Sixth Field Artillery and the post of Fort Hoyle; and later to Hawaii and commanded the Eighth Field Artillery unit until he was appointed chief of the Field Artillery.

During his 4 years as Chief of Field Artillery his intellectual and physical vigor, his splendid qualities as a leader, and his progressiveness and patriotic devotion to duty have excited general admiration. He concentrated his energies particularly upon motorization and modernization of Field Artillery transport and weapons, with the result that when funds became unexpectedly available the arm was ready for motorization. This has been extended to a large part of the National Guard with an operative saving running into millions.

This revolution in artillery equipment called for almost endless planning in small detail. When attention to minor detail was necessary, General Bishop entered into working them out with the same enthusiasm that he devoted to the major plans of studies. He personally presented many of the mechanical ideas involved in the modernization of the artillery gun carriages. This modernization includes not only high-speed training, but much greater traverse on the carriage, the ability to fire at extreme ranges without excessive digging and reducing the time required for occupation of the firing position.

When it became evident that serious reduction in ammunition allowances for peace-time training would be necessary in balancing the national Budget, General Bishop threw his efforts into the design and development of a miniature gun which could serve as a training device for junior officers.

Batteries of this miniature gun have now been issued to the Regular Field Artillery, the National Guard, and the Field Artillery Reserve Officers' Training Corps. Within a week after his severe heart attack of a year ago, he was directing this development from his sick bed. Having this project and the completion of his motorization plans before him he had no time to be sick. Through sheer determination and an unconquerable spirit he fought his way back to sufficient physical strength to enable him to resume his work in his office.

The modernization of the field artillery is proceeding not alone in equipment but in the minds of the officers and enlisted men of the branch, National Guard, and Reserve, as well as Regular. The impulse which started this activity came from the dynamic personality of General Bishop. Both the Army and the Nation owe General Bishop an everlasting debt of gratitude.

CONFERENCE REPORT—AGRICULTURAL APPROPRIATION BILL, 1935

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a conference report upon the Agricultural Appropriation bill.

The SPEAKER. Is there objection?

Mr. KVALE. Mr. Speaker, I reserve the right to object for the purpose of asking the gentleman a question. Rumor has it that there is only one point of disagreement, and that is the difference between the House and the Senate bills on the so-called "Clark-McNary" amendment. Can the gentleman advise us as to that?

Mr. SANDLIN. This is a full report on all items.

The SPEAKER. Is there objection?

There was no objection.

H.R. 1647

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my own remarks on the bill H.R. 1647, a bill introduced by myself.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McLEOD. Mr. Speaker, I wish to direct the attention of the House at this time to the malicious communistic propaganda being circulated among the youth of America and take this opportunity to urge the absolute necessity for enactment of legislation as proposed in my bill, H.R. 1647, to prohibit and punish certain seditious acts against the Government of the United States and to prohibit the use of the mails for the purpose of promoting such acts.

This measure, which I introduced on March 9 of last year, and which is pending before the Judiciary Committee, would curb the sinister activities of those who advocate the destruction of the Government, or the physical injury to any person or any property of the Government of the United States.

Into the crucible of economic reconstruction and readjustment, our great Nation has poured its entire vast resources in a mighty and whole-hearted attempt to win our way back to recovery. Every patriotic citizen is fighting for the continuance of the cherished ideals which have made the United States the mecca for the politically oppressed and down-trodden the world over. While most regrettable, it is perhaps to be expected that enemies of law and order would seize the time when our efforts are concentrated in a great campaign to banish the depression to endeavor to undermine the existing social order by means of insidious and vicious communistic propaganda spread through our school system.

To claim that our present social order has reached perfection would be stupid. However, to advocate its overthrow by bloodshed and violence is criminal. Our Government is elastic and malleable in construction and is easily subject to necessary adjustments and reforms by the will of the people, asserting itself through the regular and proper channels provided by the Constitution. The subversive activities of radical groups against the United States must not be tolerated.

The recent exposé of the activities and aims of the communistic organizations which are conducting a systematic campaign to spread their destructive propaganda through the schools of the country gives ample evidence of the pressing need for action to check their undermining influence. It has been found that the official publication of an avowed communistic organization is being carefully distributed through mailing lists of student agents in colleges and schools throughout the Nation.

Recent articles on this subject by the chairman of the executive council of the National Civic Federation appearing in the Hearst papers throughout the country show that the following numbers of the Student Review, published by the National Student League, have been shipped recently for private distribution to student members:

University of Chicago, 50; Chicago distribution, unidentified as to schools, 300; University of Wisconsin, 40; University of Illinois, 15; Purdue, La Fayette, Ind., 10; Omaha, Nebr., 10; University of Nebraska, Lincoln, Nebr., 10; Detroit City College, 75; Northern High School, Detroit, 25; University of Michigan, Ann Arbor, 50; Columbia, Mo., 25; Washington University, St. Louis, 20; University of Minnesota, Minneapolis, 50; in the New York metropolitan area there was a total distribution of 2,260; about 300 copies were distributed at meetings in high schools; Harvard, 25; Amherst, 25; Massachusetts Institute of Technology, 40; Tufts, Roxbury, Mass., 75; Yale, 50; University of Syracuse, N.Y., 25; Buffalo, N.Y., 60; Cornell, Ithaca, N.Y., 30; Pittsburgh, unidentified as to school, 100; Philadelphia, 100; Cleveland, Case School and unidentified, 60; Washington, D.C., unidentified, 75; Baltimore, four agents, 10 each; Johns Hopkins University, 25; Georgia School of Technology, Atlanta, Ga., 10; University of California, Berkeley, 100; Stanford, Palo Alto, 25; Oakland, Calif., 15; Los Angeles, four agents, 110; University of Washington, Seattle, 35.

Entries indicating smaller membership, usually 5 to 10; Milwaukee State Teachers College, Milwaukee, Wis.; Baylor

University, Waco, Tex.; University of Texas, Austin, Tex.; San Antonio, Tex.; Charlottesville, Va.; Castleton, Vt.; Memphis, Tenn.; Lancaster, Pa.; Scranton, Pa.; Eugene, Oreg.; Toledo, Ohio; Cincinnati, Ohio; Durham, N.C.; Augusta College, Moline, Ill.; Bridgeport, Conn.; Dearborn, Mich.; University of Iowa, Iowa City.

These lists form but a part of the evidence gathered to show that communist forces are conducting an elaborate campaign to overthrow our present Government and establish a communistic Soviet form of government. An article recently published by the official central organ of the Communist Party on February 28 openly states that the purpose of the Young Communist League is to "still more energetically organize the masses for the struggle for a Soviet America."

The indications apparently are that the communistic agitators are failing to make much headway with adult citizens and are concentrating their efforts on the youth of America in our schools and colleges. The National Civic Federation has charged that the primary aims of the movement to convert students to communism are being centered on an effort at crippling national defense, stirring up racial hatred and active student participation in communistic activities in fomenting strikes and labor troubles in industry.

We are at present in the midst of a war against the depression, upon the success of which depends the existence of even the basic foundations of our Government. If we were at war with another nation, we would not tolerate these destructive activities of radical agitators for an instant. Their insidious propaganda campaign would be instantly suppressed. Our present war for self-preservation is just as important as any conflict we have waged in the past against a transgressor nation, and it is up to us to put a stop to these nefarious activities without delay.

We are a tolerant, broad-minded, and free-thinking people. Criticism of existing institutions and the established order of things is a right we would not think of denying. However, when in their fanaticism these destructive zealots deliberately overstep the constitutional right of free speech and begin to preach the downfall of government by violence and the adoption of their own pet theories of a communistic regime, the time has come for us to recognize that in combating the depression we must not overlook the danger that besets us in this direction.

Enactment of legislation to curb such activities has become a patriotic duty and an urgent necessity. The ruthless, destructive policies of those who would overthrow our Government must not be permitted to interfere with our efforts toward recovery. Our early action on this vital question daily becomes more imperative.

[New York American, Feb. 25, 1934]

HOW COMMUNISTIC PROPAGANDA IS SPREAD IN SCHOOLS

OBJECTIVE STATED

A National Student League membership card, on which some of the openly announced purposes are listed. The National Student Review is described as dealing with problems from a Marxian point of view, and the National Student League declares itself against the capitalistic order:

Name, Lillian Giraitis; address, 431 Summit Street; city and State, Hartford, Conn.; school address, Chapin House; telephone, 2700-214; college, Smith College; campus organization, Why Club; date book issued, —; book no. —.

[✓] I accept the program of the National Student League and hereby apply for membership. (First quarterly dues of 20 cents must accompany this application.)

[] Please enroll me as a subscriber to the Student Review for 1 year (75 cents for 10 issues).

[Dues —.]

NATIONAL STUDENT LEAGUE,
13 West Seventeenth Street, New York, N.Y.
(583 Sixth Avenue.)

The National Student League fights for—

1. Lower tuition fees, a free college in every city.
2. Academic freedom for all students and instructors.
3. Abolition of all forms of compulsory religious services in college.
4. Abolition of R.O.T.C.
5. Full social and political equality for Negroes and other minorities.

The Student Review, the official organ of the National Student League, is the prime organizer of the radical student movement.

It is also a monthly review of the contemporary political, economic, and cultural situation, from a Marxist point of view. Published and edited by college students, it reflects the rise of student dissent against the narrow confines of the capitalist order. Although sometimes calling on outside contributors, the Review will remain, for the most part, a student publication.

Enroll—1 year (10 issues), 75 cents—subscribe.

LECTURE NOTICES

Advertisement of lecture series, appearing in the March 1933 National Student Review, the subjects indicating the communistic activities of the Parent League.

Lecture series—The Position of the American Negro, with special references to the Negro students, Sundays, 8:30 p.m., April 2, April 9, March 19, March 26, at 13 West Seventeenth Street, New York. Admission, 10 cents each session; 25 cents for series.

Fiftieth anniversary of the death of Karl Marx, Fridays, 8:30 p.m.

March 10, Constituent Elements of Marxism.

March 17, Marxian Theory of Crises.

March 24, Marxian Concept of the State.

March 31, Marxism-Leninism.

Questions and discussion will take place. Prominent lecturers at 13 West Seventeenth Street, New York. Auspices of the New York District, National Student League. Admission 10 cents each session; 25 cents for series.

LINK REVEALED

Although the National Student League disclaims affiliation with the Communist Party, the organization department of the national executive committee of the Young Communist League (officially a part of the Communist Party) asks the National Student League to supply detailed information in order "to have a complete picture of our mass organization by January 1."

To N. S. L.:

Some time ago we sent you a brief note asking you to turn in a report on the organizational status of the fraction, etc. That was to be an approximate report. In the same letter we asked that by January 1 you prepare a detailed report on the basis of reports from each of your districts or locals, regarding the exact membership, composition of membership (workers, students, etc.), etc.

We ask that you take the necessary steps to get such detailed information immediately. Our intention is to have the complete picture of our mass organizations by January 1. The report should also contain information as to the number of members on the various district committees, the size of our fractions, the circulation of whatever papers issued, etc. Let us have this at once.

Comradely,

J. MARKS,
Org. Dept. NEC YCL.

Facsimiles of extracts from a radical magazine (mimeographed) issued at Oberlin College by a local "Liberal Club", which is also a National Student League chapter. The masthead of this magazine does not mention the N.S.L. Karl Marx, Lenin, and the Communist Party come in for attention on page 1, as shown in the facsimile.

OBERLIN'S OTHER HALF

By Robert Creegan

Many practical, rather skeptical people will not accept the scientific socialism of Karl Marx. They will not be forced leftward by any logical system whatsoever. They demand the chance to see the mansion, the factory, and the slum as they actually exist before they make their decision which side to support, the left or the right. So, by all means, let's be practical.

Let us bring the matter clean — [between the] capitalistic system — [and the] working class under our economic system based on private profits and greed is an adequate reason in itself for supporting the Communist Party. By all means read Marx and Lenin—but don't forget to notice the world around you.

[Washington Herald, Mar. 4, 1934]

Brian Kent, in a report to the National Student League, from Adairsville, Ga., reveals that he is "under cover", "working on a farm so as not to arouse suspicion", trying to organize industrial strikes, fighting the A.F. of L., trying to organize a Farmers' Union, trying to organize N.S.L. in the Berry School. He expects to be arrested, and asks that the International Labor Defense (Communist) jump to his defense. Herewith are portions of his letter:

"Perlo sent me \$5. I spent every cent of it getting out 4,000 leaflets and mailing a lot of stuff. I'm flat broke now and can't get in touch with Perlo, except through the N.S.L. Get money from Tuffy or someone and send it right away. Send bills; money orders are unhandy. Register the letter and mail it to Arnold Sulton, Adairsville, Ga. Never mention my name or the N.S.L. on any envelopes."

"The S.O. here has asked me to organize a Farmers' Union here while I'm working on Berry. I have several good contacts and expect results. If you received my other letters, you know why I have to remain under cover to a great extent. I am having former Berry students do my running around. I am working on a farm here so as not to arouse suspicion and can carry on my work among the farmers.

"I meet people who work in the cotton mills, and I'm trying to get them to fight the A.F.L. They are very militant, and I expect to attend some strike meetings soon.

"Send copies of the Manifesto and Wage, Labor, and Capital to Willis Sutton, Adairsville, Ga. He is ripe for that."

"I expect to be nabbed by the police before the Berry affair is over. They had me once. If they do, I'm going to have the I.L.D. jump in, so be prepared.

"Write immediately and tell me what's up. I'd sure like to know.

"Comradely,

"BRIAN KENT, C. J."

In a second letter Brian Kent asks "Nat Solomon", of the National Student League, who is "organizer" for the new N.S.L. drive in the high schools of America:

"What do you think about letting the undersigned stay in the South and organize for the party. The S.O. wants me, and I want to stay. You may get a letter from him soon.

"Anyhow, send me money because this is my last letter until I get money, unless Heaven rains shekels.

"Comradely,

"BRIAN KENT."

Max Stern, C.C.N.Y., 1933, writes to the National Student League that he has "seen the light" and has become an off-campus revolutionist. His N.S.L. brothers can go on discussing "proletarian literature"; he is doing a man's work.

A portion of his letter follows:

"MY DEAR NATIONAL STUDENT LEAGUE:

"I have joined the Citizens' Conservation Camp and am busy spreading revolutionary propaganda. Here is a man's work. You can have a harmless good time discussing "proletarian literature" and getting yourselves suspended by fearful "collitch" presidents. I am justifying my existence.

"An intellect who was not afraid.

"MAX STERN, C.C.N.Y., '33.

"I am on leave until October 15. I would read a reply."

The fiftieth anniversary of the death of Karl Marx occurs at the same time that the revolutionary student movement in the United States, the National Student League, is approaching a new plane in its development. We have had a sort of mushroom growth. Our job now is to build a very strong, firm foundation for this movement. This task is slow and arduous. Our first form of existence, really our *raison d'être*, is action, leadership in the struggle for student demands. But to accomplish the highest forms of action we have to pass through a simultaneous process of organization and education, agitation, and propaganda. This is not divorced from action, but develops through action and as a result leads to action on a higher plane. An essential and integral part of this process is the study of our theory and history, the study of Marxism-Leninism.

On this occasion let us set for ourselves a Nation-wide task. We should organize study groups on each campus for the study and propagation of the Marxian system. But we should never divorce this study from reality. We should study Marxism "not as a dogma, but a guide to action." In this respect we offer the columns of Student Review to aid in any respect in this task of education. Write us for information. Send us questions. We will attempt to give as much aid and guidance as we can.

IDEALS SET FORTH

The radical nature of the National Student League is shown in the above editorial which appeared in the National Student Review of March 1933.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1461. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others; to the Committee on Claims.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 3780. An act for the relief of William Herod; and

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 356. An act for the relief of the Great American Indemnity Co. of New York.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 3780. An act for the relief of William Herod; and

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Tuesday, March 20, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Tuesday, Mar. 20, 9 a.m.)

Subcommittee hearing on H.R. 1545 (Transportation and distribution of mails on motor-vehicle routes).

(Tuesday, Mar. 20, 10 a.m.)

Committee hearing on air-mail bills.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Tuesday, Mar. 20, 10 a.m.)

Continue hearings on H.R. 7936 in the committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Mar. 20, 10 a.m.)

Continuation of stock-exchange hearings.

SUBCOMMITTEE ON JUDICIARY OF THE HOUSE DISTRICT COMMITTEE

(Tuesday, Mar. 20, 10:30 a.m.)

To consider H.R. 6372, a bill authorizing building and loan associations to exchange mortgages and deeds of trust for Home Owners' Loan Corporation bonds.

EXECUTIVE COMMUNICATIONS, ETC.

385. Under clause 2 of rule XXIV a letter from the Secretary of the Treasury, transmitting copy of a proposed bill for the relief of A. Bruce Bielaski, former employee of the Prohibition Unit, from the payment of the sum of \$14,731.53 found by the Comptroller General to be due the United States, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 7356. A bill to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges; without amendment (Rept. No. 1020). Referred to the House Calendar.

Mr. MOTT: Committee on the Public Lands. S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon; without amendment (Rept.

No. 1021). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 7357. A bill to amend section 109 of the United States Criminal Code so as to except officers of the United States Naval and Marine Corps Reserve not on active duty from certain of its provisions; with amendment (Rept. No. 1023). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GUYER: Committee on Claims. H.R. 5020. A bill to pay to the Printz-Biederman Co., of Cleveland, Ohio, the sum of \$741.40, money paid as duty on merchandise imported under section 308 of the tariff act; with amendment (Rept. No. 1001). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. H.R. 5109. A bill for the relief of Joe G. Baker; with amendment (Rept. No. 1002). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7953. A bill for the relief of the Dallas County Chapter of the American Red Cross; with amendment (Rept. No. 1003). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8587. A bill to extend the benefits of the Employees' Compensation Act of September 7, 1916, to William Thomas; without amendment (Rept. No. 1004). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8616. A bill for the relief of Lawrence A. Jett; without amendment (Rept. No. 1005). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 90. An act for the relief of Mick C. Cooper; with amendment (Rept. No. 1006). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 176. An act for the relief of Harry Harsin; without amendment (Rept. No. 1007). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 252. An act for the relief of the American Bonding Co., of Baltimore; with amendment (Rept. No. 1008). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 254. An act for the relief of Fred H. Cotter; without amendment (Rept. No. 1009). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 413. An act for the relief of Edith N. Lindquist; with amendment (Rept. No. 1010). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1077. An act for the relief of Lueco R. Gooch; with amendment (Rept. No. 1011). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1088. An act authorizing adjustment of the claim of White Bros. & Co.; without amendment (Rept. No. 1012). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 1731. An act for the relief of Marion von Bruning (nee Marion Hubbard Treat); with amendment (Rept. No. 1013). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 1994. An act for the relief of Estelle Johnson; without amendment (Rept. No. 1014). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 2023. An act for the relief of Claudia L. Polski; with amendment (Rept. No. 1015). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 2138. An act for the relief of Charles J. Webb Sons Co., Inc.; with amendment (Rept. No. 1016). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. S. 2377. An act for the relief of A. E. Shelley; with amendment (Rept. No. 1017). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. S. 2554. An act for the relief of Cohen, Goldman & Co., Inc., with amendment (Rept. No. 1018). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. S. 2750. An act for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown; without amendment (Rept. No. 1019). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RANDOLPH: A bill (H.R. 8712) to adjust the salaries of officers and employees of the United States and of the District of Columbia to conform to the principles of the National Industrial Recovery Act, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. LEWIS of Maryland: A bill (H.R. 8713) providing for membership of the United States in the Permanent Court of International Justice; to the Committee on Foreign Affairs.

By Mr. GASQUE: A bill (H.R. 8714) to extend times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.; to the Committee on Interstate and Foreign Commerce.

By Mr. BERLIN: A bill (H.R. 8715) to place certain distilled spirits on the free list; to the Committee on Ways and Means.

By Mr. CARTER of California: A bill (H.R. 8716) for the relief of certain ex-commissioned officers of the armed forces of the United States; to the Committee on Military Affairs.

By Mr. STEAGALL: A bill (H.R. 8717) to provide for the creation of credit banks for industry, and for other purposes; to the Committee on Banking and Currency.

By Mr. RANKIN: A bill (H.R. 8718) to provide for the commemoration of the two hundredth anniversary of the Battle of Ackia, Miss., and the establishment of the Ackia Battleground National Monument, and for other purposes; to the Committee on the Public Lands.

By Mr. KENNEDY of Maryland: A bill (H.R. 8719) to amend the act of Congress entitled "An act to repeal and reenact chapter 100, 1914, Public, No. 108, to provide for the restoration of Fort McHenry, in the State of Maryland, etc."; to the Committee on Military Affairs.

By Mr. RAYBURN: A bill (H.R. 8720) to provide for the regulation of national securities exchanges and of over-counter markets operating in interstate and foreign commerce or through the mails and to prevent inequitable and unfair practices thereon, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

Mr. TAYLOR of Colorado: Resolution (H.Res. 307) for the consideration of H.R. 6462; to the Committee on Rules.

By Mr. McGRATH: Joint resolution (H.J.Res. 301) to provide for allocation to private shipyards on the Pacific coast a fair share of the 50 percent allotted to private yards under naval construction bill passed by the Seventy-third Congress; to the Committee on Naval Affairs.

By Mr. COCHRAN of Missouri: Joint resolution (H.J.Res. 302) authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston, and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark and the hardy hunters, trappers, frontiersmen, and pioneers,

and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Virginia, asking relief to the extent of at least 50 percent of the present Federal tobacco and tobacco-products tax; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOPE: A bill (H.R. 8721) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture.

By Mr. CARTER of California: A bill (H.R. 8722) for the relief of Joseph V. Higgins; to the Committee on Claims.

By Mr. CROWE: A bill (H.R. 8723) granting a pension to Charity Cooper; to the Committee on Pensions.

By Mr. RAYBURN: A bill (H.R. 8724) for the relief of Joe Brumit; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 8725) granting an increase of pension to Mary Maley; to the Committee on Invalid Pensions.

By Mr. WEST of Ohio: A bill (H.R. 8726) granting a pension to Charles M. Copus; to the Committee on Pensions.

By Mr. WEST of Texas: A bill (H.R. 8727) for the relief of the First State Bank & Trust Co., of Mission, Tex.; to the Committee on Claims.

Also, a bill (H.R. 8728) authorizing the Secretary of War to lease or to sell certain lands and buildings known as "Camp Eagle Pass, Tex.", to the city of Eagle Pass, Tex.; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3061. By Mr. BOYLAN: Resolution adopted at a meeting of Plant Branch No. 2, of the Association of Employees, Long Lines Department of the American Telephone & Telegraph Co., protesting against the passage in its present form of paragraph 4, section 5, title 1, of the Labor Disputes Act now before Congress; to the Committee on Labor.

3062. Also, resolution unanimously adopted by the Association of Highway Officials of North Atlantic States, at their tenth annual convention, commending the Public Works Administration and the Bureau of Public Roads for their intelligent direction of highway work under the Public Works program; to the Committee on Roads.

3063. By Mr. DONDERO: Petition of the members of the Detroit Federation of Post Office Clerks of Local No. 295, of Detroit, Mich., endorsing the principle of compulsory retirement at the age of 60, if 30 years of service has been rendered, and urging that a determined effort be made to carry out the provisions of that act; to the Committee on the Civil Service.

3064. By Mr. JOHNSON of Texas: Petition of Dixon S. Boozer, president Local Post No. 771, National Federation of Post Office Clerks, Waxahachie, Tex., protesting against the furlough provision of the economy bill imposed on postal clerks and city carriers; to the Committee on the Post Office and Post Roads.

3065. Also, petition of county judge and commissioners of Corsicana, Chamber of Commerce of Waxahachie, Chamber of Commerce of Corsicana, and Chamber of Commerce, Bryan, all of the State of Texas, urging inclusion of \$400,000,000 appropriation in Public Works bill for construction of public highways; to the Committee on Appropriations.

3066. Also, petition of Hon. W. D. Colvin, county judge, Ellis County, W. C. Stephenson, W. S. Howard, M. C. Giles, and W. A. Davis, members of the Commissioners' Court of Ellis County, Waxahachie, Tex., urging inclusion of four

hundred million appropriation in Public Works bill for construction of public highways; to the Committee on Appropriations.

3007. Also, petition of Dr. J. M. Howe, of Austin; Dr. S. A. Woodward, of Fort Worth; Dr. J. S. McCelvey, of Temple; Dr. Joe S. Wooten, of Austin; Dr. J. M. Frazier, of Belton; Dr. John W. Brown, State health officer, of Austin; Dr. Henry F. Hein, of San Antonio; and Dr. E. W. Wright, of Bowie, all of the State of Texas, all members of the State board of health, urging appropriation in the first deficiency bill for 1934 for the United States Public Health Service to use in its cooperative county health unit work in the several States; to the Committee on Appropriations.

3068. Also, petition of Hubert M. Harrison, general manager, East Texas Chamber of Commerce, Longview, Tex., urging inclusion of four hundred million appropriation in Public Works bill for construction of public highways; to the Committee on Appropriations.

3069. By Mr. LINDSAY: Petition of Steel & Tubes, Inc., Brooklyn, N.Y., urging defeat of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3070. Also, petition of American Association for Labor Legislation, New York City, urging support of the Lewis bill, H.R. 7659; to the Committee on Ways and Means.

3071. Also, petition of Intracoastal Towing & Transportation Co., Houston, Tex., opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3072. Also, petition of Reichert Towing Line, Inc., Brooklyn, N.Y., opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3073. Also, petition of Edward Card Co., Inc., New York City, opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3074. By Mr. RUDD: Petition of Steel & Tubes, Inc., Cleveland, Ohio, opposing the passage of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3075. Also, petition of the Association of Highway Officials of North Atlantic States, favoring appropriation similar to that made last year for road construction under the National Recovery Act, also for additional funds for road construction for the fiscal year of 1935, in an amount approximating the sum of \$400,000,000 for highways, together with allotments for forest, public land, national park, and Indian reservation roads, as previously appropriated by the National Recovery Act; to the Committee on Roads.

3076. Also, petition of the American Association for Labor Legislation, New York City, favoring the passage of the David J. Lewis bill, H.R. 7659; to the Committee on Ways and Means.

3077. Also, petition of Sunlight White Laundry, Brooklyn, N.Y., opposing the increased tax on soap costs; to the Committee on Ways and Means.

3078. By Mr. SUTPHIN: Petition adopted by the Association of Highway Officials of North Atlantic States, commending the Public Works Administration and the Bureau of Public Roads for their intelligent direction of highway work under the Public Works Administration program; to the Committee on Roads.

3079. Also, petition of Monmouth Memorial Hospital Alumnae, Monmouth Memorial Hospital Nurses Home, Long Branch, N.J., endorsing the principals enunciated in Senate bill 1944; to the Committee on Interstate and Foreign Commerce.

3080. By Mr. THURSTON: Petition signed by 138 railway employees, requesting the Congress to enact the Hatfield-Keller bill; to the Committee on Interstate and Foreign Commerce.

3081. By Mr. TREADWAY: Resolution adopted by Woman's Christian Temperance Union, North Adams, Mass., urging early hearings and favorable action on H.R. 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3082. By the SPEAKER: Petition of the municipal government of Balayan, Bantagas, P.I., regarding Philippine independence; to the Committee on Insular Affairs.

3083. Also, petition of the municipal government of Loboc, Province of Bohol, P.I., regarding Philippine independence; to the Committee on Insular Affairs.

3084. Also, petition of the city of Cleveland, Ohio, urging passage of Senate bill 752; to the Committee on the Judiciary.

3085. Also, petition of J. Neilson Barry, opposing the joint resolution for a 3-cent postage stamp to commemorate Rev. Jason Lee; to the Committee on the Post Office and Post Roads.

3086. Also, petition of the American Institute of Mining and Metallurgical Engineers; to the Committee on Mines and Mining.

3087. Also, petition of the municipal government of Bolinao, Province of Pangasinan, P.I., urging passage of the King bill; to the Committee on Insular Affairs.

SENATE

TUESDAY, MARCH 20, 1934

The Chaplain, Rev. Z. Barney T. Phillips, D.D., offered the following prayer:

Eternal Father who hast begirt us round with loving care, blessings beforehand, ties of gratefulness, and hast committed to us rules of reason as holy messengers of Thine: Forgive our foolish ways, capture our truant thoughts, direct our wandering wills, as once again with contrite hearts we fling ourselves as penitents in utter self-abasement upon the world's great altar stairs of prayer that slope through darkness up to Thee.

Touch Thou our lips with truth; let kindness rule our hearts, that we may ever devote ourselves to the furtherance of Thy promise of a regenerated world, and bring comfort for grief, confidence for fear to all the sons of men whom in Thy name we are called upon to serve. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The legislative clerk proceeded to read the Journal of the proceedings of the calendar day of Monday, March 19, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7581. An act to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes; and

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and

foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 356) for the relief of the Great American Indemnity Co. of New York, and it was signed by the Vice President.

DISPOSITION OF AGRICULTURAL SURPLUSES—HOUSE BILL REFERRED

Mr. THOMAS of Oklahoma. Mr. President, the bill just messaged over from the House, being House bill 7581, deals with agricultural surpluses. I ask unanimous consent that the bill be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be so referred.

The bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Robinson, Ark.
Ashurst	Costigan	Kean	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bachman	Cutting	King	Schall
Bailey	Davis	La Follette	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Louderman	Smith
Barkley	Duffy	McAdoo	Steiner
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkeley	George	Metcalf	Townsend
Bulow	Gibson	Neely	Trammell
Byrd	Glass	Norris	Tydings
Byrnes	Goldsborough	Nye	Vandenberg
Capper	Hale	O'Mahoney	Van Nuys
Caraway	Harrison	Overton	Wagner
Carey	Hastings	Patterson	Walcott
Clark	Hatch	Pope	Walsh
Connally	Hatfield	Reed	Wheeler
Coolidge	Hayden	Reynolds	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from New York [Mr. COPELAND], the Senator from Iowa [Mr. MURPHY], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

I desire also to announce that the Senator from Indiana [Mr. VAN NUYS] and the Senator from Nevada [Mr. PITTMAN] are absent on account of severe colds.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

REPORT ON THE STEEL CODE

The VICE PRESIDENT laid before the Senate a report from the Federal Trade Commission relative to the steel code, in partial response to Senate Resolution 166, directing the Commission to investigate price fixing in the steel industry and increases in gasoline prices, which was ordered to lie on the table and to be printed with an illustration.

PETITIONS AND MEMORIALS

Mr. CAPPER presented a resolution adopted by Sgt. Lawrence Wimmer Post, No. 80, the American Legion, of Liberal, Kans., favoring the prompt passage of legislation providing for the immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also presented petitions, numerous signed, of sundry citizens of Kansas City and Olathe, in the State of Kansas, praying for the passage of old-age pension legislation, which were referred to the Committee on Education and Labor.

Mr. TYDINGS presented resolutions adopted by the Independent Warschauer Sick Support Society, of the Bronx; Greater New York Lodge, No. 173, Independent Order of B'rith Abraham, of Brooklyn; Emanuel Neuman Lodge, No. 120, and Jehuda Horowitz Lodge, No. 35, both of the Independent Order of B'rith Abraham, of New York City; New York Lodge, No. 1, B'nai B'rith, of New York City; Staten Island Lodge, No. 319, Independent Order of B'rith Abraham, of Tompkinsville, Staten Island, all in the State of New York; Pride of Brockton Lodge, No. 373, of Brockton, and City of Boston Lodge, No. 63, of Boston, both of the Independent Order of B'rith Abraham, in the State of Massachusetts; Independent Newark Lodge, No. 255, Independent Order of B'rith Abraham, of Newark, N.J.; Independent Norwich Lodge, No. 309, Independent Order of B'rith Abraham, of Norwich, Conn.; Pride of Denver Lodge, No. 333, Independent Order of B'rith Abraham, of Denver, Colo.; Youth Temple of Beth El Temple, of Norfolk, Va.; and a meeting of a lodge of the Independent Order of B'rith Abraham in the State of Nebraska, favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H.R. 2032) for the relief of Richard A. Chavis, reported it with an amendment and submitted a report (No. 506) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (S. 754) for the relief of Fred M. Munn, reported it without amendment.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 1328) to provide for the donation of certain Army equipment to posts of the American Legion, reported it without amendment and submitted a report (No. 508) thereon.

He also, from the same committee, to which was referred the bill (S. 2104) for the relief of George W. Baker, reported it with an amendment and submitted a report (No. 509) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2455) to increase the efficiency of the Medical Corps of the Regular Army, reported it with an amendment and submitted a report (No. 510) thereon.

Mr. McCARRAN, from the Committee on the District of Columbia, to which was referred the bill (S. 2857) to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended, reported it without amendment and submitted a report (No. 507) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, reported it with an amendment and submitted a report (No. 511) thereon.

MONUMENT OF COL. ROBERT INGERSOLL IN THE DISTRICT

Mr. BARKLEY. From the Committee on the Library I report back favorably, without amendment, the joint resolution (S.J.Res. 21) authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll and ask unanimous consent for its present consideration.

This is in the usual form of resolutions authorizing the erection of monuments without any expense to the Government.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and he is hereby, authorized and directed to select a suitable site and to grant permission to the Robert Ingersoll Monument Association for the erection, as a gift to the people of the United States, on public grounds of the United States in the city of Washington, D.C., other than those of the Capitol, the Library of Congress, the Mall, and the White House, of a monument in memory of Col. Robert Ingersoll: *Provided*, That the site chosen and the design of the memorial shall be approved by the Joint Committee on the Library, with the advice of the Commission of Fine Arts, that it shall be erected under the supervision of the Director of Public Buildings and Public Parks of the National Capital, and that the United States shall be put to no expense in or by the erection of the monument.

STATE TAXATION OF NATIONAL-BANKING ASSOCIATIONS—REPORT

Mr. GLASS, from the Committee on Banking and Currency, submitted a report to accompany the bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national-banking associations), heretofore reported by him from that committee without amendment (Rept. No. 512).

ASSISTANT CLERK TO COMMITTEE ON EDUCATION AND LABOR

Mr. WALSH, from the Committee on Education and Labor, reported a resolution (S.Res. 212), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Committee on Education and Labor hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk, to be paid from the contingent fund of the Senate at the rate of \$2,000 per annum.

ONE HUNDREDTH ANNIVERSARY OF DEATH OF GENERAL LAFAYETTE

Mr. BARKLEY. Mr. President, from the Committee on the Library I report back favorably without amendment House Concurrent Resolution 26, and ask unanimous consent for its present consideration.

There being no objection, the concurrent resolution was considered and agreed to, as follows:

Resolved by the House of Representatives (the Senate concurring), That there is hereby established a special joint congressional committee to be composed of 5 Members of the Senate, to be appointed by the President of the Senate, and 5 Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, which shall make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette, occurring on May 20, 1934.

SEC. 2. The committee shall select a chairman from among its members. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made. The committee shall cease to exist upon making its report as hereinafter provided.

SEC. 3. The committee is authorized to accept and make use of contributions for carrying out the purposes of this resolution and shall file with the Secretary of the Senate and the Clerk of the House of Representatives a report with respect to amounts so received and expended.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 3102) to reduce the rates of postage on certain mail matter; to the Committee on Post Offices and Post Roads.

By Mr. JOHNSON:

A bill (S. 3103) to provide for the selection of certain lands in the State of California for the use of the California State park system; and

A bill (S. 3104) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on Public Lands and Surveys.

A bill (S. 3105) for the relief of Frank A. Chew; to the Committee on Claims.

By Mr. TYDINGS:

A bill (S. 3106) to amend the River and Harbor Act; to the Committee on Commerce.

A bill (S. 3107) to correct the military record of Frank M. Soop, deceased; and

A bill (S. 3108) for the relief of Paul J. Grove (with an accompanying paper); to the Committee on Military Affairs.

A bill (S. 3109) granting a pension to Abbie V. Hull; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 3110) to create an establishment to be known as the "National Archives", and for other purposes; to the Committee on the Library.

A bill (S. 3111) to authorize the erection of a Veterans' Administration hospital in middle Tennessee and to authorize the appropriation therefor; to the Committee on Finance.

By Mr. BYRD:

A bill (S. 3112) to authorize the Secretary of the Interior to quitclaim to Jameson Cotting and Anita Cotting, his wife, their heirs, and assigns, a certain strip of land containing approximately 3.05 acres in Fairfax County, State of Virginia, in exchange for an equal area to be conveyed to the United States of America; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 3113) to add certain lands to the Malheur National Forest in the State of Oregon; to the Committee on Agriculture and Forestry.

A bill (S. 3114) to extend the times for commencing the construction of certain bridges in the State of Oregon; and

A bill (S. 3115) authorizing a survey of the Willamette River and its tributaries, in the State of Oregon, with a view to controlling floods; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 3116) to amend sections 3 and 4 of the act of July 3, 1930, entitled "An act for the rehabilitation of the Bitter Root irrigation project, Montana"; to the Committee on Irrigation and Reclamation.

By Mr. THOMAS of Oklahoma:

A bill (S. 3117) authorizing and directing the Court of Claims, in the event of judgment or judgments in favor of the Cherokee Indians, or any of them, in suits by them against the United States under the acts of March 19, 1924, and April 25, 1932, to include in its decrees allowances to Frank J. Boudinot, not exceeding 5 percent of such recoveries, and for other purposes; to the Committee on Indian Affairs.

By Mr. GLASS:

A bill (S. 3118) for the relief of the legal representatives of the estate of Henry H. Sibley, deceased; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 3119) for the relief of Joseph May; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 3120) for the relief of the First State Bank & Trust Co., of Mission, Tex.; to the Committee on Claims.

A bill (S. 3121) authorizing the Secretary of War to lease or to sell certain lands and buildings, known as "Camp Eagle Pass, Tex.," to the city of Eagle Pass, Tex.; to the Committee on Military Affairs.

By Mr. KEAN:

A joint resolution (S.J.Res. 89) authorizing loans to fruit growers for rehabilitation of orchards during the year 1934; to the Committee on Agriculture and Forestry.

By Mr. BARKLEY:

A joint resolution (S.J.Res. 90) to retire George W. Hess as director emeritus of the Botanic Garden, and for other purposes; to the Committee on the Library.

REGULATION OF COTTON INDUSTRY—HOUSE BILL PLACED ON CALENDAR

The bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, was read twice by its title and ordered to be placed on the calendar.

AMENDMENT TO TAX BILL—ESTATE-TAX RATES

Mr. LA FOLLETTE submitted an amendment intended to be proposed by him to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

HOARDERS OF SILVER

Mr. ROBINSON of Indiana. Mr. President, I send to the desk a resolution and ask that it be read, and, when that shall have been done, I will ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S.Res. 211), as follows:

Whereas it is currently reported that speculation in the commodity known as silver is being practiced; and

Whereas it has been charged that certain persons are hoarding said commodity; and

Whereas the Congress of the United States has pending before it legislation which would have, if enacted, a strong effect on the market price of silver: Therefore be it

Resolved, That the Secretary of the Treasury is requested to furnish to the Senate a list of the names of hoarders of silver, if such information is available and if the furnishing of such information would not be incompatible with the public interest.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

NAVAL CONSTRUCTION—CONFERENCE REPORT (S.DOC. NO. 156)

Mr. TRAMMELL submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing paragraph is subject to the following conditions:

"(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

"(2) The President is also authorized to employ Government establishments in any case where—

"(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

"(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

"The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated."

And the Senate agree to the same.

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3, and in lieu of the matter inserted by amendment numbered 4, insert the following:

"*Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

"(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

"(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

"(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$50,000 shall be subject to the conditions herein prescribed.

"(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

"(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

"The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income tax returns of the contractor for the taxable year or years concerned.

"The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

"The contract or subcontracts referred to herein are limited to those where the award exceeds \$50,000.

"The provisions of this section shall not become effective until June 30, 1934."

And the Senate agree to the same.

PARK TRAMMELL,
MILLARD E. TYDINGS,
FREDERICK HALE,
JESSE H. METCALF,

Managers on the part of the Senate.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMERILL,
FRED A. BRITTEN,
GEORGE P. DARROW,

Managers on the part of the House.

ADMINISTRATION PROGRAM AND ACCOMPLISHMENTS

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered to the Young People's Democratic League of Illinois, on Saturday, March 3, 1934, by Richard F. Roper, executive secretary of the Democratic National Committee, on the Administration's Program and Accomplishments.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, ladies, and gentlemen, when the president of your State organization, Mr. Floyd Kenlay, extended to me the invitation of your arrangements committee to address this convention, my mind went back to the last Young Democratic convention I had the pleasure of attending. I refer to your first national convention at Kansas City, the 1st of September 1933.

At that convention you had delegates from all parts of the United States, all eager to know the plans of our great President in the future months to come, all eager to help him shoulder the great burden that was his.

Since that convention, the accomplishments of our President and the program of the national administration have unfolded so rapidly that it is impossible for me to describe these events here. So great has been the activity at the Nation's Capital that we must rely upon the historians of the future to give us an adequate impression of what has occurred under our very eyes.

Our President has told us in his speech of acceptance at Chicago that he had no sympathy with foolish precedent which was adhered to for its own sake. He had made it plain that he would not hesitate to break with tradition and precedent when he felt that the greatest good for the greatest number of people required him to do so.

Franklin D. Roosevelt has not forgotten that pledge. He has kept the faith, and the events of his first year as President of the United States bear adequate testimony to this assertion. Never in the history of this or any other nation has so much constructive work been done in so short a period of time. Never in the history of this or any other nation has a leader so clearly understood the temper of his people. It is not by chance that today President Roosevelt has a place in the hearts of the American people as no other President has had in his own lifetime.

As this convention of Young Democrats gets under way it is well for us to remember that Franklin D. Roosevelt is the President of all the people, and not of the Democratic Party alone. Of course, it is natural for those of us who worked shoulder to shoulder in the thick of the presidential campaign fight of 1932 to remember our victory with a great deal of pride. We have a right to believe in our hearts that had it not been for the work which we did, America might not have had this great leader in the White House today. But we must remember that the events of the past year have proved that had it not been for the courageous action on the part of the Federal Government our very form of government itself might not have survived. The past year has been no time for partisanship. No one in this country realizes this fact as keenly as President Roosevelt. Because of this understanding, the President has insisted that his recovery program extend relief to every American, regardless of political affiliation.

Americans, young and old, have caught the vision of the President. Democrats and Republicans alike have realized that we have all been in the same boat, that recovery would come to Republican as soon as to Democrat. There have been no party lines in the past year. You are for recovery or you are against it. You are willing to put your shoulder to the wheel or you are a shirker. This has been a show-your-colors year. We have shown the President's colors because we know he is trying to do a job which will do the most for all of us.

What part has the Young Democratic Clubs of America as a political organization had to do with this great program? The answer is evident. As a political organization, it has not been the function of your national organization to concern itself with assisting in directing the Nation's recovery program. But as individuals, the members of the Young Democratic clubs of every State have had a most important part in the events of the past year. One of the most encouraging signs of this period has been the enthusiasm of the young people of this country to accept 100 percent the program of the Nation's leaders and to do all in their power to promote its success. It is fitting and proper that as individuals the members of Young Democratic clubs of this and other States have contributed to an aggressive support of recovery without which our President would have been helpless.

What can the young Democrats of Illinois and what can the Young Democratic Clubs of America do now, next year, and in the more distant future? What can this important organization and its brother groups in other States contribute to permanent national recovery and well-being? The answer lies with you, and with each and every sincere young American.

You are a political organization. Your name labels you as such. But what are the real purposes and ideals which are in your minds? I do not mean the purposes set forth in your National and State constitutions, though these are important. I have in mind the plans and thoughts which young Democrats have as individuals.

Since the 1st of February 1932 I have had an opportunity to talk with hundreds of young Democrats about this very matter. It was on this date that I had the privilege of starting to work with Hon. James A. Farley and Hon. Louis Howe, who were in charge of Governor Roosevelt's preconvention campaign.

During the campaign and after, I talked with Democrats of every State and asked them what they thought of a national club organization of young people to foster and promote the ideals and principles of the Democratic Party. Some said it was a great idea in theory, but it wouldn't work in practice. This group said that the national club idea wasn't new; it had been tried dozens of times before only to fizzle out after a few enthusiastic months. These were the practical politicians speaking. "What do you mean?" I asked. "Why did they have to fail?" "Look at the record", they replied; "it speaks for itself."

And so I did look at the record of club organizations for many years back. What was the result? I found that there were many such groups but that they all had certain characteristics in common. The first type was formed purely for the purpose of the personal advancement of one or two people. Of course, these groups failed. It was right that they should not succeed. They had no real contribution to make for a better political society.

Then there was the second group. Some of these had the proper ideals. They really wanted to make a contribution to American political life. But their enthusiastic organizers didn't realize that they must stay out of primary and preconvention contests; that they must not try to tie their groups to personalities. Enmities were brought about which resulted in the ultimate destruction of organizations which had much good about them.

What about the third type of club organization we find in the pages of Democratic Party history? The story of these groups is probably the saddest of all. They were formed and led in most cases by persons of serious purpose, who refused to tie their organizations to personalities, and who had no personal motives of self-advancement. They believed in the responsibility of political parties, and they wanted to keep those parties clean and honest and progressive. What happened to them? They failed because they tried to operate as national organizations directing political activity in many States. They didn't realize that the way to bring about political reform is through the legal means provided for it. They forgot that the Democratic National Committee and no other national political group has any power granted to it by the laws of State or Nation. They did not reckon with the fact that the only source of local political authority is drawn from the election laws of the 48 States. They built their foundations upon the

sands, and the tide of waning interest came and washed their groups away.

This must not happen to the Young Democratic Clubs of America and to its affiliated groups in the several States. It cannot happen if the Young Democratic club members have in their hearts political ideals that are worth saving anyway.

The President of the United States is not one of those who feel that a national Democratic youth organization cannot succeed. There are many progressive and liberal Democrats who know that as long as your groups in their various States follow the proper procedure they can continue for years to come.

What is this "proper procedure?" Only ordinary common sense. Make sure that you Young Democrats in this and other States have safeguarded your basic principles by adopting State constitutions which guarantee that your State executive groups and every local unit have ample and frequent opportunity to select leaders in which 51 percent of the members have the greatest confidence. Change that constitution when you will, but make sure that a change is really in the interest of all the members and not designed to help one or two ambitious leaders.

Make sure that each and every member in this and other States has a thorough understanding of the State election laws and takes a real interest in the selection of regular Democratic Party officials. If you don't believe those election laws are fair and right, work in the State legislature to get them altered. In short, make sure that Young Democratic organizations provide outlets for liberal thought and opinion on all political and governmental questions. Don't stifle a fellow just because you think his ideas too conservative or too radical. Make the Young Democratic clubs of America the "melting pot" for American political expression.

Be sure that everyone understands that the purpose of each Young Democratic group is to provide this freedom of expression and not merely to get votes for the Democratic candidates on election day. Don't make a young man or woman promise to "vote the ticket straight" before he can join the local club. Open the membership rolls to every young American who feels his obligation of citizenship, Republican and Democrat alike, Progressive, Communist, and Socialist. Make the open forum the real thing.

Remember, that in trying to accomplish your ideals, you will have the whole-hearted cooperation of the Democratic National Committee. We will do anything we can to help, as long as we do not do things for you that you should do yourselves. We do not wish to stifle your initiative by too active support. Your group should operate under its own leaders, and the Democratic National Committee will be the last group to try to control or stifle your activity. The party leaders in Washington are proud of your spirit and your enthusiasm, and they want you to keep it up without restraint.

Let's get back to cold, practical politics for a moment. In a few weeks the whole country will begin to get ready for the wholesale speech making of a congressional campaign. What is the function of each Young Democratic State unit in this election year? Obviously, the first and foremost thing for each young Democrat to do is to make sure that his local and State unit is not pledged as a unit for or against any candidate for office. Oust the member who tries to commit the Young Democrats of this or any other State or county as an organization for any individual. This does not prohibit every member from working for his own congressional candidate. Each and every young Democrat as an individual should stimulate interest in the State primaries and conventions for selection of nominees. But wait until the nominees are selected before beginning the group work. The obligation rests on every loyal friend of American Government to work for the election of legislators who will go to Washington to give whole-hearted, loyal support to the President's long-time recovery program.

Now let me call to your attention the main reason why I am here at your convention today. I have already made it clear, I hope, that the Young Democratic Clubs of America is your organization, and that the Democratic National Committee has no desire to take control out of your hands. But we do want to cooperate with you fully. Here is a suggestion I should like to make:

I should like to see the Young Democratic clubs of this and every other State draw up a program designed to make the work of each State unit more effective in future years. Don't limit it to a 1-year plan. I should like to see every thinking group of Young Democrats in the country draw up a 7-year program designed to inform all young people about the ideals and principles of the Democratic Party, and a program which will stimulate interest in the selection of all party officers, so that the Democratic organization will be kept clean, honest, and progressive. Such a program should have as its underlying premise President Roosevelt's belief that what is best for all the people is best for the Democratic Party. The Nation must come first.

Draw up your suggestions. Let's have hundreds of them sent to Washington. No matter how conservative or radical they may be, they will be read and studied with a great deal of interest at national headquarters.

One month from tomorrow, on April 4, the Young Democratic Clubs of America will celebrate the first anniversary of the adoption of your official national constitution, and I think it would be a great thing if by that date your national executive committee could have enough suggestions from each State unit to have at least the rough outline of your Young Democratic 7-year program.

It is my honest opinion that if you decide to do this and if you draw up a program liberal in its outlook, honest in its mo-

tives, and with proper safeguards against disastrous blind partisanship, then the Y.D.C.A. will capture the imagination of every young man and woman in the land. Republican and Democrat alike will applaud, and you will gain an impetus to this movement that will make it possible for you to make a lasting contribution to American political life. With National, State, and local constitutions which guarantee freedom of expression, with provisions which safeguard selection of leaders having the confidence of a majority of the members and with a real program worth working for and putting over, the Young Democratic Clubs of America can, and will, last in this country for a hundred years.

I want to thank you for this opportunity of attending this meeting, and I hope that before I leave Galesburg I shall have the privilege of meeting and talking with all of you. I want to know more about Young Democratic problems in the Middle West.

In closing, I want to read to this convention a telegram I received this morning from Washington:

DEAR FRED: Please convey to each and every delegate my very best wishes for an enthusiastic and successful convention. Also say to them that the President and his Cabinet are deeply appreciative of the support accorded this administration in the first year, which closes tomorrow. We are particularly grateful for the spirit of unselfishness which Young Democrats have shown and which has made it possible for the President to forward his recovery program in the best interest of all the people without accusation of favoritism or partisanship.

JAMES A. FARLEY,
Chairman Democratic National Committee.

THE LIBRARY PROBLEM AND THE ARCHIVES BUILDING

MR. FESS. Mr. President, there is in course of construction one of the most magnificent buildings in Washington known as the Archives Building. In due time it will be ready for the valuable documents now in the various departments of the Government. I am very deeply concerned about making it certain that the building will not be made simply a dumping ground or a storehouse for worthless documents, as well as depository for valuable ones.

Some days ago I introduced a bill, identical with one which I introduced at the last session, to provide authority in the President to appoint an archivist so that he may be studying the documents in order that they may be placed there not only for protection, but that they may be used in the future by students of social science and others interested in research work.

I rose at this time to ask unanimous consent to have inserted in the RECORD what I think is a very notable paper on the library problem with respect to social-science source materials. The paper deals with the subject I have in mind. It was written by Dr. Joseph Mayer, consultant in sociology in the Library of Congress, Washington, D.C.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Library Journal, Apr. 15, 1933]

THE LIBRARY PROBLEM WITH RESPECT TO SOCIAL-SCIENCE SOURCE MATERIALS¹

(By Joseph Mayer, Consultant in Sociology, Library of Congress, Washington, D.C.)

In opening the discussion on the topic assigned to me, I thought it well to have before us, in general outline, what the joint committee of the Social Science Research Council and of the American Council of Learned Societies (at whose request this round table has been arranged) proposes to do and has already accomplished with respect to the broader problem of materials for research as related not only to libraries and the field of social science but to all the institutions and disciplines included in its survey. The opening sentences of its report published in May 1931 present the issues admirably. I quote from pages 73 and 74.

"The social sciences and humanities have developed in a necessary dependence upon institutions which have other functions than those of research. The scholar relies upon the publishing trade, the Government, the library system, and the educational system for an indispensable apparatus. Disharmonies between the interests of these institutions which serve research incidentally and the interests of research itself are evidenced in the divergence between scholarly value and commercial value in the publishing trade, in the problem of the use of impermanent papers in commercial and Government publications, in the problem of secrecy in Government archives, in the compromise a library must make between bibliophile and research standards of value in acquisition, or between educational and research practices in administration, and finally in the tension present throughout the university system between the requirements of teaching and those of research. . . ."

¹ Paper presented before a round table on materials for research, American Sociological Society, held at the Cosmos Club, Washington, D.C., Dec. 28, 1931; subsequently brought up to date, with most recent statistics incorporated and further developments indicated.

"In the past 30 years there has been an extraordinary increase in America's investment in research materials, but despite the enormous expansion of libraries, universities, and research institutes, the need for materials has outrun the available resources. The scholars have included in their interest a wider range of documentation and have assumed wider responsibilities toward society. The output of printed matter increases by geometric ratio, so that libraries must count on doubling their capacity every 20 years. The whole problem has been further complicated by the increased use of perishable paper in printing. In the presence of this situation the Social Science Research Council and the American Council of Learned Societies set up a joint committee on research materials to survey America's total equipment for research in the social sciences and humanities, to bring to light unnecessary omissions or duplications, and to review the entire establishment of libraries, historical societies, research institutes, museums, and archives as if it were one vast national enterprise committed to a common purpose of providing material for research."

The first action of the joint committee was to arrange for two surveys: One, of the activities of the American agencies which collect, organize, or publish materials for research; the other, a survey of neglected categories of research which are not adequately cared for at present. It is in connection with this second inquiry that various learned societies, including the social-science societies, have been asked to provide in their annual meetings for 1931 opportunities for the discussion of categories of research materials pertaining to their disciplines. From these combined discussions the joint committee hopes to secure an adequate conspectus of the needs of all the social sciences and the humanities.²

While these surveys are in process the committee is giving immediate attention to three matters regarding which the collecting and preserving machinery in the United States is known to be somewhat inadequate, viz, with respect to newspapers, organization records, and ephemera. Several approaches are being made to the newspaper problem; first, to preserve newspapers from disintegration; second, to reproduce them photographically at less expense and bulk; third, to discover which sections of the country are under-equipped with newspaper records and which are unnecessarily duplicative. As for the preservation of the records of such organizations as welfare societies or business concerns, the joint committee has thus far focused attention primarily upon the dearth of historical business documents; but for the social scientist such a lack is, of course, only part of a much larger need, viz, that of preserving the records and statistics of boards, commissions, agencies, associations, and the like, dealing with education, health, sanitation, recreation, prisons, reformatories, charities, housing, city planning, licensing, inspection, and regulation, and other forms of social welfare and control, of political parties, of courts of law, of certain other Federal, State, county, and local agencies whose records are now inadequately preserved, of religious bodies, fraternal orders, protective associations, and of the learned societies themselves. It has already been suggested that these additional needs be called to the attention of the joint committee by the American Sociological Society. Ephemera, the third category with respect to which the country's collecting and preserving machinery is relatively inadequate, have to do with unbound materials, circulars, book jackets, handbills, programs, advertisements, broadsides, and the like.³

The social scientist is naturally interested in these three categories of somewhat neglected materials and probably in others, as it will be the purpose of these discussions to bring to light. The library's problem with respect to them is, as I see it, mainly one of further elaboration, administration, and cooperation, for its machinery, especially in the larger library, is not so much inadequate as it has not yet been fully applied to the more or less elusive data in question.

At the Library of Congress, for example, there are at least six divisions which, it would seem, already have the equipment necessary for assembling, storing, indexing, and making available to research workers in the social sciences these additional source materials.

One is the division of manuscripts with its special apparatus for taking care of data in unbound and ephemeral form and its unique collection of photostatic reproductions. This division

is devoted primarily to American history, and its resources have recently been greatly augmented through a generous grant (\$450,000) from Mr. John D. Rockefeller, Jr., for the acquisition of photostats of material in European archives bearing on American history. More than 500,000 documents are thus being made available to American historians who are having increasing use of the division's apparatus, which includes the sale of photostats and their circulation through the interlibrary loan system. Regarding this material, the chief of the manuscripts division, Dr. J. Franklin Jameson, had the following to say in his 1932 report, page 60:

"Photostat copies of any of the Library's photostats, or enlargements from its films, can be obtained at prescribed rates. Request for them or for interlibrary loan of photostats or enlargements will be facilitated by observing the fact that these reproductions are kept in the same order in which the originals are kept, and are marked with the same reference numbers or other designations which the originals bear in the archives or libraries where those originals are preserved. While it is not practicable to put forth in print any really satisfactory guide to the collection until the project has been completed, a descriptive inventory list and a journal of the accessions have been prepared and will be kept currently as means by which it is hoped the needs of investigators may in the meantime be measurably satisfied."

Whatever social-science data there is in this vast collection is, of course, indirect, more important types having already been indicated above. The point here is that suitable apparatus is in successful use for making available unbound and ephemeral source materials. Its extension to the field of social science would seem to await only the acquisition of the additional data and suitable provision for their administration.

Another division is that of maps. The importance of a comprehensive map collection to the student of cultural geography needs no particular emphasis here. But it is relevant to the problem of the proper care of material now relatively neglected to point out that the apparatus of a large map division, as at the Library of Congress, is such—involving, as it does, the care of manuscript maps and views, as well as printed maps and atlases; the exhibiting, photostating, repairing, mounting, titling, classifying, and cataloging of such unique material; and the making of it available for users to the extent now of over 10,000 items a year—that no really different equipment is needed for the care of statistical charts and graphs of social, economic, and political conditions, which are now among the relatively neglected materials. The problem here again is largely one of suitable administration.

The division of documents of the Library of Congress is a third division to be considered in this connection. Here are housed, so far as it is readily feasible to secure them, the official publications of Federal, State, county, and local governments the world over. It would doubtless lead to confusion and division of interest if a vast supply of additional unofficial publications—the records of the organizations, societies, boards, commissions, and agencies mentioned above—were sent to the documents division. But the unofficial publications logically begin where the official documents leave off and the apparatus employed for the latter could readily be applied to the care of the former and of the many border-line records now also neglected. Temporarily the additional published and unpublished social-science research records and statistics here envisaged could doubtless be cared for through such divisions as those of documents, maps, manuscripts, and two or three others, but it would ultimately seem desirable that a new division be created for the social sciences—say, a division of records and statistics—which would utilize existing library apparatus in now relatively neglected fields.

The law library is another Library of Congress division pertinent to the present discussion. Here might be housed, if only for a time, certain court records and records of political parties and of voting for Federal, State, county, and local officials. Its expert staff would be particularly valuable with respect to court records. Much material of interest to the social scientist is already housed in the law library of Congress. For example, recently it has acquired 17 typewritten volumes of over 600 pages each, constituting the first complete English translation of the Code of Justinian and related rules and opinions, than which there is probably no more significant corpus of social-science source data in existence anywhere pertaining to the life of the Roman Empire and the foundations of later medieval society.

The importance for social-science research of adequate files of periodicals, such as newspapers, journals, proceedings and transactions, almanacs, annual reports, yearbooks, and the like, is being increasingly felt by investigators. The resources of the Library of Congress in these respects are comprehended in two important divisions, the periodical and the Smithsonian, and are already well known to social scientists. They have only recently been utilized to good effect by some of those here present. The number of separate periodical items received at the Library of Congress during the last fiscal year was nearly 170,500, including 950 files of different newspapers, 165 of which are foreign and 785 American. The Smithsonian deposit now includes sets of the reports, proceedings, and transactions of the learned institutions and societies of the world, including in most instances the earliest numbers of these series. Here the problem with respect to additional social-science needs is largely one of increasing further the Library's

"Announcement is made by the Library of Congress in March 1933 of the receipt of a bequest from the late James Benjamin Wilbur, part of the income of which will be available for the expert treatment of this material.

² Progress in these inquiries is indicated in Survey of Activities of American Agencies in Relation to Materials of Research in the Social Science and the Humanities, by Franklin F. Holbrook, published by the Cooperating Councils, Washington and New York, 1932; Minutes and Annexes of the meeting of the joint committee held in Washington, D.C., Mar. 11 and 12, 1932; Preserving Social Science Source Materials, by Augustus Frederick Kuhlman, Bulletin of the American Library Association, March 1933; Shortcomings of Government Documents and Suggested Remedies, by Jerome Kear Wilcox, The Library Journal, Mar. 1, 1933.

³ There are for the United States good current bibliographies covering books copyrighted and books issued through the book trade (Catalog of Copyright Entries, issued by the Copyright Office, and Cumulative Book Index, issued by the H. W. Wilson Co., New York City), but no current bibliography covering ephemera and publications of political, fraternal, religious, labor, charitable organizations, etc. In Germany recently the Deutsche Bibliothek of Leipzig, which issues the weekly trade bibliography, has undertaken to issue a semimonthly list of ephemera and miscellaneous publications not in the book trade.

already vast collections and possibly, as an immediate contingency, of helping secure a special subvention to eliminate the present arrearage in binding, to prevent deterioration and loss, and to increase the availability for research use pending the time when the bindery itself may be considerably enlarged, another purely administrative consideration.

Increased facilities and personnel in all these Library of Congress divisions, as well as in others, and the possible addition of another division to deal particularly with neglected social-science source materials, are very much needed if the interests of social research are to be more adequately served there. Besides stressing the need for increased bindery facilities for the periodical division, the superintendent of the reading rooms has this to say in a recent report: "The collection of periodicals in this Library is, perhaps, unequaled in the Western Hemisphere. If the volumes on our shelves were to be analyzed by authors, subjects, and titles, our informational resources would be greatly enlarged." Dr. Jameson reports that the cataloging of manuscripts is considerably behind, the present staff being able to keep up with current accessions only. The line divisions of accessions, cataloging, and classification are even further behind in their activities, and since the care of printed materials pertaining to social science (i.e., sociology, economics, and political science) constitutes by far the greatest burden, as will be indicated presently, it would help materially if supplementary expert assistance under the jurisdiction of the Librarian could be provided by private grant to apply particularly to this field. The Library of Congress now has around 4,500,000 printed books and pamphlets, exclusive of manuscripts, maps, music, and prints, which probably cover more than 4,000,000 additional items. Of the 4,500,000 printed volumes, 2,900,000 have (through the fiscal year 1931-32) been classified under the new classification scheme. Of these, almost one fourth lie in the field of social science (700,110), whereas American history contains only 204,180 volumes and other history 244,130. The next largest classified group to social science is language and literature, with 271,600 volumes as against 700,110. American history, with less than one third the size of the social science printed collection, has been provided by private endowment with a chair at the Library of Congress, with the result that the Library is becoming the greatest center for historical research in the country. The creation of a chair of social science should be likewise instrumental, if a division of records and statistics is also provided, in bringing social-science investigators into satisfactory contact with the basic source materials they now so much lack.

As for wider cooperation between libraries and other agencies designed to assist the social-science research scholar, the Joint Committee of the Social Science Research Council and the American Council of Learned Societies on Materials for Research has made the following suggestions: (1) That a survey be undertaken of the state of local archives throughout the country; (2) that for the care of unbound materials in libraries a new primer or handbook be prepared; (3) that a greater division of labor between libraries be worked out; (4) that the regional principle of collaboration between libraries be more fully utilized in the acquisition of bulky materials and in the collection of business history and like data; (5) that in view of the projected organization of the National Archives in this country, a survey be made of the practices of governments in the destruction of archives; and (6) that a clearing house of photographic reproductions of research materials be provided appropriately at the Library of Congress. I believe we may confidently look to the joint committee to develop these and similar suggestions for cooperative enterprise in a satisfactory manner.⁵

Several notable cooperative ventures, as bearing on the topic of our discussion, are now under way at the Library of Congress. One is the Union Catalog, made possible by another generous grant by Mr. John D. Rockefeller, Jr., of \$250,000, providing, in the words of the Librarian of Congress, "for the development of the bibliographic apparatus which forms the basis of our service as a bureau of information in aid of research." There are now nearly 14,000,000 cards in this Union Catalog. Another cooperative project, made possible through a grant by the General Education Board, consists in the preparation of a catalog of all classical and medieval manuscripts—Greek, Latin, and vernacular—of date prior to the sixteenth century, which are to be found in the United States and Canada, in public and, so far as is permitted, in private collections. Books, manuscripts, documents, and papyri are all included. This census of classical and medieval material should provide an important basis for certain types of future sociological as well as historical research.

So much for the problem of enlarged facilities of apparatus and personnel at a great central depository like the Library of Congress, and for national, regional, and local cooperation between libraries and other agencies with respect to social-science source materials. Some of this is quantitative in import, merely doing on a more comprehensive scale what had previously been done to good research effect in the best of the large libraries. The more significant features, however, are also qualitative in import, especially as they concern certain unique facilities for research developed in recent years at the Library of Congress. Such specialized divisions as fine arts, music, Chinese, Semitic, and Slavic literature are, of course, to be found in some other large libraries also, but I venture the opinion that there is no other library in which these specialized services as a whole have been carried to the degree of perfection that they have at the Congressional Library,

especially in the creation of chairs and consultantships, which provide for a group of specialist-advisers, now numbering 16, scholars in their respective fields of learning, as an auxiliary to the regular Library staff.

It is interesting to note that during the past fiscal year, the third for this new and unique interpretive service in aid of research, 820 mature investigators used the study rooms and study tables of the Library, among them 81 representatives of 23 foreign countries. This constituted a 33-percent increase over the preceding year. What the Congressional Library already offers to the research scholar is well summed up in the 1931 report of the Librarian. I quote from pages 378 and 379:

"The printed books and pamphlets in our collections now number alone in excess of 4,300,000 items." This collection has been practically built up during the past quarter of a century. The effort over this period of years was to provide a well-balanced collection in each field of learning and in addition provide also the technical apparatus (catalog, classification, etc.), to make the material quickly available. That having been accomplished, the next logical step was the expansion and development of our physical facilities—study rooms and study tables—to provide every convenience in the scholarly use of the material. And when the size and character of the collections and the complexity of our classification are considered, the need for specialized interpretation as a fitting climax to these other developments was quickly realized. That this need has been met in the provision for consultants is apparent from the appreciative acknowledgments that have come from the investigators who are now using our collections in ever-increasing numbers. The wide experience and scholarly training of these consultants are available to all investigators who may wish to take advantage of our research facilities.

"The aid rendered by the consultants is of diverse character. They discuss with the investigator his problem, interpret our collections, point out likely sources of information and material, furnish highly specialized information by correspondence, clear up important lacunae in our collections by recommendations for purchase, cooperate in advising as to specialized lists of references, suggest methods of procedure, besides advising as to matters of style in the preparation of manuscripts, and in many instances exert a profound influence through constructive criticism. And their usefulness is constantly expanding. This is instanced during the past year by their aid to a number of distinguished scholars on official Government missions studying what America is doing to meet certain problems. To these they were of invaluable aid in interpreting not only our own source material, but in indicating to them source material available elsewhere and in advising as to the establishment of contacts in the furtherance of their studies."

Besides the consultantships, the Library of Congress now maintains the following chairs: Music, fine arts, American history, aeronautics, and geography. A chair of social science would make a sixth. As in a university, a chair at the Library of Congress implies an endowment, but not for teaching or research, except in the sense that it promotes the latter. Its purpose is interpretive, which involves something more than the mere administration of the collections in the ordinary way. Qualifications beyond the usual technique are required, particularly a specialist knowledge of a given field of learning and experience in its methods of research. By adding the income from private endowment to a Government stipend for the administration of the division to which the chair is attached, the total compensation insures for the holders of these chairs specialists comparable in training and standing with full professors in a university.

An important problem with every library is the necessary increase in its physical equipment to accommodate additional needs. This would seem to have been solved for some time to come at the Library of Congress by the authorization in 1930 of \$6,500,000 for the actual construction of an annex to the present Library Building, an adjacent site having previously been selected. Appropriations have been delayed but should be forthcoming in the near future.

It is such considerations as these, in viewing the library problem with respect to social-science source materials, which have led me to the conclusion that at the Library of Congress all the essentials of apparatus and service are already provided and that further elaboration, administration, and cooperation, along the lines established and in process of being worked out, will make available to the social scientist the neglected source data for which he now seeks.

THE CALENDAR

The VICE PRESIDENT. Morning business is closed. Under the unanimous-consent agreement previously entered entered into the clerk will call the calendar for unobjected bills, commencing with Order of Business No. 471.

HEAT IN LIVING QUARTERS IN DISTRICT

The bill (S. 1100) to require the furnishing of heat in living quarters in the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That every owner, landlord, lessor, or sublessor, or agent thereof, who shall lease or sublease any apartment, building, or part of a building, room, or rooms to another, with an

⁵For recent developments see references in footnote 3 above.

⁶Then about 200,000 less than at present.

agreement to heat the same, and shall neglect or fail to keep the temperature of such apartment, building, or part of a building, room, or rooms at not less than 68° F. between the hours of 7 o'clock a.m. and 10 o'clock p.m., shall, upon conviction thereof, be fined not less than \$25 nor more than \$100 for each offense, and each day of such neglect or failure shall be deemed a separate offense.

PROPERTY OF NATIONAL SOCIETY UNITED STATES DAUGHTERS OF
1812

The bill (S. 2580) to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the property situated in square no. 210 in the city of Washington, D.C., described as lot 811, occupied and used by the National Society United States Daughters of 1912, is hereby exempt from all taxation so long as the same is so occupied and used, subject to the provisions of section 8 of the act of March 3, 1877, as amended and supplemented (D.C. Code, title 20, sec. 712), providing for exemptions of church and school property.

EMERGENCY AID IN EARTHQUAKE, FLOOD, ETC.

The Senate proceeded to consider the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That the Reconstruction Finance Corporation is authorized and empowered to make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, and for the purpose of financing the repair or reconstruction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood-control, communication or transportation systems, damaged or destroyed by earthquake, conflagration, tornado, cyclone, or flood in the year 1933, and in the months of January and February 1934, and deemed by the Reconstruction Finance Corporation to be economically useful or necessary.

Obligations accepted hereunder shall be collateralized—

(a) In case of loans for the acquisition, repair, or reconstruction of private property, by the obligations of the owner of such property, secured by a paramount lien except as to taxes and special assessments on the property to be acquired, repaired, or reconstructed, or on other property of the borrowers;

(b) In case of loans for the repair or reconstruction of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication, or transportation systems, secured by a lien thereon; and

(c) In case of loans for the repair or reconstruction of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

In any case in which any such loan is made, in whole or in part, for the acquisition of land in replacement of land privately owned and declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, such unsafe property shall be conveyed by the owner thereof, without cost, to the county, municipality, or district in which such property is situated.

The corporation shall not deny otherwise acceptable applications for loans for repair or reconstruction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood-control, communication, or transportation systems of municipalities, political subdivisions, public agencies, boards, or districts because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations shall have maturities not exceeding 10 years in case of loans made under paragraph (a) of this act and not exceeding 20 years in case of loans under paragraphs (b) and (c) of this act.

The aggregate of loans made under this act shall not exceed \$3,000,000.

Mr. ROBINSON of Arkansas. Mr. President, I understand the bill is presented as an emergency measure. Will the Senator in charge of the bill explain the primary differences between the Senate committee amendment and the House provision?

Mr. JOHNSON. Mr. President, the Senate committee amendment relates to the floods and disasters which occurred in January 1934 and really extends the power that

heretofore existed in the Reconstruction Finance Corporation. The Dalton bill, which passed the House, is amplified in small degree only by the Senate bill which was introduced by my colleague [Mr. McAdoo] and in which I very heartily concur.

Mr. ROBINSON of Arkansas. The Senate amendment is then in reality the bill of the junior Senator from California [Mr. McAdoo]?

Mr. JOHNSON. Yes.

Mr. KING. Mr. President, will the Senator from California yield?

Mr. JOHNSON. I yield.

Mr. KING. My recollection is that a rather large appropriation was made at one of the former sessions of Congress for earthquake and flood relief. Does this bill supplement the appropriation then made?

Mr. JOHNSON. The original appropriation was general in character, dealing with all the disasters that had occurred in the United States. This is general as well and touches Washington and Oregon and the recent flood disasters there, as well as in some other States in which Representative DALTON is also interested, and likewise the tremendous flood and fire damage in southern California.

Mr. ROBINSON of Arkansas. The bill provides for a loan and requires security?

Mr. JOHNSON. Absolutely.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "A bill authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes."

AMMON McCLELLAN

The bill (S. 2467) for the relief of Ammon McClellan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Ammon McClellan, out of any money in the Treasury not otherwise appropriated, the sum of \$376.27 as compensation for services rendered from July 18, 1933, to August 31, 1933, in the Department of Agriculture.

CALVIN M. HEAD

The bill (H.R. 5163) for the relief of Calvin M. Head was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the sum of \$350 be, and is hereby, appropriated, out of any money in the Treasury not otherwise appropriated, for the relief of Calvin M. Head, chief of police of Alma, Ga., whose car was burned by bootleggers while he was assisting enforcement officers in destruction of stills some distance from where automobile was parked at roadside. Such sum shall be in full settlement of all claims against the Government of the United States: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

FLORENCE GLASS

The bill (H.R. 5228) to authorize the payment of hospital and other expenses arising from an injury to Florence Glass was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following creditors of Florence Glass the amounts specified after their names: Davis Memorial Hospital, Elkins, W.Va., \$65.74; Dr. W. E. Whiteside, Parsons, W.Va., \$6; Dr. Benjamin Ira Golden, Elkins, W.Va., \$30; John W. Minear, Parsons, W.Va., \$7. Such sums shall be paid in full settlement of all claims of the aforesaid creditors against Florence Glass in full settlement of all claims against the Government

of the United States arising out of injuries sustained by her on February 2, 1931, when she was struck by a large stone during the construction of a road in the Monongahela National Forest in West Virginia.

JOHN F. KORBEL

The bill (S. 2664) for the relief of John F. Korbel was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of John F. Korbel, of Calmar, Iowa, United States permanent coupon bonds numbered 2806442 to 2806444, inclusive, for \$100 each of the third Liberty Loan 4½-percent bonds of 1928, without interest and without presentation of the said bonds, which are alleged to have been lost, stolen, or destroyed: *Provided*, That the said bonds shall not have been previously presented to the Treasury Department: *And provided further*, That the said John F. Korbel shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said bonds in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the bonds hereinbefore described.

S. L. WELLS

The Senate proceeded to consider the bill (S. 2677) for the relief of S. L. Wells, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of Samuel L. Wells, Lehi, Utah, United States registered bonds numbered 132033 and 132034 in the denomination of \$100 each and 47328 in the denomination of \$500, inscribed "S. L. Wells", of the second Liberty Loan converted 4½-percent bonds of 1927-42, with interest from May 15, 1927, to November 15, 1927, the date on which the bonds of this loan were called for redemption, without presentation of the bonds, said bonds alleged to have been assigned in blank by the registered payee and subsequently stolen from the Peoples Bank of Lehi, Lehi, Utah: *Provided*, That the said bonds shall not have been previously presented to the Department: *And provided further*, That the said Samuel L. Wells shall first file in the United States Treasury Department a bond in the penal sum of double the amount of the principal of the missing bonds and the final interest thereon payable November 15, 1927, in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury with condition to indemnify and save harmless the United States from any claim on account of the bonds hereinbefore described.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Samuel L. Wells."

ELMER E. MILLER

The bill (S. 232) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller, former disbursing clerk in the Bureau of Pensions, against the United States for the recovery of any unpaid part of his salary as such clerk, as fixed by law, for the fiscal years ending June 30, 1922, June 30, 1923, and June 30, 1924, respectively.

SEC. 2. Such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceeding for the determination of such claim, and appeals from, and payment of, any judgment thereon shall be in the same manner as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

VELIE MOTORS CORPORATION

The Senate proceeded to consider the bill (S. 2905) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation.

Mr. KING. Mr. President, I should like an explanation of the bill.

Mr. DIETERICH. Mr. President, the bill was introduced to confer jurisdiction on the Court of Claims to hear and determine a matter which arose during the period of the war when the Velie Motor Co. was given a contract to construct certain carriages. By some misunderstanding the

carriages were constructed according to the specifications; that is, specifications were furnished which were afterward changed. It was thought the carriages were being constructed for domestic use when, as a matter of fact, they were really being constructed for shipment across the ocean. By reason of the change in the specifications the construction of the carriages was made much more expensive. The matter was at one time heard by the Court of Claims and at one time they held with the Velie Motor Co., but afterward a controversy arose as a result of which the Velie Motor Co. got into financial difficulties. Before those difficulties could be straightened out the time had expired. All they want is a chance to submit the matter to the Court of Claims for determination upon its merits.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment, notwithstanding the lapse of time, or any statute of limitations, or any limitation upon the jurisdiction of such court with respect to claims upon any contract implied in law, upon the claim of the Velie Motors Corporation for reimbursement for net losses sustained by such corporation on account of the additional requirements imposed by the Government with respect to the crating of gun carts manufactured pursuant to a certain war contract (no. CMG-74, dated Oct. 25, 1917) with the Ordnance Department, United States Army, which requirements were not contemplated by such contract.

SEC. 2. Such claim shall be instituted by or on behalf of the Velie Motors Corporation within 1 year after the date of the enactment of this act. Proceedings in any suit before the Court of Claims under this act, and review thereof, and payment of any judgment therein, shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

B. E. DYSON

The bill (S. 1758) for the relief of B. E. Dyson, former United States marshal, southern district of Florida, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the General Accounting Office is hereby authorized and directed to credit the accounts of B. E. Dyson, former United States marshal, southern district of Florida, in the amount of \$1,060 disallowed by certificate of settlement no. F-22358-J, dated December 18, 1931, representing payments made to Frank A. Kopp for services rendered as bailiff while also holding an appointment as deputy marshal at a compensation of \$175 per annum.

BILL PASSED OVER

The bill (S. 255) for the relief of John Hampshire was announced as next in order.

Mr. McKELLAR. Will the Senator in charge of that bill explain it? There seems to be a recommendation by the Department against the bill.

The VICE PRESIDENT. Does the Senator ask to have the bill go over?

Mr. McKELLAR. I do.

The VICE PRESIDENT. The bill will be passed over.

SPANISH WAR SERVICE MEDAL

The bill (S. 1810) to amend the act authorizing the issuance of the Spanish War Service Medal was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the last paragraph under the subheading "Medals of Honor, Distinguished Service Crosses, and Distinguished Service Medals" in the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1919", approved July 9, 1918 (40 Stat. 845, 873), as amended, is amended by striking out "not less than 90 days."

FORT SMITH NATIONAL CEMETERY RESERVATION, ARK.

The bill (S. 2266) to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized, under such terms and conditions as he deems advisable, to sell and convey by quitclaim deed to the Midland Valley Railroad Co., its successors and assigns, the right, title, and interest of the United States in and to a tract of land containing approximately 0.1 acre, outside of the wall enclosure of the Fort Smith National Cemetery Reservation, Ark.

SEC. 2. That the Secretary of War shall cause an appraisal to be made of the aforesaid land, the cost of such appraisal to be paid by the Midland Valley Railroad, and said land shall be sold at not less than the appraised value thereof, the proceeds from such sale to be deposited into the Treasury to the credit of the fund known as the "military post construction fund" as provided in section 4 of the act of March 12, 1926 (44 Stat. 203).

AMENDMENT OF GAMBLING LAWS OF THE DISTRICT

The Senate proceeded to consider the bill (S. 2925) to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto, which had been reported from the Committee on the District of Columbia, with amendments.

Mr. ROBINSON of Arkansas. Mr. President, this seems to be an important bill. I suggest that the Senator from Utah explain its provisions.

Mr. KING. Very gladly I will do so, Mr. President.

The bill is rather formidable in length, but, as a matter of fact, it proposes just two amendments to existing law.

Evidence came before the committee, and facts were brought to the attention of the Commissioners and of Mr. Garnett, the district attorney, to the effect that a gambling device known as "numbers" has become very prevalent, and little children are induced to buy these numbers and participate in a gambling game, the result of which is very disadvantageous to the people. It is recommended that this game of numbers be included in the present law against gambling.

That is the important change embodied in the measure.

One other addition to the existing law is this, and I refer to the report on page 2: Efforts have been made to punish the men who keep gambling paraphernalia and maintain gambling houses; but notwithstanding a large number of persons may be found within the gambling houses, and notwithstanding there may be paraphernalia, and so forth, it has been impossible to convict them because no one would testify that they actually engaged in gambling. So the district attorney, Mr. Garnett, prepared the amendment and came before the committee and made the following statement:

To meet the situation confronting the officials charged with the duty of enforcing the laws in the District, particularly in the matter of proof, the proposed bill provides that possession of tickets, slips, and so forth, which are issued in gambling transactions shall be prima facie evidence of purpose or intent of carrying on gambling transactions (sec. 863); that possession of gambling paraphernalia shall be prima facie evidence of the use thereof for gambling purposes and of permitting, inducing, betting, or playing, on the part of the owner, lessee, or occupant of any house, or other place where the paraphernalia is found (sec. 865).

The VICE PRESIDENT. The amendments reported by the committee will be stated.

The amendments were, on page 2, line 25, after the word "house", to insert "or part thereof"; on page 3, line 1, after the word "gaming", to insert "or for the purpose of buying, selling, or dealing in numbers, or any slips, tokens, certificates, or devices in connection therewith"; in line 11, after the word "device", to strike out "or on the side of or against the keeper thereof" and insert "or suffer a game to be played by which money or any article or thing is lost or won"; in line 15, after the words "table or", to insert "any other"; in the same line, after the word "device", to insert "or numbers slips, certificates, tickets, or tokens"; in line 17, after the words "prima facie evidence of the", to insert "unlawful"; in line 21, before the word "gambling", to insert "other", and in the same line, after the word "device", to insert "or numbers slips, certificates, tickets, or tokens", so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplementary thereto, constituting a Code of Law for the District of Columbia, be, and the same hereby are, amended as follows:

Section 863 of such act is hereby amended to read as follows:

"SEC. 863. If any person shall within the District keep, set up, or promote, or be concerned as owner, agent, or clerk, or in any other manner, in managing any policy lottery or policy shop, or the game or device known as the 'game of numbers', or shall sell or transfer any ticket, certificate, bill, token, or other device purporting or intended to guarantee or assure to any person or en-

title him to a chance of drawing or obtaining a prize, to be drawn in any lottery, or in the game or device commonly known as 'policy lottery' or 'policy' or 'numbers', or shall, for himself or another person, sell or transfer, or have in his possession for the purpose of sale or transfer, or shall aid in selling, exchanging, negotiating, or transferring a chance or ticket in or share of a ticket in any policy lottery or game of numbers, or any such bill, certificate, token, or other device, he shall be fined not more than \$1,000 or be imprisoned not more than 3 years, or both. The possession of any such tickets, certificates, bills, slips, tokens, or other device shall be prima facie evidence of purpose or intent of selling, transferring, exchanging, or negotiating the same."

SEC. 2. Section 865 of such act is hereby amended to read as follows:

"SEC. 865. Whoever shall in the District set up or keep any gaming table, or any house or part thereof, vessel, or place, on land or water, for the purpose of gaming, or for the purpose of buying, selling, or dealing in numbers, or any slips, tokens, certificates, or devices in connection therewith, or gambling device commonly called 'ABC', 'faro bank', 'EO', 'roulette', 'equality', 'keno', 'thimbles', or 'little joker', 'numbers', or any kind of gaming table or gambling device adapted, devised, and designed for the purpose of playing any game of chance for money or property, or shall induce, entice, and permit any person to bet or play at or upon any such gaming table or gambling device, or suffer a game to be played by which money or any article or thing is lost or won, shall be punished by imprisonment for a term of not more than 5 years. The possession of any such gaming table or any other gambling device, or numbers, slips, certificates, tickets, or tokens, shall be prima facie evidence of the unlawful use thereof and of the purpose of gaming or gambling or of inducing or permitting betting or playing, on the part of the lessee, occupant, or owner of such house, vessel, or place where such gaming table or other gambling device, or numbers slips, certificates, tickets, or tokens, may be found."

SEC. 3. Section 866 of such act is hereby amended to read as follows:

"SEC. 866. Whoever in the District knowingly permits any gaming table, bank, or device to be set up or used for the purpose of gaming in any house, building, vessel, shed, booth, shelter, lot, or other premises to him belonging or by him occupied, or of which at the time he has possession or control, shall be punished by imprisonment in the jail for not more than 1 year or by a fine not exceeding \$1,000, or both."

SEC. 4. Section 869 of such act is hereby amended to read as follows:

"SEC. 869. It shall be unlawful for any person or association of persons to bet, gamble, or make books or pools on the result of any trotting or running race of horses, or boat race, or race of any kind, or on any election, or any contest of any kind, or game of baseball, or the game known as 'numbers', or any like game. Any person or association of persons violating the provisions of this section shall be fined not exceeding \$500 or be imprisoned not more than 1 year, or both."

SEC. 5. Section 911 of such act is hereby amended to read as follows:

"SEC. 911. Upon complaint, under oath, before the police court, or a United States commissioner, setting forth that the affiant believes and has good cause to believe that there are concealed in any house or place articles stolen, taken by robbers, embezzled, or obtained by false pretenses, forged or counterfeited coins, stamps, labels, bank bills, or other instruments, or dies, plates, stamps, or brands for making the same, books or printed papers, drawings, engravings, photographs, or pictures of an indecent or obscene character, or instruments for immoral use, or any gaming table, device, or apparatus kept for the purpose of unlawful gaming, or any lottery tickets or lottery policies, or any book, paper, memorandum, or device for or used in recording any bet or deposit of money or thing or consideration of value received for any share, ticket, certificate, writing, bill, slip, or token in any pool or lottery or as a wager on or in connection with any race, game, contest, election, or other gambling transaction or device of an unlawful nature as defined in sections 863, 864, 865, 866, 868, and 869, of the act of March 3, 1901, as amended and supplemented, particularly describing the house or place to be searched, the things to be seized, substantially alleging the offense in relation thereto and describing the person to be seized, the said court or United States commissioner may issue a warrant to the marshal or any officer of the Metropolitan police commanding him to search such house or place for the property or other things, and, if found, to bring the same, together with the person to be seized, before the police court."

"The said warrant shall have annexed to it, or inserted therein a copy of the affidavit upon which it is issued, and may be substantially in the form following:

"Whereas there has been filed before — an affidavit, of which the following is a copy (here insert). These are therefore to command you to enter (here describe the place) and there diligently search for the said articles, goods, or chattels in the said affidavit described, and that you bring the same, or any part thereof, found on said search and also the body of — before the police court, to be dealt with and disposed of according to law."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELECTRIFICATION OF STEAM RAILROADS IN THE DISTRICT

The Senate proceeded to consider the bill (S. 2950) to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes.

Mr. McKELLAR. Mr. President, will the Senator from Utah explain this bill? The question I wish to ask him is whether the bill provides that the Government shall bear any of the expense involved.

Mr. KING. Mr. President, the bill is really to relieve one of the nuisances of which complaint is made, namely, large quantities of smoke being emitted from engines engaged in railroad operations within the District. One of the railroads has planned to electrify its line between here and Baltimore, and this bill merely gives it authority to put electric poles upon its own land within the District. The District Commissioners approve the bill.

The VICE PRESIDENT. The amendment reported by the committee will be stated.

The amendment was, on page 1, line 3, after the word "companies", to insert "now operating within the District of Columbia", so as to make the bill read:

Be it enacted, etc., That steam-railroad companies now operating within the District of Columbia are hereby authorized, after approval of their detailed plans and issuance of a permit by the Commissioners of the District of Columbia, to electrify their lines within the District of Columbia and across the Anacostia and Potomac Rivers with an alternating current overhead catenary or other type of electrification system, with all necessary transmission, signal and communication conductors and equipment, poles, conduits, underground and overhead construction, substations, and any other structures necessary in such electrification, the provisions of any law or laws to the contrary notwithstanding.

Sec. 2. Submarine cables may be used at drawbridge openings, provided previous approval shall have been obtained from the War Department.

Sec. 3. Where necessary for such electrification, the Commissioners of the District of Columbia may issue permits to construct conduit systems through or under the surfaces of public streets or other District of Columbia or United States property: *Provided, however,* That three ducts therein shall be reserved for the use of the United States and the District of Columbia.

Sec. 4. Nothing herein contained shall be construed as limiting or abridging the authority of the War Department, the Commissioners of the District of Columbia, or of the Interstate Commerce Commission.

Sec. 5. The said railroad companies shall be liable for any accident to, or injuries sustained by, any person by reason of any act or omission of the railroad companies or by their agents or servants during the construction, installation, maintenance, or operation of the electrical equipment and apparatus of the railroad trains.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PROPAGATION OF SALMON IN COLUMBIA RIVER DISTRICT

The bill (S. 2629) establishing a fund for the propagation of salmon in the Columbia River district was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby established in the Treasury a fund to be known as the "Columbia River salmon-propagation fund." There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to be paid into such fund, a sum equal to the sums heretofore received since 1905 by the United States as rental for fishing rights on Sand Island, near the mouth of the Columbia River, since the attempted grant of such land to the United States by the State of Oregon. All sums hereafter received by the United States as rental for fishing rights on such island shall be covered into such fund.

Sec. 2. All moneys in such fund are hereby reserved, set aside, and appropriated to be available for expenditure by the Secretary of Commerce for the propagation of salmon in the Columbia River district, including the establishment and operation of fish-cultural stations and fish hatcheries, the conduct of practical and scientific investigations and experiments relative to the salmon fisheries, and the diffusion of useful information relative thereto.

Sec. 3. No part of the moneys authorized to be appropriated by this act shall be expended in the construction, purchase, or enlargement of any fish hatchery or fish-cultural station or laboratory unless or until the State in which such hatchery, station, or laboratory is to be located, through appropriate legislative action has accorded or shall accord to the United States Commissioner of Fisheries and his duly authorized agents the right to conduct fish hatching and fish culture and all operations connected therewith in any manner and at any time that may by the Commissioner be deemed necessary and proper, any laws of the State to the contrary notwithstanding. The operation of any

hatchery, station, or laboratory shall be suspended whenever the State ceases to accord such right, or whenever in the judgment of the Secretary of Commerce, State laws and regulations affecting fish propagated are allowed to remain so inadequate as to impair the efficiency of such hatchery, station, or laboratory.

RUSSIAN RAILWAY SERVICE CORPS

The Senate proceeded to consider the bill (S. 2320) for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany, which had been reported from the Committee on Military Affairs with amendments.

Mr. KING. Mr. President, I should like an explanation of this measure.

Mr. THOMAS of Utah. Mr. President, this bill has once before been passed by the Senate. It is a bill for the relief of 288 men who were organized, brought into the service of the United States, and given the title of the Russian Railway Service Corps during the last years of the World War. The men were made part of the military forces of the United States by order of the President, were enlisted in the ordinary way, were issued uniforms, wore uniforms with insignia on them, and carried on in the normal way in which ordinary officers do for a given special task. The same type of men who were brought into the service for duty in France were given regular military service, and were allowed all of the honors and privileges of the military department.

This bill is more sentimental than anything else. It merely gives to these men the right to consider themselves ex-members of the military department of the United States.

Mr. KING. Mr. President, I may say to my colleague that I am familiar now with the terms of the bill, and I have no objection to it.

The VICE PRESIDENT. The amendments of the committee will be stated.

The amendments were, on page 2, line 1, after the words "United States", to insert "Army", and in the same line, after the word "War", to insert "*Provided, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act*", so as to make the bill read:

Be it enacted, etc., That the officers appointed by the President, and who served honorably during the war with Germany on and after April 6, 1917, in the Russian Railway Service Corps organized by the War Department under authority of the President of the United States shall be deemed to have the same legal status as if they had received a full and honorable discharge as emergency officers of the United States Army in the World War: *Provided, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.*

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GOVERNMENT OF ALASKA

The bill (H.R. 6185) fixing the date for holding elections of a delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the election of a Delegate from the Territory of Alaska to the House of Representatives provided for by the act of Congress entitled "An act providing for the election of a Delegate to the House of Representatives from the Territory of Alaska", approved May 7, 1906, as amended, and the election of the members of the Legislature of the Territory of Alaska, provided for by the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes", approved August 24, 1912, shall hereafter be held on the second Tuesday in September in the year 1934, and every second year thereafter on the said second Tuesday in September.

Sec. 2. That the Legislature of the Territory of Alaska shall hereafter convene at the capitol at the city of Juneau, Alaska, on the second Monday in January in the year 1935, and on the second Monday in January every 2 years thereafter.

Sec. 3. That the canvassing board for the Territory of Alaska created by the act of Congress entitled "An act providing for the election of a Delegate to the House of Representatives from the

Territory of Alaska", approved May 7, 1906, shall hereafter consist of the Governor, the secretary of the Territory, and the collector of customs for Alaska. It shall be the duty of the said canvassing board to canvass and compile in writing the vote specified in the certificates of election returned to the Governor from the several election precincts in the Territory and to keep an accurate record of each voting precinct in the Territory and the date of its creation.

The said canvassing board shall commence the performance of its duties at the office of the Governor within 10 days after the second Tuesday in October in each year in which an election is held as hereinabove provided, and shall continue with such work from day to day until the same is completed. No packages containing election returns shall be opened until the canvass commences, at which time they shall be opened in public and in such manner and under such conditions, as nearly as possible, as to give all parties interested an opportunity to see the returns. In case it shall appear to the board that no election return, as herein prescribed, has been received by the Governor from any precinct in which an election has been held, the said board may accept in place thereof the certified copy of the certificate of election for such precinct received from the clerk of the court, and may canvass and compile the same with the other election returns. The canvassing board shall terminate the canvass and issue the certificates of election so soon as it is satisfied that no missing return would, if received, change the result of a canvass based upon the returns at hand, but when the board has information that an election was held at any precinct from which no return has been received and which return, if received, the board has reason to believe will affect the result of the election, it shall be the duty of the board to await the arrival of such return until 4 o'clock p.m. on the 10th day of December in the year during which the election is held, but no longer, and any return received after that time shall not be counted by the board.

Upon the completion of the said canvass as herein provided, the said board shall declare the person who has received the greatest number of votes for the office for which he is a candidate elected to such office for the term for which he is elected, and shall issue and deliver to him in writing, under their hands and seals, a certificate of his election. It shall be the duty of the Governor to preserve all election returns carefully and inviolate, and, after the certificates of result have been canvassed, to replace the returns into the packages from which they were taken and carefully seal the same and preserve all such returns inviolate for at least 2 years thereafter, unless sooner called upon by the House of Representatives of Congress or some court or tribunal of competent jurisdiction to produce the same for inspection. It shall also be the duty of the Governor to notify each successful candidate of his election, and to do so by the speediest means of communication.

SEC. 4. Except as herein otherwise provided, all of the provisions of the acts of May 7, 1906, and of August 24, 1912, hereinabove referred to, shall continue in full force and effect until altered, amended, or repealed by Congress. And any and all laws enacted by the Legislature of the Territory of Alaska pertaining to elections in said Territory shall remain in full force and effect until altered, amended, or repealed by the said Legislature or by Congress. That the Legislature of the Territory of Alaska shall have the power from time to time as the need therefor may arise to change the date of general elections in the said Territory, including the date of election of a Delegate from the Territory of Alaska to the House of Representatives and of the members of the Territorial legislature; and that the Legislature of the Territory of Alaska shall also have the power by law to change from time to time the personnel of the canvassing board, the dates of its meetings, and may prescribe its duties.

N. W. CARRINGTON AND J. E. MITCHELL

The Senate proceeded to consider the bill (S. 2620) for the relief of N. W. Carrington and J. E. Mitchell, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Virginia", to insert "out of any money in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to N. W. Carrington, Dumbarton, Va., and to J. E. Mitchell, Richmond, Va., out of any money in the Treasury not otherwise appropriated, the sums of \$1,020 and \$1,260, respectively, in full settlement of Federal indemnity for the destruction of their cattle in 1925 and 1926 which were found to be affected with tuberculosis.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 31) consenting that certain States may sue the United States and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30,

1866, 1867, and 1868, and vesting the right in each State to sue in its own name was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

Mr. REED subsequently said: Mr. President, may I inquire what was done with Senate Joint Resolution 31?

The VICE PRESIDENT. It went over upon objection.

ZUNI RESERVATION, N.MEX.

The Senate proceeded to consider the bill (S. 2876) to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings, which had been reported from the Committee on Indian Affairs with an amendment.

Mr. KING. Mr. President, I ask the Senator from New Mexico whether this measure will interfere in any way with the lands belonging to the Zuni Indians.

Mr. HATCH. The bill will transfer to the Zuni Indian Reservation about 12 sections of land. It will not interfere with their land. It will give them additional land; and, as I understand, the Department of Agriculture consents to the transfer.

Mr. KING. Will it require, later on, an appropriation by the Government to compensate somebody for the lands, or compel the Indians to pay for the lands so transferred?

Mr. HATCH. No; I think not.

The VICE PRESIDENT. The amendment reported by the committee will be stated.

The amendment was, on page 2, line 11, after the words "on the", to strike out "public domain" and insert "unreserved public lands", so as to make the bill read:

Be it enacted, etc., That the lands in townships 8 and 9 north, ranges 16 and 17 west, New Mexico principal meridian, New Mexico, comprising the Miller Division of the Cibola National Forest, are hereby eliminated from the Cibola National Forest and added to and made a part of the Zuni Reservation, subject to all valid rights and claims of individuals initiated prior to the approval of this act.

SEC. 2. For the purpose of effecting exchanges and consolidation of Indian and privately owned lands, the Secretary of the Interior is hereby authorized in his discretion, under rules and regulations to be prescribed by him, to accept reconveyances to the Government of privately owned lands, and relinquishments of valid homestead entries or other filings, including Indian allotments, within the above-mentioned national-forest unit, and to permit lieu selections, by those surrendering their rights, of similar lands approximately equal in value, from any lands within the said forest unit or on the unreserved public lands in New Mexico: *Provided*, That in determining the values and areas of lieu lands the value of improvements, including timber, on privately owned lands to be conveyed or relinquished for Indian benefit shall be taken into consideration and full credit in the form of lands may be allowed therefor: *Provided further*, That all privately owned lands acquired by the United States under the provisions of this act are hereby declared to be held for the benefit of the Indians of the Zuni Reservation.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RECORDS OF FIVE CIVILIZED TRIBES

The bill (H.R. 5631) to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized, under rules and regulations to be prescribed by him, to place with the Oklahoma Historical Society of the State of Oklahoma any records of the Five Civilized Tribes, including the Cherokees, Creeks, Choctaws, Chickasaws, and Seminoles, which may be in the custody or control of the Secretary of the Interior and the Superintendent for the Five Civilized Tribes; also of the Wichita, Kiowa, Comanche, Caddo, and Apache Indians that may be within his custody or control or of the agent at Anadarko, Okla.; also of the Arapaho and Cheyenne Indians that may be within his custody or control or of the agent at Concho, Okla.; also of the Sac and Fox, Pottawatomie, Kickapoo, and Iowa Indians that may be within his custody or control or of the agent at Shawnee, Okla.; also of the Wyandotte, Seneca, Quapaw, Peoria, Modoc, and Miami Indians that may be within his custody or control or of the agent

at Miami, Okla.; also of the Tonkawa, Ponca, Pawnee, Otoe, and Kaw Indians that may be within his custody or control or of the agent at Pawnee, Okla., and of the Osage Indians that may be within his custody or control or of the agent at Pawhuska, Okla. The Oklahoma Historical Society in receiving the custody of such papers, records, and matters of historical interest to receive same as custodian for the United States of America and the Secretary of the Interior, and to hold same under rules and regulations as may be prescribed by him: *Provided*, That copies of any documents, records, books, or papers in the office of and custody of the Oklahoma Historical Society when certified by the secretary or chief clerk of said society under its seal, or when such office or position is vacant by the officer or person acting as secretary or chief clerk for the time, shall be evidence equally with the original, and in making such certified copies such secretary or acting secretary and such chief clerk or acting chief clerk shall be acting as a Federal agent, and such certified copies shall have the same force and effect as if made by the Secretary of the Interior when such documents, records, books, or papers were in his office as Secretary of the Interior and certified by him under seal of his office: *Provided further*, That wherever such certified copies are desired by the Government to be used for the benefit of the Government they shall be furnished without cost: *Provided further*, That any of the records placed with the Historical Society shall be promptly returned to the Government official designated by the said Secretary upon his request therefor.

BILLS PASSED OVER

The bill (S. 2788) to amend section 5219 of the Revised Statutes as amended (relating to State taxation of national banking associations) was announced as next in order.

Mr. REED. Let that bill go over.

The VICE PRESIDENT. Let that bill go over.

ABANDONED PUBLIC BUILDINGS AND GROUNDS, SITKA, ALASKA

The bill (H.R. 5745) granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following described public buildings and grounds at Sitka, Alaska, are granted to the Territory of Alaska, to be used by the said Territory as a home for aged, sick, and infirm pioneers and residents thereof at the expense of the Territory, to wit: A tract of land described hereafter by metes and bounds:

Beginning at a point common to corners no. 2, United States Forest Service reserve, and no. 3, United States reserve for public common; thence north 61° 19' east 367 34/100 feet along north side of Lincoln Street to corner no. 3, United States reserve for public buildings; thence north 28° 40' west 222 63/100 feet along west side of Barracks Street to corner no. 6, United States marine and military reserve; thence north 61° 12' east 50 72/100 feet along north side of Barracks Street to corner no. 5, United States marine and military reserve; thence north 22° 50' west 87 61/100 feet along west side of Barracks Street to corner no. 4, United States marine and military reserve, set on south side of Seward Street; thence south 68° 33' west 164 4/100 feet along south side of Seward Street to a point common to corners no. 3, United States marine and military reserve, and no. 1, survey no. 407; thence south 29° 10' east 84 11/100 feet along east boundary of survey no. 407 to a point common to corners no. 2, United States marine and military reserve, and no. 4, survey no. 407; thence south 53° 19' west 70 37/100 feet along south boundary of survey no. 407 to a point common to corners no. 1, United States marine and military reserve, and no. 3, survey no. 407; thence north 41° 8' west 25 84/100 feet along west boundary of survey no. 407 to the south boundary of the tract of land reserved for school purposes by Executive order no. 4448, dated May 27, 1926; thence south 53° 19' west 121 feet along south boundary of tract of land reserved for school purposes to southwest corner of said tract; thence north 42° 30' west 108 feet along west boundary of tract of land reserved for school purposes to northwest corner of said tract; thence south 35° west 57 28/100 feet along north boundary of United States reserve for public common to corner no. 6 and meander corner, United States reserve for public common, on shore of Sitka Bay; thence with meanders along shore of Sitka Bay south 37° 19' east 57 9/100 feet, south 20° 23' west 43 43/100 feet, south 82° 55' west 31 56/100 feet, south 70° 7' west 29 feet, south 15° 51' east 19 37/100 feet, south 2° 51' east 38 17/100 feet, south 76° 51' east 14 59/100 feet to corner no. 5 and meander corner on the line between United States Forest Service reserve and United States reserve for public common; thence north 60° east 132 44/100 feet along north boundary of United States Forest Service reserve to a point common to corners no. 1, United States Forest Service reserve, and no. 4, United States reserve for public common; thence south 20° 49' east 237 66/100 feet along east boundary of United States Forest Service reserve to the point of beginning; containing 2 769/1000 acres, and the buildings thereon: *Provided*, That all oil, coal, or other minerals in the land, and the right to prospect for, mine, and remove the same, be reserved to the United States under such rules and regulations as the Secretary of the Interior may prescribe.

SEC. 2. That the Territory of Alaska shall never sell or otherwise dispose of any part of said property; and if the same shall ever be abandoned for the uses herein declared the said premises shall revert to the United States.

COMMEMORATION OF THREE HUNDREDTH ANNIVERSARY OF FOUNDING OF MARYLAND

The bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in commemoration of the three hundredth anniversary of the founding of the Province of Maryland, there shall be coined by the Director of the Mint ten thousand 50-cent pieces of standard size, weight, and silver fineness and of a special appropriate design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, to be legal tender in all payments at face value.

SEC. 2. That the coins herein authorized shall be issued at par and only upon the request of the chairman or secretary of the Maryland Tercentenary Commission.

SEC. 3. Such coins may be disposed of at par or at a premium by said Commission and all proceeds shall be used in furtherance of the Maryland Tercentenary Commission projects.

SEC. 4. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coining; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

RELIEF OF SUFFERERS FROM FIRE IN MINNESOTA

The Senate proceeded to consider the bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918, which had been reported from the Committee on Claims with an amendment, on page 3, line 3, after the words "to the", to strike out "United States Railroad Administration" and insert "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each claimant or its or his heirs, administrators, executors, or successors, the amount of whose loss on account of fire originating from the operation of railroads by the United States in the State of Minnesota on or about October 12, 1918, has been determined by court proceedings or by the Director General of Railroads, the difference between the amount of such loss so determined and the amount actually paid by the United States to such claimant less any amount paid to such claimant by any fire insurance company on account of such fire: *Provided*, That notwithstanding the terms and conditions of any policy of insurance, or the provisions of any law, no fire insurance company, except farmers' mutual fire insurance companies shall have any rights in and to funds herein appropriated, the payments herein provided for, nor to any right of subrogation whatsoever. That said farmers' mutual fire insurance companies shall be paid in the same manner and to the same extent as other claimants: *Provided further*, That no person who makes claim under this act by virtue of having acquired and succeeded to the rights of the original claimant through purchase and assignment from said claimant of said claim, shall receive more than the amount actually paid for such claim and assignment: *And provided further*, That in making payments to claimants, the Secretary of the Treasury shall promulgate rules and regulations as to proof required, as to the identity of claimants, validity of assignments, and all other matters in connection with said payments, and his determination as to the person entitled to receive payment shall be final.

SEC. 2. No payment under the provisions of this act shall be made unless an application therefor is filed with the Secretary of the Treasury by or on behalf of the person entitled to payment within 2 years after the date of the enactment of this act. All applications shall be referred to the Comptroller General of the United States for investigation and adjustment, and payment shall be made by the Secretary of the Treasury in accordance therewith.

SEC. 3. The words "person" and "claimant", as used in the act, shall include an individual, two or more persons having a joint or common interest, company, partnership, and municipal and private corporations.

SEC. 4. Any person or group of persons individually or collectively who charge or collect, or attempt to charge or collect, either directly or indirectly, any fee or other compensation for assisting in any manner any person in obtaining the benefits of this act in excess of 10 percent of the amount of the claim actually paid under this act, shall, upon conviction thereof, be subject to a fine of not more than \$500 or imprisonment for not more than 1 year, or both.

Mr. KING. Mr. President, I should like an explanation of this measure. What obligation is there upon the Government, and what is the amount of the obligation, if any?

Mr. SHIPSTEAD. Mr. President, the amount of the obligation can be determined only by going into the records of the courts where the obligation was fixed, either by a decision of the Supreme Court or by stipulation of the claimants. The result of that stipulation was made a part of the court records, and they will have to be searched in order to determine definitely the amount of the claims. The limitation is in those records.

The Senator from Kentucky [Mr. LOGAN] reported the bill. I will ask him to continue the explanation.

Mr. KING. Mr. President, may I ask the Senator from Kentucky to justify—and I make the observation in a very proper way—measures which place no limitation whatever upon appropriations?

Mr. LOGAN. Mr. President, the limitation is there; and, so that the Senator from Utah may understand it, I will say that the amount involved is big, but the claim is just, and has been approved by everyone, I believe, who has ever gone into the matter.

I have not the time to tell the Senate about the terrible fire that occurred in Minnesota. It destroyed several hundred lives, burned up cities, and burned over 1,500 square miles of territory, leaving the people homeless and in distress. It was impossible to secure relief through the courts. The courts were congested. The liability of the Government was determined in a suit which went to the supreme court of Minnesota. The fire was started by the railroads while they were under the control of the Government. It was impossible to secure any relief in the courts, as I say, by reason of the number of claims. The Railroad Administration fought every inch of the way, until at last it made a proposition that the actual amount of loss sustained by each claimant should be determined, and that was determined and supervised by the Railroad Administration.

After it had done that, the Railroad Administration said to each one of these claimants, "We will give you 40 or 50 percent of the amount you actually lost." It was determined by the court that the Railroad Administration was liable, and the claimants were informed that they could take that or they could take nothing. These Minnesotans did accept settlements and gave receipts under the conditions then existing, without home and without property. Since that was done they have been trying to get the balances that it has already been determined are due them.

This matter was submitted to the Comptroller General, and there is in the report a letter showing his suggestion. The bill refers the case to the Comptroller General to determine what is due under the settlements previously made.

It was submitted to the Attorney General of the United States, who recently sent a letter here in which he said that justice demanded that this matter be handled in the way we have attempted to handle it. Not only did that occur, but the President of the United States himself, whose letter is in the record, said that he had examined the report of the Attorney General on the bill, and that he concurred fully in the report.

The claim is just. The claimants have waited for 15 or 16 or 17 years, and it is time that the claim should be paid. I do not believe that anyone who would study the case would have any objection at all. But as my time has expired, I will merely say that I trust the bill will be passed.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the aggregate amount that will be required?

Mr. LOGAN. I should say that it would run anywhere from seven to ten million dollars.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTERNATIONAL ARMS & FUZE CO., INC.

The bill (S. 2809) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc., was announced as next in order.

Mr. McKELLAR. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

WEYMOUTH KIRKLAND AND ROBERT N. GOLDING

The bill (S. 2864) for the relief of Weymouth Kirkland and Robert N. Golding was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, to Weymouth Kirkland and Robert N. Golding the sum of \$5,155.76 for legal services rendered to the Railroad Labor Board, under the direction and approval of the Department of Justice.

Mr. McKELLAR subsequently said: Mr. President, what was done with Calendar No. 502, Senate bill 2864?

The VICE PRESIDENT. The bill was passed.

Mr. McKELLAR. I ask that the vote by which the bill was passed be reconsidered, because I see that Comptroller General McCarl recommends the disallowance of the claim, and the bill certainly should not be passed under those circumstances without an explanation.

The VICE PRESIDENT. Without objection, the vote by which the bill was passed will be reconsidered.

Mr. McKELLAR. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

ESTATE OF VICTOR L. BERGER

The bill (H.R. 7229) for the relief of the estate of Victor L. Berger, deceased, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there be paid out of any money in the Treasury of the United States not otherwise appropriated, to the legal heirs of the estate of Victor L. Berger, deceased, the sum of \$9,856.12, in full settlement of all claims against the Government of the United States, the same being the unpaid balance, and without interest, of the salary to which the said Victor L. Berger would have been entitled as a Member of Congress in the Sixty-sixth Congress, to which he had been regularly and duly elected but denied his seat therein because of his conviction for an alleged violation of the Espionage Act, which conviction was subsequently reversed by the United States Supreme Court, and the indictments nolle-prossed on January 23, 1923, in the United States District Court for the Northern District of Illinois: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

RICHARD J. ROONEY

The Senate proceeded to consider the bill (S. 60) for the relief of Richard J. Rooney, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out the words "\$100 as compensation", and to insert in lieu thereof the words "\$75, in full settlement of all claims against the Government", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Richard J. Rooney, out of any money in the Treasury not otherwise appropriated, the sum of \$75, in full settlement of all claims against the Government for loss suffered by him by reason of a delay in delivery of registered letter numbered 44336 on the part of the United States Post Office.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EDWARD F. GRUVER

The bill (S. 336) for the relief of Edward F. Gruver was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized to adjust and settle the claim of the Edward F. Gruver Co. in an amount not to exceed \$200 for leather labels furnished the Federal Radio Commission, notwithstanding any provision of law requiring such supplies to be obtained from the Government Printing Office.

ROBERT V. RENSCH

The bill (S. 2338) for the relief of Robert V. Rensch was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$136.50 to Robert V. Rensch, of St. Paul, Minn., to reimburse him for expenses in said sum incurred and paid by him as assistant United States attorney for the district of Minnesota, on behalf of the United States of America, with the approval of the Attorney General of the United States of America, in the trial of the case of *United States of America v. Wilbur B. Foshay et al.*, in the city of Minneapolis, in said district, between August 31, 1931, and September 30, 1931, which said sum was duly paid to said Robert V. Rensch by the United States marshal for said district, and subsequently and on the 20th day of October 1933 refunded by said Robert V. Rensch, under protest, to said United States marshal, by reason of the fact that on the 3d day of March 1933 the Comptroller General of the United States of America refused to allow credit to the said United States marshal for vouchers covering said sum for said expense.

TRIFUNE KORAC

The bill (S. 2709) for the relief of Trifune Korac was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Trifune Korac, out of any money in the Treasury not otherwise appropriated, the sum of \$2,000, representing the amount reimbursed by him to the American Employers Insurance Co. upon the forfeiture of two immigration bonds executed by said company upon security furnished by said Trifune Korac, conditioned upon the appearance before the immigration authorities of Klrsto Temelkovich and Kosta Simonovich, aliens, who, after the forfeiture of said bonds and the payment of the amount thereof by the bonding company, were apprehended through the efforts of said Trifune Korac and subsequently deported.

WILLIAM A. DELANEY

The Senate proceeded to consider the bill (S. 1901) for the relief of William A. Delaney, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the sum "\$133.53", to strike out the words "with interest at 6 percent per annum from May 15, 1919" so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William A. Delaney, former captain, Medical Corps, United States Army, the sum of \$133.53, in full satisfaction of his claim against the United States arising out of a payment made by the Quartermaster Corps, United States Army, to Daniel E. Anthony, a soldier who fraudulently represented himself to be a second lieutenant entitled to such payment, and for which payment the said William A. Delaney was held accountable.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ESTATE OF MARTIN FLYNN

The Senate proceeded to consider the bill (S. 1998) for the relief of the estate of Martin Flynn, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the sum "\$4,000", to strike out the words "with interest at the rate of — percent per annum", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Martin Flynn, deceased, of Des Moines, Iowa, the sum of \$4,000, in full satisfaction of its claim against the United States for expenses incurred by the estate in restoring to their original condition the fifth and

sixth floors of the Flynn Building, Des Moines, Iowa, which were vacated on September 30, 1929, by the United States Veterans' Bureau, at the expiration of its lease.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, this appears to be an unusual bill. I suggest that some Senator who is familiar with it should explain it.

Mr. GIBSON. Mr. President, this is a bill for the relief of the estate of Martin Flynn. It calls for the payment of \$4,000 in full satisfaction of a claim against the United States for expenses incurred in restoring to its original condition two floors of the Flynn Building in Des Moines, Iowa, which was used by the Veterans' Bureau.

Paragraph 8 of the original lease provided that if the lessor claimed restoration, he should file written demands for restoration 90 days before the termination of the lease. At the time Government occupancy terminated the original long-term lease had been modified by a clause giving the Government the privilege of renewal by successive 3-month periods. Having arrived at the end of the lease term, the Government took the building on a 3-month-term basis, so that it was not possible for the claimant to give the 3 months' notice of claim for restoration.

The claim was referred to the General Accounting Office, and denied, but the Veterans' Administration is of the opinion that the claim has merit, and recommended that the bill be amended so as to include only two items. It appears, however, that there was a third item which was contracted for at the time the other two items were contracted for; and if the two items are to be paid, the third one ought to be paid. So the committee felt that the claim was a just one, and that it should be allowed in full.

Mr. McKELLAR. Mr. President, I note that the Veterans' Administration fixes the amount at \$3,025, and would not include any interest.

Mr. GIBSON. It does not include any interest.

Mr. McKELLAR. Why increase the amount over what the Veterans' Administration recommended?

Mr. GIBSON. There was one item left out of consideration by the Veterans' Administration, namely, the expense of the replacement of lavatories. Bids were invited for that work and the amount of the bid for the restoration of the lavatories represents the difference between the amount the Veterans' Administration recommended and the amount the committee recommends.

Mr. McKELLAR. Mr. President, I think the recommendation of the Veterans' Administration ought to be followed. If the Senator is willing to have an amendment to that effect agreed to, I will not object to the consideration of the bill. I move that in line 6, page 1, of the bill, "\$4,000" be stricken out and "\$3,025" inserted.

Mr. GIBSON. Mr. President, the senior Senator from Iowa [Mr. Dickinson] is greatly interested in this bill. He explained to me last evening that it was necessary for him to be absent today, so I suggest that the bill go over until he can be here.

Mr. McKELLAR. Mr. President, that will be entirely satisfactory.

The VICE PRESIDENT. The bill will be passed over.

UNIFORM SYSTEM OF BANKRUPTCY

The bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. McKELLAR. Mr. President, this is a long bill, and I do not think we should consider such a bill at this time.

The VICE PRESIDENT. The bill will be passed over.

WILLIAM M. STODDARD

The bill (H.R. 2743) for the relief of William M. Stoddard was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William M. Stoddard, who was a member of Company D,

Second Regiment Arkansas Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 25th day of February 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

THOMAS J. GARDNER

The Senate proceeded to consider the bill (S. 895) for the relief of Thomas J. Gardner, which had been reported from the Committee on Military Affairs with an amendment, on page 1, at the beginning of line 10, to strike out "no pension shall accrue prior to the passage of this act" and to insert in lieu thereof "no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act", so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws and the laws governing the National Home for Disabled Volunteer Soldiers, or any branch thereof, Thomas J. Gardner shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Company L, Sixth Regiment Kentucky Volunteer Cavalry, on the 1st day of May 1865: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ARCHIBALD M'DONALD

The Senate proceeded to consider the bill (S. 365), for the relief of Archibald MacDonald, which had been reported from the Committee on Claims with an amendment, to strike out all after the enacting clause and to insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Archibald MacDonald, postmaster at Putnam, Conn., the sum of \$143.86 to reimburse him for payment of loss of postal funds due to the failure of the First National Bank of Putnam.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELMER BLAIR

The bill (S. 791) for the relief of Elmer Blair was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? If not, I shall ask that it go over.

Mr. DUFFY. Mr. President, the soldier who is the claimant in this bill was a man of very ordinary intelligence, a raw recruit. He had a furlough to go home and visit his father.

Mr. McKELLAR. Mr. President, I beg the Senator's pardon. I thought we had reached the next order on the calendar.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, sailors, marines, their widows and dependent relatives, Elmer Blair, formerly private, Company B, Three Hundred and Thirtieth Regiment United States Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private on March 13, 1918: *Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRANCES AGRAMONTE

The Senate proceeded to consider the bill (S. 2526) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, this bill is to pay Mrs. Agramonte the annuity which was being paid to Dr. Agramonte when he died. The same annuity is paid to the widows of the other members of the Walter Reed Yellow Fever Commission. The bill would merely extend to Mrs. Agramonte the same treatment given the widows of the other members of the Yellow Fever Commission.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts annually as may be necessary to pay, during the remainder of her natural life, the sum of \$125 per month to Frances Agramonte, widow of Dr. Aristides Agramonte, deceased, who was a member of the Yellow Fever Commission, and whose name appears on the roll of honor of the participants in the yellow-fever investigations in Cuba, published annually in the Army Register, said annuity being the same heretofore paid to Dr. Aristides Agramonte pursuant to the provisions of the public act approved February 28, 1929, entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever."

RESEARCH STATION AT SALT LAKE CITY, UTAH

The Senate proceeded to consider the bill (S. 1665) to provide for the establishment and maintenance under the Bureau of Mines of a research station at Salt Lake City, Utah, which had been reported from the Committee on Mines and Mining with amendments, on page 1, line 3, after the words "Secretary of", to strike out the word "Commerce" and to insert the words "the Interior"; on page 2, line 7, after the words "Secretary of", to strike out the word "Commerce" and to insert the words "the Interior"; on page 2, line 14, after the words "Secretary of", to strike out the word "Commerce" and to insert the words "the Interior"; and on page 2, line 15, after the words "Secretary of", to strike out the word "Commerce" and to insert the words "the Interior", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to establish and maintain in Salt Lake City, Utah, under the Bureau of Mines, a research and experiment station, the province and duty of which shall be to make inquiries and investigations into the mining, preparation, treatment, and utilization of ores and other mineral substances, including coal, oil, gas, and the hydrocarbons, and to disseminate information, with a view to improving conditions in the mining, quarrying, metallurgical, and other mineral industries, safeguarding life among employees, preventing unnecessary waste of resources, and otherwise contributing to the advancement of these industries.

SEC. 2. In order to carry out the provisions of this act the Secretary of the Interior is hereby authorized to transfer to the station at Salt Lake City such personnel and equipment of the Bureau of Mines and such funds already appropriated or hereinafter appropriated for the work of the Bureau of Mines as may be necessary for the carrying out of this act and for such other expenditures in connection with operation of the station as the Secretary of the Interior deems advisable.

SEC. 3. The Secretary of the Interior is hereby authorized, in his discretion, to cooperate with the State of Utah in carrying out the provisions of this act and for such purpose to accept lands, buildings, or other contributions from such State.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OBADIAH SIMPSON

The Senate proceeded to consider the bill (S. 1361) for the relief of Obadiah Simpson, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 8, after the word "regiment", to insert the words "on May 18, 1864", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Obadiah Simpson, late of Company F, Fourth Regiment Kentucky Mounted Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of said company and regiment on May 18, 1864: *Provided*, That no back pay, bounty, or other allowance shall be considered to have accrued by reason of the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAMES TULLEY HAZEL

The Senate proceeded to consider the bill (S. 896) for the relief of James Tulley Hazel.

Mr. McKELLAR. Mr. President, I should like to have an explanation of that bill. The Secretary of War recommends against its enactment.

Mr. THOMAS of Utah. Mr. President, this bill presents a case which turns on a single day.

James Tulley Hazel, a captain in the Medical Corps, was brought into the service on a given day, September 3. His acceptance of his detail was received in Washington on September 4. He claims to have telegraphed his acceptance on September 3; and if what he says is true—and he has two affidavits to evidence that what he says is true—he would have served 90 days during the World War. He was relieved of duty on the eighty-ninth day, however, if his enlistment is considered as beginning on September 4.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. McKELLAR. I note the following in the letter of the Secretary of War dated April 5, 1933:

There are numerous cases in which former officers and enlisted men have claimed a longer period of service than that shown by the official records. I know of no peculiar merits in the case of Captain Hazel which should single him out for relief that is not extended to all others in the same category, and it is recommended that favorable action be not taken in this case.

Sincerely yours,

GEO. H. DERN, Secretary of War.

It seems to me that if that is true—and I have no reason to doubt the statement made by the Secretary of War in regard to his records—it would not be fair to others in a like situation to single Mr. Hazel out and give him consideration that is not given to the others.

Mr. THOMAS of Utah. Mr. President, I doubt very much whether one could find another case exactly like this. The case turns upon the decision of this question: When does a person's service start, at the time of his acceptance or at the time of the arrival of a message saying that he has accepted? In the civil law the question has not been decided. It seemed to the Committee on Military Affairs that a case of this type would seldom come up; and that if such a case did come up again, it should be decided upon its individual merits, as this case was decided.

Mr. McKELLAR. Mr. President, it may be that this is a proper case, but I ask that the bill go over until we can examine it.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The bill will be passed over.

CHIPPEWA INDIANS OF MINNESOTA

The Senate proceeded to consider the bill (S. 2026) providing for payment of \$50 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States, which had been reported from the Committee on Indian Affairs with an amendment, on page 1, line 10, after the words "payment of", to strike out "\$50" and insert "\$25", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal fund on deposit to the credit of the Chippewa Indians in the State of Minnesota, under section 7 of the act entitled "An act for the relief and civilization of the Chippewa Indians in the State of Minnesota", approved January 14, 1889, as amended, and to make therefrom payment of \$25 to each enrolled Chippewa Indian of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States."

BILL PASSED OVER

The bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics; and for other purposes, was announced as next in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. The bill will be passed over.

ANN ENGLE

The Senate proceeded to consider the bill (S. 1526) for the relief of Ann Engle, which had been reported from the Committee on Claims, with amendments on page 1, line 6, after "\$1,500", to strike out "as compensation" and insert "in full settlement of all claims against the Government"; and on page 1, line 9, after the date "1930", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Ann Engle, out of any money in the Treasury not otherwise appropriated, the sum of \$1,500 in full settlement of all claims against the Government for personal injuries caused as a result of an accident involving an Army vehicle near Garden City, Long Island, N.Y., on October 1, 1930: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2850) to amend section 13 of the Federal Reserve Act was announced as next in order.

Mr. REED. Over.

The PRESIDING OFFICER. The bill will be passed over.

ONE HUNDRETH ANNIVERSARY OF ADMISSION OF ARKANSAS

The bill (S. 2901) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union there shall be coined at the mints of the United States 500,000 silver 50-cent pieces of such design as the Director of the Mint, with the approval of the Secretary of the Treasury, may select; but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage.

Sec. 2. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage authorized by this act.

Sec. 3. The coins authorized by this act shall be issued only to the Arkansas Honorary Centennial Celebration Commission, or its

duly authorized agent, in such numbers, and at such times as they shall be requested by such commission or any such agent, and upon payment to the United States of the face value of such coins.

BILL PASSED OVER

The bill (S. 3022) to amend an act entitled "An act to amend sections 3 and 4 of an act of Congress entitled 'An act for the protection and regulation of the fisheries of Alaska', approved June 26, 1906, as amended by the act of Congress approved June 6, 1924, and for other purposes", was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of the bill.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. STEPHENS], who introduced and reported the bill, is not present.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

SETH B. SIMMONS

The bill (H.R. 3072) for the relief of Seth B. Simmons was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Seth B. Simmons, who was a member of Company M, Fifth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 15th day of December 1908: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

ROBERT GRAY FRY

The Senate proceeded to consider the bill (S. 101) for the relief of Robert Gray Fry, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 5, after the word "Fry", to insert the word "deceased", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, benefits, and privileges upon honorably discharged soldiers Robert Gray Fry, deceased, shall be held and considered as having been honorably discharged from the military service of the United States on July 31, 1865, late of Company H, Twenty-eighth Regiment Iowa Volunteer Infantry: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Robert Gray Fry, deceased."

WALTER E. DANDY

The Senate proceeded to consider the bill (H.R. 257) to authorize full settlement for professional services rendered to an officer of the United States Army, which has been reported from the Committee on Military Affairs with amendments, on page 1, line 3, to strike out "Secretary of War" and insert "Secretary of the Treasury"; and in lines 5 and 6, after the words "out of", to strike out "the appropriation 'medical and hospital department, 1928'", and insert "any money in the Treasury not otherwise appropriated", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Dr. Walter E. Dandy the sum of \$1,000 out of any money in the Treasury not otherwise appropriated in full settlement for professional services rendered on November 26, 1928, to Maj. Frank V. Schneider, Infantry, United States Army, who was suffering from a rare and obscure disease contracted in the line of duty, the said services resulting in the cure and restoration to full duty of the said Maj. Frank V. Schneider.

Mr. McKELLAR. Mr. President, will the Senator from Texas explain this bill.

Mr. SHEPPARD. Mr. President, this officer underwent two or three operations by distinguished surgeons abroad for wounds received in line of duty in the World War, without favorable results. After periods of observation at Walter Reed Hospital the conclusion was reached that his was not a case for further surgical intervention. Assured by surgeons at Johns Hopkins that an operation they had devised would effect a cure, he obtained sick leave and took

the suggested operation at Johns Hopkins, which resulted in recovery. This measure is to pay the bill for the last-named operation. Technically it cannot be paid out of War Department funds because he was operated on in a private hospital. This officer is now on active duty.

The amendments were agreed to.

The bill was ordered to a third reading, read the third time, and passed.

CUMBERLAND RIVER BRIDGE, TENNESSEE

The bill (S. 2953) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge and approaches thereto across the Cumberland River, at a point suitable to the interests of navigation, at or near Carthage, Smith County, Tenn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

GOVERNMENT FOR AMERICAN SAMOA

The Senate proceeded to consider the bill (S. 1574) to provide a government for American Samoa.

Mr. KING. Mr. President, will the Senator from Maryland explain the difference between existing law and the proposed measure?

Mr. TYDINGS. Mr. President, similar bills have twice before passed the Senate. It will be recalled that some years ago a commission, of which the distinguished Senator from Arkansas [Mr. ROBINSON] was a member, went to the Samoan Islands, and this bill is a result of that visit. The bill is designed to give to the Samoans, who number about 10,000 people, some measure of local self-government in the islands. That briefly is the purpose of the bill.

Mr. ROBINSON of Arkansas. Mr. President, the American Samoan Islands contain a population of about 10,000 people. Those islands have been governed for more than 30 years under a very peculiar form of government. A naval officer appointed by the President has almost unlimited authority. He virtually makes the laws, interprets them—or appoints officers who do interpret them—and administers and enforces them. This bill is designed to give to the American Samoans a civil form of government. It was very carefully worked out by a commission.

As stated by the Senator from Maryland, similar bills have twice passed the Senate but have failed of action in the body at the other end of the Capitol. That body has proposed a number of amendments, which have, however, never come to the Senate. When I say "that body", meaning the House of Representatives, I mean Members of the House of Representatives. I think the bill should be passed.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc.,

TITLE I—GENERAL PROVISIONS

SHORT TITLE

SECTION 1. This act may be cited as the "Samoa organic act." ISLANDS INCLUDED WITHIN AMERICAN SAMOA

SEC. 2. The islands acquired by the United States of America under the joint resolution entitled "Joint resolution to provide for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States, and for other purposes", approved February 20, 1929, and the joint resolution entitled "Joint resolution extending the sovereignty of the United States over Swains Island and making the island a part of American Samoa", approved March 4, 1925 (U.S.C., title 48, sec. 1431), shall be known as American Samoa.

ESTABLISHMENT OF THE GOVERNMENT

SEC. 3. The citizens of American Samoa shall constitute a body politic. A government is hereby established over American Samoa with its capital at Pagopago on the island of Tutuila. The government of American Samoa shall have the powers set forth in this act and shall have power to sue and be sued by such name. Such government shall not enter into any treaty, alliance, or con-

federation. The government of American Samoa shall be under the supervision of such executive department of the Government of the United States as the President may direct.

UNITED STATES CITIZENSHIP

Sec. 4. (a) All persons of full or any part Samoan blood born in American Samoa after the effective date of this act are hereby declared to be citizens of the United States.

(b) All persons of full or any part Samoan blood who are inhabitants of American Samoa on the effective date of this act, and their children born subsequent thereto, are hereby declared to be citizens of the United States of America: *Provided*, That any such person who is a citizen, subject, or national of any foreign country and who remains in American Samoa may preserve such status upon filing with the Governor of American Samoa, within 1 year from the effective date of this act, a declaration of his decision to preserve such status.

(c) Any person of full or any part Samoan blood who (1) was an inhabitant of American Samoa before the effective date of this act, (2) was residing outside of American Samoa or was engaged in foreign travel on such date, and (3) is not a citizen, subject, or national of any foreign country, if he desires to be a citizen of the United States may, at any time within 2 years after such date, file with the Governor of American Samoa, or with the District Court of the United States for the District of Hawaii or any district court of the United States, a declaration to that effect on a form to be prescribed by the Commissioner of Naturalization. Such declaration shall set forth the status of such persons with respect to the qualifications required by this subsection, and shall be sworn to before an officer authorized by law to administer oaths. If the Governor or such court finds that such declaration satisfactorily establishes the qualifications required by this subsection, such person and his spouse, if of full or any part Samoan blood, and minor children shall be citizens of the United States, and the Governor or the clerk of such court, as the case may be, shall issue a certificate of citizenship to such person which shall contain the names of the spouse and the minor children of such person.

(d) Any person who has preserved his status as a citizen, subject, or national of a foreign country pursuant to the proviso in subsection (b) of this section, if he desires to become a citizen of the United States, shall file with the Governor of American Samoa or with the District Court of the United States for the District of Hawaii or any district court of the United States a declaration on a form to be prescribed by the Commissioner of Naturalization. Such declaration shall set forth facts showing that such person was qualified to have become a citizen under subsection (b) of this section and that he preserved his status as a citizen, subject, or national of a foreign country, and that he desires to renounce such preserved allegiance. Such declaration shall be sworn to before an officer authorized by law to administer oaths. If the Governor or such court finds that such declaration substantially establishes the qualifications required by this subsection, such person, upon taking the oath of allegiance to the United States, shall be a citizen of the United States, and the Governor or the clerk of such court, as the case may be, shall issue a certificate of citizenship to such person.

(e) Any person of full or any part Samoan blood who (1) is not a citizen of the United States, (2) has resided in American Samoa for a period of 1 year last preceding the filing of his declaration hereunder, and (3) marries an American citizen of full or any part Samoan blood, shall be deemed a citizen of the United States. Any such person may file with the Governor of American Samoa a declaration on a form to be prescribed by the Commissioner of Naturalization. Such declaration shall set forth the status of such person with respect to the qualifications required by this subsection and shall be sworn to before an officer authorized by law to administer oaths. If the Governor finds that such declaration substantially establishes the qualifications required by such person by this subsection, he shall, when such person has taken the oath of allegiance to the United States, issue a certificate of citizenship to such person.

AMERICAN SAMOAN CITIZENSHIP

Sec. 5. The people of American Samoa through the legislative authority of the government thereof shall determine from time to time the qualifications necessary for citizenship in American Samoa, but no person shall be qualified to become a citizen of American Samoa who is not a citizen of the United States and is not of full or any part Samoan blood.

APPLICATION OF THE LAWS OF THE UNITED STATES TO AMERICAN SAMOA

Sec. 6. (a) Except as otherwise provided in this act, all the laws of the United States, including laws carrying general appropriations, shall have the same force and effect within American Samoa as in the United States.

(b) The laws of the United States dealing with or covering the general subjects of public lands, immigration, naturalization, quarantine, internal revenue, tariff, and income tax shall not apply to American Samoa, unless specifically so made applicable by an act of Congress, except that the laws dealing with or covering the general subject of immigration shall apply to the travel of persons not citizens of the United States from American Samoa to the United States.

(c) The provisions of law of the United States of which sections 1453 to 1489, inclusive, of title 48 of the United States Code, as amended and supplemented, are prima facie evidence, shall not apply to American Samoa.

(d) The provisions of law of the United States restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from any port of the United States to another port of the United States shall not be applicable to foreign vessels engaging in trade between the islands of American Samoa or between those islands and other ports under the jurisdiction of the United States.

LAWS OF AMERICAN SAMOA

Sec. 7. (a) The phrase "the laws of American Samoa", when used in this act without qualifying words, shall mean the laws of American Samoa in force on the effective date of this act.

(b) The laws of American Samoa, except as amended by this act, are hereby continued in force, subject to modification or repeal by the Congress of the United States or the Fono, and all laws of American Samoa inconsistent with the provisions of this act are hereby repealed to the extent of such inconsistency.

(c) Whenever occurring in the laws of American Samoa not repealed by this Act—

(1) The words "president of the high court" or "an American judge" or "American district judge" or "foreign associate judges" are hereby amended to read "chief justice";

(2) The words "foreign officials" are hereby amended to read "other officials";

(3) The words "secretary of native affairs" are hereby amended to read "attorney general";

(4) The words "island government of American Samoa" are hereby amended to read "government of American Samoa";

(5) The word "regulation" is hereby amended to read "law"; and

(6) The word "declaration" is hereby amended to read "section."

BILL OF RIGHTS

Sec. 8. (a) No law shall be enacted in American Samoa respecting an establishment of religion or prohibiting the free exercise thereof, or abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble and to petition the government for a redress of grievances.

(b) The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated; and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized.

(c) No person shall be deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself. In all criminal prosecutions the accused shall have the right to a speedy and public trial; to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense. Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist in American Samoa.

(d) The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion or imminent danger thereof, the public safety shall require it.

(e) No bill of attainder, ex post facto law, or law impairing the obligation of contracts shall be passed.

(f) No person shall be convicted of treason unless on the testimony of two witnesses to the same overt act, or on confession in open court.

(g) Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

TITLE II—THE LEGISLATURE

SCOPE OF LEGISLATIVE POWER

SECTION 20. (a) The legislature of American Samoa shall consist of one body, which shall be organized and shall sit according to the laws of American Samoa in force on the effective date of this act and as amended or modified after such date. The legislature shall be styled the "Fono."

(b) The legislative power of American Samoa shall extend to all subjects of legislation not inconsistent with the provisions of this act and the laws of the United States applicable to American Samoa, but it shall not grant to any corporation, association, or individual any special or exclusive privileges, immunity, or franchise without the approval of Congress; nor shall it grant private charters, but it may by general act permit persons to associate themselves together as bodies corporate for agricultural, maritime, educational, ecclesiastical, charitable, fraternal, and industrial pursuits, and for the establishment and conduct of cemeteries. No divorce shall be granted by the Fono, nor shall any divorce be granted by the courts of American Samoa unless the applicant therefor shall have resided in American Samoa for 1 year next preceding the application. No lottery or sale of lottery tickets shall be allowed.

ORGANIZATION AND MEMBERSHIP OF THE LEGISLATURE

Sec. 21. (a) The Fono shall be the judge of the selection and qualifications of its own members. It shall choose its own officers and determine its rules and procedure. The Governor may attend the meetings of the Fono and take part in the deliberations of that body in an advisory capacity. He may authorize the

attendance of, and similar participation by, other officials of the Government of American Samoa. He may, in his discretion, preside over the meetings of the Fono.

(b) No idiot or insane person, no person who has been or may hereafter be expelled from the Fono for giving or receiving bribes or being accessory thereto, and no person who shall have been convicted of any criminal offense punishable by imprisonment for a term exceeding 1 year, whether with or without fine, shall sit in the Fono or hold any office in, or under, or by authority of, the government unless the person so convicted shall have been pardoned and restored to his civil rights. No person shall sit in the Fono who is not a citizen of American Samoa and who has not resided in American Samoa for at least 5 years immediately preceding the sitting of the Fono in which he seeks to qualify as a member.

OATH OF OFFICE

Sec. 22. Every member of the Fono and all officers of the government of American Samoa shall take the following oath or affirmation:

"I solemnly swear (or affirm) in the presence of Almighty God that I will faithfully support the Constitution and laws of the United States and conscientiously and impartially discharge my duties as a member of the Fono or as an officer of the government of American Samoa (as the case may be)."

COMPENSATION OF MEMBERS

Sec. 23. The members of the Fono shall receive no compensation for their services, but may be allowed mileage in such amount as the Fono may fix by law, not, however, in excess of 15 cents a mile each way going to and returning from each session of the Fono.

EXEMPTION FROM LIABILITY AND ARREST

Sec. 24. (a) No member of the Fono shall be held to answer before any tribunal other than the Fono itself for any speech or debate in the Fono except as provided in this section.

(b) The members of the Fono shall, in all cases except treason, felony, or breach of the peace, be privileged from arrest during their attendance at the sessions of the Fono and in going to and returning from the same. Such privilege as to going and returning shall not cover a period of over 10 days each way.

DISTRICTS

Sec. 25. For the purpose of representation in the Fono, American Samoa is divided into the following districts:

The Eastern District of Tutuila;
The Western District of Tutuila; and
The District of Manua, including the islands of Ofu, Olosega, Tau, Rose Island, and Swains Island.

SESSIONS OF THE FONO

Sec. 26. The regular session of the annual Fono shall be held between the 1st and 15th days of November each year at Pago-pago unless that body shall by law select a different time or place. The Governor may convene the Fono in special session at such time and place as he may deem it necessary. All meetings of the Fono shall be open to the public.

SIGNING BILLS AND VETO BY GOVERNOR

Sec. 27. No bill passed by the Fono shall become law until signed by the Governor. Every bill which shall have passed the Fono shall be certified by the attorney general and shall thereupon be presented to the Governor. If the Governor approves it, he shall sign it and it shall become a law. If the Governor does not approve of such bill, he may return it, with his objections, to the Fono. He may veto any specific item or items in any bill which appropriates money for specific purposes, but shall veto other bills, if at all, only as a whole.

RIGHT OF PETITION

Sec. 28. The Fono shall have the unrestricted right to petition the President of the United States in any matter affecting the government or the welfare of the Samoan people. The Governor shall forward such petition without delay with such comment as he may consider appropriate.

APPROPRIATIONS

Sec. 29. (a) Appropriations, except as otherwise provided in this act, shall be made by the Fono.

(b) The Governor shall submit to the Fono estimates for appropriations for the succeeding fiscal year as fixed by the Fono. He may submit also such bills to the Fono as he shall consider to be in the people's interest. The Governor is empowered to suspend the expenditure of funds appropriated by the Fono whenever by reason of disaster or economic disturbance such action is necessary or desirable in the public interest.

(c) In the case of failure of the Fono to pass appropriation bills providing for payments of the necessary current expenses of government and meeting its legal obligations, and until the Fono shall have acted, the sums appropriated in the appropriation bills last enacted shall be deemed to have been reappropriated.

(d) All legislative and other appropriations made prior to the effective date of this act shall be available to the government of American Samoa.

TITLE III—THE EXECUTIVE

THE EXECUTIVE POWER

SECTION 30. (a) The executive authority of the government of American Samoa shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold his office at the pleasure of the President and until his successor is appointed and

qualified. The Governor may be an active, retired, or reserve officer of the Navy or Army or a person from civil life. The Governor shall be not less than 30 years of age and shall be a citizen of the United States.

(b) The Governor shall be commander in chief of the militia of American Samoa, and he may grant pardons and reprieves and remit fines and forfeitures for offenses against the laws of American Samoa, and reprieves for offenses against the laws of the United States until the decision of the President thereon is communicated to the Governor. He shall annually, and at such other times as may be required, make official report of the transactions of the government of American Samoa to the executive department of the Government of the United States designated by the President of the United States under section 3 of this act, and such annual report shall be transmitted by such department to Congress.

ENFORCEMENT OF LAW

Sec. 31. The Governor shall be responsible for the faithful execution within American Samoa of the laws of American Samoa and of such laws of the United States as have force and effect within American Samoa. Whenever it becomes necessary he may summon the posse comitatus or call out the militia to prevent or suppress lawless violence, invasion, insurrection, or rebellion in American Samoa; and he may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, call upon the commanders of the naval and military forces of the United States in American Samoa to suppress such rebellion or invasion, or suspend the privilege of the writ of habeas corpus, or place American Samoa, or any part thereof, under martial law until communication can be had with the President and his decision thereon be communicated to the Governor.

ATTORNEY GENERAL

Sec. 32. (a) There shall be an attorney general of American Samoa who shall be appointed by the President by and with the advice and consent of the Senate of the United States, and hold his office at the pleasure of the President and until his successor shall be appointed and qualified. The Attorney General may be an active, retired, or reserve officer of the Navy or Army, or a person from civil life.

(b) The attorney general shall have the nonjudicial power and duties now reposed in or required of the Attorney General of American Samoa. He shall record and preserve all the laws and proceedings of the Fono, and all acts and proceedings of the Governor, and shall promulgate proclamations of the Governor. He shall, within 30 days after the end of each session of the Fono, transmit through the Governor of American Samoa to the President of the United States, who in turn shall transmit the same to the Congress of the United States, copies of all laws enacted during the session, and copies of the journal of the session. He shall transmit to the President of the United States through the Governor of American Samoa, annually, copies of the reports of the departments of the government of American Samoa, and shall perform such other duties as are prescribed for him by this act, or as may be required of him by law. When requested by the Governor or the Fono, the attorney general shall render opinions upon questions of law.

(c) In case of the death, removal, resignation, or disability of the Governor, or his absence from American Samoa, the attorney general shall exercise all the powers and perform all the duties of Governor during such vacancy, disability, or absence. In case of the death, removal, resignation, disability, or absence of both the Governor and the attorney general the President may designate from time to time an officer of the government of American Samoa to act as Governor and the officer so designated shall exercise all the powers and perform all the duties of the Governor during such vacancy, disability, or absence.

THE TREASURER

Sec. 33. (a) There shall be a treasurer of American Samoa who shall be appointed by the head of the executive department of the Government of the United States having supervision of the government of American Samoa. The treasurer may be an active, retired, or reserve officer of the Navy or Army, or a person from civil life.

(b) The treasurer shall be custodian of all funds of the Government, and be held to a strict accountability for the same. He shall furnish a surety bond for the faithful performance of his duties in such sum as the Governor of American Samoa shall stipulate. The premium on such bond shall be paid from the funds of the government of American Samoa.

APPOINTMENT, REMOVAL, TENURE, AND SALARIES OF OFFICERS

Sec. 34. (a) The Governor shall, except as provided in this act, appoint all officers and boards of a public character that may be created by law. The manner of appointment and removal and the tenure of all other officers shall be as provided by law and the Governor may appoint or remove any officer whose appointment or removal is not otherwise provided for. All officers appointed under the provisions of this act shall be citizens of the United States. The salaries of all officers, except the salaries of officers whose payment is provided in section 51, and except the salaries of those officers provided for by the Federal Government, shall be paid from the funds of the government of American Samoa.

(b) All persons holding office in American Samoa at the time this act takes effect shall, except as otherwise provided in this act, continue to hold their respective offices until their successors are

appointed and qualified. Nothing in this section shall be construed to conflict with authority and powers conferred by section 20 of this act.

TITLE IV—THE JUDICIARY THE COURTS

SECTION 40. The judicial authority of American Samoa shall be vested in one high court and in such inferior courts as may have been or hereafter may be established under the laws of American Samoa. The Governor shall not sit as a judge in any court.

HIGH COURT

SEC. 41. (a) The President shall nominate and, by and with the advice and consent of the Senate, appoint the chief justice of the high court, who shall hold his office for the term of 4 years unless sooner removed for cause by the President.

(b) The high court shall consist of the chief justice. The chief justice shall select from time to time two of the district judges to sit with him in a purely consultative capacity.

PROCEDURE

SEC. 42. (a) The chief justice shall prescribe the rules of procedure to be followed in the courts of American Samoa.

(b) No person shall sit as a judge in any case in which his relative by affinity or consanguinity within the third degree is interested either as a plaintiff or as a defendant, or in the issue of which such judge has directly or indirectly any pecuniary interest. The Fono may add other causes of disqualification to those herein enumerated. Unless otherwise provided by law, in case of the disqualification or absence of the Chief Justice in any cause pending before the court, the Governor shall designate a person to act as chief justice in the trial and determination of such cause.

(c) The style of all process in the courts of American Samoa shall hereafter run in the name of the government of American Samoa, and all prosecutions shall be carried on in the name and by the authority of the government of American Samoa.

APPEALS

SEC. 43. (a) The District Court of the United States for the District of Hawaii shall have jurisdiction to review by appeal and thereupon to confirm, modify, or reverse final decisions of the high court of American Samoa in all cases, civil or criminal, wherein any provision of this act or a statute or treaty of the United States, or any authority thereunder, is involved; in all other civil cases wherein the value in controversy, exclusive of interest and costs, exceeds \$2,000; in all other criminal cases where the offense charged is punishable by imprisonment for a term exceeding 1 year or by death; and in all habeas corpus proceedings. Such district court shall also have jurisdiction to review the interlocutory orders and decrees of the High Court in cases in which it has appellate jurisdiction, and also, whenever any record on appeal is manifestly incomplete or insufficient for a satisfactory understanding of the appeal, to inquire further into the matters in controversy.

(b) Such district court shall provide by its rules the mode of appeals, taking into consideration the informality of procedure in the courts of American Samoa. For the purposes of this section special terms of such district court shall be held in American Samoa at such times and in such places as the judges of such court may deem expedient. Incident to its appellate jurisdiction, such court may grant a change of venue to a district court of the United States within the State of California.

TITLE V—MISCELLANEOUS LAND

SECTION 50. (a) The Governor of American Samoa, with the approval of the Fono, may from time to time convey to the United States such lands, buildings, or interests in lands or other property owned by the Government of American Samoa, as he may deem necessary for the purposes of the United States. No such conveyance shall be made in violation of the provisions of subsection (c) of section 8 of this act. The President may from time to time reconvey to the Government of American Samoa such lands, buildings, or interests in lands, or other property owned by the United States, and within the territorial limits of American Samoa, as in his opinion are no longer needed for the purposes of the United States.

(b) Except as provided in subsection (a) of this section the public, communal, and family group lands of American Samoa shall not be sold, leased, or otherwise alienated. They shall be administered under such laws as the Fono shall enact.

(c) No person who is not a citizen of American Samoa shall acquire title to land or any leasehold interest therein by purchase or otherwise: *Provided*, That this prohibition shall not affect the vested rights of persons or organizations who or which own lands or hold leasehold interests therein on the effective date of this act; nor shall it apply to the conveyance or transfer, approved by the Governor, to a recognized religious, philanthropic, or educational society, of sufficient land for their necessary purposes: *Provided further*, That in case land or lands so conveyed or transferred under approval of the Governor cease to be used for religious, philanthropic, or educational purposes they shall revert to the original owner: *And provided further*, That either the Government of American Samoa or the Government of the United States may acquire by purchase or otherwise such land or lands as it may require for public purposes.

(d) All transfers of interests in land shall be passed upon by the attorney general, and if in violation of the provisions of this act shall be void.

SALARIES OF OFFICERS

SEC. 51. (a) The following officers shall receive the following annual salaries, to be paid by the United States: The Governor, \$10,000; the attorney general, \$6,000; the chief justice, \$6,000; the treasurer, \$6,000. If the Governor, attorney general, or the treasurer shall be an active, retired, or reserve officer of the Navy or Army, he shall be entitled to receive as salary under this act any difference there may be between his total pay and allowances as such officer and the salary attached to the office of Governor, attorney general, or treasurer, as the case may be.

(b) The Governor shall receive annually from the United States, in addition to his salary, the sum of \$1,000, for stationery, postage, and other incidental and contingent expenses. The Governor is authorized to employ a private secretary, who shall receive an annual salary of \$2,400. There shall also be an official interpreter, who shall act in that capacity for all agencies of the government of American Samoa, as the Governor may direct, and who shall receive an annual salary of not to exceed \$1,500.

(c) The attorney general is authorized to employ a private secretary, who shall receive an annual salary of \$2,400.

(d) The chief justice is authorized to employ a clerk, who shall also act as official court stenographer, at an annual salary of \$2,400.

(e) All of such salaries shall be paid by the United States. Such officers and such employees shall be entitled to transportation at the expense of the United States for themselves, their immediate families, and their household effects from their homes in the United States to American Samoa upon their appointment, and from American Samoa to their homes upon completion of their duties: *Provided*, That such return transportation shall not be paid unless the officer or employee shall have served in American Samoa for a period of at least 2 years. Such officers and employees shall be entitled to 3 months' leave of absence not oftener than every other year. During such periods of leave of absence any such officer or employee shall be paid at the rate provided in this act, and shall be entitled to reimbursement for travel expenses not to exceed the sum of \$500, to be paid by the United States. During such part of any leave of absence taken as is in excess of the periods fixed herein he shall not be entitled to any compensation as an official of the government of American Samoa. The period of leave of absence shall in every case be arranged by the Governor.

PUBLIC HEALTH

SEC. 52. Subject to the laws of American Samoa, the maintenance and operation of the public-health service of American Samoa shall be under the direction of the Governor, who shall establish quarantine stations at such places in American Samoa as he may deem necessary, and shall promulgate quarantine regulations for the protection of American Samoa against the importation of disease. The costs of all activities of the public-health service, sanitation, medical relief, and quarantine service of American Samoa shall be borne by the United States.

IMPORTS AND EXPORTS

SEC. 53. (a) Imports from American Samoa into any State, Territory, or insular possession (except the Philippine Islands) of the United States, of any article not the growth, production, or manufacture of American Samoa or of the United States shall be subject to the same duties that are imposed on like articles when imported into the United States from any foreign country: *Provided*, That the duty paid upon importations into any State, Territory, or insular possession (except the Philippine Islands) of the United States of such articles shall not exceed the duty prescribed by law for importation of such articles into the United States less any duty which has been paid to the government of American Samoa upon importation into American Samoa.

(b) Articles which are the growth, production, or manufacture of American Samoa coming into any State, Territory, or insular possession (except the Philippine Islands) of the United States from American Samoa shall be entered at the several ports of entry free of duty.

TITLE TO LAND IN TERRITORIES

The Senate proceeded to consider the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

Mr. KING. Mr. President, I should like to ask the Senator from Maryland if it can be contended validly that the statute of limitations runs against the sovereign.

Mr. TYDINGS. Mr. President, it is disputed in some quarters. Three departments of the Government—the Department of the Interior, the Department of the Navy, and the Department of War—have all expressed their approval of the bill. It is to keep down controversies and lawsuits and make it definitely of record that the Government is relinquishing its rights to these lands that this bill was introduced. Does that answer the Senator's question?

Mr. KING. Mr. President, it is a rather novel doctrine that the Federal Government may lose title by adverse possession. What I am afraid of is that if we pass this bill, persons in other sections or other parts of the United States

may set up claims and say that this law is a sort of recognition of the fact that anterior to this time adverse possession might cause the loss of title.

Mr. TYDINGS. May I say to the Senator from Utah that in many instances in continental United States the Government has proved that it does not lose title to the land by adverse possession; but in Puerto Rico, Alaska, and other places the question has not been decided, and the Department thinks it wise for the legislative branch of the Government to make this commitment that they do not intend to have the title of those lands even questioned. All three of the Departments I referred to have signified their approval of this bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter no prescription or statute of limitations shall run, or continue to run, against the title of the United States to lands in any Territory or possession or place or territory under the jurisdiction or control of the United States, including the Philippine Islands; and that no title to any such lands of the United States or any right therein shall be acquired by adverse possession or prescription, or otherwise than by conveyance from the United States.

BONDS OF JUNEAU, ALASKA

The bill (S. 2811) to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the incorporated city of Juneau, Alaska, is hereby authorized and empowered to issue its general-obligation bonds in any sum not exceeding \$100,000, to be used for the following purposes, namely: The sum of \$51,400 for regrading and paving of streets and sidewalks, the sum of \$2,750 for installation of sewer and water pipe, the sum of \$5,000 for bridge construction and replacement, the sum of \$12,850 for the construction of concrete bulkheads, the sum of \$25,000 for construction of refuse incinerator, and the sum of \$3,000 for engineering supervision and overhead on all of the above-mentioned works, the cost of the necessary materials, as well as of installation and construction, to be paid out of the sums above specified. All of said improvements are to be made in the said city of Juneau, Alaska, except said refuse incinerator, which may be placed without the corporate limits of said city.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said city of Juneau, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said city of Juneau whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation of said city before the day fixed for such election. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

SEC. 3. The said bonds, when issued, shall bear the written signature of the mayor and clerk of the city of Juneau, and shall have impressed thereon the official seal of said city at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Juneau shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of the said city of Juneau, Alaska, before the issuance of such bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of \$1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works or any other Department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within 25 years from the date thereof: *Provided*, That the common council of the said city of Juneau shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said city of Juneau shall exercise the option to pay such bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

LXXVIII—310

SEC. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal of and interest on the bonds, legal tender for debts to the United States of America, at the office of the city treasurer of the city of Juneau, Alaska, or at such bank or banks, or at such place or places as may be designated by the common council of the city of Juneau, such place or places of payment to be designated in each of the several bonds issued.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Nothing herein contained shall be so construed as to prevent the issuance and sale of said bonds for any one or more of the purposes and in the respective amounts hereinbefore specified. Said bonds shall be sold only when and in such amounts as the common council of the city of Juneau shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said common council from time to time as the same may be required for the purposes hereinabove set forth.

SEC. 6. The city of Juneau is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the Federal Emergency Administration of Public Works acting under and pursuant to title 2 of the National Industrial Recovery Act and any amendments, additions, and supplements thereto.

BONDS OF SKAGWAY, ALASKA

The bill (S. 2812) to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the incorporated city of Skagway, Alaska, is hereby authorized and empowered to issue its general obligation bonds in any sum not exceeding \$40,000 to be used for the purpose of constructing, reconstructing, replacing, and installing a water-distribution system to replace the present system now owned by the city of Skagway.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said city of Skagway, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said city of Skagway whose names appear on the last assessment roll of said city for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the city of Skagway, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said city shall be in favor of the issuance of said bonds.

SEC. 3. The said bonds, when issued, shall bear the written signature of the mayor and clerk of the city of Skagway, and shall have impressed thereon the official seal of said city at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Skagway shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of the said city of Skagway, Alaska, before the issuance of such bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of \$1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works or any other department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within 25 years from the date thereof: *Provided*, That the common council of the said city of Skagway shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said city of Skagway shall exercise the option to pay said bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

SEC. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal of and interest on the bonds, legal tender for debts to the United States of America, at the office of the city treasurer of the city of Skagway, Alaska, or at such bank or banks, or at such place or places as may be designated by the Common Council of the City of Skagway, such place or places of payment to be designated in each of the several bonds issued.

SEC. 5. No part of the funds arising from the sale of said bonds shall be used for any purposes other than those specified in this act, and said bonds shall be sold only when and in such amounts as the common council of the city of Skagway shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said

common council, from time to time, as the same may be required for the purposes hereinabove set forth.

Sec. 6. The city of Skagway is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the Federal Emergency Administration of Public Works acting under and pursuant to title 2 of the National Industrial Recovery Act and any amendments, additions, and supplements thereto.

BONDS OF WRANGELL, ALASKA

The bill (S. 2813) to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the incorporated town of Wrangell, Alaska, is hereby authorized and empowered to issue its general-obligation bonds in any sum not exceeding \$47,000, to be used for the following purposes, namely: The sum of \$29,000 for enlargement, construction, and reconstruction of water-supply system; the sum of \$12,000 for extension, construction, and reconstruction of concrete retaining wall and filling, and paving streets and sidewalks; and the sum of \$6,000 for extension, construction, and reconstruction of sewers; all in the said town of Wrangell, Alaska.

Sec. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said town of Wrangell, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said town of Wrangell whose names appear on the last assessment roll of said town for municipal taxation. Not less than 20 days' notice of such election shall be given by posting notices of the same in three conspicuous places within the corporate limits of the town of Wrangell, Alaska, one of which shall be at the front door of the United States post office. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than a majority of the votes cast at such election in said town shall be in favor of the issuance of said bonds.

Sec. 3. The bonds when issued, shall bear the written signature of the mayor and clerk of the town of Wrangell, and shall have impressed thereon the official seal of said town at the time of their issuance. The bonds may be sold at either public or private sale, as the common council of Wrangell shall direct. The bonds above mentioned, when authorized to be issued as herein provided, shall bear interest at a rate to be fixed by the common council of the said town of Wrangell, Alaska, before the issuance of said bonds, and said interest shall not exceed the rate of 6 percent per annum, payable semiannually, and the bonds shall be sold at not less than par, plus accrued interest. Said bonds shall be in denominations of \$1,000 each, or, if purchased by the United States through the Federal Emergency Administrator of Public Works, or any other department or agency of the United States Government, in such other denominations as shall be satisfactory to the Federal Emergency Administrator of Public Works, or to such other agency of the United States as may have charge of the matter. The principal of said bonds shall be due within 25 years from the date thereof: *Provided*, That the common council of the said town of Wrangell shall have the right to call and pay such bonds, or any portion thereof, at any time, at par, plus accrued interest; but if said town of Wrangell shall exercise the option to pay said bonds before the date of their maturity, it shall pay first the bonds held by the Government of the United States or by any department or agency thereof, if any, the last maturities of said bonds to be paid first.

Sec. 4. The principal and interest of said bonds shall be payable in such funds as are, on the respective dates of payments of the principal of and interest on the bonds, legal tender for debts of the United States of America, at the office of the town treasurer of the town of Wrangell, Alaska, or at such bank or banks, or at such place or places, as may be designated by the common council of the town of Wrangell, such place or places of payment to be designated in each of the several bonds issued.

Sec. 5. No part of the funds arising from the sale of said bonds shall be used for any purpose or purposes other than those specified in this act. Nothing herein contained shall be so construed as to prevent the issuance and sale of said bonds for any one or more of the purposes and in the respective amounts hereinbefore specified. Said bonds shall be sold only when and in such amounts as the Common Council of the Town of Wrangell shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mentioned and under the orders and directions of the said common council from time to time as the same may be required for the purposes hereinabove set forth.

Sec. 6. The town of Wrangell is hereby authorized to accept hereunder such loan and grant as may be awarded to it by the

Federal Emergency Administration of Public Works acting under and pursuant to title 2 of the National Industrial Recovery Act and any amendments, additions, and supplements thereto.

CONDEMNATION PROCEEDINGS BY THE UNITED STATES

The Senate proceeded to consider the bill (S. 2647) prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes, which had been reported from the Committee on the Judiciary with amendments, on page 3, line 12, after the word "property", to insert "or any other relevant allegation or matter"; on page 3, line 15, after the word "thereto" to insert "and such exhibits or schedules shall be and are parts of the petition itself and the petition or the exhibits or schedules or other pleadings may be amended at any time before final judgment"; on page 6, line 13, after the word "any", to strike out "party" and insert "defendant or intervenor"; on page 6, line 15, after the word "within", to strike out "20 days from the time that the cause is at issue" and insert "which he is allowed to plead to the petition", so as to make the bill read:

Be it enacted, etc., That whenever any agent, or the head of any department, or any other officer, who is authorized to procure real estate, including fixtures thereon, for the use of the United States of America shall request the Attorney General to do so, the Attorney General may cause to be instituted in the United States district court of the district wherein such property, or a part thereof, is situate, or in the Supreme Court of the District of Columbia, the District Court for the Territory of Alaska, or the District Court for the Territory of Hawaii, if the property is situate, respectively, in the District of Columbia, the Territory of Alaska, or the Territory of Hawaii, a proceeding in condemnation and in the nature of a bill to quiet title to acquire such property, or such easement, or right, or title, or ownership therein as shall be desired; and in said proceeding the court shall have plenary jurisdiction, to the end that title to said property, or such easement, or right, or title, or ownership therein desired shall be vested in the United States of America, and divested out of all other persons, firms, or corporations: *Provided*, That any such proceeding instituted in the Territory of Alaska shall be instituted in the division of the court within which the property, or a part thereof, involved is situate.

Sec. 2. In all condemnation petitions filed hereunder, which need not be verified by affidavit, it shall be sufficient to allege—

- (a) The name of the petitioner.
- (b) A description of the property, to which there may be attached a map thereof.
- (c) The purpose for which the property is to be acquired.
- (d) The names of all the owners, if known, of the property sought to be condemned and their residences, if known, and giving the names of any of them under 21 years of age, or of unsound mind, or suffering under any other disability.
- (e) The petition may also allege that there are unborn persons who may have some inchoate title or interest in, or lien or encumbrance on or against the property; and such allegation may be made on information or belief.
- (f) A suitable prayer for the relief and for process.

Sec. 3. The list of owners, their conditions, ages, and addresses, and a description of the property, or any other relevant allegation or matter, may be set out in the body of the petition, or attached as exhibits or schedules thereto; and such exhibits or schedules shall be and are parts of the petition itself and the petition or the exhibits or schedules or other pleadings may be amended at any time before final judgment.

Sec. 4. Notice of such proceeding shall be given in the following manner:

(a) All persons, including minors, over 14 years of age, and the guardians of minors and all persons non compos mentis, having any interest in the property, residing within the jurisdiction of the court where the property sought to be condemned is situate, and whose residence is known, must be notified of the pendency of the proceeding by personal service on them of a citation by the United States marshal, or one of his deputies, or by a due admission of service by such persons, or by mailing a notice to him at his last known address.

(b) In addition to the notice provided in the preceding subsection, all minors, and all persons of unsound mind, shall have their interest represented and protected by a guardian ad litem, appointed by a judge of the court in which the petition is filed.

(c) All minors under the age of 14 years having a legal guardian must have notice served upon such guardian as provided in subsection (a) hereof. If such minors have no legal guardian, notice shall be served upon the person or persons having custody of the bodies of such minors.

(d) All nonresidents of the jurisdiction wherein the petition is filed, and all unknown parties, and all parties whose residences or post-office addresses are unknown, shall be notified of the pendency of the proceedings by publication, once a week for 3

successive weeks in some newspaper published in the county, parish, or district where the land is situate; and if no newspaper is published therein, then the same shall be published in an adjoining county, parish, or district, or in such other manner as the court may direct.

Sec. 5. The notice to be served personally, or by publication, shall be substantially in the following form:

In the United States District Court for the _____ District of _____:

Notice:

The United States of America has filed a petition in the above court to appropriate and acquire title to a certain tract of land in the city of _____, county of _____, State of _____, described as follows:

(Here describe the land)

"A", whose residence is unknown;

"B", who lives at _____, in the State of _____, and any and all other persons, firms, or corporations whomsoever or whatsoever, known or unknown, are hereby notified of the filing of such proceedings; and that the same will be heard before said court at the place of holding the same at _____ o'clock, _____ m., on the _____ day of _____, 19__.

Clerk of said Court.

Sec. 6. Each defendant shall have 10 days after the service of notice as aforesaid to plead to the petition.

After the cause is at issue, all other notices may be given by delivering copies of the papers to the attorneys of record, or by filing the same in the office of the clerk of the court where the proceeding is pending.

Sec. 7. If the issues are determined in favor of the petitioner, the court shall enter a decree condemning the property; vesting title in the United States of America, according to the prayer of the petition, quieting title to said property, and appointing commissioners to fix just compensation therefor: *Provided*, That no commissioners shall be appointed in any case where a jury trial has been allowed.

Sec. 8. The petitioner may file a written demand for a common-law jury trial with the petition, and any defendant or intervenor to the suit may file a written demand for a jury trial at any time within which he is allowed to plead to the petition. In such event the cause shall be tried as other jury cases. If no jury trial is demanded, the court shall appoint as commissioners three disinterested residents of the judicial district, the District of Columbia, the Territory of Hawaii, or the division of the District Court for the Territory of Alaska, as the case may be, where the property, or any part thereof, is situate, to view the property, hear testimony, and value the same, and award damages to the owner for the taking.

Sec. 9. The order appointing the commissioners may be in substantial compliance with the following form:

United States of America against A Certain Parcel of Land et al.,
defendants

In the United States District Court for the _____ District of _____

Notice to _____

You are hereby appointed and notified of your appointment as commissioners to fix the amount of damages to which the several defendants in the above-entitled cause are entitled for taking their property under the proceedings therein, and you must make the return of your award within 15 days from the time you are sworn in as such commissioners, in substantially the following form.

Judge of the District Court.

The commissioners must report in writing, which may be substantially in the following form:

The undersigned commissioners named in the foregoing order in the above-entitled cause to view the property described in the petition and exhibits attached, after being duly sworn, viewed the property and examined the witnesses under oath in regard to the matters under inquisition, and respectfully report our findings as follows:

(The report shall contain)

(a) The names of the owners of each parcel of property, describing it, the value of the land, the value of the improvements, if any, the value of fixtures, if any.

(b) A list of all of the liens of every kind and character against said property, including taxes and assessments; and the value placed upon each and every parcel, and each and every interest therein, and any other matters which may be submitted under the direction of the court, together with a brief statement of the manner in which they arrived at the amount of compensation awarded.

Sec. 10. The commissioners must be duly sworn, and must subscribe the oath, which shall be in substantially the following form:

We, and each of us, do solemnly swear that we will well and truly inquire into, and find and return a true award of damages and compensation to the property owners in a certain cause pending in said court, wherein the United States of America is peti-

tioner and _____ are defendants, for the taking and appropriating the property described in the petition and in the foregoing commission appointing the undersigned as commissioners, according to the best of our ability.

Neither of us is in any way interested in said cause, nor are we, or any of us, of kin, nor related, to any of the parties to said cause by affinity or consanguinity.

The foregoing was subscribed and sworn to before me, the undersigned authority, by each and all of the above-named commissioners, on this, the ____ day of _____, 19__.

(Here give official title.)

Sec. 11. The above oath may be administered by, and sworn to before any judge of any court of record, or the clerk of any court of record, or notary public.

Sec. 12. There may be attached to the petition, and made a part thereof, a suitable and correct map of the land sought to be condemned, and the order of the court appointing the commissioners may have attached thereto a true copy of the petition and all exhibits or schedules exhibited.

Sec. 13. Where there are several parcels of land, regardless of whether they are owned by the same or different persons, jointly or separately, they may all be joined and condemned in one petition or proceeding, provided such parcels are contiguous, or provided they are being taken for one and the same project. Where lands sought to be acquired are contiguous and lie within the jurisdiction of two or more courts, the petition may be filed in either.

Sec. 14. It shall be the duty of the commissioners so appointed to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such other and additional steps as may be proper for the determination of the value of the lands, as well as rights-of-way or other interests sought to be condemned, and for such purposes the commissioners are authorized to subpoena witnesses, administer oaths, and conduct hearings for the ascertainment of just compensation to be awarded for the appropriation of the property. The award must be filed with the clerk of the court in which such proceedings are pending within 15 days from the date of the taking of the oath, unless further time is granted by the court, and upon the filing of such award in court, the clerk shall give notice of such filing to all the parties to said proceeding in the manner and form directed by a judge of said court.

Sec. 15. At any time within 20 days from the date of the filing of the said award in court, any party may file exceptions thereto. Such exceptions shall be heard before the court, which shall review questions of law and fact and shall render a final decree fixing just compensation.

Sec. 16. At any time within 30 days from the filing of the decree of the court any party may appeal therefrom to the Circuit Court of Appeals or the Court of Appeals of the District of Columbia, as the case may be.

Sec. 17. The United States may appeal without giving bond; but any other party appealing shall give bond, with good and sufficient surety, to be approved by the court, conditioned to pay all costs taxed against appellant on such appeal.

Sec. 18. If no exceptions shall be filed within 20 days from the filing of report of commissioners with the clerk, the court shall cause to be entered a decree fixing the amount of damages or compensation to which each and every party is entitled. The United States may withdraw or dismiss its petition at any time before the vesting of title to the property in the United States of America.

Sec. 19. All judgments or decrees awarded for the appropriation of property by the United States of America shall bear 6 percent interest from the time that title vests in the United States, subject to abatement for use, income, rents, or profits derived therefrom subsequent to entry of judgment or award, or verdict.

Sec. 20. On the rendition of the final decree, the clerk shall make and certify, under the seal of the court, a copy or copies of such decree, which shall be recorded in the proper local recording office or offices.

Sec. 21. Whenever, in the judgment of the court, there are so many defendants as to make it too expensive and impracticable to have all of them summoned as parties, the court may enter an order directing that a certain number of each class of claimants or owners, if there are more than one class, be selected for service and notice; and shall order notice given to all others by publication, as hereinbefore set out.

Sec. 22. Any person not already a party to the suit, who claims any interest in the property, may intervene as a party defendant.

Sec. 23. The court shall have full power and authority to determine any and all adverse claims or title or interest in the property, and the priority of liens thereon, without the intervention of a jury, unless demanded.

Sec. 24. All condemnation suits shall be preferred cases having precedence over all others except criminal causes where the defendants are in jail.

Sec. 25. All laws and parts of laws in conflict with the provisions of this act are hereby repealed: *Provided*, That the act approved February 26, 1931, entitled "An act to expedite the construction of public buildings and works outside of the District of

Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain", shall not be deemed repealed by this act.

SEC. 26. Should any provision or part of this act be declared unconstitutional or invalid, such decision shall not affect any other portion or part thereof.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. That completes the calendar.

WILLIAM J. COCKE

Mr. REYNOLDS. Mr. President, I ask unanimous consent for the consideration of Calendar No. 466, being the bill (S. 2558) for the relief of William J. Cocke, which has been reported from the Committee on Claims with an amendment.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2558) for the relief of William J. Cocke, which had been reported from the Committee on Claims with an amendment on page 1, line 6, after the sum of "\$9,116.88", to insert "in full settlement of all claims against the Government", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William J. Cocke, of North Carolina, the sum of \$9,116.88 in full settlement of all claims against the Government for losses growing out of contracts with the War Department, one dated July 1, 1918, for the purchase of garbage from Camp Green, situate at or near the city of Charlotte, N.C.; and the other dated September 23, 1918, for Camp Wadsworth, situate at or near the city of Spartanburg, S.C.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PINKIE OSBORNE

Mr. BARKLEY. Mr. President, a few days ago the Senate passed the bill (S. 2153) for the relief of Pinkie Osborne. The House has passed a similar bill, being House bill 3554, which has been messaged over to the Senate today. I ask unanimous consent that the House bill now be considered and passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H.R. 3554) for the relief of Pinkie Osborne was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of money in the Treasury not otherwise appropriated, to Pinkie Osborne, of Elizabethtown, Hardin County, Ky., the sum of \$2,500 in full settlement of all claim against the United States for injuries arising out of a gunshot wound inflicted by the discharge of a machine gun at Elizabethtown on April 6, 1918: *Provided,* That no part of the amount appropriated in this act shall be paid or delivered or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold or receive any sum of the amount appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined any sum not exceeding \$1,000.

Mr. BARKLEY. I ask unanimous consent for a reconsideration of the vote by which Senate bill 2153 was passed, and that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. What is the bill?

The PRESIDING OFFICER. That is the Senate bill for which the House bill was substituted. The Chair hears no objection to the request of the Senator from Kentucky, and it is so ordered.

INTERNATIONAL MANUFACTURERS' SALES CO. OF AMERICA, INC.

Mr. FESS. Mr. President, when the calendar was under consideration on Thursday last, Order of Business No. 463, being Senate bill 411, is reported as having been objected to. I ask unanimous consent to recur to it, and that it may be

considered at this time. The bill was introduced by the Senator from Massachusetts [Mr. WALSH].

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 411) for the relief of the International Manufacturers' Sales Co. of America, Inc., which had been reported from the Committee on Claims with amendments, on page 1, line 8, after the word "of", to strike out "\$963,748.12" and insert "\$658,050", and on page 2, line 15, after the name "United States", to insert the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the International Manufacturers' Sales Co. of America, Inc., or its duly authorized representative on record, out of any money in the Treasury not otherwise appropriated, the sum of \$658,050 in full settlement for losses sustained by the said International Manufacturers' Sales Co. of America, Inc., during the years 1918 and 1919 while engaged, at the invitation of the United States Government, in furnishing articles of necessity to the Siberian population of Russia under and in pursuance to the plan formulated by the War Trade Board in the fall of the year 1918 for extending economic aid to the Siberian population of Russia, said losses having been incurred through the inability of the said International Manufacturers' Sales Co. of America, Inc., to exchange the Russian rubles received from the sale of said articles of prime necessity into American dollars because of the regulation issued by the Federal Reserve Board under date of February 14, 1919, under authority of the Executive order of January 26, 1918, prohibiting the exportation or importation of Russian rubles or the transfer of funds for their purchase by persons or dealers in the United States: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. RANDOLPH HOLLADAY

Mr. TOWNSEND. Mr. President, a few days ago, when the calendar was under consideration, order of business 402, being Senate bill 2719, for the relief of A. Randolph Holladay, was passed over on objection. I ask unanimous consent that it may be considered at this time.

Mr. KING. Mr. President, I will inquire of the Senator from Delaware if that is the measure which he explained to me, which provides for the return of taxes because of double payment?

Mr. TOWNSEND. It is.

Mr. KING. Very well.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the bill (S. 2719) for the relief of A. Randolph Holladay was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to A. Randolph Holladay the sum of \$11,172.15, with all interest due thereon, as a refund on income tax paid by A. Randolph Holladay, and which cannot be returned because of an agreement made between A. Randolph Holladay and the Treasury Department on form no. 866.

ELIGIBLE PAPER IN FEDERAL RESERVE BANKS

Mr. FLETCHER. Mr. President, during my absence, order of business 523, being Senate bill 2850, was reached.

I can understand how objection might naturally be made to it, inasmuch as no report accompanies the bill, but it is a very simple measure.

The facts are that under the law as it now stands section 13 of the Federal Reserve Act provides that any paper eligible for rediscount must be "indorsed and otherwise secured to the satisfaction of the Federal Reserve bank." The Federal Reserve Board and the Treasury Department have each recommended to us that that provision be changed so as to read "endorsed and/or otherwise secured." In other words, if the eligible paper is secured, it need not be endorsed, or, if it is endorsed by a member bank, it need not be otherwise secured. Both the Federal Reserve Board and the Treasury Department ask for this proposed legislation. The committee reported the bill unanimously, and I believe it is important. It is felt now that the banks ought to be relieved of endorsement where they furnish security; and if they do not furnish security they must endorse the eligible paper. I think the Senator from Delaware remembers our discussion of the measure?

Mr. TOWNSEND. I do remember it.

Mr. FLETCHER. It is a very simple measure. It has been, as I have said, recommended by both the Federal Reserve Board and by the Treasury. It will enable paper that is eligible for rediscount either to be secured or endorsed by a member bank, whereas now it must be both endorsed and secured. I ask unanimous consent to recur to that bill, and to have it considered at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

There being no objection, the bill (S. 2850) to amend section 13 of the Federal Reserve Act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the third paragraph of section 13 of the Federal Reserve Act, as amended, is amended by changing the words "indorsed and otherwise secured to the satisfaction of the Federal Reserve bank" in that paragraph to read "endorsed and/or otherwise secured to the satisfaction of the Federal Reserve bank".

CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Arkansas obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield to me in order that I may suggest the absence of a quorum?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Robinson, Ark.
Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Davis	King	Schall
Bailey	Dieterich	La Follette	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Loneragan	Smith
Barkley	Erickson	McAdoo	Stetwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Neely	Trammell
Byrd	Goldsborough	Norris	Tydings
Byrnes	Gore	Nye	Vandenberg
Capper	Hale	O'Mahoney	Van Nuys
Caraway	Harrison	Overton	Wagner
Carey	Hastings	Patterson	Walcott
Clark	Hatch	Pope	Walsh
Connally	Hatfield	Reed	Wheeler
Coolidge	Hayden	Reynolds	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, on Thursday last, the 15th of March, in an address to the Senate on the subject of air-mail contracts, I made the following statement:

The Pittsburgh Aviation Industries, Inc., was a strong political factor in Pennsylvania, and the Mellons were prominent stockholders and officers in that company. This combination put in a

bid of 97½ percent of the maximum rate allowed by law. The United Aviation Co. bid on the same line on a basis of 64 percent of the maximum rate.

Mr. Andrew W. Mellon, former Secretary of the Treasury, took exception to that statement. In a letter to me, dated March 16, 1934, he said:

In your speech in the Senate yesterday on the cancelation of air-mail contracts you refer to the Pittsburgh Aviation Industries, Inc., as a "strong political factor in Pennsylvania" and stated that "the Mellons were prominent stockholders and officers in that company."

Mr. Mellon also refers in the letter to a communication which he addressed on February 2 to the Senator from Alabama [Mr. BLACK], and in his letter to me states:

Neither I nor any member of my family owned any shares of stock in this corporation (Pittsburgh Aviation Industries, Inc.), with the exception that my brother and my two nephews had each subscribed for quite inconsequential amounts of stock solely as a civic duty in furthering a local enterprise to establish air-mail service between Washington and Pittsburgh.

It seems proper that the entire letter should be incorporated in the RECORD at this point. I therefore send the letter from Mr. Mellon to the desk and ask that the Secretary read it and return it to me.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

A. W. MELLON,
730 Fifteenth Street,
Washington, D.C., March 16, 1934.

MY DEAR SENATOR: In your speech in the Senate yesterday on the cancelation of air-mail contracts, you referred to the Pittsburgh Aviation Industries, Inc., as "a strong political factor in Pennsylvania" and stated that "the Mellons were prominent stockholders and officers in that company."

For your information, I enclose a copy of a letter which I wrote to Senator BLACK on February 2, protesting against references emanating from his committee to the effect that the Pittsburgh Aviation Industries was a "Mellon-controlled company", and asking that he bring to the attention of his committee the fact that neither I nor any members of my family owned any shares of stock of this corporation with the exception that my brother and my two nephews had each subscribed for quite inconsequential amounts of stock solely as a civic duty in furthering a local enterprise to establish air-mail service between Washington and Pittsburgh.

Notwithstanding this, a totally erroneous impression continues to be given, as in your speech, and as the facts have evidently not been brought to your attention, I am doing so now as I know you would wish to correct the impression given, I am sure, inadvertently in your speech yesterday.

Sincerely yours,

A. W. MELLON.

HON. JOSEPH T. ROBINSON,
United States Senate, Washington, D.C.

Mr. ROBINSON of Arkansas. In submitting Mr. Mellon's letter for the RECORD, I present the evidence which, in my judgment, conclusively establishes the accuracy of both of the statements of which Mr. Mellon complains.

It is clearly shown from the minute book of the executive committee of the corporation, from communications addressed by its officers to parties in interest, and from letters written by Mr. A. W. Mellon himself that the Pittsburgh Aviation Industries Corporation was a strong political factor in Pennsylvania. Its officers designedly collaborated for the purpose of influencing both State and National legislation, and in fact, boasted of their political power and influence. Moreover, some of the communications are couched in such language as to indicate that performance of "civic duties" was not the primary motive, but that control of aviation in Pennsylvania and procurement of a profitable part of a transcontinental air-mail contract were the undoubted objects to be accomplished through the instrumentality of the Pittsburgh Aviation Industries Corporation.

So much for the present for the declaration that the Pittsburgh Aviation Industries Corporation was a strong political factor in Pennsylvania. I shall later submit from the record evidence supporting the declaration so conclusively that I do not think anyone can successfully contradict its reliability.

With reference to the second feature of Mr. Mellon's protest, namely, that the Mellons were prominent stock-

holders and officers in the Pittsburgh Aviation Industries Corporation, the following facts clearly appear on the record:

First. That the executive committee which determined the policy of the corporation and directed its efforts to influence legislation and governmental administrative functions, both State and National, included Mr. Richard K. Mellon, one of the relatives referred to by Mr. A. W. Mellon in his letter and a business associate of the Mellon group.

Second. The board of directors of the Pittsburgh Aviation Industries Corporation included the said Mr. Richard K. Mellon and Mr. W. L. Mellon, who was also president of the Gulf Oil Corporation. The latter, as will more clearly appear hereafter, actively interested himself in many of the affairs and proceedings of the corporation, while Mr. Richard K. Mellon sat in at the inner councils and is described in the communications mentioned as among those most vitally interested in the affairs of the corporation.

Third. The records of the Pittsburgh Aviation Industries Corporation show that R. B. Mellon owned 1,000 shares; R. K. Mellon, 400; and W. L. Mellon, 1,000, making a total of 2,400, with a par value of \$10 per share, representing a total stock in the aggregate amount of \$24,000. It will be recalled that Mr. A. W. Mellon in his letter to me states:

Neither I nor any member of my family owned any shares in this corporation with the exception that my brother and two nephews had each subscribed for quite inconsequential amounts of stock as a civic duty in furthering a local enterprise—

And so forth.

I have not referred to the members of the board of directors of the Pittsburgh Aviation Industries Corporation, who are also officers of various Mellon corporations. The stockholdings here described are limited to the stocks which appear on the books as owned by the Mellons individually. The chairman of the board of the Pittsburgh Aviation Industries Corporation is Mr. George S. Davison, who was president of the Gulf Refining Co.; Mr. W. L. Clause, who was the chairman of the board of the Pittsburgh Plate Glass Co. and a member of the board of the Pittsburgh Aviation Industries Corporation.

Mr. Frank A. Leovy, a director of the Gulf Oil Co., was also a director in the Pittsburgh Aviation Industries Corporation. Mr. H. D. Rust was another member of the Pittsburgh Aviation Industries Corporation board, and he was president of Koppers Co.

The Aluminum Co. of America, with which the Mellons are prominently connected, subscribed for a thousand shares, as appears from the letter of the president of Aluminum Co., Mr. Hunt, addressed to Mr. Hann, president of the Pittsburgh Aviation Industries Corporation, December 28, 1928.

Mr. FESS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Does the Senator have the capitalization or the total capital stock of the company?

Mr. ROBINSON of Arkansas. No.

Mr. FESS. I have it somewhere.

Mr. ROBINSON of Arkansas. The Senator may supply it.

In that connection it appears that there is no stockholder who owns a larger amount of the stock of the Pittsburgh Aviation Industries Corporation than Mr. R. K. Mellon or Mr. W. L. Mellon. The maximum amount of stock held by anyone in the company, according to the books, is 1,000 shares, and, as I remember, the par value of the shares is \$10; so that it does not appear to be accurate to state that the subscriptions of the Mellons to stock were "inconsequential", since each of two of those subscriptions equals that of any other shareholder in the corporation.

I had referred to a letter from Mr. Hunt. I now read that letter, addressed to Mr. George R. Hann, president Pittsburgh Aviation Industries Corporation, dated December 28, 1928:

DEAR GEORGE: Your letter of December 27, 1928, has been received concerning the \$10,000 subscription of the Aluminum Co. of America to the capital stock of the Pittsburgh Aviation Industries Corporation, and I confirm this to you.

Mr. C. Bedell Monro's letter as secretary, dated December 27, 1928, calling for payment of 10 percent of the amount of the subscription on or before January 15, 1929, will have attention and a check will be mailed in due time covering this \$1,000.

If any of our people can be of assistance, please command us. We are very much interested in promoting aviation and the use of aluminum and its strong alloys in the aviation industry. Our people know many of the personnel connected with the industry and perhaps can be of some aid in this respect.

With best wishes for a prosperous New Year, I remain,

Very truly yours,

ROY C. HUNT, President.

I read now the letter of Mr. George R. Hann, president of Pittsburgh Aviation Industries Corporation, to which the letter last read is a reply:

DECEMBER 27, 1928.

Mr. ROY A. HUNT,

Henry W. Oliver Building, Pittsburgh, Pa.

DEAR MR. HUNT: Mr. R. K. Mellon has advised me of the subscription of \$10,000 for the capital stock of this company, which you gave him. He also made clear to us your position, which we understand thoroughly.

He has also advised us of your assurances to him that we can count on the cooperation of you and your associates and we shall expect to take advantage of this offer. Right now we have a manufacturing project under consideration, which we feel will be of interest to you and your associates, and when we get the matter a little further along we may want to get the benefit of your advice and suggestion.

I enclose herewith a formal notice of first call (10 percent) which is going out to all subscribers.

Very truly yours,

GEORGE R. HANN, President.

While the record that I have quoted shows that the Aluminum Co. of America subscribed for \$10,000 worth of the capital stock of the Pittsburgh Aviation Industries Corporation, and while these communications show a confirmation of the subscription, the stock-book lists do not, so far as my investigation discloses, show that the Aluminum Co. of America is a stockholder.

I read now from the minute book of the executive committee meeting of the Pittsburgh Aviation Industries Corporation of January 9, 1929:

The committee, on suggestion by Mr. George R. Hann, agreed that the policy should be adopted by the company of forming proper contacts with the State and National Governments. In Washington the company could thus be helpful to the Post Office and to the Army and Navy authorities by supporting such legislation as would be beneficial to the air mail and to the future of aviation as a whole. In Harrisburg the company could do much to support State legislation for the general benefit of aviation.

In this connection attention is called to the circular issued by the Pittsburgh Aviation Industries Corporation, showing its list of officers, its technical staff, its general counsel, its board of directors, the members of the executive committee being indicated by stars, including Mr. George S. Davison, Mr. Norman Allderice, Mr. Arthur E. Braun, Mr. George R. Hann, Mr. A. L. Humphrey, Mr. George T. Ladd, Mr. Richard K. Mellon, and Mr. Lloyd W. Smith. I submit the list for the RECORD, and ask that it be returned to me when printed.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

"TO MAKE PITTSBURGH AN AVIATION CENTER"

The Pittsburgh Aviation Industries Corporation announces the removal of its offices to 723-727 Henry W. Oliver Building, Pittsburgh, Pa.; telephone, Atlantic 0816.

Officers: George S. Davison, chairman of board; A. L. Humphrey, chairman executive committee; George R. Hann, president; Norman Allderice, vice president; Richard W. Robbins, vice president; Thomas J. Hilliard, vice president; C. Bedell Monro, secretary; Charles L. McCune, treasurer.

Technical staff: Thurman H. Bane, chief engineer; Maj. H. S. Martin, assistant chief engineer; H. V. Thaden, manufacturing; Lt. W. H. Brookley, director of flying training; W. J. Austin, director of sales; Burr H. Simpson, construction manager Pittsburgh-Butler Training Port; Lt. E. C. Whitehead, transportation; Lt. H. H. Mills, transportation.

General counsel: George N. Monro, Jr.; Reed, Smith, Shaw & McClay.

Board of directors Pittsburgh Aviation Industries Corporation: *George S. Davison (chairman of board), president Gulf Refining Co.; *Norman Allderice, president Arch Machinery Co.; Taylor

* Members executive committee.

Allderdice; *Arthur E. Braun, president Farmers Deposit National Bank; James Francis Burke, attorney at law; John F. Casey, chairman of board John F. Casey Co.; James C. Chaplin, president Colonial Trust Co.; F. J. Chesterman, vice president Bell Telephone Co. of Pennsylvania; W. L. Clause, chairman of board Pittsburgh Plate Glass Co.; W. G. Costin, chairman of board Pittsburgh Screw & Bolt Corporation; E. R. Crawford, president McKeesport Tin Plate Co.; Samuel E. Diescher, S. Diescher & Sons, engineers; Maurice Falk, vice president Federated Metals Corporation; *George R. Hann (president); J. H. Hillman, Jr., chairman of board Peoples Savings & Trust Co.; *A. L. Humphrey (chairman of executive committee), president Westinghouse Air Brake Co.; Edgar J. Kaufmann, president Kaufmann Department Stores, Inc.; Morris Knowles, Morris Knowles, Inc., engineers; *George T. Ladd, president United Engineering & Foundry Co.; Irvin F. Lehman, vice president Blaw-Knox Co.; Frank A. Leovy, director, Gulf Oil Corporation; J. E. Lewis, president Harbison-Walker Refractories Co.; H. H. McClintic, president McClintic-Marshall Co.; Charles L. McCune (treasurer), director, Union National Bank; *Richard K. Mellon, Mellon National Bank; W. L. Mellon, president Gulf Oil Corporation; John F. Miller, vice chairman board of directors, Westinghouse Air Brake Co.; *W. L. Monroe, president American Window Glass Co.; Edmund W. Mudge, Edmund W. Mudge & Co.; Harrison Nesbit, president Bank of Pittsburgh N.A.; F. F. Nicola, president Nicola Realty Co.; George P. Rhodes, president Colonial Steel Co.; Elias Ritts, vice president Butler County National Bank; Richard W. Robbins (vice president); A. W. Robertson, chairman of board Westinghouse Electric & Manufacturing Co.; H. H. Robertson, president H. H. Robertson Co.; A. C. Robinson, president Peoples Savings & Trust Co.; H. B. Rust, president Koppers Co.; J. B. Shea, president Joseph Horne Co.; *Lloyd W. Smith, president Union National Bank; A. W. Wyckoff, president Wyckoff Drawn Steel Co.

Subsidiary companies: Pittsburgh Aerial Survey Corporation, Pittsburgh Aircraft Agency Corporation, Pittsburgh Air Transport Corporation, Pittsburgh Aviation Management Corporation, Pittsburgh Aviation Securities Corporation, Pittsburgh Metal Airplane Co.

Officers: † Norman Allderdice, president; Richard W. Robbins, vice president; Thomas J. Hilliard, vice president; C. Bedell Monroe, secretary; Charles L. McCune, treasurer.

Directors: † Norman Allderdice, president Arch Machinery Co.; James W. Arrott, 3d, James W. Arrott, Ltd.; John J. Carroll, Baltimore & Ohio Railroad; Frederick R. Crawford; A. Rex Flinn, Booth & Flinn, Ltd.; James Hammond, president Gimbel Bros., Pittsburgh; George R. Hann (chairman of executive committee), president Pittsburgh Aviation Industries Corporation; Thomas J. Hilliard, president Waverly Oil Works Co.; Edwin Hodge, Jr., president Pittsburgh Forgings Co.; James M. Magee, attorney; Raymond M. Marlier, architect, governor Pittsburgh Aero Club; Charles H. Matthews, Jr., Union Trust Co. of Pittsburgh; Herbert A. May, vice president Union Drawn Steel Co.; Charles L. McCune, director, Union National Bank; Malcolm McGiffin, president Fidelity Title & Trust Co.; Richard K. Mellon, Mellon National Bank; C. Bedell Monroe, secretary Pittsburgh Aviation Industries Corporation; Richard W. Robbins, vice president Pittsburgh Aviation Industries Corporation; Alan M. Scaife, William B. Scaife & Sons Co.; James M. Schoonmaker, Jr., vice president and treasurer Standard Steel Spring Co.; C. L. Snowden, Jr., Secretary Reliance Steel Casting Co.; William Penn Snyder, Jr., president Shenango Furnace Co.; C. M. Yohe, vice president Pittsburgh & Lake Erie Railroad (New York Central Lines).

Mr. ROBINSON of Arkansas. The president of the board of directors of the Pittsburgh Aviation Industries Corporation reported on Wednesday, April 17, 1929:

Messrs. A. E. Braun, R. K. Mellon, W. L. Monroe, Lloyd W. Smith, George T. Ladd, and Norman Allderdice, with the chairman of the board and the president as members ex officio:

The officers of your company have established cordial relationship with Army and Navy officials in Washington and with the Post Office Department through Postmaster Brown and Second Assistant Postmaster Glover. Their contacts were made early after the organization of the company, and every effort has been made to arouse and maintain the interest of officials in Washington in our Pittsburgh situation.

I read next from the minutes of the twentieth meeting of the executive committee, May 23, 1930:

The president then reported that indications pointed to creation of a number of new air-mail lines through the country, including a midcontinent transcontinental line, and efforts were being made by Postmaster General Brown, under recent legislation of Congress, to establish this mileage by extension of existing contract routes rather than by advertising for public bids. The president further reported that every effort was being made to insure for the company the proper share in the pending developments.

The significance of that statement in the minutes of the meeting of the executive board, of which board Mr. R. K. Mellon was a member, is clear. At that time, months be-

fore the contracts were actually let, the executive committee of the Pittsburgh Aviation Industries Corporation were working with the Postmaster General to obtain contracts in disregard of the provision of law which required that those contracts be let to the lowest bidder. It clearly establishes the contention that there was a fixed and deliberate purpose upon the part of the officers of this company, or at least on the part of its executive committee, to obtain, through the Postmaster General, a contract or contracts without regard to the requirements of the law relating to competitive bidding.

In further establishment of the strong political influence of this company, which Mr. Mellon controverts, I read an excerpt from a letter of Mr. George R. Hann, president of the company, to Mr. Daniel Scheaffer, of the Transcontinental Air Transport and of the Pennsylvania Railroad Co., dated July 15, 1930:

I spent 2 hours yesterday with Mr. Humphrey, our executive chairman, and at least another hour with each Mr. Braun and Mr. Mellon. These are three of our most interested associates, all serving on the executive committee. I told you in New York that I did not think this deal, as proposed, would be acceptable to our people, and I find that I had not misapprehended the situation in the slightest. I feel quite certain that at our executive committee meeting tomorrow, the other members are going to take the same position as those to whom I have talked individually, yesterday and today.

Continuing:

We approve heartily of this proposal, and we like the idea of this partnership, as well as believing in the soundness of one major line as contrasted with several ownerships. We balk only upon the terms. If P.A.I.C.—

That is the Pittsburgh Aviation Industries Corporation—is not responsible for the airports in Pittsburgh, for the present construction of airways in Pennsylvania, for the Harrisburg airport, for the aviation legislation now on the statute books, as well as for Pennsylvania's handsome appropriation of \$250,000 for aviation advancement—at least, we can claim to have done more than any other organization. T.A.T. and W.A.E. cannot, in our estimation, have the slightest claim to any credit. * * *

The Postmaster General is the final authority on this transaction and unless T.A.T. and W.A.E. are agreeable to more nearly meeting the ideas of this Pittsburgh group, it was agreed at our meeting this noon (Wednesday) that several of our executive committee would go to Washington and present our position to Mr. Brown and request his acting as arbitrator.

On the official stationery of the Secretary of the Treasury Mr. A. W. Mellon wrote a letter to A. L. Humphrey, chairman of the executive committee of the Pittsburgh Aviation Industries Corporation, as follows:

DECEMBER 4, 1930.

DEAR MR. HUMPHREY: I have your letter of December 2 with reference to the establishment of air-mail service between Pittsburgh and Washington. I referred your letter to the Postmaster General and also spoke to him about the matter at Cabinet this morning. He said that he was giving the question careful consideration but that, before any definite action is taken, he must await certain developments which are now under way.

With kind regards, I am

Sincerely yours,

A. W. MELLON.

The proof shows that Mr. Ball, who was being pressed, sold out under protest to the Pittsburgh Aviation Industries Corporation, and thereafter the Pittsburgh Aviation Industries Corporation, through a subsidiary, operated a line under air-mail contract from Pittsburgh to Washington.

The minutes of the second meeting of the executive committee, July 16, 1930, show that a new company was to be organized with a capital stock of \$5,000,000, in which the Pittsburgh Aviation Industries Corporation was to have an interest from 5 to 10 percent, and that this new company would be granted an air-mail contract by the Post Office Department over the entire route—New York to San Francisco, 3,600 miles—the rate to be approximately \$1 per mile; that operations would start in the early future with a daily mileage of approximately 7,200 miles. This meeting was held and these minutes of record entered approximately 40 days before any bids were opened. The implications from this fact are clear and conclusive.

The minutes of the executive committee, made on August 29, 1930, 4 days after the bids were opened, show among other things the following:

* Members executive committee.

† Officers and directors of all subsidiary companies except Pittsburgh Metal Airplane Co.

R. W. Robbins reported on the air-mail situation in Washington, stated that Western Air Express and Transcontinental Air Transportation, Inc., had bid 97½ percent of the maximum total allowed on the new mid-transcontinental lines, and that another company called the "United Aviation Corporation" had bid 64 percent of the maximum total allowance. In this connection, he stated, that due to irregularities in the bid of the United Aviation Corporation it was expected that Western Air Express and Transcontinental Air Transportation, Inc., would be awarded the contract.

These proceedings were had and minutes of the executive committee of Pittsburgh Aviation Industries Corporation entered of record subsequent to the report of D. M. Sheaffer, chairman of the executive committee of Transcontinental Air Transportation under date of July 15, 1930, 40 days before the bids were opened, in which report Mr. Sheaffer said:

The Postmaster General having indicated that he could and would arrange so that an air-mail-contract award would be properly made to the central transcontinental, provided the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form an operating company.

Thus it appears clearly from the records of the company itself that 40 days before the bids were opened the officers and agents of the company were assured that this contract would be let, as it was let, without regard to competitive bidding, and with little regard to the fact that a competitor had bid 64 percent of the maximum which could be allowed, whereas the Pittsburgh Aviation Industries Corporation bid 97½ percent.

Mr. President, I know it is true that subsequently Mr. MacCracken secured adoption of a rule under which it was held that the lower bidder was not eligible to bid, but I submit that this record warrants the conclusion that there was a deliberate purpose to evade the provisions of the law and to secure a very liberal, if not an extortionate, arrangement in the matter of the payment for transportation.

The plan referred to included the following:

That a third party, namely, the Pittsburgh Aviation Industries Corporation, which organization had done a great deal of valuable work in developing a new air line across the State of Pennsylvania, should have an equitable interest.

As a matter of fact, the record shows that Pittsburgh Aviation Industries Corporation had no line and had never operated a ship on any schedule.

The minutes of the second meeting of the executive committee, of which Mr. R. K. Mellon was a member, show that a policy for the corporation was adopted, which policy contemplated efforts to influence legislation both in Washington and in Harrisburg. The minutes of the meeting of April 17, 1929, show:

The officers of our company have established cordial relations with Army and Navy officials in Washington and with Post Office Department through Postmaster General Brown and Second Assistant Postmaster General, Mr. Glover, for the purpose of arousing interest in the Pittsburgh situation.

Mr. President, attention now is called to a letter which, in my opinion, is very significant. Many of the expressions contained in this letter are, as any lawyer will say, and as almost any citizen will say, inconsistent with a policy of square dealing. It is written on the stationery of the Pittsburgh Aviation Industries Corporation, Henry W. Oliver Building, Pittsburgh, Atlantic 0816, dated May 2, 1931, and is as follows:

MR. D. M. SHEAFFER,

Broad Street Station, P.R.R., Philadelphia, Pa.

DEAR DAN: I am sorry that the "breaks" have not come so that you and I could sit down sometime and have a little chat about T. & W. A. matters, but Dick tells me that he keeps you constantly advised of any matters relating to this Pennsylvania balliwick.

Dick has been hopping over to Harrisburg very frequently regarding aviation legislation, and my reports from him indicate pretty good progress. House bill 991 involving a \$200,000 appropriation from the motor-gas fund has been meeting some opposition, and Dick is going to Harrisburg on Monday for a conference with General Martin. This has kindly been arranged for him by Mr. W. L. Mellon.

Now is the time to bring all possible influence to bear upon getting legislative matters passed. When this legislature goes out, it is going to be a long 2 years before we have another opportunity,

and it is going to be pretty much our own fault if the laws governing our business and the appropriations fall short of our desires.

May I interrupt the reading of the letter to state that the declaration last read not only shows that the Pittsburgh Aviation Industries Corporation, its agents and representatives, were designedly reaching out to influence and control legislation in Washington and in Harrisburg, but that they were boastful, saying that if the laws enacted and the appropriations authorized fell short of their desires, it would be their own fault. Yet, with all these facts in evidence, Mr. Mellon calls me down for the very modest statement that the Pittsburgh Aviation Industries Corporation was a strong political influence in Pennsylvania, when its officers and agents were boasting that they could control the legislature, and secure whatever appropriations they desired from it.

I resume now the reading of the letter:

I believe our present progress with the State legislature substantiates the position taken by Dick and me 5 or 6 months ago, when we strongly urged that T. & W. A. should work out its intrastate problems without antagonizing any of our Harrisburg friends.

One other matter I cannot refrain from calling to your attention, and that is, the operation in and out of Bettis Field. I believe that it is only a matter of time before T. & W. A. is going to have an accident as the result of using this inadequate field. I am quite certain that if you check up with your operating people, and particularly your pilots, you will find that I am stating the situation correctly.

I appreciate that the traffic department has its problems which must be considered. In my opinion, the matter of safety is first, last, and always the most vital factor. Every dollar of traffic obtained out of Pittsburgh during the next 5 years would not compensate for an accident at this time.

You will recall that I advised 4 or 5 months ago giving serious consideration to taking the Pittsburgh Airways group out of the picture. I appreciate that under all the circumstances it was a distasteful thing to contemplate. These boys are still on the job, and continue to constitute a threat. I believe their present program is to make a big splurge and try to either get in some more money or to persuade some other group to buy them out. As a nucleus the Pittsburgh Airways outfit might well be of value to some outsiders who are anxious to get into this air-transport game. It is my prophecy that, if no new money is available by next fall and that, if some other outfit has not taken over Pittsburgh Airways, the organization will find it difficult, if not impossible, to continue operations throughout next winter. The threatening situation, however, promises to continue for the next 4 or 5 months.

With all best wishes, very sincerely yours,

GEORGE E. HANN.

A most remarkable communication. Let me bring attention also to a very long letter addressed to Mr. Scheaffer, by Mr. Hann, under date of July 15, 1930. I shall not read the entire letter but will place the same in the RECORD, and will call especial attention to certain paragraphs.

First, there is the paragraph that I already quoted, namely:

I spent 2 hours yesterday with Mr. Humphrey, our executive chairman, and at least another hour with each Mr. Braun and Mr. Mellon. These are three of our most interested associates, all serving on the executive committee. I told you in New York that I did not think this deal as proposed would be acceptable to our people, and I find that I had not misapprehended the situation in the slightest. I feel quite certain that at our executive committee meeting tomorrow the other members are going to take the same position as those to whom I have talked individually yesterday and today.

And then omitting some paragraphs, I quote further:

The only reason that P.A.I.C.—

That is, the Pittsburgh Aviation Industries, Inc.—

has not been conducting scheduled transportation on these two lines during the past year was because the conditions were not such as to permit an air-mail contract, and as to passenger service, it has been our conviction that until the Harrisburg Airport was available and ground facilities installed throughout these two aerial highways, it was contrary to sound aviation progress to fly passengers over the Alleghenies with the existing lack of safety precautions.

Omitting a portion of the paragraph:

It is therefore, not from choice, but from necessity, that P.A.I.C. has not been engaged in scheduled service.

Another paragraph to which attention is asked:

We approve heartily of this proposal, and we like the idea of this partnership, as well as believing in the soundness of one

major line as contrasted with several ownerships. We balk—only upon the terms. If P.A.I.C. is not responsible for the airports in Pittsburgh, for the present construction of airways in Pennsylvania, for the Harrisburg airport, for the aviation legislation now on the statute books, as well as for Pennsylvania's handsome appropriation of \$250,000 for aviation advancement—at least, we can claim to have done more than any other organization. T.A.T. and W.A.E. cannot, in our estimation, have the slightest claim to any credit.

Omitting a further portion of the letter, I quote:

Therefore, is it not a fact that because of the Watres bill and because of the Post Office Department's determination upon one cross-country air line, as opposed to separate air-mail operators, over which developments neither T.A.T., W.A.E., or P.A.I.C. had any option, have served to place some additional value behind the otherwise sickly dollars which were valiantly struggling only 3 months ago to reduce tremendous losses on the two passenger services of these companies. Conversely, has not the Watres bill and the resultant developments served to depreciate the pioneering assets of the P.A.I.C., provided W.A.E. and T.A.T. are permitted to capitalize the results of our hard-earned accomplishments, with our only recompense being the questionable privilege of supplying the new company with cash and matching our new dollars against your equipment dollars, which latter have only been brought back to life because of the Government's stepping in with Federal aid?

One further paragraph:

The Postmaster General is the final authority on this transaction, and unless T.A.T. and W.A.E. are agreeable to more nearly meeting the ideas of this Pittsburgh group, it was agreed at our meeting this noon (Wednesday) that several of our executive committee would go to Washington and present our position to Mr. Brown and request his acting as arbitrator.

I ask unanimous consent to have the entire letter printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

[Pittsburgh Aviation Industries Corporation, controlling Penn School of Aviation, Pittsburgh Aerial Surveys, Pittsburgh-Butler Airport, Pittsburgh Aviation Management Corporation, Pittsburgh Aviation Securities Corporation, Pittsburgh Aircraft Agency Corporation, Pittsburgh Air Transport Corporation, Pittsburgh Metal Airplane Co., Pittsburgh River Airport]

PITTSBURGH, July 15, 1930.

Mr. DANIEL SCHEAFFER,

Transcontinental Air Transport,

Broad Street Station, Philadelphia, Pa.

DEAR DAN: I found yesterday that practically all of our executive committee were out of town and several of them on their vacations. Two of the committee return to Pittsburgh tomorrow and we are having them all together at luncheon to submit the proposal which was discussed on Saturday in New York.

I spent 2 hours yesterday with Mr. Humphrey, our executive chairman, and at least another hour each with Mr. Braun and Mr. Mellon. These are three of our most interested associates, all serving on the executive committee. I told you in New York that I did not think this deal as proposed would be acceptable to our people, and I find that I had not misapprehended the situation in the slightest. I feel quite certain that at our executive committee meeting tomorrow the other members are going to take the same position as those to whom I have talked individually yesterday and today.

As we view it, the Watres bill was primarily for the purpose of readjusting air-mail contracts on an equitable basis. Some contractors were receiving \$1 or more per mile and others below 25 cents. Of course, this was unjust and had resulted only from the wild hysteria during the days of aviation inflation. This readjustment was the principal object of the Watres bill. Because some of the air-mail contractors were also developing passenger operations within their particular territories or spheres of influence, and because of the Post Office Department appreciating the quandary of these unsubsidized passenger lines and the necessity of assisting this important form of transportation development, both from the economic and military standpoints, it was finally determined to include in this bill a provision for assisting these passenger operators. It should not be forgotten, however, that the fundamental purpose of the bill was not to salvage passenger operations but, rather, to utilize judiciously whatever additional post-office air-mail funds might be available after granting rates sufficient to cover operating expenses of the present mail contractors and after taking care of such few additional new air-mail lines or extensions as might seem economically sound.

We, here in Pittsburgh, started 2 years ago to correct certain deficiencies, both as regards our local community as well as the State of Pennsylvania. No one else had been the slightest bit interested until the Watres bill. We had put close to \$1,000,000 in aviation in this section. We honestly feel that our company has contributed, in a large measure, to the greatly improved conditions in this section and it has been our expectation, that due to our earned position we could afford to underbid other companies, including, if you wish, T.A.T. and Western Air Express,

when a New York to Pittsburgh or New York to Columbus mail contract was advertised. We felt the same way regarding the Pittsburgh to Washington contract.

The only reason that P.A.I.C. has not been conducting scheduled transportation on these two lines during the past year was because the conditions were not such as to permit an air-mail contract, and as to passenger service, it has been our conviction that until the Harrisburg Airport was available and ground facilities installed throughout these two aerial highways, it was contrary to sound aviation progress to fly passengers over the Alleghenies with the existing lack of safety precautions. I am sure that T.A.T. has felt the same way. That our attitude has been correct is clearly substantiated by the recently promulgated regulations of the Department of Commerce requiring a certificate for passenger operations; one of the requisites to obtaining such a certificate being that the operation must be carried on over an approved airway. It is, therefore, not from choice but from necessity that P.A.I.C. has not been engaged in scheduled service.

And so, upon analysis this Pittsburgh company has done the only constructive businesslike thing, to wit: Devoting its efforts to developing conditions within Pennsylvania which would eventually lead both to air-mail and passenger operation. In view of these conditions rapidly being developed—and I repeat, chiefly because of our efforts—this Pittsburgh company adopted a definite policy, which was to entrench itself in the strongest possible position with trained personnel, both office and field, to utilize these facilities. Until the Watres bill, we considered that our efforts had been wisely directed and that our policy was dictated by sound business judgment. We were asking no favors but only an opportunity to develop this Pennsylvania territory on the strict merits of our business ability and in opposition to any outsiders, and again this would include T.A.T. and W.A.E.

Now, through no fault or mistake of ours, the entire situation takes a change. Contrary to the previous developments of air mail, the Post Office Department has determined to coordinate this air-transportation business, mail, passenger, and express, at a time when it is possible to do so and not to permit another situation like the railroads to develop which has defied the best of minds as regards its unscrambling.

In our opinion—and I am expressing the sentiments of the several associates with whom I have talked—this new policy of the Post Office Department is not only sound to the nth degree but constitutes the most constructive step yet taken in aviation. Instead of a straw, it promises to be a life preserver. Under these new conditions, T.A.T. and Western Air Express (as regards passenger service) have received a merited reward for pioneering passenger operations on a major scale. On the other hand, however, P.A.I.C. has had its fond hopes blasted overnight, and in exchange for what we considered at least a 50-50 chance to control this Pennsylvania territory, it is suggested that we join forces with T.A.T. and W.A.E. in one mid-transcontinental line.

We approve heartily of this proposal and we like the idea of this partnership as well as believing in the soundness of one major line as contrasted with several ownerships. We balk only upon the terms. If P.A.I.C. is not responsible for the airports in Pittsburgh, for the present construction of airways in Pennsylvania, for the Harrisburg airport, for the aviation legislation now on the statute books as well as for Pennsylvania's handsome appropriation of \$250,000 for aviation advancement—at least we can claim to have done more than any other organization. T.A.T. and W.A.E. cannot, in our estimation, have the slightest claim to any credit.

You may ask, "What has it cost you?" "Are we not contributing our intangible or organization expenses and our losses?" That is quite correct, but neither T.A.T. or W.A.E. are contributing their entire assets as is being proposed in our case. Both of these companies are putting in airport facilities, trimotored equipment, large powerful engines, radio, etc., at depreciated value. These assets were necessary to W.A.E. and to T.A.T. in order that these companies might develop the western and central territories over which they operated, and in regard to which they each claim preferential right. It is actually a fact that P.A.I.C. has needed its tangible assets, an airport, smaller airplanes, shop equipment, etc., to develop this eastern section of the proposed transcontinental line. Our contribution might just as well have been a few leased airport privileges had there been any airports available, and trimotored equipment, powerful engines, radio, etc., had circumstances in Pennsylvania not precluded the use of such assets in any economical manner. Therefore, is it not a fact that because of the Watres bill and because of the Post Office Department's determination upon one cross-country air line, as opposed to separate air-mail operators, over which developments neither T.A.T., W.A.E., or P.A.I.C. had any option, have served to place some additional value behind the otherwise sickly dollars which were valiantly struggling only 3 months ago to reduce tremendous losses on the two passenger services of these companies. Conversely, has not the Watres bill and the resultant developments served to depreciate the pioneering assets of P.A.I.C., provided W.A.E. and T.A.T. are permitted to capitalize the results of our hard-earned accomplishments, with our only recompense being the questionable privilege of supplying the new company with cash and matching our new dollars against your equipment dollars, which latter have only been brought back to life because of the Government's stepping in with Federal aid.

P.A.I.C. has devoted some \$650,000 of tangible assets to develop this Pennsylvania territory. In addition, some \$200,000 has gone into intangible efforts and losses. We are quite agreeable to throw our organization expenses and our pioneering losses into the pot

with those of T.A.T. and W.A.E. We are strongly of the opinion, however, that an unbiased appraisal of the controversy between us will generally establish that our \$650,000 of tangible assets were just as essential in developing this eastern section of the proposed line as were the \$2,000,000 of flying equipment and other assets which are being contributed by each T.A.T. and W.A.E. It strikes us as eminently unfair if the Federal Government should step in and by its action make T.A.T.'s dollar assets and W.A.E.'s dollar assets worth appreciably more, and at the same time depreciate P.A.I.C.'s dollar assets, which is unquestionably the case if the present proposal is justified. This would clearly not be equity to P.A.I.C., in that all three sets of dollars were devoted exactly to the same purpose—except in different sections of the country—to wit, aviation advancement and development.

We feel that P.A.I.C. is actually entitled to more consideration from the Post Office Department than either T.A.T. or W.A.E. on the real merits of past history. Both of these latter companies went into the business of carrying passengers as a means of paying dividends to their stockholders. It was a chosen activity; and had competition between them not arisen, and had it been possible to charge the fares and get the pay loads originally contemplated, it would have become a profitable undertaking without Government assistance. Both T.A.T.'s air-rail-air line and W.A.E.'s Los Angeles-to-Kansas City line were inaugurated without any thought or anticipation of Government assistance. Furthermore, these two passenger services tapped considerable territory, or at least joined together major populated centers where air activities were already in progress and on the road to development. On the other hand, P.A.I.C. was organized very largely because of a civic movement in a territory which at the time was barren, to say the least. Our efforts have not been primarily directed toward money making, except insofar as our company might develop this barren section to the point where air-mail contracts would be awarded and, if we were the successful bidders, our profitable compensation received.

We are not overly impressed with the idea of matching our new dollars against a Los Angeles airport costing the new company more than a million dollars. Such an expensive terminal will constitute about 20 percent of the total assets. This new airport certainly is not justified for the sole operations of this transcontinental line and will not be for many years to come, and the question arises, from a purely earning standpoint, as to the better business policy of leasing the necessary facilities of this port.

Neither are we impressed with \$883,000 of F-32s, F-10-As, Wasps and Hornets of W.A.E. and \$1,510,000 of Fords and Wasps of T.A.T.-Maddux. Here is about \$2,350,000 of large, multimotored passenger equipment, which does not harmonize with the idea of this transcontinental operation being primarily a mail service. T.A.T. and W.A.E. are in the passenger-carrying business and are set up with equipment and personnel for this purpose. Because of proposed Federal air mail, it is the apparent purpose on the part of both of these companies to transfer over any of these passenger-carrying planes to some form of mail service. This is certainly expediency, but is it economically justified? Although conceding that these multimotored planes may be useful to the post-office service in the general scheme of preempting a certain space for mail on scheduled passenger trips, at the same time the entire air-mail system developed over many years must be discarded if this new proposed company is not going to utilize the present type of mail ships for any operations. Or is it proposed that our new dollars should be utilized for the purchase of these single motored mail ships. It rather looks that way. Will these single motored mail ships flying at night with the greater mail loads at greater speeds and with more economy bring in the greater revenue to the proposed company, or will the combined mail and passenger ships, even with some preempted space revenue, constitute the company's greatest service to the Post Office Department?

Unless it is the intention of the Post Office Department to revamp the present mail system and to eliminate the use, as at present, of single motored mail ships and concentrate upon the development of combining loads of passengers and mail we are strongly of the belief that for a number of years the present single motor method will remain in vogue. This would mean that all of T.A.T.'s and W.A.E.'s \$2,350,000 of multimotored equipment, or at least a goodly portion, would not produce as much mail revenue as would the single motor mail ships to be purchased with the dollars supplied by our Pittsburgh company. This in turn would simply mean that indirectly P.A.I.C. was joining with the Post Office Department in subsidizing the passenger operations of T.A.T. and W.A.E.

In the proposal to combine the efforts and assets of T.A.T., W.A.E., and P.A.I.C. on some basis equitable to each company in the working out of a midtranscontinental mail line, it is apparent that T.A.T. and W.A.E. have each questioned some of the assets of the other as not constituting a contribution to this New York to west-coast project. After several weeks of negotiations, T.A.T. and W.A.E., without in any way consulting P.A.I.C. during their discussions, have finally gotten together. These two companies both finding themselves in the passenger-carrying business, with approximately \$2,500,000 of equipment suitable for this passenger type of operation and seeing only one way out, and only one way to turn losing passenger operations into revenue producing through a Government subsidy, both T.A.T. and W.A.E. have faced the inevitable, and each of these companies has conceded to wash out its mutually agreed upon noncontributing assets. It is quite a question as to whether or not some of this

excessive multimotored equipment, which is in existence today only because of competition between the two companies over much of the same territory, should not likewise be wiped out on the ground of noncontributing to the proposed new company's operations. The present figures, subject to minor adjustments, would result in setting up a company of approximately \$4,500,000 capital, which would have roughly the following assets:

Los Angeles Airport.....	\$1, 100, 000
Multimotored passenger planes (figured approximately 40 in number).....	1, 450, 000
High-powered motors for these passenger planes (figured approximately 120 in number).....	950, 000
Airways, radio, operating equipment, ground facilities, etc.....	500, 000
Cash subscribed by T.A.T.....	150, 000
Cash subscribed by P.A.I.C.....	350, 000
Total.....	4, 500, 000

These figures are, of course, only tentative and yet they are the only ones presented to us for consideration. It is proposed that T.A.T. and W.A.E. each receive 46½ percent of the total stock and P.A.I.C. 7½ percent.

Despite the expressed desire of P.A.I.C. to sit in, at least as an observer, during the discussions between T.A.T. and W.A.E., in which we felt we were vitally interested, it was not apparently agreeable. We are now in the position of learning for the first time your mutual arrangements and P.A.I.C. is invited to the table, at the last moment, not as a minority partner, but more like a rank outsider, who W.A.E. and T.A.T. unfortunately regard as having a possible nuisance value. It is quite a step down for all of these men out here in Pittsburgh to suddenly realize that their financial backing and their efforts over 2 years of what they deemed most constructive work, has now apparently resulted only in their company having a nuisance value.

To get right down to the meat of this matter, P.A.I.C. very candidly states to W.A.E. and T.A.T. that just as these two companies take the position that our \$650,000 of tangible assets are not deemed "earning assets" for the proposed transcontinental company, just so P.A.I.C. cannot agree that a \$1,100,000 terminal in Los Angeles (the only airport to be owned on the entire line) and nearly \$2,500,000 of purely passenger equipment are properly to be considered as "earning assets" for this proposed company. To the best of our knowledge, this new company is to conduct a mail-carrying operation and is not to have passenger service as the predominating factor. The Government is to pay us for carrying the mail, and certainly were we organizing this company de novo, we would not be permitted to utilize our total \$2,500,000 for equipment in the purchase exclusively the big passenger planes.

We believe eventually that air transportation will develop to the point where passengers, mail, and express will be carried together, as on the railroads, on one large plane particularly designed and constructed for this combined service. We believe that these combination planes will depart on hourly schedule, day and night. We have the faith that this is to be the eventual solution of air transportation, but this is not in our judgment the picture of tomorrow, and a company being organized today to serve the best interests of the Post Office Department, which means the company's best interests, cannot possibly use economically the type and the excessive number of multimotored equipment with which it is proposed to start this company.

We believe that our \$350,000 cash subscription will be utilized for the purchase of single-motored specially designed mail planes such as are today in use, and the equipping of these mail planes with radio, etc. This \$350,000 will be approximately one seventh of the amount of equipment for which T.A.T. and W.A.E. are receiving capital stock. We contend that unless your \$2,500,000 of multimotored passenger equipment can earn in mail operations, exclusive of passengers, seven times the amount which the \$350,000 of mail equipment will earn, that our contribution in cash to the new company is entirely disproportionate, because after all is said and done, this transcontinental line is being set up by T.A.T., W.A.E., and P.A.I.C. only to take advantage of the Post Office Department's contribution by subsidizing to the advancement of air transportation.

The Postmaster General is the final authority on this transaction and unless T.A.T. and W.A.E. are agreeable to more nearly meeting the ideas of this Pittsburgh group, it was agreed at our meeting this noon (Wednesday) that several of our executive committee would go to Washington and present our position to Mr. Brown and request his acting as arbitrator. If our position is untenable or we are asking more than that to which we are justly entitled, we feel that in justice to ourselves and our stockholders that this information should come to us from headquarters in Washington. At our meeting today (Wednesday) we had not only a quorum of our executive committee, but also about 15 members of our board of directors, and several of our largest stockholders. I was instructed to advise both T.A.T. and W.A.E. that P.A.I.C. is going to insist, up to the court of last resort, upon a 10-percent interest in this company, 5 percent of which we will contribute in cash, but not to exceed \$250,000 in the initial organization (on the basis of a \$5,000,000 corporation being formed) and the remaining 5 percent to be in stock delivered to P.A.I.C. for our 2 years of pioneering effort and as some measure of compensation for these tangible and intangible assets upon which we place considerable value and without which we would not now be negotiating for a position in this new company. The only other alternative discussed at this meeting today was to trade

out of the new company some of the \$2,500,000 passenger equipment, which we consider very excessive for a mere transcontinental air-mail operation, as we understand such an operation to be. The Los Angeles airport situation is also a matter which we would expect to discuss with Mr. Brown if T.A.T. and W.A.E. continue to feel that none of our tangible or intangible assets or our efforts in pioneering this Pennsylvania section, and our rather sizable losses are not considered as any contribution to this air line, and to this air-mail contract, other than a privilege to purchase stock for cash.

Some of the other transportation stocks are today selling at low prices and in some cases, considerably below real value. As a purely business risk, our Pittsburgh funds might more advantageously be speculated in some of these stocks.

Personally, I shall be pleased for you and Harris to come out here on Friday and meet our executive committee and hear from them first-hand what I have endeavored to explain in this letter.

Very sincerely yours,

GEORGE R. HANN.

Mr. ROBINSON of Arkansas. Some two or three of the paragraphs of this letter I have already submitted in part. Emphasis is given to them because of their significance and the peculiarity of some of the declarations which they contain.

I wish now to bring the attention of the Senate to a letter from Mr. George R. Hann, president of the Pittsburgh Aviation Industries Corporation to Mr. Daniel Scheaffer, Transcontinental Air Transport, dated July 5, 1930. This was more than 40 days, or approximately 40 days, before the bids were opened. I quote:

Conditions have changed somewhat, which makes our partnership arrangement, as you say, probably unworkable. However, there appears to be another partnership transaction in the making, with regard to which I gathered from your conversation on Thursday, you were undertaking to act for and protect the interests of P.A.I.C. As I very forcefully told you and Mr. Cuthell in Washington one afternoon, this Pittsburgh company is not a stepchild, and we must insist upon working out our own problems, which means that in any final determination of this transcontinental line, T.A.T., Western Air Express, and ourselves have got to sit around the table and work it out.

We have been at work out here in Pittsburgh for 2 long years, doing a job which was either too difficult or not of sufficient interest for anybody else to tackle. The airport situation in Pittsburgh received its momentum from the work of our company and the backing of our business associates. It required over a year of hard work to bring about the splendid Harrisburg Airport, which is going to prove the key to crossing these Allegheny Mountains. It took us many months and continuous trips to Harrisburg and Washington to bring about the original survey of the New York-Columbus Airway. Very largely through Dick Robbins' efforts, we are responsible not only for the State of Pennsylvania appropriating \$250,000 for aviation advancement within the State but also for the coordination of efforts between the State aeronautics commission and the Department of Commerce in the actual building, which is now going on, of the intermediate fields and other ground aids which constitute a real aerial highway between New York and Columbus.

You will readily appreciate that after working 2 years—days, nights, holidays, and Sundays—developing situations and facilities which would permit a transcontinental mail and passenger line through Harrisburg and Pittsburgh to St. Louis, we are not going to be content to sit back and accept whatever may be handed to us. The matter has been clearly presented on two occasions to our executive committee, and I am but voicing our unanimous opinion when I say that we consider that P.A.I.C. has preempted more than anyone else the territory between Columbus and New York, and we are going to make every effort to protect our interests in this territory. Also we have kept the Post Office Department advised of our work since the very beginning, looking to the very situation which now exists.

Furthermore, P.A.I.C. is not going to be penalized for having been keen enough and on the job to the extent of getting the State of Pennsylvania and the State Aeronautics Commission to pay out of public funds for building the aerial highway connecting New York with Columbus.

I suspend reading for a moment to point out the fact in reply to Mr. Mellon's letter expressing resentment at my statement that the P.A.I.C. was a strong political influence in Pennsylvania, that in this letter the head of the corporation boasted that it had secured public funds for the building of an aerial highway connecting New York with Columbus; that it had worked 2 years in the face of very great and almost insurmountable difficulties, and that it would not be content with accepting merely what was handed it. Does that look like it regarded itself as a strong political influence in Pennsylvania? Is there any valid ground for resenting the declaration that P.A.I.C. was a strong political influence in Pennsylvania?

I resume now the reading of the letter of the president of P.A.I.C. to Mr. Scheaffer:

You have no idea of the amount of work that has been involved in accomplishing this result. As far as T.A.T. is concerned, it stopped at Columbus and until very recently has had no interest east of that terminal. From Columbus to the West coast T.A.T., at its own cost, has put in a lot of expensive facilities, some of which will and others of which undoubtedly will not contribute to a businesslike operation of the midtranscontinental mail and passenger line. In the rearrangement of the initial conception of air-rail-air transcontinental service to a new program of all-air service, including air mail, we here in Pittsburgh do not feel, as one of the three parties in the new transcontinental company, we should be left out of the discussions and just how this re-vamping should occur, because the determination of the usable assets of Western Air Express, T.A.T., and P.A.I.C. must eventually determine the stock interests of these three companies.

I pause in the reading to give emphasis to the next sentence, the significance of which cannot fail to impress itself on anyone who hears it.

It must also be kept in mind that airports and other facilities constructed with public funds may very well have a comparable value to like facilities privately owned and developed.

There is an assertion, as I interpret it, that the Pittsburgh Aviation Industries Corporation, having lobbied and worked through the legislation appropriating the funds referred to, was entitled to be reimbursed for the amount of the funds which the people of Pennsylvania had paid; and yet they tell us, and Mr. Mellon says, that it is wrong to say that the Pittsburgh Aviation Industries Corporation was a strong political influence, and it is wrong to imply that, as among the larger stockholders of this company, there was any other motive than that of performing "a civic duty." I am perfectly willing to leave the issue on this state of the record. Anyone who reads of the manipulations and the maneuverings and combinations, and of the pressure that was exerted by these representatives of the company, and boasted of, is at liberty to say, if he chooses to do so, that the inspiration was solely civic pride and civic duty, but under it, and through it, and as inspiring it, I read the motive, the design, to take advantage not only of competitors but of the Government itself. "A strong political influence in Pennsylvania!" I might have said "in Washington as well as in Harrisburg."

That it may not be said that this claim of the right to reimbursement on the part of a private corporation for a fund appropriated by the legislature at Harrisburg was a careless expression on the part of the writer, I quote further from his letter:

This letter is written after a discussion with members of my executive committee and is for the purpose of bringing to your attention the necessity of representatives of these three companies getting together and knowing where each company stands, and that the final agreement should be presented to Mr. Brown by all three representatives in a conference with him at the same time.

I suspend reading again for a brief comment: This letter shows that there was an organized effort upon the part of representatives of certain of these companies to disregard the law regulating the letting of air-mail contracts and to enter into a scramble among themselves for advantage, an advantage which proved expensive to the Government. Is there anyone who hears that evidence who is in doubt for a moment that before the contracts were let there was an arrangement that this territory should be parceled out, preempted, if you please, and that the contract should not be let in accordance with the law requiring it to be let to the lowest bidder? I resume the quotation:

The necessity of T.A.T. and Western Air Express getting together involved the territory from Columbus west and has nothing whatsoever to do with the section from Columbus to New York. When that latter section is brought into the picture, it immediately becomes necessary to bring P.A.I.C. into the conferences as a partner. It is unnecessary for us to get into another jam, but we, here in Pittsburgh, have too much at stake to permit this mid-transcontinental line to be finally set up without our actively participating.

Both Dick and I are holding ourselves in readiness for any conferences which you and Mr. Hanshue may desire to hold with us, and have so advised Mr. Hanshue.

Yours very truly,

(George R. Hann.)

GEORGE.

I read now from a report or statement signed by Mr. D. M. Scheaffer, chairman of the executive committee of T.A.T., under date of July 15, 1930, still a long time before—

Mr. BLACK. Forty days before.

Mr. ROBINSON of Arkansas. Forty days, as suggested by the Senator from Alabama, before the contracts were let. Now listen to this:

The Postmaster General having indicated that he could and would arrange so that an air-mail contract award would be properly made to the Central Transcontinental providing the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form an operating company on the following basis, namely:

That our physical property on the line or route should be put into a new company at its depreciated value, and any difference in these property accounts should be made up by dollars on the basis of both companies having a like interest in the new transcontinental company; that a third party, namely, the Pittsburgh Aviation Industries Corporation, which organization had done a great deal of valuable work in developing a new air line across the State of Pennsylvania, should have an equitable interest.

Now I read an excerpt from the minutes of the twenty-second meeting of the executive committee held on July 16, 1930. May I point out the fact, Mr. President, that the executive committee was very busy. It held, according to the notes I have here, something more than 26 meetings during the period when arrangements were being made to secure these contracts. I quote:

JULY 16, 1930.

The president then outlined the proposition as follows:

That a new company, with approximately \$5,000,000 in cash and physical assets, was to be formed for the carrying of mail, express, and passengers over the proposed New York-Pittsburgh-Los Angeles air line by Western Air Express, Inc., Transcontinental Air Transport, Inc., and Pittsburgh Aviation Industries Corporation, P.A.I.C. to have an interest of from 5 to 10 percent or the amount equivalent to the distance from New York to Columbus.

Pausing for a moment to comment, P.A.I.C. won its contention. It claimed that it was entitled to have parceled out to it the distance between New York and Columbus, and that was taken into consideration in working out the arrangement of the alleged partners. I continue the quotation—

That this new company would be granted an air-mail contract by the Post Office Department of the entire route of 3,600 miles, the rate to be approximately \$1 per mile; that operations would start in the early fall, with a daily mileage of approximately 7,200.

I ask now—and I want someone who knows to answer—how did this executive committee, how did Mr. Scheaffer, the chairman of the executive committee of T.A.T., Inc., know 40 days before the bids for the contract were to be opened that the Post Office Department would grant a contract to this new company at approximately \$1 a mile and that the daily mileage would be approximately 7,200 miles? Such a statement made by an intelligent business man is inconsistent with any other theory than that the arrangement had been worked out with the Postmaster General. They knew that he would go through with the deal which they were seeking to arrange. If any Senator has another theory in explanation of how the head of this corporation was able to advise his executive committee and others that a contract would be made to that particular company at a certain price without regard to other bidders, I should like to have him rise now and give his answer. No one answers. No one can answer.

I read now from the minutes of the twenty-fifth meeting of the executive committee, August 29, 1930:

Upon motion duly made and seconded, it was unanimously *Resolved*, That the agreement signed by the President with Western Air Express & Transcontinental Air Transport, Inc., calling for a 5-percent interest (\$250,000) in the new corporation to be capitalized at \$5,000,000, and to be organized for the purpose of carrying mail, express, and passengers from New York to Los Angeles and San Francisco via Pittsburgh and other intermediate points in exchange for a half interest in the Pittsburgh-Butler Airport, be approved.

R. W. Robbins then reported on the air-mail situation in Washington, stating that Western Air Express & Transcontinental Air Transport, Inc., had bid 97½ percent of the maximum total allowed on the new mid-transcontinental lines and that another com-

pany, called the United Aviation Corporation, had bid 64 percent of the maximum total allowed. In this connection he stated that, due to irregularities in the bid of the United Aviation Corporation, it was expected that Western Air Express & Transcontinental Air Transport, Inc., would be awarded the contract.

I do not digress to comment at length on that statement, and yet it is said there was no political influence, yet it is said by Mr. Mellon that the subscriptions to the stock in that corporation to the amount of \$24,000 by members of his family were made merely in the performance of a civic duty and were inconsequential.

Mr. President, this record shows clearly and conclusively that there was a combination among the agents and representatives of these certain companies, including the Pittsburgh Aviation Industries Corporation, for the express purpose of securing mail contracts in disregard of the provision of law which requires their letter to be to the lowest bidder. It shows that they quarreled among themselves as to what their respective rights were. They parceled out the territory of the lines running from one coastline on the continent to a remote coastline on the other side of the continent. They finally reached an agreement, long before the contracts were let, that they would divide up the territory and give each other mutual arrangements and benefits, in violation of the law, in violation of the practices of common honesty.

The record shows beyond a shadow of doubt that masterful forces were organized in Pittsburgh, Pa., and members of the Cabinet gave their services to a combination which was unlawful, to a collusion which was fraudulent. Tell me that the Postmaster General had any right to assure these people that they should have a contract at approximately \$1, or 97½ percent of the maximum total allowable, that they and no others should have the contract, and I tell you then that your conception of law and righteousness and fair dealing is so different from mine that I cannot argue the matter any further.

PHILIPPINE INDEPENDENCE

During the delivery of the speech of Mr. ROBINSON of Arkansas,

The PRESIDING OFFICER. The hour of 2 o'clock having arrived the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

TEMPORARY RELIEF OF WATER USERS ON IRRIGATION PROJECTS

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932, which was, on page 2, line 2, to strike out all after the date "1934." down to and including "1934" in line 8, and to insert:

The Secretary of the Interior is further authorized, upon the acceptance by the Uncompahgre Valley Water Users Association of the Moratorium Act of April 1, 1932, and its amendments, including this act, to enter into a contract with the association deferring the initiation of its drainage construction program until January 1, 1936, and permitting the completion of said drainage program during the years 1936 to 1941, both inclusive, under the conditions set out in the act of January 31, 1931 (47 Stat. 1947), as herein modified.

Mr. ADAMS. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CANCELANON OF AIR-MAIL CONTRACTS

Mr. FESS. Mr. President, I shall go no further in the discussion today than to deal with what the Senator from Arkansas [Mr. ROBINSON] has read at his desk, similar to the performance last Thursday, in presenting the best defense of the action in canceling the air-mail contracts that the Post Office Department can send here.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. That statement is without any authority either in fact or reason.

Mr. FESS. Then, I withdraw it.

Mr. ROBINSON of Arkansas. The Post Office Department has not communicated with me. I asked the clerk of the Black investigating committee to supply me with certain documents which I was informed were in the files of the committee. They were supplied to me and I have read them. If the Senator thinks he is going to make progress by that kind of insinuation, I tell him now that, in my judgment, he is very seriously mistaken.

Mr. FESS. Very well. We will proceed in our own way in this discussion. I shall not ask the approval of the Senator from Arkansas as to how I shall proceed. I propose to present the testimony and take my own time to do it so that the country may understand the purpose of this effort. I propose, also, to submit the testimony in refutation of all the allegations which have been made against the legality of the contracts.

As to the Pittsburgh Aviation Industries Corporation, I have never made any very careful examination of the personnel of the officers or board or the efforts they have put forth to facilitate the Air Mail Service from the center of Pittsburgh. It is obvious that any plan to build an airport in such a difficult terrain as that surrounding Pittsburgh would require an enormous amount of money, first because of the congested condition of the population in that center. While Pittsburgh proper has a population of only a little over 500,000, greater Pittsburgh, including the entire district, will run considerably over 1,500,000 in population. Anyone who is acquainted with the physical contour of the area surrounding Pittsburgh in which this vast population is congregated will understand the great difficulty in finding in that hilly locality a convenient, level place adapted to meet the requirements of the people of that State, and at the same time, under the regulations of the Department of Commerce, affording a sufficiently large field to answer the purposes of an airport.

When it came to furnishing the equipment, it was evident that money would have to be provided. Mr. President, I hold in my hand a list of the directors of the Pittsburgh Aviation Industries Corporation. It has on it 41 names. These names read like the Blue Book. The list represents the brains and financial ability of that section. On this list are the names of the men of greatest influence—financially, politically, and socially—in that great center. It was essential for them to be there. There was one man who was prominently identified with an effort to establish an air passenger service and to get a mail contract for a route having access to Pittsburgh, but he alone could not possibly give the service. In the first place, he could not secure the physical equipment. It was humanly impossible for him to do it, and he could not induce these influential men to back him up with sufficient financial resources to enable him to carry on the work successfully; and yet the community interest of that great center was sufficient to enlist the financial assistance of this group of men.

On this list are the names of some of the Mellons. There is W. L. Mellon. There is Richard K. Mellon. The secretary of this corporation was before the Post Office Committee this forenoon, and he gave some information which the Senator from Arkansas ought to have, and which he will get by tomorrow. That information is that of the 26,000 shares issued by this corporation, 2,400 are owned by the Mellons mentioned, and one of the Mellons resigned from the directorate before a contract was secured. If, in a group of men such as is here represented, a Mellon owning 5 percent of the shares would be regarded as having a controlling interest in the corporation, then I do not know what "controlling interest" means. I am amazed that those who have

been assailing the Mellons on the ground that they want to control do not realize that when the Mellons want to control they do not limit themselves to 5 percent of a corporation's stock. They do not deal in that sort of thing if they desire control.

All the Mellons combined owned less than 2,500 shares in a corporation that issued 26,000 shares for the purpose of building an airport costing somewhere between three and five million dollars in a city of a million and a half people; and yet because these public-spirited men, responding to the local pride of that city, attempted to give it air facilities, they are impugned and assailed on the ground of sordid and corrupt purposes.

I cannot conceive of a great enterprise of any general value to the people of Pittsburgh that would not include the name of one or more of the Mellons, and yet it seems to be assumed in some quarters that their interest means something corrupt. To me it is pitiable to see how far men will go to impugn the motives of others who may differ from them on questions of public policy.

Now, we are told by the Senator from Arkansas that there was a corrupt deal in that the lowest bidder was discriminated against and did not get the contract, and the law was violated.

In the first place, the law did not require competitive bidding. There were competitive bids, but there did not have to be competitive bids. All the transcontinental routes for which contracts were made were let by competitive bids, including this one. Now the charge is made that the requirement for competitive bids was violated because the contract did not go to the lowest bidder, meaning that the lowest bidder was the Avigation Co.

Mr. President, Mr. CLYDE KELLY, the distinguished Representative in Congress from Pittsburgh, having, I think, without interruption served his district since 1913, came here originally as a Progressive Republican, and maintains his progressiveness down to this day. He was strongly opposed to the views of Postmaster General Brown, who told him that where there was only one line competitive bidding was merely a myth. Mr. KELLY did not agree with Mr. Brown on that particular question. There were a number of points of difference between Mr. Brown and Mr. Kelly. I mention that to indicate the kind of witness Mr. KELLY would make. He has discussed this particular Avigation Co. bid, and he did it only last month. Let me read what Mr. KELLY said on February 24 on the identical item to which attention is called by the Senator from Arkansas, the Avigation Co. bid that was not accepted.

Mr. KELLY says:

This ruling—

Meaning the Postmaster General's ruling—

was accepted by everybody concerned. The United already had a contract for the northern transcontinental from New York to San Francisco. The midtranscontinental and the southern transcontinental were advertised for bids. The route from New York to Los Angeles was awarded to the Transcontinental & Western Air, and the route between Atlanta and Los Angeles was awarded to American Airways. Neither was an extension.

Now, the letter of Postmaster General Farley, which contains his basis for cancellation, raises another charge against the Transcontinental & Western Air, from the directly opposite point contained in his first charge. He states that this route was advertised for bids, but that T.W.A. was the highest bidder. Then he quotes the amount that would have been saved during the entire period if the low bid had been accepted.

Mr. KELLY proceeds:

I knew something of that procedure while it was happening. The route was advertised, and there were two bids. United Avigation and T.W.A.

United Avigation is the one to which the Senator referred.

United Avigation was the lowest bid, and I was interested in seeing that there be fair competition with success to the lowest responsible bidder as required by the law.

This is Mr. KELLY speaking:

These two bids were placed before the Comptroller General, and he made an exhaustive investigation. In all my experience with this officer he has fought firmly and against every pressure for the principle that the lowest bidder, who is responsible for carrying out the contract, shall be given the contract.

And I can testify to that characteristic of General McCarl.

However, after his thorough examination of all the facts he ruled that the T.W.A. was the lowest responsible bidder. He felt that it was his duty to make such a ruling, and it was made a part of the public record. Even then I suggested to United Aviation that they attempt to prove their responsibility in court, but this was not done. Under all the facts no blame can be attached to T.W.A. for this particular procedure.

So much for the indictment that the Aviation Co., the assumed lowest bidder, had not gotten a contract, and that it had been given to T.W.A., which was not in pursuance either of law or of justice, as was said by the Senator from Arkansas. The highest authority we have on the question of whether a payment can be made in accordance with law approves what was done, and states that it was in accordance with law. That ought to be sufficient, without anything further being said, as to the legality of the rejection of the aviation bids.

Mr. President, we are told by the Senator that Mr. Ball did not have his rights respected, and that he had the pioneer rights in Pittsburgh. I want to give some facts in relation to that contention.

As is well known to the Presiding Officer who now honors the Senate by presiding (Mr. O'MAHONEY in the chair), Postmaster General Brown took pride in seeing a fine service established in the Capital City of the United States. I knew about that, because he frequently spoke of it.

Mr. President, some of us have the hope that Washington is to be the model city, not only of the United States but of all the world. It ought to be. Ever since I have been in Congress I have voted for such improvements as looked toward making this city the one place to which any citizen of the United States would come if he desired to find a model for the cities back home. In other words, we want the finest streets to be found anywhere in the world, and we ought to have them. We want the finest parks to be found in any of the cities of the world, and we ought to have them. We want the finest police force, and the best fire protection. We would like to have the best sanitary conditions in the world. Having been a school teacher in other days I want to see established here a school system of such a type that it will serve as a model for every city in the United States, not only in the matter of buildings but in the physical equipment with which the pupils work. I have always had that feeling, and just at this moment I am concerned about our facilities in connection with the air service, because we do not have proper facilities. Our airport is inadequate. There is an interest in establishing a good airport here, but there is conflict of opinion as to how it is to be obtained, where the airport is to be located, when it is to be established, and how much it is to cost.

I happen to know that the Postmaster General in the last administration was more concerned about building up the aviation industry than in any other one thing that fell under his jurisdiction. He did not want any inconsequential or irresponsible factor to have control, one on which we could not rely. He wanted such an organization as would insure the best facilities in the air at the Capital City of the Nation.

I understood that one person who was flying the route between Washington and Pittsburgh was a very good aviator, and it was said he ought to be given considerable recognition. But Mr. Brown told him frankly that it was not possible to give him that route. He wanted to fly the route from Washington to Pittsburgh and to Cleveland.

Pittsburgh happens to be a crossroad between the East and the West, through a heavily populated section of our country. Some of the lines operating from New York to Chicago would go north of Pittsburgh. Until Colonel Lindbergh demonstrated that flying over the Allegheny Mountains was safe, Pittsburgh was somewhat avoided; but when it was determined by actual experience that planes could fly over the mountains with more or less safety, then Pittsburgh immediately became one of the most important points for air service, including the carriage of the mail, in the eastern section of the country.

There is a line going east and west, another one going north and south. The line from Washington to Cleveland goes by way of Pittsburgh, then by way of Toledo, although it misses Toledo 15 miles to the south, over South Bend to Chicago, landing at the famous Chicago airport. That was such an important route that Mr. Brown insisted upon its being under not only the control but the actual operation of a company which was not only financially responsible but which could be depended upon to make the advances necessary in a rapidly growing and new service. A man with no means could not build a plane costing \$250,000, as the late Boeing planes cost. A line flying planes with single motors and open cockpits could not long be maintained. Not only were financial resources necessary but also experience and the labor of research workers. Mr. Brown was anxious to get behind the aviation service the assistance of General Motors.

Mr. President, I regret that when the Postmaster General sought the assistance of the greatest scientific and research ability in the world, immediately he was charged with a desire to discriminate against someone and in favor of someone else. Mr. Brown had one concern, and that was to build up the aviation industry, and in order to accomplish that purpose certain things had to be done. One necessity naturally was money, and another a willingness to expend that money, and another a venturesomeness that would lead people to say, "We will try this new thing." It was only upon such a basis that a new industry, hazardous as this one is, could ever be built.

I do not deny that a group of men such as are on the directorate of the Pittsburgh Aviation Co. were influential. Of course they were, and if it were charged that they were influential politically, I would not deny the allegation. I should think they would be. But I do resent not only the inference but the allegation that these men were actuated by sordid motives in their efforts to get a contract and that some competitor was being discriminated against when they sought the contract.

I resent the suggestion that in building a modern air line, Pennsylvania, with her 9,000,000 people, industrially one of the richest communities of all the world, could have been animated by a corrupt impulse. It is not reasonable to think so. I do not think anybody would make such a charge except to back up some unfortunate allegation that was made before the facts were known.

This company being as well equipped as it was, with large ability financially, could be safely dealt with, with the assurance that the requirements written into the contract would be complied with or a penalty would result. Unfortunately Mr. Ball was told that he could not have the contract. He was the one who wanted it. He thought he had pioneer rights and that there was no justification for his being denied the contract.

Mr. President, the chairman of the investigating committee went into this very item quite fully, and I am going to read some of the testimony leading up to it:

The CHAIRMAN. Now let us look at the next one, Albany to Boston, Aviation Corporation.

He was here breaking up the lines, showing the various lengths of the lines. For example, one line operates from Washington to New York, from New York to Chicago, from Chicago on west to Omaha or Kansas City, thence to Salt Lake City, then on to San Francisco. He was indicating how the Aviation Co. had taken over short disjointed lines and built a system out of them. That company could do that because they had the money to do it. They were responsible in every way, and had at their command the modern methods of aviation, with all the special requirements in the matter of better planes and better equipment which might be forthcoming. In pursuing this the chairman said:

Has there ever been any line extended or contract let from Albany to Boston since that date?

Mr. BROWN. Oh, yes.

The CHAIRMAN. When?

Mr. BROWN. Well, it was as soon as the Department of Commerce got the lights in. They were very slow in getting it lighted, and that mail had to move from Boston west, at night, to Albany, and then on to Buffalo and the far West. I think it was done—I can look it up—I have the data here if you are interested—early in 1933.

The CHAIRMAN. Who got it?

Mr. BROWN. Aviation Corporation, the only people that were in New England.

The CHAIRMAN. Aviation Corporation?

Mr. BROWN. Yes.

The CHAIRMAN. All right, let's look at the next one, Denver to Kansas City, United States Air Lines now flying the route.

Mr. BROWN. They were the pioneers and had been flying it. Nobody else ever flew it or wanted to fly it.

The CHAIRMAN. Nobody else wanted to?

Mr. BROWN. No.

The CHAIRMAN. All right; who got it?

Mr. BROWN. United States Air Lines did. They got it by subletting from Aviation Corporation. They were the pioneers.

The CHAIRMAN. Why did it have to be sublet from the Aviation Corporation?

Mr. BROWN. Well, that was the best way to do it, if we were going to protect the Government's interest.

The CHAIRMAN. It was sublet, and you agreed for it to be sublet to this company, didn't you?

Mr. BROWN. Yes; by having it sublet we had it under the certificate plan from the start, in which we had control of the amount of money that we paid, we had control of the service; we had complete control under the certificate plan, which we would not have had if we had not had it under the certificate plan.

Mr. President, while that statement is perfectly clear on its face, many persons would overlook its significance. The law provided that a contract could be surrendered and a certificate accepted in lieu of it. That is the law; and the Postmaster General preferred to have a certificate instead of a contract, because under a certificate he could modify the rights and require different services, which he could not have done under a contract; and while his motive is impugned and it is asserted that he wanted a certificate in order that he might be more dictatorial, the fact is that he wanted the certificate in order to be able to enforce the doing of what he thought ought to be done so as to reduce the cost of carrying the mail to the Government, which could not have been done under a contract. That is why he said that—

By having it sublet we had it under the certificate plan from the start, in which we had control of the amount of money that we paid; we had control of the service; we had complete control under the certificate plan, which we would not have had if we had not had it under the certificate plan.

The CHAIRMAN. Why not?

Mr. BROWN. Because there wasn't any way of getting that complete control until they were under the certificate.

This shows precisely why provision was made in the law originally for certificates, and the chairman would note that instantly, because the contract would run for 10 years, and under a contract one would be paid for 10 years on the poundage basis at \$3 a pound, unless it could be modified; and the way to provide for opportunity for modification was to have the contract surrendered for a route certificate. Yet the former Postmaster General is charged with a sordid purpose and a corrupt motive because he made that demand, and used the power he had under the law to build a complete air map in America.

The CHAIRMAN. As a matter of fact, isn't it true that considerable controversy came up because of the fact that Mr. Letson got the idea that the Aviation Corporation was not going to take care of him and took it up with you in an effort to get you to have the Aviation Corporation take care of him?

Mr. BROWN. Oh, I have known Letson for a long time. He is a fine old fellow—

The CHAIRMAN (interposing). Read the question, please, Mr. Reporter.

(The last preceding question was read by the reporter.)

Mr. BROWN. Aviation Corporation, so far as I know, never had any idea of taking care of Letson.

The CHAIRMAN. Was Mr. Coburn the president of the company at that time?

Mr. BROWN. Yes.

The CHAIRMAN. He would know about that, wouldn't he, whether there was any requirement?

Mr. BROWN. I asked Mr. Coburn to sublet that operation to Mr. Letson.

The CHAIRMAN. Why?

Mr. BROWN. Because I wanted Mr. Letson to have it.

The CHAIRMAN. Did you consider him to be a good operator?

Mr. BROWN. I considered him to be a pretty fair flat-country, daylight operator, and a very honest old fellow, who did not want to sell out to any stock promoter.

The CHAIRMAN. And you considered him capable of operating the line, didn't you, or you would not have asked that it be sublet to him?

Mr. BROWN. I considered him capable of operating that kind of operation, limited to the flat country.

The CHAIRMAN. Flat country, between Kansas City and Denver?

Mr. BROWN. Oh, there are some hills at the west end, as you come into Denver.

The CHAIRMAN. But there are hills there?

Mr. BROWN. I have flown it; I know about as much about it as you do.

The CHAIRMAN. There are some hills there?

Mr. BROWN. There are some hills as you come into Denver, but there are none on most of the routes. Most of the routes it is a flat country.

The CHAIRMAN. It was contemplated he should carry passengers, was it not?

Mr. BROWN. He was carrying passengers, carried them all the time.

The CHAIRMAN. It was a question of protecting those passengers; you wanted it in the hands of a company that could protect them by not causing them to lose their lives?

Mr. BROWN. I had quite a good deal of confidence in Letson as a careful operator.

The CHAIRMAN. Let's see the next one—Pueblo to Fort Worth and Dallas. Who got that line?

Mr. BROWN. Well, Western Air Express were the pioneers on it, and they had the equities under the theory of the Watres Act. I think they got about half of it, and the other half, my recollection is, it was divided. Let's see, Pueblo to Fort Worth, I think, was divided at Amarillo. I would have to look at the map to be sure, but I think it was divided at Amarillo. The northern half went to Western Air Express and the southern half to Aviation Corporation.

The CHAIRMAN. Do you know what agreement was made between them as to payments before the Western Air Express surrendered a part of that line?

Mr. BROWN. No; I don't.

The CHAIRMAN. Did they ever talk to you about it?

Mr. BROWN. I have no recollection of it.

The CHAIRMAN. All right; the next one—Pueblo to El Paso. Is that the one that went to Aviation Corporation?

Mr. BROWN. Well, the operators stated, in their opinion, that Western Air Express had the equities there because they had been flying the route. My recollection is that that was divided at Albuquerque, and that the northern half went to Western Air Express and the southern half to Aviation Corporation.

The CHAIRMAN. By extensions?

Mr. BROWN. Yes.

The CHAIRMAN. The next one; Great Falls to Lethridge—National Park Airways—they kept that, of course, did they not?

Mr. BROWN. This memorandum shows they were the only party in interest.

Mr. President, I am taking the time to read this testimony because it all refers to the Aviation Co. of Pittsburgh, which was the subject of discussion by the Senator from Arkansas. That is why I am confining myself at this time along this particular line.

The CHAIRMAN. That company has never had an extension?

Mr. BROWN. I don't recall that anything was ever done about it.

The CHAIRMAN. They insisted very strenuously to you, did they not, that they ought to have it because it was in the understanding?

Please note the effort of the chairman to induce an answer about understanding. Let me read that again:

The CHAIRMAN. They insisted very strenuously to you, did they not, that they ought to have it because it was in the understanding?

Mr. BROWN. It was not in any understanding.

The CHAIRMAN. Didn't they insist that to you?

Mr. BROWN. No.

The CHAIRMAN. They never have?

Mr. BROWN. No; they never mentioned Lethridge.

The CHAIRMAN. Now, the next one—

Mr. BROWN (interposing). Just let me finish. Mr. Frank was constantly urging extensions east through Montana. He wanted to go to Billings and was very anxious to get into that northeast and west line, but I don't recall his ever speaking to me about Lethridge.

The CHAIRMAN. The next one; Seattle to Vancouver—that was never granted, was it?

Mr. BROWN. I have no recollection of its being granted.

The CHAIRMAN. Now, routes which are still the subject of negotiations, no. 5, Pittsburgh to Norfolk and Washington, final terms not yet arranged. Who did get that?

Mr. BROWN. After a great deal of pulling and hauling Ball—

He is the man about whom there had been complaint, and most of the criticism directed against the Aviation Co. has evidently emanated from him—

sold out to the Pittsburgh Aviation Industries, and no service was ever authorized from Washington to Norfolk, but an extension was made from Pittsburgh to Washington.

The CHAIRMAN. For whom?

Mr. BROWN. Well, I can't remember whether it was made to Ball or whether it was made to Pittsburgh Aviation Corporation.

The CHAIRMAN. As a matter of fact, to refresh your recollection, wasn't it made to the Pennsylvania Air Lines, after it had been reported to you in writing that all of the stock of the Pennsylvania Air Lines had been sold by Ball to the Pittsburgh Aviation Industries, Inc.?

Mr. BROWN. Well, I know I was unwilling to issue a certificate to Ball.

The CHAIRMAN. Why? First, before we get to that, it was issued to the Pennsylvania Air Lines, controlled by the Pittsburgh Aviation Industries, wasn't it?

Mr. BROWN. The certificate?

The CHAIRMAN. Yes.

Mr. BROWN. Oh, I think the certificate was issued to Ball after we had assurance that he was not going to operate the line. I think the extension down to Washington was probably made to Pennsylvania Air Lines, but I could look it up in a moment and be sure.

The CHAIRMAN. Now, you would not do that, would you, until you had assurance, as you state, that Mr. Ball would not operate it?

Mr. BROWN. Not until I was assured that Mr. Ball would not control it.

The CHAIRMAN. Did you know or didn't you know and wasn't it reported to you that Mr. Ball was appointed by this company after they forced him to sell out as the managing operator of the entire line?

Mr. BROWN. No; I don't think he was.

The CHAIRMAN. You don't think that?

Mr. BROWN. I don't think he was the managing operator.

The CHAIRMAN. Didn't you understand he was retained as manager by the contract of sale itself?

Mr. BROWN. I never saw the contract of sale. I know he was retained by the company, because I flew there very often and found him always on the field at Pittsburgh going out and helping to look after the servicing of the planes.

The CHAIRMAN. As a matter of fact, Mr. Brown, may I ask you if it is not true that you went over the papers completely with Ball and told him you were not going to give him the contract unless he would agree to transfer it to the Pittsburgh interests?

Mr. BROWN. No; I never told him that, but I told him I would not give him a certificate because he had not complied with the law in respect that he had not satisfactorily operated his lines. He had sent all sorts of heavy material over his line. He was being paid \$3 a pound by the Government. He paid the postage himself on a lot of stuff that was sent over. His postage was 80 cents, substantially, and we had to pay him \$3, and that was done over and over again until we could not tolerate it, and we fined him \$5,000 and told him he could not have a certificate. I did not want to break the fellow—

The CHAIRMAN (interposing). You fined him \$5,000?

Mr. BROWN. Yes. I did not want to break him.

The CHAIRMAN. Do you know who his lawyer was that acted for him in connection with that fine?

Mr. BROWN. I don't recall much in connection with the fine, but he was represented by Mr. Orgill, of Cleveland.

Mr. President, there is the answer to the accusation that Mr. Ball was discriminated against, that he was not given a contract, and that he had certain claims to pioneer rights. Mr. Brown stated to him that he did not want to break him, but he could not have a certificate; that if he could make arrangements with the aviation company by which he could get some value for his property, it would be perfectly agreeable to Mr. Brown, and that he would even go to the extent of subletting or having the aviation company sublet it to him, but he would not allow Mr. Ball to hold the contract; he wanted to hold some responsible party for the carrying on of the contract with the Government. Postmaster General Brown had finally, because of unethical conduct, to penalize this man to the amount of \$5,000 for an act which he ought never to have allowed himself to commit. I do not think anyone can justify a criticism for a refusal to enter into a contract with a man who had thus been guilty of certain improper practices, and especially in the case of an air route from the Capital City across the Alleghenies through Pittsburgh and on to Cleveland.

The Chairman proceeded:

You call up Mr. Orgill over the long-distance telephone and tell him that he could tell Mr. Ball he had just as well give the option to the Pittsburgh Aviation Corporation, because you were not going to give him a contract?

This is a conversation over the telephone evidently between Mr. Brown and the lawyer of Mr. Ball, who, by the way, is a good friend not only of mine but of Mr. Brown. I continue:

Mr. BROWN. I don't recall that conversation. I know this, that Mr. Orgill had two or three set-ups for the Ball transaction, for Ball to sell out, and they either looked like stock-jobbing operations or they looked as though Ball would ultimately get control of the stock, and we would be back right where we were before with Ball in charge of the company, and I was unwilling to be hoodwinked in any such way if I could help it and I insisted that we would not give a certificate to Ball until we knew the property was going to pass into the hands of people who were responsible, who were not stock jobbers, and who would do a fairly decent job out of the National Capital, where I wanted the finest operation in the whole country if I could get it.

The CHAIRMAN. Then, as I understand it, one of the prerequisites to getting contracts was that there should be no stock jobbing?

Mr. BROWN. That was the view I always entertained.

The CHAIRMAN. I find in Mr. Coburn's evidence which he gave under oath—

And so forth. I do not care to go any further in the matter of evidence on the question of the aviation company.

I want to repeat what I stated, that the complaint that the Aviation Co. did not get the contract, which was dwelt upon by the Senator from Arkansas [Mr. ROBINSON], is without foundation, because under the ruling of the Comptroller General, to whom this matter was submitted, the Aviation Co. was not the lowest bidder and the contract went to the proper party, according to his ruling, which was final in this case.

Coming to the letters which were read by the Senator from Arkansas to create suspicion that the intense anxiety, if not determination, of the people of Pittsburgh to have this service, which they were doing everything in their power to get, was fraudulent. Presenting their case in the strongest possible terms to the Postmaster General, if he yielded to their representations, not only is it intimated they were corrupt but that Postmaster General Brown was corrupt, when his clear purpose was to have established a line from Washington that would do credit to Washington.

Whatever the purpose of the people of Pittsburgh was, I assume they wanted a modern aviation industry in that city. It would be very unnatural if they did not, first, in view of their position financially and in every other way, and, secondly, in view of their geographical location. Pittsburgh would seem to be a pivotal point, and they should not be criticized because they were going to the limit of their influence to obtain the best service they could find.

In one of the letters written by George Hann, who is the leading figure in this aviation company's earliest history, it was stated that they would "have to wait a long time unless we get in now." That was immediately interpreted by the reader of the statement to mean that there was something illegal about it, meaning "if we do not grasp the situation quickly we are lost." How could any such interpretation as that be put upon the statement in the light of the law? The contracts were to run for 10 years. If they did not get a contract then in the form of a certificate or by negotiation, they would have to wait 10 years, because that is the tenure of the contracts. When he said, "if we do not now get a contract through negotiation it will be a long time we will have to wait", his statement is interpreted by the suspicious mind to mean something that is wicked, and that he meant the contract must be gotten quickly or the opportunity would be lost. I should dislike to have a condition of mind such as that. If perfectly legal conduct is to be impugned by thinking people, what is the use ever to enter into any kind of business?

It was stated that this company was not actually carrying passengers and mail. The company had branches that were carrying passengers. This was, in a way, a holding company. Let me say just a word on that point.

Holding companies have come to be—and I think rather unjustly so—the subject of very severe criticism because of certain practices in recent years. For example, we have the railroad problem. Transportation by rail is under control of the Interstate Commerce Commission. If a holding company is organized for many purposes and one of its ancillary

purposes was to deal in transportation, under the present law it would be exempt from the supervision of the Interstate Commerce Commission. I say that is wrong. If a holding company is organized in order to do through that company what could not be done regularly, that is not legitimate and I would vote at any time to bring within the provisions of the law the holding company that deals in transportation, at least to the extent that it is dealing in transportation, for the reason that they have made what appear to be efforts to escape certain regulatory functions. They have been subject to bitter criticism, and, as I said, in many ways rightly so.

But when we talk about a holding company in aviation, see how different the situation is. Here is an air map. There may be a route from Buffalo to Cleveland, another from Buffalo east to Rochester, another from Rochester southward to Elmira, another one from Elmira over to Binghamton, another one from Binghamton down to Scranton, Pa., another one from Scranton to Wilkes-Barre or on to Harrisburg—disjointed, broken links, all the result of local pride and the desire to have an airport and to be on an airway. What those places lack in many instances is, first, financial ability. None of their air lines can succeed. The traffic is not there to enable them to succeed. The traffic will not justify their maintenance. Any number of such air lines are brought into being that ought never to have been brought to life and will have to be discontinued.

Here is the problem: What is needed is, first, financial ability to connect these links; secondly, such financial ability as not only to pay the first cost, but to furnish modern planes, especially if the passenger service will justify it. There are a hundred things called for that not one of those companies could supply, and all of them combined could not supply them.

I do not think it was illegitimate for a group of financial men, believing in aviation, to form a holding company and take over the physical properties of these disjointed links, then sublet each of them to the actual operator to maintain his own equities in it, and then operate them as one system instead of as a broken system. I cannot see any crime or even anything wrong in a holding company organized for that purpose and performing that service.

The bill that has been introduced to amend the law eliminates holding companies. It may be that the aviation has been sufficiently developed so that holding companies may be eliminated without breaking up the routes. I have not gone into that question. If so, I see no particular objection to their elimination, and especially would I agree to eliminate them if they are trying to escape any law, as holding companies sometimes do in other fields; but for the life of me I do not see any legitimate objection to a holding company in the inception of the building of a great route.

Mr. President, in further reference to this particular line, a great deal has been said against Mr. Brown because he did not believe that the competitive system was the best. It must be remembered, however, no matter how earnestly he thought that competition on a line where there was only one bidder was a myth, that the contracts for all the transcontinental lines made under Mr. Brown were let by competitive bidding; so that matter can be brushed aside. I know he thought that competitive bidding was not necessarily the best way to proceed in first building the air map. I am aware of that; but at the same time Mr. Brown used the competitive method in the case of all the transcontinental lines.

The reason why he said the competitive-bidding system was a myth was because there were so few bidders who could qualify. The chairman of the committee the other day went into the question as to who could qualify, and brought out the fact that in the case of various contracts heretofore made there were several bids, meaning that there was more than one bidder, and in reading the record on that point one would be led to believe that there were a great number of bids on all the lines.

I happen to have the record of the bids that were made on all the lines, including the 34 contracts in force up to the time of the cancellation.

LXXVIII—311

On no. 2 there were three bids, and only one bidder qualified.

On no. 3 there were two bids, and only one bidder qualified.

On no. 4 there were three bids, and only one bidder qualified.

On no. 6 there was one bid, and the bidder qualified.

On no. 7 there was one bid, and the bidder qualified.

On no. 8 there were three bids, and one bidder qualified.

On no. 9 there were three bids, and only one bidder qualified.

On no. 10 there were three bids, and one bidder qualified.

On no. 11 there was one bid, and the bidder qualified.

The first 11 contracts were let by bids. There were 20 bids in the aggregate, and in the case of every single contract there was only one qualified bidder. In other words, there were 11 contracts, and there were 11 bidders qualified to bid. Those were the first 11.

The twelfth contract was the one in the Midwest, where there were lines running in different directions, like the one at Cheyenne. There were 9 bids on that route, and 9 bidders qualified, which was rather a remarkable record.

On no. 13 there was only one bid, and one bidder qualified.

On no. 14 there were two bids, and only one bidder qualified.

On no. 15 there was one bid, and the bidder qualified.

On no. 16 there were three bids, and only one bidder qualified.

On no. 17 there were four bids, and only one bidder qualified.

On no. 18 there were 4 bids, and only 1 bidder qualified.

On no. 19 there was one bid, and the bidder qualified.

On no. 20 there were four bids, and all the bidders qualified.

On no. 22 there were 3 bids, and 3 bidders qualified.

It will be noted that these later ones were when the aviation industry was advancing very rapidly, and there were far more bidders who qualified than in the early time when bids were first offered.

So it will be observed that on the twenty-third contract there were 6 bids and 4 of the bidders qualified.

On the twenty-fourth there happened to be 2 bids, and only 1 bidder qualified.

On the twenty-fifth there were 3 bids, and 3 bidders qualified.

On the twenty-sixth there were 3 bids, and 3 bidders qualified.

On the twenty-seventh there were 3 bids, and 3 bidders qualified.

On the twenty-eighth there were 4 bids, and 4 bidders qualified.

On the twenty-ninth there were 6 bids, and 6 bidders qualified.

This indicates the rapid improvement in facilities and otherwise to meet the requirements of the Commerce Department in aviation. I think this is rather a splendid testimony to the improvement of air-navigation facilities.

On no. 30 there were 6 bids, and 5 of the bidders qualified.

On no. 31 there was only one bid, and the bidder qualified.

No. 31 was the first contract that was let by Postmaster General Brown.

No. 32 was the second contract let by Postmaster General Brown. There were 4 bids, and 4 bidders qualified.

No. 33 was the third contract let by Postmaster General Brown. There was one bid, and the bidder qualified.

No. 34 was the last contract let by Postmaster General Brown. There were 2 bids, and only 1 bidder qualified.

All these contracts that were let by Mr. Brown were let under competitive bidding in obedience to the first section of the law. He did not use the other section, which permitted him to make a contract by negotiation, which is not bidding, as everyone knows; and he did not employ in connection with these routes section 6 of the law, which permitted him to make extensions. The contracts for transcontinental routes were all let under the first section requiring competitive bidding. Yet every time anyone speaks, we

listen to the charge that these people were in a conspiracy to avoid bidding. If they were, I am the last man who would undertake to protect them or defend them. If any men made any agreement among themselves, or with anybody else, to get a contract by agreeing not to bid one against another, I want the law to be applied to them; but for God's sake, let us not find them guilty without giving them some trial.

That is why I feel intensely upon this subject. I know that I am very unfortunate in that anything I say is attributed to partisanship. It is useless for anyone to undertake to defend himself against charges of that kind. It simply was unfortunate, that is all.

When I became a Member of the House of Representatives I went upon the congressional committee. I ought not to have done it. In 3 years I became chairman of the congressional committee, which I should not have done. In the conduct of the congressional campaigns of 1918 and 1920 my friends on the other side of the aisle in the House came to the conclusion, farthest possible from the truth, that I thought only in partisan terms.

I know that whenever I say anything good about a Democrat, the statement is made, "Oh, he is dead!" That is not fair. I do not mind saying that there is in this body the son of a great statesman who was a candidate for reelection when I had charge of the campaign on behalf of the Republicans. The order went out from me that Republicans in that district should not oppose Mr. Clark, for we would rather have a man like Champ Clark in the House of Representatives than any Republican who could be named.

The present presiding officer [Mr. REYNOLDS in the chair] will be pleased to know that I gave the same order exactly on behalf of my beloved, saintly friend, Major Stedman, of the Fifth District of North Carolina. That was my order. But having been identified with the machinery of my party, I have put the label of partisanship upon myself, and I must expect that everything I say will be interpreted as a partisan statement.

I have stood for certain proposals which the present President has advanced. I have stood against some of the things he has advocated. I think, in his opinion, I have not supported the most important measures he has proposed, because I think they are radical and revolutionary, and that is why I have not favored them. I feel absolutely certain that time will prove my position to be correct. I will stand any day for anything the President wants if it commends itself to my best judgment, without regard to political affiliations.

It was a splendid statement for the President to make when in recommending some of the radical measures, he said that if they did not prove successful, he would be the first to admit it. I had hoped that he would take the same position about the air-mail contracts, for I know that the President would not have given the order he issued had he known all the facts. It is not conceivable that a great American, in the responsibility of the Presidency, would ever permit himself to deny to any group a chance to be heard in its own defense if it was charged with fraud. He is not that type of man. He has been misled, and now the effort on this floor is to cushion the offense, and we hear every day something from the other side tending to prove that the President acted knowingly, in the way he wanted to act, and that there was no other way he could act. No one can ever make me believe that to be so. I do not believe it. When the time comes—and it will not be so long delayed—when I can present the arguments on the contracts, we will see whether such papers as that read today can have any weight. They are founded on inference, every item is inference, drawing conclusions from statements.

For example, a witness went on the stand in the committee and testified under oath that he had secured a position for the sister of Mr. Glover, and that he had secured an appointment for Mr. Glover's nephew, Lloyd Glover, when the truth about the matter is that the only sister Mr. Glover has is 65 years of age, never was a candidate for office, never solicited an appointment, and could not accept

an appointment if she wanted to, because she would be disqualified by age. Yet it was stated that he secured a position for his sister.

It was also said that he secured an appointment for a nephew, Lloyd Glover. The fact is that there is no such person as Lloyd Glover, the nephew of Mr. Glover. It is on a par with the effort to bring Walter Brown's brother into the testimony, until it was found that a man of the same name was referred to, a man who was no relative of the Postmaster General. It is on a par with bringing Charles Francis Adams into the testimony in another body at this time, when the reference was to another Adams of the same name.

Mr. President, where are these insinuations leading us? When an effort is made to convict a public servant of a crime, it cannot be done by innuendo; it cannot be done by merely submitting circumstantial evidence that is not even an inference. Loose testimony and loose statements are not conclusive proof, and America will not stand for the effort to prove a case by such means.

Mr. President, I was not stirred in this matter until a poor miserable weakling on the witness stand testified that Mr. Brown had destroyed records—files of the Post Office Department. When I read that I was tremendously disturbed. All around me Senators, including Democratic Senators, spoke to me about it. I said: "There cannot be any truth in it. Keep your minds open. Do not make up your minds as yet."

I had hoped that the first thing the committee would do would be to call Mr. Brown, but they had started on a certain program, and that program was to bring forward adverse testimony. Any testimony that was favorable they did not want. Investigators went to different people, and when an investigator was told that a man could not testify to something that man was not wanted. I will prove that, before we get through here, and give names. When a witness went on the stand and testified to something, and then later wrote a letter saying that the testimony was not correct, and that he desired to correct it, opportunity was not given for the correction until someone else who received a copy of the letter saw that it was made a matter of record.

The plan is not for an investigation; the plan is for a prosecution, and in order to carry it forward, thousands upon thousands of dollars are expended, investigators are sent all over the country, taken from the Treasury, Post Office, and Justice Departments, and at the table where the testimony is given the witnesses are flanked on every side by such investigators, some from the Post Office Department, some from the Treasury Department, some from the Justice Department. The purpose is perfectly obvious.

I finally spoke to the Democratic leader in this body and told him about my concern regarding Mr. Brown's being called. He said to me, "There is no doubt about Mr. Brown's being called if he wants to be called." I spoke of the matter here on the floor of the Senate and was told that Mr. Brown would be given an opportunity to testify any time he wanted to, provided he would waive immunity. Every self-respecting man would resent that statement about a man such as Mr. Brown if he knew him.

The Senate and the country know what was done in order to get Mr. Brown here. He came on the 19th of February. Mr. Brown said:

Mr. Chairman, may I say that I have prepared a statement which I should like very much to present to the committee at this time?

After the statement was read, the chairman said:

Before asking any questions, a letter was read from you to Senator FESS in the CONGRESSIONAL RECORD. In order that the record may be clear on this point, may I ask if you wrote that letter?

Mr. BROWN. I did.

The CHAIRMAN. And you appear here, after having written that letter, in accordance with the terms of the letter which you wrote to Senator FESS?

Mr. BROWN. Yes, Mr. Chairman.

The CHAIRMAN. And you are willing to answer any questions concerning the matters that the committee desires to ask you?

Mr. BROWN. Certainly; anything in the world that is pertinent to the inquiry.

The CHAIRMAN. May I ask you, first, when you first came to Washington?

The letter to which the Senator from Alabama [Mr. BLACK] referred was the letter of date February 10, 1934, addressed to me, in which the Postmaster General had requested that I lay before the committee a request for him to appear. In that letter Mr. Brown makes this statement:

I had ventured to hope that because of the high position in the Postal Service which I had the honor to hold for 4 years a majority of the Senate special committee might deem it fitting to invite me to testify concerning the postal matters pertinent to the committee's inquiry that were peculiarly within my own knowledge, without imposing conditions reflecting on my integrity. However, my desire to prevent, if possible, irreparable injury to an industry the uninterrupted development of which in my judgment is vital to our national security and well-being, transcends any personal consideration.

Will you be good enough, therefore, to convey to the members of the Senate special committee authorized to investigate air-mail and ocean-mail contracts, my urgent request to be heard at the earliest date convenient? In so doing you will please state for me that I will appear voluntarily, that my testimony will be given without compulsion, and that anything I may say may be used against me in any court in the land.

Mr. President, I cannot understand why the usual and proper course is not pursued. If there is any charge against these companies, or against Mr. Brown, there is an open way to pursue the charge, and that is the regular way. The courts are open for the purpose. If these men are guilty of any crime, they ought to be punished; but there is a way to find whether they are guilty, and then to punish them accordingly.

Our Bill of Rights, the first 10 amendments of the Constitution, protects any man from being found guilty without first being indicted, and then he is entitled to a trial by his peers, and not only shall have witnesses for him if he wants them but he has the force of American law to compel them to attend. The meanest culprit that ever disgraced America, if brought to the bar of justice, will be given not only a hearing, but the courts, under the law, will appoint counsel to defend him.

In contrast with that look at what has taken place in connection with the air-mail contracts, Mr. President, Mr. Brown made this statement:

The major purpose of the legislation authorizing the Postmaster General to award air-mail and ocean-mail contracts was not to transport the mails at the lowest possible cost to the Government, but to foster the maritime and aeronautical industries.

On any other basis subsidy never would be tolerated.

The title of the present ocean-mail subvention law, known as the "Jones-White Act", states its purpose to be "to further develop an American merchant marine", etc.; and the title of the present air-mail law, known as the "McNary-Watres Act", states its purpose to be "further to encourage commercial aviation", etc.

Congress declared and is solely responsible for both of these national policies. Upon the Post Office Department rests merely the responsibility of administering them.

The ultimate goal of the merchant-marine policy is to maintain under the United States flag a merchant fleet capable of carrying our foreign commerce, by paying to operators of that fleet, through the medium of mail subventions, the excess due to the higher standard of living in the United States of building and operating costs over similar costs in foreign countries.

The Postmaster General has made mention of the ocean mail because the investigating committee investigated both ocean mail and air mail.

The ultimate goal of the commercial aviation policy is to create an economically independent aeronautical industry by enabling air-transport operators to recoup in the form of mail pay their out-of-pocket losses while they are building up adequate passenger and express revenues from the public and are developing transport airplanes capable under competitive conditions of earning their costs of operation.

During my term as Postmaster General 20 ocean-mail contracts were awarded by open competitive bidding, with the formal approval of an interdepartmental committee created by President Hoover, consisting of the Secretary of Commerce, the Secretary of the Navy, the Chairman of the Shipping Board, and the Postmaster General. All but one of these contracts were let to the lowest responsible bidder whose proposal met the specifications. The one contract which was awarded to the high bidder was so awarded at the request of Congress set forth in a joint resolution duly adopted. By the terms of these contracts the ocean-mail contractors were compelled to expend substantially all of their

mail pay on the construction of new vessels. A magnificent fleet of nearly a hundred modern ships is being completed in American shipyards, of American materials, by American labor, at an aggregate outlay of approximately \$300,000,000. This fleet under the United States flag is today carrying our commerce to every port in the world and stands ready at all times to serve as a naval auxiliary in time of national emergency.

During my term as Postmaster General 3 domestic air-mail contracts were awarded out of 34 in all let by the Post Office Department: One contract covering service from Pasco, Wash., to Seattle via Portland, before the passage of the McNary-Watres Act; two contracts, covering service from Atlanta to Los Angeles via Fort Worth and El Paso; and the service from New York to Los Angeles via Pittsburgh, St. Louis, and Kansas City, after the passage of the McNary-Watres Act.

In other words, 3 contracts were let—1 before the act was passed and 2 after the act was passed.

In the letting of these contracts every requirement of law was observed, and no evidence whatever of collusion between the bidders thereon or the holders of any other air-mail contracts appeared or was ever suggested by anyone.

The two meetings of air-passenger operators and air-mail operators, held at the Post Office Department May 19 and June 4, 1930, to which attention has been directed, were called and held for a purpose entirely legal and proper, to wit: To find, if possible, some method under the provisions of the McNary-Watres Act of aiding the passenger-transport operators who had no mail contracts and whose losses were compelling them to abandon their passenger operations. There was nothing clandestine or secret about these meetings. Minutes of the proceedings were made by the superintendent of air mail and preserved in the files of the Second Assistant Postmaster General. A formal statement concerning these meetings was given to the press.

No suggestion of dividing air-mail operations among the companies represented at these meetings was ever made or contemplated, and no agreement or understanding with respect to bidding on air-mail contracts or refraining to bid on air-mail contracts by any of the operators present was made at either of those meetings or at any other time.

The tentative suggestion for the relief of passenger air-transport operators who had no mail contracts, advanced and discussed at these meetings, was rejected by me as impracticable and unsound, and many of the exclusively passenger operations were soon thereafter abandoned.

From time to time after the passage of the McNary-Watres Act various extensions of existing routes demanded by Senators, Representatives, and local civic organizations were authorized under the provisions of section 6 of that act, which reads as follows—

That section of the act reads:

The Postmaster General, in establishing air-mail routes under this act, may, when in his judgment the public interest will be promoted thereby—

Mr. President, mark these words—

make any extensions or consolidations of routes which are now or may hereafter be established.

Mr. President, that is the law. The Postmaster General may make any extensions and consolidations of any route now existing or which may hereafter be established. Yet Mr. Brown, when he authorizes extensions, is charged with being corrupt and committing an illegal act though the language authorizing him to do that very thing could not be made broader.

Now we come to the contention of those who are disturbed for some reason about their illegitimate procedure that the difficulty was that the Postmaster General took a short air line and added a longer line to it, as if that were a crime. Let us see how he did it.

There is, let us say, an air line from New York to Chicago, traversing probably the most profitable area in all aviation because of the two great cities at the termini and the thickly populated territory in between, having a tremendously potential passenger and express business; and if the line could secure a mail contract that would represent so much more profit. It is desired to have a line from Chicago to Salt Lake City.

The distance from Chicago to Salt Lake City may be double the distance from Chicago to New York, but the line running from Chicago to Salt Lake City is a weak one; there is not much traffic there; the line carries no mail; there is little passenger and express business and the question is whether it can operate without a mail contract. Mr. Brown said, "I do not want to continue these air lines in broken links." The reason is obvious. In the case of a line starting at Washington and going to New York, the rate for carrying the mail is \$3 a pound, while the rate by air from

New York to Chicago is 86 cents a pound, the lower rate being due to the tremendous volume of business. On an airline from Chicago to the West the rate is \$3 a pound, then going clear to the Pacific coast the rate in that case also is \$3 a pound; so that when the rates are summed up it is found that the cost to the Government for carrying a pound of mail over a route broken into four links owned by four different companies is \$9.86 a pound. Mr. Brown said, "I will not stand for that."

There was another reason why he would not stand for it. Here is an air route from the East to Chicago; there is another operating from Chicago, the two being separate in ownership. The route to Chicago has to meet some very dangerous atmospheric conditions and its planes frequently are late. The line operating west from Chicago, loaded with passengers, anxious to get on the wing, so as not to be caught at night, will insist upon the plane from the East arriving on schedule time, for when the planes from the East are delayed the mail is broken, not having reached Chicago before the plane for the West must depart.

Mr. President, people unaccustomed to flying do not realize the conditions an airplane is apt to encounter. If the recital of a personal experience may be permitted, I should like to state that on one occasion, while flying from my home to Washington, with one of the most skillful Army aviators in the Service, we lost our way four times, due to a storm. Before we started from home at Wright Field the atmospheric conditions were reported to us. They indicated that there were some slight storms in the mountains but it was thought they would not be severe. So we started on the way. The first storm struck us before we got to Wheeling. The pilot told me he had three choices: He could go through the storm, which would be a rather dangerous proceeding, because his plane was not equipped for such contingencies as planes are now equipped; another choice was to go over the storm, but that, too, was dangerous for we were in a mountainous region, and if the pilot pushed his engine too heavily it might stop. The other choice was to go around the storm. The pilot chose the last course.

We were flying the National Highway, which is exceedingly well marked. I have been over it in an automobile dozens and dozens of times and am very familiar with it. I have also flown over it by air a few times. The pilot veered to the left to go around the storm, lost his way, and it was quite a little while before we got back on the trail. Before we were out of the mountains we struck another fugitive storm cloud. The pilot did not want to go through it, so again he went around it. We met four of those storm clouds in the mountains and lost our way each time. Finally the pilot found himself over some location about which he knew nothing. The rain was then falling in a drizzling shower and he was a little concerned. The plane flew over and around a little town. The pilot asked me whether I knew what the name of the town was, and I shook my head. I did not know where he was going; I was completely turned around. After he had proceeded for about 2 minutes he reversed his course and flew back over the town again almost frightening the life out of me by flying just over the tops of the houses.

When we reached Washington, I said to him, "What on earth were you doing at that town?" He said, "I had lost my way; I did not know the name of the town. I saw that a railroad ran through it, and I knew there was a depot; so I went back there and hunted the depot, and flew low enough so as to read the name of the town on the depot; that is the only way I found where I was." He said he had been flying for 11 years and that was the worst trip he had ever made.

That is one of my experiences in the air. When one starts out, even when the reports indicate that everything is all right, he cannot be absolutely sure about the weather, for it is a very uncertain element; consequently it has to be taken into consideration and an effort made to provide for it.

Mr. Brown took the view that he would not allow a contract for a route that was made up of several links which were operated and owned by different companies. If one

company owned it all, and sublet it to other companies, that would be all right, but there had to be responsibility to the Government on the part of one unit. That was the demand.

Now, Mr. President, let me ask where is the basis in common sense for the claim that Mr. Brown was guilty of a wrongful act when he permitted a base route from New York to Chicago to be extended from Chicago to Salt Lake City, although the second link was longer than the first? Where is the man outside of the insane asylum who will say that that was wrong?

Take the specific case mentioned the other day by the Senator from Arkansas, the case of an extension from Minneapolis westward to Mandan. At the request not only of the senior Senator from North Dakota [Mr. FRAZIER], who had spoken to the Postmaster General at different times about it, but also at the request of the junior Senator from North Dakota [Mr. NYE] and of the Senator from Minnesota [Mr. SHIPSTEAD], as well as at the request of the late lamented and much beloved and most distinguished Senator from Montana, Mr. Walsh, that route was established. I know the argument the Senator from North Dakota [Mr. FRAZIER] used. He stated to Mr. Brown, "This territory is traversed by the Great Northern Railroad, by the Northern Pacific, and by the Chicago, Milwaukee & St. Paul, three great trunk lines running from east to west, with not an air-mail line in that area." It was a convincing statement, and Mr. Brown said he would establish the line. What did he propose to do? He proposed to take the line between Chicago and Minneapolis, 664 miles, and extend it west to Mandan through a territory not thickly populated as is the territory through which the base line goes. Is Mr. Brown to be condemned because, yielding not only to the wish of Senators but yielding in response to his own judgment, he extended a base line although the extension was longer than the original line?

That is a concrete example used by the Senator from Arkansas for the purpose of condemning Mr. Brown for the use of his power in the extension of airlines, which power was given him under the law. It is that character of criticism which I cannot understand. Certainly no sensible person would have said that they should use the line west as a base and use the pioneer line as the extension. Certainly if he had in mind service to the Government he would not break it into two lines with two companies when it could be handled under one management. The difficulty is that we are proceeding on the theory that in what is being done we should not take into consideration the welfare of the Government or the welfare of the public, but that we ought to respond to some complaint of somebody who could not get a contract because he should not have it.

This is the authority under which the Postmaster General operated:

The Postmaster General in establishing air-mail routes under this act may, when in his judgment the public interest will be promoted thereby, make any extension or consolidation of routes which are now or may hereafter be established.

The Postmaster General proceeded in his statement to the committee:

All of the extensions and consolidations authorized by me were in the public interest. Every such action resulted in improved public service and ultimately in lower flying costs which were passed on to the Government in the form of reduced mail pay. Payment for service on the extensions authorized were in every instance approved by the Comptroller General then and now in office, and the validity of such extensions was repeatedly recognized in appropriations for the air mail voted by Congress.

With the passage of the McNary-Watres Act giving the Post Office Department the requisite authority, it exerted pressure on the air-mail carriers, who with minor exceptions had theretofore been confining their operations exclusively to carrying the mail, to transport passengers and express in order to build up revenues from the public and thus lighten the burden on the Post Office Department; and it exerted every proper influence to consolidate the short, detached, and falling lines into well-financed and well-managed systems, providing three independent transcontinental operations with appropriate north and south intersecting services, believing that the pressure of competition would in time attract public patronage, reduce operating costs, and develop, if possible, a transport airplane capable, under the competitive conditions in the passenger and express transportation industry, of earning enough to pay its way without any subsidy.

Mr. President, the Postmaster General may have been given too much authority. The Postmaster General may have acted rather arbitrarily. The Postmaster General may have had a wrong view of the policy for the building up of a great aviation system. I do not think those possibilities in reality existed. They may have existed, but I do not believe they did. But suppose they did; suppose that all Mr. Farley said in his letter to the Senator from Alabama [Mr. BLACK] is true, that Mr. Brown acted arbitrarily; was not he the arbiter? Did not the law give him the power? Was there any limit not written in the law? I do not know of any.

The law provided that the Postmaster General should act if he deemed it in the public interest. That does not mean in the judgment of the Presiding Officer of the Senate whether it was in the public interest. It does not mean in the judgment of the Senator from Arkansas [Mr. ROBINSON] whether it was in the public interest. It does not mean in the judgment of the Senator now addressing the Senate whether it was in the public interest. It means in the judgment of the Postmaster General. He is to say whether, in his own judgment, it is in the public interest. If he says that extending lines, reducing costs, and increasing service, are in the public interest, then I have no right to say, if he is mistaken, that he is a criminal. What he did was in accordance with law. If the law had read that it should be in the public interest as Congress might see it or as somebody else might see it, then, of course, the Postmaster General might have been subject to criticism if he did not obtain their judgment as to what was in the public interest.

Here was a disjointed, irregular, illogical air map. It did not serve anybody as a system. Mr. Brown saw the possibility, first, through extensions under this power and, secondly, through subletting and through negotiations, to take those disjointed links of a broken system and build them into a complete system. He had the railroads as an example. The New York Central Lines and the Pennsylvania Lines constitute two systems. In the Pennsylvania system there are the Pennsylvania Lines, the Pennsylvania Railroad, and, I believe, the Pennsylvania Co. One runs from New York to Pittsburgh and the other is an extension from Pittsburgh to Chicago, but they are all one system. That system, which originally was rather short, has been gathering up tributaries and branches until the system represents over 200 separate rail branches. It is one system today, made up of all those tributaries and branches.

The same thing can be said of the New York Central Railroad. It is an evolution from disjointed, short, irresponsible lines into a completed, logical railroad system serving all the territory through which it goes.

We have been hoping that through some system of consolidation it might be possible to serve the whole country in air mail in some way like that. We have not been able yet to reach that consummation. With that in view, however, Mr. Brown undertook to take these disjointed links and coordinate them through the power he had—first, extensions; second, surrender of contracts for route certificates, by means of which these various changes could be made; and, third, in the case of a route across the continent, letting the contract by competitive bidding.

What has been the outcome? See how the public has been served. It has had the finest air service known to the world today; the finest air-mail service ever yet conceived; the greatest distance flown with the smallest fatalities, flying at the rate of one loss to four and a half million miles last year. Yet my friend from Tennessee [Mr. MCKELLAR] rises here and talks about these amateur flyers, these training people, and gives the number of deaths, and then tries to laugh off the seriousness of the recent deaths in the Army Air Service, which we so much deplore and which everyone deplores.

Let me say to my friend that whatever he may say of the number of deaths, there are 11 of them amongst the Army flyers that would not need to be computed had this change not been made, and those 11 deaths cannot be laughed off.

I have read the proposed legislation presented by the distinguished Senator who occupies the chair at this moment

(Mr. O'MAHONEY in the chair). I think that in the main it is sound. It avoids the un-American conduct of which all of us ought to be ashamed. It opens the way for everybody to have his day in court. Nothing less than that can ever be conceded in this body.

My concern is over the fact that when the former Postmaster General took these disjointed pieces and worked them into a great system, it is charged that it was done in collusion, and the allegation of collusion is based on the fact that a meeting was held.

Let me read a statement from Mr. KELLY in regard to that meeting. Mr. KELLY, as everybody who knows him must concede, is a man who would not stand for anything that is dishonorable. He says:

Those conferences, in themselves, were not contrary to law. It was the only sensible and businesslike thing that could be done.

Then Mr. KELLY says:

General Farley himself in August last year called all the operators into conference over the division of the air-mail appropriation of \$14,000,000, which had been cut down from \$19,000,000.

And so forth. Then Mr. KELLY says:

It is nonsense to say that there was anything improper in the conferences in themselves. However, if at those conferences or afterward there was conspiracy or collusion as to bidding or refraining from bidding, then there was violation of law and those guilty should be punished.

I find no proof of that in the letter of the Postmaster General. If he has that proof, it is his duty to proceed to bring action.

That is what I say. The way is open. I call upon this administration to stop playing politics and proceed in the orderly way if it has any proof against these people.

Mr. KELLY further says, and it was only last month that he made these statements:

Now, the facts are these: Postmaster General Brown did assume that he had power of unlimited extension and the conference of June 4 had that assumption before it for consideration. It is my belief that this memorandum we have heard so much about was a paper containing suggestions as to extensions in case Postmaster General Brown had the power to make them. When it was shown that he had no such power, the memorandum became worthless.

At the time that conference was held there was no secrecy about it. The papers contained items dealing with the details discussed. The statement was made that great extensions were to be made so that the country could be covered with air-carrier service, covering both mail and passengers.

Then there is the further statement which I read a while ago in reference to the low bid of the Aviation Co., which was denied a contract.

Mr. Brown, in his statement before the committee, continues:

In interpreting the policy with respect to commercial aviation declared by Congress, I took it for granted that the uninterrupted development of the air transport industry, necessary to keep the aeronautical art in our country abreast that art throughout the world, was vital to our national security and that the air mail itself was performing an essential service for the business of the country.

While the air transport industry, consistently fostered by generous Government aid throughout the administrations of Wilson, Harding, Coolidge, and Hoover, and supervised by governmental authority, has created the greatest system of air transport in the world, it is still dependent for its very existence upon the Air Mail Service, and will probably so continue for some time to come.

The reason why the Postmaster General has taken that view is that under his administration, looking to the formula of increasing the service without increasing the cost, but for the welfare of the public, he has this record:

In 1929 the air-mail cost had gotten down to \$1.09 a pound per mile. It went on down every year from 1929 to 1933; and when Mr. Brown left the service, it had dropped from \$1.09 to 42 cents. That was proof that Mr. Brown made a correct prediction when he said that with proper aid to this industry, if mail lines were required to carry passengers, and mail contracts were given to passenger lines, the point would be reached in the development of aviation where it would not cost the Government one dollar except the payment for the service for carrying the mails.

That prediction is carried out by the figures from 1929 to 1933; but he still says that without mail contracts aviation at this time could not exist.

Much progress toward the goal of economic independence has been made, however, particularly during the last few years. The revenues of air-mail carriers derived from passenger and express services have increased from practically zero in 1929 to the rate of \$10,000,000 per year at the end of 1933. At the same time the compensation paid to the air-mail carriers by the Post Office Department has been reduced by successive steps from \$1.09 per mile in 1929 to 42 cents per mile at the end of my administration.

Public attention has been drawn to my investment in the securities of three corporations whose business is related to transportation—the International Mercantile Marine Co., the Pennroad Co., and the Pennsylvania Railroad Co.

I desire to read this especially because a Senator said to me, "I have been somewhat disturbed over the reports in the press that Mr. Brown owned stock in certain companies." This is the statement of Mr. Brown:

During my term as Postmaster General no mail contract was awarded to the International Mercantile Marine Co. or to any other ocean carrier in which the International Mercantile Marine Co. held a financial interest. Five ocean-mail contracts were awarded by me to competitors of the International Mercantile Marine Co., 3 in the North Atlantic and 2 in the Caribbean. No mail contract was awarded to the Pennroad Co., which I am informed has never held any interest in any ocean-mail or air-mail operations.

During my term as Postmaster General no contract for carrying the mail was awarded to the Pennsylvania Railroad Co., of whose stock I own 225 shares.

One hundred of these shares were acquired in the open market in 1915; 100 were acquired in the open market in 1928, about a year before I became Postmaster General; and 25 shares were acquired in 1929 by the exercise of subscription rights accruing to the 200 shares previously owned.

Sometime in 1930 Transcontinental & Western Air was incorporated and acquired the contract to operate the air-mail and passenger service from New York to Los Angeles via Pittsburgh, St. Louis, and Kansas City. Forty-seven and one half percent of Transcontinental & Western Air stock was acquired by Transcontinental Air Transport, a corporation in which the Pennsylvania Railroad Co., I am advised, owned 50,000 shares, or 6.7 percent of its capitalization. No dividends have ever been earned or paid by Transcontinental & Western Air or by Transcontinental Air Transport, and therefore no such dividends have ever been received by the Pennsylvania Railroad Co. If the stock in Transcontinental & Western Air owned by Transcontinental Air Transport should be distributed to the latter corporation's stockholders and the Pennsylvania Railroad Co. should distribute the Transcontinental & Western Air stock coming to it by reason of such distribution among its stockholders, the 225 shares of Pennsylvania Railroad stock which I own would be allocated 0.3382, or slightly over one third of a single share.

Mr. President, I have been reading from the statement made by former Postmaster General Brown before the committee at the initial meeting, where he appeared, including the last part of his statement in reference to the stocks. I shall not take the time of the Senate to go into some of the testimony where I think the committee should not have entered the particular field.

I know why the committee went into the Bagley account. That was a case of the association of two friends which cost the Postmaster General nearly a half million dollars—a very sad performance, but without guilt, without a semblance of anything wrong, unless it may be said that a man should never purchase any security of any kind.

Of course, the purpose of the committee was to attempt to establish that Mr. Brown, as Postmaster General, was engaged in illegal transactions, or unethical actions, in his association with Mr. Bagley, because Mr. Bagley had had some dealings with someone connected with the Government. When all the testimony shall be brought out, there will be nothing except pity for anyone who would, unfortunately, in any venture of the kind, suffer such terrific losses.

When the committee wants the facts about the Bagley will it need only subpoena the trust officer of the company which is the coexecutor of the will, who has charge of all the details of the will. Certainly Mr. Brown, who had never seen the will until the committee's investigation, and who knew nothing of the details and has nothing whatever to do with the administration of the will, could not carry in his mind details of matters with which he was not familiar. When the committee is anxious to get all the facts, there will be one way to get them so that there will be no question about them—that is, it can subpoena the officer of the trust company that is the executor of the will, associated with Mr. Brown.

Mr. President, I do not intend to go into the evidence or suggestions which lead to personal abuse. I think some of these matters would do credit to a police court or to a divorce court. I have actually been hurt to notice how a distinguished citizen of this country has been treated by a committee which seems determined to try to find something which I assure them they are not going to find.

Mr. President, all I want to do is to refer to the testimony of Mr. Brown relating to the contracts in question. I shall proceed later along that line.

I simply desire at this time to make this statement. Mr. Brown is charged with allocating these contracts in accordance with an agreement theretofore entered into, using certain people as agents for carrying out the agreement. I do not believe there is a scintilla of evidence to establish that charge. If it is said the allocation was to companies upon the basis of equities, of rights, in all probability there is some basis for that, because Mr. Brown believed in that course. Mr. Brown took the view that if there were two companies, one of them a pioneer company and one a company which could not secure through the courts what it considered its rights, there were certain equities which any court of chancery would respect, and what he wanted was to insure that any contract made under the law should respect these equities. I speak of equities advisedly in the legal signification of the term, as distinguished from ordinary rights. Mr. Brown wanted to accomplish that end. To the limit of his ability he tried to do so. That was honorable. It sounded in justice.

Let me illustrate what this administration can do without being indicted: Mr. Farley called a meeting of the same contractors in order to allocate the \$14,000,000 available, when the contracts called for an expenditure of \$19,000,000. Who is it who will charge that that was an error, or that Mr. Farley should not have done it? He may have to take a whole city off an air-mail route and damage some interest, but who will criticize him for it? He will have to take the amount of money available and prorate it to the contractors in accordance with the rates fixed in the contracts, and nobody should charge that there was anything wrong.

Information came to me only yesterday that a great committee of the Congress, in dealing with the printing question, is doing the very thing for which Mr. Brown has been criticized. Let me read a release given to the press by the Senator from Florida [Mr. FLETCHER], the Chairman of the Joint Committee on Printing:

The action taken by the committee today is not to be considered as a precedent for future awards. The awards have been made on the following basis:

1. No consideration has been given to proposals declared irregular by the committee for noncompliance with provisions of law.
2. No consideration has been given to bids for individual lots which, according to the National Recovery Act Administrator, do not comply with the provisions of the respective codes for the paper industry.
3. No awards have been made for bidders whose designated mills have not furnished part of any related group of paper on annual contracts for either of the 3 years, 1931, 1932, and 1933.

May I read that again?—

No awards have been made for bidders whose designated mills have not furnished part of any related group of paper on annual contracts for either of the 3 years 1931, 1932, and 1933.

The only exceptions to this requirement are in the few lots upon which only one bid, or low bids, have been submitted in conformity with the N.R.A. code.

Mr. President, in this case 18 companies bid identically the same figure, not only to the dollar but to the cent; and not having enough money to go around, they allocate the money. To whom? Only to those who had contracts in other years; and yet, while the committee has done that, former Postmaster General Brown is held up as a criminal for respecting what he claimed to be the equitable rights in the air-mail contracts.

Continuing the statement released through the press by the chairman of the committee:

In all cases where the bids were equal or tied, the awards made are based on the respective percentages of the total quantity of each related group of paper contracted for a designated mill during

the last 3 years. The percentages were applied to the respective mills instead of the bidders to avoid possible excessive awards to any one mill represented by several bidders in the same group of paper.

The percentages were applied to the respective mills instead of to the respective bidders. I am not indicting the committee, and I see no particular objection to what it did; but in the name of honor, of ordinary, common decency, why should a committee of the Senate do precisely what an investigating committee, speaking through the leader of the Senate, indicts Mr. Brown for doing?

I suspend further discussion of this subject and will resume it at a very early time.

PHILIPPINE INDEPENDENCE

The Senate resumed consideration of the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. TYDINGS. Mr. President, there is now pending before the Senate the bill dealing with Philippine independence. Since the bill was reported by the Senate Committee on Territories and Insular Affairs the House has acted on an identical bill, has passed it, and that bill has been laid down by the Chair.

I ask unanimous consent, therefore—the two bills being the same—that the House bill (H.R. 8573) providing for independence for the Philippines, and so forth, be substituted for the Senate bill which is now pending before this body.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland? The Chair hears none.

The Senate proceeded to consider the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. TYDINGS. Mr. President, I inquire of the Senator from Utah if he will be in a position to go on with his amendment the first thing tomorrow?

Mr. KING. Mr. President, so far as I now know, those of us who are opposed to the bill will be ready to proceed tomorrow.

Mr. TYDINGS. I understand the Senator from Michigan [Mr. VANDENBERG], who also has a substitute, is ready.

Mr. VANDENBERG. I shall be ready to proceed tomorrow morning.

Mr. TYDINGS. Mr. President, I see no reason why at this late hour we should enter upon the debate, because there are very few Senators present. My interrogatory was directed rather to tomorrow's business than to today's.

So far as I know, the proponents of the bill have no desire to make statements at this time, for the reason that a similar bill has already been debated in this body for about 18 months, and practically every Senator who was here before the 4th of March 1933 is familiar with its provisions, and the report describes in some detail the measure which is now pending. Therefore, unless there is some desire on the part of Members who are not familiar with this proposed legislation to have it explained, I see no reason why the proponents of the legislation should take up time in useless speeches when everyone knows what the bill contains.

I have therefore asked the Senator from Utah and the Senator from Michigan whether they would be ready to proceed tomorrow, not in an effort to embarrass them by asking them to present their substitutes before they are ready to do so but simply as a means of expediting the final consideration of this proposal. I will say to the Senator from Utah that so far as the Philippine independence bill is concerned, there is nothing more that can be done tonight.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. I yield.

Mr. KING. The substitute which I shall offer consists of the bill which I have heretofore introduced, and which is now, I think, in the hands of the committee. If it may be treated as a substitute, to save a reprint, I shall not formally offer it as a substitute now in order that it may be printed, but shall offer the original bill as a substitute tomorrow when the measure shall be taken up.

Mr. TYDINGS. I see no objection to that being done.

Mr. KING. May I ask if there is any parliamentary objection to that course?

Mr. ROBINSON of Arkansas. There is no objection to it, if the Senator in charge of the bill does not object.

Mr. TYDINGS. I do not object. I will say to the Senator from Arkansas that the proponents of the bill are now ready to vote on any substitutes, and we have asked those who have substitutes to have them ready tomorrow.

The bill now pending, Mr. President, has already been referred to all the outstanding leaders of both factions in the Philippines. The old commission which was here and negotiated the first bill, headed by Speaker Roxas and floor leader Osmeña, and the new commission headed by Senator Quezon, which is now in Washington, have given their assent to this bill.

I have a telegram from the majority leader of the Philippine Senate and the speaker of the house of representatives, which reads as follows:

MANILA, March 13, 1934.

Senator TYDINGS,
Washington, D.C.:

On behalf of the majority of the senate and of the house of representatives we endorse that McDuffie-Tydings bill and request that it be passed by Congress. If said bill is enacted into law during the life of the present legislature, it will be accepted by the said legislature.

PAREDES,
Speaker of the House of Representatives.
RECTOR,
Majority Floor Leader of the Senate.

In addition to that, Senator Quezon, heading the present mission, has written me a memorandum in which he has acquiesced in the passage of this bill.

I also have another telegram which I should like to read, as follows:

MANILA, February 24, 1934.

Senator TYDINGS,
Washington, D.C.:

Replying your last cablegram, I agree to extension of Hawes-Cutting law, provided same is amended according to your proposal by eliminating entirely military reservations and leaving naval reservations for settlement by agreement between United States and Philippine republic, and on your assurances to later consider sympathetically other objections to act.

SUMULONG.

I understand he is one of the prominent Filipino senators. I have a telegram from General Aguinaldo, the very popular leader of the Filipino people, which reads as follows:

MANILA, February 24, 1934.

Senator TYDINGS,
Washington, D.C.:

In reply to your cablegram and in view of your commitment therein to amend Hare-Hawes-Cutting Act, completely eliminating military reservations, leaving provisions regarding naval reservations for settlement by agreement between United States and Philippine republic, and in consideration of your promise to consider sympathetically amendments to other objectionable provisions of law, I agree with your proposition to extend time of act.

General AGUINALDO.

I also have several telegrams, which I will not read, from Senator Osmeña and from former Speaker Roxas, endorsing this bill; and I am in a position to say that if this bill is passed by the Congress without amendment, the Philippine leaders of all factions in the islands have agreed to accept it, and Philippine independence will be on its way. Furthermore, I am advised that the legislature will be called into session within 60 days after the bill shall be passed, and that within 90 days from the date of its passage the Philippine Legislature will have accepted it.

Therefore, as we have a measure on which the President of the United States, the War Department, and the Navy Department are in accord, one that has already passed the

House of Representatives, and upon which all elements of the Philippine people are united, I think we ought to stick by this measure, and make an end to the talk of Philippine independence by actually putting into effect the machinery which will carry out the 33-year-old promise of several Presidents and of Congress itself.

Mr. President, I ask unanimous consent to have printed in the RECORD a telegram from Senator Osmeña and Speaker Roxas to Commissioner Guevara, a further telegram from Senator Osmeña, and a letter addressed to me from the War Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams and letter are as follows:

MARCH 16, 1934.

Commissioner GUEVARA,
Washington, D.C.:

Kindly transmit immediately TYDINGS, McDUFFIE, and advise HAWES: "Reenactment Hawes-Cutting law highly satisfactory all groups that favored acceptance said law. We request early passage Tydings-McDuffie bill embodying President Roosevelt's recommendations. Filipino people deeply grateful to America and fully appreciate your unselfish labors in behalf their independence and welfare."

OSMEÑA.
ROXAS.

MANILA, March 16, 1934.

Senator TYDINGS,
Washington, D.C.:

Mass meeting today people Cebu ask me convey you and members Committee Territories with their greetings, their gratitude favorable action your bill extending Hawes-Cutting law until October to allow Filipino people pass on acceptance at June elections. They deeply appreciate your generous response our petitions for extension, thus reaffirming your position favorable Philippine aspirations and interest taken during consideration last Congress Hawes-Cutting bill. They also appreciate your plan extending law with military and naval reservations amendment to clarify Hawes-Cutting law and make it acceptable to practically all Philippine groups. People Cebu respectfully request Senate early approval extension bill.

OSMEÑA.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, March 3, 1934.

Hon. MILLARD E. TYDINGS,
Chairman Committee on Territories and Insular Affairs,
United States Senate, Washington, D.C.

MY DEAR SENATOR TYDINGS: The following message for you is contained in a radiogram, dated March 3, 1934, received in this Bureau today from the Governor General of the Philippine Islands:

"Senator TYDINGS: President's message very satisfactory. We are deeply grateful to you and other friends for continued unselfish support cause our independence. We congratulate you success your efforts revive Hawes-Cutting law.

"OSMEÑA.
"ROXAS."

Very sincerely yours,

CREED F. COX, Chief of Bureau.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. OVERTON in the chair) laid before the Senate messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. BULOW, from the Committee on Civil Service, reported favorably the nomination of L. D. White, of Illinois, to be a Civil Service Commissioner, vice George R. Wales, deceased.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

The PRESIDING OFFICER. If there are no further reports of committees, the calendar is in order. The clerk will report the first nomination on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Frank J. McDonnell to be United States attorney for the middle district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered; and the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk read the nomination of Lucius Roy Holbrook to be major general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frank Sherwood Cocheu to be major general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Guy Vernor Henry to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Lesesne De Witt to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Wiley Gulick to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry Edward Knight to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles Michael Bundel to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles Douglas Herron to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Percy Poe Bishop to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Col. Louis Hermann Bash to be Quartermaster General with the rank of major general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the remaining nominations in the Army may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to, and (at 5 o'clock p.m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, March 21, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 20, 1934

UNITED STATES MARSHAL

Austin D. Smith, of Delaware, to be United States marshal, district of Delaware, to succeed Charles Hanratty, whose term expired March 8, 1934.

REGISTER OF THE LAND OFFICE

Paul A. Roach, of New Mexico, to be register of the land office at Las Cruces, N.Mex., vice Vincent B. May.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 20, 1934

UNITED STATES ATTORNEY

Frank J. McDonnell to be United States attorney for the middle district of Pennsylvania.

APPOINTMENTS IN THE REGULAR ARMY

Lucius Roy Holbrook to be major general.
 Frank Sherwood Cocheu to be major general.
 Guy Vernor Henry to be brigadier general.
 John Lesesne DeWitt to be brigadier general.
 John Wiley Gullick to be brigadier general.
 Harry Edward Knight to be brigadier general.
 Charles Michael Bundel to be brigadier general.
 Charles Douglas Herron to be brigadier general.
 Percy Poe Bishop to be brigadier general.
 Louis Hermann Bash to be Quartermaster General with the rank of major general.
 William Richie Gibson to be assistant to the Quartermaster General with the rank of brigadier general.
 Upton Birnie, Jr., to be Chief of Field Artillery with the rank of major general.
 William Frederick Hase to be Chief of Coast Artillery with the rank of major general.
 Leon Benjamin Kromer to be Chief of Cavalry with the rank of major general.
 William Harvey Tschappat to be Chief of Ordnance with the rank of major general.
 Herman Walter Schull to be assistant to the Chief of Ordnance with the rank of brigadier general.
 Edward Marsh Shinkle to be assistant to the Chief of Ordnance with the rank of brigadier general.
 George Bigelow Pillsbury to be reappointed assistant to the Chief of Engineers with the rank of brigadier general.

PROMOTIONS IN THE REGULAR ARMY

Gilbert Henry Stewart to be colonel, Ordnance Department.
 John Epps Munroe to be colonel, Ordnance Department.
 John Cargill Pegram to be colonel, Cavalry.
 Edward Jay Moran to be colonel, Infantry.
 William Francis Morrison to be colonel, Field Artillery.
 Philip Hayes to be lieutenant colonel, Field Artillery.
 Francis August Doniat to be lieutenant colonel, Field Artillery.
 Carl Adolph Baehr to be lieutenant colonel, Field Artillery.
 George Smith Patton, Jr., to be lieutenant colonel, Cavalry.
 Henry Horace Malven, Jr., to be lieutenant colonel, Adjutant General's Department.
 Edward Luke Kelly to be lieutenant colonel, Coast Artillery Corps.
 James Garesché Ord to be lieutenant colonel, Infantry.
 John Paul Horan to be major, Infantry.
 Sidney Hooper Young to be major, Infantry.
 William Benjamin Wright, Jr., to be major, Air Corps.
 Richard Whitney Carter to be major, Cavalry.
 Wendell Lowell Bevan to be major, Field Artillery.
 Kenneth Rowntree to be major, Coast Artillery Corps.
 David Leonard Neuman to be major, Corps of Engineers.
 Augustus Brown O'Connell to be major, Infantry.
 Hiram Gilbert Fry to be major, Infantry.
 George Archibald King to be major, Cavalry.
 Frank Griffin Marchman to be captain, Quartermaster Corps.
 Francis Hugh Antony McKeon to be captain, Infantry.

Braxton DeGreves Butler to be captain, Infantry.
 Clifford Augustus Smith to be captain, Infantry.
 Warren Rice Carter to be captain, Air Corps.
 Thomas Francis Sheehan to be captain, Cavalry.
 William Francis Marshall, Jr., to be captain, Infantry.
 Thad Victor Foster to be captain, Air Corps.
 Thomas Joseph Cross to be captain, Infantry.
 James Bayard Haley to be captain, Finance Department.
 Emerick Kutschko to be captain, Infantry.
 Marshall Eugene Darby to be captain, Ordnance Department.
 Peter Thomas Wolfe to be captain, Infantry.
 John Cyrus Gates to be captain, Quartermaster Corps.
 Harold Alling McGinnis to be captain, Air Corps.
 Harry Arthur Halverson to be captain, Air Corps.
 Church Myall Matthews to be first lieutenant, Field Artillery.
 Richard Jerome Handy to be first lieutenant, Field Artillery.
 Karl Gustaf Eric Gimmler to be first lieutenant, Air Corps.
 Samuel Robert Brentnall to be first lieutenant, Air Corps.
 John Blanchard Grinstead to be first lieutenant, Infantry.
 John Paul Breden to be first lieutenant, Cavalry.
 Harvey Weston Wilkinson to be first lieutenant, Field Artillery.
 Clayton John Mansfield to be first lieutenant, Cavalry.
 Paul Denver Peery to be first lieutenant, Coast Artillery Corps.
 Walter Edgerton Johns to be first lieutenant, Field Artillery.
 Charles Franklin Born to be first lieutenant, Cavalry.
 Daniel McCoy Wilson to be first lieutenant, Coast Artillery Corps.
 Frank Fort Everest, Jr., to be first lieutenant, Air Corps.
 Frank Quincy Goodell to be first lieutenant, Field Artillery.
 Garrison Barkley Coverdale to be first lieutenant, Field Artillery.
 Leslie Haynes Wyman to be first lieutenant, Field Artillery.

POSTMASTERS

ALABAMA

Charles W. Horn, Brantley.

CALIFORNIA

Michael J. O'Rourke, Beverly Hills.
 Blanche E. White, Chatsworth.
 Charles L. Pierce, Clarksburg.
 Thomas V. Holmes, Duarte.
 Susan M. Maus, Fairfield.
 James H. Smithey, Fellows.
 Mary B. Bradford, Galt.
 J. Edward Huston, Huntington Beach.
 L. Ramona Bristow, Knights Landing.
 Bertha Hilbert, La Habra.
 Xerxes Kemp Stout, La Mesa.
 William R. McKinnon, Livermore.
 Lee Darneal, Los Gatos.
 Earl T. Whitaker, Moorpark.
 Rollie A. Petty, Mountain View.
 Charles A. Turner, Oceanside.
 Spencer Briggs, Oleum.
 Ryland M. Gorham, Palm Springs.
 Mabel B. Mosgrove, Perris.
 Reuel A. Bar, Quincy.
 Walter A. Hornbeck, Red Bluff.
 Maude Dawson Shea, Redondo Beach.
 John H. Fairweather, Reedley.
 Leslie J. Thomas, Richmond.
 Agnes McCausland, Ripon.
 Joseph H. Allen, Riverside.
 John F. Iverson, Salinas.
 William H. McCarthy, San Francisco.
 John H. Kelley, San Mateo.
 Leon L. Dwight, San Pedro.
 John H. Fahey, Sunnyvale.
 Elmer R. Winchell, Susanville.

Harry M. Talbot, Vacaville.
Lloyd L. Long, Veterans' Home.
Arden D. Lawhead, Vista.
Herbert P. Pritschke, Wasco.
Frank A. Lauer, Westwood.

KANSAS

Albert F. Cassell, Beverly.
Richard S. Ikenberry, Quinter.

LOUISIANA

Henry H. Sample, Lecompte.

MASSACHUSETTS

Lillian M. Allen, Deerfield.
Hormisdas Boucher, Ludlow.
Perez H. Phinney, Monument Beach.
Neil R. Mahoney, North Billerica.
Michael J. Walsh, North Reading.
Charles J. Delaney, Shelburne Falls.
William F. Lawless, Stockbridge.

MINNESOTA

John Oberg, Deerwood.
Nettie A. Terrell, Elysian.
John Claude Gowan, Ortonville.

NEW HAMPSHIRE

Sarah J. Moore, Alstead.
Harriette H. Hinman, North Stratford.

NEW YORK

Charles F. Boughton, Cobleskill.

NORTH CAROLINA

Jack Barfield, Mount Olive.
James H. Howell, Waynesville.

OHIO

Samuel E. Tidd, Columbiana.
Olin B. Stahl, Jewett.
Wallace F. Mock, Powhatan Point.
Michael F. Mulheran, Salineville.
Randle B. Hickman, Wilberforce.
William G. Hoffer, Willshire.

OREGON

Gardner T. Hockensmith, Albany.
John W. Sadler, Aurora.
Tracy Savery, Dallas.
Carl H. Massie, Grants Pass.
Glen C. Smith, Independence.
Clarence C. Miller, Jefferson.
Winifred G. Wisecarver, McMinnville.
Bernhard L. Hagemann, Portland.
Anthony E. Gerimonte, Westfir.

TEXAS

Gertrude E. Berger, Boling.
Jack B. Kerr, Cotulla.
Zack F. Devine, Groveton.
Mills Awbrey, Presidio.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 20, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Breathe upon us, O Spirit of Christ; pervade us and guide us to wise decisions. Do Thou nourish us with believing hearts, together with goodness, patience, and fidelity. We pray that we may be such servants of the public that our characters shall count and tell for great moral forces. Heavenly Father, it is Thy presence that gives a new turn to our thoughts and smoothes away the care and perplexity that often sit upon troubled brows. Thou, whom we must love and obey, point out to us the supreme obligations of the twofold commandment on which hang the law and the prophets. Almighty God, Thou who art over all, do not leave our country in this hour of perilous crisis; allow it not to fall a victim to selfishness and ungoverned passions. O

subdue jealousies, obstinacies, and hot-tempered natures of whatever station or rank and save the day for country, home, and peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2002. An act for the relief of R. S. Howard Co., Inc.; and

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency be permitted to sit during sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

INVESTIGATION REGARDING RATES CHARGED FOR ELECTRICAL ENERGY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 74, authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon; and move to suspend the rules and pass the bill.

The Clerk read the title of the Senate joint resolution.

Mr. COOPER of Ohio. Mr. Speaker, reserving the right to object, I believe this is too important a measure to be considered under unanimous consent.

This bill provides that the Federal Trade Commission shall secure comprehensive information as to electric rates all over our country. At the present time practically every State has a public-utility commission; I feel sure the Federal Trade Commission can get this information from the State public-utility commissions.

Furthermore, what good will this information do? Public-utility rates are flexible; they are changed from time to time. Every day we hear of a rate being changed in some locality throughout the country.

This resolution does not provide that the Federal Trade Commission shall take into account production costs; it merely asks that the flat rates in every city and locality in the United States be made available.

Furthermore, it was estimated by the committee, when we considered this bill, that it would cost the Federal Government anywhere from \$50,000 to \$300,000 to get this information. Now, if it were something that would be of value, of importance, to the Federal Government in the study of the electric-rate question I do not think I would object; but inasmuch as the rates are flexible and being changed from time to time, and the Federal Government can now get this information from the State commissions I can see no reason why we should spend a lot of money at this time in getting these rates.

Mr. RANKIN. Mr. Speaker, in the first place I want to say to the gentleman who raises objection to taking up this bill by unanimous consent, that I was recognized yesterday to move to suspend the rules and pass this bill. The gentleman from New York [Mr. SNELL] asked that it not be done because the gentleman from Ohio was not here. Now, the gentleman from Ohio evidently misunderstood my motion. I asked unanimous consent that it be taken up and I be recognized to move to suspend the rules and pass

the bill. This would give 20 minutes debate to each side and would require a two-thirds vote to pass it.

Let me say to the gentleman from Ohio [Mr. COOPER] in answer to what he said about rates, that he is entirely mistaken about our being able to obtain these rates throughout the country. This information has been asked not only by the Federal Power Commission, but also it has been asked in response to inquiries from Members of Congress, from Senators, from various State organizations, and various State commissions. Many of the States have no commissions at all.

I have here a statement regarding the public-utility interests to the effect that the utility operators themselves are interested in securing this information, which they cannot get. This is the only way to get a thorough survey of these rates. I have a letter from the Federal Power Commission in which this language is used:

Last week I had a discussion with one of the more intelligent executives of a large holding company group who told me that his organization was now engaged in a thorough study of rates charged by their operating companies with a view to further complete revision. He strongly favored the rate investigation proposed in your resolution on the ground that it would give the private companies information on the basis of which they could determine how nearly their rates were in line with rates charged in similar communities.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. COOPER of Ohio. It is misleading information to give to the public the rates unless consideration is given to operating costs; and the Federal Trade Commission is not going to do that.

It is not empowered to do that; and, furthermore, I do not recall any testimony before our committee when we considered this bill that the Federal Power Commission requested this investigation. Of course, it is true that every Government bureau today is reaching out for more power. They want more money to spend, and it is only natural they would not oppose an investigation of this kind, because it means spending more of the public money.

Mr. RANKIN. The Federal Power Commission makes this statement:

In view of the facts set forth regarding the inadequacy of the published information relative to rates charged for electric service and the extent of the demand for such information by Federal, State, and municipal agencies, industries and citizens, and the advantages to all parties mentioned of securing such information, it is our opinion that the investigation and report provided for in House Joint Resolution 236—

Which is the same as Senate Resolution 74—

would be of inestimable value and in the public interest.

That is the statement of the Federal Power Commission. They are very much interested; and I may say to the gentleman that to object now would only have the effect of postponing the passage of this measure for 2 weeks. The Speaker has already agreed to recognize me on the first suspension day; but if we are going to compile these rates, we would like to get started. We have been working on this proposition for several months. Time is passing, and for this reason I sincerely trust that the gentleman will not interpose an objection.

Mr. BULWINKLE. Mr. Speaker, reserving the right to object, I call the attention of the Speaker and the House to the fact that in the third section of this resolution there should be a point of order made against providing for an appropriation in the manner it does. This states:

The President of the United States is hereby authorized to make available from the funds which have been or may be appropriated for expenditure subject to his discretion an amount which, in his judgment, is necessary for the purpose of this investigation and preparation of a report.

This is in violation of the rules of the House and the resolution should not be taken up, Mr. Speaker, under suspension of the rules, because if it is then, of course, the House has no recourse in protecting its rules in the passage of this resolution.

Mr. RANKIN. Mr. Speaker, that is an Executive proposition. The executive department proposes to use these funds

to finance the taking of this census. As far as this being out of order is concerned, this is the first I have heard of that proposition, and the gentleman, of course, is at liberty to make his point of order when the resolution comes up for consideration, but this is in the interest of all the American people, and I sincerely trust the gentleman from Ohio will not object to its consideration.

Mr. BEEDY. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Maine.

Mr. BEEDY. We have been appropriating each year the sum of \$100,000 or more to the Federal Trade Commission to investigate public utilities. As I understand it, they are now making an investigation not only of the rates but of the financial structure of all these utilities. They are going to file a report. They have been at it for 3 years in pursuance of a resolution introduced by Senator Walsh, of Montana. What is the need for this resolution?

Mr. RANKIN. May I say to the gentleman from Maine [Mr. BEEDY] that this is not an investigation. It is a census of all the power rates throughout the country. We had this matter up awhile ago and it was proposed to have this census taken by the Bureau of the Census, but after going over the matter thoroughly the administration came to the conclusion that this should be done by the Federal Power Commission. This is not an investigation. This is merely a census to secure and compile information.

Mr. BEEDY. Is the gentleman going to object to this resolution?

Mr. BULWINKLE. The gentleman from Ohio is going to object. The administration, through the Federal Power Commission, said that no one had asked for this investigation. They stated they could use it. Here is a municipal power company in your town that charges the consumer so much, and one in my town that charges so much. The cost to produce power is and will not be shown. What is to be gained by this knowledge, which will cost the Government from \$50,000 to \$300,000?

Mr. BEEDY. Mr. Speaker—

Mr. RANKIN. May I answer the gentleman?

Mr. FULLER. Mr. Speaker, I demand the regular order.

Mr. BEEDY. This is a resolution to authorize the necessary funds to conduct an investigation.

Mr. RANKIN. To gather and compile light and power rates.

The SPEAKER. The regular order is demanded. Is there objection to the request of the gentleman from Mississippi?

Mr. COOPER of Ohio. Mr. Speaker, I shall have to object to the resolution's being considered by unanimous consent.

The SPEAKER. Objection is heard.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD at this point and to insert certain statistics and information furnished me by the Federal Power Commission.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it is difficult to understand why the gentleman from Ohio [Mr. COOPER] and the gentleman from North Carolina [Mr. BULWINKLE] should so vigorously oppose this resolution. If there are two States in the Union in which the people are burdened with exorbitant light and power rates, they are Ohio and North Carolina.

This resolution is in the interest of all the American people. It is to their interest to know what rates are being charged for lights and power in other places in order that they may be able to determine whether or not their rates are reasonable. The gentleman from Ohio [Mr. COOPER] talks about the people already having this information. As a matter of fact, if this information were available now, nobody would be asking for this resolution.

I hold in my hand a copy of NELA, the rate book of the National Electric Light Association. It gives the electric light and power rates in only a few towns in Ohio, and they are so written that the gentleman from Ohio [Mr. COOPER] himself could not tell what they mean. But a thorough analysis of those rates reveals that the people in Ohio are paying about seven times as much for lights and power as

is being charged under the T.V.A. yardstick in the Muscle Shoals area; or at Tacoma, Wash., where they have a municipally owned plant; or in Windsor, Winnipeg, or Ontario, Canada. The same condition prevails in North Carolina. Even though a portion of that State is in the area covered by the Tennessee Valley Authority, yet the light and power rates to the ultimate consumers average from five to seven times as much as the ultimate consumers have to pay for electric energy obtained from Muscle Shoals under the T.V.A. yardstick.

It is just as necessary to secure and compile these rates for the information of the general public as it is to take a census of industry or agriculture, or to tabulate and publish rates and charges of any other kind. Public-utilities concerns that are doing a legitimate business are interested in getting this information. The people are interested in it. Congressmen and Senators are interested in it. The administration is interested in it. The various State utilities commissions are interested in it. The officials of States, counties, and municipalities in States having no public utilities commissions are all interested in getting this information.

I serve notice now that I will call this measure up under suspension of the rules 2 weeks from today. The Speaker has already agreed to recognize me for this purpose at that time. I am sure that if every Member of the House will look into this proposition and see the importance of the passage of this resolution without delay, it will go through almost unanimously.

I insert below some memoranda furnished me by the National Power Survey of the Federal Power Commission, together with statistics on light and power rates in the State of Nebraska.

RATES CHARGED FOR ELECTRICAL ENERGY IN THE UNITED STATES—HOUSE
JOINT RESOLUTION 236

MARCH 15, 1934.

The rates charged for electrical energy in the United States have never been investigated or compiled and tabulated by any official body. Therefore, except for tabulations by an agency of the privately owned utilities, the Edison Electric Institute, and then only of the rates in the larger communities, not much is known about the rates being charged and how those in one community compare with those in another.

The necessity for making a rate survey of the electrical utilities of the entire country originates from frequent requests from Members of the House of Representatives and the Senate, as well as municipalities, State officials, private citizens, and various State public-utilities commissions for information as to rates being charged in other parts of the country for similar service in similar communities. The Federal Power Commission is now unable to supply this information except as it relates to rates charged by the comparatively small number of projects licensed under the Federal Power Act, the larger number of which are located in the Western States.

The questions asked relate not only to the average price per kilowatt-hour for the different classes of service but also to the form of rate and the amount sold under each block or step. A mere tabulation of rates in itself is not sufficient for comparison, as many rate structures cannot be compared except by scientific analysis. The average person is confused by the technological terms and the various rate forms, bonuses and penalties, charges for demands on various bases and energy charges on different bases, charges for service rendered and for "readiness to serve", "on-peak" and "off-peak" service, "night riders", "summer riders", coal clauses, power-factor clauses, and what-nots. An investigation and report on this perplexing problem of electrical rates by the Federal Power Commission is, therefore, warranted for the following reasons:

1. To enable the public-utilities commissions of the various States to study the rates charged for electrical energy in other States and to devise rates to suit the character of the service that will promote a wider and more extensive use of electricity in the home, in the factory, on the farm, and for municipal and public purposes, such as street and highway lighting, municipal waterworks, pumping, etc.

2. To enable any citizen of one community to determine what rates are being charged in another similar community, or nearby community, where conditions are approximately the same.

3. To enable industrial and commercial concerns with large power requirements to pick out suitable communities for establishing factories and industrial plants or branch establishments where the lower cost of electrical energy may be quite an important element in the selection of a suitable site. The location of branches of industries in smaller communities would be of considerable help in alleviating the distress in those communities dependent largely on agriculture.

4. To enable a farmer in any one part of the country to ascertain the cost of electric service and assist him in obtaining com-

plete electric service on the farm, thus relieving a lot of the drudgery and hard work, and making farm life more enjoyable and comparable with that of the city or suburban dweller.

5. To enable the electrical utilities to devise more uniform and simple rate structures that will promote a wider and more extensive use of electricity, with the end in view of the complete electrification of the home, of the store and commercial establishment, of the factory, of industrial plant, and of the farm.

There are in the United States approximately 15,500 communities which are receiving electric service from privately operated companies or municipal plants. The total number of customers served at the end of 1933 was 24,295,000. Of these 20,006,000 were domestic consumers and approximately 710,000 were rural customers. There were 3,697,000 commercial customers, chiefly stores, office buildings, and small shops, and 525,000 large industrial users. This service is supplied by 1,627 privately operated companies and 1,824 publicly operated plants.

The only published information regarding rates charged from electricity in all sections of the United States is that contained in the rate book of the Edison Electric Institute. This compilation covers, however, only 473 cities having a population of 20,000 or over. This is only 3 percent of the communities which receive electric service.

The inadequacy of the information published in the Edison Institute rate book is further indicated by consideration of the communities reported upon in the several States. For example, the rate book covers only 1 community in Delaware and Idaho; 2 in Montana, Nevada, New Mexico, North Dakota, and South Dakota; 3 in Nebraska, Utah, Vermont, and Wyoming; and 4 in Arizona, Colorado, Maryland, Mississippi, and South Carolina.

Only the rates charged by private companies are given in the Edison Institute rate book. No rates are quoted for any municipal or publicly operated plant.

The most serious deficiency, however, is the fact that no published information whatever is available with respect to rates charged for electric service in the 15,000 communities which have a population of less than 20,000 or in the rural sections of the country. Generally speaking, it is the people who live in these smaller towns and on the farms who pay the highest rates for electricity.

To illustrate the complexity of certain of these rates, it is necessary only to quote the condensed rate schedule for general lighting and power of the Rochester Gas & Electric Corporation as set forth in the rate book of the Edison Electric Institute:

AVAILABILITY ALTERNATING AND DIRECT CURRENT SERVICE FOR ALL
PURPOSES

Rate, three part. 1. Alternating current: Customer charge, \$3. Demand charge: Peak, \$1.70; off-peak, \$1.80 per kilowatt first 25 kilowatts of demand; peak, \$1.35; off-peak, \$1.40 per kilowatt next 50 kilowatts of demand; peak, 50 cents; off-peak 50 cents per kilowatt excess. Energy charge, 1.3 cents kilowatt-hour first 200 hours use of actual off-peak demand (not as calculated under power factor); 0.65 cent kilowatt-hour excess.

2. Direct current: Customer charge, \$3. Demand charge: Peak, \$1.85; off-peak, \$2 per kilowatt first 25 kilowatts of demand; peak, \$1.45; off-peak, \$1.60 per kilowatt next 50 kilowatts of demand; peak, 55 cents; off-peak, 60 cents per kilowatt excess. Energy charge, 1.45 cents kilowatt-hour first 200 hours use of off-peak demand; 0.8 cent kilowatt-hour excess.

Delayed payment charge, 10 days, 10 percent on first \$5; 2 percent on excess.

Primary discount: 1. Five percent from total net bill where energy is purchased at 4,150 volts and customer furnishes any transformers required. 2. Six percent from total net bill where energy is purchased at 11,000 volts and customer furnishes any transformers required.

Determination of demand, by measurement, 30-minute interval, as follows:

Peak demand: In each of the 4 peak months is highest demand determined in the month. In each of the other 8 months is average of the peak demands in the 4 peak months. (Where customer starts service in a month other than a peak month, his peak demand for each month up to first peak month is estimated and bills are adjusted at end of the 4 peak months on basis of average of peak demands determined in the 4 peak months.)

Off-peak demand: In each month is highest demand determined in the month.

Power factor: For 60 cycles, alternating-current service, where customer has a demand for 150 kilowatts or over, the off-peak demand for billing purposes is taken as 80 percent of the off-peak demand in kilovoltage. Total kilowatt-hours to be taken in no case at less than 50 percent of the kilovoltage-hour during that month.

Peak months: November to February, both inclusive.

Minimum charge: Customer charge plus peak demand and off-peak demand charges for 20 percent of service capacity contracted for.

Coal clause (applicable to both direct and alternating current): When the number of kilowatt-hours generated by steam during the month does not exceed 20 percent of total kilowatt-hours generated and purchased, the energy charge is increased 0.02 cent per kilowatt-hour for each 40-cent increase above \$5 per short ton of bituminous coal, f.o.b. cars, Rochester, N.Y.

For each 10-percent increase in the percentage of steam generation over 20 percent, the adjustment in the energy charge is increased 0.01 cent per kilowatt-hour over the 20 percent basis of 0.02 cent per kilowatt-hour.

THOMAS R. TATE,
Director National Power Survey,
Federal Power Commission.

ELECTRIC LIGHT RATE SCHEDULES—S.J.RES. 74

A tabulation of residence lighting rates will not necessarily show the comparison between rates in similar communities. An outstanding example of this is indicated in the attached tabulation of electric light rate schedules, as of June 20, 1927, for privately operated electric light and power systems of the State of Nebraska, which was compiled by V. L. Hollister from answers to a questionnaire. This tabulation does not indicate either the average rate per kilowatt-hour or the comparison of average monthly bills for different consumptions. It does, however, show some outstanding differences in rates in some of the smaller communities in the State. In many cases a service charge is added for

In Thedford, a town of 260 inhabitants, there is no service charge, but the first kilowatt-hour is sold at 25 cents and the excess at 15 cents, the minimum monthly bill being \$2.50. In some of the smaller communities like Alda, a town of 250 inhabitants, all electricity is sold at 11 cents per kilowatt-hour. At Amherst, with 259 population, all electricity is sold at 15 cents per kilowatt-hour. Bellevue, with a population of 695, has a flat rate of only 8 cents per kilowatt-hour. Hayes Center, with a population of 265, has a flat rate, but the rate per kilowatt-hour is not shown. In Odessa, a town of only 55 inhabitants, the first 50 kilowatt-hours are sold at 6 cents, the next 100 kilowatt-hours at 5 cents, and the excess above 150 kilowatt-hours at 4 cents. In Weeping Water, a town with a population of 1,084, the first 48 kilowatt-hours are sold at 7 cents and the excess at 4 cents, but in addition there is a service charge of \$1, for which the customer receives no electricity.

Step rates, indicated with an asterisk, are shown for the following towns: Harvard, population 991; Holdrege, population 3,108; Howe, population 200; Oak, population 201; Oconto, population 250; St. Edward, population 1,002; and Valentine, population 1,596.

A tabulation of rates for residence service, like the one attached, is a very simple matter but, as pointed out, it does not offer a comparison of rates in similar communities and is difficult to understand without scientific analysis. When rates for commercial lighting and power and general light and power and for industrial use are considered, it is almost impossible to prepare any adequate comparison without graphical analysis, and detailed studies of the respective rate structures and of the load characteristics of different industries, commercial establishments, and power users.

THOMAS R. TATE,
Director National Power Survey.

Electric-light rate schedules (as of June 20, 1927)—Residence lighting rates for privately operated electric-light and power systems, State of Nebraska

[Compiled from direct questionnaire reports by V. L. Hollister, issued by Nebraska Utilities Information Bureau. All tabulated rates are block rates except as noted.]

*Step rate. - Ex.=excess, D=discount, P=penalty, K=kilowatt-hours, N=net, R=kilowatt-hours per room per month.

[illegible]

Electric-light rate schedules (as of June 20, 1927)—Residence lighting rates for privately operated electric light and power systems, State of Nebraska—Continued
 [Compiled from direct questionnaire reports by V. L. Hollister, issued by Nebraska Utilities Information Bureau. All tabulated rates are block rates except as noted:
 *Step rate. Ex=excess, D=discount, P=penalty, K=kilowatt-hours, N=net, R=kilowatt-hours per room per month]

City	Popula- tion	Penalty or discount	Mini- mum bill	Serv- ice charge	First kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Meter rent	Date
					Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate		
Boelus	259	D 1 cent per kilowatt.	\$1.00		All	Cents 11														Mar. 1927
Bridgeport	1,235	P 1 cent per kilowatt.	1.50		25	12½	25	11	50	10	100	8	Ex	7						Apr. 1927
Broadwater	367	do	1.50		8	Min.	87	16	100	14	200	12	600	10	1,000	8	Ex	7		May 1927
Broken Bow	2,567	D 10 percent.	1.00		All	10													Do.	
Brownville	463	P 1 cent per kilowatt.	1.25		20	16	30	14	50	12	Ex	10							Apr. 1927	
Brule	492				All	15													Mar. 1927	
Brunswick	359	P	2.00	\$0.60	100	10	100	7	Ex	5									Do.	
Butte	593	P	2.00	.60	100	10	100	7	Ex	5									Do.	
Byron	137		1.00		50	12	50	7	40	4	Ex	3							June 1927	
Cairo	427	D 1 cent per kilowatt.	1.00		All	11													Mar. 1927	
Callaway	899		1.00		10	16	5	15	5	14	10	13	20	12	50	11	Ex	10	Sept. 1925	
Cedar Creek	200		1.00	1.00	48	7	Ex	4											Apr. 1927	
Cedar Rapids	766		1.00		20	15	50	12	40	10	100	8	300	7					Sept. 1925	
Center	193	P	2.00	.60	100	10	100	7	Ex	6									Mar. 1927	
Chadron	4,412	D 5 percent.	1.00		20	12	80	10	100	8	100	7	Ex	6					Apr. 1927	
Chalco	69	None	1.00		20	15	30	13	Ex	11								\$0.25	Mar. 1927	
Chambers	256				All	20													Do.	
Chapman	224	D 1 cent per kilowatt.	1.00		All	11													Do.	
Clarks	540	D 1 cent per kilowatt.	1.00		All	11													Do.	
Clatonia	229	P 25 cents	1.50		30	13½	60	10½	Ex	7½									Mar. 1924	
Clay Center	965		1.00		30	12	30	7	40	4	Ex	3							June 1927	
Clearwater	479	P	2.00	.60	100	10	100	7	Ex	5									Mar. 1927	
Clinton	182	P 1 cent per kilowatt.	1.50		50	15	20	14	30	15	40	12	Ex	10					May 1927	
Columbus	6,510	D ½ cent per kilowatt.	1.00		30	9½	30	8½	40	7½	100	6½	300	5½	500	4½	Ex	4	June 1927	
Comstock	450	None	1.25		10	16	25	13	50	10	50	8	Ex	6					May 1927	
Concord	261		1.00		100	14	Ex	10											Mar. 1927	
Cornelia	95		1.00		10	25	Ex	20											Sept. 1925	
Cortland	322				10	18	Ex	15											Mar. 1927	
Cosad	1,292	D 5 percent.	1.00		20	12	10	10	Ex	7									May 1927	
Crawford	1,646	D 10 percent.	1.25		20	15	80	10	100	8	Ex	7							Apr. 1927	
Creighton	1,446	P	2.00	.60	100	10	100	7	Ex	5									Mar. 1927	
Culbertson	686				All	15													Do.	
Dalton	295	P 1 cent per kilowatt.	1.50		10	Min	87	12	100	10	200	9	600	8	1,000	7	Ex	6	May 1927	
Dannebrog	436	D 1 cent per kilowatt.	1.00		All	11													Mar. 1927	
Dawson	351		1.00		20	15	Ex	10											Do.	
Daykin	204		1.50	1.00	30	10	Ex	7											Mar. 1924	
Deshler	944		1.00		30	12	30	7	40	4	Ex	3							June 1927	
Deweese	144		1.00		30	12	30	7	40	4	Ex	3							Do.	
Diller	418		1.50		10	15	30	13	Ex	11									Mar. 1927	
Dixon	217	P	2.00	.60	100	10	100	7	Ex	5									Do.	
Doniphan	482	D 1 cent per kilowatt.	1.00		All	11													Do.	
Eagle	368		1.00	1.00	48	7	Ex	4											Apr. 1927	
Elba	276		1.00		All	20													Mar. 1927	
Elgin	854		1.00		40	12½	Ex	10											Apr. 1925	
Elkhorn	333	P 10 percent.	1.00	1.00	All	12													Mar. 1927	
Elm Creek	600	D 5 percent.	1.00		20	12	10	10	Ex	7									Mar. 1927	
Elmwood	558	None	1.00	1.00	48	7	Ex	4											Apr. 1927	
Emmett	130	P	2.00	.60	100	10	100	7	Ex	5									Mar. 1927	
Ericson	192	P 10 percent.	1.25		50	13	50	10	Ex	8									May 1927	
Eustis	434	None	1.00		30	15	Ex	9											Mar. 1927	
Exeter	910		N100		50	12	50	10	50	8	Ex	7							Do.	
Farwell	246		1.50		All	15													Do.	
Fordyce	150	P	2.00	.60	100	10	100	7	Ex	5									Do.	
Fort Crook	402		1.00		All	8													Do.	
Foster	140																		Do.	
Fullerton	1,595	None	.50	.50	100	9	100	6	Ex	4									Nov. 1926	
Garland	275	None	1.00	.50	All	15													Feb. 1927	
Geneva	1,768	None	.50	.50	100	7½	100	6	Ex	4									Mar. 1927	
Genoa	1,069	D 1 cent per kilowatt.	N1.00		10	14½	10	12½	20	10½	Ex	9							Mar. 1924	
Gering	2,508	do	1.50		25	12½	25	11	50	10	100	8	Ex	7					Apr. 1927	
Gibbon	883	D 20 percent.	1.00		100	12½	100	11½	100	10	100	8½	100	7½	Ex	6½			Mar. 1927	
Gordon	1,650	None	1.25		20	12	30	10	Ex	8									Do.	
Gothenburg	1,754	do	1.25		25	12	25	10	25	9	25	8	400	6	Ex	5			Do.	
Graintown	150	do	2.00		50	15	50	13	100	11	Ex	10	25	6½	400	5	1,000	4½	Ex	3½
Grand Island	11,505	D 10 percent.	1.00		25	9½	25	8	25	7	25	6½	400	5	1,000	4½	Ex	3½	Do.	
Gretna	491		1.00	1.00	48	7	Ex	4											Apr. 1927	
Guide Rock	611		1.00		30	12	30	7	40	4	Ex	3							June 1927	
Gurley	291	P 1 ct. per kw.	1.50		10	15	87	12	100	10	200	9	600	8	1,000	7	Ex	6	Mar. 1927	
Haigler	450		1.50		All	20													Do.	
Hallam	212		1.00		15	12	15	11	15	10	15	9	15	8	Ex	7			Do.	
Hardy	445		1.00		30	12	30	7	40	4	Ex	3							June 1927	
Hartington	1,467																			
Harvard*	991	None	1.00		20	15	10	14	20	13	20	12	30	11	Ex	10		.25	Mar. 1927	
Havelock	3,602	D 10 percent.	1.00		50	8	150	7½	Ex	6									Feb. 1927	
Hayes Center	265				(1)	(1)													Mar. 1927	
Hay Springs	750	None	1.25		20	12	30	10	Ex	8									May 1927	
Hemingford	708	None	1.50		20	20	Ex	15											Sept. 1925	
Henderson	485	None	1.50	1.00	30	10	Ex	7											Apr. 1925	
Hendley	200																			
Holdrege*	3,108	D 10 percent.	1.00		150	10	50	9	100	08	100	07	100	06½	Ex	06			Mar. 1927	
Holmesville	272	P 25 percent.	1.50		30	13½	60	10½	Ex	7½									Mar. 1924	
Homer	491		1.00		20	14	20	12	Ex	9									May 1927	
Hooper	1,014	D 10 percent.	1.00		30	15	20	14	50	13	100	12	100	11	Ex	10			Mar. 1927	
Hordville	191		N1.25		20	16	10	13	20	13	50	11	Ex	8					Do.	
Hoskins	274																			
Howe*	200	P 1 cent per kilowatt.	1.50		25	16	25	14	50	12	100	10	Ex	8					Apr. 1927	

*Flat rate.

Electric-light rate schedules (as of June 30, 1927)—Residence lighting rates for privately operated electric-light and power systems, State of Nebraska—Continued

[Compiled from direct questionnaire reports by V. L. Hollister, issued by Nebraska Utilities Information Bureau. All tabulated rates are block rates except as noted: *Step rate. Ex=excess, D=discount, P=penalty, K=kilowatt-hours, N=net, R=kilowatt-hours per room per month]

City	Popula- tion	Penalty or discount	Mini- mum bill	Serv- ice charge	First kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Next kilowatt- hour		Meter rent	Date
					Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate		
						Cents		Cents		Cents		Cents		Cents		Cents		Cents		
Hubbard	152	P	\$2.00	\$0.60	100	10	100	7	Ex.	5									Mar. 1927	
Humboldt	1,277	None	.50	.50	R4	10	R4	6	Ex.	33½									Aug. 1926	
Humphrey	835	None	1.00	1.00	15	9	30	8	Ex.	7									Mar. 1924	
Inman	315	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Jackson	274	None	1.00	1.00	All	12													Sept. 1925	
Jansen	268	None	1.00		15	16	10	15	75	14	Ex.	12							Mar. 1927	
Kearney	7,702	D ½ cent per kilowatt.	1.00		25	9	25	8	25	7	25	6½	400	5	1,000	4½	Ex.	3½	Do.	
Kronberg			2.00		30	16	30	13	30	10	Ex.	9							Jan. 1924	
Lanham			1.50		10	15	30	13	Ex.	11									Mar. 1927	
Lawrence	533		1.00		30	12	30	7	40	4	Ex.	3							June 1927	
Leshara	102	P 10 percent.	1.00	1.00	All	12													Mar. 1927	
Lewellen	509		1.50		All	20													Do.	
Lexington	2,327	D 5 percent.	1.00		20	12	10	10	Ex.	7									Do.	
Lincoln	65,000	P 5 percent.	.40	.40	10	5	30	4	460	3½	Ex.	3							Jan. 1927	
Lindsay	490	None	1.00	1.00	15	10	30	9	Ex.	7									May 1927	
Long Pine	1,200	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Louisville	645		1.00	1.00	48	7	Ex.	4											Apr. 1927	
Loup City	1,364	D 5 percent.	1.00		50	13	50	10	Ex.	8									May 1927	
Magnet	153	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Manley	250		1.00	1.00	48	7	Ex.	4											Apr. 1927	
Marquette	306	None	.75	.75	100	8	100	8½	Ex.	4½									Nov. 1926	
Martinsburg	305	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Maskell	165	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Maywood	533																			
McCook	4,303	None	1.50		30	12	2,000	6	Ex.	5									Do.	
McCool Junction	338		N1.50		50	14	50	12	50	10	Ex.	8							Do.	
McLean	81	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Meadow Grove	449	None	.60	.60	100	10½	100	7	Ex.	5									Sept. 1926	
Melbeta	129	P 1 cent per kilowatt.	1.50		25	12½	25	11	50	10	100	8	Ex.	7					Apr. 1927	
Merna	553	None	1.25		30	14	Ex.	9											May 1927	
Millard	456	do.	1.00		20	15	30	13	Ex.	11									Mar. 1927	
Milligan	418	do.	1.00	1.00	15	10	30	8	Ex.	6									Do.	
Minatare	666	P 1 cent per kilowatt.	1.50		25	12½	25	11	50	10	100	8	Ex.	7					Apr., 1927	
Mitchell	1,298																			
Murdock	206		1.00	1.00	48	7	Ex.	4											Do.	
Murphy	47		N1.50		30	16	60	13	Ex.	10									Mar., 1927	
Murray	300	None	1.25		30	15	60	12	Ex.	10									July 1923	
Mynard	125	do.	1.25		30	15	60	12	Ex.	10									Do.	
Nebraska City	6,279	D 5 percent.	1.00		50	12	25	11	50	10	175	9	100	7½	Ex.	7			Mar., 1927	
Nehawka	350	None	1.25		30	15	60	12	Ex.	10									Do.	
Neligh	1,724	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Nemaha	351	P 1 cent per kilowatt.	1.25		20	16	30	14	50	12	Ex.	10							Apr., 1927	
Newcastle	500	P	2.00	.60	100	10	100	7	Ex.	5									Mar., 1927	
Newman Grove	1,260	None	1.00	1.00	15	8	30	7	Ex.	6									Nov., 1926	
Newport	430	P	2.00	.60	100	10	100	7	Ex.	5									Mar., 1927	
Niobrara	736	None	1.50		25	18	50	16	25	14	Ex.	12							Do.	
Nora	130		1.00		30	12	30	7	40	4	Ex.	3							June 1927	
Norfolk	8,634	None	.50	.50	R4	7½	R4	6	Ex.	3½									May 1927	
North Loup	637	I 5 percent.	1.00		50	13	50	10	Ex.	8									Do.	
North Platte	10,466	P ½ cent per kilowatt.	.75		50	9	50	8	200	7	700	6	1,500	5	Ex.	4			June 1927	
Northport	110	P 1 cent per kilowatt.	1.50		25	12½	25	11	50	10	100	8	Ex.	7					Apr., 1927	
Oak*	201		1.05		6	Min.	14	14½	30	13½	50	12	Ex.	10					June 1927	
Oakdale	707	None	.60	.60	100	10½	100	7	Ex.	5									Sept. 1926	
Oakland	1,355		.50	.50	100	10½	100	7	Ex.	5									Mar. 1927	
Obert	116	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Oconto*	250		1.25		10	20	10	18	Ex.	16									Do.	
Odell	403		1.50		10	15	30	13	Ex.	11									Do.	
Odessa	55	D ½ cent per kilowatt.	2.00		50	6	100	5	Ex.	4									Do.	
Omaha	191,601	None	.50		All	5½													Do.	
O'Neill	2,107	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Orchard	444	P	2.00	.60	100	10	100	7	Ex.	5									Do.	
Orleans	942	None	1.50		20	12	50	10	Ex.	9									Apr. 1927	
Osceola	1,309	None	1.00		100	10½	Ex.	7½											June 1927	
Osmond	642	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Overton	510	D 5 percent.	1.00		20	12	10	10	Ex.	7									May 1927	
Pace	350	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Palisade	700	None	1.00		15	14	20	13	25	12	30	11	40	10	70	9	Ex.	8	Do.	
Papillion	666		1.00	1.00	48	7	Ex.	4											Apr. 1927	
Paul	44	P ½ cent per kilowatt.	2.00		4R	11½	4R	7½	Ex.	4½									June 1927	
Petersburg	501		1.00	1.00	15	12	30	10	Ex.	8									Apr. 1927	
Phillips	274	D 1 cent per kilowatt.	1.00		All	11													Mar. 1927	
Pierce	1,105		.50	.50	100	10½	100	7	Ex.	5									Do.	
Pilger	563		1.50		25	14	25	13	25	12	25	11	Ex.	10					Do.	
Platte Center	464		1.50		4	Min.	Ex.	20											Do.	
Plattsmouth	4,190	None	.50	.50	100	9½	100	6	Ex.	4									Apr. 1926	
Pleasantdale	221	do.	.75	.75	15	11	50	8	Ex.	6									July 1926	
Plymouth	453	P 25 cents.	1.50		30	13½	60	10½	Ex.	7½									Mar. 1924	
Ponca	1,014	P	2.00	.60	100	10	100	7	Ex.	5									Mar. 1927	
Raeville	125	None	1.25	1.25	15	12	30	10	Ex.	8									Apr. 1927	
Ralston	455		1.00	1.00	48	7	Ex.	4											Do.	
Ravenna	1,703		1.00		30	10	Ex.	6											Mar. 1927	
Red Willow	16		1.50		30	12	2,000	6	Ex.	5									Do.	
Rising City	460	None	1.00		15	12	15	11	15	10	15	9	15							

Electric-light rate schedules (as of June 20, 1927)—Residence lighting rates for privately operated electric-light and power systems, State of Nebraska—Continued

[Compiled from direct questionnaire reports by V. L. Hollister, issued by Nebraska Utilities Information Bureau. All tabulated rates are block rates except as noted: *Step rate. Ex=excess, D=discount, P=penalty, K=kilowatt-hours, N=net, R=kilowatt-hours per room per month]

City	Population	Penalty or discount	Minimum bill	Service charge	First kilowatt-hour		Next kilowatt-hour		Next kilowatt-hour		Next kilowatt-hour		Next kilowatt-hour		Next kilowatt-hour		Next kilowatt-hour		Meter rent	Date
					Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate		
						Cents		Cents		Cents		Cents		Cents		Cents		Cents		
Scribner	1,021		\$1.50		50	12	50	11	50	10	50	9	50	8	Ex.	7				Mar. 1927
Seneca	476		2.00		All	20														Do.
Shelby	559		1.25		50	12	50	10	50	8	Ex.	7								Do.
Shelton	1,037	D 1 cent per kilowatt.	1.00		All	11														Do.
Shubert	397	D 1 cent per kilowatt.	1.50		All	16														Mar. 1927
South Bend	143		1.00	\$1.00	48	7	Ex.	4												May 1927
Springfield	413		1.00	1.00	48	7	Ex.	4												Apr. 1927
Springview	354	P	.50	.50	10	15	25	10	200	8	Ex.	6							\$0.25	Mar. 1927
Staplehurst	253		1.00		15	15	10	14	10	13	10	12	Ex.	11						Feb. 1927
St. Edward*	1,002	D 1 cent per kilowatt.	N1.00		15	16	15	15	30	13	Ex.	11								Aug. 1924
Steele City	300		1.50		10	15	30	13	Ex.	11										Mar. 1927
Stella	449	D 1 cent per kilowatt.	1.50		All	16														Do.
St. Paul	1,615	D 1 cent per kilowatt.	1.00		All	11														Do.
Strang	175		N1.00	1.00	15	10	30	8	Ex.	6										Mar. 1924
Stromsburg	1,361	None	.50	.50	50	9	50	7	100	5	Ex.	4								Sept. 1925
Superior	2,719		1.00		30	12	30	7	40	4	Ex.	3								June 1927
Surprise	279		1.53		8	17	12	12	Ex.	10										Mar. 1927
Swanton	275	None	2.00		9	Min.	10	18	10	16	Ex.	14								Do.
Table Rock	750	do	1.00		25	15	25	12	Ex.	10										Do.
Thedford	260	D 1 cent per kilowatt.	2.50		25		Ex.	15												Do.
Tilden	1,101	None	.50	.50	100	10½	100	7	Ex.	5										Mar. 1927
Tobias	557		N1.00	1.00	15	10	30	8	Ex.	6										Mar. 1924
Union	292	None	1.25		30	15	60	12	Ex.	10										Mar. 1927
Utica	571	None	1.00		15	12	15	11	15	10	15	9	15	8	Ex.	7				Do.
Valentine*	1,596		1.00		50	10	25	8½	25	8½	25	8½	25	8	25	7½	25	7½		Do.
Valley	764	P 10 per cent.	1.00	1.00	All	12														Do.
Valparaiso	600	P 10 per cent.	.75		15	15	Ex.	10												Mar. 1927
Venango	285				All	20														Sept. 1925
Verdigre	528				All	15														Do.
Verdon	347	D 1 cent per kil.	1.50		All	16														Mar. 1927
Vesta	230																			
Waco	297		1.50		50	14	50	12	50	10	Ex.	8								Do.
Wallace	527	None	2.00		50	15	50	15	100	11	Ex.	10								Do.
Walsh	1,145				8,000	8	5,000	4½	Ex.	3½										June 1927
Waterbury	190	P	2.00	.60	100	10	100	7	Ex.	5										Mar. 1927
Waterloo	451	P 10 per cent.	1.00	1.00	All	12														Do.
Wauneta	700	None	1.00		30	15	20	12½	Ex.	10										Do.
Wausa	688	P	2.00	.60	100	10	100	7	Ex.	5										Do.
Waverly	554	D 10 per cent.	.50		All	15														Do.
Weeping Water	1,084		1.00	1.00	48	7	Ex.	4												Apr. 1927
Whitney	125	D 6 per cent.	1.25		20	15	80	10	100	8	Ex.	7								Do.
Winnebago	648		1.00		20	14	20	12	Ex.	9										May 1927
Winnemou	220	P	2.00	.60	100	10	100	7	Ex.	5										Mar. 1927
Winside	488																			
Wyoming	28	P½ cent per kil.	2.00		48	11½	48	7½	Ex.	4½										June 1927
York	5,588	None	.50	.50	100	7½	100	6	Ex.	4										Mar. 1925
Yutan	500	P 10 per cent.	1.00	1.00	All	12														Mar. 1927

INCREASE OF THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to have until midnight to file a conference report on the bill H.R. 6604, to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

LIQUOR LAWS OF HAWAII

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii. Later I shall make a similar request with respect to Alaska.

Mr. BLANTON. Mr. Speaker, reserving the right to object, may I ask the gentleman how much time he is going to consume on this matter?

Mr. McDUFFIE. None whatsoever, so far as I am concerned.

Mr. BLANTON. I shall want 5 minutes.

Mr. McDUFFIE. I shall be pleased to yield the gentleman 5 minutes.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I should like to ask the gentleman whether there is a

law in Hawaii which would require this matter to be submitted to a referendum.

Mr. McDUFFIE. Not that I know of, sir.

Mr. McFADDEN. It is my understanding there is such a law, and the Delegate from Hawaii can perhaps tell us definitely about that.

Mr. McCANDLESS. There is no such law, I may say to the gentleman from Pennsylvania.

Mr. STRONG of Texas. Mr. Speaker, reserving the right to object, I am a member of the Committee on the Territories. These two bills were presented to the committee, and I filed a minority report objecting to them. I am still very much opposed to either one of these bills being passed, but I realize I can only prevent the consideration of this bill for a few days, because both of these bills can be brought before the House in the regular course of procedure. Therefore, I shall not object, but will ask for some time on the bill when it is taken up by the House.

There being no objection, the Clerk read the bill, S. 2728, as follows:

Be it enacted, etc., That the act entitled "An act to prohibit the sale, manufacture, and importation of intoxicating liquors in the Territory of Hawaii during the period of the war, except as herein-after provided", approved May 23, 1918 (U.S.C., title 48, sec. 520), is repealed.

SEC. 2. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as are in force and effect

in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in the Territory of Hawaii.

Sec. 3. Section 13 of the Revised Statutes (U.S.C., title 1, sec. 29) shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this act.

With the following committee amendment:

Page 2, line 3, strike out the word "are" and insert in lieu thereof the words "shall be retained."

The committee amendment was agreed to.

Mr. McDUFFIE. Mr. Speaker, in accordance with my promise, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, my unalterable position against liquor saloons is well known to every Member of this Congress. I have been, and I am now, and I always will be against the legalized liquor traffic and open saloons.

There is no way of stopping this measure. If we objected to its coming up by unanimous consent, the Committee on Rules would promptly grant a special rule providing for its prompt consideration. An objection now would merely delay it a few hours. Therefore, I am not wasting the time of this House with any futile objection. I accept the inevitable. The present Membership of this House believes in liquor and is going to provide means of getting it. There is no parliamentary way to stop them.

I am of the opinion that the best and surest and quickest way to bring about a sane reaction against intoxicating liquors and open saloons is to let our wet friends run rampant for a while; let them run wide open; let them play deuces wild; let them have it around every corner, at every crossroads, close to every schoolhouse, just outside every church portal, contiguous to every home. Then fathers and mothers will awake. Then ministers will again be courageous. Then protection of the home will again be important. The safety of the family will become paramount. Love of wife and husband, daughter and son, will be placed above sordid gain and unrestrained appetite.

I feel impelled to use my time this morning to speak on the unpopular side of another question. I feel that somebody should denounce the deliberate attempt on the part of the American Federation of Labor to involve this Nation in a strike that is inexcusable, is unpatriotic, and is unthinkable. It is almost criminal to persuade and influence 250,000 well-paid, well-cared-for, satisfied heads of families to leave their jobs, stir up strife and animosity, and bring suffering on their wives and little children.

This is no time for strikes. This is no time for trouble makers. This is no time for agitators and walking delegates. This is no time for selfish groups to ignore and disregard the Nation's welfare and the best interests of the American people as a whole.

The President of the United States has done much for labor. In the interest of men who work, our President has disorganized every business in the United States and taken same from the private conduct and control of owners and reorganized same along national lines to benefit labor. Every business in the United States has made sacrifices. These sacrifices were to benefit labor. It was a costly change for business. Labor was the beneficiary. Has it no gratitude? Does not labor appreciate what the President has done for it? Does it now want to harrass the President? Is the American Federation of Labor willing to throw monkey wrenches into the Nation's machinery? Is it willing to clog everything up? Is it willing to be disloyal?

This Congress has appropriated billions of dollars to help labor. It has fed the unemployed. Congress has housed millions of laborers without jobs. Congress has clothed the wives and children of laborers who could not find work. Congress has created work that laborers should not be idle.

Is not the American Federation of Labor grateful? Has it not any appreciation? Does it not realize that it owes something to society? Is it altogether selfish? Just why is it not willing to go along with the President, and lend him a helping hand?

LXXVIII—312

The press this morning brings us the almost unbelievable information that all of these 250,000 workers are well paid, with their wages increased more than 50 percent during the last year, and in many cases higher than they were in 1929, that their hours have been shortened to an annual average of 36 hours per week, and that practically all these 250,000 workers are well satisfied, yet that the American Federation of Labor is seeking to make a card from one of its unions the sole condition of employment, and insisting that it shall receive about \$6,000,000 in union dues taken out of the employees' salaries, and paid direct to unions by employers.

I believe in organization. I believe that every worker has the right to join a union. I believe that union workers have the right of collective bargaining. I am sympathetic with all the trials and troubles of men who labor. I want to see their conditions bettered in every possible way.

At the same time, I believe that workers who do not want to join a union have the inherent right not to join. And I believe that an American business man has the right to run his business ununionized if he wants to, and to employ men who are not unionized, if he can find them, and if they are satisfied to work for him. And I do not believe that the American Federation of Labor has any right whatever to interfere and to break up a friendly business relation existing between employer and employees when all are perfectly satisfied and content.

Stirring up strife and trouble now is disloyal to the President. It is disloyal to the Nation. It is putting the selfishness of a group above the interest of the Nation. It is letting the tail wag the dog. It is saying that less than 5,000,000 organized into a group are more important than the unorganized 115,000,000 people of the United States.

It is the duty of the American Federation of Labor to work in harmony with the President. It is its duty to show some gratitude. It is its duty to show some appreciation. It is its duty to put country above group. It is its duty to abandon greed and selfishness. It is its duty to go along with the Government in its efforts to bring about a recovery, and bring about better conditions, and I am not in sympathy with this selfish stand taken by the American Federation of Labor.

The American Federation of Labor ought to call off this strike. They ought to admonish these men that this is no time to strike; that this is no time to take men out of good employment and put them on the streets. This is a time to uplift rather than break down; this is a time to back the President; this is a time to back the Congress; this is a time to stand firm for the Government and show loyalty to the Commander in Chief of this Nation. [Applause.]

Mr. CARPENTER of Nebraska. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CARPENTER of Nebraska. Does not the gentleman think the American Federation of Labor is trying to have the principles outlined in the N.R.A. enforced?

Mr. BLANTON. It is not the N.R.A. enforcer. Let the President handle that. The President started this N.R.A. The President knows more about it than the American Federation of Labor. The American people are represented by the President. The President is representing the 120,000,000 people as a whole, while the American Federation of Labor is representing one little group of less than 5,000,000 men. Every single act of the American Federation of Labor just now is an action selfishly taken for a little group of citizens, while every heartbeat of the President is a beat for the 120,000,000 people of this Nation. [Applause.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LIQUOR LAWS OF ALASKA

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, S. 2729, to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, contained in United States Statutes at Large, volume 39, Public Laws, pages 903 to 909, and the act of Congress approved October 28, 1919, commonly called the "National Prohibition Act", and all acts amendatory thereof and supplemental thereto, insofar as they apply to the Territory of Alaska, be, and the same hereby are, repealed: *Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.

SEC. 2. That notwithstanding the repeal of the said acts no spirituous or intoxicating liquors shall be manufactured or sold in the Territory of Alaska, except under such regulations and restrictions as the Territorial legislature shall prescribe, and the legislative power and authority conferred upon the legislative assembly of the Territory of Alaska by the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes", approved August 24, 1912, shall be, and hereby is, extended to include any legislation pertaining to the manufacture or sale of spirituous or intoxicating liquor within the said Territory and any provision contained in the said act of August 24, 1912, in conflict herewith, is hereby expressly repealed: *Provided, however*, That the legislature of the Territory of Alaska shall have full power and authority to delegate the powers hereby conferred to any board or commission designated or created by the legislature for such purpose, which powers shall include the power to make rules and regulations governing the manufacture, barter, sale, or possession of spirituous or intoxicating liquors in the Territory of Alaska, to prescribe the qualifications of those who are to engage in the manufacture, barter, sale, or possession of intoxicating liquors in the said Territory, and to prescribe license fees and excise taxes therefor: *Provided*, That nothing in this act shall in any way repeal, conflict, or interfere with the public general laws of the United States imposing taxes on the manufacture and sale of intoxicating liquors for the purpose of revenue and known as the "internal-revenue laws."

SEC. 3. That the act of the Territorial Legislature of Alaska entitled "An act to create the board of liquor control and prescribe its powers and duties", approved May 4, 1933, contained in the Session Laws of Alaska, 1933, being chapter 109 thereof, at pages 193-194, be, and the same hereby is, ratified and approved, and the board thereby created shall have the powers and the authority conferred upon it by the said act. And any person, firm, or corporation who shall violate any of the rules or regulations prescribed by the said board governing the manufacture, sale, barter, and possession of intoxicating liquors in the Territory of Alaska, or the qualifications of those engaging in the manufacture, sale, barter, and possession of such liquors in the said Territory, or the payment of license fees and excise taxes, therefor, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in section 2072 of the Compiled Laws of Alaska.

SEC. 4. That sections 462 to 478, both inclusive, of act of Congress entitled "An act to define and punish crime in the district of Alaska and to provide a code of criminal procedure for said district", approved March 3, 1899 (30 Stat.L. 1337-1341), as amended by the act of June 6, 1900 (31 Stat.L. 332), and by the act of February 6, 1909 (35 Stat.L. 601-603), be, and the same hereby are, repealed.

With the following committee amendments:

Page 1, line 7, strike all of said line after the figures "909"; strike all of lines 8, 9, and 10; and strike all of line 1, on page 2, down to and including the word "repealed", and insert in lieu thereof the following: "is repealed. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as shall be retained in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in the Territory of Alaska."

Page 4, line 13, add a new section to be known as "section 5", reading as follows:

"SEC. 5. Section 13 of the Revised Statutes (U.S.C., title 1, sec. 29) shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this act."

Mr. McDUFFIE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas, a member of the committee, who has definite objections to the sale of liquor anywhere in the world.

Mr. STRONG of Texas. Mr. Speaker, I feel that I have imposed on the time of this body very little. I have tried to be modest in all my actions. I am a member of the Committee on the Territories. As I said a while ago, I filed

a minority report from that committee against this bill. One of the members of the committee, a Delegate from Alaska, came to me last night and asked me to please not object to the unanimous consent in calling this bill up. I said to Mr. DIMOND, "If you will name one good thing that the liquor traffic has performed in this Nation of ours, I will not object to your unanimous-consent request to consider the bill tomorrow morning." He frankly admitted that he could not do it.

I realize that to object to the unanimous-consent request to take up this bill would only delay the matter a few days, because he could bring the bill before the House in the regular order, and there is no question but that it would pass the House overwhelmingly. Therefore, I raise no objection to the consideration of this bill at this time.

One of the members of the committee asked me why I objected to this bill. "Well", I said, "I would not go into an argument, but I will say this to you: I am in favor of the home, the school, and the church—three great institutions established by the Supreme Ruler of this universe, and these great institutions must exist and prosper if we are to have a Government of the people, by the people, and for the people. I ask any Member of this House to stand up and deny that the liquor traffic has not destroyed homes, cheated children of the opportunity of an education, and retarded the growth of the church ever since it was established on this earth for the salvation of the people. Now, if you can stand up and deny that the liquor traffic has not ruined, as far as it could, these three great institutions, I will not bring in a minority report on this bill."

I am opposed to this bill. The gentleman from Alaska says that the people there are largely in favor of the bill. I say: "You are here as the representative of your people, to render them all the service you can; but if this bill could be defeated before this House, it would be the greatest service that has ever been rendered to the people of Alaska." [Applause.]

Mr. COCHRAN of Missouri. Mr. Speaker, I move to strike out the last word.

Mr. McDUFFIE. Mr. Speaker, am I in control of the bill?

The SPEAKER. The gentleman from Alabama has the floor.

Mr. McDUFFIE. I want to yield 2 minutes to the gentlemen from New York [Mr. CELLER], who has promised that he would confine his remarks to this bill.

Mr. COCHRAN of Missouri. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. COCHRAN of Missouri. Is not this bill being considered by unanimous consent, and is it not in order to move to strike out the last word?

The SPEAKER. It is being considered in the House, not in Committee of the Whole, and it is not in order to move to strike out the last word.

Mr. McDUFFIE. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, I rise to speak briefly in connection with the Federal Alcohol Control Administration, which, with the passage of this bill, has control over the sale of alcoholic liquor in the Territory of Alaska, as it has practically over the sale of all liquor in the United States. This F.A.C.A. is a sort of fungus growth. It grows larger and is expanding in all directions. It has seized upon functions belonging primarily to the Bureau of Internal Revenue, Bureau of Customs, and the Department of Agriculture. It grows by what it feeds on. We should look to the House and the appropriate committees for constructive and appropriate legislation in respect to liquor and its control and the future status of the F.A.C.A. This F.A.C.A. was supposed to be an interim bureau. The industry has now grown to large proportions and there is no necessity for an interim bureau at the present time. Our Democratic platform said that the liquor traffic and the control thereof should be relegated to the States. We have set up a bureau which gives this Federal Government a strangle hold on the wine and liquor industries, which is preventing its proper and normal growth, and these undue restrictions coming

out in the form of regulations from day to day are giving aid and comfort to the bootleggers and racketeers over all the country. Later I shall put into the Record specific and detailed proof with reference thereto. It suffices to say that most, if not all, of the regulations cannot be enforced. There is no basis in law for them. There are no—cannot be any—appropriations.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Yes.

Mr. FITZPATRICK. Is it not a fact that before the repeal of prohibition we could get cheaper and better liquor from the racketeers than we are today getting from the legitimate dealers?

Mr. CELLER. I have no quarrel with anyone connected with the F.A.C.A. I believe them honest and faithful servants. However, I also believe them enthusiastically misguided. The greater and more rigid the regulations the F.A.C.A. put forth the more romantic they make liquor—the more tempting—the nearer they approach prohibition and all its evils.

With repeal we thought we had rid ourselves of Federal control—bureaucratic control—of liquor. The F.A.C.A., with its elaborate system of permits and strict regulations, fastens Federal bureaucratic control upon liquor.

I am for the little fellow—the independent liquor merchant. The F.A.C.A. has lent every aid to the large distillers and industrialists as against the small man. For example, in its allotment of Scotch whisky, over 50 percent of all importations went to the English Whisky Trust, called the Distillers Corporation, Ltd.

It issued a regulation limiting the bottling of straight whisky to distillers, thereby feathering the nests of distillers, to the detriment of small rectifiers and wholesalers.

Constructive legislation is absolutely essential to set the F.A.C.A. on the right track.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. McDUFFIE. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN] to speak on this bill.

Mr. COCHRAN of Missouri. Mr. Speaker, I do not agree with the gentleman from New York [Mr. CELLER], who has just taken his seat. He wants to destroy the Federal Alcohol Control Administration. This is a new organization, and probably it has not functioned as it should, but it has power, and I want to see that Administration exercise its power.

I am unwilling to do anything for those who control the domestic supply of liquor in this country at the present time. It is the organized group that controls the whisky that wants this Government agency abolished. Why should we do anything for this class that is gouging the public by charging unheard-of prices for whisky and who by maintaining such prices perpetuate the bootlegger. Speaking of the bootlegger, one of the arguments the gentleman from New York and I used time and time again on this floor in advocating the repeal of the eighteenth amendment, was that we wanted to get rid of the bootlegger and the racketeer. Have we done it? Who is the man or woman who will rise on this floor and tell you that the bootlegger is gone. Instead of getting him out of the picture those who would destroy the F.A.C.A., the same men, who refuse to sell the whisky they hold at a reasonable figure, not only are keeping him in the picture but also have enlarged the bootlegger's market until now he is more active than he was prior to prohibition; and this condition will remain until we get the price of whisky down to where it belongs.

I do not charge that the gentleman from New York desires to destroy this agency because it has the power to lower the price of whisky, but it seems to me that would be the motive of those who control our domestic liquor supply. The Federal Alcohol Control Administration has the power under the code to reduce the price of whisky if it finds that the price charged is so high that it causes the public to patronize the bootlegger. That is not generally

known, but it is a fact. Last week I talked with officials of the F.A.C.A. about this very matter, and they told me they were now investigating the price of liquor and its effect on the bootlegger.

Insisting that the administration should exercise its powers now, I told the officials if something were not done, Congress, sooner or later, would step in and set up an organization that would do something.

The people of this country are not going to stand for making a few multimillionaires overnight. Good whisky is being sold at a profit of over 200 percent at the present time. The whisky that was in control of the same people last June, selling through the drug stores for \$32 a case, is now being sold to the retailer for \$68 and \$70 a case. The F.A.C.A. needs no additional evidence under the code to require these same people to reduce their prices. It can be done; they have the power, for it was the officials of the F.A.C.A. that told me they had the power. Why they do not exercise that power is beyond me to understand. I do not have at the moment the code they showed me, but I read it and I know what I am talking about.

The President should step in and see that something is done; not next week or next month, but now. No legislation is needed.

It is a proper charge upon the administration as well as the Congress to protect the public from the outrageous prices being charged, which automatically reap a harvest equal to the old days for the manufacturers of illicit liquor.

I suggested that it might be well to place a tax of \$100 a case on all liquor sold above a certain price. I did not press this, because I was informed that if this were done the order would go out to use all good whisky in bond for blending purposes and good whisky would not be available.

Four years ago last month the Bureau of Industrial Alcohol permitted the distillers to manufacture 2,500,000 gallons of whisky to fill up the hole made by the withdrawal of whisky for medicinal purposes. That whisky is now becoming 4 years old. Its cost at time of manufacture was not more than 40 cents a gallon. It is now being withdrawn, but try and buy this 4-year-old whisky for less than \$60 a case or \$20 a gallon. You just cannot do it. Look at the millions that will be made from this 2,500,000 gallons if the Government does not step in.

I insist that it would be solely in the interests of those who are in control of this whisky to destroy the F.A.C.A. as the gentleman from New York suggests.

Mr. CELLER. Mr. Speaker, will the gentleman yield.

Mr. COCHRAN of Missouri. No; I refuse to yield. The gentleman expressed himself. I want to reiterate as strongly as I can that something must be done to destroy this clique, or gang, or whatever you want to call them, who are in control of whisky today and if it is not done then just look upon the bootlegger as a permanent fixture. Many citizens who clamored for the repeal of the eighteenth amendment are thoroughly disgusted, and if they had it to do over again they would not spend their time and money because they realize that they simply have made a small group rich overnight. Can you blame them for being disgusted when they have to pay more for good whisky than they did before the eighteenth amendment was repealed?

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. FITZPATRICK. How about taking the duty off all foreign liquors and letting it come in here free and in that way drive out the racketeer?

Mr. COCHRAN of Missouri. That is not necessary if the administration enforces the code it has the power to enforce. We should have that tax, but if that is the only way to get the price down then I say I will join the gentleman in advocating the repeal of the tariff on distilled spirits imported into this country.

My objective is to get the price of liquor down where the ordinary individual can buy it and you then will automatically drive out the bootlegger and racketeer. [Applause.]

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. McDUFFIE. Mr. Speaker, I move the adoption of the House amendments.

The amendments were agreed to, and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

NAZI PROPAGANDA

Mr. COX. Mr. Speaker, I call up House Resolution 198, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 198

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven members for the purpose of conducting an investigation of (1) the extent, character, and objects of Nazi propaganda activities in the United States, (2) the diffusion within the United States of subversive propaganda that is instigated from foreign countries and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

That said special committee, or any subcommittee thereof, is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpoena or otherwise and to take such testimony, as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. COX. Mr. Speaker, I yield one-half hour to the gentleman from Pennsylvania [Mr. RANSLEY], to be yielded as he sees fit.

The SPEAKER. The gentleman from Pennsylvania is recognized for one-half hour.

Mr. COX. Mr. Speaker, this resolution authorizes the setting up of a committee of seven, to be appointed by the Speaker, to investigate subversive foreign propaganda in this country. The Chairman of the Committee on Immigration, Mr. DICKSTEIN, is the author of the resolution. His committee or a subcommittee of his committee has given a great deal of time to the gathering of information bearing upon the subject. The Rules Committee proceeded cautiously in the consideration of the resolution. Prior to any consideration whatever upon the part of the Rules Committee this matter was submitted to the Democratic steering committee of the House. That committee held hearings and finally voted favorably on the adoption of the resolution. I mention that simply by way of calling attention to the fact that the Rules Committee was not hasty in voting out the resolution. There were two or more sessions of the Rules Committee at which witnesses testifying upon this question were heard. After the hearing was completed the Rules Committee was unanimous in the granting of a rule for the consideration of this measure.

There is nothing in the resolution that is intended as an unfriendly attitude toward any foreign country. The committee, hearing gentlemen urging the adoption of the resolution, were impressed with the importance of the proposal; and so that you may understand something of the wide interest of the country in the subject matter, I call attention to the fact that the American Federation of Labor has endorsed the resolution and is urging Congress to adopt it. I

read now an excerpt from a letter of March 14 addressed to Mr. DICKSTEIN, the Chairman of the Committee on Immigration, by the chairman of the legislative committee of the Federation of Labor, in which he says:

I can assure you that the resolution is heartily favored. President Green has repeatedly criticized the methods urged by the Nazi government to destroy trade unions and persecute persons on account of race.

I ask unanimous consent that I may insert the entire letter in the RECORD as a part of my remarks and couple with it a brief speech made by Mr. Green, president of the Federation of Labor, on February 15, unless it already appears in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Georgia.

Mr. BLANTON. Mr. Speaker, I shall not object, but reserve the right to object, merely to ask some questions, so that it will not be taken out of the gentleman's time. I want to ask these questions under my reservation of objection. It is admitted that this resolution will cost at least \$25,000. The whole hour has been divided between those who are heartily in favor of this bill. While I heartily sympathize with the sentiment that has caused the resolution to be reported, I do think that the money will be wasted and accomplish nothing. The gentleman from Georgia [Mr. Cox] has promised to give me a little time.

Mr. COX. I will take but a few more minutes, and then I will yield to the gentleman.

Mr. BLANTON. The gentleman ought to yield us generous time to discuss the question of futility and waste, especially when both sides in control of time are heartily in favor of all features of the bill. I have one very serious objection to one paragraph of this bill, although I expect to vote for the bill.

Mr. COX. I shall yield to the gentleman as liberally as I am able to.

Mr. RICH. Reserving the right to object, were these letters pertinent to the bill?

Mr. COX. Yes, sir; they are pertinent to the bill.

Mr. TRUAX. Reserving the right to object, and I shall not object, I should like to be given assurance that I may have a few minutes' time, by the gentleman from Georgia [Mr. Cox].

Mr. COX. Let me say to the gentleman I have only two requests, aside from the request by the gentleman from Texas, and I will undertake to yield to the gentleman.

Mr. TRUAX. Then I may be assured of having some time?

Mr. COX. I assure the gentleman within the limits of my ability to yield.

Mr. TRUAX. The reason I am asking the gentleman from Georgia for time is because there are two resolutions before the Committee on Rules which vitally affect every real estate owner in this country of ours, and I, for one, fail to see the imperativeness of considering this resolution before we consider the one that will relieve the landowners of this country who are being sold out day by day.

Mr. COX. The gentleman from Ohio has liberty to object to the introduction of the letter from the American Federation of Labor if he sees fit.

Mr. TRUAX. I am not going to object.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. Cox]?

There was no objection.

The matter referred to is as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D.C., March 14, 1934.

Hon. SAMUEL DICKSTEIN,

House of Representatives, House Office Building,
Washington, D.C.

DEAR SIR: You ask the attitude of the American Federation of Labor on House Resolution 198, which provides for an investigation of the extent, character, and object of Nazi propaganda in the United States.

I can assure you that the resolution is heartily favored. President Green has repeatedly criticized the methods urged by the Nazi government to destroy trade unions and persecute persons on account of race.

The charges of the tactics in the United States of the Nazi government demands investigation. I am enclosing an address delivered by President Green before the Aldine Club, New York City, February 14, which will give you definite reasons why an investigation should be made.

Very truly yours,

W. C. ROBERTS,
Chairman Legislative Committee
American Federation of Labor.

Enclosure.

(Address delivered by William Green, president of the American Federation of Labor, Wednesday evening, Feb. 14, at 8 p.m., at the Aldine Club, 200 Fifth Avenue, New York City, under the auspices of the Nonsectarian Anti-Nazi League to Champion Human Rights)

People of every age have been compelled to sacrifice, struggle, and fight for the preservation of human rights and the exercise of freedom. They lose sometimes when through political manipulation despotic appeals are made to passion, feeling, and racial sentiment. It is when these uncertain and dangerous characteristics of mankind are mobilized that tyrants win and, as a result, exercise autocratic control through the power of government.

In these modern days the hope of oppressed people, in a state where a tyrant rules, lies in the development of an aroused, keen, sensitive international conscience. When the public opinion of mankind becomes aroused in opposition to intolerance and injustice, the victims of misrule become encouraged to fight for the enjoyment of their individual rights and for the recognition of the broad principle of human brotherhood.

The masses of the people have ever cherished the principles of democracy, freedom, and justice as a priceless heritage. They do not wish nor do they ever expect to enjoy special privileges. Their economic, industrial, and social salvation lies in the enjoyment of free and unrestricted opportunity to organize for self-helpfulness, to participate in the civic and political affairs of the Nation, and to use freely their political and economic power so that they may establish a social and political order which makes for human betterment.

It is because of the devotion of working people to the doctrine of human rights and human freedom that they were shocked when they learned of the atrocious treatment which, under the Hitler regime, has been accorded working people and the Jewish residents of Germany. The aroused feeling which was created in the minds of working people throughout the world was reflected in the action taken by the British Trade-Union Congress, the trade-union organizations of Holland, Belgium, Czechoslovakia, Switzerland, Spain, France, the International Federation of Trade Unions, and the American Federation of Labor, representing the working people of the United States and Canada. These trade-union organizations are the accredited instrumentalities through which the voice of labor, in the countries named, is given expression. Their feelings were aroused, their sensibilities shocked, when they learned that through a seizure of political power in Germany the Hitler regime had launched a campaign of brutal persecution against the Jewish people and had destroyed the democratic trade unions of Germany, imprisoned the officers of these trade unions, confiscated their property, and raided their offices and headquarters.

It was because of this inhuman and indefensible action practiced by the Hitler administration that these trade-union organizations, most all of them, declared in favor of an economic boycott upon German goods and German service. Every man and woman who loves liberty and who places human rights above and beyond material rights will approve and applaud the action which these economic, democratic organizations, representing the working people of so many nations throughout the world, have taken.

The indictment against the Hitler regime in Germany is direct and amazing. The facts justify the charge that defenseless, law-abiding, upright Jewish citizens of Germany were subjected to most cruel persecution because they were Jews—and for no other reason. The working people of Germany who had built up their trade unions and had acquired trade-union property were forced to witness the destruction of their trade-union institutions while their leaders were thrown into prison, not because they had committed any crime but merely because they had been identified with the bona fide trade-union movement of Germany.

Under this policy of ruthless extermination directed against trade unions, 86 buildings serving as headquarters of the national trade unions, 233 local peoples' houses, directly or indirectly connected with the German trade-union movement, 16 health centers with more than 2,000 beds, and 4 trade-union schools were confiscated by the Government. These 329 buildings represented a monetary value of 260,000,000 marks or \$100,000,000.

The German Labor Bank, with 240 branches, representing a total value of 80,000,000 marks, was forcibly taken over by Nazi storm troopers. The confiscatory policy of the Government did not stop there. The German Consumers Society, which had established 46 cooperative factories, composed of 4,000,000 members, and which had acquired property and a treasury amounting to 240,000,000 marks, or nearly \$100,000,000, was seized by the Government. One hundred and twenty-six newspaper dailies and 84 printing establishments, belonging to the Social-Democratic Party, representing a value of 80,000,000 marks, were taken by the Government. Added to this was the labor, sport, and culture movement with its numerous institutions, homes, and theaters, which had been built up and established as a paralleling activity of the trade-union movement.

The accumulated property of the German labor movement, which amounted to 700,000,000 marks or \$270,000,000, was forcibly seized under the pretense of coordination. Reliable information shows that a great part of this property has been totally destroyed. The "peoples' houses" in Leipzig, Breslau, and Nuremberg, furnishings, libraries, and other valuables were thrown into the streets and publicly burned. Safes, belonging to the trade unions, were opened and robbed of their contents.

Recently a so-called "new German labor code" entitled "The Law for the Organization of National Labor" was promulgated. The Hitler administration, through the operation of this law, undertakes to create a relationship between employer and employee based upon the complete domination and control of industrial ownership and industrial management.

This so-called "labor code" is revolutionary and reactionary. It completely annihilates labor unions, prohibits strikes, and terminates collective bargaining, as well as the right to organize.

The new set-up created by this labor code provides for a system of shop councils which it is intended will function under the supervision of governmental labor trustees. Subject to certain exceptions, the employer is clothed with authority to fix wages and working conditions upon his own initiative although the workers are accorded the nominal but meaningless right to appeal to the State.

The structure of trade unionism erected in Germany upon the initiative of the workers and which always was regarded as the bulwark of the liberties of the German workers has been completely destroyed. A new industrial and economic order which, in operation, subjects the worker to industrial-management control reduces the worker to an industrial status approximating slavery. Not only have the German workers suffered the loss of millions in money but they have been robbed of their economic power and influence, the only weapon which free labor can use in establishing decent wages and humane conditions of employment.

While giving consideration to these facts we must bear in mind that in Germany, as in the United States, Great Britain, and other countries, large numbers of Jewish people are members of trade unions, and for that reason it is reasonable to conclude that they suffered double persecution—the persecution which was directed against them because they were Jews and that which was directed against them because they were members of trade unions. Because of the cultural and social inclination of the Jewish race the Jewish workers found an opportunity, as members of trade unions, to give expression to their idealism and pursue their quest for education. They appreciated fully the value of association with the cooperative societies, the trade-union schools, and the health centers. Through the complete annihilation of these educational and cultural instrumentalities set up by the trade-union movement of Germany many Jewish working people have been denied the only opportunities which were available for self-advancement and for the promotion of the common good.

It appears, from authentic reports received, that all the fury of racial hate toward the Jewish population of Germany reached a climax when the election of Hitler became an assured fact. Immediately there followed a campaign of persecution against Jewish people residing in Germany which, when the true record is written, will stand as a blot of shame against Hitler and those associated with him in control of the German Government. Hitler, through his campaign addresses, campaign literature, and public manifestoes, is largely responsible for the persecution which has been visited upon the Jewish people in Germany. He came into power singing his song of hate. Its refrain was echoed by those whose feelings and passion had been aroused against a race which has given to the world men of mighty intellect and genius.

The annihilation of trade unions and the persecution of the Jewish people will be regarded by all liberty-loving people as the transcendent sin committed by the Hitler administration.

The working people of our own country recognize and support the right of the citizens of Germany, as well as of all other nations, to establish their own form of government and to formulate their own political and governmental policies. It should be respected by all those who claim it as a right for themselves. In voicing a protest, therefore, against the ill treatment of the trade unions and Jewish people of Germany, labor entertains no thought of interference in the political structure or the political policies of the German Nation. Science, invention, and improved methods of transportation and communication have brought the nations of the world into closer contact and closer relationship. The people of one nation are more nearly the neighbors of another now than ever before. Our concern, therefore, in the indefensible action taken against trade unions and the Jewish race by the Hitler government is that of a neighbor who insists that if neighborly relationship and neighborly intercourse are to be maintained the Hitler government must observe those standards of national ethics due neighbor nations.

It is the apparent purpose of the Hitler regime to drive the Jewish people out of Germany through the application of economic and discriminatory pressure. One may well inquire why such a policy is pursued by those in charge of a government made up of people who have prided themselves upon their culture. Why should the Jewish people, who belong to a race which has made a record in the contribution it has made to science, education, literature, and art, be subjected to cruel, indefensible treatment in the homeland where they had cast their fortunes and where they had served their Government in a distinguished way both in peace and in war? They constituted a small minority of the German population. Their conduct had been above reproach. They were law-abiding citizens, respecting the authority of the

state. They constituted no menace to the existing order. Their helpless condition at this time appeals to the sentiments and sympathies of all people who are influenced by sentiments of humanity.

The answer to it all is this: They are persecuted only because they are Jews, just as working people in Germany are persecuted because they are trade-unionists.

The working people throughout the world responded in accordance with the lofty ideals and fine traditions of trade-unionism and the trade-union movement. These organizations of labor are founded upon the broad principle of brotherhood and fraternity. They will not tolerate or countenance those primitive instincts of racial hate which consign a man or woman to punishment of the most distressing kind merely because he belongs to some other race, speaks a different language, or embraces a different creed. It is fundamental with the trade-unionists throughout the world that there shall be no discrimination against any one because of race or creed. This is a cardinal principle of the American Federation of Labor. The question of race or creed has no place in the policies, principles, or membership of this great economic institution.

Moved by the highest motives of human welfare and international good will, the American Federation of Labor expressed its opposition to the policy of persecution directed against the members of trade unions and the Jewish people of Germany. It could not remain silent and be true to its own traditions, principles, and policies. The men and women of labor who attended this convention realized that merely voicing a protest would not, of itself, be sufficient. The action of the central figure, who shaped and directed the destinies of the German Government, made it clear that any appeal to his heart, conscience, and judgment would have no effect. The opinion of labor must, of necessity, be brought home to him in some more definite and convincing way. For this reason the American Federation of Labor decided by unanimous vote that, "the American Federation of Labor join with other public-spirited organizations in our own country in officially adopting a boycott against German-made goods and German service, this boycott to continue until the German Government recognizes the right of the working people of Germany to organize into bona fide, independent trade unions of their own choosing, and until Germany ceases its oppressive policy of persecution of Jewish people."

In placing this boycott upon German goods and German service labor disavows any disposition or intention of interfering in the internal affairs of the German Government but will call upon working people and their friends, at home and abroad, to apply it until the working people of Germany are made free to organize into their own trade unions, and until the Jewish people residing in Germany are accorded the equal right, with other German citizens, to enjoy all the rights and privileges to which they are morally, legally, and politically entitled.

Mr. COX. Mr. Speaker, the American Legion is supporting this resolution and urging its adoption. I hold in my hand, Mr. Speaker, a communication dated March 19, addressed to Mr. DICKSTEIN, bearing upon the same subject matter, which I ask unanimous consent to have inserted as a part of my remarks.

Mr. BLANTON. It is signed by whom?

Mr. COX. Signed by John Thomas Taylor, vice chairman national legislative committee.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. Cox]?

There was no objection.

The letter referred to is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D.C., March 19, 1934.

Hon. SAMUEL DICKSTEIN,
Chairman Immigration and Naturalization Committee,
446 Old House Office Building, Washington, D.C.

MY DEAR MR. CHAIRMAN: I have noted that House Resolution 198 is on the House Calendar and will shortly be called up for consideration by the House. The purpose of the resolution is directed at the diffusion of subversive propaganda in our country.

I desire to call to your attention the following resolution, adopted at our national convention in Chicago, October 2-5, 1933:

"Now, therefore, be it resolved by the American Legion in national convention assembled at Chicago, October 2 to 5, 1933, that it vigorously oppose the actions and teachings of all radical pacifist societies, clergymen, college and school professors who advise and urge the youth of our country to refuse to serve our country in time of war.

"Whereas the Constitution of our country protects and preserves the rights of minorities; and

"Whereas one of the basic principles for which the allied nations entered into and fought the World War was to protect minority groups from tyranny and oppression; and

"Whereas there have been attempts made to organize groups holding allegiance to a foreign government with the openly avowed purpose of furthering the principles of the Hitler government of Germany, and with the publicly announced intent to create class dissension and ill-feeling among our people; and

"Whereas such a group has actually been formed in the city of Los Angeles, Calif.: Now, therefore, be it

"Resolved, That the American Legion, in national convention duly assembled, repeats and reiterates its condemnation heretofore expressed of the formation in this country of groups holding their primary allegiance to foreign governments, and whose idea is to introduce into this Nation intolerance and bigotry, and we hereby request all proper governmental authorities to take prompt and efficient steps to prevent such attempts to undermine the principles of our free and democratic form of government."

House Resolution 198 carries out the purposes of the above resolution. I will appreciate it very much if you will call this action taken by the American Legion to the attention of the Members of the House, as we are desirous that House Resolution 198 receive House approval.

Very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

Mr. COX. Mr. Speaker, the Veterans of Foreign Wars are likewise urging the adoption of the resolution. In a letter of March 20, addressed to Mr. DICKSTEIN, by the commander in chief, the following statement appears:

I cannot too strongly urge the passage of necessary legislation to do away with the insidious and devastating practice of the foreign groups which are attacking our Nation. Their ramifications are so extensive that we must have congressional action to protect the fine American ideals which we all love.

I ask unanimous consent, Mr. Speaker, that the entire letter may likewise be inserted.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The letter referred to is as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Kansas City, Mo., March 20, 1934.

Hon. SAMUEL DICKSTEIN,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN: I have noted with a great deal of interest your activities in behalf of the perpetuation of our American ideals through your fight against the "isms" which threaten the very foundation of this Nation.

Our organization, composed of nearly one half a million men who saw service on foreign soil or in hostile waters in time of actual war, believe that we understand what love of country really means. We have watched our comrades of all creeds and nationalities face a common foe and die for the ideals and traditions of this country.

I cannot too strongly urge the passage of necessary legislation to do away with the insidious and devastating practice of the foreign groups which are attacking our Nation. Their ramifications are so extensive that we must have congressional action to protect the fine American ideals which we all love.

Yours truly,

JAMES E. VAN ZANDT,
Commander in Chief.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. BUCHANAN. I notice in this resolution the committee is authorized to sit and conduct hearings anywhere in the United States. There is no limitation on the expense. I have discussed that shortly with the author of the resolution, and he assured me it would not cost over \$25,000. Has the gentleman any objection to putting a limitation in the bill that it shall not exceed \$25,000 expense?

Mr. COX. That is an important proposal. This investigation is important. I would think that a full and complete investigation might be had within the limitations of the expenditure of \$25,000.

Mr. O'CONNOR. Will the gentleman yield?

Mr. COX. I yield.

Mr. O'CONNOR. Of course, this committee cannot get any money until it comes to the Committee on Accounts, and the Committee on Accounts brings in a resolution authorizing and fixing the amount.

Mr. BUCHANAN. Yes; but if this resolution fixes the amount, it binds the Committee on Accounts.

Mr. COX. Upon reflection, is the gentleman from Texas [Mr. BUCHANAN] not willing to wait—

Mr. BUCHANAN. All I want is to have the House understand that this committee can travel all over the United States and conduct hearings at the expense of the taxpayers, with an unlimited amount to draw upon.

Mr. COX. May I say to the gentleman that the Speaker, who is charged with the responsibility of setting up this committee, will, of course, exercise caution and care in the naming of his committee. Can we not well afford to depend upon the proper exercise of that discretion on the part of the Speaker?

Mr. SNELL. Will the gentleman yield?

Mr. COX. I yield.

Mr. SNELL. Regardless of whom the Speaker appoints on the committee, if the committee does what they are directed to do under this resolution, it will cost nearer fifty or a hundred thousand dollars than it will \$25,000. This House might just as well understand it before they adopt this resolution.

Mr. COX. Of course, that is the view of the gentleman. He may be correct. I hope not. I should hope the investigation could be concluded with an expenditure of not more than \$25,000.

Mr. LEHLBACH. Will the gentleman yield?

Mr. COX. I yield.

Mr. LEHLBACH. This resolution neither authorizes the expenditure of money, nor does it authorize activities which call for the expenditure of any money. Otherwise a point of order would lie against the resolution.

If, as suggested by the gentleman from Texas, a limitation on expenditure is put in this resolution in so many words, by implication, it would authorize some expenditure and render the resolution subject to a point of order. This matter can be handled by the House; it is absolutely within the control of the House when such activities are authorized and when the matter comes before the Committee on Accounts.

Mr. COX. Mr. Speaker, I possibly have as little direct interest in the matter with which we are dealing as any Member of the House. Personally, I would have no objection to the limitation, but I trust the gentleman from Texas will not press it at this time, leaving it for determination at a later time.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes; briefly.

Mr. O'MALLEY. I understand from the argument so far that this investigation is going to cost between \$25,000 and \$50,000. I should appreciate the gentleman's explaining for my benefit what it is expected will be accomplished through this investigation.

Mr. COX. I trust the gentleman will relieve me of answering his question, because my answer would be substantially in the language of the resolution itself. I shall try to accommodate him later.

Mr. O'MALLEY. The Rules Committee must have had some reason for reporting it out, and some idea as to what it was going to accomplish.

Mr. COX. We hope it will bring an end to the character of propaganda that is complained of in the resolution. Probably there has been no investigation by any committee of this House more fruitful than that investigation conducted a couple of years ago by the committee headed by the gentleman from New York [Mr. FISH].

Mr. O'MALLEY. That was an absolute waste of the taxpayers' money to support a pet hobby of his.

Mr. COX. The gentleman is in error, because it virtually brought to an end the character of propaganda that was then being carried on in the country.

Mr. O'MALLEY. We recognized Russia as a result of that investigation.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. BOILEAU. This resolution not only authorizes an investigation of Nazi propaganda but also takes in the same subject matter covered by the Fish investigation.

Mr. COX. Of course, it must be realized that the committee will use discretion and not duplicate what has already been done.

Mr. BOILEAU. I hope the gentleman will advance some argument or present some information to justify the expenditure of this money for, so far as I am concerned, I do not know of any.

Mr. COX. The gentleman, of course, is aware there can be no fruitful investigation without the expenditure of some money.

Mr. BOILEAU. I think the House should be given some information relative to the necessity for this investigation.

Mr. COX. Mr. Speaker, I have a letter from the Disabled American Veterans of the World War which likewise supports this resolution.

Mr. Speaker, I ask unanimous consent to incorporate this letter in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

The letter referred to follows:

DISABLED AMERICAN VETERANS OF THE WORLD WAR,
Washington, March 17, 1934.

HON. SAMUEL DICKSTEIN,
Chairman Immigration Committee,
House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: One of the items on the nine-point legislative program adopted by the D.A.V. in national convention at Cincinnati last June, calls for our cooperation with other patriotic groups in opposing subversive movements in America.

As you are aware, there is now before the Congress a proposal for investigation of Nazi activities in the United States, and we are further informed that the Immigration Committee unanimously favors this resolution.

From various parts of the country this office has received communications from our units and members protesting against the Nazi movement here and urging that we aggressively support the resolution to which I have referred. Therefore, it is desired to place the organized disabled squarely behind this resolution and earnestly urge that the matter be brought to a vote in both branches of the Congress as soon as practicable.

Cordially yours,

THOMAS KIRBY,
National Legislative Chairman.

Mr. COX. Mr. Speaker, it is my view that the resolution should be adopted.

Mr. Speaker, I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Speaker, as the ranking minority member of the committee that reported House Resolution No. 198, I desire to give same my earnest and enthusiastic endorsement.

Under the able leadership of our distinguished chairman, Judge DICKSTEIN, of New York, sufficient evidence has already been adduced to show the imperative importance of a thorough investigation into the activities of the Nazi movement in the United States.

Up to the accession of the present regime in Germany, the adherents of Herr Hitler in the United States called themselves Nazis. During that period these activities were confined to German aliens in America of the Hitler persuasion. But with the ascension of Hitler to power, to sugarcoat and camouflage the movement in the United States, as directed from Berlin, they changed their name from Nazis to the Friends of the New Germany. And according to the evidence already compiled by the Committee on Immigration and Naturalization, they expanded their field of operation to include not only alien Germans but native-born and naturalized Americans as well. Evidence has already been compiled by our committee showing that these activities, in direct contravention and subversion of our system of government, have already penetrated every section of our country where there is any considerable element of German population. Every conceivable artifice has been employed to introduce and dispense Nazi propaganda in the United States with a view to ultimately convert the United States to the Nazi doctrine and overthrow our form of government. In addition to the numerous Friends of New Germany organization throughout the United States actively spreading Nazi propaganda, there are a number of publications in our country, some of which have been given second-class mailing privileges, openly preaching the gospel of Nazi-ism.

Mr. Speaker, Nazi-ism is just as antagonistic and deleterious to the spirit of our American institutions as socialism, communism, or anarchy. In fact, in my opinion it is worse, because Nazi-ism contains all of the evils of communism, plus

bigotry and superstition. Intolerance and superstition have been the arch enemies of civilization in every period of the world's history, and they attained their sublimest quintessence and ultimate Thule in Hitlerism.

I am not arguing Nazi-ism particularly from the standpoint of its treatment of the Hebrews, yet my friends, the ruthless butchery of the Jews by the Hitler government of itself alone ought to be sufficient to awaken every red-blooded American to the dangers of Nazi-ism. Thousands of Jews, men, women, and little children, have been tortured and murdered in cold blood to appease this brutal spirit of intolerance and bigotry, and thousands of others have been bereft of their property and driven into exile.

Herr Hitler and his satellites may say it is none of the world's business what treatment Germany accords to its Hebrew inhabitants. If they are indifferent to the world's opinion that is their misfortune, and I predict that they will reap the reward of their folly, as has every other nation that has pursued a similar course of persecution. Maybe it is no business of ours, but it ought to be sufficient warning to us to cause us to treat this Nazi menace as it deserves by immediately proceeding to destroy every vestige of this hydra-headed monster.

I hold no particular brief for the Jews; no more than I do for the Irish, the Germans, the Italians, or any other component part of our nationality. There are bad Jews just as there are bad Irish, bad Germans, bad Italians, or even bad Americans. There are black sheep in every flock. But my observation has been that the Jews on the whole make just as good Americans as any other nationals. They have contributed materially to the development of this great Nation of ours. Some of our greatest statesmen, scientists, artists, and what not have been of the tribe of Moses and Abraham. They are members of the great human family and to persecute them on account of their race or religion is an act of barbarism that no Christian nation or individual can condone.

I do not know just how many Jews we have in this country, but I do know that more than 300,000 Jews in the United States rallied to the colors in 1917 and 1918, and on every battle front exhibited the same quality of fortitude and heroism as their American comrades. The relatives of many of these brave boys are being subjected to terrible torture, death, and indignity in Germany today, notwithstanding the Versailles Treaty guaranteed to them and other minorities equal protection as other nations.

Mr. Speaker, we cannot assume an indifferent attitude to this hideous menace. In the name of liberty, civilization, and Christianity we must strike now, and the adoption of this resolution will be notice to Hitlerism that its cruel and inhuman practices will not be given favor or sanctuary on American soil.

As heretofore stated, this measure has been endorsed by the American Legion, the Veterans of Foreign Wars, the American Federation of Labor, and by many patriotic societies. It should be adopted by unanimous vote. [Applause.]

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. BOILEAU. Is it the purpose of this resolution to investigate the treatment of Jews in Germany by the German Government?

Mr. TAYLOR of Tennessee. I think not. The purpose of the German Government, of course, is to extend that sort of treatment and opposition to the Hebrew race in the United States.

Mr. BOILEAU. If this were a resolution to investigate the persecution of the Jews, that would be one thing. I should like to know whether that is the purpose of this resolution or whether the purpose of the resolution is to investigate anybody who might have some different idea of government.

Mr. TAYLOR of Tennessee. Its purpose is to investigate the activities of the Nazis in the United States.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. KNUTSON. What is my colleague's attitude with reference to kidnappings and lynchings in this country?

Mr. TAYLOR of Tennessee. I am just as much opposed to them as I am to Hitlerism.

Mr. KNUTSON. What has the gentleman done to curb them?

Mr. TAYLOR of Tennessee. We have passed laws to curb them.

Mr. ROGERS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. ROGERS of Oklahoma. Early in the gentleman's remarks he stated he had a lot of information. Would the gentleman give it to the House if he has sufficient time remaining?

Mr. TAYLOR of Tennessee. I have already given some information.

Mr. ROGERS of Oklahoma. So far the gentleman has talked in generalities only.

Mr. TAYLOR of Tennessee. I may remind the gentleman that the hearings are on file and may be consulted by the gentleman from Oklahoma if he is interested.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, I am heartily in favor of that part of this resolution which applies to an investigation of the foreign propaganda activities in the United States. I am heartily in favor of knowing what is going on here in the United States in this respect.

I have been calling the attention of the House for some time past to our constitutional form of government and the need of its continuance in the United States. If there is any movement initiated from abroad or within the United States which has for its purpose the destruction of our present form of government it should be investigated and dealt with summarily. I am opposed to the setting up in the United States of any form of government other than constitutional form of government.

I am interested in the purpose of this investigation, that it is to proceed, not only with propaganda which emanates from abroad, but also with that which is already within our own borders and much of which is now in the various departments of the Government. Those teachings of subversive ideas which are having for their purpose the destruction of our form of government should be investigated and stopped. This committee should be authorized to look into that as well as into foreign activities.

I want to ask the chairman of the committee, fearing the possibility of the diversion of this investigation to the investigation of the German Government or the so-called "persecution" of the Jews in Germany, or those that may be coming from Germany, or of the boycott of German goods, and so forth, whether or not these activities are connected with your proposal of investigation, carried in this resolution.

Mr. DICKSTEIN. This committee has nothing to do with the affairs being conducted in Germany. We are interested, as an American proposition, in matters that are going on in the United States which are subversive to our Government. We are not interested in what happens over in Germany.

Mr. McFADDEN. The only reason I suggested that and asked the question is due to the criticism which was leveled at the gentleman when he was conducting an investigation last fall in reference to those activities of the boycott of German goods which activities have for their purpose the destruction of the present German Government.

Mr. DICKSTEIN. I have taken no part in that and neither has the committee. We are investigating these things as Americans, as Members of Congress, and we feel that these subversive activities of foreign governments, sending spies and agents to this country, are absolutely against our form of government.

Mr. McFADDEN. I agree with the gentleman in such a purpose.

Mr. DICKSTEIN. That is all I am interested in.

Mr. McFADDEN. I wanted to make sure that the question of boycotting and bringing in the so-called "persecution" of the Jews in Germany is not involved in this study.

Mr. DICKSTEIN. Absolutely not.

Mr. McFADDEN. I have asked these questions of the chairman of the committee, Mr. DICKSTEIN, because of the operation of an organization in the United States at the present time under the name of "Nonsectarian and Anti-Nazi League to Champion Human Rights", whose headquarters are 729 Seventh Avenue, New York City, the president of which is Samuel Untermyer. This is the office also of the American League for Defense of Jewish Rights. Mr. Untermyer is also chairman of an international group having for its purpose a boycott, not only in the United States but throughout the world, on German goods. Sometime ago this group announced that they were raising a fund of \$500,000 for the purpose of carrying on this boycott of German goods. One of the leaders of this organization has made it clear to the American public that the purpose of this boycott was the destruction of the present German Government. This Anti-Nazi League has just begun the publication of an "economic bulletin" which seems to be the official organ of this group and of the boycott movement. Such a movement is un-American, and any movement of its character having for its purpose the overthrow of the government of any foreign nation should absolutely be prohibited in the United States.

This movement is closely tied in with that other Jewish movement, authorized through a committee of the League of Nations, of which James G. McDonald, formerly head of the Foreign Policy Association of New York, is the international head.

As I have already stated, the reason for my questions to the chairman of this committee is to make sure that the committee authorized under this resolution are not going to be involved in these particular movements that I am outlining, and I am glad to have the assurance of the chairman of this committee to this effect.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield to the gentleman from Nebraska.

Mr. CARPENTER of Nebraska. Mr. Speaker, I ask unanimous consent that the time of debate on this resolution be extended 30 minutes, and that at the end of that time the previous question will be considered as ordered.

Mr. MARTIN of Colorado. Reserving the right to object, is that time to be equally divided between the two sides?

Mr. COX. Divided equally, of course.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I have never had any patience with either racial or religious intolerance. No country has any right to persecute any race of people. The Hitler government has no right to persecute the Jews. It has no right to persecute Masons. It has no right to persecute anybody. Yet we have no right to interfere with its internal affairs. We cannot dictate its governmental policies. We can denounce its acts with which we do not agree. But we cannot tell it what it can do and what it cannot do, as that is its own business.

Throughout my life I have been friendly with the Jewish race. We played together as boys. We fraternized together as college men. Some of my closest friends in life have been Jews. In every place in Texas where I have lived there has been no discrimination whatever against Jews.

There is no persecution of Jews in the United States that is influenced by Germany. They are shown every consideration in the world. They hold some of the highest key positions in this administration. They have membership on our Supreme Court. They hold advantageous high positions in this House of Representatives. They are our friends and neighbors. Here we find no caste between the Jew and

gentile. We sit here and fraternize together; so why bring forth a resolution like this?

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Mr. BLOOM. I know the gentleman is friendly to all, including the Jews, but may I state that the resolution has no reference to the Jews or anyone else?

Mr. BLANTON. Does the gentleman say that Hitlerism in Germany is not in any way connected with this resolution? If it is not, why does the resolution carry the word "Nazi"?

Mr. COX. Will the gentleman yield in connection with that statement?

Mr. BLANTON. If the gentleman will yield me some more time. All the time has been taken up by the proponents of this resolution.

Mr. COX. Probably I can accommodate the gentleman's wishes.

Mr. BLANTON. I am sorry. I must use the 5 minutes allotted me.

Mr. COX. I yield the gentleman a half minute to answer a question.

Mr. BLANTON. I yield to the gentleman for half a minute, but not over that.

Mr. COX. If the word "Nazi" is stricken out of the resolution and the word "foreign" substituted, will that satisfy the gentleman from Texas?

Mr. BLANTON. My objection is the futility of the resolution and the enormous sum of money that will be wasted with nothing accomplished. Would the gentleman put in a sane maximum limitation as to expense, so that not over a certain specified sum could be expended?

Mr. COX. I may say that at the end of the debate I propose to offer an amendment asking that the word "Nazi" in the fifth line of the resolution be stricken.

Mr. BLANTON. The important thing to be done is for the gentleman to limit the expense.

They say this is as bad as communism. Everyone knows that I have fought communism ever since I have been in this Congress. But spending money on investigations has not stopped communism. When our colleague from New York [Mr. FISH] had his special committee created and asked for money to investigate, I told him then that he would develop only what every posted person on the subject already knew, and that the money would be wasted and nothing accomplished. His committee spent over \$19,000 of the people's tax money in investigating, and large volumes of hearings were printed and few people have ever read them, and nothing has been done to stop communism.

We saw a bunch of them right here in this Capitol last Saturday, when 20 or 25 colored students from Howard University marched on this Capitol in a body, insisting on violating the rules and regulations, attacked our good friend Harry, who, though a colored man, has the respect, high esteem, and warm friendship of every man who has been in Congress for the past 20 years, and exemplified the teachings of Mordecai Johnson, the president of Howard University, who has preached communism on several occasions. The New York Age, in its issue of Saturday, May 27, 1933, under the large headlines, "Dr. Mordecai Johnson Defends Communism", quoted him as saying that communism is a religion. And this New York Age, which is a national Negro weekly, and whose slogan is "Accurate and dependable news", stated that a western daily newspaper once referred to Mordecai Johnson as "more dangerous than Marcus Garvey and more radical than W. E. B. DuBois." This New York Age said that Mordecai Johnson seemed to be in hearty accord with the practice of the Soviet Union of putting all women to work, declaring that women are still the slaves of men, and that the franchise does not make them free. This paper further quoted this Howard University President as saying that he did not mind being called a Communist, as he said the day would soon come when being called a Communist will be the highest honor that can be paid an individual.

The Chicago Defender, in its issue of Saturday, June 10, 1933, stated that in his baccalaureate sermon Dr. Mordecai Johnson, president of Howard University, "endorses communism, urges seniors to adopt new plans", and quoted him as saying that the people are becoming cynical about the beliefs in God and about the power of God to intervene in modern city affairs; that there is a confusion and chaos among the churches; and that he said that the new religion is called "communism"; and that after describing the workings of communism in Russia and Hitlerism in Germany, Dr. Johnson stated to the seniors of Howard University that it is manifest in the United States that "we shall not be able to resist the powerful impact of these new religions."

I am glad to know that our colleague from Illinois once took this floor and denounced Mordecai Johnson for his communistic tendencies, and I am glad that he in the press publicly denounced the communistic acts of these students last Saturday. They ought to be kicked out of Howard University. Dr. Mordecai Johnson ought to be kicked out with them. And unless we can weed communism out of that institution we ought to close it up and not give it further sanction and support by this Government.

The gentleman from New York [Mr. DICKSTEIN] and his committee are already familiar with the machinations and activities of Nazi propagandists in the United States. Why did we not pass legislation that will put them out of business? Why spend a tremendous sum of money to investigate and develop facts which we already know? We know that there are Nazi propagandists here. We know all about it. The evidence has been placed before the Rules Committee. It would be easy to frame and pass legislation that would put them out of business. Why delay it? Why look up more facts? Do we not know enough already?

I am reminded that on March 9, 1933, I introduced the bill H.R. 109, providing that for a period of 10 years the immigration of all aliens into the United States is prohibited. This bill was on that date referred to the committee, of which the gentleman from New York [Mr. DICKSTEIN] is chairman. I am also reminded that on March 23, 1933, my colleague from Texas [Mr. DIES] introduced his joint resolution, House Joint Resolution 119, to restrict immigration into the United States, and on that date it went to the committee of our friend from New York [Mr. DICKSTEIN].

We have been clamoring for a hearing, both in the last session and also in this session. We finally got a hearing about 10 days ago. We showed the urgent necessity to stop immigration. We showed that undesirables were constantly coming into this country from all foreign countries. We showed that smuggling takes place constantly, with foreigners coming across both the Canadian and Mexican borders. Yet when his committee tried to favorably report the Dies bill, and there was a tie vote, the gentleman from New York voted against reporting the bill, and by his vote kept the bill from being reported. So he is responsible for aliens coming here. He is responsible for foreigners coming here to take the jobs of Americans. He is responsible for these propagandists getting in here to preach their Nazi poison. He could stop it by reporting one of these bills before his committee. But he voted against reporting same.

I want to give notice to our colleagues that I have this day signed a motion to discharge his committee from further consideration of H.R. 109 to suspend all immigration, and this motion is now on the Clerk's desk here in this House, and if 144 of you Members will sign it, we will take that bill up and pass it, and stop foreigners from coming here. We will stop these Nazi propagandists. We will preserve American jobs for Americans. I hope that you will sign it promptly.

In the letter from Mr. W. C. Roberts, of the American Federation of Labor, read here, he stated: "President Green has repeatedly criticized the methods urged by the Nazi government to destroy trade unions and persecute persons on account of race", showing that he and the American Federation of Labor expects Congress to take some action that would stop the Nazi government from doing those things.

We can pass a law here today, if you are willing, to stop Nazi propagandists from operating in this country, but we cannot interfere with internal affairs in Germany.

When our friend from Missouri asked to be allowed to investigate government in business and asked to spend money, I told him then that we already knew all the facts he would develop, and asked him to pass legislation to stop it and save the money he would spend investigating; but he got the money and he spent it, and we already knew all he developed, and nothing has been done and the money was wasted, just as the \$19,000 was wasted on the Fish investigation.

And there will be at least \$25,000 wasted on this investigation; and, as said before, we know now just about all that will be developed on the investigation; and nothing will be accomplished; and there could be \$50,000 or \$75,000 or even \$100,000 spent on this investigation unless we limit it. It ought to be limited.

You will remember that \$600,000 was spent on the coal investigation and absolutely nothing was accomplished. Let us put some sane limitation in this bill as to the maximum that can be spent.

We are not going to stop Nazi propagandists by spending \$25,000 investigating. It takes legislation with teeth in it. It is going to be a waste of public money, just like you wasted \$19,000 on the Fish committee. [Applause.]

[Here the gavel fell.]

Mr. BLOOM. Will the gentleman yield another minute and a half to the gentleman from Texas?

Mr. COX. I yield the gentleman from Texas 1½ additional minutes.

Mr. BLOOM. May I inform the gentleman of one particular thing? I see the gentleman is wearing a Masonic button.

Mr. BLANTON. And so is the gentleman. We are brothers.

Mr. BLOOM. Yes. Let me say to the gentleman that the Nazi government in Germany is just as much opposed to the Masonic order and the Masons of Germany as they are to the Jews. I should like to have the gentleman remember that one point.

Mr. BLANTON. But that does not interfere with the relations between the gentleman and myself in the United States. That concerns affairs in Germany. We deplore and denounce such persecutions.

Mr. BLOOM. This bill does not mention anything of that kind. It does not say anything about Masonry, Jews, or anything else.

Mr. BLANTON. It does not say it, but that is what it means. We cannot stop them from doing anything over in Germany without going over there with our Army and Navy. Surely no one here is in favor of that.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am heartily in favor of this resolution of the gentleman from New York, Judge DICKSTEIN. Every citizen of the United States must approve of it. I am sure that every loyal German disapproves very strongly of anything being done in this country to undermine the Government of the United States. From evidence that is being presented to me, and I know an enormous amount of similar evidence has been presented to the author of this resolution and to the Rules Committee, it is indicated that there is an effort by the Nazi to undermine our Government institutions.

I cannot see how anyone can possibly object to this resolution. This serves as a warning to every country not to bring insidious propaganda to the United States. We all want to keep America for Americans. We want to stop anything that is an attack, no matter how covert, upon our country, no matter by what country. I spoke last year of my very great distress at the treatment of the Jewish people in Germany by Hitler. I understand that condition still exists. What is going on in this country goes very much further than that, because they are trying, according to testimony, to undermine the principles of Government of

the United States. I will give me great pleasure to vote for this resolution. [Applause.]

Mr. COX. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. KRAMER].

Mr. KRAMER. Mr. Speaker, there have been a great many remarks made here with respect to the Jew. I am of German descent. I come from a German family, my father was a Civil War veteran. I grew up amongst Jewish people and I have never found anything about the Jew in this country that was hostile to the German or to the American or to the Irish or any other race or nationality. They have always been our friends and we have been their friends, but here is a situation that has grown up in Germany and extended to this country. Today, in Los Angeles, and in southern California, which by the way, in my opinion, is a hotbed for putting out propaganda of this kind, there is being broadcast on the streets throughout southern California a newspaper called the Silver Ranger. This newspaper is condemning our present President. It is condemning every official in the Federal administration. It is condemning Congress and will condemn everything that goes to preserve the rights of our American people and this Government.

I understand this investigation is sought more on the part of the German American people than it is by the Jewish American. This investigation will not be extended beyond the borders of the United States. We have no interest as to how the foreign nations conduct their own government or what their inner troubles might be, but we are deeply and earnestly concerned about the safety and welfare of our own Government and the American people; we must insist that they be protected against the invasion of any foreign propagandists. To that end I am in favor of this investigation.

As a member of the Immigration Committee where this investigation originated, I desire to say that the entire committee voted in favor of this resolution. Subsequently it was voted unanimously out of the Steering Committee and the Committee on Rules.

The investigations that have been carried on thus far in Los Angeles and in the eastern cities, have overwhelmingly convinced every member of these various committees that the investigation is well warranted and that no time should be lost in carrying on a most thorough "fine-tooth-comb" investigation of all this propaganda, and it should be started immediately. We cannot afford to let a serious and important matter of this kind get a start in this country. We have a fine Nation, a loyal administration, and a marvelous President, and we must keep them so.

We all know it is most vital that we protect our Nation against propagandists of this kind. Have any of you gentlemen read copies of the paper entitled "The Silver Ranger"? If so, you know that these propagandists are doing everything possible to corrupt our President and this administration. One article after another shows decided mockery directed toward our form of government and our administration. The entire silver Nazi-Hitler organizations aim directly at our Constitution and our form of government, to the extent that, through their commander in chief, they are attempting to reorganize our entire democratic form of government.

I wish at this time to commend the American press, and especially the Hearst newspapers, for the splendid cooperation they have given in unearthing much of the valuable information we have secured. They have cooperated 100 percent, which has been very helpful to the committee and others carrying on this investigation.

As my friend from Texas said a few moments ago, he does not want to go over to Germany and fight the hell out of them, but we must stop this before it goes too far or they will be over here fighting the hell out of us. Now is the time to strike at this effort.

I have received from the Disabled American Veterans of the World War a telegram in which they advise me of a proceeding that has been tried in Los Angeles in our su-

perior court involving two factions that are trying to ascertain which of the two is entitled to a sum of approximately \$100,000 which was sent over here from Germany to promote this propaganda. The decision of the court has not yet been rendered, but the telegram which I shall read into the Record indicates the form of undermining propaganda that has been brought out in this trial antagonistic to our Government.

[Here the gavel fell.]

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein the telegram from the Disabled Veterans which I have referred to.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The telegram referred to follows:

LOS ANGELES, CALIF., February 28, 1934.

HON. CHARLES KRAMER,

Member of Congress, House Office Building,

Washington, D.C.:

Evidence in recent case in Los Angeles Superior Court proves strenuous efforts by foreign propagandists and others to corrupt the morale of Disabled American Veterans. Subversive groups apparently, well provided with funds, are preaching anti-American doctrines to veterans, who they say have been abused and who they believe are sufficiently disgruntled to be easily incited to direct rebellious action. This, of course, is a gross insult to the great mass of veterans who are unwavering in their loyalty to American institutions. Your attention also directed to page 37 of summary of proceedings Fifteenth National Convention of American Legion containing resolution reciting work of subversive groups in Los Angeles and requesting "all proper governmental authorities to take prompt and efficient steps to prevent such attempts to undermine the principles of our free and democratic form of government." Since above resolution adopted last October these subversive activities are spreading all over the west coast and becoming more bold. Resolution for investigation of these pernicious attacks on Americanism is now pending in Congress. Please give it your support and urge support of Congressmen from other sections.

AMERICANISM COMMITTEE OF LOS ANGELES COUNTY COUNCIL, DISABLED AMERICAN VETERANS OF WORLD WAR.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, both on the floor here and as evidenced by questions there has been expressed the idea that this resolution just aims at general propaganda trying to develop sentiment or using arts of persuasion. If this were the case, I would have hesitated very much to vote out this resolution.

I voted for this resolution because there was shown to the Committee on Rules evidence of two concrete activities which I believe are inimical to the welfare of this country. The first is that an organization, growing by leaps and bounds and now numbering hundreds of thousands of people, has as its basic principle the subversion of constitutional government in the United States. We had before us evidence that this organization, in part, at least, is furnished with German Government money. We also had evidence that agents of this organization, carrying credentials from Nazi agents in the United States, went to Berlin in order to refinance this movement. This is a proposition that is not general, but quite concrete, and deserves investigation.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. O'MALLEY. In regard to the gentleman's statement that these organizations are subverting constitutional government, I recall one of the Members on the gentleman's side charged that to the Democrats just a few days ago. Does the gentleman think we ought to investigate the Democrats?

Mr. LEHLBACH. Why does the gentleman tell me that? I probably heard it myself. [Laughter.]

Mr. O'MALLEY. I wanted to remind the gentleman of that fact.

Mr. ROGERS of Oklahoma. Would the gentleman mind naming the organization he has referred to?

Mr. LEHLBACH. Certainly I do not mind naming the organization—the "Silver Shirts."

Evidence of another proposition was laid before our committee to the effect that efforts were being made to persuade citizens of German birth or German extraction in the United States to agree to the proposition that the allegiance of blood which they owed to the fatherland was higher than the allegiance of the oath of citizenship to the United States, which they took when they became naturalized American citizens.

If they fell for that, they were sworn in as members of the German League. Both of these propositions are financed abroad. Agencies for that kind of activity are known to those who have investigated it. I do not mind giving their names. They are the North German Lloyd and the Hamburg-American Steamship Co. Those are the facts that impelled the committee to report out this resolution. As to the proposition to substitute "foreign" for "Nazi" in the resolution, I want to say to my colleagues that I am not going to cast aspersions on every foreign government. If you mean "Nazi", why not say "Nazi"? [Applause.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Speaker, I am in agreement with the last statement made by the gentleman who just preceded me. Persecution of the Jews and propaganda against the Jews in this country by the Hitler-Nazi regime is an affront to liberty-loving people everywhere. Persecution of the Jewish people and propaganda against them tramples underfoot racial, religious, and economic liberties for which our forefathers fought.

Our Government, founded by people in search for religious liberty, should still fight on for a principle so dear to all lovers of liberty.

But there is a second proposition. In this resolution that goes further than an investigation of Nazi propaganda; that calling for investigation of propaganda from foreign countries.

My friends, we should never take action which will infringe upon the inherent and fundamental right of freedom of speech and freedom of the press.

We should bear in mind that the patriots who builded this country instigated subversive propaganda against the Crown and laid the foundations of our free institutions.

The word "radical" is derived from the Greek word meaning root. A real radical goes to the root of a thing. The most dangerous citizens in this country were not the Communists, who polled only 102,000 in 1932 throughout the entire country—that is but negligible.

The most dangerous citizens of this country were the selfish financiers, the big city bankers, who objected strenuously to direct relief for the unemployed, but kept their own hands in the Public Treasury and took out money for their own selfish uses and purposes.

The radicals have always been the beacon lights of history. They came from the high, they came from the low. Look at the Declaration of Independence, and you will see an illustrious roll of radicals on that immortal scroll.

The greatest Radical of all was born in a manger and crucified between two thieves. So while we are voting to investigate Nazi propaganda in this country, I do object to the second part, I do object to spending American money in America in a way or a manner that might tend to suppress freedom of speech and the freedom of the press in this country. A man has a right to entertain any political belief he wants to so long as he does not advocate the destruction and overturn of our Government by force. [Applause.]

I apprehend that if there is anything at all in the Darwinian theory of the origin of species, then the first monkey who slid down the trunk of a tree was the first radical; and why? Because he upset the established and ordained order of things. The conservative monkeys looked at him and shrieked at him from the tree tops. The tail hold that was good enough for their fathers was good enough for them, and the conservative monkeys called him a radical,

a communist, an anarchist, and a fool, but the radical monkey lifted up his face in hope to heaven, stood erect and walked, and in the lapse of ages the radical became a man and the conservative has remained a monkey. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MILLARD].

Mr. MILLARD. Mr. Speaker, as a member of the Committee on Immigration and Naturalization I strongly favor the passage of this resolution. I rise today particularly to speak in behalf of a colleague who represents the Twenty-sixth District of New York State, I being his neighbor on the south, representing the Twenty-fifth District. Mr. FISH would be here today to speak for himself in favor of this resolution were he not making a speech at a luncheon of the National Republican Club in New York City. Mr. FISH has been charged by Communists with being in favor of the Nazi movement. Some such person testified before the Dickstein Committee. Mr. FISH denied that, and I shall now read, with the permission of the House, into the RECORD a letter which he gave me this morning before he left for New York which will briefly state his views. The letter is addressed to the chairman of the committee, Mr. DICKSTEIN, and is as follows:

WASHINGTON, D.C., March 19, 1934.

Hon. SAMUEL DICKSTEIN,
Chairman Committee on Immigration and Naturalization,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I regret exceedingly that I will be unable to be present on Tuesday when the Nazi investigation resolution will be considered under a special rule, as I am constrained to keep a long-standing engagement to speak at the National Republican Club in New York City on the same day.

I favor the adoption of your resolution and a thorough investigation of Nazi propaganda and activities in the United States. There is no more room for Hitlerism in our American Republic than there is for communism. Both of these foreign forms of dictatorship, one representing the right and the other the left, constitute a complete repudiation of our free institutions and our republican form of government guaranteed to each State by the Federal Constitution.

Furthermore, the American people are opposed to the injection of racial and religious issues, which are contrary to the spirit of our institutions and violate the guaranties of civil liberties contained in the Constitution. What we need in the United States is more tolerance, not less, more civil liberties, not less, and more insistence on freedom of speech, which tends to dissipate both racial and religious bigotry.

I hope your committee will nip in the bud any indication of Nazi propaganda and activities from alien and foreign sources in the United States. It is, however, of utmost importance in any investigation such as is proposed that no interference be permitted with the rights of American citizens to express their own views in writing or in public speech, favorable or unfavorable to any form of government, unless carried to the extreme of urging the overthrow of the Government of the United States by force and violence.

There was never a time in the history of our country when it was more necessary to stand firmly behind our Federal Constitution, which is the rock upon which our constitutional liberties are founded and our republican form of government maintained.

Let me conclude by using that old, hackneyed phrase, "Eternal vigilance is the price of liberty." Let us reaffirm our belief in the immortal enunciation of Abraham Lincoln, that a government of the people, by the people, and for the people shall not perish from this earth.

Wishing you every success in your efforts to stamp out the seeds of foreign propaganda in our country, I am,

Sincerely yours,

HAMILTON FISH, JR.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MILLARD. Yes.

Mr. KNUTSON. Why would it not be better to have the Department of Justice conduct this investigation? Congress is not the proper body to do that. Bring in a resolution here directing the Department of Justice to make the investigation. This resolution merely provides for a grand junketing tour all over the United States.

Mr. MILLARD. That is not so, and this committee is the proper committee.

Mr. COX rose.

Mr. MILLARD. Mr. Speaker, I yield to the gentleman from Georgia.

Mr. COX. Of course, Congress has its own responsibility to meet, and it feels that in this particular it is meeting it in a fair and candid and honest fashion.

Mr. KNUTSON. Why is not the matter turned over to the Department of Justice?

Mr. COX. I have no information about what the Department of Justice is doing.

Mr. KNUTSON. If there are any organizations seeking to undermine this Government, the Department of Justice should be directed to make an examination and an investigation.

Mr. MILLARD. Your committee has already started the investigation.

Mr. COX. The committee is making the investigation.

Mr. KNUTSON. This is just a proposition to take a lot of Congressmen around the country at the taxpayers' expense.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, it seems clear to me from the remarks of the gentleman from Georgia [Mr. Cox] as well as from those of the two gentlemen from New York [Mr. DICKSTEIN and Mr. BLOOM] that this resolution is in no way connected with the alleged persecution of the Jews in Germany. I believe we must come to that conclusion, from the remarks of these gentlemen. Therefore, I feel that I can vote on this subject without having any fear that my vote against this resolution might be misinterpreted as a vote against the Jews.

Mr. COX. The gentleman is accurate in that statement.

Mr. BOILEAU. I appreciate that, and for that reason I feel free to vote against this resolution. I am not in the least prejudiced against the Jew. Many Jews are among my most intimate friends. I would gladly give my life, if need be, to protect the Jews or any other class of people from persecution. This is not a question of Jewish persecution. On the other hand, I do not believe that we in the House of Representatives of the United States should adopt such a resolution as this, which will give to a committee the right to investigate and make reports and recommend legislation upon a subject matter so general as that defined in the resolution. This committee will have the responsibility of determining what is subversive propaganda against our constitutional form of government. I am not ready, and I hope the Members of the House are not ready, to delegate to any committee the power to determine what is subversive propaganda.

According to the terms of this resolution, if the committee should be so included, it could investigate communism in all its phases and in all places. They could draw a red herring across the entire United States and get the people further aroused on that subject. They might go a step further and say they believe that those people who advocate any change in our Constitution are recommending legislation that is subversive to our best interests. They could go ahead and investigate the so-called "brain trust"; and if we are to heed the advice of the gentleman from Texas [Mr. EAGLE] given on the floor the other day, or the advice of the gentleman from New York [Mr. FISH], and if those two gentlemen should be placed on this committee, that is probably the first place that they would start the investigation. I do not share their fears. I am inclined to believe that the freer discussion we have with reference to government the better government we will have. Because some gentlemen express fear of communism is no reason that we are actually in danger of changing our form of government.

I believe that our constitutional form of government is so dear to a vast majority of the people of this country that there is not the remotest possibility of that form of government being overthrown.

Mr. MAY. Will the gentleman yield?

Mr. BOILEAU. I cannot yield. I have one other matter I want to present.

Remarks have been made about propaganda being disseminated among the German people of this country. I am not, myself, of German extraction. I live in a community, however, that has a preponderance of German people. I

say to you that those who are of German extraction have as great love for this country as any man or woman in this House. As a class they are loyal American citizens and need no defense from me. I, for one, want to say that there is no cause for alarm with reference to any propaganda that may be disseminated among that group of people. Their minds are not open to any suggestions with reference to the overthrow of this Government. They love this country. They fought for this country. They are willing to die, if need be, to preserve this constitutional form of government. I believe in freedom of speech and of the press, and I must oppose this resolution, as I believe it is directed against those in this country who exercise their constitutional right to express minority views and will result in persecuting minority groups that happen to express views that may not be in accord with the views of a few superpatriots who are unwilling to listen to anyone who advocates a change in the established order.

The SPEAKER. The time of the gentleman from Wisconsin [Mr. BOILEAU] has expired.

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Speaker, I think I can radiate some of the sentiment of truly German people, because I come from a State that has 750,000 Germans. So far, the proponents of this bill have been confined principally to so-called "Jewish" people, probably like Mr. DICKSTEIN and Mr. SABATH, who are trying to represent the views of the German people. The German people in my State are of the opinion that Hitler has done a great amount of good for the people of Germany, and when the time comes to change their form of Nazi government they can do it without the help of the gentleman from New York.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. DICKSTEIN. What have we to do with Hitler in this country? I am not interested in Germany at all.

Mr. CARPENTER of Nebraska. That is what I say. I say that when the time comes, if 51 percent of the American people want a Hitler form of government, that is what we ought to have.

Mr. DICKSTEIN. In this country?

Mr. CARPENTER of Nebraska. In this country.

Mr. DICKSTEIN. I hope the time does not come.

Mr. CARPENTER of Nebraska. So do I, but if 51 percent of our people say they want it, who are you and I to say that they should not have it?

I think this investigation is an affront upon the dignity of the German people of my State and should not be passed. I represent the German people, and they are in entire sympathy and accord with the form of government that now prevails in Germany, and as I understand it, it is a great improvement over what they did have. If this condition is so bad as some of the men from New York say it is, I think it is purely a matter for the Department of Justice to handle and, if they cannot do it, the gentleman from New York certainly cannot. This is not being proposed from the standpoint of doing justice as much as it is to make some sort of a political issue for the Jewish gentleman from New York.

Mr. COX. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. COX. Does the gentleman think that the American Legion and the Veterans of Foreign Wars and the American Federation of Labor are interested in making politics of this question?

Mr. CARPENTER of Nebraska. I do not know that those organizations are interested in this matter, and do not think they are. The German people of the State of Nebraska feel that this resolution directly impeaches the honesty and integrity of the German race and is unfair and unjust to them and will accomplish no good to anyone but will promote racial differences that we of this country can at this time do nothing about. Let the present German Government alone—we in this country have all we can handle our-

selves without trying to take on any more. No one can question the patriotic and sincere feeling that the people of German extraction have toward the flag of this country. Let us leave well enough alone.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. SWEENEY].

Mr. SWEENEY. Mr. Speaker, I am going to take issue with the gentleman from Nebraska who just addressed you, because I believe the German people of this country, if they were to issue a mandate to you today, would say, "Pass this resolution." We have nothing to hide. If there is Hitler propaganda here, dig it up, throw it out into the open. I know there are grounds for this resolution. I have seen the early reports filed by the Dickstein committee. I am happy now to know the committee has stricken out the word "Nazi", and are now going to investigate all foreign propaganda. Investigate the enemies of this man here, this colored gentleman over here. Investigate the Silver Shirts to determine if the rumor be true or false that they are alined with a so-called "Hitler propaganda."

We have read about different mass meetings all through the country. Thousands of our people have gathered in public halls and protested against the atrocities of the Hitlerism movement. There must have been some ground for it. In New York City they had riots because of the spread of propaganda which incited people to the pitch where they went out and struck each other down. Old men and women were persecuted and injured. What harm can there be to investigating anybody? I voted to investigate Herbert Hoover. I was one of the few Members of this House who did it, and for that vote I make no apology. I think we should pass this resolution, and again I say, my friends, the German people invite this sort of an investigation. There are Germans in my district, and I have spoken to many of them. They say let us investigate. They fraternize with their Jewish brethren because they are all liberty-loving Americans.

Mr. CARPENTER of Nebraska. The only Germans I spoke for were the 750,000 in the State of Nebraska; not for your Germans.

Mr. SWEENEY. I am talking of the German people in general. Mr. DICKSTEIN's committee has labored hard on this matter. Leaders of German-American societies have appeared and written in behalf of this resolution.

There should be no room for intolerance in this great Republic. I come from a race of people who have felt the lash of religious and political persecution in Europe and in the early days of this country. I should be the last man in this House to encourage intolerance. On the contrary, let me make this statement: In the city of Cleveland we have a cosmopolitan population, people of every race and origin on this earth reside in the metropolis of Ohio. There never has been, and I pray there never will be, any religious or racial warfare in my native city.

In my community I was one of a group of Cleveland citizens who helped to organize the American Equality League, which is composed of representatives of 32 nationality groups, and has for its objective the promotion of racial, religious, and political freedom.

The philosophy of Hitlerism has been discussed at length on this floor today. Frankly, it is no concern of ours what sort of government the people of Germany desire, but it is the concern of every citizen when human beings are subjected to physical torture and punishment, simply because they happen to be of a different race or religious belief than those who predominate in the country in which they reside.

If there is foreign propaganda in the United States which if unchecked would excite the passions of our people to the point where they would engage in physical combat with one another, then I think it is the prerogative and the duty of the Congress of the United States to run down such propaganda. If no such propaganda exists, then no harm can come from the investigation which this resolution contemplates.

Prior to our entering into the World War many of us remember the vicious propaganda spread throughout the Nation by the subsidized press at the expense of the late Lord Northcliffe, who spent his money freely to excite our patriotic fervor and insure a hatred against the Central Powers. Our German-American citizens were the victims of this cruel propaganda, and in many places throughout the country riots and bloodshed ensued as a result. During those troublesome days leaders of the Jewish element in America condemned this propaganda and the treatment of their fellow German Americans.

Together with other racial groups, the hardy German American, who pioneered in this country and subsequently were followed by great numbers of Jewish immigrants, made splendid contributions to the upbuilding and welfare of our country. We are equally proud of General Von Steuben and Carl Surz as we are of the liberal judges of the Supreme Court Brandeis and Cardozo, the Governor of the great Empire State, and others too numerous to mention, all striving toward one common end—the interest and welfare of the United States now in travail in experiencing a radical change in our social and economic life. Intolerance anywhere eventually insures the doctrine that we are "our brother's keeper." While we take keen pride in the literature, art, and culture of our respective racial backgrounds, we should ever keep in mind that the composite America is made up of all the nationality groups who have sworn allegiance to defend the country in which they were born or in which they sought asylum.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Speaker, I am happy to support this resolution. I feel that if these propaganda activities are allowed to go on unchecked, containing, as they do, the gospel of intolerance, it is bound to foment ill feeling and prejudice and cause unrest among our people. I feel that the investigation is urgently necessary in the interest of humanity and for the preservation of our own institutions.

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I am surprised that Members have stood in the well here today and said they represented people of German descent or Jewish or other descendants from some European race. When I look up at that American flag that hangs behind me, I am happy to go back only so far as my forbears have been American. I do not want to go any further back than that, because only what happens in America means anything to me.

I am not in sympathy with investigating what happens in other countries. I have always felt that Americans have erroneously believed they had some divine right to tell other countries how to manage their affairs. Had we been extraordinarily successful in the last four years in managing our own affairs, we might then possibly feel we had a right to tell other peoples how best to manage their internal conditions. As it is, we need to concentrate our efforts and our money on improving conditions of our citizens right here at home.

There are things a great deal more important to be investigated than any foreign propaganda that may come to this country. I refuse to believe that the American citizens of my district are considered to be so unintelligent and weak-minded that the Congress has to spend what may amount to \$50,000 to protect them from propaganda that may come from abroad.

As far as I know, American citizens of all races of descent are loyal Americans and they do not have to be protected against foreign propaganda by any superpatriots who make mountains out of molehills. For a hundred and fifty years we have educated our people to democratic government. They support this form of government; they intensely and lovingly believe in it; and they do not need any self-appointed 100-percent Americans from anywhere to tell them they ought to avoid being influenced by any foreigners who want them to destroy our country.

I think the Department of Justice can investigate anything that is subversive to the welfare of this country and this form of government. If they are not doing it, then Congress ought to remedy the situation by getting a different group in the Department of Justice.

I do not think an investigation such as this is justified, with its possible enormous expense of \$50,000, when so many wrongs that take bread from the hungry, roofs from the poor in this country, still cry to heaven for correction by we elected Representatives.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, the only reason I support this resolution is because I am interested in the problem of persecution. I do not care who is being persecuted, I am against persecution, regardless of race, color, or creed.

I happened to have had in my own family just a little Nazi experience. This past summer my boy, a college student, was in Germany. Inadvertently, he took a few pictures of a big demonstration over there. He was immediately pounced upon; practically all his clothes were torn off; his camera was smashed and wrecked; and they probably would have placed him under the guillotine if he had not been able to show that he was an American citizen. That is what is transpiring in Germany. It is not the Jews only who are being persecuted, but practically everybody who has an idea opposed to the Nazi. When they hold an election in Germany they place one candidate in the field, Hitler; and if you do not vote for him you are going to be persecuted.

I know several cases now of university professors who came from Germany as exchange professors to teach a number of years. They have been here several years. They wrote letters back to their people in Europe that were somewhat opposed to the Nazi idea of government. This mail was intercepted and their relatives in Germany were hounded and driven out of the government positions they had held for many, many years. This is what is transpiring in Germany.

The German people are the predominating people in the State of Minnesota; my State. The German people of my State, and I am one of them, never thought that that highly cultured country with all its education and scientific knowledge would ever go back to the days of the guillotine and the torture post. Many of the Germans in this country left Germany years ago to escape militarism and dictatorship, and the forced military service of the German Army. My people came to this country for these reasons. I know they are not in sympathy with Hitler regardless of whom he may persecute or prosecute. I know further that right here in this country the Hitler government is using every means possible to get the Germans now in this country back into Germany so they can be persecuted over there. One case of which I know is that of a university professor at Swathmore College, just a little ways from here. They are trying to extradite him and to get him back to Germany where they can persecute him. This man speaks 17 languages and has taught in universities all over the world, including China and Turkey where he taught in the languages of those countries. This is the kind of subversive propaganda that is going on here.

I am not afraid of the radical who talks on the street corner, or the Communist, or the Socialist; but I am afraid of this underhanded, undermining secret process of spending money and using the subversive measures used by this contemptible gang that have robbed Germany of everything that is high and holy.

If you want to do something against Nazi propaganda, vote for this resolution and also tip over the Versailles Treaty, which is the father of this deplorable condition that exists in Europe.

Mr. HOEPEL. Mr. Speaker, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. HOEPEL. I would like to ask the gentleman whether he has signed the De Priest resolution to eliminate racial discrimination in America and in this Congress?

Mr. SHOEMAKER. I have.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BRUNNER].

Mr. BRUNNER. Mr. Speaker, I occupy perhaps the same position as my colleague from California [Mr. KRAMER]. My father and mother were born in Germany and emigrated to this country and I am naturally of German descent. My father and mother have always prided themselves on the fact that they came to the United States and became members of that group of emigrants who availed themselves of the privilege to become citizens at the first opportunity. They, like other Germans, have become some of our most respected American citizens.

As I understand this resolution, it proposes to investigate all foreign propaganda in the United States, and the committee will be just as diligent in investigating propaganda arising from all foreign countries as well as those of Germany, and for that reason I am going to vote for this resolution. I do not propose to permit any foreign group to in any way interfere with our Constitution.

I received much comfort from the statement of the gentleman from Georgia [Mr. Cox] to the effect that he was going to take the word "Nazi" out of this resolution and substitute therefor the word "foreign", because I think the intent of the resolution has been misunderstood by many of the German people. They think their loyalty and citizenship in the United States are being questioned because of the fact that they or their ancestors originated in Germany.

There is much opposition to this resolution from some of the German societies. I have before me copies of letters and telegrams from the national council of the Steuben Society of American to Speaker RAINEY and Congressman DICKSTEIN protesting against it, and I think principally so because they think the resolution proposes to cast aspersions on the German race.

Mr. DICKSTEIN. Why should any German society be afraid of an investigation of foreign activities in the United States?

Mr. BRUNNER. I cannot answer for them.

Mr. DICKSTEIN. Why should any American organization be afraid of an investigation of foreigners who come in and spread propaganda which is subversive to our form of government?

Mr. BRUNNER. As stated previously, that is a question for them to answer.

[Here the gavel fell.]

Mr. COX. I yield 2 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, I do not think the Jewish people or their descendants in the United States require any laudation at our hands. They have performed services that have characterized them as being not only liberty-loving citizens of our country, but loyal and devoted in every sphere and field of human activity, that would add to our Nation's glory. Many of the gentlemen whom I have listened to this morning, I fear, have not read the resolution. I listened with great attention to the distinguished gentleman from Texas [Mr. BLANTON] who addressed you. He is a man of superior intelligence, he is keen, he is patriotic, and I do not believe we have a more devoted friend of the Constitution in the entire Chamber than he, but I fear he did not read the resolution, particularly the second part of it. I also differ with gentlemen who come here on this floor and state that they represent many hundred thousands of people of German extraction in the United States. I do not believe they have been designated by any means or method to especially represent these people on this question. The city of New York, on account of its greatness, its vastness, and its liberal line of thought is the haven and refuge for all races from every clime. We are indeed proud of them. No discord arises between them on account of racial lines.

Many of our citizens of German birth or extraction are in disagreement with many of the present policies of the German Government. We want none of these objectionable practices to take root in our land. The way to prevent this is to act now.

Therefore, I take great pleasure in supporting the resolution proposed by the gentleman from New York [Mr. DICKSTEIN]. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, to begin with, I am in favor of this resolution. What we are confronted with is the necessity of investigating a philosophy that is slowly and insidiously and with malice aforethought and malicious intent being disseminated in this country by a foreign power.

The Nazi movement in the United States is a very dangerous one. I think it can be very accurately described as subversive propaganda that seeks to arouse in the hearts of one group of our people hatred, contempt, and prejudice against another group of our people. May I say that these propagandists are not all Germans. There are a great many Americans who are subscribing to this philosophy of hate, and the activities of those who are engaged in this work is being so directed that it is gradually poisoning the minds of others against that portion of our population who are of Jewish extraction. Out in my part of the country we have thousands and thousands of both Germans and Jews. I suppose as individuals they are just as friendly as you and I, but when this group, financed from Germany by the Hitler government, engages in vicious propaganda against the law-abiding and liberty-loving Jew, I am ready to have Congress take prompt and vigorous action. Through the spread of this vicious propaganda the people are aroused, and they begin to hate one another. This is a philosophy of hate, a philosophy of narrow, bigoted prejudice; a philosophy that has no place in America and should be stamped out. If such a philosophy is permitted to spread, it would lead to an appalling situation. I hope the resolution carries and that the committee will investigate the matter thoroughly and suggest legislation that will effectively expose and suppress the operations of this propaganda group, whose activities are subversive to and actually endanger the peace and safety of our whole people. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Speaker, may I assure my colleagues here, and also all the fine German-American citizens of this country, that this resolution is not to be interpreted and it is not intended to be an attack upon any society composed of people of German birth or upon any other group of people who are Americans. This whole investigation has been conducted by my committee without appropriation. Witnesses of German birth volunteered and begged to come before the committee and expose the Hitler foreign movement in the United States, which I say is subversive to our form of government. The gentlemen who say we do not need this investigation have not read the record.

Mr. Speaker, there are those who believe that the Department of Justice can handle this situation. Suppose I say that the Hitler Government about 8 months ago sent a man by the name of Heinz Spanknoebel under the guise of a minister of the Gospel to this country. He is one of the greatest German spies. Mr. Spanknoebel, the minister, came into this country, and what was his message? His purpose was to break into these German-American societies in order to carry on the Hitler program in the United States. Suppose I tell you that Mr. Spanknoebel was indicted as a spy under the war act and is now a fugitive from justice? Do you want to be a friend of Spanknoebel? We have dozens of spies coming in on German boats.

Mr. DUNN. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Pennsylvania.

Mr. DUNN. I have been informed that German organizations have requested this investigation.

Mr. DICKSTEIN. Positively. Every honest American German is anti-Hitler and anti-Nazi. [Applause.]

May I tell you further that German ships are smuggling in arms, and I have samples in my room. Suppose I tell you that some of these German spies and spies from other foreign governments have maps of our National Guard armories, arsenals, showing locations of our forts, and know how much ammunition we have in this country. Suppose I tell you that Spanknoebel had sent out a million applications for membership in his organization, known as "the Friends of New Germany", to every man and woman with a German name demanding that they join the Friends of New Germany and demanding payment of \$12 as a fee plus \$2 for a fighting fund. Suppose I tell you that every German ship brings in, on the average, scores of men under the guise of seamen who are nothing but spies and who have spread this propaganda to 22 States of this Union of ours.

Suppose I tell you that millions of German marks were sent into this country for propaganda, to incite the Jew and the gentile to fight each other and advocate that Hitler should reign supreme amongst our people in this country. Suppose I tell you that they are organized in 22 States into local groups or organizations in this country, which are composed, 98 percent, of foreign aliens smuggled in on German boats.

Now, ladies and gentlemen of the House, I desire to make a statement which will clearly convince each of you that this formal and official investigation is absolutely necessary. After I have completed my statement I will leave the question to you to decide. I do not think you will vote against the adoption of this resolution.

This special investigating committee should seek to accomplish three primary objects: First, ascertain the facts about methods of introduction into this country of destructive, subversive propaganda originating from foreign countries; second, ascertain facts about organizations in this country that seem to be cooperating to spread this alien propaganda through their membership in this country; third, study and recommend to the House appropriate legislation which may correct existing facts and tend to prevent the recurrence of a similar condition in the future.

The informal and unofficial investigation conducted by a Subcommittee of the Committee on Immigration and Naturalization brought to the surface many features of importance about the spreading of subversive propaganda and about how that propaganda material gets here from abroad.

Without authority or funds to subpoena witnesses, to take testimony from witnesses under oath, or to pay necessary expenses to properly ferret out all of the facts, the subcommittee secured by voluntary testimony from witnesses willing to testify enough material to engage the serious attention of the special committee authorized by House Resolution 198 for some time.

Among the more important of the alleged facts developed by the informal investigation, I invite your attention to the following:

First. That a large fund set aside by the official German Government for use in advocating abroad, in America and elsewhere, the principles of the National Socialist Party of Germany, popularly known as the "Nazi", principles.

Second. That from Germany propaganda material is being brought into the United States with official sanction of the German Government by German ships, being landed, smuggled in here by seamen and others from German and other ships.

Third. That seamen on German ships are expected to leave or desert their ships upon arrival in the United States for the purpose of and under directions regarding the distribution in the United States of German propaganda which is subversive to the United States form of government.

Fourth. That students and professors are being sent from Germany for the purpose of teaching the principles of the Nazi Government through the schools and colleges and

churches of the United States in a subtle campaign very subversive to a friendly nation.

Fifth. That the Nazi chieftains in Germany have in the United States their own system of secret police for the purpose of intimidating persons in the United States who have relatives in Germany through fear of bodily harm to relatives in Germany unless persons in the United States join and cooperate with organizations in the United States established here to promote the Nazi ideas of government.

Sixth. That the whole Nazi German program seeks to use the idea of race, religious, or pure-blood prejudices as the initial step in the United States toward the establishment here of the Nazi principles of government in exactly the same way that these prejudices were used in Germany as the first steps toward the establishment in Germany of their Nazi form of government.

Seventh. That there are several organizations now operating in the United States which seem to be coordinating their own operations to the plan of operations directed from Germany and spreading the idea of race, religious, and pure-blood prejudices among their membership in the United States.

Eighth. That there is a linking of the financial support giving aid and assistance from Germany to both American organizations and alien organizations which seem to be following the identical program of subversive propaganda against the present form of United States government.

Ninth. That German agents and their friends here seek to break up and control old-established organizations of United States citizens who are of German origin for the purpose of using these organizations for spreading and endorsing of the Nazi subversive program in this country.

Tenth. That armed aliens from Germany in Nazi uniform conduct drills on United States soil in military style and that German agents have gotten facts regarding armories and ammunition through unsuspecting members of the National Guard in several of the States of the Union.

Eleventh. That organizations in the United States and German agents have taken advantage of certain weaknesses in our postal laws and have sent through the United States mail the most subversive and destructive propaganda documents, pamphlets, and other material in technical violation of our laws.

Twelfth. That German agents of German steamship lines use their position and their offices in the United States as contact points for distribution of instructions to propaganda agents here and as pay-off places for distribution of German funds from Germany to their agents in this country and to United States organizations cooperating, under directions from abroad, in the spread of this subversive Nazi principle of government.

Thirteenth. That our customs laws, our postal laws, our immigration laws, our naturalization laws, and our hospitality are being violated in their desire to attain their own ends.

Fourteenth. That the ultimate objective of all this subversive propaganda is the overthrow of the form of government guaranteed here under our Constitution and the substitution of a new form of government.

Fifteenth. That different factions operating this subversive propaganda apparently seek different roads toward this end—some appear to be driving toward a dictatorship similar to the Nazi dictatorship of Hitler, and others seem to be driving toward what they choose to call the "Christ Democracy", and others toward some other goal.

Sixteenth. That Nazi agents from Germany seek to dominate and control the editorial policy of our German-American press, both printed in English and in German, and have established several newspapers and magazines. All of which operate under the cloak of our ideas of free press to spread the most malicious, subversive propaganda which passes through our post offices under the second-class mail privileges.

Seventeenth. That there has been and there is now paid agents of other foreign governments in this country who

seek to spread propaganda here in their effort to spread their own form of governmental principles.

Eighteenth. That our own laws are weak in spots when an effort is made to check this nefarious-propaganda practice or to stop its spread in this country.

Nineteenth. That our immigration personnel, our Secret Service personnel, and other investigative personnel in our executive departments may need strengthening and enlarging and improvement to combat this growing tendency to use the United States as an active field for every kind of subversive propaganda originating in foreign countries.

Twentieth. That certain American business and industrial firms and American banking firms have contributed to "Hitler's propaganda fund" and certain American banking firms hold checking accounts from which money is drawn to pay off propaganda agents in the United States who are operating by direction of and with the support of the Hitler government and party.

While the information investigation was being conducted some things happened which are worthy of special notice in conclusion.

A New York grand jury in Federal district court brought in a true bill of indictment against an agent of the German Government charging him with representing a foreign government in the United States without giving notice of his status to the United States Department at Washington, D.C. This man—Heinz Spanknoebel—is now a fugitive from justice, and the best information available is that he has fled from the United States and is now again in Germany.

Clear across the continent, in Los Angeles, Calif., the local control of the Nazi organization, known as the "Friends of New Germany" became a matter of dispute and different factions within the organization before a superior court presided over by Judge Bush. When the factions became too boisterous in court, and after the judge had been threatened unless his decision was in favor of one of the factions, the judge ordered the court adjourned, and again he ordered everyone to remain in court while photographs were taken in order to prove or disprove that witnesses when taking the oath on the witness stand were giving the Nazi salute instead of a bona fide uplifted right hand usually prescribed for oath taking.

Finally, in this California case, some very important evidence was secured under oath. The most startling, perhaps, may be the following, which I quote.

One key witness stated, among other things, the following:

Question (to witness). What did he say about having been a member of the National Guard?

Answer. He said he had enlisted in the California National Guard at San Francisco—the One Hundred and Fifty-ninth Infantry.

Question. Did he say anything about what he had heard during his stay with the National Guard?

Answer. He said he had the plans of the armory at San Francisco, the location of the ammunition, and the location of the guns and pistols, rifles, and equipment.

Another key witness testified under oath in part as follows:

Question. Did you ever learn from Captain ——— himself, or any of those other gentlemen referred to, as to the official post occupied by Captain ——— with the Friends of New Germany?

Answer. Yes; Captain ——— himself told me.

Question. What did he tell you?

Answer. He told me that he—that he held the office as leader of the local group and that he was appointed by Heinz Spanknoebel, commander in chief of the Nazis in the United States, who had the sanction for his appointment from Dr. Goebels, chief of propaganda.

Question. Did he tell you who Dr. Goebels was?

Answer. I know that; I know through my contact job that Dr. Goebels was chief of propaganda for the Nazi administration in Germany.

At another time a witness under oath said in part:

Question. Did Captain ——— ever tell you the purpose of his activities concerning the spreading of propaganda in this country in behalf of the German Government?

Answer. He told me that it was for the purpose of driving out the Catholics and Jews out of the Government of the United States—not only to drive them out but to Germanize the United States of America.

At another time a witness stated:

Question. Relate to the court what he told you in that regard.

Answer. He said that the purpose of his organization and its members was to foment an uprising in this country, and that the sooner the Communists gained control in this country the sooner the people of the United States would wake up. * * * And then it would be time for the veterans to step in and take over the control of the Government by legal means or by putting in people of their own selection; that it should be done by the "Friends of New Germany."

Elsewhere in the testimony of witnesses under oath during that trial in California will be found statements that the impression left on a witness by a certain captain in the organization was that a man could come from Germany to the United States for the purpose of spreading propaganda, may take the oath of allegiance to the United States for the purpose of protection by United States citizenship. Then, after the completion of his propaganda work, go back to Germany, regain his German citizenship, and be rewarded in Germany for his work in the United States.

At another place a witness swore to the effect that he had been told by that same certain captain in the organization that "he had plenty of storm troops and plenty of armed ammunition on that ship to start, any time, anything he wished in the United States of America."

Now, in closing, I wish to thank the members of the Committee on Immigration and Naturalization and its subcommittee for the splendid cooperation they have given in the conduct of the informal investigation recently completed. I want to thank the members of the Democratic Steering Committee and the Committee on Rules for their action in permitting this present resolution to come up for consideration on the floor of this House this afternoon. I want to thank each Member of this House who is supporting this resolution. This investigation is an American effort to get at the bottom of this destructive propaganda, and all of you will come to realize that you are voting today upon one of the important self-protective measures before this Congress. Every one of you supporting the adoption of this resolution is to be congratulated, and I only hope that those who oppose its passage today will come to see the error of their vote and that they will repent of their error sometime.

I thank you, and I feel sure your constituents back home will thank you for adopting this important measure today.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The gentleman from Connecticut makes the point of order there is not a quorum present. The Chair will count. [After counting.] One hundred and forty-one Members present, not a quorum.

Mr. COX. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 111]

Abernethy	Collins, Calif	Hoidale	Reld, Ill.
Adair	Cross, Tex.	Imhoff	Sadowski
Allen	Crowe	James	Shannon
Andrews, N.Y.	Crowther	Kleberg	Simpson
Auf der Heide	Disney	Lehr	Sisson
Ayres, Kans.	Doutrich	Lemke	Stalker
Bacon	Duffey	Lewis, Md.	Stokes
Beck	Duncan, Mo.	Lozier	Summers, Tex.
Berlin	Eaton	McDuffie	Taylor, S.C.
Boehne	Fish	McKeown	Treadway
Boland	Fitzgibbons	McSwain	Underwood
Britten	Foulkes	Milligan	Waldron
Brooks	Frear	Montague	Welch
Brumm	Gasque	Moynihan, Ill.	West, Ohio
Buckbee	Gillette	Muldowney	White
Carley, N.Y.	Goldsborough	Norton	Wigglesworth
Cannon, Wis.	Greenway	O'Brien	Williams
Cavichia	Guyer	Perkins	Woodrum
Chapman	Hamilton	Plumley	
Claiborne	Hart	Pou	

The SPEAKER. Three hundred and fifty-two Members have answered to their names, a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

Mr. COX. Mr. Speaker, we have but one more speech. Can the gentleman from Pennsylvania accommodate me by yielding me 2 minutes?

Mr. RANSLEY. Mr. Speaker, I gladly yield 2 minutes to the gentleman from Georgia, Mr. Cox.

Mr. COX. Mr. Speaker, this gives me 5 minutes, which I yield to the gentleman from New York [Mr. O'CONNOR], and with his speech the debate on the resolution will close.

Mr. O'CONNOR. Mr. Speaker, I assure you that the roll was not called at my request or even with my knowledge. I did not intend to speak on this matter, but was requested to say a few words in order to emphasize the position which the Rules Committee took on this subject.

In the city of New York, strange as it may seem, I imagine I have more people of German extraction in my district than any other district, and at the same time I have very few Jews in my district on the east side of New York City, strange as that may seem.

The Rules Committee held hearings for several days on the resolution and then, after the most careful consideration in executive session, unanimously reported this Resolution 198, which had previously been unanimously reported by the Committee on Immigration and Naturalization. The Rules Committee was particular to consider the advisability of bringing in this resolution solely from the standpoint of the interest of protecting our Government. The Rules Committee was not primarily concerned with anything pertaining to attacks on people of any race or religion, and especially such attacks as were alleged to have been committed in a foreign country. Before the Rules Committee there was presented conclusive evidence that there is extensive propaganda going on in this country that is subversive of our Government. Though I received the impression that well-known organizations in this country, such as the Steuben Society of America, which is composed of American citizens only, favored this resolution, I have been reliably informed that as to the latter such is not the case; that in fact it is opposed to it. Among the reasons given is its conviction that the investigation will in fact be directed against one foreign government only—an invidious distinction.

There were exhibited in the Rules Committee photographs of men under military drill in this country in Nazi uniforms. These were exhibited to us as examples of firearms shipped into this country. These formidable weapons were shown to the committee. Confidential letters taken from people who had dealings with the subject matter of the letters, here and abroad, were shown to us, evidencing that agents were sent from Germany to this country and from here to Germany with instruction from Nazi agents to buy 1,000,000 arms for shipment into this country, and to do other acts here and abroad subversive of our Government and our peace and security.

This evidence presented to us had nothing to do with attacks on any race or religion. That such attacks have been made are not denied by the government in question.

There was also presented to us propaganda issued in Germany and smuggled on ships into this country insulting our President in a most scurrilous way, insulting Congress and individual Members there, insulting our Government, and containing boasts that Hitler would take over our Government and add it to his present government. Much of this propaganda and many of these insults were disseminated by the comparatively new organization in this country known as "the Silver Shirts."

There was documentary evidence submitted to the Rules Committee that the German Government had sent money to this country to spread this propaganda, and we were faced with the sole proposition of whether there was such propaganda being spread in this country which might do some injury to our Government—not to any individual, not to any race, not to any creed. We were not concerned with what the Germans were doing in Germany. We were only concerned with what they were doing in this country. We

had the evidence before us that there was an attempt to compel the swearing of allegiance by every person with a drop of German blood in his veins, first, to Germany and, second, to the United States. If they did not subscribe to such an oath and had any relatives in Germany, it was made apparent to them that something would happen to these relatives; why, Mr. Speaker, let me give you a little personal touch, personal to this House. A lovable Member of this House came to me today and said to me, "Do you know, John, what will happen to me if I vote for this resolution? I have three brothers in Germany, and before the sun goes down tomorrow night they will be thrown into one of these camps with a million or more men, women, and children now held incommunicado."

Mr. Speaker, this is a patriotic resolution designed to protect our own Government against the outside influence of any nation that seeks to come here and attempt to undermine our Government. I most earnestly submit that anybody loving his government, irrespective of any question of race or religion, will support this resolution. [Applause.]

Mr. COX. Mr. Speaker, I ask unanimous consent that the resolution may be amended by striking out the word "Nazi", in the fifth line of the first page, and inserting therefor the word "foreign."

Mr. KRAMER. Mr. Speaker, I object to any amendment being made in that respect.

The SPEAKER. The Clerk will report the proposed amendment.

The Clerk read as follows:

Page 1, line 5, strike out the word "Nazi" and insert the word "foreign."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. KRAMER. I object.

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman from Georgia in control of the bill can offer an amendment if he wishes to without first obtaining unanimous consent.

Mr. KRAMER. I object to it.

Mr. COX. Mr. Speaker, I ask unanimous consent to offer the following amendment.

The SPEAKER. The gentleman from Georgia asks unanimous consent to offer the amendment, which the Clerk will report.

The Clerk read as follows:

Page 2, line 16, after the word "States", add the following: "The expenses of conducting this investigation shall not exceed \$25,000."

The SPEAKER. Is there objection?

Mr. WARREN. Reserving the right to object, I should like to ask the gentleman from Georgia what is the use of putting something in the bill which is utterly useless?

Mr. COX. Personally, I did not think the language necessary, but there was a feeling on the part of some Members of the House that it would improve the legislation, and in deference to them I offered the amendment.

Mr. WARREN. That does not bind the House in any way.

Mr. LEHLBACH. Mr. Speaker, I make the point of order that the amendment is not germane to the resolution. There is nothing about expenditures in the resolution.

Mr. COX. In the interest of making friends to the bill, will not the gentleman withdraw his point of order?

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman from Georgia has the inherent right to offer the amendment without asking unanimous consent.

Mr. LEHLBACH. Mr. Speaker, I have made a point of order that there is nothing in the resolution that authorizes any expenditure; and if there were, the resolution would be out of order in itself. Consequently the amendment is out of order.

The SPEAKER. The Chair sustains the point of order. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—168 ayes and 31 noes.

So the resolution was agreed to.

The motion to reconsider by Mr. Cox was laid on the table.

BONUS

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, when the bonus bill was up for consideration last session of Congress, I voted for same, believing that \$2,200,000,000 due ex-service men, in that they actually hold notes against our Government, which would have to be paid in 1945, would do as much or more to restore the purchasing power and revive business as anything we could do, if paid at that time.

Some days ago I voted for the Patman bill, H.R. 1, believing more strongly than ever that not only would it be in line with the President's policy—various relief bills, for instance, the C.W.A.—but, also, in turning loose this money we would be satisfying a debt due ex-service men by the Government. In other words, we would be paying now, as a part of the relief program, rather than waiting until 1945, maturity date of the debt. Please remember the millions that are being spent by the Government under the C.W.A. and other relief measures are new obligations on the part of the Government which future generations will be taxed to pay. While these relief measures have done worlds of good we all know that graft, unwise expenditure, and unfair and discriminatory methods have been used in administering same.

Since March 4, 1933, during the extra session as well as in the present session, at the request of the President we have voted millions and millions of guaranteed tax-exempt bonds, all of which are being bought largely by the rich. This, however, does not bring actual cash into the hands of the purchasing classes of this country. A great many Members have been talking long and loud about printing additional money. The thing that has concerned me has been how will my people get any of this new money, if issued, in that it will be owned by the Government? Certainly no man should expect the Government to distribute this money through the Red Cross, as was the case with the flour and cotton garments. The only way that my people would get any of this money would be either in the way of an increase in wages or a higher price for cotton and any other things we have to sell.

Paying the bonus will not only cancel a Government debt but, as stated, it will also put the actual cash into the hands of ex-service men who live in every nook and corner of the country. This money will go into the crossroad stores, into the hands of small-town merchants, from these merchants to wholesalers and factories, and from them to farmers for raw material, and to employees in every line of business.

The question as to whether or not these ex-service men are entitled to this bonus was settled when Congress agreed that the Government owed this money to these soldiers when an adjustment of accounts was made after the war. However, Congress, after considering the matter, said to these ex-service men: "We owe you, but, having obligated the taxpayers of this country to the payment of billions of dollars for the purpose of prosecuting the World War, we will pay you in 1945." If it was a just obligation, and it must have been or Congress would not have granted same, the ex-service men were very liberal to Uncle Sam by not demanding cash.

We find that, in adjusting accounts with the railroads, war-time contractors, unreasonable sugar claims after the war, all of such claims being presented by the rich, the cash, millions and millions, was paid by the Government in settling these claims.

If the bonus bill passes the Senate, having already passed the House, and if it is signed by the President, it will put into South Carolina the following amount:

Counties in the Second Congressional District:

Aiken	\$582, 108. 84
Bamberg	238, 354. 80
Barnwell	260, 593. 88
Calhoun	205, 161. 96
Lexington	448, 146. 32

Counties in the Second Congressional District—Con.

Orangeburg	\$784, 249. 92
Richland	1, 076, 550. 76
Sumter	563, 676. 56

Total..... 4, 158, 843. 04

And, a total for all counties of the State amounting to \$21,352,034.20.

Everyone knows that the amount of actual cash in circulation is far below even the period during President Hoover's administration. To bear out this statement, I desire to place in the RECORD the following figures:

SEVEN BILLION CIRCULATION

When Mr. Hoover was President we had at one time a circulating currency of around \$7,000,000,000. We had a gold reserve at the most of something around \$4,000,000,000 as against that circulating currency of seven billion. We have in gold in the United States Treasury today \$7,654,000,000, and we have outstanding as against that only \$5,000,000,000 of currency. If the bonus should cost the estimated amount of around \$2,000,000,000, or the high figure which was given of \$2,400,000,000, we should have a circulating currency of only approximately \$7,000,000,000, the same amount of currency we had when Mr. Hoover was President, whereas we should have in gold to back up the same amount of currency something around \$4,000,000,000.

Will anyone deny that this amount of actual cash will not mean much in helping to bring back normal prosperity to the State? Inasmuch as South Carolina is a very small Federal tax-paying State, around 80 percent of this \$21,352,034.20 will be paid in the way of taxation in the years to come by the taxpayers of the richer States. This being true, certainly the payment of the bonus in cash at this time would appear to me to be a very meritorious transaction so far as our State is concerned.

For the past 50 or 60 years, South Carolina has been paying her portion of Federal tax, in line with her ability to pay, for pensions to Union soldiers. For over 100 years, we have been robbed by, in a great many instances, States that have been collecting tariff duties from our people while our State has not been receiving any of these benefits, or practically none. How any man or woman in South Carolina can object to any honest Government money coming into South Carolina, under the circumstances, is beyond me. I can understand why Wall Street and the United States Chamber of Commerce and the Economy League can object to the payment of the bonus.

Do you know that because of the financial condition and the actual need of cash to carry on, to buy food and clothes, thousands of ex-service men borrowed, some two years ago, 50 percent of the value of their bonus certificates, pledging these certificates to the Government, paying 6-percent interest thereon? Because of the financial condition of our soldiers in South Carolina, practically every one of them borrowed this money. Now, let us see what will happen to these ex-service men who borrowed on their certificates if they have to wait until 1945, maturity date of the certificates. Let us take for example, a soldier holding a certificate amounting to \$1,200. He borrowed \$600. If he waits until 1945, the Government will owe him \$1.20, the 6-percent interest on the loan amounting to the balance of the certificate. On the other hand, the soldiers who were able to carry their certificates, without borrowing, will get the full amount of cash, face value of the certificates, as in the case referred to, \$1,200.

When you hear an ex-service man stating that the bonus should not be paid now, ask him if he had to borrow on his certificate. You might, also, ask him if he is one of those who came under that class of soldiers drawing from \$100 to \$400 per month; or, perhaps, if he is holding a good job with the Government, as well as drawing compensation.

As stated, we have been very free to issue tax-exempt bonds. However, in every instance, especially during the present administration, we have done so at the request of the President. According to the record, bond profits of the last 90 days, in the hands of the rich, would pay the whole cost of the bonus. Wall Street's unearned gain would pay the debt to veterans and still leave coupon cutters \$240,000,000. Factory payrolls have been falling since Christmas, but there's no weeping among the bondholders.

In the last 3 months the market values of bonds, listed on the New York Stock Exchange, have gone soaring.

Roughly, the value of these bonds has risen about 10 times as much as payrolls have declined.

For instance, the value of these bonds jumped \$597,554,613 in February, according to the New York Times.

In January the value of these bonds jumped \$1,402,708,943. In December they jumped \$681,154,991.

This makes an aggregate increase of \$2,663,418,470 since the 1st of December.

This profit, which has come to the coupon-cutters of Wall Street without need for them to risk a dime in anything but the soundest securities, would be sufficient to pay the soldiers' bonus to every man who offered his life as a sacrifice and still leave \$243,418,470 to spare.

FEDERAL PAY ISSUE SHOULD BE ENDED

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, in his recent message to the N.R.A. code authorities, President Roosevelt clearly stated in one of the most vital sentences in his address that he had been led to the inescapable conclusion that we must now consider immediate cooperation to secure increased wages and shorter hours.

Congress cannot side-step the clear-cut duty imposed upon it by the Government's program in regard to private industry.

That duty compels immediate and complete restoration of the salaries of the thousands of men and women who carry on the functions of the Federal service. There are many men and women employees of our Government who have given many years of arduous service to their work. The men and women who really perform the work, as every Member of Congress knows if he has been in close touch with departmental matters, are not the Cabinet members, or the chiefs of the departments. The people that do the actual service, the detailed work that carries on the affairs of the Government, are these men and women behind the desks, the carriers in the mail service and those serving a rural route out in the country, who draw the inadequate salaries. Most anyone who has the physical strength can do manual labor, but it takes a higher grade of intelligence to serve the public efficiently and acceptably; and that service demands a higher rate of pay.

I attended a hearing before the Committee on the Post Office and Post Roads the other day at which time H.R. 8097 was being considered to adjust the salaries of rural letter carriers.

One would assume from the title of the bill that these rural carriers were to receive an increase and that they would at least be put on a par with other postal employees.

Mr. Speaker, it is a positive fact that their salaries, which have been reduced by 15 percent, have ceased to be a livable wage, and will be further reduced, if this bill is to be passed, to such an extent that just merely existing would not even paint a true picture.

Certainly, this type of legislation cannot be classed as that which could improve the Rural Mail Service. Equipment-cost surveys show that it costs the carrier from 6½ cents per mile for October and November to an average cost of 8 cents a mile when carriers are experiencing a hard winter as they have this year. But still they are expected to carry on for 1 cent a mile. It certainly is unfair and unjust to expect rural carriers to feel satisfied under these drastic cuts.

I have somewhat deviated from my subject, but I wanted to remind the Members of Congress of conditions existing in one particular branch of the Government service with which I am familiar.

The Federal Government has said to business and industry "The only way out of this depression is to put more persons to work. We must spread employment, reduce hours, and improve purchasing power by raising wages."

The administration is doing just the opposite of what it is advising. It is urging employers to increase wages. But as the employer of thousands of persons in the Post Office Department it is reducing wages by requiring these employees to take a 1-day payless furlough every month for the next 4 months.

It is preaching increase of purchasing power. In this order of the Postmaster General it is practicing reduction of purchasing power.

Which course does it expect other employers to take—the one it advises or the one it follows?

Never in the history of our country has the work of the Federal employee demanded as much of them as now, and no matter how well qualified they might be now, they cannot remain so for long without continued study because of the rapid developments in the technique of Federal administration. Obviously the Federal employees are required to constantly train themselves through special courses offered by colleges and universities designed to give them a practical knowledge of problems involved in various fields. This special training is costly, and in addition to that there is an implied contract in the relationship between the Federal employee and the Government. A great many Federal employees have had opportunities to leave the Federal service and go into private business and industry at a substantially greater rate of pay.

In most cases Federal employees have weighed this increased wage scale against the value of the implied contract with the Government—a contract which gave assurance of permanent occupation, for efficiency, at a meager but, nevertheless, fixed rate of pay.

On the basis of this implied contract, Federal employees have taken over certain obligations. They began the purchase of small homes. They have endeavored to provide life insurance for the protection of their families, for even under normal conditions Government pay is such that the building of an estate for one's dependents is a virtual impossibility by any other means.

These are fixed charges. Other fixed charges are such items as light and fuel costs, transportation costs, and the like.

Although Federal employees have suffered reductions in pay ranging from 15 to 50 percent, rates of interest on mortgages have not declined. Insurance premiums in many instances have actually increased. Transportation, fuel, light, and other charges either have remained stationary or have increased.

Because of the smallness of Federal pay, employees never have had much leeway. Now, with pyramiding pay cuts and furloughs and immovable or increased fixed charges to meet, conditions have become well-nigh unbearable.

The Federal Government has a responsibility here which it cannot evade. It has a responsibility to cease its repudiation of a contract. It has a responsibility to deal fairly with thousands of employees who, on the basis of a stated set of conditions, placed their careers at the disposal of the Government. Beyond that the Government has a responsibility to end a situation which is so completely out of harmony with the principles it has set up as models for private business and industry.

The time is at hand for the Federal Government to deal fairly and squarely with its own workers. Further delay is indefensible.

Rising living costs in recent months have made more intolerable a reduction in income which Congress ordered as an economy measure, but which has produced far more in the way of suffering and hardship than it has in the way of retrenchment. I repeat what I have said before.

"Unless the Government lacks the faith which it seeks to inspire in others, it will restore the full purchasing power to its own employees. Not to do so would be a confession of skepticism."

The Government owes it to itself, it owes it to its employees, to make the impending restoration full and complete.

Federal salaries were never high. They would not be high if the whole 15-percent cut were restored.

It is to be hoped that the Congress will restore the pay of all Federal employees, civil and military, throughout the Nation, and that no mere half-way measure will be adopted.

The sentiment of the country is overwhelmingly for it.

The Government worker, just as any other worker, is entitled to an honest day's pay for an honest day's work.

That is all he is asking of Congress.

That honest day's pay, however, cannot be determined by a jumble of statistics covering what it might have cost somebody to live sometime in the past.

Eventually the appropriation bill will reach the floor of this House.

Then will the Membership of this body have an opportunity to stand and be counted.

By that vote the American people will be able to determine which of their Representatives want to abandon the Government program of recovery and which are willing to give it the support which it deserves.

PROPOSED PROGRAM OFFERED BY TERRY CARPENTER, MEMBER OF CONGRESS FROM THE STATE OF NEBRASKA, AS A SETTLEMENT OF THE WATER CONTROVERSY BETWEEN THE STATES OF COLORADO, WYOMING, AND NEBRASKA, AND THE VARIOUS ELEMENTS OF PROTEST BY THE VARIOUS POWER AND IRRIGATION DISTRICTS WITHIN THE STATE OF NEBRASKA

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Nebraska. Mr. Speaker, it appears that from a practical, feasible, and financial standpoint that Colorado cannot build a diversion canal and tunnel to bring the water from the North Platte River or North Park area into the Casa la Poudre.

A more practical plan would be to divert water to be used for the same purpose across the mountains from the upper Colorado River in the Grand Lake area; such water could be tunneled to the Big Thompson River, which flows into the South Platte River, and at the Big Thompson Canyon a power plant could be built to furnish electricity to northern Colorado. It would be quite apparent that such a plan would receive the opposition of the Public Service Co. of Colorado, but such objection should be easily surmounted by public opinion at the present time. Already the counties of Larimer, Weld, Logan, and Sedgwick in Colorado have expended \$5,000 in having this survey made. It is my understanding that various Colorado State officials believe that it is a better plan from practically every standpoint than to try to attempt a diversion of water from the North Platte River Basin through the Casa la Poudre.

Colorado owns some 7,000,000 acre-feet in the Colorado River, and would divert around 225,000 acre-feet to the South Platte River Basin by way of the Big Thompson. This should give Colorado all the water it needs for irrigation in the sugar-beet area, at an estimated cost of \$14,000,000.

It would seem to me that this would be the logical way for the three States of Colorado, Wyoming, and Nebraska to settle their differences and enter into a water compromise that would solve this difficulty for all time.

I, for one, representing the district most vitally interested in the allocation of water in the North Platte Valley and believing that I speak the sentiment of the Nebraska delegation, would say that we, representing Nebraska, would be willing to support such a plan and to give to Colorado our earnest and willing congressional support. I believe also that Wyoming would add her support in trying to have an allocation of public funds given to the State of Colorado in order that the Big Thompson outlet for the Colorado River and the power plant which would undoubtedly make the project self-supporting and self-liquidating, could be built.

The plan has a great deal of merit and the only apparent one that, to me at least, would solve the difficult situation in which we of the three States find ourselves on this problem. It would give the North Platte River in Wyoming and

Nebraska the regular, normal flow and all the storage water. We of Nebraska and Wyoming would be more than pleased with that arrangement and would no longer have the cry that Colorado is trying to divert water from one watershed into the other. The additional 225,000 acre-feet in the South Platte will provide seepage for the Nebraska portion of that river. It should satisfy and relieve any objection from the various elements in the State of Nebraska toward the allocation of water to the various projects within our State. It would relieve the objection of certain people in western Nebraska toward the approval of the so-called "tricity power and irrigation district" in central Nebraska. It seems to me with that objection eliminated, there certainly should be some basis of compromise between the people of Hall County and the proponents of the tricity projects.

I am interested in seeing that all of these projects are authorized and completed. I am interested that the officials of Nebraska give proper cooperation with the Federal Government in seeing that these projects are authorized and completed and not left to die through the apparent objection of the power companies, who are so vitally interested in their effort to continue to rob the people of our great State in the assessing of unfair and unreasonable rates for power, and through the apparent lack of willingness of our present Governor in even attempting to show any friendly inclination to the Sutherland and Columbus projects.

The attitude of Secretary Ickes is very plainly shown in the following telegram sent to Governor Bryan:

My patience is about exhausted. Unless satisfactory terms can be reached at once I shall be compelled to rescind these allotments as well as stop study on all other Nebraska power or irrigation projects, which would also be useless under same conditions as you are imposing. Funds so released will be employed elsewhere.

This also verifies my recent public statement issued some time ago that there was a great possibility of the State of Nebraska losing these allocations through the lack of cooperation of Governor Bryan.

The entire State of Nebraska, regardless of which side of the river they are located, is bound to benefit tremendously from such great expansion and development of the natural resources of our State.

I believe Colorado will relinquish its claims to rights in the Laramie River (except the diversion now established) and the North Platte River and Arickaree Creek, in eastern Colorado, if Wyoming and Nebraska will get back of the plan to support the Colorado River diversion into the Big Thompson.

I take this opportunity of offering the support of that part of the State of Nebraska that I represent, and wish to reiterate my statement that I believe all power projects and irrigation projects in the State of Nebraska have a great deal of merit. In addition to the Sutherland and Columbus projects which have been allocated and which are being held up by the apparent dilatory action of our Governor. The Tri-County, Loup River projects, the Blue Creek projects, and all others that have been submitted should have the united support of everyone within the State of Nebraska, with the possible exception of the power interests and the Governor.

It is apparent that through the development and completion of these projects that a tremendous amount of surplus power will be available, and at the present rate structure that is maintained by private power utilities the people of Nebraska cannot absorb this surplus, unless there is a tremendous revision downward of rates so that the power will be available to the people at a rate that from an economic standpoint will make this power available to everyone, both urban and rural. If the proper rate structure is given to the people, there will be no surplus of power upon the completion of these projects.

As you no doubt know, I have filed for Governor of the State of Nebraska, and if elected, I promise my utmost effort in seeing that this rate structure is revised downward to such an extent that the above results will be accomplished.

OUR WEAK SCHOOLS MUST HAVE RELIEF OF THE EDUCATION OF MILLIONS OF OUR YOUNGER GENERATION WILL BE INTERRUPTED AND NEGLECTED AT A CRITICAL PERIOD IN THEIR LIVES

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I have introduced H.R. 7873, which I wish at this time to call to the attention of the House, because I feel that it concerns one of the most vital problems now confronting the American people—the problem of education. So far as our schools are concerned, we are dealing with an emergency of a critical nature that affects the lives of all of our citizens, whether they have children or not. We can delay some things, but not education. The opportunity for education is very limited as far as the average citizen is concerned. The average youth has little opportunity for schooling after he reaches maturity. If we neglect their education now, precious time has been lost—time that can never be regained by legislation, resolutions, or all of the human effort in the world.

We can neglect our roads and improve them tomorrow, but every day that we permit a school to be closed robs innocent boys and girls of precious, vital time.

The Federal Emergency Relief Administration has allocated funds to pay teachers' salaries in weak rural schools and in towns under 5,000 population throughout the country. This has been of incalculable value to many of the weak schools in Oklahoma, especially in districts where from 20 to 75 percent of the property is nontaxable Indian land. In such districts it is humanly impossible to maintain an 8- or 9-month school. In many other districts that were reasonably wealthy a few years ago the valuations have fallen so low that it will be impossible to maintain more than a 4- or 5-month school next year. This means that unless the Federal Government assumes some responsibility for the education of the boys and girls of the land, that hundreds of thousands of them will be deprived of an opportunity to go to school next year.

I have conferred with the Chairman of the Committee on Education [Mr. DOUGLAS], as well as several members of his committee, concerning the need of this important legislation. I have called attention of the committee to my bill that proposes that the Congress of the United States shall adopt a permanent policy with reference to education.

For the information of the Members, and the country, I desire to insert in the RECORD at this point my bill, which was referred to and is now being considered by the Committee on Education.

A bill to provide for the cooperation of the Federal Government with the several States, Territories, and the District of Columbia in maintaining the public-school system, and for other purposes

Be it enacted, etc., That the Congress hereby declares that the cooperation of the Federal Government with the several States, Territories, and the District of Columbia is necessary to prevent the premature closing of elementary and common schools in many communities, thereby resulting in widespread unemployment of teachers and depriving millions of children of those educational opportunities necessary for the training of citizens in a democratic government.

SEC. 2. There is authorized and directed to be made available, out of funds appropriated for the Federal Emergency Relief Administration for the fiscal year ending June 30, 1934, and for the fiscal year ending June 30, 1935, such funds as will enable the several States, Territories, and the District of Columbia to maintain their regular school terms as maintained during the school year of 1931 and previous years.

SEC. 3. (a) Funds made available in section 2 of this act shall be disbursed in accordance with such rules as may be made by the administrator of the Federal Emergency Relief Administration.

(b) For the further cooperation of the Federal Government in maintaining the public educational system, the President of the United States is authorized and empowered to include, in the annual Budget, estimates for an appropriation equal to not less than \$2 per enumerated school child in the elementary and secondary schools.

(c) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, an amount equal to not less than \$2 per enumerated school child, to be immediately available for expenditure by the Secretary of the Interior, such amounts to be allocated to each county treasurer in each State for the use of the schools.

(d) No school shall receive any such aid unless such school is unable by taxation, or otherwise, to maintain its school term as it was maintained for the school year 1931-32 and previous years.

(e) No department of Government shall exercise any control, authority, or supervision over the curriculum or management of any of said schools receiving aid under the terms of this act and no regulations concerning the curriculum or management of any school shall be prescribed in administering this act.

SEC. 4. After the passage and approval of this act all school warrants for payments of teachers' salaries or other employees in the public schools of the United States, regularly issued by the proper officials, and unpayable for the reason that necessary taxes, assessments, or other revenues have not been collected, shall be eligible, when properly endorsed by the payee, for purchase or loans by the Reconstruction Finance Corporation. Loans on all such warrants shall be made at their face value at a rate not to exceed 1 percent per annum.

It might be of interest to Members to know this bill has the endorsement of educators throughout the country, especially in the State of Oklahoma. Following are excerpts from statements by several of the leading educators in Oklahoma, all of whom I know personally. It is a genuine pleasure for me to quote from these superintendents, teachers, and others, and I feel that their suggestions are very valuable.

Hon. Joe Story, county superintendent of Jefferson County and one of the outstanding schoolmen in Oklahoma, states:

I endorse your bill as a great step toward the relief of weak and inadequately financed school districts. I believe this bill should meet the hearty approval of all school-minded people.

Hon. E. T. Harned, well-known educator and superintendent of schools for several years at Devol, Cotton County, Okla., says:

I have read your bill carefully and enthusiastically approve it to the letter.

Supt. N. L. George, of the Geary city schools, another very successful superintendent, says:

I was elated to read your bill. It is exactly what we need.

Supt. H. E. Wrinkle, of the El Reno city schools, one of the outstanding and successful educators in Oklahoma, says:

I think your bill is the best one that has been introduced, and I am encouraging our teachers and patrons to get behind it.

Miss Rose Witcher, principal for many years of the El Reno High School, says:

I hope that the Committee on Education will see fit to recommend your bill to Congress. Our civilization is founded on education, and the children of America cannot await until the next generation to be educated.

Hon. James F. Hatcher, prominent Chickasha attorney and member of the State board of education, himself a former teacher, strongly endorses the bill and states that the Grady County superintendent, Hon. Elmer Martin, says it is exactly what is needed.

Another strong endorsement comes from Clyde A. Noel, superintendent of schools at Hydro, who states:

We have been needing this legislation for a long time.

One of the finest endorsements comes from an old boyhood chum in Cotton County, Hon. Dee E. Park, now the successful superintendent at Addington, Okla. Mr. Park has recently made a very exhaustive survey of conditions, especially in Jefferson and Cotton counties, and states that the need for Federal aid for weak schools is imperative.

Supt. R. L. Hazlet, of Chattanooga, says:

You are offering a real service to the people of the Nation in sponsoring the educational program outlined in your bill.

Supt. Alton Ellis, of Randlett, endorses the bill in no uncertain terms. He says:

The school board members and patrons to whom I have shown your bill seem elated that the Congressman from their district should introduce a bill that will aid in the salvation of our schools.

The following excerpt is taken from a recent letter from Supt. E. E. Geeslin, of Rush Springs:

I heartily approve the proposed bill on education and wish to commend you for the interest you are taking. Unless something is done, we shall face the same situation year after year.

Hon. D. E. Phillips, superintendent of schools in Waurika, states:

I am heartily in accord with the content of your bill. The section providing that the Federal Government allot \$2 per each enumerated child in the various districts will do much toward extending the terms of schools in this section of the State.

Hon. Jesse A. Owensby, superintendent of schools at Comanche, where, incidentally, I attended my first school in Oklahoma, says:

House bill 7873 receives the support of my faculty, school board, and patrons. Push this bill with all your might.

A. Leslie Chambers, one of the most progressive young educators in Oklahoma, now superintendent of schools at Watonga, states several of his classes studying history and government are interested in this legislation, as well as patrons of the school. He adds:

It is the best bill that has been introduced insofar as the public schools are concerned.

John Fisher, of Marlow, another outstanding superintendent, says:

Personally, I think the bill is one of the best introduced in Congress for the betterment of our schools.

Earl Inman, popular superintendent of schools at Sterling, says:

Let me express my sincere appreciation for your interest in the educational field. Everyone with whom I have discussed this bill has expressed whole-hearted approval.

Here is a statement signed by Wennell Ferguson, of El Reno:

We, the students of El Reno High School, wish to express our sincere thanks to you for introducing in Congress your bill for the relief of our schools.

Supt. J. E. Rogers, of Ryan High School, writes:

Your bill will have a far-reaching effect on the so-called "weaker schools" of this State. If passed, it will enable many schools to keep open their doors for a standard-length term. A great amount of Indian land in Jefferson County is nontaxable and the need for this legislation is urgent.

P. A. Becker, superintendent of schools at Elgin, writes:

Your bill will tend to equalize educational opportunities. It meets with my hearty approval.

Supt. E. H. Bingham, of Amber, president of the Grady County Schoolmasters' Club, and a member of the State board of education, states:

You have a good bill. I sincerely hope you are successful in getting it passed.

Supt. B. C. Swinney, of Lawton, wires:

Your bill would fill an imperative need in financing public schools.

Kenneth M. Harrel, superintendent of Fletcher Public Schools, states:

These trying times demand just such a bill. My school and my people feel that you have a solution to our problem.

Supt. E. C. Hall, of Friend High School, Grady County, says:

Your bill is unquestionably the type that should gain approval and support of every public-spirited citizen in the country.

J. E. Ruggles, superintendent at Cyril, writes:

The citizens of this section are indeed grateful to you for your interest in trying to solve the question of financing our public schools.

Miss Ina Lane of Anadarko, teacher in the schools at El Reno, says:

Our people are showing much interest in your bill and believe it to be a permanent solution of our school problem.

States D. M. Spann, county superintendent of Caddo County:

Please accept my hearty congratulations as well as congratulations of all friends of education in Caddo County for your untiring efforts to secure Federal aid for our needy schools. I am sure that this measure will meet with almost unanimous approval of the people of this county.

Supt. Chester P. Davis, of Duncan, writes:

I appreciate very much your interest in the great cause of education. In my judgment next year will be the most difficult one for us here in Duncan, and I hope that it will be possible for Federal funds to supplement our local budget.

Other leading school men have this to say:

J. E. Peery, superintendent of schools at Minco, says:

I am in hearty approval of section 3 (e), which entirely eliminates the Government from control in public education, but would give to each school child \$2 to be expended without Federal control. More power to you, Jed.

Supt. R. R. Russell, Kingfisher, writes:

Even before the depression the schoolmaster was the "forgotten man", but not until the last 2 or 3 years has it reflected upon our youth. The street sweeper in Kingfisher has a larger annual income than any classroom teacher in our system.

Henry W. Downs, Hinton, Okla., states:

I endorse your educational bill in full. I am convinced that you know your business.

J. R. King, superintendent at Apache, states:

I don't know how a more complete or consistent bill could be drafted. Our people are indebted to you for efforts you are putting forth in our behalf.

P. M. Friesen, superintendent at Alden, says:

I agree with George Hann that yours is by far the best bill proposed to aid the present school emergency.

May I add in conclusion that I am receiving many letters daily from educators, school board members, farmers, and taxpayers enthusiastically and wholeheartedly supporting this legislation. It is impossible for me to quote from all of the splendid endorsements I have received. It is my sincere hope that Congress will meet this emergency in helping to finance our weak schools and, during the present session, pass either this or a similar bill as a permanent solution for this perplexing problem.

I submit that this is a national problem. It is as much a national problem as the construction of highways, and this Congress long ago adopted a sound and sensible policy of assistance in the construction of roads. What we are asking for here will represent only a fraction of the sum now being spent annually by the Federal Government on State-aid road construction. The people of the Nation will undoubtedly support a policy of Federal aid for our public schools, just as our people have very wisely supported a policy of Federal aid for roads and highways throughout the land.

THE HOME OWNERS' LOAN ACT OF 1933—THE NEED FOR ITS AMENDMENT AND FOR IMPROVEMENT OF ITS ADMINISTRATION

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, I am going to speak on the important phases of one of the gravest and most far-reaching problems confronting the United States today.

Perhaps so much as 75 percent of the mortgages against the homes of the United States are in default. Between one third and one half of the home owners are faced with foreclosure and dispossession.

To whom can these home owners turn for relief? What has the Federal Government done to relieve their distress? How much did the Home Owners' Loan Corporation accomplish? Is Federal relief to home owners a mere hope or a reality? What changes should be made in the law by Congress? These and other problems will be discussed by me.

HEAVY MORTGAGE INDEBTEDNESS IN THE UNITED STATES

The indebtedness in the form of mortgages outstanding against the homes of the United States is colossal.

The mortgages due on the homes occupied by their owners amount to at least \$15,000,000,000, according to my calculations. If delinquent taxes and judgments are added, the indebtedness against these homes is at least \$17,000,000,000. Homes which are rented are not eligible for Home Owners' Loan Corporation loans, and therefore are not considered here.

Most mortgages, except those given to building and loan associations, are for from 1 to 3 years. There has been practically no mortgage money available since 1931, so that almost all of these mortgages are overdue today. The short-term mortgages and also the long-term mortgages given to building and loan associations provide that if there is a default in the payment of taxes, the mortgage shall become due and payable at once. Due to this acceleration clause, it is no exaggeration to say that 75 percent of the mortgages against the homes of this country are past due. Of course, not all mortgages which are due are in distress, but it is safe to assume that from one third to one half of the home indebtedness is in distress and ready for foreclosure.

Now let us see what this means. It means that out of 10,503,000 home owners of the United States who live in their own homes, over two and one fourth millions are faced with foreclosure and dispossession. It means that over \$12,000,000,000 of home indebtedness is in default and that between six and eight and one half billions are in distress, faced with foreclosure.

GRAVE SITUATION IN PENNSYLVANIA

Let us digress for a moment from the Nation and look at a State like Pennsylvania. In Pennsylvania there are 1,198,000 home owners who live in their own homes. There are not accurate estimates available on the mortgage indebtedness outstanding against these homes. But if we add delinquent taxes, judgments, and so forth, it is safe to estimate that the indebtedness against these homes is nearly \$2,000,000,000.

Pennsylvania has about 400,000 mortgages in default. About 250,000 home owners are faced with loss of their homes by sheriff sale.

Now let us return to the United States as a whole and see what has been done to save the homes of our citizens from being sold out by auction. The Home Owners' Loan Corporation was a great measure, which will stand out in the legislative program presented by President Roosevelt. It is important that it be administered so as to realize its full potentialities. Let us see if that has been done.

When the Congress passed and the President signed the Federal act for the relief of distressed homes millions of our best citizens breathed a sigh of relief. They told themselves that their homes were safe. At least that much was sure.

That was in June 1933. Since then 9 months have passed. The time has come when we must know exactly how much the Home Owners' Loan Corporation has accomplished. We must determine what changes must be made in the law and in its administration.

LATEST HOME OWNERS' LOAN CORPORATION FIGURES

The last figures available are before me. They are as of the close of business March 9, 1934.

One million thirty-one thousand three hundred and forty-nine applications are now pending in the various offices of the Home Owners' Loan Corporation. They total \$3,203,794,222. These applications, let me emphasize, are still pending. One hundred fourteen thousand six hundred and seventy-eight loans totaling \$325,151,720 have actually been closed throughout the United States. Only \$325,000,000 of loans closed out of a total of from 6 to 8½ billions which are eligible. It is, of course, more just to compare the total number of loans closed with the total of applications pending, but even here the result is quite disappointing.

However, we must remember that the Home Owners' Loan Corporation did not in reality start to function until about the middle of October 1933. In the first 3 months of its operation only 369 loans were closed, totaling a little more than \$1,000,000. By October 21, about 4 months after it started operations, 1,761 loans totaling \$5,103,000 had been closed.

It took about 4 months to set up an organization in most parts of the country and to get it going. That would not be unreasonable, but let us see what the progress has been since. In the 4-week period subsequent to October 21, 7,052 loans were closed, totaling \$20,704,000. At the present time the Home Owners' Loan Corporation is so geared that in a

4-week period it closes about 40,000 loans, totaling over \$110,000,000, but this is still utterly inadequate. At this rate, it would take the Home Owners' Loan Corporation 4 years to relieve the distress of the two and one-half million home owners who need the Corporation's aid, if all should apply, which is not to be expected.

It is clear to me, as it must be to every student of the problem, that the Home Owners' Loan Corporation, while its operations have been speeded up tremendously, is still disappointingly slow. Its speed must be doubled at the very least.

HOME OWNERS' LOAN CORPORATION IN PENNSYLVANIA

Now, let us look at Pennsylvania—what has been done by the Home Owners' Loan Corporation there, and how does it compare with other States? The various branches of the Home Owners' Loan Corporation in Pennsylvania, as of March 9, had received 48,843 applications, totaling \$154,320,269. Pennsylvania has closed 5,197 loans, totaling \$14,736,412, slightly less than 10 percent of the applications received.

Another comparison: Pennsylvania today is far behind Ohio, Michigan, California, and Massachusetts. Here are the figures:

State	Number of loans closed	Amount of loans	Population (1930 census)
Ohio.....	20,181	\$62,161,000	6,647,000
Michigan.....	9,725	27,822,000	4,842,000
California.....	6,725	18,965,000	5,677,000
Massachusetts.....	3,963	17,017,000	4,249,000
Pennsylvania.....	5,197	14,736,000	9,631,000

This comparison is not favorable to Pennsylvania. Ohio, with a population of only two thirds of that of Pennsylvania, has four times as many loans closed. Michigan, with a population of one half of that of Pennsylvania, has nearly twice as many loans closed.

I have examined the statistics which are available of the total mortgage indebtedness of these States and have compared them with Pennsylvania's. I can find no justification in these figures for the slowness of Pennsylvania. The operations leading to a home loan are extremely complicated. We hope they will be simplified so that the closing of loans may be speeded up.

Pennsylvanians have been patient. They have filed their applications and are now awaiting results. The time has come when they are entitled to them. The officials of the Home Owners' Loan Corporation throughout Pennsylvania are now speeding up their operations, and we sincerely hope they will give us these results.

Up to this point I have stated the gigantic problem of home relief confronting the United States. One hundred and fifteen thousand families in the United States have had their homes saved. But that is not enough. The process has been slow—painfully slow. Quicker action is necessary in Pennsylvania and throughout this country.

EXPANSION OF HOME OWNERS' LOAN CORPORATION ACTIVITIES NEEDED

In dealing with this aspect of the problem, I want to call attention to one figure which is especially significant. I have said that the applications already filed with the Home Owners' Loan Corporation total more than \$3,200,000,000.

Keep this in mind, and compare it with another fact—the Home Owners' Loan Act of 1933 authorizes the Home Owners' Loan Corporation to issue a maximum of \$2,000,000,000 of bonds. The Home Owners' Loan Corporation Board now considering legislation to amend the 1933 act, does not intend to increase the bond authorization, with the minor exception that the loans already made by the Home Owners' Loan Corporation will not be debited against the two billions authorized.

What does this mean? It means that no provision is made for almost \$1,000,000,000 of home applications already filed with the Home Owners' Loan Corporation. That is only the most obvious danger in the contemplated policy. What of the additional three to four and one-half billions

of dollars of distressed homes? What of unencumbered homes, whose owners wish to borrow on them for repairs, or for other useful purposes? What of the million and more homes which can be built in this country in the next 2 years, if financing is made available?

I shall now discuss these needs more fully, and at the same time explain the measures which I have introduced in Congress to meet them.

A few days after Congress convened I introduced a bill providing for the guaranty of the principal of the bonds, and I shall first deal with that feature of the law.

SET-UP OF HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation is a corporation created in June 1933 by an act of Congress.

Although its entire capital stock of \$200,000,000 is owned by the Federal Government, the corporation is a separate and distinct entity and not a part of the Government.

Under the present law, the Federal Government guarantees the interest of the Corporation's bonds but does not guarantee the principal. This has caused no end of difficulties in administering the law. Mortgage owners, particularly insurance companies, banks, and building and loan associations, were reluctant to accept these bonds and in many cases determined not to do so.

GUARANTY OF THE BONDS

It became clear very soon after the act had been passed that the lack of guaranty of the principal of the bonds by the Federal Government presented a serious difficulty.

In a message sent to Congress by President Roosevelt on February 28, 1934, the President expressed the view that since the Government was responsible for the creation of the Home Owners' Loan Corporation and had repeatedly appealed to the people of the United States to accept the bonds in exchange for home-loan mortgages, there was a definite moral obligation on the Federal Government to see that the principal amount of the bonds was paid. Therefore he recommended the guaranty of the principal of the bonds by the Federal Government.

There is no opposition to this proposal, so it may be stated with much confidence that it will shortly become the law of the land—it has already been passed by the Senate.

The present law provides that the Home Owners' Loan Corporation shall have the power to issue bonds not exceeding \$2,000,000,000. The Home Owners' Loan Corporation is sponsoring a bill which would retain this provision, with an amendment to the effect that bonds already issued or agreed to be issued by the Corporation shall not be included in the total of \$2,000,000,000.

The bill which I have introduced provides that the Home Owners' Loan Corporation shall have the power to issue bonds up to \$5,000,000,000. Why?

INCREASE IN THE AMOUNT OF BONDS

As of March 9, 1934, 1,031,349 applications had been received by the Home Owners' Loan Corporation totaling \$3,203,794,222. It is clear that a limit of \$2,000,000,000 is utterly insufficient to take care of the applications which have already been filed, and which will be filed in the future, with the Home Owners' Loan Corporation.

In fact, it would seem to be dangerous to maintain that provision in the law, because it might induce the officials of the Home Owners' Loan Corporation either to stop the receipt of further applications or to eliminate thousands of applications already received, to prevent the total of applications from exceeding the limit of \$2,000,000,000.

In considering amendments and changes of the Home Owners' Loan Act of 1933 we are faced with making a decision on a problem of fundamental policy.

The Home Owners' Loan Act of 1933 was passed to relieve distress among home owners and save them from foreclosure. But many of my colleagues, including myself, feel that the time has come now to extend the function of the Home Owners' Loan Corporation and to make it not merely an agency for relief of distress but an instrument for active and vigorous promotion of recovery.

EXPANDING THE SCOPE OF THE HOME OWNERS' LOAN CORPORATION

I feel that now is the time for the Federal Government to lend its aid to the stimulation of the construction industry by giving the Home Owners' Loan Corporation power to provide funds for extensive repairs to homes and for the construction of new homes.

NEED FOR NEW HOME CONSTRUCTION

The building industry is probably in worse condition than any other in the United States. Normally it employs directly and indirectly four and one half million men. Of these, about 75 percent are out of employment today.

For the years 1923 to 1926 the yearly average for new home construction in 257 cities was \$2,200,000,000. In 1932 we spent in these same cities only \$103,500,000, and in 1933 it is estimated that the total was only \$101,000,000. It is almost unbelievable that during the last 2 years only 5 percent of the money previously employed for that purpose was used for the construction of new homes in the cities of the United States.

Twenty-four governmental agencies in Washington have collected statistics on the need for the construction of new homes. Their estimates vary, but they all agree that for the next few years we need between 500,000 and 800,000 new homes in the United States.

There can be no relief in the United States until we stimulate the construction industry. At present that industry furnishes the highest number of unemployed in proportion to other industries. These men must be fed, clothed, and sheltered. The question is, Shall we put these men on relief rolls or on pay rolls?

I have therefore proposed in my bills that the Home Owners' Loan Corporation be given the power to expend one and one half billion dollars in bonds for the construction of new homes and repair and modernization of existing homes. When we consider the need for modernization and the construction of new homes, we must keep in mind that at present between one third and 40 percent of the population of the United States live in substandard quarters.

I have also proposed that a home owner whose home is free and clear of mortgages be permitted to obtain the bonds of the Home Owners' Loan Corporation in exchange for a first mortgage to be given to that Corporation up to 60 percent of the value of the home. The home owner could use the funds thus obtained for the repair and modernization of his home or in his business.

HOME OWNERS' LOAN CORPORATION DOES NOT AFFECT UNITED STATES BUDGET

It should be remarked before we go any further that these changes in the Home Owners' Loan Act would in no way affect the Budget, nor would they necessitate the borrowing of a single dollar by the Government or the levying of any additional taxes. The funds for these purposes would be provided by the issuance of bonds of the Home Owners' Loan Corporation. Since these bonds are guaranteed both as to principal and interest, there would, of course, be a contingent liability on the Government; but if the Corporation is prudently and efficiently managed and if adequate security is taken for all loans made, there should be no loss at all to the Government.

There is one further proposal which I have made in my bills and which is of much importance to the country. After the bonds of the Home Owners' Loan Corporation are guaranteed by the Federal Government they will be, in effect, Government obligations. They should therefore have all the privileges attached to Government obligations.

CIRCULATING PRIVILEGE FOR HOME OWNERS' LOAN CORPORATION BONDS

Under the present law, which was just a few weeks ago extended by Congress, Federal Reserve banks and national banks have the right to obtain circulating Federal Reserve notes and national bank notes on the security of direct obligations of the Government. I have proposed that with the guaranty of the bonds by the Government the bonds of the Home Owners' Loan Corporation should be given the same privilege. This would permit the Home Owners' Loan Corporation to sell the bonds at a somewhat lower rate of interest and thus inure for the benefit of the home owner.

I have shown that what we need is a more efficient and speedy administration of the Home Owners' Loan Corporation and an expansion of its powers. In that way we would provide true relief for the masses of the home owners of the United States and go a long way toward bringing back recovery.

Now, I should like to deal with housing conditions as they exist today and with the need for conscious social planning for the housing of the American people.

LIVING CONDITIONS IN THE UNITED STATES

We call ourselves the most advanced Nation of the world, yet 40 percent of the people of the United States occupy dwellings that do not permit a standard of living in decency and comfort.

Surprising as it may sound, we find tenements in Pittsburgh, in Chicago, and in New York, and in many other cities, which house from 3 to 13 human beings in a single room, which have a single hall toilet for from 2 to 10 families, and which in many cases have only an outside toilet.

Never before have the United States had such a splendid opportunity and perhaps never again will have such an easily available method of providing decent, humane shelter for millions of Americans.

NEW HOME CONSTRUCTION

It seems to be conceded by the responsible authorities in Washington that the construction of new single-family homes on a large scale is extremely desirable at this time, both for the purpose of stimulating the construction industry, and thus providing mass employment, and also for the purpose of supplying a shortage of single-family homes. The question which is still being debated in the Nation's Capital is by what method the Government can best assist in this matter.

I can see no better method of bringing this about than by utilizing the huge machinery already set up by the Home Owners' Loan Corporation. That Corporation has an agency in every county in the United States, has trained thousands of employees, and has accumulated considerable experience in dealing with loans to home owners.

I have proposed in my bill that the Home Owners' Loan Corporation exchange its bonds for mortgages on newly constructed homes to the extent of 75 percent of the combined value of lot and new dwelling.

Alternative plans have been suggested. It has been suggested that Congress pass new legislation to permit the Reconstruction Finance Corporation directly to discount mortgages placed on new homes. This plan meets with obvious objections. The Reconstruction Finance Corporation does not have the machinery to deal with individual owners of mortgages, nor does it have any way in which it could pass on the soundness of titles. All this machinery is already provided in the set-up of the Home Owners' Loan Corporation, existing throughout the United States.

In this connection it is interesting to examine a survey which has been made by the Research Division of the N.R.A. under the able supervision of its director, Alexander Sachs. The economic experts of the N.R.A. estimate that, because of the increase in the number of new families, the need for replacement of homes abandoned and burned down and the necessity for improving the standard of housing, this country requires the construction of about 800,000 new individual one-family homes during the next 2 years, at a total expenditure of about two and one half billion dollars.

I conclude by calling attention to the need for conscious community planning and building.

COMMUNITY PLANNING

The layout of practically all our cities of today is more or less accidental. The various parts of the city were planned without regard to, or coordination with, each other. In many cases, individual units in the neighborhood were planned without realization of the relation of the unit to the rest of the neighborhood.

The time has come when we should experiment with the construction of large-scale housing in integrated units. I have in mind the planning and simultaneous construction of new sections of cities which will provide adequate housing

in rows of individual dwellings, or in rows of two- or three-story flats, to be surrounded by sufficient gardens, parks, and playgrounds. Such a section could well include a community kindergarten, a conveniently located market, planned as part of the housing development, a school and many other integral parts of a well-ordered community.

On housing, whether in individual family units, in socially planned sections, or in small communities within cities, we could usefully spend billions of dollars. A housing program treated in an intelligent way and on a sufficiently large scale could well bring us back to prosperity.

HOME OWNERS' LOAN CORPORATION TO HELP BUILD SMALL HOMES

The Home Owners' Loan Corporation, with its machinery extending to every county of the United States, could play a large part in such a program. While the emergency exists and building funds are not obtainable from private sources, it provides a marvelous opportunity for the financing of the construction of small individual homes without cost or expense to the Government.

This would create employment, put money into circulation, and help to pull us out of the depression. Moreover, it would be the beginning of a program that could well be carried on for a generation to come until all of America is housed in a decent, humane, and comfortable manner.

ACHIEVEMENTS OF THE HOME OWNERS' LOAN CORPORATION

In the Home Owners' Loan Act the Roosevelt administration has created one of its most useful instruments. With the gradual improvement of the machinery of the administration of the act, it is hoped that perhaps a million home owners in the United States will be saved from foreclosure. The Home Owners' Loan Corporation lends itself equally well to the construction of new homes. It could in that manner become a measure for recovery in a positive sense.

The Home Owners' Loan Act will teach us far-reaching lessons. It has shown that the financing of the American homes must be by long-term mortgages and at low rates of interest. It will be of tremendous benefit to the home owners of the country, and, if properly administered, can become one of the outstanding achievements of the administration of President Roosevelt.

OLD-AGE PENSIONS

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. DUNN. Mr. Speaker, I wish to state, it is my opinion that as long as we have a system of government permitting 4 percent of its citizens to own 96 percent of the wealth of our country there will be depressions. It is a fact there are millions of citizens in the United States who are in need of the necessities of life. This condition should not prevail in a country like ours where there is an abundance of everything which is essential to satisfy human needs. The sad plight of our unfortunate citizens could be remedied within a brief period of time if the Congress of the United States would enact the following progressive and humane legislation: Pensions for the aged, widows, and all those who are physically incapacitated, unemployment insurance, reimbursement for unpaid school teachers (regardless of creed, race, nationality, or color), guaranteeing the safety of people's money in all banks and all other institutions of finance, abolition of sweat shops, slum districts, and chain-gang systems, discontinuance of inhuman treatment of prison inmates, less money for battleships and other things that destroy human life, but more money for education and the eradication of the causes of depressions, legislation which will benefit the ex-service men and their dependents, Federal employees, farmers, coal miners, and all others who labor for a livelihood.

I am sure that if Congress would pass the legislation herein mentioned, undoubtedly ours would be the kind of Government for which our forefathers fought and died—"a government of the people, for the people, and by the people."

Mr. CONNERY. Mr. Speaker, I would not take up the time of the House at this moment if it were not for the fact

that I was not in the Chamber when my good friend from Texas [Mr. BLANTON], as I understand, attacked the American Federation of Labor. From what I understand he said, he is in sympathy with the automotive manufacturers of Detroit in their fight against the American Federation of Labor.

Mr. BLANTON. I did not say that. I said for any organization at this particular time to incite any trouble was disloyalty to the President of the United States.

Mr. CONNERY. That is just what I want to talk about now. Yesterday afternoon in the office of the gentleman from Pennsylvania [Mr. DUNN], my colleague, who is a member of the Labor Committee, I was shown I do not know how many affidavits signed by workers from the city of Pittsburgh who were seeking to form bona fide union organizations in the plants out there. Among those affidavits were affidavits of men who had gone into these plants after company-union elections had been held and foremen had discharged these men because they had not voted for the company union, and the most scurrilous language was used to these men because they had refused to vote for the company unions. I cannot even attempt to repeat on the floor of the House of Representatives the language which was used to these men and the abuse which was heaped upon them. That is going on all over the country. I have letters from every part of the United States on this very matter. That is why Senator WAGNER introduced the Wagner bill in the Senate and why I introduced the Connery bill in the House, known as the "Wagner-Connery bill", to put teeth in the Labor Board set-up, so that we can do away with company unions. In the Senate when the N.R.A. bill was under consideration Senator NORRIS, of Nebraska, and Senator WHEELER, of Montana, made it plain that they would not subscribe to an amendment which sought to put company unions in the N.R.A., and all the debate in the House and in the Senate at that time when that bill came up was to the effect that N.R.A. would be no good for labor unless the clause 7-a absolutely did away with company unions. These company unions are the bane of labor and workers in the United States, and that is the real fight today.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I will yield to my friend in a few moments. The fight at Detroit today is not the fight of the American Federation of Labor to control industry. It is a battle of the workers in Detroit to organize themselves into a real, honest, bona fide labor union, not controlled by the automotive manufacturers, but a real workers' union; and the American Federation of Labor, as it always has done in the past, is aiding those workers to get their rights to organize under 7-a of the National Recovery Act. Do not forget what the President of the United States said a short time ago—and I wish to repeat what I have said frequently in public, that I think Franklin D. Roosevelt is the greatest President the United States has had since Abraham Lincoln. [Applause.] He is a humanitarian and has the interest and well-being of the exploited workers in industry deeply at heart.

The President in his speech to the N.R.A. conference in Constitution Hall said that the language in the N.R.A. giving labor the right to organize and the right of collective bargaining means exactly what it says, and the American Federation of Labor is fighting the battle of the President of the United States in insisting that the workers in Detroit and every place else in the United States get their rights to organize under the N.R.A. I yield to the gentleman from Texas.

Mr. BLANTON. Does my friend from Massachusetts believe that in this particular moment the American Federation of Labor ought to call out on strike 250,000 men who now have good positions, who are the heads of families, who are working 36 hours per week on good pay, and who are satisfied, simply because it insists on the men having a union card, and the unions demanding that \$6,000,000 be turned over to them in monthly dues by these auto factories?

Mr. CONNERY. Why does not the gentleman from Texas put the burden of this threatened strike where it belongs, on

the manufacturers who are breaking the laws of the United States, and not try to shift the burden onto the workers?

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. WEIDEMAN. Just for a brief statement in answer to the gentleman from Texas. If there is any labor disorder in Detroit, the responsibility rests upon the shoulders of the manufacturers of the city of Detroit, because we have passed a law here giving labor the right to organize, and I have talked with representatives of Detroit factories, and they have told me that they will not obey the mandate of Congress, and I for one am going to uphold the sanctity of the laws of the Congress of the United States and the will of the President. Congress gave to big business the right to combine to fix prices; they suspended the antitrust laws. And in the same law it gave to the laborers the right to be organized and to be affiliated with a union of their own choice, the right to collective bargaining, and freedom from control of a company union. That is the law to be enforced equally on both sides.

As far as I am concerned, there will be only one code and interpretation of laws. The laws of this country should apply with equal fairness to both the manufacturer and to the worker. I sincerely hope that the law will be followed at this time and that there will be no strike.

American justice demands the equal protection of the laws to all classes of citizens, without the interference of any influence whatsoever.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes more.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, is any other business coming before the House this afternoon?

Mr. BYRNS. Mr. Speaker, I reserve the right to object. We have a conference report that we desire to consider and dispose of, and then there is the legislative appropriation bill; and under general debate on that bill the gentleman will have the right to discuss this or any other subject in order in general debate. We are then to follow it with the tariff bill; and I do think the gentleman should give us an opportunity to proceed with the business before the House. I object.

CONFERENCE REPORT, AGRICULTURAL APPROPRIATION BILL, 1935

Mr. SANDLIN. Mr. Speaker, I call up the conference report upon the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Louisiana calls up a conference report and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement of the conferees.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5 and 6.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 19, 21, 29, 30, 31, 33, and 34, and agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered

17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,348,619"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,394,323"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$230,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$312,701"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$136,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$16,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 3, 4, 25, 26, 27, 28, 32, and 35.

JOHN N. SANDLIN,
M. J. HART,
CLARENCE CANNON,
J. H. SINCLAIR,
LLOYD THURSTON,

Managers on the part of the House.

RICHARD B. RUSSELL, Jr.,
CARL HAYDEN,
HENRY W. KEYES,
GERALD P. NYE,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

CORRECTIONS OF TOTALS, PUNCTUATION, SPELLING, ETC.

The following amendments relate to the correction of totals to correspond with the action taken as to specific items, corrections of punctuation and spelling, perfection of style, etc.:

Amendments nos. 2, 6, 7, 8, 9, 10, 12, 13, 15, 16, 18, 19, 27, 28, 29, 31, 34, and 35.

On amendment no. 5: Eliminates the appropriation of \$10,000 provided by the Senate for the establishment of a meteorological station at Missoula, Mont.

On amendment no. 11: Dutch elm disease research: Retains \$50,000, as provided by the Senate, for an additional amount, under forest pathology, for research on the Dutch elm disease.

On amendment no. 14: Western irrigation agriculture: Appropriates \$12,000 of an unexpended balance, as proposed by the Senate, for an additional amount for western irrigation agriculture.

On amendment no. 17: Forest-fire cooperation: Appropriates \$1,348,619 instead of \$1,198,619, as proposed by the House, and \$1,498,619, as proposed by the Senate, for forest-fire cooperation.

On amendment no. 20: Japanese-beetle control: Appropriates \$230,000 instead of \$203,010, as proposed by the House, and \$279,030, as proposed by the Senate, for Japanese-beetle control.

On amendment no. 21: Phony-peach eradication: Strikes out the House language requiring that expenditures for phony-peach eradication be matched by the State, county, or local authorities or by individuals or organizations.

On amendment no. 22: Corn borer research: Provides an increase of \$50,000 instead of an increase of \$100,000, as proposed by the Senate, in the funds for corn borer research under the appropriation for cereal and forage insects.

On amendment no. 23: Cotton insects: Provides a direct appropriation of \$136,000 as proposed by the Senate instead of \$114,763, as proposed by the House, for cotton insects, and strikes out the Senate language reappropriating \$39,000 as an additional amount for the same purpose.

On amendment no. 24: Foreign plant quarantines: Appropriates \$16,000 instead of \$95,000, as proposed by the Senate, out of an unexpended balance, as an additional amount for foreign plant quarantines.

On amendment no. 30: Crop and livestock estimates (relating to corn): Permits the preparation and publication of reports stating the intention of farmers as to the acreage to be planted in corn instead of forbidding the same as proposed by the House.

On amendment no. 33: Grasshopper control: Appropriates \$2,354,893, as proposed by the Senate, instead of \$2,000,000, as proposed by the House, for grasshopper control.

AMENDMENTS IN DISAGREEMENT

The committee on conference report in disagreement the following amendments of the Senate:

On no. 1: Establishing the position of Under Secretary of Agriculture.

On nos. 3 and 4: Increasing the allotment for expenditure for allowances for living quarters for employees in the Foreign Service of the Department and striking out the provision which limits to \$720 the amount which may be so expended for any one person.

On no. 25: Appropriating \$300,000 for control and prevention of spread of Dutch elm disease.

On no. 26: Appropriating \$360,000 for control and prevention of spread of the gypsy and brown-tail moths.

On no. 32: Authorizing an expenditure of \$10,000 from the funds available for carrying into effect the Agricultural Adjustment Act for the share of the United States as a member of the International Wheat Advisory Committee.

JOHN N. SANDLIN,
M. J. HART,
CLARENCE CANNON,
J. H. SINCLAIR,
LLOYD THURSTON,

Managers on the part of the House.

Mr. SANDLIN. Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 1: Page 2 of the bill, line 4, after the word "Agriculture", insert "Under Secretary of Agriculture, \$10,000, and there is hereby established in the Department of Agriculture the position of Under Secretary of Agriculture, to be appointed by the President, by and with the advice and consent of the Senate, and whose compensation shall be at the rate of \$10,000 per annum."

Mr. SANDLIN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. SNELL. Will the gentleman yield for a question?

Mr. SANDLIN. I will.

Mr. SNELL. What information was there before the committee that influenced the committee to believe it was necessary to have an under secretary of Agriculture at the present time?

Mr. SANDLIN. We held quite extensive hearings before the subcommittee on that question. Based on those hear-

ings, the subcommittee included this provision in the bill, which was reported to the Committee on Appropriations. It went out on a point of order, as it was legislation. Then the bill went to the Senate, and they put it in there. The conference committee accepted it. There are three or four departments of the Government which have under secretaries who draw this salary.

Mr. SNELL. I do not care about what is happening in other departments. What is the real reason that we must have an under secretary here? It has been the traditional policy of Members on the Democratic side to oppose creating the position of under secretary. I should like to know what has made them change their position at this time?

Mr. SANDLIN. The reason is that the Secretary of Agriculture is doing so much work that he needs additional help to handle it. We have been doing so many things for agriculture that we on this side thought he should be given this under secretary. Everybody knows, with all the legislation that has been passed by this Congress, it has placed upon the Secretary of Agriculture many additional duties. There is not a Cabinet officer whose duties have been enlarged as much as those of the Secretary of Agriculture by legislation passed by this Congress.

Mr. SNELL. I agree with the gentleman to that extent, but how many extra men have already been assigned to the Department of Agriculture from the various other departments, who are drawing their pay not through the regular established appropriations for the Department?

Mr. SANDLIN. I cannot give the number that have been assigned.

Mr. SNELL. Is it not a fact that they have assigned new men to take care of all the temporary duties? It is the understanding that these are only temporary duties. Why not let the men who have been assigned there take care of those duties and not create a position, because, if you create that position, it will last for all time.

Mr. SANDLIN. That is probably true, but the evidence before our committee showed that, with the exception of the Secretary of Agriculture, there is no one down there who could sign certain papers. The Chief of the Weather Bureau had to perform the service of an under secretary. There was no other man there who could sign certain documents and papers except the Chief of the Weather Bureau.

Mr. SNELL. But there are several men down there who could be designated to sign any papers which required to be signed.

Mr. SANDLIN. It could be done by passing a law authorizing them to do it.

Mr. SNELL. I would not create a new position at a salary of \$10,000 a year simply to have somebody to sign some papers.

Mr. SANDLIN. Of course, there are other duties he will have to perform.

Mr. SNELL. But we do know that there are any number of men who have been assigned there to perform all the extra duties. This new legislation is not supposed to be permanent, but you are creating a permanent position.

Mr. SANDLIN. Will it change the position of the gentleman if he hears what the Secretary of Agriculture had to say about it?

Mr. SNELL. I should like to hear it.

Mr. SANDLIN. I read what the Secretary had to say about it:

In order to more effectively handle the constantly increasing pressure of the business which must be dealt with in the executive offices of the Department, there exists an urgent need for an additional assistant to the Secretary of Agriculture. Such a position, with the designation of "Under Secretary", following the precedent established in the cases of the State and Treasury Departments, was included in the Budget estimates as submitted to Congress by the President. However, this was not included in the agricultural appropriation bill, as passed by the House. No additional appropriation will be required, as funds are available for the salary of an additional assistant by reason of other payroll reductions.

At present a major portion of the time of both the Secretary and the one Assistant Secretary now authorized for the Department is occupied by personal conferences with producer, trade, and other groups that are vitally affected by current activities of

the Government, from an early hour in the morning until several hours after the regular closing time in the evening. These officers are also called upon to attend numerous legislative hearings, conferences, etc., and to participate in the planning and execution of major recovery and related activities of the administration where it is essential that the agricultural interests be fully represented and coordinated with the general program.

Under these conditions it has become increasingly difficult to give adequate attention to the large volume of business that arises in the ordinary conduct of the affairs of the Department. This represents a business of considerable magnitude and includes the settlement daily of matters involving important public interests. It affects also the transaction of private business in the many lines affected by the scope of work intrusted to this Department by the Congress, especially in connection with the regulatory laws. At present the Secretary and Assistant Secretary are compelled to pass upon a gist of such matters, including leases, contracts, bonds, and other fiscal papers, etc., without the opportunity for informing themselves as completely as they feel both the public interest and their personal satisfaction demand. This situation is aggravated by the fact that having only one Assistant Secretary, in the absence of either the Secretary or the Assistant Secretary the entire burden must be assumed by the other official. This is frankly a physical impossibility if matters to be determined or documents to be signed are to be given the consideration which the public business is entitled to receive.

Mr. SNELL. I appreciate that is all right as far as the Department is concerned.

Mr. TABER. Will the gentleman yield for a question?

Mr. SANDLIN. I yield.

Mr. TABER. Is not the real object of this proposition simply to raise Professor Tugwell's salary from \$8,000 to \$10,000 a year?

Mr. SANDLIN. I cannot answer that question.

Mr. TABER. And to put in another Assistant Secretary in addition?

Mr. SANDLIN. As far as I know, I will say I do not know that that is the fact at all.

Mr. TABER. That is what I understand.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield.

Mr. O'MALLEY. This amendment creates the position of under secretary of Agriculture. Every newspaper in the United States has said that it is to give Mr. Rexford Tugwell, a member of Secretary Wallace's staff, a \$10,000 job. Does not the gentleman feel, in view of all this newspaper publicity, that Rexford Tugwell is going to be promoted to the post of under secretary?

Mr. SANDLIN. Speaking for myself, I may say to the gentleman from Wisconsin that it makes no difference to me what is carried in the newspapers. My action upon this matter is based upon information which leads me to believe the position is justified.

Mr. O'MALLEY. The gentleman thinks we need a new \$10,000 position in this program of farming the farmers of the country?

Mr. SANDLIN. I can speak for my section only. I do not know how it has affected the gentleman's section.

Mr. O'MALLEY. We in Wisconsin know what it has done to us and our information does not come from newspapers.

Mr. SANDLIN. In my section of the country we have received more benefit from the present administration of the Department of Agriculture than we have from any previous administration.

Mr. O'MALLEY. That is not the situation in the State of Wisconsin, though I know the South has been well taken care of. Mr. Tugwell's brain waves have not helped our situation one whit, insofar as the dairy problem is concerned.

Mr. SANDLIN. The gentleman, of course, is advised as to his section, and as to that I shall not attempt to argue with him.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield.

Mr. MOTT. Is it to be understood that if this position is created, Professor Tugwell will get it?

Mr. SANDLIN. Do not put into my mouth something I did not say or do not know. I say I do not know whether he will or not.

Mr. MOTT. Then I will tell the gentleman that is the fact.

Mr. SANDLIN. I have no assurance on the subject.

Mr. MOTT. This is what I want to ask the gentleman: When this office is created and Mr. Tugwell is appointed under secretary of Agriculture will he not be doing exactly the same work as under secretary that he is now doing as Assistant Secretary?

Mr. SANDLIN. I am not prepared to answer that.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield.

Mr. BLANCHARD. Will this office carry a straight salary of \$10,000 or will this amount be subject to the pay cut?

Mr. SANDLIN. It will be subject to the pay cut.

Mr. SINCLAIR. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield.

Mr. SINCLAIR. There are only three Presidential appointive officers in the Department of Agriculture. There is the Secretary of Agriculture, the Assistant Secretary of Agriculture, and I believe the Chief of the Weather Bureau. It has been found that the duties of the office call both the Secretary and the Assistant Secretary away from the office at times. The Weather Bureau is located a mile from the office of the Secretary of Agriculture, consequently there is no one left in authority when the Secretary and the Assistant Secretary leave the main office, and they have to get an Executive order from the President in order to transact certain phases of the business of the Department.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield.

Mr. SNELL. Does the gentleman from North Dakota know how many additional men are being carried in the Department of Agriculture at the present time from the outside agencies?

Mr. SINCLAIR. I do not know, but it is several thousand.

Mr. SNELL. Several thousand; yet you must create another job! My honest opinion about the matter is, although I cannot prove it, that this proposition is advanced for the purpose of giving another Democrat a job and giving this man Tugwell a \$10,000 salary.

Mr. DINGELL. Mr. Speaker, I beg to correct the gentleman on that point.

Mr. SNELL. I said that was my idea.

Mr. DINGELL. If Mr. Tugwell is the man concerned, he is a Republican and not a Democrat.

Mr. SNELL. Tugwell! Forget it; forget it! He never claimed to be a Republican, and we certainly do not claim him.

Mr. O'MALLEY. Mr. Tugwell is a Republican.

Mr. SINCLAIR. It was the feeling of the committee that there ought to be an under secretary in the Department of Agriculture to keep pace with the other departments of the Government. Agriculture is entitled to that.

Mr. SNELL. Simply to keep pace with the other departments. That is the best excuse given yet. I withdraw my objection.

The SPEAKER. The question is on the motion of the gentleman from Louisiana.

The motion was agreed to.

Mr. MOTT. Mr. Speaker, will the gentleman from Louisiana yield that I may ask the Republican member of the committee a question?

Mr. SANDLIN. Certainly.

Mr. MOTT. Can the gentleman from North Dakota tell me whether or not it is a fact that when this office of under secretary is created and Professor Tugwell is appointed to the office, he will not be doing exactly the same work as under secretary of Agriculture that he is now doing as Assistant Secretary of Agriculture; that the only difference will be an amount of \$2,000 increase of salary?

Mr. SINCLAIR. No; I do not think that is true; I think he will do different work entirely. This under secretary will do additional work.

Mr. MOTT. That is what I am getting at. Now, what is the additional work that Mr. Tugwell will do as under secretary of Agriculture?

Mr. SINCLAIR. There was not fully explained to the committee exactly the nature of the work, but it was felt

that the business of the Department of Agriculture had increased and was increasing all the time and that there was need for an additional person to help carry out the work.

Mr. MOTT. Will the gentleman answer another question? Is it also not a fact that when this office of Under Secretary of Agriculture is created carrying a \$10,000 salary, instead of the \$8,000 for Assistant Secretary of Agriculture, that this one man will be appointed to this position at an increase of \$2,000 a year with a little extra work? Is not that the set-up?

Mr. SINCLAIR. According to my information, that is the fact.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 3: On page 3, line 17, strike out "\$20,000" and insert in lieu thereof "\$22,990."

Mr. SANDLIN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 4: On page 3, line 23, after the parenthesis, strike out "but not to exceed \$720 may be so used for any one person."

Mr. SANDLIN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to the Senate amendment numbered 4 and agree to the same with an amendment as follows: In lieu of the matter stricken by said amendment, insert: ", but the amount so used for any one person shall not exceed the amount permitted by law to be so used, during the fiscal year 1935, for any one person in the Foreign Service of the Department of Commerce."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 25. On page 55, after line 22, insert: "Dutch elm disease: For control and prevention of spread of the Dutch elm disease in the United States, \$300,000."

Mr. SANDLIN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to Senate amendment no. 25 and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Dutch elm disease: For control and prevention of spread of the Dutch elm disease in the United States, \$150,000: *Provided*, That this sum shall be reduced by an amount equal to any amount that may hereafter be allotted for the purposes named herein from any Federal relief or other Federal emergency appropriations."

Mr. SNELL. Will the gentleman yield for a question?

Mr. SANDLIN. I yield to the gentleman from New York.

Mr. SNELL. As I understand, some of these emergency organizations at the present time are allotting money for this work, are they not?

Mr. SANDLIN. Yes.

Mr. SNELL. They are allotting some money?

Mr. SANDLIN. Several thousand dollars.

Mr. SNELL. I know the people in the northeastern section of the United States are very much disturbed over the spread of the disease. Personally I know nothing about it, but several have written me and said it should be studied and controlled before it gets too far.

Mr. SANDLIN. We think a sufficient amount has been allotted.

Mr. SNELL. The gentleman thinks there is a sufficient amount to make the study that is necessary and to control the spread of the disease so far as we can at this time?

Mr. SANDLIN. Your committee thinks so; yes.

The SPEAKER. The question is on the motion of the gentleman from Louisiana.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 26: On page 55, after line 24, insert: "Gypsy and brown-tail moths: For the control and prevention of spread of the gypsy and brown-tail moths, \$360,000."

Mr. SANDLIN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to the Senate amendment no. 26 and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert: "Gypsy and brown-tail moths: For the control and prevention of spread of the gypsy and brown-tail moths, \$360,000 of the sum allotted for this purpose for the fiscal year 1934 by the Public Works Administration shall be available only for expenditure during the fiscal year 1935."

Mr. KENNEY. Mr. Speaker, I submit a preferential motion.

I move that the House recede and concur in Senate amendment no. 26.

May I ask the chairman of the committee the effect of the proposed amendment?

Mr. BUCHANAN. The effect of Mr. SANDLIN's amendment is to give to the Department of Agriculture \$360,000 to maintain the moth-free zone around the moth-infested area for the next year. The Department says this will be sufficient.

Mr. BEEDY. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Maine.

Mr. BEEDY. When this bill left the House is it true that it only appropriated \$300,000?

Mr. BUCHANAN. It included nothing; but it was supposed that the Public Works Board had modified their resolution setting aside some \$2,000,000 for the control of the gypsy moth and that \$360,000 would be available for the next fiscal year, 1935. The Department became in doubt as to whether this new resolution was sufficient under the ruling of the Comptroller General for the Public Works Board to spend this money. The amendment offered by the chairman of the subcommittee simply takes the money from them and appropriates it for the next fiscal year and leaves no doubt about the \$360,000 being available. Mr. Strong says this is sufficient to carry on the ordinary activities and to maintain the moth-free zone and that is all that is necessary.

Mr. KENNEY. Do we actually make this appropriation here?

Mr. BUCHANAN. We actually make it in this bill.

Mr. KENNEY. So that we are appropriating money now in the hands of the Public Works?

Mr. BUCHANAN. We are appropriating money that has been allotted for expenditure to the Department of Agriculture that has not been spent.

Mr. KENNEY. What assurance do we have that the Public Works will turn the money over to the Agricultural Department?

Mr. BUCHANAN. This is the law. This takes it from the Public Works.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. KENNEY. I yield.

Mr. WOLVERTON. I think the gentleman from Texas [Mr. BUCHANAN] will remember that an amendment was offered by myself when this bill was originally before the House providing an appropriation of \$300,000 for this purpose. If the motion now made by the gentleman from Louisiana is carried, will it have the same effect as appropriating \$360,000 for this purpose?

Mr. BUCHANAN. Exactly the same effect.

Mr. KENNEY. Then I understand that the effect of the motion made by the chairman of the subcommittee is vir-

tually the same as my preferential motion, so far as the amount of money is concerned.

Mr. BUCHANAN. So far as the \$360,000 is concerned, it is.

Mr. KENNEY. Mr. Speaker, I withdraw my motion.

The SPEAKER. The question is on the motion of the gentleman from Louisiana [Mr. SANDLIN].

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 27: Page 56, line 4, strike out "\$2,882,309" and insert in lieu thereof "\$3,739,566."

Mr. SANDLIN. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to Senate amendment no. 27, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,130,536."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 28: On page 56, in line 5, strike out "\$632,430" and insert in lieu thereof "\$674,430."

Mr. SANDLIN. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to the Senate amendment numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$669,430."

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 32: Page 81, after line 7, insert:

"INTERNATIONAL PRODUCTION CONTROL COMMITTEES

"During the fiscal year 1935 the Secretary of Agriculture may expend not to exceed \$10,000, from the funds available for carrying into effect the Agricultural Adjustment Act approved May 12, 1933 (Public, No. 10, 73d Cong.), the share of the United States as a member of the International Wheat Advisory Committee or like events or bodies concerned with the reduction of agricultural surpluses or other objectives of the Agricultural Adjustment Act, together with traveling and all other necessary expenses relating thereto."

Mr. SANDLIN. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 35: Page 83, line 15, strike out "\$59,428,887" and insert in lieu thereof "\$60,991,037."

Mr. SANDLIN. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SANDLIN moves that the House recede from its disagreement to Senate amendment no. 35 and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$60,232,007."

The motion was agreed to.

DEPARTMENT OF AGRICULTURE

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement comparing the total appropriations as finally agreed upon with the Budget estimates and the totals of the bill as passed by the House and as it passed the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The statement is as follows:

DEPARTMENT OF AGRICULTURE

Statement comparing the total appropriations as finally agreed to with the amount of the Budget estimates and the totals as the bill passed the House and as it passed the Senate:

Budget estimates.....	\$62,227,005
Total as passed the House.....	59,428,887
Total as passed the Senate.....	61,001,037
Total agreed to in conference (including tentative agreements as to items brought back in disagreement).....	60,232,007
Increase above total as passed the House.....	803,120
Decrease under total as passed the Senate.....	769,030
Decrease under Budget.....	1,994,998

FARM-CREDIT ADMINISTRATION

The Budget estimate for the Farm Credit Administration is in the sum of \$2,389,666, which is the amount appropriated, there having been no change in the Budget estimates for this service either by the House or by the Senate.

MILEPOSTS IN CONSERVATION

Mr. JONES. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a radio speech delivered by my colleague, the gentleman from Texas [Mr. KLEBERG], on the preservation of wild life.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, pursuant to unanimous consent heretofore granted, I am submitting for printing in the RECORD a radio address delivered by my colleague, Hon. RICHARD M. KLEBERG, on Friday evening, March 16, 1934, on the subject of the legislative program affecting the conservation of wild life.

The address is as follows:

I come to you this afternoon inspired by a combination of what I consider to be both a happy privilege and a duty. I bring you the most important message affecting the conservation of wild life that we have received in a generation. I mean this in all sincerity because those of us in Congress who have witnessed the trends in wild-life thought and legislation feel that the movement for protection and restoration of the wild life of our country has reached the highest point of perfection heretofore attained. In fact, for the first time our country finds itself permanently fortified along lines which insure that future generations will not be deprived of some of the keenest pleasures and experiences that those of us in past generations have enjoyed.

Permit me to review what this legislative program is and then to tell you some of the advantages which inevitably will follow. On Monday of last week the House passed three permanent laws, the combined provisions of these constituting a broad, permanent, and far-reaching national program for the restoration of our wild-life resources. These bills are popularly known or referred to as the "duck stamp" bill, the "coordination bill", and the "Joseph T. Robinson national-forest refuge bill." All three of these had previously passed the Senate and two of them had already been signed by the President. It was my particular privilege to have introduced two of these measures in the House of Representatives—the "duck stamp" bill and the coordination bill. The companion measures in the Senate were introduced by Hon. FREDERICK WALCOTT, of Connecticut, Chairman of the Senate Wild Life Committee. It was also my privilege to present all three of these measures to the House Committee on Agriculture for its approval and then to steer them through the House to final passage. Their provisions are as follows:

The "duck stamp" bill provides that all shooters of migratory waterfowl shall purchase at convenient post offices a \$1 stamp, which must be attached to their State hunting license or certificate. In the House this bill was amended to exempt from its operation minors under the age of 16 and resident owners, tenants, or share croppers who shoot migratory fowl on their own property when found endangering crops or property. Ninety percent of the money raised by the sale of these duck stamps will be used for the purpose of operating and maintaining waterfowl sanctuaries throughout our country. These sanctuaries will be inviolate in which no shooting or hunting will be permitted. They will constitute the breeding, nesting, resting, and feeding grounds of our ducks, geese, and other waterfowls in their migrations north and south across our continent. While no accurate figures are at present obtainable as to the amount of money the sale of these duck stamps will bring in, under estimates by official agencies and others it is reasonably certain that about \$1,000,000 a year will be raised for the purchase of these sanctuaries. The "duck stamp" bill places a large share of the responsibilities for restoring and maintaining our waterfowl population upon those who receive the direct benefits in the way of more birds and better shooting. Every conservation agency in America supported this bill, as well as multiple thousands of individual sportsmen and bird and game lovers. Never has there been such unanimous public opinion for and back of a conservation measure.

Those of you who have followed legislation for the protection of game and the wild-life resources of our country will recall that a few years ago what was called the "dollar license and public shooting grounds bill" was introduced.

This bill was properly confronted with whole-hearted opposition from every corner of our country and you should know the difference between that bill and the present "duck stamp" bill to

prevent confusion which has been brought about through statements by misinformed persons, as well as in some instances through press notices which, while well intentioned were not conversant with the facts. In the case of the dollar license and public shooting grounds bill revenues which were raised from the license were intended for the purchase and development of public shooting grounds where sportsmen could congregate and shoot ducks and geese, thus providing for a concentrated slaughter of the birds, with no provision for places where they might breed, nest, rest, and feed, a principle which could inevitably mean nothing other than the more immediate extinction of our wild life resources and in its final effect be directly opposed to the best interests of our people, our sportsmen, and our wild life. On the other hand, the "duck stamp" bill provides that the revenue raised thereunder will be used for the purchase and maintenance of inviolate sanctuaries or refuges for our birds, where no shooting will be permitted at all. A practical mind could readily see that the inevitable increase and surplus of the birds thus given an opportunity to multiply in their migration from protected nesting and feeding areas will benefit our sportsmen and our younger generation by providing what we hope will be an inexhaustible source of supply. The declining waterfowl population must be restored before more shooting is permitted or possible. So, briefly, the old public shooting ground bill provided for the prompt extinction or extermination of nature's source of many of our outdoor pleasures, where the "duck stamp" bill just enacted guarantees both protection and an increase in the joys of the life the outdoors holds in store for our people.

One million dollars a year over a period of years in this restoration process will not only increase the waterfowl population but will be of enormous benefit to the agricultural interests of the country. To create or restore a waterfowl sanctuary requires certain water levels. This stable water level is provided by the construction of dikes and dams for the impounding of water. In such areas marshes, grasses, and reeds, as well as other plant life affording both shelter and food for waterfowl, will be produced.

Permit me to digress to call your attention briefly to the important relation of the coordination bill to both the "duck stamp" bill and Senator Robinson's bill. The stabilizing influence of the water levels in these various refuges will be a vital and important factor in raising the subterranean water level or water table of the adjacent and surrounding farm lands below these refuges. In the past there has unquestionably been a great amount of highly unfortunate and ill-advised drainage without regard to its effect upon the natural resources of the country. I am convinced that under the coordination bill great and valuable research will be developed and truths brought to light which will mean much to every section of the country engaged in agriculture. Not only our water tables, so important to those who till the soil, but the subterranean water levels involved in wells will be protected from the constant lowering process which has followed in the destruction of certain natural courses for the flow of water under nature's law by this ill-advised drainage, and so forth. There are only two possible causes for the lowering of our water tables and the subterranean level of water in wells. One is caused by drought or lack of rainfall over long periods on the watersheds which supply them and the other is the diversion of the natural flow of water on these watersheds and the dissipation through drainage and evaporation of the great natural reservoirs which supply these levels.

A word in conclusion with reference to the "duck stamp" bill. This measure will provide, through strategically located sanctuaries, for a more orderly and leisurely migration both to and from the breeding and nesting grounds of these birds in their annual migrations. The present highly developed network of lines of transportation and the development of speed in transit of the past few years has brought about a situation which makes it possible for hundreds of sportsmen to be ready and waiting for these birds at practically every place within our land where they might alight in their migration during hunting seasons variously arranged in different States. This situation, in effect, provides that the bands of ducks and geese, when they head south, will constantly be shunted onward, without a chance to rest in our country, until they reach Mexico or other southern climates, where there are no game laws and where these birds are destroyed by market hunters. In Mexico, for instance, a very large percentage of the birds killed for market purposes spoil before they can be sold in the non-refrigerated, open-air center markets, where they are sold all over Mexico. The "duck stamp" bill will inevitably curtail the southern limits of the migration of many of our varieties to where vast numbers of both ducks and geese will never go farther south than the southernmost established sanctuaries under this bill.

The restoration and perpetuation of our wild life go hand in hand with the farming interests of our country. There is no conflict between the two, although in times past this fact has not been as well understood as it will be in the future. Every movement toward the increase of wild life is a movement which will ultimately benefit the farmer. I am happy to know that recently, at a conference held under the direction of the Senate Wild Life Committee on January 25, there were present representatives from the Farmers' Union, the National Grange, and the American Farm Bureau, the three great agencies representing the agricultural and farming interests of the United States. They joined with the representatives of all of the conservation organizations of the country, including the official State agencies, in endorsing the three bills which I have mentioned. This was a new day for conservation.

The coordination bill in itself establishes a policy of cooperation among Federal departments and bureaus engaged in conservation activities. It may be interesting to know that our wild-life resources are administered in some degree by all of our Federal departments, although the Departments of Agriculture, Interior, and Commerce play the most important parts. Under the Department of Agriculture we have the Biological Survey and the Forest Service. Under Commerce we have the Bureau of Fisheries, and under the Interior we have the national parks and the control of erosion. To coordinate the activities of these departments to bring about a closer cooperation and working understanding, to foster a unified policy for wild life, are the purposes behind this bill. Under its provisions utilization may be made of our streams, our forests, and our public domain in the development of a great restoration program for wild life.

POLLUTION

Under the coordination bill there will be begun a Nation-wide correction of conditions which, through pollution of our streams, lakes, and inland bays, has caused untold destruction of fish, migratory, shore, and song birds, as well as in some cases seriously affecting important mammalian wild life.

The national-forest refuge bill was introduced by Senator JOSEPH T. ROBINSON, of Arkansas, the majority leader of the Senate. By Executive order the President of the United States may set aside designated areas within the national forests and on the public domain for the protection of our wild-life resources. These areas must obtain the approval of the States within which they are to be located, thus saving any question as to State rights in the management and control of its own wild-life resources.

Perhaps the greatest benefit that wild life will receive from all of the recovery programs is that which will come from the removal of submarginal land from commercial agriculture. There are literally millions of acres of so-called "farm land" which are not capable of producing enough to justify their cultivation, yet they have entered into competition with more favorable land, causing over production. Thus, these lands help to depreciate the selling price of all agricultural products. There was recently created a Federal Surplus Relief Corporation, with the Government as the sole stockholder, the purpose of which is to purchase these submarginal areas wherever they may be, removing them from cultivation and placing them in the public domain. Many millions of dollars will be expended in such purchases. This gives to the friends of conservation a great hope. Many of these lands are ideally suitable for a great restoration program for migratory and upland game birds, as well as for the four-footed mammals. Former swamp areas which have been drained will undoubtedly be included in these purchases and by the utilization of C.C.G. camps, these areas can be restored to their former highly beneficial use to wild fowl. Those areas in which ducks and geese do not play an important part may well serve an excellent purpose in the restoration of upland game. When the plow no longer turns its furrow, rank vegetation develops and a cover and food supply is established for many varieties of upland game.

Behind these measures is something more than just the restoration of our wild life. Those of us who have for the past generation been outdoors men, have witnessed a gradual but certain decline in the numbers of our birds and our animals. This great heritage, which came to us from our pioneer ancestors, would, in another generation, pass away unless those of us today took measures to perpetuate it. The boys and girls of today are the men and women of tomorrow and they, too, should have the right to enjoy what we did yesterday.

I am extremely proud that it has been my privilege to have been one of the many who has assisted in establishing, once and for all, this great program looking toward the conservation of our wild life, which after all means so much to us in healthful recreation and the building up of a sturdy people.

Conservation is on the high road. The barriers which have so handicapped progress in the past have been removed. Congress, which is responsive to the Nation, has awakened to the value of these natural resources in wild life.

I thank you for this opportunity of giving you this message of hope and cheer.

AGRICULTURE AND THE SUGAR-BEET INDUSTRY

Mr. COCHRAN of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a speech upon agriculture and the sugar-beet industry, delivered by our colleague, the gentleman from Michigan [Mr. WOODRUFF], over the radio, at Washington, D.C., on March 17, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COCHRAN of Pennsylvania. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

My friends, one of the many things engaging the attention of Congress at the present time is the bill to make sugar one of the basic agricultural commodities under the Agricultural Adjustment Act. If the bill should be adopted, it is proposed by the administration to immediately reduce the American production of beet sugar 300,000 tons and give that additional tonnage to Cuba.

This is the first step toward still further reduction and the final destruction of the American beet-sugar industry.

Hon. Henry A. Wallace, Secretary of Agriculture, has charge of the administration of the Agricultural Adjustment Act. Assistant to Mr. Wallace is Prof. Rexford G. Tugwell. The gentleman who will have charge of the administration of sugar, if this bill should become the law, is Mr. A. J. S. Weaver. All three of these gentlemen are on record as believing the sugar-beet and sugar-cane industry in this country to be inefficient, and that as such its existence not justified.

There are more than 100,000 American farmers raising sugar beets. They are planting each year more than 1,000,000 of the most fertile acres in the land to this crop. The sugar beet is a cash crop; it is the one depended upon to pay the taxes on their farms and to meet the mortgage payments. In other words, it insures the beet-raising farmers economic life at a time when other farmers are being dispossessed by the tens of thousands because of their inability to pay their taxes or meet their mortgage obligations.

The proposal of the administration and the public statements of the gentlemen I have named very clearly indicates that, if adopted, the complete destruction of the beet sugar industry will eventually follow. The adoption of this bill as introduced will be the first successful step to this end. I find myself in disagreement with this part of the administration's program.

The President has expressed some concern about the increasing retail price of sugar. I have secured from the Government Departments records of the average price to the consumer of this commodity during the past 45 years, and I find that during the 2-year period of 1932 and 1933 the American housewife bought her sugar for less than any other like period throughout that long term of years. The Presidential information on this point would seem to be inaccurate.

The President also expresses concern about the rehabilitation of the market for our products in Cuba. In a bulletin issued by the United States Department of Commerce in 1932, it is stated that it is apparent that rehabilitation of our market in this island is not possible, because of the recent diversification of agricultural crops in that island, and because our Cuban neighbors have learned the value of producing every possible commodity at home, and have, behind high Cuban tariff walls, brought about the construction of industries which now produce many of the products which she recently bought from us. The Presidential information on this point would seem to be at least incomplete.

I am satisfied that the President is ill-advised, and I voice my criticism as one who puts love of country above partisanship in a sincere effort to warn this administration of what this program will do to the sugar industry, the farmers, the workers in the sugar factories, the workers on the railroads, and in other industries which furnish necessary supplies, together with the sugar consumers of this country, if this program is carried out. I believe that since the destinies of this Nation have been so wholly and completely intrusted to the present Chief Executive, it is the duty of every Member of Congress and every citizen of the United States to aid him by constructive criticism and suggestion; and it is for this purpose that I present the facts as to what this program really means.

I want it clearly understood that I am not leveling personal criticism at the President of the United States or at any other official of the administration, because this is not a matter of personalities. It is a matter of the gravest and most vital economic fundamentals concerning the welfare of every man, woman, and child in this country. Therefore, my opposition is not an opposition to persons, but is an opposition to the program proposed.

It is well known here in Washington that there has been a persistent attempt to destroy the American sugar-beet industry by a small group of financial interests, centered principally in New York and on the eastern seaboard, who control practically the whole of the Cuban sugar industry. Hundreds of millions of dollars have been invested in Cuban sugar plantations and mills by this little group of eastern financiers.

It must be remembered that every job held by a low-wage foreign laborer in the Cuban sugar industry means one less job at higher wages for the American workingman. Every pound of sugar products raised in the tropics and sold in this country means 1 pound less of profitable sugar that may be raised by the American farmer.

The President in his message made it clear that he believes the administration program regarding sugar will result in a saving to the American consumer. Nothing is more clear or better proven than that without domestic competition, foreign sugar is incapable of price control. This was clearly demonstrated in 1919 and 1920. Every housewife of that day will long remember that so-called "sugar debauch" when the Cuban sugar interests raised their raw-sugar price from 5½ cents per pound to 23½ cents per pound within a few months, and finally compelled the American consumer to pay 32 cents per pound for this necessary food product, merely because the beet-sugar supply had been exhausted and the Cuban supply dominated the American market.

Keep in mind that the identical interests who perpetrated that atrocious piece of piracy upon the American consumers are exactly the same interests that control the Cuban sugar industry today and which will control that industry when the domestic industry has been destroyed. They represent in numerous instances the same individuals who have participated in the piracies

in air mail, ocean mail, aircraft manufacturing, stock jobbing, and bank speculation upon the American people.

What person is there within the sound of my voice who for a moment questions what the result would be if this group should again control the American sugar market? What man or woman within the sound of my voice doubts for a moment what the result will be if foreign sugar producers are able to destroy the domestic industry and then set the price that they would charge the American citizen for his sugar?

Do you know, my friends, that the sum wrung from the pockets of the American consumers in that one sugar debauch of 1919 and 1920 was more than sufficient to erect enough beet-sugar factories in this country to supply our entire requirements? Do you know that this levy placed upon American consumers by those in control of the Cuban sugar industry was greater than the duty collected on all sugar imported from Cuba in the following 5 years?

Every year the present duty on sugar saves the American consumer hundreds of millions of dollars by preserving the beet-sugar industry and thus keeping the price at a reasonable level. To place this commodity upon the free list, or to destroy in other ways the American beet-sugar industry, means not alone taking from the American consumer that contingent insurance against high prices for this product but it means that more than a million acres of farm land, now devoted to sugar-beet culture will be devoted to other crops already surfeiting our markets. Hundreds of thousands of farmers will be deprived of a profitable cash crop; hundreds of prosperous farming communities, which owe their prosperity to the establishment of beet-sugar factories in their midst, will be deprived of these benefits; scores of thousands of farmers who today use the money they receive for their sugar beets to pay their taxes, which, without such money, could not be paid during these times, will face eviction and ruin. It is the one crop upon which the American farmer can safely count a profit when he plants his seed. For that reason it is without question the most valuable crop that any farmer raises in any beet-sugar-producing section of this country.

These gentlemen I have mentioned earlier in my remarks seem to believe that we in this country should buy everything we need in the cheapest market, regardless of where in this wide, wide world that market may be.

If that program were followed as a sound theory of economics, we would buy our beef from Argentina; our wheat from Argentina, Canada, and Australia; our wool and mutton from Australia and Argentina; our shoes from Czechoslovakia; our coal from England; our dairy products from New Zealand and Denmark; our beans and peas from Japan, our pork products from Denmark; our tomatoes from Mexico; our onions from Spain. We would buy our cotton from India and Egypt and in the future from Brazil and Russia; our cheese from Italy and Denmark. We would buy our machinery and cutlery from Great Britain, Germany, and Japan; our chemicals from Germany; and so on ad infinitum. And by so doing we would surrender once and for all the thing that has brought more peace, comfort, and happiness to the American people than all else, and that is the American standard of living. And further, we would surrender that splendid capacity for self-containment which, together with thousands of miles of salt water on the eastern, southern, and western borders, places us in a peculiar position on this globe for security, prosperity, peace, and happiness. In these hectic days, when every nation in the world is becoming self-sustaining as rapidly as possible, these facts are not without grave importance.

The Secretary of Agriculture in a recent statement in which he speaks of an economic program that appeals to him said:

"This will involve a radical reduction in tariffs that might seriously hurt certain industries and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for awhile to woolgrowers and to farmers who supply material for various edible oils. I think we ought to face that fact. Now, if we are going to lower tariffs radically there may have to be definite planning whereby certain industries or businesses will have to be retired. The Government might have to help furnish means for the orderly retirement of such businesses and even select those which are thus to be retired."

In conclusion, my friends, I wish to say that I cannot escape the sinister import of that statement of the Secretary of Agriculture. It seems to me that those words should arrest the attention of every citizen, every business man, every industry in this country, because who is going to decide if such a program is adopted based upon such philosophy as that? Who, I ask, is going to decide what businesses shall be destroyed, what businesses shall be permitted to live, what citizens shall be condemned to have their business destroyed, and what citizens shall be favored by permitting their businesses to live? What agency will control, what individual will be the all-powerful arbiter, business executioner, and what motives finally might actuate such an individual? Why, my friends, when I consider these points in the light of the situation and in the light of the whole philosophy of a free democratic government, I stand appalled at the future possibilities of such a program.

DUTY OF THE REPUBLICAN PARTY

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech made by my colleague, the gentleman from New York [Mr. WADS-

WORTH], yesterday before the Women's Republican Club, Washington, D.C.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

A party's right to live depends upon its willingness and ability to serve the country. Lacking the ideal of service, a political party immediately degenerates into a mere job-making and job-holding device, despised and dreaded by all thoughtful people. The Republican Party came into being at a time of great national crisis and devoted its young energies to the service of the country. On other occasions since the days of Lincoln it has met important issues with courage and determination, and it is well to know that whenever it has done so it has enjoyed the overwhelming confidence of the people. And by the same token, when the party falters or evades a fundamental issue, it suffers defeat. Its experience in this respect in recent years should not be forgotten. I am convinced that an issue is arising in this country which demands once more the service of the Republican Party. I visualize a long battle, engaging the earnest attention of millions of people. It will be a political battle, fought with political weapons. It will be waged upon a fundamental question more important than any we have encountered since Lincoln's time. Let us see what has been going on during this last year, and what we shall have to face in the near future.

The Congress, upon the recommendation of the President, has enacted a large number of measures having for their purpose the overcoming of the depression. These measures have come along with bewildering rapidity. All of them are important, many of them novel, and some of them revolutionary. Hungry for relief and willing to try almost anything, the country has accepted them and has given to them and to the administration a sympathetic and optimistic support. Those who have been doubtful as to the wisdom and efficacy of some of these measures have forborne destructive criticism and have been hoping very earnestly that their doubts might vanish. A tolerant spirit, Nation-wide, has prevailed. A vast engine of publicity in the press, on the screen, and over the radio has kept the attention of the public riveted upon the so-called "recovery program." It is fair to say there has never been anything like it in the way of organized propaganda. The capacity of our people to endure a thing of this sort is extraordinary. We have endured it, first, because we long for recovery and, second, because we have been looking upon all these extraordinary measures as being merely temporary—set up to meet the emergency and to be abandoned the instant the emergency has passed.

In recent weeks, however, it has become perfectly apparent that these measures are not intended to be merely temporary. Through the utterances of the President and of many of his closest advisers, we now know, absolutely, that it is the intention of the sponsors of these measures to make them a vital element in the permanent policy of the United States, emergency or no emergency. In his message at the opening of the Congress last January the President made this reasonably clear. His more recent utterances and those of his lieutenants leave no doubt whatsoever. The issue involved stands before us in definite outline. It stares us in the face. We cannot ignore it or avoid it. Some of the more important of the emergency measures expire in June of 1935, a little over 1 year from now. I have in mind especially the National Industrial Recovery Act and the Agricultural Adjustment Act, those two measures which, taken together, represent the new philosophy of government which it is sought to impose upon us and our children. It is to be assumed that as the month of June in the year 1935 approaches, the administration will exert its power to the utmost in an effort to persuade Congress to reenact upon a permanent basis the N.R.A. and the A.A.A., together with such other measures as may fit into the general scheme. Every Member of that Congress will have to face the issue. Indeed, unless I am very much mistaken, we shall all have to face it in the congressional campaign of next autumn.

What is the nature of the issue? Let us be a little more specific. For a little over 140 years the American Nation has maintained, without substantial change, a certain form of government. The Nation has grown and prospered mightily, until today it is the greatest of all nations. The form and functions of the National Government are outlined in the Constitution of the United States. And what is more important, some of the very vital relations of the citizen to his Government are expressed in the Constitution, notably in the Bill of Rights. Jealous of our privileges as free men, we have delegated to the National Government certain carefully specified powers, and, at the same time, we have reserved to the States and to ourselves, the people, all those powers which are not specifically delegated. It is this reservation in favor of the people that spells liberty of the traditional American kind. If that reservation is to be wiped out, then the American conception of liberty will perish. It is now proposed to do that very thing. When it is done, the whole picture of American life will be transformed into something never dreamed of by any respectable number of people prior to this very year.

Instead of a Federal union of States, we shall have, in effect, an imperial Government centered here in Washington, with its tentacles reaching out into the smallest community and creeping into the very homes of the people. To all intents and purposes

the States will be reduced to provinces, for the power which they now enjoy in regulating their home affairs and the daily lives of their citizens will have been taken over by the new national government. This transformation is to be achieved in order that the people may be regimented and made obedient to whatever economic plan is deemed to be good for them by the Washington bureaucracy. With this thing established, we shall have, I suppose, a series of 4-year plans, each of them corresponding to a presidential term. Soviet Russia furnishes an analogy, for they are now in their second 5-year plan. We can get a pretty clear idea of some of the details of this thing by observing the regulations now being imposed upon industry and agriculture under N.R.A. and A.A.A. It is interesting to note how it proceeds. It starts with an appeal for voluntary cooperation. It moves along step by step.

The first step is generally pretty short, but, having been taken, it practically compels the taking of a second and longer step. The second step brings on the third, and so on to the end of the journey, at which we find the citizen subjected to outright compulsion at the hands of the Government, which threatens him with criminal prosecution if he should dare disobey. He is to be told how long he shall work and what he shall be paid. The Government will decide how much he shall produce in the factory and the price to be charged for the product. He shall be told how many acres he may plant to a given crop and how many bushels he may sell. He may be left in possession of his land, but its management will pass to the bureaucracy. To put it briefly, the Government will decide how a man shall earn his living, whether it be in a dry-cleaning establishment in Jacksonville, or on a wheat farm in Kansas. Many of you may say, "Oh, they would not think of going as far as that." But, I ask you to note the present-day progress, the trend, and, indeed, the visible goal of N.R.A. and A.A.A.

More than that, remember that the President and many of his most influential advisors have already given public expression of their complete approval of these measures and are today urging that they be made permanent. They are devoted to this philosophy of regimentation. They believe in it. They are convinced that the race would be happier if it proceeded en masse along the highway of life guided by the superior wisdom of government. They assert that the old system has failed and that the new system must be built upon its ruins. In view of recent utterances of those in command of our Government and in view of that combination of events rapidly unfolded before our very eyes, there can be no doubt whatsoever that we are face to face with a tremendous issue. And what will the great parties do about it? I am afraid it is too much to expect active, organized resistance from the Democratic Party. Its leaders have ordered "about face." No matter how a great many individual Democrats feel about this thing, the Democratic Party as an organization is marching in this new direction. Shades of Jefferson and Madison! What would they say if they could see their party now? And how about the Republican Party?

Has not the time come when, once more, the Republican Party must serve the Nation? Surely its duty is clear. It must spring to the defense of the Constitution. It must contend unceasingly for the preservation of the American conception of liberty, in accordance with which the citizen is the master of his government and not its servant. The party must set up a nucleus of resistance against this new philosophy. It must proclaim all over again that liberty, a thing of the spirit, is far more precious than any material advantage. It must help this generation decide what kind of country the next generation is to live in—the American kind or the Soviet kind. The battle will not be won in a day. It may take years. No matter what its length, no matter what discouragements and set-backs may be encountered, it must be fought through to the end. It is the duty of the Republican Party to do this very thing. It is the only instrument that the American people can use. Let us hope that it will enlist for the duration.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement on the automatic promotions in the independent offices appropriation bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, in committing the independent offices appropriation bill to conference, interest was so great in Senate amendments numbered 14 and 22, dealing with Federal salaries and veterans' benefits, respectively, that two very important amendments were intrusted to our conferees for adjustment without any expression as to the views of the Membership thereupon. I refer to Senate amendment numbered 19, with respect to reestablishing automatic promotions, and to Senate amendment numbered 20, with respect to administrative promotions.

In the same measure, Mr. Speaker, in which we have refused to restore all the benefits of which veterans were deprived in consequence of the economy legislation passed

at the last session—refused because we were told the expense would be too great, that the expense would be out of joint with the administration's fiscal program—in that same measure provision is made for promoting people on the Federal pay rolls. How preposterous; how absurd!

In the same measure, Mr. Speaker, it is practicable to make provision for restoring 10 percent of the 15-percent salary cut, but it is not practicable, because of the expense, to do the fair and just thing by the veterans.

Now, I want you Members to pay attention to this, because I do not want to see any of you placed unknowingly in the attitude of voting for a conference report that would place you in such an indefensible position.

Several hundred million or a billion dollars are voted for this, that, or the other relief agency, and we hear Members say, "I voted for it, but where is the money coming from?" When it comes to the veterans, caution steps in. The admonition that the expense is too great is hearkened to, but there appears to be no hesitancy about restoring two thirds of the pay cut or promoting people. Where is that money coming from, may I ask?

Mr. Speaker, as a matter of truth, it is nothing short of madness to be promoting long-time officeholders in times like these, with hundreds of thousands of people practically or in effect upon a dole and millions of people still without gainful employment.

The chairman of the House conferees is on record that the position of the House on amendments nos. 14 and 22 will be insisted upon, and, if in vain, that those amendments will be brought back to the House. I believe that the conferees should bring back amendments nos. 19 and 20 for separate action by the House if the Senate will not recede.

Senate amendment no. 20 is totally and absolutely indefensible, in my judgment. Senate amendment no. 19 is equally as bad. This amendment, however, is attached to a proposition originating in the House designed to insure that commissioned officers of the services embraced by the joint pay act of June 10, 1922, would receive the pay of the rank to which advanced in accordance with law. Some question has arisen as to whether or not the House proposal would accomplish its designed purpose. That doubt should be removed. The Senate amendment strikes out the provision and lets down the bars completely, except as to the 5 percent triennial increases, which are continued frozen as of June 30, 1932.

The greatest hurt to commissioned personnel occasioned by economy legislation concerns junior officers in the grades of second and first lieutenants (ensigns and lieutenants, junior grade). I believe that, if we should take care of these lads, we should simply be righting a wrong. Beyond that it is indefensible to go at this time. My thought, to accomplish that change and no more, would be to substitute for the language of the House and the language of the Senate a provision reading—

(1) Section 201 (suspending automatic increases in compensation) of part II of the Legislative Appropriation Act, fiscal year 1933, is amended by inserting at the end thereof the following: "Commencing July 1, 1935, nothing in this section shall be construed to deprive any second lieutenant or any first lieutenant of the Army and any officer of corresponding grades of the services mentioned in the Pay Adjustment Act of 1922, the pay of the second period as fixed in such act, plus longevity increases provided for in the tenth paragraph of section 1 of the Pay Adjustment Act of 1922 earned prior to July 1, 1932."

The money we would save by refusing to go along with amendments nos. 19 and 20 would go far in providing gainful employment for persons in dire need.

PUBLIC-GRAZING LANDS

Mr. BANKHEAD, by direction of the Committee on Rules, presented a privileged report for printing in the RECORD, which was referred to the calendar and ordered printed.

The resolution is as follows:

House Resolution 307

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6462, a bill to stop injury to the public-grazing lands by preventing overgrazing and soil deterioration,

to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, and all points of order against said bill or any amendment recommended by the Committee on the Public Lands are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

On line 1, page 2, strike out the word "two" and insert in lieu thereof the word "three."

Mr. WEARIN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

Mr. LUDLOW. I regret, Mr. Speaker, that I shall have to object, as we have been waiting here all the afternoon to take up the legislative appropriation bill.

Mr. BYRNS. The gentleman from Iowa can get his time in general debate.

LEGISLATIVE APPROPRIATION BILL

Mr. LUDLOW. Yes. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; and pending that, I ask unanimous consent that the time for general debate shall be equally divided between the gentleman from Michigan [Mr. McLEOD] and myself.

Mr. DOWELL. Reserving the right to object, how long does the gentleman expect general debate to continue?

Mr. LUDLOW. Today and tomorrow.

Mr. McLEOD. It is the understanding that debate will not be closed until when?

Mr. LUDLOW. Until it becomes apparent that the requests are substantially exhausted. I think there is no necessity for immediate cloture.

Mr. DOWELL. It is expected to carry general debate into tomorrow?

Mr. LUDLOW. Yes; today and tomorrow.

Mr. BANKHEAD. Mr. Speaker, there is no request that the debate shall be confined to the bill?

The SPEAKER. No.

The motion of Mr. Ludlow was agreed to; accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. O'CONNOR in the chair.

Mr. LUDLOW. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Chairman, I yield to myself 25 minutes.

Mr. Chairman, the bill making appropriations for the legislative establishment is the smallest of the supply measures and on the principle that "a short horse is soonest curried", I shall hope to present this bill for your consideration in the briefest and most succinct manner possible.

The bill carries a total of \$17,448,993 of direct appropriations and while this makes a showing on paper of an increase of \$609,073 over the total of direct appropriations carried in the legislative appropriation bill for the fiscal year 1934, it is an apparent, and not a real, increase.

This discrepancy between facts and surface indications is easily understood when we recall that last year Congress ordered \$1,000,000 of the impounded salary pay-cut funds of the Government Printing Office diverted to working capital of that institution and used as such. These accumulated funds arose from the fact that the various Government departments, independent offices, and other activities that have work done at the Government Printing Office had submitted

their requisitions and made their settlements on the basis of full-basic salaries at the Government Printing Office. Application of the pay cut to these settlements left a large sum in the hands of the Public Printer to be disposed of in some manner, and the Appropriations Committee, observing what I believe was wise economy, provided in the legislative supply bill last year that \$1,000,000 of these funds should be used for working capital of the Printing Office. This reduced the direct appropriation for working capital during the present fiscal year 1934 to \$1,750,000, which is the only sum that appears as working capital of the Printing Office in the tabulation of the current appropriations, whereas the sum actually provided as working capital for the current year was \$1,000,000 plus \$1,750,000 or \$2,750,000.

Bearing this total sum in mind, we find that the grand total of the legislative appropriation bill for the fiscal year 1935 is \$390,927 less than the grand total of direct and indirect appropriations for the fiscal year 1934. In no single instance has your subcommittee increased any Budget item, and in many instances Budget items have been decreased, as will be explained later. The total appropriations show a decrease of \$291,938.60 below estimates.

Your subcommittee has given its time laboriously and diligently to consideration of the estimates and the justifications thereof, following extended hearings, and as chairman of the subcommittee I wish to express my grateful appreciation to the other members of the subcommittee—Judge SANDLIN, former chairman; Mr. McLEOD; Mr. GRANFIELD; and Mr. SINCLAIR—for their conscientious and painstaking cooperation and for the never-failing kindness with which they have tolerated the shortcomings of a new and more or less verdant chairman. I can truthfully say that all partisanship was tabooed in the consideration of this measure in the subcommittee, and that devotion to the public interest was our only guide. I have found Mr. BUCHANAN, the chairman of our general committee, most willing and helpful at all times, and to him and to Mr. Shield, our able and efficient chief clerk, I wish to express my deep appreciation.

I shall not enter into any long and tedious discussion of the various items, as I think you will find the report most illuminating as to details, but I shall be satisfied if I successfully elucidate the most important items.

The salaries carried in this bill are based on a uniform cut of 10 percent of basic salaries, as against a cut of $8\frac{1}{3}$ percent for the fiscal year 1934 in the salaries of employees and 10 percent for Members of Congress. Members of both branches of Congress, including the Speaker, are subjected in this bill to the 10-percent cut, the same as employees in all of the services covered by the bill. It is interesting to know that while the cut in the Speaker's salary for the year 1934 was 15 percent it becomes 10 percent under this bill, which accounts for the increase of \$750 in the item of salaries of Members, from \$3,963,750 in 1934 to \$3,964,500 in 1935. I mention this because I feel positively certain someone is going to inquire, "Why this increase of \$750, since there is no change in total Membership?"

The mileage of Members of the Senate and House remains the same as last year, and is three fourths of the normal mileage allowance that obtained for many years before the mileage cut.

The stationery allowance is restored in this bill to the full amount of \$125 per Member per each session of Congress. In the present fiscal year the stationery allowance is \$90 per session. It is perfectly obvious that an allowance of \$90 per session is wholly inadequate so far as most of the Members are concerned, throwing upon them the necessity of paying for the stationery supplies to serve their constituents after their allowance is exhausted. This is a small matter, but it involves an injustice to Members which we undertake in this bill to rectify. Even this increase to the statutory allowance of \$125 is insufficient to cover the stationery expenses of many Members, and they will have to go into their pockets for the balance. Of course, it never was intended that Members of Congress should finance the purchase of necessary supplies to run their offices.

The adoption of the "lame duck" amendment to the Constitution has necessitated the incorporation of new phraseology in this bill making it plain that the stationery allowance carried in the bill is for the first session of the Seventy-fourth Congress. The statute enacted in 1868 creating the stationery allowance specifically states that it is a session allowance, and without the new language referred to Members might in good faith draw out or commute the stationery allowance after July 1 next, leaving their successors without any allowances for the first session of the Seventy-fourth Congress. This would leave new Members who will take office for the first time next January without any stationery allowance. As the statute plainly says this is a session allowance, the language referred to in the bill was recommended by the Clerk of the House, who makes these disbursements, as essential for clarification purposes and to make stationery withdrawals conform to law.

In connection with the office of Speaker this bill takes out of the usual item of salaries the parliamentarian, the assistant parliamentarian, and the messenger to the Speaker's table and gives them a new and separate set-up under the caption "Speaker's table." This was deemed desirable in the interest of clarity and efficiency and was approved by the Speaker. Salaries are in no way affected by the change.

Mr. KRAMER. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. Yes.

Mr. KRAMER. Was any additional amount added for postage by air-mail between Washington and the western territory, such as California and Washington State?

Mr. LUDLOW. There never has been any allowance for postage for Members of Congress, and there is none in this bill.

Mr. KRAMER. Does the gentleman know that in California and Washington and those Western States it takes from 4 to 6 days for mail to travel back and forth, and sometimes the purpose would be entirely in vain if the mail is not sent by air mail. The Member of Congress is required to put from 8 to 21 cents and sometimes more additional postage on so that it may travel by air mail.

Mr. LUDLOW. I recognize that, but it is also true that the Member has telegraph frank privilege which he may use on official business to cover any purposes.

Mr. KRAMER. But if that were used, it would increase the cost more than if there was a provision for franking by air mail or of an additional sum to take care of air mail. To telegraph to someone at a distance and to have a reply would cost a great deal more, because the telegraph alone would be in the neighborhood of \$1.25 for 10 words.

Mr. LUDLOW. I appreciate what the gentleman says, but that precedent has never been made in regard to postage, and we are carrying out the previous policy in this bill.

The estimate included \$2,182.50 for a new carpet for the House of Representatives and \$10,000 for 50 new rugs for the offices in the old House Office Building, at \$200 each, the latter estimate being subsequently revised to provide for 40 new rugs. Your subcommittee decided that purchase of a carpet for the House Chamber could be deferred for another year, and that by careful economy \$4,000 would be sufficient to replace worn-out rugs in the old House Office Building during the next fiscal year. Except in cases of what appeared to be imperative necessity, it has been our policy to hold down appropriations in a degree commensurate with the distress of the country. The usual allocation of \$22,000 for the House restaurant has been cut to \$12,000, due to the fact that at last the restaurant appears to be self-sustaining. However, the continued financial success of the restaurant, as experience indicates, is a rather uncertain quantity, and it was thought desirable to set aside \$12,000 as a cushion against a possible restaurant deficit in the next fiscal year.

We have segregated from the item of "Special and select committees" the Joint Committee on Internal Revenue Taxation and have set it up in a detached status with an appropriation of \$25,500, which is the amount intended to be allocated for it from the total for special and select committees.

We did this for several reasons; first, because it is in fact a permanent and continuing committee, while the other committees under the heading of "Special and select" are ephemeral and vanish as soon as their special services are ended. Secondly, it was considered better practice and more businesslike to have this permanent activity make its reports and receive its appropriations direct from the Appropriations Committee rather than by the roundabout method of an allocation by the Clerk of the House from a lump sum. This change in system is conducive to more direct accountability and is in line with what may be expected when an activity assumes a status that appears to be permanent.

One of the new items carried in this bill is \$180,000 to provide for nine new elevators in the United States Capitol Building. In this building there are 11 elevators. Nine are old and, according to the findings of experts, are lacking in safety appliances and to a degree are positively dangerous to human life. The other two were recently rebuilt, and there is no question about their safety. These two modern elevators are at the Senate wing of the Capitol, main entrance.

The nine remaining elevators referred to are from 25 to 38 years old and so obsolete that whenever there is breakage of parts it is necessary to make special arrangements to have new parts recast, as the parts are no longer in stock. Furthermore, the nine elevators have been officially declared unsafe by the United States Bureau of Standards.

The matter comes up at this time as the result of a thorough inspection of the elevators of the Capitol Building by the Bureau of Standards.

This investigation covered a period of about 2 months, and the full text of the report of the Bureau on the condition of the Capitol elevators is found in the hearings of our subcommittee. Permit me to quote excerpts from this report:

Safety equipment which is vitally necessary if maximum protection is to be afforded to passengers is missing from these nine cars—

Says the Bureau of Standards.

The controllers all show considerable wear and in certain cases are nearing the limit of their useful life. As in the case of the hoisting machines themselves, it is practically impossible to obtain repair parts for these controllers.

The growing interest in public affairs and the increasing tendency toward travel have resulted in marked increase in the number of visitors to this building during the past decade. This is particularly true of the period when Congress is in session. The present equipment is not adequate to handle the peak loads.

All of the machines are lacking in safeguards now considered imperative. It is not practical to install many of these safeguards on the present equipment because of lack of certain necessary equipment on the controllers.

Because of the very nature of this building, the seat of government, the safest possible equipment should be provided, both to protect the public and Members of Congress.

The nine elevators which it is proposed to replace would not be permitted to continue in service in any city or State with adequate codes, were they in a building subject to the jurisdiction of State or municipal inspection.

When confronted with this report, setting forth the results of an expert scientific examination of the Capitol elevators, indicating that on account of wear and a lack of safety appliances some, if not all, of these elevators are actually unsafe, your subcommittee gave serious consideration to working out a program that would meet this situation. The first suggestion was that we should select two elevators for immediate replacement and should extend the remainder of the replacement over a period of years. On careful thought, it seemed that this program was unwise, as even expert advice could not designate definitely the particular elevators it would be best to rebuild in a group of nine elevators almost equally deficient, so the process of selection assumed the proportions of a knotty problem. Furthermore, we were faced with the probability of rising prices, and all things considered, it seemed advisable to direct Mr. Lynn, the Architect of the Capitol, to secure figures on the cost of rebuilding all nine elevators under one contract, compared with the cost of piecemeal construction extended over a period of years.

Mr. Lynn did so and reported that, whereas if construction were based on a program of years the cost would be \$202,000, by letting the contract for all nine elevators at the same time the cost would be \$180,000, a saving of \$22,000. The estimated cost of constructing two elevators was \$45,000, or \$22,500 per elevator, while by letting one contract cover all nine, the cost will be \$20,000 per elevator.

Viewing the problem as a whole, the economies involved and according the proper weight to the official determination that there is actual hazard to life in the operation of the present elevators we have decided that this replacement program should proceed at once to its complete conclusion and we have provided in this bill an appropriation of \$180,000 to construct all nine elevators. We feel that we would be derelict under our responsibilities to our fellow citizens unless we took every necessary step to safeguard the lives of those who are entitled to use these elevators and therefore we believe this appropriation is justified under existing conditions.

We have provided in this bill that hereafter expenses of committees appointed to represent the House at the funerals of its dead Members shall be limited to not more than 4 Members of the House and 2 Members of the Senate, and that the widow and minor children of a deceased Member shall be provided with transportation at Government expense. Under existing legislation carried in the Legislative Appropriation Act for 1934, funeral committees for deceased House Members are limited to 2 Members of the House and 2 Members of the Senate, and no provision whatever is made to pay the transportation expenses of any relative of the deceased.

The custom of sending funeral committees to attend the burial of deceased Members affords expression to a beautiful sentiment which your subcommittee would not in any way thwart or abridge but it is undeniable that under the former loose system whereby as many as 35 Members were sometimes appointed on funeral committees there was gross abuse and an unjustifiable imposition on the taxpayers who have to foot the bills. An honest, sincere effort to stop this abuse led to the adoption of the legislation limiting funeral committees to two House Members. Many Members, actuated by honest and worthy motives and endorsing the purpose of the limitation of Members, believe nevertheless that the reduction was carried too far and that without in any way inviting a return to the old practices it would be advisable to provide for 4 Members of the House and 2 Senators and to arrange for transportation for the immediate relatives mentioned. Desirous as we are of maintaining all of the sentiment that clusters around the ancient custom, while at the same time exercising meticulous care to keep it free of abuses, your subcommittee concurs in this view. Beyond 4 Members of the House and 2 of the Senate we would not be willing to go, as the purpose of the custom—which is to show respect for the dead—can be accomplished by a small committee of Members as well as by one much larger.

There is one feature of this bill to which I now invite your attention and that is the provision that has been made in several items to strengthen the Capitol power plant. That power plant was constructed to furnish light, heat, and power for a small group of buildings on Capitol hill. Year by year its load has been increased by the addition of buildings to be served until these accretions have taxed it far beyond its limit. By reason of age and wear and this overtaxing process the time has come when ordinary prudence dictates that certain replacements and improvements should be made in the direction of enabling the plant at all times and under all conditions to function and carry its increased load.

These specific appropriations total \$98,000, and all of them, except an appropriation for a new roof, are to strengthen the power plant so that it may meet all emergencies. The roof of the boiler room is so deteriorated that it leaks badly as is shown by discolorations on the inside partitions. An estimate of \$10,000 for a new copper roof was submitted. Your subcommittee believed that since the

power plant is a building of factory structure and not a show building a copper roof was unnecessary since testimony showed that the present roof has been exceptionally durable, lasting 25 years. It is a composition of a bottom layer of concrete, overspread with a mixture of tar, sand, and gravel. We provided, therefore, an appropriation of \$3,000 which was the estimate for reconstructing the roof with the same materials.

We also allow \$28,000 for a new feed-water heater to feed the boilers. The old heater now used is of the open-feed type. It has a capacity of 7,500 horsepower and 8,500 gallons an hour. The draft on it is away above its capacity, and on account of the type of the heater the effect of gases has brought about deteriorations that may cause collapse at any time. The new heater is to be of the deaerating type and will have a pump that will extract the gases that eat the pipes and tubes. It will have a capacity of 14,000 horsepower and 35,000 gallons of water an hour and the installation of this heater will result in a considerable saving in the cost of fuel. The present heater was installed in 1925 when its capacity was thought to be ample, but it is now wholly insufficient for the increased load.

Another power-plant item carried in this bill, which is highly essential, is \$25,000 for high-tension switching gear. This is absolutely necessary to strengthen the reserves of the Capitol power plant. In case of a breakdown this switching gear would enable the navy yard power plant to take over part of the Capitol power plant's load. For instance, if a breakdown of the Capitol power plant should occur, this switching gear would enable the navy yard power plant to immediately take over the service for the Government Printing Office, which is a large and important activity served by the Capitol power plant, and business at the great printing establishment would go on as usual. Or with this switching arrangement the navy-yard plant could take over the service for any other building or group of buildings on Capitol Hill in time of distress when the Capitol power plant fails in whole or part. There is always the possibility that if there should be trouble at the pump house and the Capitol power plant should lose its circulating water it would not be able to carry more than 35 percent of its electric load and it would not be able with its present switching gear to split its load with the navy yard power plant. Good business and ordinary prudence justify this appropriation for a high-tension switching gear.

The other item to strengthen the power plant is \$42,000 to lay 2,300 feet of 36-inch cast-iron water main to connect the power plant with the Potomac River pumping station. This would replace a main that has been in since 1908 and 1909, or about 26 years. Expert testimony was that this old main is liable to fail at any time. There already has been trouble where the main goes under the main tracks of the Pennsylvania Railroad, necessitating the laying of a new section there. Robert Harrison, chief engineer of the Capitol power plant, testified:

I would like to impress upon the committee that it is most important that we have that line replaced. Our whole service is dependent upon it.

In view of the testimony that this main is likely to burst at any time with resultant damage and inconvenience that cannot be calculated, your subcommittee thought it was wise to approve this estimate.

Summarized, the items to improve the Capitol power plant are: New roof for boiler room, \$3,000; new deaerating feed water heater, \$28,000; high tension switching gear, \$25,000; new water main, \$42,000; total, \$98,000. The chairman of your subcommittee made a careful personal inspection of the plant and premises and is convinced that these estimates are well justified.

Among the estimates rejected by the subcommittee in the interest of economy were \$25,000 for extension of the map division stack of the Library of Congress; an increase of \$15,000 in the appropriation to buy new plants for the Botanic Garden, and \$27,000 to enlarge the boiler room and install another boiler at the Botanic Gardens Poplar Point nursery.

We felt that there is no urgency in regard to these appropriations, and that they can well await the return of better times.

In the report you will find a statement that shows the decreases in our bill compared with the Budget estimates. The decreases on account of appropriations for the United States Senate total \$39,342.60, of which \$12,750 is on account of a reduction of senatorial mileage which is allowed at three fourths of the normal appropriation. The original estimate provided for the restoration of 20 cents per mile. The revision is based on 15 cents per mile. The Senate estimate for stationery, \$25,000, was reduced to \$19,500. Under the law stationery is limited to \$125 per Member, and our subcommittee could see no reason for appropriating more than the statutory amount. The other decreases below the Budget in Senate items were made to conform to this year's appropriations, it being more or less of a custom to include in the bill the Senate items for the current year where those items are below the estimates, leaving it to the Senators to increase those items if they desire to do so when the bill reaches the upper branch.

Appropriations for the House of Representatives are decreased \$73,318 below the Budget. Of this decrease, \$43,750 is on account of payment of mileage on a three-fourths basis. We allowed the postmaster \$2,500 for motor-carrying vehicles instead of \$3,400, the estimated amount, as for years he has been turning back part of the appropriation under that heading. We decreased the item for furniture and repairs to furniture in the sum of \$3,500 by omitting the proposed appropriation for a new carpet for the House and House galleries and reducing the appropriation for rugs for the House Office Building. The cut of \$20,000 in miscellaneous items is due in part to a voluntary reduction of \$10,000 in this estimate by the Clerk of the House and \$10,000 in the allocation for the House restaurant. The Legislative Counsel agreed to a reduction of \$5,000 from the estimate for that establishment. The Capitol Building repairs estimate was reduced \$15,736 by omitting an item of \$6,736 for steel shelving in the House Document Room basement and reducing the allowance for skylight repairs from \$10,000 to \$1,000. An item of \$1,920 to purchase a new snow plow was omitted, and we saved \$1,945 by reducing the estimate for personnel for the Capitol garages. Two additional employees were estimated for, making seven in all. We decided that the garages can continue to operate for another year on a personnel of five.

Elimination of items for venetian blinds for the old House Office Building, lighting standards for the New House Office Building, and proposed additional personnel for the New House Office Building brought the maintenance appropriation for the two House Office Buildings \$13,820 below the estimates.

Elimination of the estimate for a new map stack for the Library of Congress, to cost \$25,000, made the total reductions for the Architect of the Capitol \$65,883, compared with estimates.

The reduction of \$48,905 in estimates for the Botanic Garden were brought about by elimination of an item of \$2,630 for temporary laborers to take the place of Civil Works employees, a reduction of \$15,000 in the appropriation to buy new plants, and the elimination of estimates, totaling \$27,000, for improvements at Poplar Point nursery, which your subcommittee did not regard as imperatively necessary at this time.

We reduced salary estimates of the Library of Congress by \$22,765. This included reallocations in the sum of \$10,840 and a reassignment of employees to different duties involving \$2,520 additional, besides further eliminations of personnel which we did not regard as necessary.

Mr. COLLINS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. Yes.

Mr. COLLINS of Mississippi. What consideration, if any, was given by the subcommittee to the proposal to give Members of Congress an additional clerk in their offices on account of the terrible load that is upon every Member at the present time?

Mr. LUDLOW. That matter was considered, but it was felt that that would more properly be handled in another way through a legislative committee. It is recognized that many Members do have a very heavy burden which they are financing themselves by the employment of additional clerks and stenographers, but it was also felt, I believe, that there are others who are not so heavily taxed, and an appropriation to give the same number of clerks to all would hardly be well-considered legislative action. It was felt that on an appropriation bill this could not be approached with the thoroughness that should be given to it and that it would better be taken up in a different way through action of some committee that perhaps could hold hearings or could give detailed consideration to the inequalities of the burden resting on different offices so as to work out a better considered and more thorough bill upon the subject.

I yield back the remainder of my time. [Applause.]

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, much of the legislation that has been presented at this session of Congress, and also the special session of Congress, was intended to restore normal conditions in the country so that the people of the Nation might enjoy life more abundantly. That is the desire of every Member of this body. We may have different opinions as to the best methods by which this may be accomplished, and we may differ in our judgments and in our opinions as to how best to accomplish it, but in the last analysis that is the objective of every Member of Congress.

One measure now pending before the Committee on Banking and Currency, I believe, would go a long way toward restoring economic conditions throughout the Nation. I refer to the measure introduced by the gentleman from Michigan [Mr. McLEOD], which provides for the payment in full of all deposits in banks; that is, National banks and State banks that were members of the Federal Reserve System. So great was the emergency on the 9th of March 1933, when some 164 new Members of this House were sworn in, that we voted for a measure without having seen or read it, to place in the hands of the President of the United States authority and control over all banks in the Nation. The C.W.A. and the P.W.A. and other alphabetical designations are intended to place back into circulation, by giving employment, that much-needed article known as currency or money, so that business can function normally again. That undoubtedly was the underlying reason, or one of the underlying reasons, the other day when the Patman bill passed this House, to pay the veterans of the World War their adjusted-service certificates by placing money into every corner of the United States, in addition to paying an honor debt.

Money is the lifeblood of a people's activities. It is the current which moves the wheels of business and of commerce and of industry, and when it fails to move or circulate among the people business, commerce, and industry stop. The people of this Nation had confidence in their banks, and that faith was encouraged to a greater or less degree by a bronze plate that was fastened to the outside of bank buildings which read "Member of the Federal Reserve System." This applied to both State and National banks that were members of the Federal Reserve System, and many of the people believed—I know that to be true in my own home city—that the Government stood behind such banks. They were under State and Federal supervision. They were examined periodically by either State examiners or Federal examiners, and in order for a bank to become a member of the Federal Reserve System it was required not only to take stock in the Federal Reserve bank but it was also required to keep on deposit certain designated sums of their reserves, which ranged from 3 to 13 percent. When those banks closed the smaller banks—I refer to State banks as well as National banks—were at once affected, because of their reserve deposits being tied up in the larger reserve banks. In Michigan alone 231 communities suffered from the impounding of the reserves of 259 banks in the larger reserve city depositories which were supervised and controlled by the Federal Government. This situation, while there may be no legal obli-

gation, nevertheless imposes a moral obligation on the part of the Federal Government and a responsibility to the people for the loss of their deposits in closed banks which were members of the Federal Reserve System.

Congressman McLEOD's bill, H.R. 7908, is designed to correct that situation and discharge that moral responsibility by paying the depositors in full.

I understand, by the way, that a companion bill has been introduced in the Senate of the United States by Senator THOMAS of Oklahoma having virtually the same object in view.

Mr. BIERMANN. Will the gentleman yield?

Mr. DONDERO. Certainly, I yield to the gentleman.

Mr. BIERMANN. Does the gentleman know how much this will cost?

Mr. DONDERO. I will discuss that later.

Mr. BIERMANN. And can the gentleman tell us where he expects to get the money?

Mr. DONDERO. I will give the same explanation as the method by which we raised other large sums of money that we have appropriated since the 4th day of March 1933.

The bill provides, in substance, that the depositors shall be paid in full with funds provided by the Reconstruction Finance Corporation, that Corporation to take over the assets—buy them, if you please—from the various closed banks and then liquidate them over a period of 10 years. The amount of money required for that purpose, to satisfy and pay off depositors in full, would be somewhere between a billion and a billion and a half dollars. Some estimate has been made that it would be even far less than that.

This bill, if enacted into law, would put money into circulation throughout the United States.

Not only would it pay off these depositors but they, in turn, would pay their taxes, interest on their mortgages, buy the necessities and conveniences of life. In other words, it would put purchasing power into the hands of the people who had their deposits so impounded in the closed banks. It would immediately relieve, to a very large extent, the demand that is made on the Home Owners' Loan Corporation and the Federal land banks of the country for loans to save homes and the farms of the people. The welfare burden of the Nation would be materially reduced, and bread lines would be shortened and public schools that are now knocking at the Federal door for aid would be able to function, either without that aid or with that aid greatly reduced.

In the richest county of Michigan, outside of Wayne County, in which the city of Detroit is located, a survey of the school situation was made last December, and out of 177 school districts in that county it was found that 41 of those districts could not function or maintain their schools as provided under the Michigan law because their money was impounded in closed banks.

Mr. MAY. Will the gentleman yield?

Mr. DONDERO. Certainly.

Mr. MAY. Has there been any survey made to ascertain the portion of collectible assets in the closed banks as compared with the amount of deposits that would have to be paid by the Reconstruction Finance Corporation or loans? If so, how do they stand on that question?

Mr. DONDERO. I am not able to answer that. I will come to this question in a minute, that there may be some loss to the Federal Government. I think that would be acknowledged at the very outset, but what that loss would be and how large or how little it would be, is very hard to determine in advance. Many of those assets might be preserved in a period of 10 years.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield the gentleman from Michigan 10 additional minutes.

Mr. MAY. Will the gentleman yield further?

Mr. DONDERO. Certainly.

Mr. MAY. What I had in mind was possibly the Comptroller of the Currency, through reports that are required of banks who are members of the Federal Reserve System, would be able to make a very accurate estimate of the amount of tangible assets that might be collected upon in

the event the Reconstruction Finance Corporation takes them over, and he might be able from those reports, to determine quite accurately what the difference is between the deposits that will have to be paid and the collectible assets in the banks.

Mr. DONDERO. I think that is true. I may say in that connection that if money was provided for the payment to the depositors, particularly by the large depositories of the country, so that they could in turn pay the smaller banks that have their deposits there as a reserve, many of those banks might be able to open or function again in a normal way.

Mr. MAY. Would the gentleman pardon a further suggestion, that the payment of those depositors would also have a very favorable effect on the ability of the particular communities in which they were paid, when the money came into their hands, to go back and liquidate their notes and pay off their obligations to the bank?

Mr. DONDERO. There is no question about that. Whenever they owe the banks money, of course, it would have to be paid first out of such deposits as they had in the banks to which they owed the money.

Mr. HENNEY. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. Certainly.

Mr. HENNEY. Would this program be retroactive? What I have reference to is the fact that many of these banks settled their affairs with their depositors on a percentage basis, the depositors in some instances receiving 25 percent of the amount due them. Will the bill of which the gentleman speaks be retroactive to the time the banks were closed?

Mr. DONDERO. That matter would have to be determined, undoubtedly, when the legislation came before the House for consideration. Perhaps some arbitrary date might have to be determined upon beyond which they could not or would not go. I appreciate that fact. Other banks have gone even to the extent of making settlement with their depositors.

Mr. TERRY of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. TERRY of Arkansas. If the gentleman's purpose is to aid public schools, could they not be aided directly by authorizing the Reconstruction Finance Corporation to lend money to the school districts themselves, taking the frozen assets as collateral in addition to the millage the schools receive from the State and county?

Mr. DONDERO. I think I understand what the gentleman has in mind. A great many loans already have been made by the Reconstruction Finance Corporation to closed banks, the banks pledging as collateral security their best assets for such loans.

Mr. TERRY of Arkansas. Yes. I have introduced a bill to authorize the R.F.C. to lend money to school districts, allowing the school districts to put up frozen assets as collateral.

Mr. DONDERO. In the instance of which I speak, there are 41 school districts in my county which could function normally if they had the money due them from closed banks so they could use it.

Mr. MAY. Mr. Chairman, will the gentleman permit a further interruption?

Mr. DONDERO. Certainly.

Mr. MAY. And that very thing would facilitate the circulation of money in the community and would ultimately enable the people who live in that community to repay money they owe, when the R.F.C. loans them money on their frozen assets.

Mr. DONDERO. There is no question about it; the gentleman is correct.

If this Congress desires—as I am sure it does—to place purchasing power in the hands of the people and restore normal conditions, the passage of this bill would go a long way to bring about that much desired object. Business and industry would have funds with which to operate. Many people who had their life savings in banks and who are

now on public charity would be made independent and self-sustaining.

There may be some loss to the Government by taking over the assets of the closed banks. Granting this to be true, nevertheless, it would be an investment which would contribute very largely in the reduction of the Federal welfare loan which the Government is now carrying and will carry through its P.W.A. and C.W.A. programs. Whether or not there would be any loss, it is difficult to determine. The liquidation, spread over a period of 10 years, would make it possible to sell the assets taken over without loss, and the depositors would be relieved of expensive liquidation under receivership.

The people who deposited their money in banks were not trying to get rich quick. They were the sane, frugal type, who were providing for a "rainy day." This bill would restore to them ready money which was taken away from them by acts beyond their control.

If we wish to inaugurate a real program of reconstruction, I believe it can be accomplished by paying the frozen bank deposits in full, which would be distributed equitably over the United States. Benefits would flow to every State in the Nation and into the district of every Member of Congress. They would go where they are most needed, into the communities that have been stricken and in proportion to the distress which has overtaken them.

This plan may be called inflationary, but it would be a controlled inflation to be terminated in 10 years. Hope would be revived in the people; faith and confidence in government would be restored; and a return to more normal conditions could be expected.

This is a constructive measure and would act as a real prime to the recovery pump.

In conclusion I may say that more than 100 Members of this body have already signified their friendly inclination to this form of legislation; and I hope when it reaches the floor of the House it will be given favorable consideration by this body and passed. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I have been very much interested in the developments of our Air Mail Service during the past few days and some comments that have been made in an effort to cover up the thefts of the Aircraft Trust. A few weeks ago the Postmaster General saw fit to cancel all of the air-mail contracts in the United States upon the ground that there had been irregularities in letting them. The task of carrying the mail was assigned to the Army. Succeeding days constituted one of the worst spells of weather we have experienced all winter with a few accidents resulting therefrom that we all regret, but that are small in comparison to a vast number of deaths occurring on private lines over a like period.

I want to consider briefly some comments that have been made of late, Army Air Corps equipment, and deaths in air accidents in connection with private lines and routine operation of Army planes, all with a view to showing that the Army can carry the mail.

Last Saturday we heard from Eddie Rickenbacker, the ace of aces, vice president of North American Aviation, the parent company of T.W.A., Eastern Air Transport, and Western Air Express, one of the outfits that has been drawing subsidies for carrying the mail. The ace said he felt he had earned his right to citizenship. So have the taxpayers, Mr. Rickenbacker, who have paid the bonus your outfit has been enjoying. The distinguished gentleman questioned the President's judgment when, according to his own words, we are on the verge of pulling out from the dregs of a dastardly depression. If that be true, then it is partly because he and others, aided by the ballyhoo artists, are interested in representing the commercial air lines rather than the people of the efficiency of the Air Corps. The ace is a specialist Reserve officer and ought to have some pride in the Army. Colonel Lindbergh, who has been on the stand of late is a

Reserve officer in the Air Corps. I have been astonished at the lack of pride and interest these men have shown in their own outfits and their efficiency. I hope the fact they are both connected with large air companies has had nothing to do with the alienation of their affections.

Former Senator Hiram Bingham has also dipped his oar into this deal. Now, I should think he would be rather reluctant to criticize the President. I remember back in 1929, when serious charges with reference to his activities in connection with the Air Trust were brought against him by T. L. Hill, who was president of the American Society for the Promotion of Aviation, 522 Fifth Avenue, New York City.

It is apparent that certain elements in the opposition in the House about to be drowned in the popularity of Roosevelt and groping for an issue, grasped some air accidents as a club with which to strike at the administration, and wept crocodile tears in a copious manner. An organized effort, aided by the tom-toms of the ballyhoo artists, was launched to discredit the President and the Postmaster General. The deal was one of the most dastardly efforts to cover up the thefts of the Aircraft Trust that was ever attempted. I am astonished that anyone should dare to make such a glaring effort in the face of facts that have been uncovered during the past few months in the investigation of Senator BLACK's committee.

America's air force is supposed to be one of the most important arms of our national defense. Military authorities are agreed the next war will be fought largely in the air with fast planes capable of flying in any weather, under any circumstances, and, of course, at a moment's notice. I presume everyone will admit that battles and military attacks are not governed by weather. Nations do not wait for nice sunshiny days to stage a fight. In my opinion, if we are going to have an air force, we must have one that is ready for action at any time and manned with flyers who can fly.

I think the Army can fly the mail; if not, then why? If the Army is unable to handle that peace-time job, then what are we to do in the event of war? If the equipment we have at present is not satisfactory, then what is wrong after we have spent millions on our Air Corps during recent years? There was a time when the Army carried the mail. It handled the job from the beginning until 1927. If it is unable to handle it now, then let us dig into it and find out if commercial air lines being subsidized by the Government have been biting the hand that has fed them by preventing the Army from using modern equipment that has made flying safer during recent years, or if those same companies have been pawning off obsolete stuff upon the Army. If that be true, then there may be real murder in that deal.

In line with this thought, about October 31, 1929—according to an account in the New York Times under date of November 1, 1929—Mr. Thomas L. Hill submitted to the Lobby Investigating Committee of the Senate, of which Senator T. H. Caraway was chairman, some exhibits which he said were evidence revealing—

The existence of a pernicious and superlobby in Washington, representing the Air Trust which has caused the diversion and conversion to the Air Trust of over \$30,000,000 of Government planes and equipment and which has operated to give over \$100,000,000 worth of airplane contracts for inferior machines to members of the Air Trust, to the exclusion of more efficient, safer, and cheaper planes made by independent aircraft manufacturers, and has caused the death of scores of pilots. * * *

If that be true, and we ought to find out about it, then there is illegal, well-organized, wholesale murder that has broken the hearts of thousands of loved ones and cost the Government millions of dollars.

Just yesterday our able colleague, ROSS COLLINS, of Mississippi, quoted from hearings held 3 years ago before the military subcommittee of the House Appropriations Committee. Maj. Gen. James E. Fechet, who was then Chief of the Air Corps, testified as follows:

Mr. COLLINS. I want to ask one more question before I forget it. The Government appropriates money for the Air Corps of the Army and for the Air Corps of the Navy. I imagine that the ap-

propriation for the Navy for all air activities is about the same as the appropriation for the Army—about \$70,000,000. What is your opinion about the adequacy of that sum of money to provide adequate air force for this Government?

General FECHET. I am firmly convinced that the United States is spending enough money today to provide adequate national (air) defense, but, in my opinion, it is not being properly spent.

We have got to go through with this thing. If we whitewash the deal, it will eventually cost the taxpayers billions of dollars, lose countless human lives, and weaken our national defense. The existence of such practices constitutes nothing short of treason.

I have been amazed at some comments that have been made on the floor of the House in the wake of recent events. Men and women have stood here and belittled their own Nation's agencies of defense. I did not hear any such statements flowing from their lips after the crash of the *Akron*, when 73 men went down to their death. There were no comments when the mangled bodies of those men were left at the bottom of the sea midst the twisted wreckage of a lighter-than-air craft that it was known could not weather a storm before it ever left the ground. The Air Trust did not want the flag-draped caskets of those men photographed on the docks of America's coastline. That ship represented a type of flying equipment with a long and consistent record of disasters at home and abroad. Other nations, such as France, Italy, and England, have abandoned them as an agency of defense because of their vulnerability to attack and the fact that they cannot weather a storm. In spite of those facts, America, at the insistence of the moneyed interests represented by the Mellon Aluminum Trust, the Goodyear Zeppelin Co., and others, who have engaged a high-powered corps of salesmen to sell the crates to the Navy, has gone on building lighter-than-air ships. Of course, there is a motive back of the deal. Certain legislation pressed from time to time in this House indicated that those moneyed groups intended to establish a transoceanic line of the craft and then secure a mail contract from the taxpayers at the rate of \$20 a mile. Payments to that outfit for a single trip might have totaled more than \$100,000.

I say it is about time we lift our voices to cry out murder at such crude practices as these. Of course, I am almost alone in the wilderness in that effort, because this is different. It is the air companies and the moneyed interests that are at the bottom of that deal.

Speaking of legalized murder reminds me that one commercial air line alone killed 12 in two shots during the last few weeks. No one said anything about that being legalized murder. From July 1, 1932, to June 30, 1933, 197 were killed in aircraft accidents. If anyone does not believe it, I have the names of the casualties to prove it. From January 20, 1933, up until the present, scheduled commercial lines have killed 40. During the period the Army has carried the mail they have killed at least 12.

During the month of June 1933, an ideal time for flying, the Army lost 15 flyers and injured 6 in 24 days, June 1 to 24, in the mere transaction of its ordinary duties. Why did not the air lines start a ballyhoo campaign about that being legalized murder? Of course, Mr. Hoover, Mr. Mellon, and others were in power then, so that made some difference. They were interested in developing commercial air lines.

And now about the men we have lost in flying the mail. Let us go into that proposition a little. All of them were young men, most of them boys in their twenties. Five of them graduated from Kelly Field less than a year ago. The remaining five were all young men with little experience, with one or two exceptions—Lowrey graduated in 1929 and Wienecke in 1930. I want to know why those men were thrown into the breach in this emergency. We have over 1,200 Regular Army Air Corps flyers and more than 1,300 Reserve Corps officers who have been trained to fly. A large number of them are old, seasoned pilots. In the case of Reserve officers, many of them have gone into the service of commercial lines. Why have not they been pushed into the air to fly the mail in place of a bunch of boys? Is it possible that the air lines have been able to manage things so

as to discredit the Army in its effort to fly the mail at the expense of human life? Surely they do not have an agent who is manipulating things from within in an effort to trip the President. If that should be true, then there is a case of real murder that borders on the first degree. There would be an effort to discredit our air defense that could be classified as treason against the country. If such guilty hands are handling things, their owners should be traced to their lair, tried in court, and punished in accordance with the country's laws. This does not look like a blunder; it looks like an organized effort to gang the President and our Air Corps Service.

Gentlemen, I will tell you what some of these people, including the Aircraft Trust, have up their sleeves. They want to discredit the Army Air Corps' ability to carry the mail, and then, with that as a foundation, hasten through this House some legislation providing for the immediate return of the service to private companies either as a permanent policy or under the guise of "convenience and necessity." And do not think they will hesitate to put some jokers in that legislation that will be mighty costly to the people if they think they can get away with it. Just think of that; jeopardize the reputation of our air defenses for the sake of profits at the expense of taxpayers, all to satisfy the greed of organized minorities whose pocketbooks have felt the sting of Federal authority. It is a crime against the flag of our country, and the finger of shame should rest upon all those who are guilty. O Death, what grasping, greedy motives have masqueraded beneath the mantle of thy sorrow.

Let the Army carry the mail. If the men who have been placed at the sticks of the ships have not seen sufficient service, we will find out what outside influence has been brought to bear to prevent our seasoned flyers from going aloft. If the equipment is obsolete, we know who sold it to the Army in the past and thus who is guilty of murder, murder of 10 men (?)—no, of hundreds in the last few years. Look at this list for the period of 1932 to 1933. There are the names of 60 flyers who died in Army, Navy, and Marine Corps air crashes during that 12-month period. That is not speculation. The stories of those tragedies are facts, and there are a lot more where those came from, and do not forget it. As I said before, I think the Army can fly the mail, but if it cannot, we are going to find out why. Thank God we have a President in the White House who is a courageous leader, who is going to fight this thing through and smoke out the real truth that will place the guilt of a crime against the people on the shoulders of those whose hands are stained. I know he has the courage to do it and show up the publicity mongers who have been circularizing the Congress with propaganda and monopolizing the front pages and the editorial columns in an effort against the cause of justice and the rights of the common people that he, the President, has sponsored.

The President and the Postmaster General are to be commended for their defense of the rights of the people. They are under obligation to protect the taxpayers, and they are doing it. I know they are going to keep the flag of our Nation that flutters from the wing tips of Army planes from being dragged into the mire by those who will sacrifice even their country's honor for the sake of ill-gained profits.

Let it be known here and now that the facts as I have stated them indicate beyond a question of a doubt President Roosevelt has not blundered, as the commercial air lines who want to force the return of the air-mail business to their hands would have you believe. He has taken a courageous stand to prevent the moneyed interests that have grasped control of commercial aviation from ramming their hands into the pockets of the taxpayers. I am confident he is going on through with this thing for the purpose of showing up the crowd that has gobbled up the aviation business of this country, and prove to the Nation that we not only have an Army Air Corps that can carry the mail but one that can defend the country in the event of a hostile invasion. If that is not true, then it is possible future development will indicate the President has by virtue of his cool and calculating judgment saved us from a national calamity.

The American people must be loyal to him and back him up. If they do not, they will find that they have been traitors to their flag, traitors to themselves, and that they have wronged those who have been battling for their cause. Let us have no more efforts to shield Treasury raiders from the eyes of the American public. Let us finish the job we have started for the man in the street who has paid the bill. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I desire to speak to you this afternoon on the question of our expenditures in recent years for aircraft equipment. We have branches of aeronautics in the Army, Navy, Coast Guard, Marine Corps, Department of Commerce, Department of Agriculture, National Advisory Committee for Aeronautics, and the Post Office Department, each of which has its separate personnel and overhead expenses to be met.

AIRCRAFT INVESTIGATIONS

Since the World War we have had 25 or more separate investigations, all of which were trying to formulate a future policy for our governmental air forces, especially as our air forces relate to national defense. We have had in this country, both before, during, and since the war, a group of men who have been primarily interested in selling the Government aircraft equipment, and they have always actively lobbied to that end and have assiduously tried to block consolidations of the departments, especially a centralized purchasing agent for aircraft equipment. This group has always opposed open competitive bidding in the procurement of aircraft supplies, and so far have been able to block the wishes of Congress along this line. This same group sold the Government aircraft during the World War, and were responsible for the expenditure of more than one and one half billion dollars. They manufactured the D.H.-4s, commonly known as the "flaming coffins", very few of which reached the front lines and were in service at the front at the signing of the armistice. It was known at that time that these D.H.-4s were not good enough to be kept as standard equipment in the British Royal Air Force and were almost immediately replaced by the D.H.-9 and other types. This same group very largely control the aircraft industry today.

The remarks that the gentleman from Iowa [Mr. WEARIN] has just made with regard to the Air Trust can be verified not only by this chart which I hold in my hand, showing the interlocking connections of the "Air Trust", but by an individual investigation which will bear out the information therein contained. There is no doubt in my mind, and I do not believe there will be in your mind if you go into this matter, as to the status of this industry today. This business is primarily divided into two branches, transportation and manufacturing. The transportation phase deals with air mail and passengers. The manufacturing branch deals with the commercial end.

AIR-MAIL SUBSIDY

Let us look at the situation for just a few minutes. We have already received information from the Post Office Department that these concerns carrying the mail have taken unfairly in profits from this Government an amount in excess of \$46,000,000. They have received that much subsidy since 1928, when they began carrying the mail for our Government, beyond what would be a reasonable price for this service on domestic air mail alone. What this same group of concerns received in unfair, unjust, and, we might say, illegal profits on Government contracts that they have received since the Aircraft Act of July 2, 1926, would make the \$46,000,000 look like a very small sum of money.

WHAT AVIATION COSTS

When we look at the appropriations which Congress has made for the last 5 years, we find that Congress has appropriated for aviation alone in excess of \$152,000,000 annually, on the average, as shown by the following table, showing the estimated expenditures for aviation from 1929 to 1933, inclusive:

Estimated cost of the Air Service of the United States, including Army, Navy, Coast Guard, Post Office, Department of Commerce, Department of Agriculture, and the National Advisory Committee for Aeronautics, fiscal years 1929-33, inclusive—Continued

	1933	1932	1931	1930	1929	Total
Army:						
Expenditures from direct appropriations: Air Corps, Army, including salaries, O.C.A.C. and O.A.S.W.	\$24,668,319.29	\$29,754,334.94	\$36,628,614.60	\$31,977,903.27	\$27,357,874.46	\$150,387,052.55
Expenditures from indirect appropriations:						
Chemical Warfare Service	13,321.11	12,524.98	13,000.00	52,150.00	26,142.00	117,147.09
Contingent Expenses, War Department	5,775.18	6,035.54	7,458.03	5,482.00	6,004.00	30,754.75
Corps of Engineers	13,106.00	6,477.00	5,604.00	4,955.00	4,673.00	34,875.00
Medical Department	93,919.46	131,146.42	20,965.37	22,978.00	22,304.00	291,313.25
Mileage of the Army	23,735.00	43,721.00	48,390.00	43,700.00	42,500.00	202,045.00
National Guard Bureau	1,673,667.12	1,458,495.82	2,119,342.95	1,531,364.00	1,810,103.00	8,592,977.89
Ordnance Department	1,267,421.00	841,311.00	1,182,508.00	1,323,371.00	1,245,304.00	5,860,005.00
Organized Reserve, R.O.T.C., and C.M.T.O.	1,848,787.38	2,079,890.65	2,015,460.00	2,135,580.00	1,383,835.00	9,463,523.03
Pay of the Army	14,470,218.00	15,295,110.00	14,327,535.00	13,488,094.00	11,312,486.00	68,893,443.00
Printing and binding	13,072.01	18,201.25	17,936.49	19,347.00	28,138.00	106,694.75
Subsistence, B. and Q., Army transportation, construction of buildings, etc.	12,265,905.00	21,534,654.00	15,285,430.00	8,808,381.00	8,900,699.00	66,885,099.00
Signal Corps	635,891.00	839,637.00	520,679.00	508,458.00	521,164.00	3,085,829.00
Total, indirect appropriations	32,324,818.26	42,267,174.66	35,564,488.84	28,003,869.00	25,403,357.00	163,563,677.75
Value (estimated) issues from war supplies (war cost) ¹	2,145,098.80	4,787,191.23	6,321,080.00	10,687,056.00	6,523,615.00	30,464,041.03
Total, Army	59,138,236.35	76,808,700.83	78,514,153.44	70,663,834.27	59,284,846.46	344,414,771.35
Department of Agriculture: Forest-fire patrol, etc.	29,922.00	47,486.00	42,700.00	43,343.00	43,946.00	207,397.00
Coast Guard ²	280,135.59	245,957.80	417,102.81	108,077.00	82,522.00	1,133,795.20
Department of Commerce:						
Aircraft in commerce	986,202.00	1,301,166.00	1,258,758.00	1,143,000.00	877,277.00	5,566,403.00
Air-navigation facilities	5,907,560.00	8,581,176.00	7,930,100.00	5,533,320.00	4,619,637.00	32,571,832.00
Helium, production and investigation	52,302.56	80,812.49	504,520.56	188,248.00	1,139,270.00	1,965,153.61
Total, Department of Commerce	6,946,103.56	9,963,154.49	9,693,378.56	6,864,568.00	6,636,184.00	40,103,388.61
National Advisory Committee for Aeronautics	842,199.08	982,481.82	1,194,997.41	1,507,997.00	624,559.00	5,152,204.31
Navy:						
Expenditures from direct appropriations:						
New construction of aircraft	7,195,963.00	8,726,461.79	12,199,032.01	14,244,994.65	16,595,472.19	58,961,923.64
Rigid airships	1,450,000.00	1,675,000.00	1,800,000.00	1,000,000.00	2,000,000.00	7,925,000.00
Navigational, photographic, aerological, and radio equipment	943,240.00	1,046,637.58	1,036,120.20	943,011.65	1,166,175.55	5,135,184.99
Maintenance and repair	11,100,103.00	12,753,847.23	13,092,192.70	11,949,053.29	9,582,674.96	58,477,854.18
Experimental and development	2,027,941.00	2,221,499.42	1,991,091.88	1,807,033.63	1,966,113.34	10,013,679.25
Clerical, drafting, inspection and messenger force in the field	1,112,140.00	912,616.40	859,992.40	800,063.91	727,772.42	4,412,585.19
Total, direct appropriations	23,829,387.00	27,336,062.42	30,978,429.23	30,744,167.14	32,038,181.56	144,926,227.25
Expenditures from indirect appropriations: ⁴						
Printing and binding	6,499.25	17,061.88	11,024.00	13,829.65	14,524.88	62,939.65
Salaries, Navy Department	285,354.72	289,676.33	288,868.74	266,929.43	227,545.01	1,358,374.23
Pay of the Navy	10,542,663.00	10,433,405.00	10,342,205.00	9,453,976.00	9,063,467.00	49,825,736.00
Pay of the Marine Corps	1,204,281.98	1,260,180.00	1,309,430.00	1,214,593.50	1,027,531.82	6,016,017.30
Provisions, Navy	747,265.42	784,578.90	881,964.23	869,765.00	922,529.00	4,206,102.55
Provisions, Marine Corps	98,769.00	123,278.75	158,501.25	161,250.00	123,777.50	665,576.50
Bureau of Ordnance	1,581,575.48	1,695,531.30	1,241,566.00	1,504,468.64	1,129,221.93	7,152,363.35
Bureau of Engineering	498,301.00	769,211.00	830,467.00	740,811.44	489,366.61	3,328,157.05
Bureau of Construction and Repair	555,566.00	897,579.00	973,769.00	863,456.00	634,096.00	3,924,466.00
Naval Reserve	556,760.00	900,434.42	877,566.97	877,472.64	498,315.27	3,710,549.30
Maintenance, Supplies, and Accounts	509,143.91	558,851.49	561,913.60	413,113.64	354,246.87	2,397,269.51
Medical Department	153,688.74	180,836.02	222,978.65	52,330.12	44,644.03	684,477.58
Transportation, officers and enlisted men	303,735.20	402,173.34	348,849.00	268,230.00	287,793.00	1,610,780.54
Fuel and transportation	305,206.44	443,304.94	568,940.60	608,086.63	659,435.51	2,584,974.12
Public Works, Bureau of Yards and Docks	3,360,000.00	1,069,888.32	7,288,000.00	1,247,500.00	1,060,000.00	14,025,388.32
Increase of the Navy:						
Saratoga and Lexington		500.00	102,132.90	630,759.67	1,174,236.00	1,907,628.57
Ranger	7,999,896.55	4,359,426.00	313,470.14			12,672,792.69
Equipment for Saratoga and Lexington				3,509.05	27,823.99	31,333.04
Catapults for Cruisers Nos. 24 to 39	500,000.00		110,000.00	205,000.00	480,000.00	845,000.00
Arresting gear, Ranger	100,000.00			18,004.58		118,004.58
Total, indirect appropriations	28,888,726.70	24,185,916.69	26,431,647.09	19,413,085.99	18,203,554.42	117,127,930.89
Total, Navy	52,718,113.70	51,521,979.11	57,410,076.32	50,157,253.13	50,241,735.98	262,054,158.14
Post Office Department:						
Domestic air mail	19,454,981.00	19,993,678.80	16,991,142.87	14,658,253.00	11,207,207.00	82,305,262.67
Foreign air mail	6,948,188.77	6,962,984.28	6,564,858.17	4,300,000.00	1,364,798.33	26,140,799.55
Total, Post Office Department	26,403,169.77	26,956,663.08	23,556,001.04	18,958,253.00	12,571,975.33	108,446,062.22
Grand total	146,357,850.05	166,526,423.13	170,828,409.58	148,308,325.40	129,490,763.67	761,511,776.83

¹ Includes Air Corps technical construction, previously carried under "Air Corps, Army."

² All issues by War Department branches.

³ There is no direct appropriation in the Coast Guard. Each Coast Guard airplane is operated as a unit in a group of patrol boats assigned to patrol bases, and the overhead cost for maintenance is charged or absorbed in the cost of the patrol-boat bases. A close approximation of this amount is contained in the above figures.

⁴ The appropriations and expenditures listed include the cost of maintenance, operation, and repair of aircraft tenders and the carriers *Saratoga*, *Lexington*, and *Langley* including the pay and subsistence of aviation personnel attached thereto.

⁵ Excludes commuted rations. Reported in Pay, Marine Corps.

⁶ Includes hospital treatment of aviation personnel, which item was not included in the estimates of previous years.

The above table is a mere estimate by the War Department, and many believe our expenditures much more than shown by the chart (pp. 398-399, Navy appropriation hearing, 1935). The recent disclosures show—as clearly brought out by the gentleman from Iowa—there is something radically wrong with the equipment being furnished not only the Army but the Navy as well.

What is wrong with this equipment? We have annually been paying more money than any other nation in the world for aviation. Certainly Congress has done its part. There

are no superior aviators in the world to the men of our Army and Navy. The Army's recent unfortunate experience in carrying the mail shows primarily the lack of proper flying equipment. This equipment has not stood up. It is not delivering.

THE AIR-TRUST LOBBY

Yet this bunch of pirates have had the audacity to come before this Congress and before our committees and attack the administration, calling the President's advisers "traitors." Why? Because he has had the courage to step into

the breach because of the corruption and fraud that has been disclosed in the letting of the mail contracts by previous administrations in the Post Office Department and has taken away from this bunch of pirates the right to carry the mail. They did not have this right, and they knew the contracts under which they have been operating were illegal. Every concern that had one of these contracts knew that it had a contract it could not go into court and enforce. They have very recently organized a lobby. It is going to charge Washington with a slush fund in excess of \$100,000, and they are going to tell you that you must turn these air-mail lines back to the private companies without fail. They are going to try to discredit the administration and anyone who dares to stand in their way. They are also telling the independent aircraft concerns to get on the line and chip in because they are going to put it over and they will need their help.

The lobby is now being organized. Their personnel is becoming known. The advance guard is already here, and they are going to tell us we must turn these lines back and do it promptly. The mail boxes of different Members are being filled with partisan editorials of the press of the country from coast to coast, all a part of the propaganda organized by this group to tell the administration that it must turn these lines back quickly and that Congress must enact legislation that will bring about this result.

Mr. WEARIN. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. WEARIN. Did the gentleman ever happen to notice that this propaganda is being sent out in envelopes with the return address of the Transcontinental & Western Air Co.?

Mr. McFARLANE. Yes, sir. All of it, and it is being mimeographed by them, and they are one of the worst offenders in this racket.

Mr. TERRY of Arkansas. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. TERRY of Arkansas. The gentleman started out a moment ago by speaking of the industry being divided into two branches, the transportation and the manufacturing end. The gentleman then discussed the transportation end. Is the gentleman going to speak later with respect to the manufacturing end?

AIRCRAFT MANUFACTURE

Mr. McFARLANE. Yes, sir. I want to cover the manufacturing phase of it, because it is very vital to our different departments purchasing this aircraft equipment from these same concerns. I touched on that question the other day in a speech I made. At that time I attempted to bring out the inferiority of the equipment that is being sold by the trust today to the Government through its different branches. Mr. Chairman, there is no doubt about this, and the tables of Major Mackenzie-Kennedy which I inserted in the RECORD on March 6 will speak for themselves. These tables have been checked by Government experts and found conservative but accurate. Our warplanes and warplane engines will not fly as fast and will not deliver in comparison with the planes of half a dozen other countries. Our position in national defense in the air is a serious one. Today we rank third among the nations in the number of warplanes; sixth in the number of factories; the most backward of all in the design of warplanes in service and projected. Our warplanes are most deficient in the elasticity of performance. Today our leading warplanes cannot reach similar foreign planes to do battle with them. A careful comparison made of our warplanes and engines with those of other countries will show that the speed of our planes are from 20 percent to 30 percent less than that of several other nations. The different investigating committees have been striving to correct this condition since the World War, and today we find ourselves, comparatively speaking, without any warplanes. We now have the two main branches of the Service, the Army and the Navy, each very jealous of its own jurisdiction, each loaded at the head and primarily interested in its own jurisdiction alone, with our air defense standing alone and taking only what they will hand it—the crumbs that fall from the master's table.

Mr. BLANTON. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BLANTON. I notice during the last few days some of the long, lean, lanky, hungry politicians up at Wichita Falls, whom the gentleman caused to be on the outside looking in, rather than on the inside looking out, are very much dissatisfied with the gentleman's attitude. Are they still after the gentleman up at Wichita Falls?

WICHITA FALLS "RING'S" ACTIVITIES

Mr. McFARLANE. Yes, sir; they are still after me, and it is for a reason. It is the same crowd that has always been after me on the different propositions where I have defended the rights of the taxpayers of the country and have refused to let them dictate how I should vote. They opposed me when I was in the house and in the senate in Texas. They are never satisfied until and unless they can have their way, and I have always tried to protect the little fellow—they can look after themselves.

Mr. BLANTON. Is that the same bunch of lean, long, lanky, hungry politicians that tried to take my colleague's appointments away from him with respect to the Home Owners' Loan Corporation?

Mr. McFARLANE. Yes, sir; it is the same bunch, and it is the same bunch that tried to take away from me the right to name the postmasters and other appointments in my district.

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BLANTON. I am pleased that the gentleman has been yielded more time, because I have some very important questions I want to ask the gentleman.

I wonder if this is the same gang of Republican complexion up at Wichita Falls that yesterday helped other Republicans to have placed on our home loan bank bill, in another body, a Republican amendment that would take away from all Democratic Congressmen the naming of appraisers and attorneys for each county in our districts?

Mr. McFARLANE. I do not know about that, but I do know that so far as my own district is concerned, nothing would please that crowd better than to do just that.

Mr. BLANTON. I wish my colleague, tonight before he goes to bed, would wire that gang at Wichita Falls, and would wire Jim Shaw at Dallas, that when this amendment reaches the House of Representatives what the House will do to it will be aplenty. We will kill it as soon as we reach it. We will not allow a Republican amendment like that to stay in the bill. My colleague knows that the Democratic appointees whom the Democratic Members of Congress in every district have appointed as appraisers and attorneys in each county have been the highest-class men in our districts. They have been men of intelligence, men of integrity, men of experience, men of great ability, men well qualified, men who know the people, men who know the property, men highly respected at home, and men who have been doing valuable service for the Government of the United States ever since their appointment. We will not permit Jim Shaw to disturb them.

Mr. EAGLE. May another Texan interject to say that that is especially true in the Houston district?

Mr. McFARLANE. The gentlemen are right, and I thank you for your contributions.

Mr. BLANTON. And Jim Shaw did not put it over my colleague from Houston at all.

Mr. EAGLE. Not at all, and they will not hereafter.

Mr. MILLARD. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. MILLARD. The gentleman from Texas does not want the House to believe that there are some Republican politicians in Texas stopping him from naming postmasters in his district?

Mr. McFARLANE. They just tried to do that, I may say to the gentleman from New York [Mr. MILLARD], but they did not succeed.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman from Texas 3 additional minutes.

LITTLE COMPETITION IN AIRCRAFT PROCUREMENT

Mr. McFARLANE. On the manufacturing phase of this Air Trust racket, let me call your attention to the seriousness of the situation.

In July 1926 Congress enacted the present aircraft-procurement law after many investigations and long debate, both in the committees and in Congress, in trying to determine the best policy of procurement in building up our air forces so that we could take our proper place in the air among the other nations of the world. The principal bone of contention between the conflicting viewpoints, as expressed by the leaders in the House Military and Naval Affairs Committees, was whether or not we should have public and open competitive bidding in the procurement of our aircraft equipment. After much debate the different measures passed the House and Senate and the Free conference committee brought back their report. The principal bone of contention was on amendment no. 30, and on this amendment Mr. McSWAIN said:

Rather than eliminate publicity, rather than cut out competition and bidding, as was the recommendation of the Lampert and Morrow committees, we have not doubled it merely, but we have multiplied it by at least 10, so that now the light is to be turned on from every angle. It is true that there is discretion in the Secretary to decide which is the lowest responsible bidder, which one can best build the aircraft for the safety of the lives of the men who are to fly them in time of peace and time of war.

Mr. GRIFFIN. But you eliminated that.

Mr. McSWAIN. The discretion still rests with the Secretary of War to decide that question, and there is publicity from the very first proposition of inviting competition in the matter of design contest, competition in the building and construction contract, and there is light turned on in this.

This Aircraft Act and the above expresses the undisputed intention of Congress at that time on the question of open competition. The Army and Navy in this bill were given special privileges not enjoyed by any other aeronautical division. The Secretaries of War and of the Navy were given the exclusive authority to interpret the provisions of the contract, when the contracts of all other departments are interpreted by the Comptroller General; and the record of aircraft procurement from 1926 to date shows that is where we have made a serious mistake. More than 90 percent of the warplanes, engines, and parts purchased since the act of 1926, according to the Comptroller's Department, has been without open competitive bidding. According to the unbroken line of decisions of Judge Advocate Generals of both the Army and the Navy Departments, neither Department, under section 10 (k) had the right to secure designs, aircraft, aircraft parts, or aeronautical accessories without open competitive bidding; yet the record shows that the Secretaries of the Army and the Navy and those employees under them have continued to disregard the opinion of their legal advisers and have purchased aircraft under this section in violation of the law and clearly contrary to the intent of Congress in the enactment of the law.

AIR TRUST HARD TO SATISFY

We have the same group that controls air transportation selling all aircraft equipment to the Government departments under contract, with little or no competition, in open, flagrant violation of the law of Congress enacted July 2, 1926, knowing that they are violating the law in selling to different departments Army and Navy equipment—and then they have the gall to come out in the press and criticize the President and the administration when they were caught with the goods in trying to enforce illegal air-mail contracts which were unreasonably expensive to the taxpayers.

The profit they have made on the contracts that they have had with our Government, what they have received in unfair, unjust profits, will not be a bagatelle when compared with what they received in governmental contracts on the bunch of inefficient and obsolete equipment they have sold the Army and the Navy since the World War.

They are not trying to promote the national defense nor improve the aircraft equipment they sell us; they are interested only in one thing, and that is quantity production and making as much money off the Government as possible. If they improve their equipment, they would have to ap-

propriate something for their improved jigs, dies, and tools; and as there is no competition, why should they do it? There are two principal holding companies, and they largely control the whole thing—the Curtiss-Wright Co. and the United Aircraft & Transport Corporation.

INCOME-TAX EVASION

I have been checking the income-tax records of all corporations selling the Navy aircraft and find that while many of these concerns which head-up principally through the Chase National, National City, and J. P. Morgan & Co. group are primarily interested in crucifying the disabled war veterans and their dependents through their activities in the National Economy League they have secured favorable income-tax legislation for themselves and by filing consolidated returns through their holding companies have saved millions of dollars that they would have been required to pay under the income-tax law of 1918. All corporations holding Government contracts should be required to pay income taxes on same and should not be allowed to file consolidated returns or to evade this tax through other manipulations. I insert in the RECORD at this time (see p. 4977) a chart showing the latest available information on the interlocking directorates and connections of the "air trust."

In January 1928 Hon. CARL VINSON introduced H.R. 9359, to amend section 10 (k) to permit the procurement of aircraft without competition. This measure was drawn at the request of Mr. Curtis D. Wilbur, then Secretary of the Navy. The measure was never reported out of the Military Affairs Committee. We should either repeal the Aircraft Act of 1926 or demand that its provisions be enforced. We ought to have competition, competitive bidding in the procurement of our aircraft the same as we have in other things.

The Army and the Navy has been given special privilege, and the law has been violated by the different departments knowingly.

And, my friends, let me say here now they know they have violated section 10 (k) ever since it was enacted.

Section 10 (k) is as follows:

(k) The Secretary of War or the Secretary of the Navy may at his discretion purchase abroad or in the United States, with or without competition, by contract or otherwise, such designs, aircraft, aircraft parts, or aeronautical accessories as may be necessary in his judgment for experimental purposes in the development of aircraft or aircraft parts or aeronautical accessories of the best kind for the Army or the Navy, as the case may be, and if as a result of such procurement, new and suitable designs considered to be the best kind for the Army or the Navy are developed, he may enter into contract, subject to the requirements of paragraph (j) of this section, for the procurement in quantity of such aircraft, aircraft parts, or aeronautical accessories without regard to the provisions of paragraphs (a) to (e), inclusive, hereof.

They know it today. They violated the clear mandate of Congress in purchasing their equipment. That is something that ought to be looked into. It ought to be investigated. This matter ought not to be whitewashed. When you get the report from the investigating Committee on Military Affairs, it will not be a whitewash like the majority report of another committee.

Mr. WADSWORTH. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. WADSWORTH. What committee does the gentleman refer to?

Mr. McFARLANE. The Subcommittee on Naval Affairs of the House, appointed to investigate aircraft procurement.

Mr. WADSWORTH. Does the gentleman think that was a whitewash?

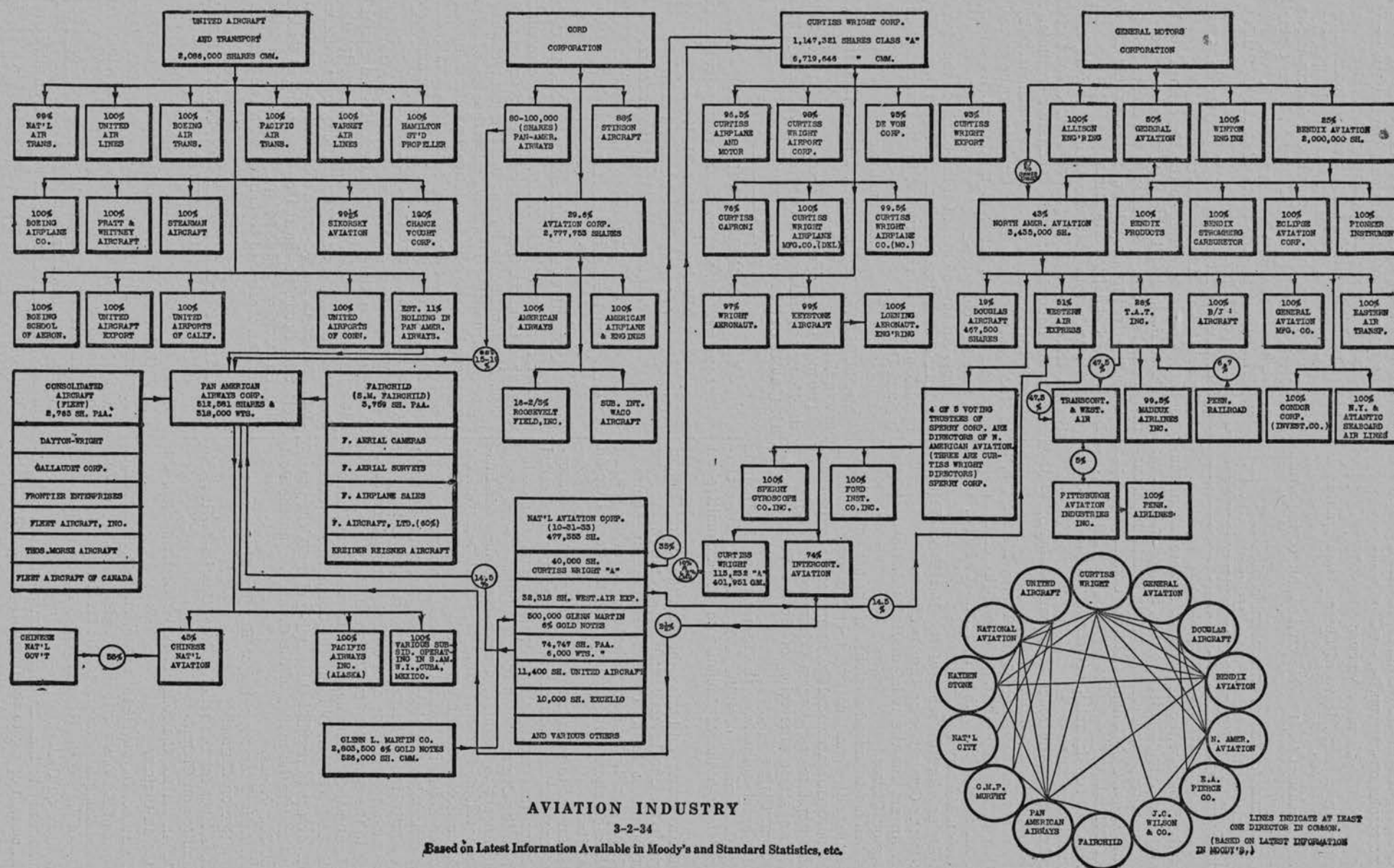
Mr. McFARLANE. I think so; the report will speak for itself. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. O'CONNOR, Chairman of the Committee of the Whole House on the state of the Union reported that that Committee had under consideration the



bill (H.R. 8617), the legislative appropriation bill, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. UTTERBACK, for 1 week, on account of important business.

To Mr. KLEBERG, for today, on account of illness.

To Mr. BERLIN (at the request of Mr. HAINES) indefinitely, on account of illness.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 195. An act respecting contracts of industrial life insurance in the District of Columbia; to the Committee on the District of Columbia.

S. 557. An act for the relief of John Ernst; to the Committee on Military Affairs.

S. 610. An act for the relief of Thomas Salleng; to the Committee on Military Affairs.

S. 826. An act for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

S. 841. An act for the relief of Charles C. Floyd; to the Committee on Military Affairs.

S. 847. An act for the relief of the Nez Perce Tribe of Indians; to the Committee on Indian Affairs.

S. 1072. An act for the relief of Rufus J. Davis; to the Committee on Claims.

S. 1194. An act to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended; to the Committee on Interstate and Foreign Commerce.

S. 1232. An act for the relief of George Voeltz; to the Committee on Claims.

S. 1498. An act authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for service rendered the Crow Tribe of Indians; to the Committee on Claims.

S. 1881. An act to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; to the Committee on Indian Affairs.

S. 1887. An act to authorize the change of homestead designations on allotted Indian lands; to the Committee on Indian Affairs.

S. 1888. An act to provide for the protection and conservation of the grazing resources of the undisposed-of ceded Indian lands the tribal title to which remains unextinguished; to the Committee on Indian Affairs.

S. 1889. An act to facilitate a more economical administration of forest and grazing lands on Indian reservations; to the Committee on Indian Affairs.

S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; to the Committee on Indian Affairs.

S. 1993. An act for the relief of the Lower Salem Commercial Bank, Lower Salem, Ohio; to the Committee on Claims.

S. 2101. An act to prohibit the sending of unsolicited merchandise through the mails; to the Committee on the Post Office and Post Roads.

S. 2141. An act for the relief of Roy Lee Groseclose; to the Committee on Claims.

S. 2142. An act for the relief of Mrs. Charles L. Reed; to the Committee on Claims.

S. 2373. An act for the relief of Isidor Greenspan; to the Committee on Claims.

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona; to the Committee on the Public Lands.

S. 2398. An act for the relief of Nancy Abbey Williams; to the Committee on Claims.

S. 2460. An act to limit the operation of statutes of limitations in certain cases; to the Committee on the Judiciary.

S. 2508. An act authorizing the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission and the Attorney General of the United States, to make equitable adjustments of conflicting claims between the United States and other claimants of lands along the shores of the Potomac River, Anacostia River, and Rock Creek, in the District of Columbia; to the Committee on the District of Columbia.

S. 2627. An act for the relief of Arvin C. Sands; to the Committee on Claims.

S. 2661. An act for the relief of Clayton M. Thomas; to the Committee on Military Affairs.

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes; to the Committee on Labor.

S. 2807. An act for the relief of the Germania Catering Co., Inc.; to the Committee on Claims.

S. 2891. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws; to the Committee on Indian Affairs.

S. 2897. An act to regulate interstate commerce by granting the consent of Congress to taxation by the several States of certain interstate sales; to the Committee on Interstate and Foreign Commerce.

S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. LUDLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p.m.) the House adjourned until tomorrow, Wednesday, March 21, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Mar. 21, 10 a.m.)

Continuation of the stock-exchange hearings.

MERCHANT MARINE, RADIO, AND FISHERIES

(Wednesday, Mar. 21, 10 a.m.)

Hearings on H.R. 3348 and H.R. 7979.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

386. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal years 1934 and 1935, in the sum of \$35,500 (H.Doc. No. 287); to the Committee on Appropriations and ordered to be printed.

387. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 13, 1934, submitting a report, together with accompanying papers and illustrations, on preliminary examination of Green River, Wash., with a view to the control of its floods, authorized by act approved February 15, 1933 (H.Doc. No. 286); to the Committee on Rivers and Harbors and ordered to be printed with two illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KENNEDY of Maryland: Committee on Disposition of Useless Executive Papers. Report No. 1026. Disposition of useless papers in the Railroad Administration. Ordered to be printed.

Mr. KENNEDY of Maryland: Committee on Disposition of Useless Executive Papers. Report No. 1027. Disposition of useless papers in the Post Office Department. Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WEAVER: Committee on the Judiciary. H.R. 5668. A bill authorizing the relief of the McNeill-Allman Construction Co., Inc., of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co., Inc., and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims; without amendment (Rept. No. 1025). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LLOYD: A bill (H.R. 8729) to authorize acquisition of complete title to the Puyallup Indian Tribal School property at Tacoma, Wash., for Indian sanatorium purposes; to the Committee on Indian Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 8730) prescribing the procedure and practice in condemnation proceeding brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes; to the Committee on the Judiciary.

By Mr. COCHRAN of Missouri: A bill (H.R. 8731) to amend section 64 of the bankruptcy law of the United States; to the Committee on the Judiciary.

By Mr. SMITH of Washington: A bill (H.R. 8732) to provide for the construction of a post-office and Federal building at Aberdeen, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. EAGLE: A bill (H.R. 8733) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

By Mr. LUDLOW: A bill (H.R. 8734) to authorize the Reconstruction Finance Corporation to make loans for industrial financing; to the Committee on Banking and Currency.

By Mr. HAINES: A bill (H.R. 8735) reducing the rates of taxation on tobacco products; to the Committee on Ways and Means.

By Mr. CONNERY: Resolution (H.Res. 308) for the consideration of H.R. 8641, a bill to protect labor in its old age, and for other purposes; to the Committee on Rules.

By Mr. LESINSKI: Resolution (H.Res. 309) to investigate the automotive industry and conditions of labor and the enforcement of section 7 (a), National Recovery Act; to the Committee on Rules.

By Mr. MARTIN of Oregon: Joint resolution (H.J.Res. 303) to salvage Indian remains of scientific importance in the State of Oregon; to the Committee on the Library.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, seeking preservation of the United States industry of sugar refining; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H.R. 8736) for the relief of George A. Voss; to the Committee on Naval Affairs.

By Mr. COCHRAN of Missouri: A bill (H.R. 8737) for the relief of Wendell O. Yount; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8738) for the relief of Howard E. Miller; to the Committee on Naval Affairs.

By Mr. DIMOND: A bill (H.R. 8739) for the relief of the estate of J. Casey McDannell; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 8740) granting a pension to Lucretia E. Barton; to the Committee on Invalid Pensions.

By Mr. LLOYD: A bill (H.R. 8741) authorizing the maintenance and use of a banking house upon the United States military reservation at Fort Lewis, Wash.; to the Committee on Military Affairs.

By Mr. MUSSELWHITE: A bill (H.R. 8742) for the relief of the Imperial Shipbuilding Corporation; to the Committee on Claims.

By Mr. McCORMACK: A bill (H.R. 8743) for the relief of John Gibbon; to the Committee on the Civil Service.

By Mr. McSWAIN: A bill (H.R. 8744) for the relief of Marion E. Sams; to the Committee on Naval Affairs.

By Mr. O'CONNELL: A bill (H.R. 8745) for the relief of Rocky Brook Mills Co.; to the Committee on War Claims.

By Mr. RICHARDSON: A bill (H.R. 8746) granting an increase of pension to Florence G. Miller; to the Committee on Pensions.

By Mr. THOMAS: A bill (H.R. 8747) granting a pension to Corrie A. Chubb; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 8748) for the relief of John E. Lancaster; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3088. By Mr. AYRES of Kansas: Petition of citizens of Wichita, Kans., protesting against the passage of the so-called "Tugwell pure food and drugs bill"; to the Committee on Interstate and Foreign Commerce.

3089. By Mr. BAKEWELL: Resolution of the executive committee of the Railroad Employees & Taxpayers Association of Connecticut, favoring the passage of House bill 8100; to the Committee on Interstate and Foreign Commerce.

3090. By Mr. BRUNNER: Petition of the Allied League of Independent Voters, petitioning Congress to set aside a tract of land for the establishment of an aviation academy, etc.; to the Committee on Military Affairs.

3091. By Mr. CONNERY: Petition of Revere (Mass.) City Council, favoring an amendment to the Federal Loan Board Act, so that cities in poor financial condition may secure loans on tax warrants from said Board; to the Committee on Banking and Currency.

3092. Also, petition of the Commonwealth of Massachusetts, relative to the United States ship *Constitution*; to the Committee on Naval Affairs.

3093. By Mr. CULLEN: Petition of the Civil Service Forum, urging an inquiry to be made to ascertain whether or not it can possibly be true that the Federal Government is discriminating against the city of New York on its application for a loan of \$23,000,000 for the purpose of completing its subways; to the Committee on Banking and Currency.

3094. Also, petition of the American Association of Railroad Superintendents, urging the immediate passage of House bill 6836, introduced by Congressman RAYBURN, providing for the regulation of carriers engaged in interstate traffic upon the public highways; to the Committee on Interstate and Foreign Commerce.

3095. Also, petition of the American Association of Railroad Superintendents, urging the immediate adoption of House bill 8100, commonly known as the "Pettengill bill"; to the Committee on Interstate and Foreign Commerce.

3096. Also, petition of the Association of Highway Officials of North Atlantic States, urging Congress to make appropriations of regular Federal aid to the States in the amount of not less than \$125,000,000 per year for the 2-year period beginning July 1, 1935, and in addition thereto for each year the usual relative grants for roads through national forests and public domain; to the Committee on Roads.

3097. By Mr. EDMONDS: Petition of the Vessel Owners' and Captains' Association of Philadelphia, Pa., in opposition to House bill 7979; to the Committee on Labor.

3098. By Mr. FITZPATRICK: Petition of the William R. Carmer Camp, No. 8, United Spanish War Veterans, Department of New York, at Mount Vernon, N.Y., urging the approval of the designation of St. Paul's Church at Eastchester, Mount Vernon, N.Y., together with the village green and churchyard associated therewith as a national shrine; to the Committee on the Library.

3099. Also, petition of the American Legion Post, No. 3, at Mount Vernon, N.Y., urging the approval of the designation of St. Paul's Church at Eastchester, Mount Vernon, N.Y., together with the village green and the churchyard associated therewith, as a national shrine; to the Committee on the Library.

3100. Also, petition of the New York Commandery, the Naval and Military Order of the Spanish-American War, urging the approval of the designation of St. Paul's Church at Eastchester, Mount Vernon, N.Y., together with the village green and churchyard associated therewith, as a national shrine; to the Committee on the Library.

3101. By Mr. FULMER: Resolution of the board of managers of the South Carolina Congress of Parents and Teachers, respectfully petitioning your honorable body for early hearings and favorable action on the Patman motion-picture bill, H.R. 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3102. By Mr. KENNEY: Petition of the mayor and council of the borough of Cliffside Park, Bergen County, N.J., containing the approval and endorsement of House bill 3082, introduced by Congressman EDWARD A. KENNEY, which would permit the Reconstruction Finance Corporation to loan municipalities on their tax-anticipation notes; to the Committee on Banking and Currency.

3103. By Mr. KVALE: Petition of the Farmers Union, of Yellow Medicine County, Minn., protesting against payment of a processing tax on wool; to the Committee on Agriculture.

3104. By Mr. KRAMER: Resolution adopted by the Council of the City of Alameda, Calif., on March 7, 1934, recommending that: Whereas the Ways and Means Committee of the House and Senate of the United States recently proposed an excise tax on coconut oil to the amount of 5 cents per pound; to the Committee on Ways and Means.

3105. Also, resolution adopted by the City Council of the City of Los Angeles, at a meeting held March 12, 1934, recommending that: Whereas the Post Office Department is contemplating the issue of a new set of stamps; to the Committee on the Post Office and Post Roads.

3106. By Mr. LEHR: Petition of the Rollin Center Woman's Christian Temperance Union, urging that the Patman motion-picture bill, H.R. 6097, should receive full support of both Houses of Congress; to the Committee on Interstate and Foreign Commerce.

3107. By Mr. LINDSAY: Petition of the Brooklyn and Long Island Automobile Dealers Association, Brooklyn, N.Y., opposing the Wagner bill; to the Committee on Interstate and Foreign Commerce.

3108. Also, petition of the Bay Towing Co., Galveston, Tex., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3109. Also, petition of the Vessel Owners' and Captains' Association of Philadelphia, Pa., opposing House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3110. Also, petition of the Association of Railway Executives, Washington, D.C., favoring the Pettengill bill, H.R. 8100; to the Committee on Interstate and Foreign Commerce.

3111. By Mr. LUNDEEN: Petition of the Grand Portage Farmer-Labor Club of Grand Portage, Minn., urging Congress to enact laws whereby the United States of America and the State of Minnesota will be enabled to pay an acreage tax of 5 cents per acre on all lands owned by them; to the Committee on Ways and Means.

3112. Also, petition of the Grand Portage Farmer-Labor Club of Grand Portage, Minn., urging if and when develop-

ment of the Pigeon River natural resources becomes desirable and advisable such development should be made by the Government in the interest and for the benefit of all the people rather than by private interests for the benefit of the few; to the Committee on Rivers and Harbors.

3113. Also, petition of the Grand Portage Farmer-Labor Club of Grand Portage, Minn., favoring the extension and completion of United States Highway No. 61 along the lake shore eastward from the Reservation River, and that work be begun on such extension at the earliest possible moment in the interest and for the protection and benefit of the Grand Portage settlers, both Indians and whites; to the Committee on Roads.

3114. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, seeking amendment of the Costigan bill, inserting therein a provision expressly limiting importations of refined sugar from insular possessions of the United States and from foreign countries; to the Committee on Ways and Means.

3115. By Mr. MEAD: Petition of Association of Employees, American Telephone & Telegraph Co., Buffalo, N.Y., objection to parts of Wagner Labor Disputes Act; to the Committee on Labor.

3116. Also, petition of the Builders Exchange of Buffalo, Buffalo, N.Y., urging favorable action on House bill 8279; to the Committee on Banking and Currency.

3117. Also, petition of the International Institute, Buffalo, N.Y., urging favorable action on House bill 5978; to the Committee on the Judiciary.

3118. Also, petition of the Building Managers' Association of Buffalo, Buffalo, N.Y., urging defeat of National Securities Act for 1934; to the Committee on Interstate and Foreign Commerce.

3119. Also, petition of the International Brotherhood of Electrical Workers, Local Union No. 41, Buffalo, N.Y., urging favorable action on House bill 7580; to the Committee on the District of Columbia.

3120. Also, petition of the Atlas Steel Casting Co., Buffalo, N.Y., objecting to 30-hour-a-week bills; to the Committee on Labor.

3121. Also, petition of the B.T.C. Political Club, Inc., Buffalo, N.Y., urging support of the 30-hour week bill; to the Committee on Labor.

3122. Also, petition of the Young Woman's Christian Association, Buffalo, N.Y., urging favorable action on House bill 7659; to the Committee on Labor.

3123. Also, petition of the Building Managers' Association of Buffalo, Buffalo, N.Y., criticizing certain portions of House bill 7835; to the Committee on Ways and Means.

3124. Also, petition of the Association of Highway Officials of North Atlantic States, Trenton, N.J.; to the Committee on Roads.

3125. By Mrs. ROGERS of Massachusetts: Petition of the House of Representatives and Senate of the State of Massachusetts, seeking preservation of the United States industry of sugar refining; to the Committee on Agriculture.

3126. By Mr. RUDD: Petition of the Association of Railway Executives, favoring the passage of Pettengill bill, H.R. 8100, and the Rayburn bill, H.R. 6836; to the Committee on Interstate and Foreign Commerce.

3127. Also, petition of the Brooklyn and Long Island Automobile Dealers Association, opposing the passage of the Wagner bill; to the Committee on Interstate and Foreign Commerce.

3128. By Mr. STRONG of Pennsylvania: Petition of the Parent-Teachers Association of Geistown, Cambria County, Pa., favoring the Patman motion-picture bill, H.R. 6097; to the Committee on Interstate and Foreign Commerce.

3129. By Mr. SWICK: Petition of the New Brighton Woman's Christian Temperance Union, New Brighton, Pa., Mary E. Magee, president, and Mrs. N. D. Seiple, secretary, urging early hearings and enactment of House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3130. By Mr. TREADWAY: Resolutions of the Worlds Service Society of Williamsburg, and the Woman's Christian Temperance Union of Athol, Mass., urging early hearings and favorable action on House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3131. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, seeking preservation of the United States industry of sugar refining; to the Committee on Agriculture.

SENATE

WEDNESDAY, MARCH 21, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day of Tuesday, March 20, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1, 3, and 32 to the said bill and concurred therein, and that the House had receded from its disagreement to the amendments of the Senate numbered 4, 25, 26, 27, 28, and 35 to the said bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

ANNUAL REPORT OF ARCHITECT OF THE CAPITOL (S.DOC. NO. 158)

The VICE PRESIDENT laid before the Senate a letter from the Architect of the Capitol, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

MARKETING OF GOVERNMENT SECURITIES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury in partial response to Senate Resolution 209, which was ordered to lie on the table and to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, March 21, 1934.

Hon. JOHN N. GARNER,

President of the Senate, Washington, D.C.

DEAR MR. PRESIDENT: I am in receipt of Senate Resolution 209, requesting the Secretary of the Treasury to furnish the Senate information with respect to Government securities offered to the public during the present fiscal year.

Between July 1, 1933, and March 15, 1934, the Secretary of the Treasury offered for subscription 2 issues of bonds, 3 issues

of Treasury certificates of indebtedness, 5 issues of Treasury notes, and 35 issues of Treasury bills. Since it is necessary to obtain from the Federal Reserve banks information as to the amounts allotted to the several classes of subscribers specified in the resolution, I have obtained estimates from the several governors of the Federal Reserve banks of the time necessary to compile this data. It will be possible for most of the Federal Reserve banks to complete this analysis within 3 weeks, but three of the larger districts have indicated that a longer time will be required.

A complete report, giving the information desired by the Senate, will be forwarded to you as soon as this data is received and assembled.

Very truly yours,

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

INFORMATION FROM NATIONAL RECOVERY ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Administrator of National Recovery, transmitting, in response to Senate Resolution 175—requesting certain information concerning employees and codes of the National Recovery Administration—the data requested so far as practicable, which, with the accompanying papers, was ordered to lie on the table.

Mr. NYE subsequently said: Mr. President, there was laid before the Senate this morning a communication from the Administrator of the National Recovery Administration in response to Senate Resolution 175, which was agreed to by the Senate about a month ago. That communication has been laid on the table for the moment, and I now move that it be referred, with the accompanying papers, to the Committee on Printing, where consideration may be given to the matter being printed as a public document.

The PRESIDING OFFICER. Without objection, it will be so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Frank I. Faulkner, of Washington, D.C., relative to taxes and related matters, which was referred to the Committee on Finance.

He also laid before the Senate a paper in the nature of a petition from Mrs. Cynthia Bradford, of Detroit, Mich., praying for the passage of legislation providing immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Vincent Joseph Klus, of New York City, N.Y., praying for the passage of legislation providing immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Rev. Lloyd Roberts, of Marcellus, N.Y., praying for the passage of legislation providing immediate payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Mrs. E. P. Woolridge, of San Antonio, Tex., praying for the passage of House bill 7019, providing old-age pensions, which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from Leonard A. Anderson, of Tonkawa, Okla., relative to the so-called "Bankhead cotton-control bill", which was ordered to lie on the table.

Mr. CAPPER presented telegrams in the nature of petitions from members of the Ladies' Auxiliary to Phillip Billard Post, No. 1650, Veterans of Foreign Wars, of Topeka; Col. John D. Riddell Post, No. 1432, Veterans of Foreign Wars, and Leslie Krepps Post, No. 62, the American Legion, both of Salina; Quindaro Post, No. 199, the American Legion, of Kansas City, and C. E. Strecker, post commander of Charles Walters Post, the American Legion; Harold H. Fayman, commander Veterans of Foreign Wars, and D. J. Speedy, past commander Orlin L. Birlew Camp, United Spanish War Veterans, of Fredonia, all in the State of Kansas, praying for the passage of legislation providing immediate payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

Mr. WALSH presented resolutions adopted by the Woman's Christian Temperance Unions of Fitchburg, Hyde

Park, New Bedford, North Attleboro, Somerville, Taunton, and Westfield; the Cape Cod Clerical Club, of Yarmouth; the World's Service Society, of Williamsburg; and the Ladies Benevolent Society of the Congregational Church, of Burlington, all in the State of Massachusetts, favoring the holding of early hearings and favorable action on the so-called "Patman motion-picture bill", being House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

TREATMENT OF THE JEWS IN GERMANY

Mr. WALSH. Mr. President, I present resolutions adopted by the Rodphey Scholem Lodge, No. 322, Independent Order of B'rith Abraham, of Holyoke, Mass., and a meeting of Jewish citizens of Franklin, Holliston, Medway, Millis, and West Medway, all in the State of Massachusetts, urging favorable consideration of Senate resolution 154, submitted by the senior Senator from Maryland [Mr. TYDINGS], opposing discriminations against Jews in Germany, which I ask may be appropriately referred.

The VICE PRESIDENT. The resolutions will be referred to the Committee on Foreign Relations.

PRESERVATION OF SUGAR-REFINING INDUSTRY IN UNITED STATES

Mr. WALSH. Mr. President, I present resolutions from the Massachusetts General Court seeking the preservation of the United States industry of sugar refining, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolutions seeking preservation of the United States industry of sugar refining

Whereas the preservation of the domestic industry of sugar refining requires a drastic limitation of importations of refined sugar from insular possessions of the United States and from foreign countries: Therefore be it

Resolved, That the General Court of Massachusetts urges upon the Congress and the President of the United States to exercise their powers drastically to limit the importation of refined sugar from insular possessions of the United States and from foreign countries and thus insure the continued existence in the United States of a great industry, and specifically urges that the Costigan bill, so called, now pending before Congress and providing for quotas and control over supplies of raw sugar be amended by the inserting therein of provisions expressly limiting importations of refined sugar from insular possessions of the United States and from foreign countries; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States, to the presiding officers of both branches of Congress, and to the Members thereof from this Commonwealth.

In house of representatives, adopted March 7, 1934.

In senate, adopted, in concurrence, March 15, 1934.

A true copy. Attest:

[SEAL]

F. W. COOK,

Secretary of the Commonwealth.

REPORTS OF COMMITTEES

Mr. CAREY, from the Committee on Banking and Currency, to which was referred the bill (S. 2997) authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes, reported it without amendment and submitted a report (No. 513) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3046) creating the Sistersville Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, hold, and operate a highway bridge across the Ohio River at or near Sistersville, W. Va., reported it without amendment and submitted a report (No. 514) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1431. An act for the relief of Elmer E. C. Armstrong (Rept. No. 515); and

S. 2378. An act for the relief of August R. Lundstrom (Rept. No. 516).

Mr. DICKINSON also, from the Committee on Military Affairs, to which was referred the bill (S. 1314) for the

relief of Perry Randolph, reported it with an amendment and submitted a report (No. 517) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (H.R. 4056) for the relief of Emma F. Taber, reported it without amendment and submitted a report (No. 518) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (H.R. 2639) for the relief of Charles J. Eisenhower, reported it with amendments and submitted a report (No. 519) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor (Rept. No. 520); and

H.R. 881. An act for the relief of Primo Tiburzio (Rept. No. 521).

Mr. GIBSON also, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 469. An act for the relief of Lucy Murphy (Rept. No. 522); and

H.R. 2342. An act for the relief of Lota Tidwell, the widow of Chambliss L. Tidwell (Rept. No. 523).

ASSISTANT CLERK TO COMMITTEE ON EDUCATION AND LABOR

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 212, and ask unanimous consent for its present consideration.

There being no objection, the resolution was considered and agreed to, as follows:

Resolved, That the Committee on Education and Labor hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk, to be paid from the contingent fund of the Senate at the rate of \$2,000 per annum.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 20th instant that committee presented to the President of the United States the enrolled bill (S. 356) for the relief of the Great American Indemnity Co. of New York.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

EXTRADITION OF FUGITIVES FROM JUSTICE

Mr. ROBINSON of Arkansas. From the Committee on Foreign Relations I report back favorably without amendment House bill 5862, and ask unanimous consent for its immediate consideration.

Let me explain that the bill provides for the removal of American citizens or nationals who are fugitives from justice from places in which the United States exercises extraterritorial authority. Somewhere at sea is a small Greek freight vessel bearing an American citizen who is a fugitive from justice. This citizen seeks refuge in a place from which he cannot be removed and brought back for trial. This legislation is a modification of section 591 of title 18 of the United States Code so as to authorize the removal of American citizens or nationals who have been accused of crime to the United States, the language extending to those places where our Government exercises extraterritorial authority.

I ask that there be printed with my remarks the House report on the bill.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Rept. No. 217, 73d Cong., 1st sess.]

EXTRADITION FROM AREAS IN WHICH THE UNITED STATES EXERCISES EXTRATERRITORIAL JURISDICTION

Mr. SUMNERS of Texas, from the Committee on the Judiciary, submitted the following report (to accompany H.R. 5862):

The Committee on the Judiciary, to whom was referred the bill (H.R. 5862) to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction, after consideration, reports the same favorably to the House with the recommendation that the bill do pass.

The omission in present law which the enactment of this bill would supply was called to the attention of the committee by the Department of State. A communication addressed by the Secretary of State to the chairman of the committee under date of May 17, 1933, which is attached hereto and made a part of this report, explains the effect of the bill and the desirability of its enactment.

DEPARTMENT OF STATE,
Washington, May 17, 1933.

HON. HATTON W. SUMNERS,
Chairman of the Judiciary Committee,
House of Representatives.

SIR: There is no present provision of law whereby American citizens or nationals who are fugitives from justice may be extradited as between the United States and the jurisdiction of its officers or representatives who are vested with judicial authority in countries where the United States exercises extraterritorial jurisdiction and the experience of this Department has indicated that it is very desirable that this omission be supplied in order that havens of refuge shall not exist for such fugitives.

Because of the very existence of the extraterritorial jurisdiction which the United States exercises in several countries of the world it has been found impracticable for this country to enter into treaties of extradition with the governments of such countries, which are not empowered to bring about the arrest of American citizens.

It is true that the treaties with the countries concerned by virtue of which extraterritorial jurisdiction is exercised by the United States do not expressly concede to this country the right of extradition. However, it is a fact that other governments also exercising extraterritorial jurisdiction in those countries while likewise without express provisions of treaty conferring upon them the right to extradite, have in practice and for many years exercised such right, so far as their nationals are concerned, and it is understood with the concurrence of the countries in question. Consequently, it is believed that the United States may well enact legislation providing for extradition to and from these countries and it is felt that the enactment of such legislation would in nowise arouse resentment in these countries but instead would be concurred in by them.

Accordingly, I transmit a proposed bill which I am requesting you to introduce, providing in section 1 for the return, as between the United States, its Territories, districts, and possessions on the one hand, and the jurisdiction of officers or representatives of the United States vested with judicial authority in the countries where the United States exercises extraterritorial jurisdiction of American citizens or nationals who are charged with crimes against the United States, and providing in section 2 for the return to a State, Territory, district, or possession of the United States from a jurisdiction exercised by the United States abroad of fugitives charged with a crime against the laws of such State, Territory, district, or possession.

The countries to which the proposed bill, if enacted into law, would relate are the following, in which the United States exercises extraterritorial jurisdiction: China, Egypt, Ethiopia, Muscat, and Morocco.

I should, of course, be glad to be advised prior to the introduction of the bill of any modifications thereof which you or the committee under your charge should consider it advisable to make therein.

Very truly yours,

CORDELL HULL.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 5862) to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of section 591 of title 18 of the United States Code, so far as applicable, shall apply within the jurisdiction of the United States in any country where the United States exercises extraterritorial jurisdiction for the arrest and removal therefrom to the United States, its Territories, Districts, or possessions, including the Panama Canal Zone and the Philippine Islands, or any other territory governed, occupied, or controlled by it, of any citizen or national of the United States who is a fugitive from justice charged with or convicted of the commission of any crime or offense against the United States, and shall also apply throughout the United States, its Territories, Districts, and possessions, including the Panama Canal Zone and the Philippine Islands, as well as to any other territory governed, occupied, or controlled by the United States, for the arrest and

removal therefrom to the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction, of any citizen or national of the United States who is a fugitive from justice charged with or convicted of the commission of any crime or offense against the United States in any country where it exercises extraterritorial jurisdiction. Such fugitive first mentioned may, by any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction and agreeably to the usual mode of process against offenders subject to such jurisdiction, be arrested and imprisoned or admitted to bail, as the case may be, pending the issuance of a warrant for his removal to the United States, its Territories, Districts, or possessions, including the Panama Canal Zone and the Philippine Islands, or any other territory governed, occupied, or controlled by it, which warrant it shall be the duty of the principal officer or representative of the United States vested with judicial authority in the country where the fugitive shall be found seasonably to issue, and of the United States marshal or corresponding officer to execute. Such marshal or other officer, or the deputies of such marshal or officer, when engaged in executing such warrant without the jurisdiction of the court to which they are attached, shall have all the powers of a marshal of the United States so far as such powers are requisite for the prisoner's safekeeping and the execution of the warrant.

SEC. 2. Whenever the executive authority of any State, Territory, District, or possession of the United States, including the Panama Canal Zone and the Philippine Islands, demands any American citizen or national as a fugitive from justice who has fled to the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction, and produces a copy of an indictment found or an affidavit made before a magistrate of any State, Territory, District, or possession of the United States, charging the fugitive so demanded with having committed treason, felony, or other crime, certified as authentic by the Governor, chief magistrate, or other person authorized to act as such from whence the fugitive so charged has fled, it shall be the duty of the officer or representative of the United States vested with judicial authority to whom the demand has been made to cause such fugitive to be arrested and secured, and to cause notice of the arrest to be given to the executive authorities making such demand, or to the agent of such authority appointed to receive the fugitive, and to cause the fugitive to be delivered to such agent when he shall appear. If no such agent shall appear within 3 months from the time of the arrest, the prisoner may be discharged. All costs or expenses incurred in the apprehending, securing, and transmitting such fugitive to the State, Territory, District, or possession of the United States, including the Panama Canal Zone and the Philippine Islands, shall be paid by the executive authority making such demand. The agent who receives the fugitive into his custody shall be empowered to transport him to the jurisdiction from which he has fled, and every person who, by force, sets at liberty or rescues the fugitive from such agent while so transporting him shall be fined not more than \$500 or imprisoned not more than 1 year.

SEC. 3. Whenever, under this act, it is desired to obtain the provisional arrest and detention of a fugitive in advance of the presentation of the formal proofs, such detention may be obtained by telegraph upon the request of the authority competent to request the surrender of such fugitive addressed to the authority competent to grant such surrender: *Provided*, That such request for provisional arrest and detention be accompanied by an express statement that a warrant for the fugitive's arrest has been issued within the jurisdiction of the authority making such request charging the fugitive with the commission of the crime for which his extradition is sought to be obtained: *Provided further*, That in the case of a request so made by a State, Territory, District, or possession, the expenses of obtaining a fugitive upon telegraphic request shall be borne by such State, Territory, District, or possession: *And provided further*, That no person shall be held in custody under telegraphic request by virtue of the provisions of this section for more than 90 days.

SEC. 4. The provisions of section 244 of title 18 of the United States Code are hereby made applicable to proceedings in extradition instituted in accordance with the provisions of this act.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HEBERT:

A bill (S. 3122) for the relief of H. N. Wilcox; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 3124) to amend the act entitled "An act for the retirement of employees in classified civil service, and for other purposes, approved May 22, 1920, and acts in amendment thereof", approved July 3, 1926, as amended; to the Committee on Civil Service.

By Mr. GORE:

A bill (S. 3126) for the relief of Caesar F. Simmons; to the Committee on Claims.

(By request.) A bill (S. 3127) granting a pension to Susie Wichita Te-kits-kush; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 3128) to pay certain fees to Maude G. Nicholson, widow of George A. Nicholson, late a United States commissioner; to the Committee on Claims.

A bill (S. 3129) for the relief of Max Vogel; to the Committee on Finance.

A bill (S. 3130) granting a renewal of Patent No. 54296 relating to the badge of the American Legion; and

A bill (S. 3131) granting a renewal of Patent No. 55398 relating to the badge of the American Legion Auxiliary; to the Committee on Patents.

LICENSING OF RACE TRACKS IN THE DISTRICT

Mr. WALSH. Mr. President, I introduce, by request, a bill to license race tracks in the District of Columbia and provide for their regulation.

The measure is identical with House bill 7906, introduced in the House of Representatives by Mr. BLACK, of New York.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3123) to license race tracks in the District of Columbia and provide for their regulation was read twice by its title and referred to the Committee on the District of Columbia.

AMENDMENT OF SECURITIES ACT OF 1933

Mr. THOMAS of Oklahoma. Mr. President, I desire to introduce a bill proposing to amend the Securities Act of 1933. With the permission of the Senate, I will take just a few moments to explain what I am seeking to accomplish.

My State of Oklahoma is one of the new States. In addition to being one of the leading agricultural States and one of the leading livestock-producing States, it has made substantial progress in manufacturing and industrial pursuits generally. In the State of Oklahoma—and I am advised the same condition obtains in other States—industry is languishing for the want of money, credit, and ability to finance necessary expansion and development. In order to assist industry in Oklahoma as well as in other States, it is necessary to make possible the financing of industrial activity.

The particular objections or restrictions about which I complain are briefly as follows:

The Securities Act of 1933 prohibits the issuance or sale of securities unless a "registration statement" is in effect. This registration statement is in substance an application to the Government for permission to issue a specified security. The statement must be signed by the issuer, its principal executive officer or officers, its principal financial officer, its comptroller, and by the majority of its board of directors. Schedule A of the act contains 32 specifications—over 1,700 words—of written information to be contained in the registration statement, most of which can only be furnished by expert accountants, auditors, engineers, and valuers. The information and data required is exhaustive in detail, and in addition the Federal Trade Commission may require such further information or data as it sees fit.

Should there be in any of this information or data any mistake which amounts to an untrue statement of a material fact or to an omission to state a material fact required to be stated or necessary to make the statements therein not misleading, every person who signed the registration statement, every person who was a director, whether he signed the statement or not, every accountant, engineer, appraiser, or any person who has with his consent been named in any part of the statement or any report or valuation which is used in connection with the statement, and also every underwriter, may be sued by any person acquiring such security, no matter from whom, and every such person is made jointly and severally liable to pay the cost of the security or damages not in excess of the price at which the security was originally offered.

Every person who sells a security by means of a written or oral statement, or both, which contains or omits the statement of a material fact as aforesaid is liable in dam-

ages. Also, any and every person who by any means controls the person so selling is likewise liable.

It is impossible to say how far-reaching this provision may be. Thus, scores of perfectly honest, well-intentioned people are made liable for the mistake of another, of whose mistake at the time they could in all human probability know nothing.

The act prohibits the sale of a security unless a prospectus thereof has been issued, which must contain substantially the same information required in a registration statement, and the act imposes both penal and civil liability for violation of the act with respect thereto, depending upon their character.

It will be seen that in the case of officers of a corporation who may be receiving only reasonable compensation, independent engineers, accountants, and appraisers, and others receiving only reasonable fees, and members of a board of directors, usually receiving no compensation, only a nominal fee, all acting honestly and in the highest degree of integrity, all may have their personal fortunes involved in any sizable issue of securities because of the innocent mistake of some one else.

All of the civil liabilities referred to are included in sections 11 to 16 of the act, and part of section 17, and the conditions created by them are what have frozen financing. To overcome this condition it is necessary to liberalize the act, with due regard to protecting the investing public. To make the common law apply to the subject, the bill which I have introduced proposes to eliminate these sections and parts. The penal provisions of the act for willful violation of the act are not disturbed. The bill also empowers the commission to make the procedure in the issuance of securities as inexpensive as possible.

Under the conditions created by the act it is not surprising that there has been but a pitiful attempt at financing. The keystone of the arch that we are all trying to build is employment, without which we cannot build. Just how we can expect employment without adequate financing I do not know, but I do know that unless industry is put in position to finance employment when the Government carry-over resources are exhausted, as they all too soon will be, we will be in a most perilous predicament. It is well that the Senate and the House of Representatives should recognize the condition which now confronts us.

Mr. President, at this point I ask permission to have printed in the RECORD a copy of the bill which I have just introduced.

There being no objection, the bill (S. 3125) to amend the Securities Act of 1933, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That sections 11, 12, 13, 14, 15, and 16 of the Securities Act of 1933 are hereby repealed.

SEC. 2. Such act is amended by inserting after section 10 two new sections, as follows:

"SEC. 11. To facilitate the operation of the provisions of this act and to the end that the issuance of securities may not be made unduly costly, the Commission is hereby authorized and empowered in its discretion to waive and dispense with the filing with it by any applicant for the issuance of securities any papers, documents, data, and/or information which in its judgment may be unnecessary in compliance with the purpose and spirit of this act, except that this section shall not apply to the registration statement provided for in section 6 or the prospectus hereinbefore provided for.

"SEC. 12. Except as provided in section 20 the common law shall apply to any violation of the provisions of this act."

SEC. 3. Section 17 of such act is renumbered as section 13, and is amended by striking out, where they appear in subsection (a) (2), the following words: "or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading"; and such section is further amended by striking out subsection (b) and by relettering subsection (c) as subsection (b).

SEC. 4. Sections 18, 19, 20, 21, 22, and 23 of such act are hereby renumbered as sections 14, 15, 16, 17, 18, and 19, respectively.

SEC. 5. Section 24 of such act is hereby renumbered as section 20, and is amended by inserting immediately before the word "omits" the word "willfully."

SEC. 6. Sections 25 and 26 of such act are hereby renumbered as sections 21 and 22.

REGULATION OF COTTON INDUSTRY—AMENDMENT

Mr. BANKHEAD submitted six amendments intended to be proposed by him to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO PHILIPPINE INDEPENDENCE BILL

Mr. SHIPSTEAD submitted an amendment intended to be proposed by him to the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

Strike out all of subdivision (e) of section 6, beginning in line 8, page 12, and insert in lieu thereof the following:

"(e) The quantities of sugar and coconut oil mentioned in paragraphs (a) and (b) of this section shall be reduced by 20 percent every year from the second to the fifth years, inclusive, after the date of inauguration of the government of the Commonwealth of the Philippine Islands."

COLLECTION OF FUNDS FOR POLITICAL PURPOSES IN MINNESOTA

Mr. SHIPSTEAD. Mr. President, day before yesterday in the Senate during the debate on the Norris amendment to the home loan bill the statement was made by my colleague [Mr. SCHALL] that information had come to him alleging that funds for political purposes were being collected from C.W.A. workers in the State of Minnesota.

I have a telegram from Governor Olson, of Minnesota, in which he vigorously denies the allegation and states that an examination of these charges was made some time ago under the direction of the Federal Relief Administration and they were found to be unfounded. I have a request from the Governor to give his denial the same publicity in the Record that was given to the statement of my colleague.

I am also informed by Mr. Hopkins, the Administrator of Federal Relief, and am authorized by him to say that charges of this character were brought to his attention sometime ago, and an investigation made under his direction disclosed no evidence to sustain the charges of the collection of money for political purposes from C.W.A. workers in Minnesota. Mr. Hopkins states that if any evidence to sustain these charges is brought to his attention he will take proper action.

TRAFFIC CONDITIONS IN THE DISTRICT—ADDRESS BY SENATOR REYNOLDS

Mr. ADAMS. Mr. President, I ask unanimous consent that there may be printed in the Record a very instructive and thoughtful address by the junior Senator from North Carolina [Mr. REYNOLDS] before the traffic committee of the Board of Trade of Washington, D.C., on March 21 on traffic conditions in the District of Columbia.

There being no objection, the address was ordered to be printed in the Record, as follows:

I am deeply appreciative of your kind invitation to be with you here today. I appreciate it for three reasons. It gives me an opportunity to thank Major Brown for the courteous way in which I have been treated by his efficient officers since I came to Washington. It gives me an opportunity to mingle with a group of civic-conscious citizens while they discuss one of the most serious problems confronting our National Capital. I refer to the chaotic conditions resulting from the delayed movement of street cars and motor vehicles over our streets and boulevards.

When I was named as a member of the Senate District Committee, I had hoped that I would find time for frequent contacts with those who direct the business and industrial affairs of this city. But after a long period of other than Democratic control of our Government, those who changed this control have demanded a reward. Most of these people called upon their Democratic Senators, of which I am one, to get it for them. In other words, my time has been limited.

However, I realize that there should be a closer contact between the civic organizations of Washington and those on Capitol Hill who, as members of the two District Committees, are charged with presenting to Congress legislation affecting the District.

When I was invited to speak to you today, I considered the invitation very carefully. I realized that the traffic problem is one for engineers. I knew that legislators could do little, except to clothe engineers with the authority to do that which in their

opinion should be done. But the engineers must act first. Finally, I agreed to come on one condition. That condition is that I be permitted to speak frankly and give you my observations as an individual affected by our present traffic tangle. Yet I assure you that in my capacity as a United States Senator I shall wholeheartedly support every proposal that will in a constructive way help to assure a free movement of traffic with a greater degree of safety for all.

I fear that too many attempts to improve traffic conditions have been made in the manner of a half-hearted worker of jig-saw puzzles. In other words, as soon as one piece was missing the whole thing was thrown aside to be tried at another time. As a result there has never been a real effort to look upon our transportation problem as one of coordination. There have been too many spasmodic drives.

As might be expected, the people of Washington are today looking to Congress to take steps to facilitate the movement of traffic. Before this can be done, however, there must be a traffic survey with the objective of coordinating the movement of trolley cars, taxicabs, and private vehicles. This survey must take into account the demands and the needs of the greatest number. The man who rides on the street car has just as much right to reach his office on time as the man who drives an automobile. The man who drives an automobile has every reason to expect that he can also move on schedule. When he reaches his destination he should not be allowed to park his car in a manner that will interfere with the movement of other users of the streets, whether they be motorists or pedestrians. But, as I have said, engineers and experts on the subject must tell us how this is to be done.

I have a most sympathetic attitude toward our trolley system. In Washington, as in other cities, it has been the initial factor in making a physical expansion possible. Street-car lines, like spokes of a wheel, extended outward and furnished the impetus to the suburban trend. They made possible a wide separation between the residence and the place of business. They first enabled the big city to expand.

In earlier days the advent of a new street-car system in a city or town was somewhat like the coming of a railroad. It was not so many years ago that a community with a street-car line boasted of the fact, much in the manner of a boy with long trousers. It was a sign of civic progress, and the chambers of commerce made the most of it.

Many of us here today can recall the time when the street car was not only a necessity but it offered a means of pleasure. The Sunday afternoon trolley ride was an event. Yet I dare say that very few, if any, people today look upon electric transportation as a pleasure function. But the trolley is still important to the people of Washington and elsewhere. Because it cannot compete in speed with the taxicab and the private automobile, we cannot relegate our street-car lines to the junk heap. Their operators have a right to every consideration.

It is not a vested right, however, and they cannot expect undue restrictions on other forms of transportation because the trolleys were here first. I have seen the suggestion that the Public Utilities Commission undertake a transportation survey. Such a survey should not be under any conditions undertaken by an agency primarily concerned with particular phases of the transportation problem. It should be made by an agency concerned with the greatest good for the greatest number.

In connection with surveys, I am reminded of a recent attempt to help the traffic situation at one point which is familiar to all present. I refer to the Dupont Circle area. With little preparation, traffic was suddenly shunted away from the circle and along other arteries. I am not saying that this was not a worthy step, but I believe that in instances of this kind proper notice should be given the motorists. This would allow them to select another route and in the end possibly accomplish a better distribution of traffic.

Before I leave the subject of trolley systems entirely, I will drop the suggestion that if such a step is necessary there must be an iron hand forcing them to change routes, equipment, and in other ways meet the demands of the day. Those who have caught the tempo of modern transportation are finding it beneficial.

There are ways, of course, in which our trolley system can be helped. It is entitled to this help. I need only mention the stringent efforts to stop double parking, the placing of furniture vans across streets during hours of heavy-traffic movement, and the tendency of some operators of vehicles owned by commercial concerns to trust to luck in avoiding a parking ticket. These things should be eliminated, not solely to help the street cars, but also to help others who are entitled to free movement along the streets with a minimum of delay. I have every confidence that an adequate traffic survey would expose and result in the removal of many of these traffic ills.

In speaking of control, I believe that our present system of centralized traffic control is a good one. I am a great believer in placing responsibility in the hands of someone at a central point. Then, if he fails to do the job, he alone is responsible. My own observations in Washington lead me to believe that stricter enforcement of our traffic laws, without fear or favor, can be accomplished under the present set-up.

Enforcement, in turn, creates other problems. The motorist who in a thoughtless moment parks his car double or ignores the traffic light is not a criminal. He is entitled to every consideration. He should not be required to spend hours waiting to pay his fine or to receive leniency where it is justified.

In connection with traffic courts, I was interested sometime ago in the suggestion made by the American Automobile Associa-

tion that changes be made in our present system. It advocated the establishment of a separate and distinct traffic court before which only cases involving infraction of the local traffic ordinances would be heard. I believe this is a very meritorious plan, but inasmuch as it is now being studied by the District Commissioners further comment is hardly necessary.

I spoke of a traffic survey. If such a survey reveals that more officers are needed, we should have more officers. I was recently shown figures which disclosed that there are 951 vehicles to each traffic officer in the National Capital. Minneapolis, Minn., for example, has only 294 vehicles to every traffic officer, Philadelphia has 437 vehicles to every officer, and New York City has 282 vehicles to every officer. By this I do not mean that we should immediately expand our traffic force, but simply that it should be expanded if a scientific survey finds it necessary.

In conclusion let me add that there never was a time when the people of our country were looking more to the seat of our National Government for a solution of every conceivable kind of problem. Those who come here observe every method of operating this great municipality. Traffic surveys with C.W.A. funds have been started in various parts of the country, but we cannot expect people to have much faith in suggestions and ideas from Washington until we put those suggestions and ideas into effect at the place where they originate.

It has not been my intention to be critical of any group or any individual in making the observations I have made here today. I told you at the outset that they would reflect my views as an individual. As a Member of the Senate, I simply pledge you my cooperation in every worth-while attempt that is made to overcome the conditions that now retard the free movement of traffic.

PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. VANDENBERG obtained the floor.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bachman	Dickinson	La Follette	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Loneragan	Shipstead
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Stetler
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Murphy	Trammell
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norris	Vandenberg
Capper	Hale	Nye	Wagner
Caraway	Harrison	O'Mahoney	Walcott
Carey	Hastings	Overton	Walsh
Clark	Hatch	Patterson	White
Connally	Hayden	Pope	
Coolidge	Hebert	Reed	
Costigan	Johnson	Reynolds	

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from Indiana [Mr. VAN NUYS] is detained from the Senate on account of a severe cold.

I desire further to announce that the Senator from Illinois [Mr. LEWIS], the Senator from New York [Mr. COPELAND], the Senator from Nevada [Mr. PITTMAN], and the Senator from Montana [Mr. WHEELER] are detained from the Senate on official business.

I ask that these announcements may stand for the day.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. VANDENBERG. Mr. President, if we are ready to proceed with the discussion of the Philippine independence bill, I desire briefly to submit my view in opposition to it in its pending form.

The Senator from Maryland [Mr. TYDINGS], the able chairman of the committee, has appropriately indicated that the measure is so completely a paraphrase of the previous

Hawes-Cutting-Hare bill that he even foregoes an explanation of the measure. I think he is amply justified in that attitude. The only differences between the Hawes-Cutting-Hare bill and the pending Tydings-McDuffie bill are inconsequential and are described in the fifth and sixth paragraphs of the committee report, as follows:

5. The United States agrees to relinquish all reservations now designated for the use of the United States Army after the institution of the independent government, but reserves the right, at its discretion, to retain and maintain naval bases and fueling stations in the Philippine Islands.

This is something of an improvement, but does not affect the fundamental theory of the bill.

The next paragraph reads as follows:

6. The feasibility of further retaining and maintaining naval bases and fueling stations in the Philippine Islands after the independent government is constituted, will be the subject of conferences between the two governments.

This means little or nothing as respects the basic plan and the basic purpose. It is the mere expression of a pious expectation.

With the single exception, Mr. President, that the title of the bill has been changed by a reversal of the phraseology, the two paragraphs I have read from the report constitute practically the only differences between the original measure and the pending bill.

Since it seems unnecessary to the Senator from Maryland to present the affirmative case for the proposed legislation because it is but the same old story and because of the obvious attitude of the Chamber, I think it equally futile to present the opposition. My position is well known; it has been amply set out in the previous debates, and I intend to waste no time in needless repetition. I simply want to carry the record to a consistent conclusion, and to offer a substitute which again, in my judgment, will more accurately reflect the responsibilities of the Government of the United States and the best welfare of the Filipino people themselves. I decline to criticize except as I can specifically point what I believe to be the better and the wiser way.

Let us make no mistake about the pending measure. It is the same old bill which was vetoed by the President on January 17, 1933, and which was passed over the Presidential veto by a vote of 68 to 26. Inasmuch as today's Senate is approximately the same Senate which then voted, I have no illusions about what will happen respecting the bill at the present time. But I want no misapprehension that the bill has gained any material advantages or benefits by the interim changes.

It is the same bill which was heartily pilloried by the American press from coast to coast when the Congress passed it the last time, and the casual, incidental changes that have been made do not in any single degree remove the objections to which American journalism addressed its condemnation at that time. It is the same bill. It certainly has not earned the withdrawal of my opposition.

It is the same bill against which American agriculture strenuously protested because of the fact that it failed, in the estimation of American agriculture, to provide adequate protection of the domestic market in this exceedingly difficult agrarian hour of distress. It is the same bill, and the changes that have been made do not go to those objections in any respect.

It is the same bill which was assaulted at that time by those who believe it is an estoppel against the successful development of American oriental trade. It is the same bill which was challenged as a desertion of our responsibilities both to the Filipinos and to the honor of the United States. Nothing that has happened to the bill changes in any respect the objections of this character which were leveled against it.

Mr. President, it may be said with particular emphasis that it is the same bill which was rejected by large sectors of the Filipino people themselves. They had until January 17, 1934, in which to accept the terms of the Hawes-Cutting-Hare bill. They permitted that deadline to pass without affirmative action. There was a definite cleavage in the

islands upon the proposition. The failure to act within the time limit may be fairly interpreted as a verdict of opposition and a mandate of objection to the bill. Nothing that has been changed in it in any material aspect affects that native attitude, if it was an attitude taken in good faith, which I am perfectly willing to assume it was.

So, Mr. President, we now confront this amazing situation: Here is the same old bill changed in no material aspect, but now receiving the endorsement of those native elements which heretofore opposed it.

I want to congratulate the Senator from Maryland [Mr. TYDINGS], my cherished friend, the able Chairman of the Senate Committee on Territories and Insular Affairs, upon his amazing and inscrutable achievement. He is a magician to have accomplished this unusual result. He is an alchemist. With a deft touch of his diplomatic brush—if I may change the metaphor—he alters a word or two in the title of the bill without any material effect so far as the real purpose is concerned. Then he adroitly deletes an occasional paragraph here and there which has no effect whatever upon the realities of the plan involved. He vaguely promises a few post-mortem conferences which in some nonunderstandable way are supposed ultimately to alter the prospectus in some mysterious degree. And, presto change, overnight, the quarrelsome native attitude unites itself in a glamorous apostrophe to this new proposition. Yesterday's anathema becomes today's jubilee. The Hawes-Cutting-Hare atrocity, as it was designated by many of its critics at the time, now becomes the Tydings-McDuffie benediction. I say again it is a rare and happy achievement on the part of the Senator from Maryland. But I decline, Mr. President, to be fooled by it myself.

I resubmit in very brief epitome the philosophy of action which I think ought to guide the Senate in respect to the situation.

There are two clean-cut ways of dealing with the Philippine Islands. One way is to stay in. The other way is to get out. From my viewpoint there is no middle ground which can be taken either with advantage to the natives or with justification from an American viewpoint. We should either stay in or get out. The pending measure does neither. It half stays in and half gets out, and at no time during the period of 12 or 14 or 16 intervening years of twilight zone can anybody put his finger upon the precise roots of authority. Their flag does not go up. Our flag does not come down. It is a sort of half-masted proposition during the next experimental decade and a half.

I repeat that there are two clean-cut ways of proceeding in respect to the Philippine Islands. One is to stay in and the other is to get out. Those who believe that we should stay in are not entirely united in their viewpoint as to the proper procedure in connection therewith. Some few Americans believe that we should never leave the Philippine Islands, first, because we have no constitutional right from their viewpoint, and, secondly, because they deem the maintenance of this far outpost essential in the economic development of American foreign trade.

I have no sympathy with the viewpoint of those who believe we should stay in the Philippine Islands for keeps. There is no color of question, so far as I am concerned, that we are under compelling moral obligation to leave at the first moment when it can be done with safety and success for them and with safety and success for us.

There is another theory, however, under which we could have stayed in, Mr. President, without any violation whatsoever of those clear commitments to ultimate independence. We could have stayed in under a period of final preindependence preparation with a gradually receding share of the American market left to the Philippine export trade. We could have stayed in under a final preindependence period of preparation which, in my view, could finally have led to ultimate Philippine independence 15 or 20 years hence on the basis of the surest possible permanent success for this great enterprise. I defended this latter viewpoint to the limit upon previous occasions when this problem has been

at the Senate's bar. But there is no utility whatever in further discussing any phase of a stay-in program, because the entire trend of public thought, both here and there, appears to reject any such approach.

Therefore, repeating now—and it cannot be repeated too often—that there are only two clean-cut ways in which to deal with this problem—namely, either to stay in or to get out—I submit that we have reached the other alternative, which is to get out. It is the choice of the lesser of evils, with this pending bill in mind.

How can we get out?

Here there are two courses which will be submitted to the Senate. The able Senator from Utah [Mr. KING], who has been for two decades the apostle of early and complete Philippine independence, submits a substitute which would provide for absolute and complete independence within a period of 2 or 3 years. He has limited his program only by the time which is necessary to create the essential machinery of the new government.

That is one program for getting out.

I shall submit the other program for getting out, Mr. President; and it is in substantial agreement with the philosophy which is found in the bill submitted by the Senator from Utah, except that I feel that we owe these erstwhile wards of ours a post-independence period of economic readjustment so that they may hope to have the largest possible measure of a chance permanently to succeed in the readjustment of their economic situation. This economic factor is vital to the success of this entire new governmental adventure.

The economic situation is at the bottom of political stability these days. That is evidenced all around this globe. I submit a substitute under which we get out with the least possible delay—I should hope that it would be, at a maximum, 2½ or 3 years—but under which, after we are out, and the Philippine flag is up and our is down, and there is no twilight zone of uncertainty involved, they shall have a 10-year period of subsequent post-independence opportunity to prepare for the time when they must wholly surrender our free American market. I would have them surrender it by progressive stages rather than by summary loss.

There are the two methods by which, in a clean-cut fashion, we can get out.

Mr. LONG. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Louisiana.

Mr. LONG. Is the Senator stating it to be his bill that will result in our staying there 10 years? I did not understand that to be the Senator's bill.

Mr. VANDENBERG. No; the Senator misunderstands me. Under my substitute we retire at the earliest possible moment. Their independent government immediately takes full sovereignty over their situation; but we give them a post-independence period during which, instead of summarily chopping off the free American market, we do it by 2-year stages, so as to permit them to accommodate themselves to their new economic situation in the world.

Mr. LONG. The King bill does not undertake to postpone their independence 12 years. It frees them in 3 years; does it not?

Mr. VANDENBERG. The King bill and the Vandenberg substitute both free them at the earliest possible moment. The difference between the two is that the King substitute provides no subsequent period of economic readjustment.

Mr. LONG. That is why I was hoping we could go to the bat on the King bill, because what we ought to do is to get out of there. I do not see much difference between the proposal of the Senator from Michigan and the other one.

Mr. VANDENBERG. There is not a great deal, except in the philosophy.

Mr. LONG. We ought to go to bat on the King bill.

Mr. VANDENBERG. We will go to bat—as the Senator says—on both of them, I hope, before the afternoon is over; and I shall not keep the Senate from that show-down more than a few moments.

Here is the opportunity, Mr. President, to get out. If the Senate wants to get out completely, summarily, and without any delay or commitment whatsoever, it can take the King bill. Those who share the anxiety that we get out summarily, quickly, effectively, and yet feel a post-independence responsibility during this period of economic readjustment, can align themselves under my substitute. The point I make is that in either of these instances the Senate will be following a clean-cut, clearly defined policy which lacks any doubtful shadows, and which involves no doubtful implications.

But what is the situation in respect to the Tydings-McDuffie bill, using the title which camouflages the Hayes-Hare-Cutting bill? What do we do under the pending measure? I repeat that we neither stay in nor get out; but during a period which may run from 12 to an indefinite number of years we have all the responsibility for what happens in that far Pacific outpost, and we lack all of the essential authority with which we ought to be clothed whenever we accept a responsibility of that magnitude and that hazard, at any spot or place on earth.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. What authority will we have under the Senator's proposal which we will not have under the pending bill?

Mr. VANDENBERG. I shall be very glad to go into that question immediately. First, let me deal with the time element, because the two propositions are linked.

Under the pending measure, for which the Senator from Maryland speaks, there will be a constitutional convention not later than October 1. Let us set that date down, then, as a starting post—October 1, 1934. That is when the contemplated system starts to work. Within 2 years the native constitutional convention must submit its constitution to the President. Let us assume that the 2 years are consumed in that process. That brings us to our next fixed date on October 1, 1936, although, mark you, this constitution which they adopt can travel back and forth, back and forth between the Philippine Islands and the White House, until the President and the native constitutional convention shall have agreed that the contemplated constitution fully fits the specifications set down in the first few pages of the bill. If delays ultimately are sought, here is an ideal opportunity to encourage them. I am not going to make a point of that, although I can readily contemplate at that point a substantial postponement of the time when this constitutional process does reach its next fixed focus.

For the sake of the argument, however, let us say that it is done by October 1, 1936. Then 4 months later they have an election. That is February 1, 1937. Then there is a 30-day proclamation of the net result of the election, and that is March 1, 1937. Then they have an election of officers under this new constitution, which occurs within from 3 to 6 months, so that this next fixed date probably becomes September 1, 1937. Then they have 10 years of twilight-zone experimentation in which this native commonwealth exists in the nature of a sort of synthetic republic, for which we have an ultimate responsibility, but, as I shall presently indicate in detail, for which we have no opportunity to forefend the disaster which might come to us if the synthetic experiment goes wrong through native misjudgments or native maladministration. In the language of the street, Uncle Sam holds the bag.

Mr. TYDINGS. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Maryland.

Mr. TYDINGS. Will the Senator now point out in what respect we will have more authority under the Senator's bill than under the pending measure?

Mr. VANDENBERG. Yes. We have not this thing fully set up yet, however. First, let us get it set up.

Now, we are down to September 1, 1947; and I do not see how it could be a minute earlier. As I have indicated, it might be many years later.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. I do not want to get away from my original question; but let me say that plans are now in motion, as soon as this bill is passed, to call the Philippine Legislature within 60 days, and by 90 days from the date of the passage of the bill here it will have been accepted by the Filipino people, and the constitutional convention will be held this year; and instead of 1937, the year pictured by the Senator from Michigan, all the indications are that there will be an actual carrying into effect of this entire act before the expiration of the year 1934. There is no reason in the world why that should not be done.

Mr. VANDENBERG. Mr. President, it is absolutely physically impossible, under the terms of the bill and its own mathematics, to get a complete accomplishment by the end of 1934. The Senator is not disagreeing with me in respect to this immediate constitutional convention which is going to be held. I have given him the date of October 1, 1934, this year, for that particular accomplishment; but then he still has to go through all the subsequent process, and I submit that if he will sharpen his pencil and study the mathematics involved, he will finally come to the conclusion that we shall be exceedingly fortunate if this accumulated adventure reaches its focus by September 1, 1947. Then, under the terms of the bill, the independent government becomes effective on the following 4th of July, and we have reached July 4, 1948. That is 14 years away.

The Senator has been so persuasive, as I undertook to point out when, I am sorry to say, he was absent from the Chamber; he has been such an amazing magician in composing all of the previous rival factional influences which heretofore have prohibited agreement in this area, that perhaps with a continuation of his persuasive diplomacy this date of 1948 might be shaved a little in the course of the years. But, in any event, we are contemplating a program which reaches well beyond a decade.

Mr. President, what happens during all of this intervening period? During that period we set up this commonwealth in the Philippine Islands, which is autonomous in practically every aspect of its operations. The President of the United States has authority to intervene in respect to any doubtful legislation which might be developed under the commonwealth only in the event that it involves the fulfillment of some contract or the fiscal responsibility which is involved in their governmental situation, or if some violation of the international obligations of the United States is contemplated. Those are the only points at which our residuary authority remains. That is a very limited field, and within that field are not embraced scores and scores of frictional problems which will have to be settled upon native responsibility, and which, having been settled upon native responsibility, may well lead to untoward implications in that tinder-laden section of this troubled old world. If, in the ultimate outcome of the use of their own power and their own judgment the people do reach an impasse where difficulty breaks upon them, either internal or external, then, after the trouble is here, poor old Uncle Sam gets the S.O.S., and he has to travel back those 10,000 miles across the Pacific to set the house in order. He cannot prevent the trouble. He can only police it after it comes to a crisis. And then he must act whether he wishes or not.

The thing against which I complain now, as I did when the Hawes-Cutting bill was pending before, is that the United States should be thus left with responsibility anywhere in this world without the fully equivalent authority to defend that responsibility against untoward developments and to defend it every minute of its life.

What becomes of the Governor General of the Philippine Islands? For the next 2 or 3 years of transition he has a tremendously important job as he guides the creation of the new commonwealth. But thereafter under the pending bill he becomes the United States High Commissioner. He keeps the salary, but that is about all he keeps. He no longer lives at Malacanang, the native palace, where a resi-

dence traditionally represents the symbol of supreme authority in the islands.

The High Commissioner of the United States is not living at that point during this subsequent 12 or 14 or 16 years of twilight zone government. He is just a high commissioner, who is entitled to have access to all records of the Government, but I do not know what he can do with the information after he gets it, because he is nothing but a sublimated observer acting in behalf of the President of the United States. The only point at which he has any affirmative responsibility is at the point where the Philippine Commonwealth may fail to pay some of its bonded indebtedness. He guards the bondholders, but he can guard little else.

Mr. President, this remnant of power which stays with the United States during this period of serious responsibility is utterly inadequate to implement the responsibility which we have to carry. I repeat, our flag is neither up nor down; it is sort of half-masted, and that is not a happy status for the American flag at any stage or point. It is symbolical of the fact that our authority also is half-masted, although our responsibility remains 100 percent upon us. It seems to me that it is an insufferable paradox. Even the most constant and expert vigilance often finds it difficult to steer a course in this turbulent sector of the world which avoids friction and clash. Yet we propose to put ourselves at the mercy of a proxy who can precipitate the friction and the clash, and we underwrite the consequences.

Mr. President, I think it bad business for the United States to have any such equivocal situation upon its hands in the Far East. I think it is an invitation to complication and danger and disaster. I do not intend to explore that subject in specific detail; it could serve no useful purpose. But every Member of the Senate with any imagination whatsoever knows precisely what it is I mean. I think the pending bill is the wrong formula.

Mr. President, let me say this in conclusion. Let there be no mistake about my attitude respecting the Philippine Islands. It is an attitude of complete sympathy with the independence aspirations of the Filipino people. I believe the American Congress and the American people are under absolute and compelling moral obligation to give them their independence at the first moment when they are competent to maintain their own social, political, and economic structure.

No matter how emotionally appealing their political independence may be, however, it is a counterfeit luxury; it is the shadow rather than the substance, if economic independence and economic self-sufficiency are lacking. It is economic instability which is bringing the oldest and most solidly established nations to their knees today in the travail of immense grief. It is this economic factor which always gives me chief pause when I look ahead to the independent future of these islands.

The Filipino people have my profound best wishes. They have my prayers. They have my admiration for their courageous optimism. They have my benediction for the amazing progress which they have made during 30 years of beneficent American tutelage. I shall not cloud their present independence dreams with any expression of ominous fears. Yet I shall do less than justice to my own convictions if I do not state again for the Record, as I have stated many times before, that economic dangers do lurk along the pathway which they have elected to pursue; and the ultimate safety and stability of their aspirations depend entirely upon the economic genius—indeed, upon a larger economic genius than the rest of the world has been able to evolve up to this time—the economic genius with which they are able to vitalize their separate and independent status.

It is for these reasons that I opposed the first Hawes-Cutting bill and offered a substitute which contemplated a long-range period of final preindependence preparation, believing that this concluding era of preparation would spell the surest chance for a permanently successful Philippine republic when finally launched, believing equally that it would most honorably and adequately discharge our final responsibility as benevolent trustees for these island wards.

Mr. President, that alternative has been so emphatically rejected, both there and here, that it lacks any semblance of hospitality either in the Philippines or in the United States. Therefore, I am driven to the only alternative which is supported by clean-cut consistency.

If we shall not stay in, we must get out as speedily as possible. If we shall shed the authority of guidance during the next decade, we should correspondingly shed the responsibility for what happens if and when self-guidance fails. That is an obligation which we owe to our own citizens of our own United States. Nor can we rightfully ignore this obligation to our own people, particularly at a moment when this far eastern sphere, as I have said before, is the tinder box of the universe.

If this contemplated quasi-independent Commonwealth is competent to assume the well-nigh supreme responsibilities which this legislation promises, then it is competent to run up the free flag of the independent Philippine republic, not 10 or 15 years hence but in 1 or 2 years, as soon as the governmental structure for the Commonwealth can be erected.

If this stop-gap Commonwealth is not competent to assume these responsibilities, then, in my view, the American Congress has no business permitting such a hazardous experiment to proceed under our own flag, and with our own Government answerable for the possibility of untoward events which we are powerless to forestall.

The pending measure creates an immediate synthetic republic; turns it substantially loose in the most treacherous and hazardous zone on earth, at the most unsettled economic moment in modern history; abandons most of the effective American authority for the control of its destiny; but retains to us, as residuary legatees, the ultimate responsibility for what shall happen.

We neither stay in nor get out.

Since the whole trend of thought appears to favor the latter rather than the former philosophy of action, it is my profound conviction that we should cut free from all half-way measures; that we should abjure these hazy interims; and that we should launch the new republic in full reality. Let eventualities occur under their flag and upon their responsibility, not under our flag and upon our responsibility.

Then, in my view, and as proposed by my substitute, let us give the Filipinos a post-independence period of economic readjustment, particularly in respect to our markets and our tariffs, so that their economic hazard may be minimized so far as humanly possible. Thus we should give the new republic its most favorable auspices to weather these economic storms which fling disaster upon the balance of the world; we should give it the final measure of proof of our benevolent interest in its welfare; and we should save the American people harmless in respect to all eventualities.

If I am not mistaken, this is the precise program which General Aguinaldo and his veterans have urged for years.

I repeat that I have no illusions about the temper of the Senate upon this proposition. The pending bill will pass. Its original authors and the authors of this present paraphrase are moved by the highest motives. They are no less concerned than I am for the welfare of the United States and of the Philippines. The able Senator from Maryland, the new Chairman of the Committee on Insular Affairs, has labored notably and well in composing the native differences which heretofore have rocked this legislation with controversy. The native leaders themselves are to be highly commended for finally merging their views into one common mold. The able Governor General, who comes from my home State, has exercised a fine and wholesome and sympathetic influence in this behalf. I pray that all these auguries may vindicate themselves in a wholly successful and happy adventure, devoid of fateful vicissitudes. The Commonwealth of the Philippines, and then the Philippine Republic, has no warmer friend than I. But I would be less than faithful to this friendship and to my responsibility as an American Senator if I did not dissent to the last from a prospectus which I believe to be a mistake.

Mr. President, I now offer the amendment in the nature of a substitute concerning which I have been speaking. I ask unanimous consent to have it printed in the RECORD at this point in my remarks, and that the reading thereof be waived, because my explanation fully covers the structure and philosophy of the proposition, and I am quite content to have it submitted to a vote.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, it is so ordered.

Mr. VANDENBERG's amendment in the nature of a substitute is to strike out all after the enacting clause and insert:

CONSTITUTION FOR INDEPENDENT GOVERNMENT OF PHILIPPINE ISLANDS

SECTION 1. The Philippine Legislature is hereby authorized to formulate and draft a constitution for an independent government of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December 1898, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November 1900 excluding, however, such territory, if any, of the said islands as may be reserved or excepted therefrom pursuant to subsequent provisions of this act.

SEC. 2. Any constitution for an independent government of the Philippine Islands that may be formulated and drafted pursuant to this act shall include provisions to the following effect:

(1) That the government of the Philippine Islands recognizes the exclusive sovereignty, jurisdiction, and control of the United States over any territory, if any, withdrawn from the present limits of the Philippine Islands and reserved to the United States by proclamation of the President of the United States, issued pursuant to the subsequent provisions of this act.

(2) That the government of the Philippine Islands recognizes as the property of the United States, reserved exclusively for its purposes and uses, all immovable property of the United States, set forth and indicated for retention, by the United States, in any proclamation of the President of the United States if issued under subsequent provisions of this act.

(3) That the government of the Philippine Islands recognizes as its own all debts and obligations, direct and indirect, contracted by the Philippine government, its provinces, municipalities, and instrumentalities, while under the sovereignty of the United States.

(4) That all acts of the United States in the Philippine Islands during the exercise of its sovereignty over these islands are ratified and validated, and all lawful rights acquired thereunder shall be maintained and protected.

(5) That the property rights of the United States in the Philippine Islands shall be fully acknowledged, respected, and safeguarded, and that any question that may be pending at the date when an independent government of the Philippine Islands may be established, or that may thereafter arise, regarding the respective property rights of the United States and the Philippine Islands shall be promptly adjusted and settled.

(6) That all existing property rights of citizens or corporations of the United States, and all such rights as may hereafter lawfully be acquired by them, shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(7) That all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States are assumed by the independent government of the Philippine Islands and will be duly discharged by the same.

(8) That the government of the Philippine Islands assumes all obligations, direct or indirect, of the United States, contracted while the United States exercised sovereignty over the Philippine Islands, to citizens of the Philippine Islands by way of pensions, retirement pay, and other similar benefits to which such citizens may be entitled on account of claims for service rendered to the government of the Philippine Islands and that may not have been definitely allowed or rejected prior to the withdrawal of United States sovereignty from the Philippine Islands, and also on account of compensation or other benefits, based upon claims allowed prior to such withdrawal and pertaining to any period subsequent to such withdrawal: *Provided*, That the government of the Philippine Islands may make such equitable readjustment, of general application, of the amounts payable by it on account of the assumption of such obligations as the different standards of service compensation and living conditions in the Philippine Islands may justify: *And provided further*, That service of citizens of the Philippine Islands to the government of the Philippine Islands, during the period of United States sovereignty in the Philippine Islands, shall be reckoned as service to any independent government of the Philippine Islands that may be established pursuant to this act, insofar as regards the application of the pension, retirement, or similar laws that may be in effect at the time of the establishment of any such independent government of the Philippine Islands or that may be enacted thereafter by such government.

(9) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall

be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States from the Philippine Islands, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued, under authority of an act of Congress of the United States, by the Philippine Islands, or any Province, city, or municipality therein, and where, under authority of an act of Congress of the United States, the government of the Philippine Islands has guaranteed the payment of interest or of principal, or of both interest and principal, on bonds of corporations, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(10) That the officials elected as provided for in section 4 of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(11) That trade relations between the United States and the free and independent government of the Philippine Islands shall be upon the basis prescribed in sections 6, 7, 8, and 9.

(12) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions of this section, except subsection (10), in a treaty with the United States.

SUBMISSION OF CONSTITUTION TO THE PRESIDENT OF THE UNITED STATES

SEC. 3. Upon the drafting and approval of the constitution by the Philippine Legislature, the constitution shall be submitted within 2 years after the enactment of this act to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act, he shall so certify to the Governor General of the Philippine Islands, who shall so advise the Philippine Legislature. If the President finds that the constitution does not conform with the provisions of this act, he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which will, in his judgment, make the constitution so conform. The Governor General shall in turn submit such message to the Philippine Legislature for further action by them pursuant to the same procedure hereinbefore defined, until the President and the Philippine Legislature are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 4 months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, the Governor General shall, within 80 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Philippine Islands provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States. The President of the United States shall thereupon issue a proclamation fixing a date, not more than 6 months after the date of such proclamation, for the complete withdrawal of American sovereignty over the Philippine Islands. Upon the date so fixed the previously existing Philippine government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties as provided in the constitution. The existing government of the Philippine Islands, subject to the direction of the President of the United States, shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRADE RELATIONS

SEC. 5. (a) Effective 90 days after the date of enactment of this act, and until the date of Philippine independence, there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands 10 percent of the rates of duty which are required to be levied, collected, and paid upon like articles imported into the United States from foreign countries.

(b) The Philippine Legislature is empowered, concurrently with the effective date of such duties, to impose upon articles going into the Philippine Islands from the United States 10 percent of the rates of duty imposed upon like articles imported into the Philippine Islands from foreign countries.

SEC. 6. (a) During the first 2 years after the Philippine Islands become independent, there shall be levied, collected, and paid upon all articles imported into the United States from the Philip-

pine Islands 20 percent of the rates of duty which are required to be levied, collected, and paid upon like articles into the United States from other foreign countries.

(b) The Philippine government is empowered, concurrently with the effective date of the increase in tariff duties provided in subdivision (a), to increase the tariff duties imposed upon articles imported into the Philippine Islands from the United States to 20 percent of the rates of duty imposed upon like articles imported into the Philippine Islands from other foreign countries.

Sec. 7. (a) During the third and fourth years after the Philippine Islands become independent, there shall be levied, collected, and paid upon all articles imported into the United States from the Philippine Islands 40 percent of the rates of duty which are required to be levied, collected, and paid upon like articles imported into the United States from other foreign countries.

(b) The Philippine government is empowered, concurrently with the effective date of the increase in tariff duties provided in subdivision (a), to increase the tariff duties imposed upon articles imported into the Philippine Islands from the United States to 40 percent of the rates of duty imposed upon like articles imported into the Philippine Islands from other foreign countries.

Sec. 8. (a) During the fifth and sixth years after the Philippine Islands become independent, there shall be levied, collected, and paid upon all articles imported into the United States from the Philippine Islands 60 percent of the rates of duty which are required to be levied, collected, and paid upon like articles imported into the United States from other foreign countries.

(b) The Philippine government is empowered, concurrently with the effective date of the increase in tariff duties provided in subdivision (a), to increase the tariff duties imposed upon articles imported into the Philippine Islands from the United States to 60 percent of the rates of duty imposed upon like articles imported into the Philippine Islands from other foreign countries.

Sec. 9. (a) During the seventh and eighth years after the Philippine Islands become independent, there shall be levied, collected, and paid upon all articles imported into the United States from the Philippine Islands 80 percent of the rates of duty which are required to be levied, collected, and paid upon like articles imported into the United States from other foreign countries.

(b) The Philippine government is empowered, concurrently with the effective date of the increase in tariff duties provided in subdivision (a), to increase the tariff duties imposed upon articles imported into the Philippine Islands from the United States to 80 percent of the rates of duty imposed upon like articles imported into the Philippine Islands from other foreign countries.

(c) At any time during the seventh and eighth years after the Philippine Islands become independent, the President of the United States is authorized to enter into negotiations with the government of the Philippine Islands with a view to the conclusion of a reciprocal treaty based upon a permanent 20-percent preferential in tariff duties between the United States and the Philippine Islands.

IMMIGRATION

Sec. 10. (a) Effective 90 days after the date of enactment of this act—

(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except sec. 13 (c)), this section, and all other laws of the United States relating to the immigration, exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of —. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii—whether entering such Territory before or after the effective date of this section—unless they belong to a class declared to be nonimmigrants by section 3 of the Immigration Act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such act other than subdivision (c) thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulation provide a method of such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, during which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purposes of sections 18 and 20 of the Immigration Act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be en-

forced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the Immigration Act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

Sec. 11. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States, including all the provisions thereof relating to persons ineligible to citizenship, shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

NEUTRALIZATION OF PHILIPPINE ISLANDS

Sec. 12. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

EFFECTIVE DATE

Sec. 13. This act shall not take effect until accepted by the Philippine Legislature; except that sections 5 and 10 shall take effect as specified in such sections, respectively.

Mr. CLARK. Mr. President, before the Senator yields the floor I should like to ask him a question.

Mr. VANDENBERG. I yield to the Senator from Missouri for a question.

Mr. CLARK. Unfortunately I was not able to hear the whole of the Senator's speech because I was obliged to be absent in a meeting of the Committee on Finance. Will the Senator from Michigan state briefly—I do not want him to enter into a discussion of the matter—the difference between his substitute and that proposed by the Senator from Utah [Mr. KING]?

Mr. VANDENBERG. I can do that, Mr. President, in two sentences. I have already done it in detail in the Senator's absence. The Senator from Utah proposes immediate, absolute, and complete independence at the earliest moment possible under the necessities of creating the new native government, which, for the sake of the argument, would be, let us say, 2 or 3 years.

The substitute which I have presented, and which is now pending, does precisely that same thing so far as the establishment of this new government is concerned, but then creates a subsequent, post-independence economic period of readjustment, during which time, instead of summarily losing our free markets the Filipinos would lose our free markets in a constantly increasing degree, my purpose being, after having created immediate independence, precisely as would the Senator from Utah, subsequent thereto to give this new government its maximum chance to readjust itself economically in respect to the markets of the world.

Mr. TYDINGS. Mr. President, I shall not take very long, but I think a word in answer should be made to the remarks of the Senator from Michigan [Mr. VANDENBERG]. First let me say that I do not question his absolute sincerity nor his desire to assist the Philippine people in this very adventurous undertaking. But I think I can bring some facts to the Senate in a few moments which will clearly illustrate the fallacy of the program which the Senator from Michigan espouses.

In the very bill which is now pending before the Senate we have written limitations upon the quantity of sugar, the quantity of cordage, and the quantity of coconut oil less than what the Philippine people are now shipping into this country. As a matter of candor and honesty, I think that is wrong. The Philippine Islands are a part of this country, perhaps a temporary part, but a part of it, and we should write no limitation whatsoever upon the volume of their exports to this country until their independence shall have become an accomplished fact.

All Senators who sat in the Senate in the last Congress remember the sugar fight. I voted against cutting down the quantity of sugar which the Philippine people could export to this country, deeming it an outrage to turn the Philippine people loose in all the changing economic conditions in which we are now living, and ask them to embrace inde-

pendence without an opportunity to find a new market for the commodities they are now producing.

But did that proposition receive the support of this body? No. An amendment was offered to cut down their sugar exports to one half the quantity they are now shipping to this country, and that amendment was agreed to by the Senate.

Where would the Senator's proposition be after the Philippine people had achieved their independence, were we to allow them, as he says is his idea, to export commodities to this country without regard to our tariff? What would Congress do when the islands were no longer under the American flag? If we cut down the amount of sugar and coconut oil and cordage which they may send into this country while they are a part of this country, God knows there would not be a pound of it coming in the minute after they had achieved their own independence.

We have the force of actual example to substantiate what I say. At the other end of this Capitol building there is pending today a bill to cut down the sugar exportations from the Philippines to the United States, and because independence is imminent are we approaching that proposition in a spirit of fairness and justice? Oh, no. The idea is to drive the Philippine exportation of sugar down to the minimum, to cut it all out forsooth, if Congress will support such a measure, in order that the greedy sugar interests of this country may usurp the entire market, while 14,000,000 people in the Philippine Islands are thrown into economic chaos.

Mr. President, if the amendment of the Senator from Michigan is adopted by Congress there is not a doubt in the world that no sooner will the 3-year period have elapsed than Congress will whittle at the commerce which now comes from the Philippine Islands, and will throw the Philippine people into economic revolution, and mob violence, in my opinion, will break out, which will result in our having to send the Army back there again, and it will be 20 or 25 years before they will have another opportunity to get independence.

It is not easy to start a new government. If we go back in the history of our own country to the period after the Revolutionary War we will find that it was a long while before we got our sea legs so we could walk in the society of nations. A period of many years went by. Our own Constitution was under consideration for 4 months before it was agreed upon. And even then we had bills for which there was no money to offer in payment. It was only after a long time that we laid the foundations of this Republic. Therefore, the 10-year period is fair to the Filipino people. In that time they can make the necessary readjustment. To turn them loose overnight would be to deny them independence, because we would have to go back there again if we should turn them loose before they are able to walk under the load. If that time shall prove too long, if they shall progress faster than we have anticipated, we can always cut down that time to 9 years, to 8 years, to 7 years, to 6 years, or to 5 years; but if we should fix the time at 3 years, and that should prove to be too short, we could not extend the time. The Army would be called in as the arbiter of that situation.

I revert, in conclusion, once more to the proposition of the Senator from Michigan. If, while the Philippine nation is a part of the United States of America, is under its flag and under allegiance to its flag, subject to the laws of its Congress, the Congress will not give it a square deal in its economic relations with continental United States, in God's name, what would we do to those people when no longer they were a part of this Republic? If at this time we will not allow them to ship their fair quantities of sugar, their fair quantities of cordage, their fair quantities of coconut oil, while they are under our flag, where would they be, I ask the Senator from Michigan, when our flag was no longer in the Philippines after the 3-year period? What good would the law be? Congress would repeal it and throw out of order their entire commerce and, in my opinion, plunge them into a bloody revolution, which would fire the entire Orient once more.

No, Senators, in the actual test of experience we have already violated the theory which the Senator from Michigan espouses in his bill. Having had the actual test of performance before us, let us give the Philippine people a chance to become a republic and not let them go until our duty to them shall be fulfilled 100 percent. Then we shall have done something of which to be proud, and our relations with them will remain friendly in the future.

DISTRIBUTION OF WEALTH

Mr. LONG. Mr. President, I have here a resolution adopted by the Senate of the Legislature of the State of Mississippi. I read in the newspapers that this resolution had passed the senate of that State. It was sent to me this morning, and I presume it has passed the house of the Legislature of the State of Mississippi. I am going to send it to the desk, and I ask that the clerk may read it, as I was requested to put it in the RECORD by the author of the resolution. I showed the resolution to the senior Senator from Mississippi [Mr. HARRISON], who took no exception to my offering it instead of he, himself, doing so. Therefore I will ask the clerk to read the resolution.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

Senate Concurrent Resolution No. 39

A concurrent resolution memorializing the Congress of the United States to put into effect the policy of Hon. HUEY P. LONG pertaining to the distribution of the wealth of the United States

Whereas the greatest financial depression the country has ever known and that has ever been undergone by the masses of the people is being undergone by them now; and

Whereas the wealth through speculation and other ways has gotten into the hands of a few people, thereby impoverishing the honest, toiling masses, who have on account of the accumulation of the wealth by a few been thrown out of employment in a land of plenty and to spare, which is causing them to suffer for the necessities to sustain life; and

Whereas the Honorable HUEY P. LONG, United States Senator, has suggested that laws be enacted placing a high income tax and inheritance tax on a speculator of big-moneyed interest so as to get the wealth of the country back into the hands of the suffering masses and relieving the financial situation under which they are being so much depressed; and

Whereas the Book of Books teaches us that the earth belongs to the Lord and the fullness thereof, and, therefore, it does not belong to the few who have acquired it through speculation and thievery, and it should revert back to the masses for which it was intended, and be used by them in the way that the Lord intended for it to be used: Therefore be it

Resolved by the Senate of the State of Mississippi (the house of representatives concurring therein), That we do hereby endorse the plan suggested by the Honorable HUEY P. LONG, or some other plan that will get the wealth of our country redistributed into the hands of the honest, toiling masses for whom it is intended.

We further ask that a copy of this resolution be forwarded by the secretary of state to the Members of Congress from the State of Mississippi and a copy be mailed to the Honorable HUEY P. LONG with instructions for him to place the same in the CONGRESSIONAL RECORD.

The PRESIDING OFFICER. The resolution will be referred to the Committee on Finance.

Mr. LONG. Mr. President, as I have said, I just received that document, and I have only outside information of its adoption. I presume, however, it has gone through the senate and house of the Legislature of the State of Mississippi.

I have also been sent this morning a few lines from the poet Milton, which I wish to read in order that it may be incorporated in the RECORD. The lines are taken from John Milton's Comus. I read as follows:

[From John Milton's Comus (lines 768-780)]

If every just man that pines with want
Had but a moderate and beseming share
Of that which lewdly pamper'd Luxury
Now heaps upon some few with vast excess,
Nature's full blessings would be well dispensed
In unsuperfluous even proportion
And she no whit encumber'd with her store;
And then the Giver would be better thank'd,
His praise due paid: For swinish Gluttony
Ne'er looks to Heaven amidst his gorgeous feast,
But with besotted base ingratitude
Crams, and blasphemes his feeder.

I have before me further, Mr. President, an article which has been handed to me by the Senator from the State of Washington [Mr. Bone], taken from the New York World Telegram of the 19th day of March 1934, under the heading "The Liberal Viewpoint", by Dr. Harry Elmer Barnes, which I will ask to have printed in full in the RECORD. I will just quote a few excerpts before sending it to the desk.

I read as follows:

There is only one sensible way in which to meet the majority of the burden imposed by the financing of recovery. This is taxation, literally on the basis of capacity to pay.

The very wealthy did not divide up fairly from 1921 to 1929.

And I might add that they did not divide up fairly for many years prior to that time.

By thus reducing purchasing power they brought about a collapse of our business in 1929. Today restoration of prosperity, if possible at all, can only be achieved by taking this unfairly appropriated money away from its holders and devoting it to the national weal. The essentials of a rational program of taxation for the administration are clearly presented by Prof. Henry R. Mussey in *The Nation*.

So far as possible desirable increase of taxation should fall upon personal income. Taxes on business are, to a great degree, shifted to consumers by raising the prices of products. They may also to a slight extent discourage business initiative.

The first step to be taken is to stop up the gaps in the income-tax fence.

I hope Senators will notice the figures which are given in the article as to what ought to be the limit on incomes, and it will be seen that what I have proposed is conservative by comparison.

Next, the income tax law should be revised so as to fall especially heavy upon the higher brackets. Indeed, surtaxes might well be slapped on which would automatically absorb and turn back to the Government all income over \$100,000 a year.

This article in the New York World Telegram says that after \$100,000 a year a man ought to be prevented from receiving further income. I am personally of the belief that the figure is nearer right than the figure I have set. The figure I have set and which I have been trying to get adopted by the Senate has been a million dollars a year. Manifestly that is too much, and yet that has been opposed by party leaders and by men in authority on the ground that that will impose too great a restriction upon people, whereas conservative writers say that \$100,000 a year should be the maximum income to any one man.

Under the conditions in which we now live a greater income than this cannot be socially justified.

I am inclined to believe that the writer is correct, that an income of more than \$100,000 to one man, while millions of people walk the streets and starve to death in a land that has got too much in it is wrong, and to allow people under these conditions to hoard up more than \$100,000 a year is outside all social justification.

Next—

Says this article—

the inheritance and estate taxes should also be stiffened up and tightened so as to bring about the public appropriation of all inheritances, monetary and in real property, in excess of two or three million dollars.

Again, Mr. President, this article is far more drastic than my proposal. I propose that we limit inheritances to \$5,000,000. Manifestly, that is too much, and \$2,000,000 is also too much, in my opinion, so far as that is concerned. The resolution which I have proposed, however, and the bill of which I undertook to secure the enactment allow \$5,000,000, whereas, as this article says, we ought not to allow more than two or three million dollars to be inherited by some idle son or daughter, money which they themselves never hit a lick of work to earn, as a result of which wealth has been put into the hands of a few people, while thousands, nay millions, of people are starving to death.

Almost any "poor little rich child" should be able to stagger along through life with such a benefaction from his parents or rich relatives.

In short, a rational taxation scheme would not only be a fiscal expedient; it would be an instrument for achieving social justice. It would serve the cause of equity. It would end the insane and

disastrous struggle for fabulous individual riches. It would lead to a more sensible and effective distribution of purchasing power, thus increasing the market effectiveness of American consumers and stimulating a revival of capitalistic business endeavor.

I send the entire article to the desk and ask that it may be printed at the conclusion of my remarks.

Mr. President, I have not called up at this time my resolution or bill, and I am not attempting to set aside any pending business in order to do so, but in the near future I will call up my resolution undertaking to commit the Senate to do something that is sane and sensible, to have the taxes paid where they can be paid without burden to the people and to have relief given to our people.

There is no such thing as a business revival such as we are hearing about. I just came back to Washington on the Crescent Limited, the main train of the Southern Railway System, composed of 10 coaches and carrying 22 passengers. I had almost an entire car to myself. The postal rates are declining. The Post Office Department is cutting down its rolls. C.W.A. workers are actually being laid off. Every kind of ballyhoo is going on to tell the people that things are going along all right, but the baby cannot be rocked to sleep when it is hungry. If we are going to do anything to restore America, it must be done along the lines of the resolution which I sent to the desk, or it must be done along the lines of the Declaration of Independence, which gave certain guaranties to the people when they first founded this Government.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Without objection, the article referred to by the Senator from Louisiana will be printed in the RECORD.

The article is as follows:

[From the New York World Telegram of Mar. 19, 1934]

THE LIBERAL VIEWPOINT

By Dr. Harry Elmer Barnes

It is an old adage that "no chain is stronger than its weakest link." It seems pretty generally agreed, even among the friends of the new deal, that the weakest link in the Roosevelt program to date has been its taxation policy. Here there has been only a very slight modification indeed of the indefensible policies of Harding, Coolidge, Mellon, Hoover, and Mills.

This is made clear in an excellent brochure by Prof. Harold M. Groves, published by the New Republic. Professor Groves' services as tax consultant for the Government were rejected by Mr. Morgenthau, who replaced him by a more conservatively minded adviser.

The Roosevelt administration has been bold and adventurous enough in its proposals to spend money, even though there may be some criticism of its distribution of funds. Sooner or later the fiddler will have to be paid. There are a number of ways in which it can be done.

The Government can today print between twelve and fifteen billion dollars of paper money and still preserve the legal backing in gold. This would pay the bill for the first couple of years of the new deal, but it would allow those who have scooped up most of our national income to escape without making their just contribution to the financing of our efforts to escape from economic collapse.

Government bonds could be sold to the tune of many billions of dollars. But this would only postpone the evil day of settlement. It would add to the already top-heavy debt structure of the country, which many competent economists believe is already so great as to make impossible any successful rehabilitation of the capitalistic system.

There is only one sensible way in which to meet the majority of the burden imposed by the financing of recovery. This is taxation literally on the basis of capacity to pay.

The very wealthy did not divide up fairly from 1921 to 1929. By thus reducing purchasing power they brought about a collapse of our business in 1929. Today restoration of prosperity, if possible at all, can only be achieved by taking this unfairly appropriated money away from its holders and devoting it to the national weal. The essentials of a rational program of taxation for the administration are clearly presented by Prof. Henry R. Mussey in *The Nation*.

So far as possible, the desirable increase of taxation should fall upon personal income. Taxes on business are, to a great degree, shifted to consumers by raising the prices of products. They may also, to a slight extent, discourage business initiative.

Raising taxes on personal incomes ran contrary to the Coolidge-Mellon policy, and in the 5 years preceding the crash of 1929 less than a third of the total Federal revenue came from the personal income and estate taxes.

The first step to be taken is to stop up the gaps in the income-tax fence.

Next, the income tax law should be revised so as to fall especially heavily upon the higher brackets. Indeed, surtaxes might

well be slapped on which would automatically absorb and turn back to the Government all income over \$100,000 a year. Under the conditions in which we now live a greater income than this cannot be socially justified.

Next, the inheritance and estate taxes should also be stiffened up and tightened, so as to bring about the public appropriation of all inheritances, monetary and in real property, in excess of two to three million dollars. Almost any "poor little rich child" should be able to stagger along through life with such a benefit from his parents or rich relatives.

In short, a rational taxation scheme would not only be a fiscal expedient. It would be an instrument for achieving social justice. It would serve the cause of equity. It would end the insane and disastrous struggle for fabulous individual riches. It would lead to a more sensible and effective distribution of purchasing power, thus increasing the market effectiveness of American consumers and stimulating a revival of capitalistic business endeavor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. McGill, one of its clerks, announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels, and for other purposes; that the House insisted upon its disagreement to the amendments of the Senate to said bill, requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY, Mr. GAMBRILL, Mr. BRITTEN, and Mr. DARROW were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 3908) for the relief of Joanna A. Sheehan, and it was signed by the Vice President.

APPROPRIATIONS FOR DEPARTMENT OF AGRICULTURE

The PRESIDING OFFICER (Mr. ERICKSON in the chair) laid before the Senate the action of the House of Representatives on certain amendments of the Senate to House bill 8134, the Agricultural Department appropriation bill, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S., March 20, 1934.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, and 32 to the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 4 to said bill and concur therein with the following amendment:

In lieu of the matter stricken out by said amendment insert: "but the amount so used for any one person shall not exceed the amount permitted by law to be so used, during the fiscal year 1935, for any one person in the foreign service of the Department of Commerce."

That the House recede from its disagreement to the amendment of the Senate numbered 25 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"Dutch elm disease: For control and prevention of spread of the Dutch elm disease in the United States, \$150,000: *Provided*, That this sum shall be reduced by an amount equal to any amount that may hereafter be allotted for the purposes named herein from any Federal relief or other Federal emergency appropriations."

That the House recede from its disagreement to the amendment of the Senate numbered 26 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"Gypsy and brown-tail moths: For the control and prevention of spread of the gypsy and brown-tail moths, \$360,000 of the sum allotted for this purpose for the fiscal year 1934 by the Public Works Administration shall be available only for expenditure during the fiscal year 1935."

That the House recede from its disagreement to the amendment of the Senate numbered 27 to said bill and concur therein with the following amendment:

In lieu of the sum proposed by said amendment insert "\$130,536."

That the House recede from its disagreement to the amendment of the Senate numbered 28 to said bill and concur therein with the following amendment:

In lieu of the sum proposed by said amendment insert "\$669,430."

That the House recede from its disagreement to the amendment of the Senate numbered 35 to said bill and concur therein with the following amendment:

In lieu of the sum proposed by said amendment insert "\$60,232,007."

Mr. RUSSELL. I move that the Senate agree to the House amendments to Senate amendments numbered 4, 25, 26, 27, 28, and 35.

The motion was agreed to.

REPEAL OF FEDERAL PROHIBITION LAWS IN HAWAII AND ALASKA

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii, which was, on page 2, line 2, to strike out the word "are" where it appears the first time and insert "shall be retained."

He also laid before the Senate the amendments of the House of Representatives to the bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, which were, on page 1, line 7, to strike out all after "909," down to and including "repealed" in line 1, page 2, and insert "is repealed. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled 'An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes', approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as shall be retained in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in the Territory of Alaska"; and, on page 4, after line 13, to insert:

SEC. 5. Section 13 of the Revised Statutes (U.S.C., title 1, sec. 29) shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this act.

Mr. TYDINGS. Mr. President, the amendments of the House to the Hawaiian and Alaskan liquor bills have not been referred to the Committee on Territories and Insular Affairs of the Senate since the House adopted them, but I understand they are simply clarifying amendments recommended by the office of the Attorney General of the United States. Unless there is some disposition on the part of members of the committee to ask for a conference, I move that the Senate concur in the House amendments to both bills.

The motion was agreed to.

PHILIPPINE INDEPENDENCE

Mr. FESS obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. TYDINGS. I do not want to take the floor away from the Senator; but I understand—I may be wrong—that all the speeches on the Vandenberg amendment have been made.

Mr. KING. I am going to speak.

Mr. TYDINGS. The Senator from Utah is going to speak on his own amendment; but if there are to be no more speeches on the Vandenberg amendment, I was wondering if the Senator from Ohio would let us dispose of this one amendment before he takes the floor, so that we could at least do that much today on the bill. I do not think it will take 5 minutes to dispose of the amendment. I do not believe there are any other speeches to be made on it.

Mr. KING. May I say to the Senator that I should prefer to speak on both amendments before a vote is taken upon the bill.

Mr. TYDINGS. Of course, then I shall give way, except that the Philippine legislature expires, as the Senator knows, sometime in May or June, and I was hopeful that we could have this bill accepted by it before a new legislature shall be elected.

Mr. KING. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. KING. I think it would be very unfair and very unfortunate if this bill were to be submitted to a legislature which has heretofore been elected. If the proponents of this measure want the wishes of the Filipinos to be ascertained, they will accept an amendment which I shall tender, under the terms of which there will be a plebiscite, rather than submitting it to a legislature which perhaps is already discredited.

Mr. TYDINGS. I hope the Senator from Ohio will not feel that I am at all discourteous in asking these questions, because I realize the great interest he has in the subject he is about to discuss. May I inquire if he will occupy the rest of the afternoon?

Mr. FESS. Mr. President, let me state to the Senator from Maryland that I am going to cooperate with him in securing action on the pending bill.

Mr. TYDINGS. The reason I ask the question—and I again apologize—is that I have this bill in charge, and yesterday I had to stay here all afternoon.

Mr. FESS. I want to assure the Senator that I am going to cooperate with him. I desire to make a statement which will not take over 3 minutes, and then I will give way.

Mr. TYDINGS. Very well.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. FESS. Mr. President, the afternoon press yesterday carried an item of news which is elaborated this morning in the Washington Post on the first page, in the leading column. The Post states:

Commercial aviation's anticipated return to the air-mail picture took tangible form for the first time yesterday since abrogation of mail contracts February 19 with private air lines authorized to carry mail in bulk and with the Army employing former airline pilots in increasing numbers.

Authorization for private lines to carry individually stamped and addressed mail in bulk as "express" was issued by the Post Office Department March 10, the day the Army flyers were grounded following President Roosevelt's denunciation of fatalities.

This was admitted by Department officials yesterday despite previous denial that such an authorization had been given and declarations that commercial lines were to be barred from participation in mail carrying of any kind until new air-mail legislation is enacted.

Meanwhile, Army air-mail headquarters reported 47 commercial pilots have been called into service to supplement the Army's experienced flyers in carrying the mail on restricted schedules put into effect when the corps resumed mail service Monday.

MAY USE ALL LINE PILOTS

Prior to the time the Army flyers were grounded and air-mail service resumed on an eight-route basis, Army pilots were used exclusively in mail operations, though a small number of commercial pilots who were Reserve officers were put on active status.

Army Air Corps officials here were uninformed as to the number of former airline pilots actually engaged in flying the mail, but it was understood that employment of the entire allotment was contemplated.

Authorization of mail carrying by commercial companies was described at the Post Office Department as "insignificant and routine", arising from repeated requests on the part of large mail-order houses for such service. W. W. Howes, who signed the authorization order as Acting Postmaster General in the absence of Postmaster General Farley, denied the action had any connection with restriction of the Army's mail operations.

Mr. President, I want to take the time today only to call attention to the significance of this dispatch, if it is true, and I assume that it is. The significance grows out of the fact that without its being known to the public, there was an order given not only for the employment of commercial pilots for the operation of planes, but also for the use of commercial aviation to carry mail marked "express" which, as every Senator knows, is unfair to the public, because it involves a double charge. The man who sends the mail pays the postage, and somebody must pay when it goes as express matter instead of mail matter. The payment of expressage does not obviate the payment of postage; and why, if the dispatch be true, this subterfuge is being used, would be interesting to all of us.

In the second place, I hope it is to be admitted without further controversy that the Department is now confessing that an error was made, and that it is now giving contracts

to the allegedly fraudulent contractors whose contracts were canceled.

Mr. CONNALLY. Mr. President, will the Senator yield?
Mr. FESS. I yield.

Mr. CONNALLY. Is the Senator from Ohio complaining because the Department made a mistake, or is he complaining because they had the courage, if they did make a mistake, to admit it and try to correct it? Of what is the Senator complaining?

Mr. FESS. If I knew they would admit their mistake and try to correct it, I should have nothing more to say.

Mr. CONNALLY. The Senator says they are doing just that. He says they are now giving contracts to the same concerns that he thinks ought to have had them all the time.

Mr. FESS. If the Senator wants to keep me on the floor all afternoon, just let him continue that line of remarks, and I will stay here.

Mr. CONNALLY. I beg the Senator's pardon. I ask unanimous consent to withdraw my remarks if we are to have, as a consequence, any such calamity as the Senator indicates.

Mr. FESS. The Senator is going to be visited with that calamity, in spite of my promise to my good friend from Maryland [Mr. TYDINGS] if the Senator insists upon that sort of question.

Mr. CONNALLY. I withdraw it all, Mr. President, and apologize to the Senate and to the Senator.

Mr. FESS. Then I will keep my promise to the Senator from Maryland.

Mr. CONNALLY. We are in an emergency. We want to get out of it; and I would not dare invite any such catastrophe as the Senator threatens.

Mr. FESS. Mr. President, just one more word.

In the case of the air-mail flyer who was killed the other day—the day before the mail was resumed when he was on a trial flight—it has been stated by many that he was a trained man brought in from the reserve service. The facts are that he was not a pilot but a copilot, and that he was not qualified to fly the mail, and would not have been accepted by any one of the commercial air companies had the companies been operating the service instead of the Government operating it. This man got but \$250 a month, while a pilot gets \$600 a month. So the suggestion that the man recently killed—the eleventh one who went to his death—was a trained pilot is not true.

Mr. President, I am going to suspend further discussion of the air-mail question in order to facilitate disposing of the bill which my friend from Maryland has in charge. I promised him yesterday that I would not interfere with his efforts to secure action on his bill.

Mr. FESS subsequently said: Mr. President, on yesterday the Senator from Arkansas [Mr. ROBINSON], in his discussion, dealt almost exclusively with the Aviation Corporation of Pittsburgh. In the forenoon, before the address was made, the secretary of that concern appeared before the Post Office Committee and gave information in reply to queries propounded to him by the chairman and other members of the committee.

Ordinarily, if it were not for the fact that it would take time, I should like to comment on some of those questions and answers, because they deal directly with the subject discussed yesterday; but I do not want to interfere with the bill of my friend from Maryland [Mr. TYDINGS]. I therefore ask unanimous consent to have the testimony of this witness inserted in the Record; and I ask Senators especially to note the latter part of it, where there are answers to questions propounded dealing directly with the subject of dispute.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Is there objection to the request of the Senator from Ohio?

Mr. ROBINSON of Arkansas. I have no objection to the request.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

STATEMENT OF MR. C. B. MONRO, EXECUTIVE VICE PRESIDENT OF PENNSYLVANIA AIR LINES

The CHAIRMAN. Whom do you represent, Mr. Monroe?

Mr. MONRO. Pennsylvania Air Lines.

The CHAIRMAN. Did the Penn Air Lines have a contract up to February 19?

Mr. MONRO. That is correct.

The CHAIRMAN. And between what points?

Mr. MONRO. Between Cleveland, Akron, Pittsburgh, and Washington.

The CHAIRMAN. What is the length of that line?

Mr. MONRO. Three hundred and twenty-one miles.

The CHAIRMAN. What amount per year did you receive?

Mr. MONRO. We were receiving an average in the calendar year 1933 of approximately 40 cents per mile.

The CHAIRMAN. How much in money?

Mr. MONRO. Over \$320,000. I have the exact figures here.

The CHAIRMAN. All right, sir, tell us what you have to say.

Mr. MONRO. I assume in appearing before you that there is no desire on your part to conduct a hearing on the matter of the cancellation of all domestic air-mail contracts. Frankly, we would welcome such a hearing, welcome any questions that might be asked in that connection, for no representative of our company has yet been accorded that privilege. I am assuming, however, that you are primarily interested in the bill now under discussion and are interested in the viewpoint of one of the companies which held an air-mail contract prior to February 19, and which, accordingly, has a vital interest in new air-mail legislation.

As a preface to our comments on this bill and purely as a matter of information for your better understanding of our situation, I would like to offer this brief explanation. Pennsylvania Air Lines is one of the smallest of the companies formerly carrying air mail, and is entirely independent of any of the larger aviation groups. It operates from Washington to Cleveland via Akron, and Pittsburgh over a route 321 miles in length, the major portion of which is mountainous territory. Until February 19, five round trips were being flown daily, all with tri-motored 12-passenger airplanes carrying both mail and passengers, airplanes equipped with two-way radio, blind-flying instruments, and all possible devices to insure a safe and efficient service.

The original contract on this route was let on April 27, 1926, and called for service between Cleveland and Pittsburgh only. On June 8, 1931, the line was extended from Pittsburgh to Washington, an extension on which pioneering passenger operations had been conducted for a period of almost 2 years and on which many thousands of dollars in route surveys and other development work had been expended by us—no other aviation interest having spent one cent in that territory.

With regard to its corporate affiliations, Pennsylvania Airlines is 100 percent owned and operated by the Pittsburgh Aviation Industries Corporation. This Pittsburgh company was organized in 1928 purely as a community enterprise under the sponsorship of the Pittsburgh Chamber of Commerce. Its capital of approximately \$1,200,000 was subscribed by over 200 of the business and civic leaders of the Pittsburgh district. No promotional fees or brokerage commissions were paid to anyone. I might also add that no family or group interest holds or ever held in excess of 5 percent of the total stock issued and outstanding.

At the present time Pittsburgh Aviation Industries Corporation holds 100 percent of the stock of Pennsylvania Airlines, 50 percent of the stock of a company known as "Pittsburgh-Butler Airport, Inc.," and 4.73 percent of the stock of Transcontinental & Western Air, Inc. Our chief interest lies, however, in the ownership and operation of Pennsylvania Airlines, upon the successful continuation of which depends the integrity of the investment of our 234 stockholders, and the successful continuation is in turn dependent upon the air-mail legislation which is enacted at this session of Congress.

Gentlemen, if the bill now under discussion is passed in its present form, it is our opinion that not only the country's air transportation system but aircraft and engine manufacturing and all other phases of the aviation industry as well, which are dependent upon air transportation for the greatest part of their growth and development, would receive a setback from which there could be no recovery as long as the provisions of the act were in force. The fundamental truth of these statements lies in this fact: No air-transport company, organized and operated with the honest purpose of providing a safe and efficient air-mail and passenger service in the best interests of both the Government and the public, and with the honest intent of granting to the stockholders a fair return on their investments, would even attempt to bid on an air-mail contract under the bill as presently written. No corporate officers acquainted with the problems of air transportation, realizing the tremendous responsibility for human lives and for private property, could recommend to their directors and stockholders participation in a contract the honest performance of which could lead but to one result, the loss of all capital invested.

These statements may seem exaggerated, but do they prove so after a careful analysis which we believe is divorced from any tendency to partisanship or bias. What are these provisions, therefore, which would prohibit participation by any but the inexperienced or irresponsible, which would turn away legitimate capital and which would reduce our air transportation system to the status of development of years past?

Our analysis which we present for your consideration concerns chiefly sections 3, 5, 7, and 8, for it seems evident that on those sections is based the entire air-mail policy of the Government, the other provisions, although important in themselves, being more or less subordinate to the main issue.

If the committee will permit, we shall first give our comments on sections 5 and 8, which provide for the qualifications of the bidder and the terms under which an award may be made, provisions so closely related that they may be discussed as one unit.

It seems evident that the restrictions on who should bid are purely fictitious in character: a list of directors and stockholders, a financial statement. All that can be supplied by any "paper" company. And for what purpose is the requirement introduced of furnishing a list of stockholders? Take a large company, for example, whose stock is traded in on one of the exchanges. A list of its stockholders furnished on one day would be out of date in 24 hours.

No mention is made of the essential qualifications of experience and practical ability to carry out the terms of the contract. Any individual owning pen and paper may actually bid on a contract and then during the 6 months given him to qualify enter into a wild stock-promotional scheme, unload the stock on the public, and then take his profit and turn the company over to an inexperienced management for the fulfillment of the contract. In other words, a 6 months' promotional period is guaranteed to any unscrupulous promoter, with a bona fide Government contract to back his speculative efforts. And the money he secures will not come from business men and people acquainted with the problems of transportation, of finance, and of industry. They know too well the impossibility of conducting a successful air-transport system under rates at which a contract will be secured. They realize too well the unstable and shifting foundation on which this new structure will be raised under this bill. That money will come from men and women unacquainted with these facts, from men and women who cannot afford the loss of a single dollar. And their participation and the inevitable loss of their money will be sponsored by the United States Government.

And during the 6 months allowed to the bidder to qualify the responsible and experienced companies which formerly carried the air mail will be liquidating their affairs. Their equipment and supplies will be dumped on the market to be snatched up by concerns which, even if they could avoid later financial ruin, could not supply the former safety and efficiency of service for years to come. In other words, our assets, the property of our stockholders, are to be sacrificed to the unscrupulous or to the inexperienced with the full knowledge and consent of the Government.

But why do we say the companies which formerly carried the air mail will be forced to liquidate? For two reasons. First, let us look at section 7 of the bill, which is specifically written to disqualify all of the present operators without specifically charging any of them, except by inference, of any wrongdoing. In this section is included one of the most unfair, if not actually unconstitutional provisions ever seriously considered by a legislative body. The special Senate committee investigating ocean- and air-mail contracts has been loud in denouncement of the air transport industry. But even that committee has insisted that everyone would be given a fair trial. Yet into this legislation is written the following:

"* * * and no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General."

To the best of my knowledge this clause has been condemned by practically every witness appearing before the Post Office and Post Roads Committee of both the Senate and the House, with the exception of those who had some participation, either direct or indirect, in writing it into the bill. And we would like to add our protests.

If the cancellations were legal and the contractors were guilty of fraud and collusion, why should any fair-minded official refuse to allow that company the right to proceed against the Government in the courts? Why should any company which believes that it has been wrongfully accused and is willing to try its case in the courts be refused the right to engage in business with the Government?

Could this be an admission that annulment of contracts could not be upheld in court, where the facts on each side of the case could be brought out fairly for the first time? Instead of inserting this clause, why has not an effort been made to bring to trial those charged with guilt in obtaining the contracts? If there was sufficient justification for canceling contracts on the basis of fraud and collusion, why have there not been any indictments of those responsible for the so-called "fraud and collusion"?

That is the first of our two reasons for stating that the companies which formerly carried the air mail will be forced to liquidate. What is the second? The second reason lies in section 3, which prescribes the fundamental policy of the Government toward future commercial air-transport development in its provisions for a maximum rate of 30 cents per airplane-mile, or 40 cents when the average load is in excess of 500 pounds.

It is a business axiom that no responsible person will engage in any business enterprise unless he believe a fair profit can be made from the conduct of that enterprise.

The companies formerly flying the mail realize from long experience just what is involved in carrying on a safe and efficient air transport service. They know that the safe arrival of an air-

plane depends not only upon piloting skill, but upon the ground organization, the maintenance and overhaul crews, the weather observers, the communications personnel, and other departments—all coordinating their efforts to insure the safe arrival of that plane. They know that for every employee in the air there are needed from 6 to 10 on the ground. They know these things and a hundred more, all developed through years of trial and error and through the sacrifice of many lives.

And they know their costs and what the Post Office records show of the cost of operating all air lines—for the fiscal year 1933, for example, 61.4 cents per mile. For the same period they realize that passenger and miscellaneous revenue totaled 18 cents per mile and mail revenue 49.4 cents per mile. What is ahead for them under this act in the way of mail compensation, 30 cents per mile for all but three of the existing routes—New York to Los Angeles, New York to Chicago, and Chicago to San Francisco. On those three routes only the Post Office records indicate that the volume of mail will be sufficient to lift the maximum pay to 40 cents.

Take this 30 cents or even 40 cents per mile. Add to it the passenger and miscellaneous revenue of the fiscal year 1933 with an increase of 10 percent. Subtract the total from the operating costs for the same period, reduced by 10 percent. What are the results? On three of the routes a small profit might be made—some 4.5 cents per mile. On the remaining routes a loss of 5.5 cents per mile will be incurred. And that is based on the bidder's securing the contract at the maximum amount allowed.

Isn't it therefore a certainty that if any of the companies formerly carrying the air mail did bid on the new contracts, their only recourse would be to bid the maximum?

But it is ridiculous to believe that any new contract could be obtained on a bid of the maximum rate. The shoestring operator and the stock promoter would undoubtedly bid in the routes at a rate as low as 10 cents per mile. The premium would then be placed on cheap, inefficient, and unsafe operations; on low salaries for all personnel, whose minimum pay was not stipulated as a result of the provisions of the bill; that is, for all but pilots, or 90 percent of the personnel.

But let us now apply the provisions of this section to the specific case of Pennsylvania Airlines. Let us assume, first, that our company has been awarded the contract between Cleveland and Washington on the maximum bid of 30 cents per mile. There would be no question of our securing a higher rate under the 6-cent feature, as our records indicate that for the fiscal year 1933 our average load per trip was 69.4 pounds; for the calendar year 1933, 78.8 pounds. Our maximum would therefore be 30 cents per airplane-mile.

The next question is, What would the income be from passengers and other sources? Using as an estimate the results for the calendar year 1933, our passenger revenues would be 29.5 cents per mile and miscellaneous revenue nine tenths of 1 cent per mile. What is then the estimated revenue—from mail, 30 cents; from passengers, 29.5 cents; from miscellaneous services, nine tenths of 1 cent—or a total of 60.4 cents per airplane-mile. During the last 6 months of 1933, in which practically all our mileage was flown by 12 passenger tri-motored airplanes, the type of equipment which would be used exclusively under any future contract, our operating costs were 61.7 cents per airplane-mile. Our estimated revenues are 60.4 cents; our estimated costs, 61.7 cents. The net result would be a loss of 1.3 cents per mile.

On the tentative map prepared by the Post Office Department a frequency of three round trips per day is shown for the Cleveland-Washington route, or a total of 702,990 miles per annum. Past history of performance under the exceptionally difficult conditions of weather and terrain peculiar to this route would not permit an estimate of performance greater than 90 percent of the mileage scheduled, or a total of 632,691 miles. Since the estimated costs are based on an average of 79,283 miles per month while we could not fly under the new plan more than 52,724, obviously our mileage costs would actually be several cents over the above estimates. This would result in an unavoidable and continuous drain on our cash resources.

Someone may raise the question, Are these costs high? To the contrary, they are as low as it is possible for any comparatively short line to attain and still conduct a safe, reliable service. These costs are lower than the average of all operators of long lines and of short lines, and such results were secured only through most exacting economy. No officer in our company has ever received a salary of over \$1,000 a month. The average salary of our three executive officers is now just over \$700 a month. There is only one officer in our company being paid a salary higher than the average paid to our pilots, and that no money has been wasted may be seen from the fact that the total expenses of all of our officers have never exceeded \$3,000 in any one year.

At this point the question might be raised, Is there any justification for short feeder lines such as ours continuing to be operated independently? Wouldn't it be better from the point of view of lowered costs to have such feeder lines consolidated with one of the long routes?

It is probably true that some economies might be effected by such a consolidation, though in our case it is doubtful if much money could be saved in this manner. The real point, however, is that it is to the best interest, both of the Government and of the public, that a line such as ours should not be controlled in any way by one of the larger companies.

Pennsylvania Airlines, for example, occupies a rather unique position on the air-transportation map, since it connects with prac-

tically all the large systems. At Washington with Eastern Air Transport to the South; at Pittsburgh with T.W.A., operating the mid-transcontinental lines; at Cleveland with United Airlines, operating the northern transcontinental route. Also, at Cleveland, connections are made with American Airways to Detroit and to Buffalo and other cities. In other words, all the traffic from Washington and the southern section of the Atlantic seaboard directed to the middle, Northwest, and West flows over our line. And the reverse is, of course, true. If Pennsylvania Airlines were controlled by any one of these larger companies, a fictitious traffic routing might result, which would be to the detriment of the public interest.

In this connection I would like to read to you a section covering this question from the report of the House Post Office and Post Roads Committee on February 21, 1933, following an investigation into the Postal Service under House Resolution 226. This section reads as follows:

"If a feeder or connecting-link extension happens to cross two main trunk lines, it becomes a cross-line feeder and assumes great strategic importance. Although such a cross-line feeder might very well be operated more economically as a part of one of the trunk lines it intersects, such absorption would tend to upset the competitive situation and might lead to a rate war or the establishing of a rival feeder paralleling the first. Such considerations lead to the conclusion that it may be desirable to keep a cross-line feeder independent even though absorption by one of the trunks it feeds might lead to greatly reduced operating costs. These remarks apply with special force to Pennsylvania Airlines."

The major portion of our route is over mountainous country in a territory notorious for its adverse weather conditions. In the winter months from 10 to 15 percent of our mileage is flown blind, by instruments and radio. Those problems were never recognized by the Post Office Department, for in the 38 months of our operating history, from November 1, 1930, to December 31, 1933, we received an average mail pay rate of 40.8 cents per mile, as against the average of 57.2 cents per mile given to all operators. In other words, for 38 months we have been paid 16.4 cents per mile less than the average paid to all operators. And during the same period our costs were about 5 cents per mile lower than the average of all operators.

In the 38 months of our operating history we incurred a net loss of \$72,866.92, not a large sum perhaps, but it represents 36.4 percent of our total capitalization.

And now what are we faced with? If provisions of this bill under discussion were changed to permit former air-mail contractors to bid on the basis suggested, Pennsylvania Airlines would have the privilege of bidding on what? Just this—the privilege of bidding on a contract which, if secured, even at the maximum rate, would result in the inevitable loss of every dollar of our stockholders' money. And again, may I state, it would be ridiculous to assume that other interests would not bid lower than the 30-cent maximum, interests that could have no conception of the problems involved until after painful and probably disastrous experience.

What recourse do we then have? Would you recommend that the officers of our company, in full possession of these facts—and they are incontrovertible facts—would you recommend that the officers of our company deliberately attempt to enter into a contract the performance of which would lead but to the result stated? What would your opinion be of individuals who would deliberately misuse the money intrusted to them by their stockholders? The day this bill becomes a law Pennsylvania Air Lines pays off its employees, liquidates its assets, and returns to its stockholders the few dollars which they may have coming to them.

But what are other companies going to do? Naturally, we cannot speak for them; but we do know these facts:

1. With the possible exception of three routes, mail income cannot exceed 30 cents per mile, if the maximum is bid in all cases.
2. Passenger revenue per mile is higher on the Washington-Cleveland route than on all but three or, at the most, four routes in the country. The Post Office records will confirm this statement.

3. Pennsylvania Airlines' operating costs are substantially lower than the average, a fact which can also be confirmed by Post Office Department records.

If our company, therefore, with higher passenger revenues and lower operating costs than the average, cannot survive under the maximum rates which may be awarded by this bill, is it possible that many of the former air-mail contractors would even attempt to bid on new contracts? What, then, of the quarter of a million or more stockholders, American citizens, with their total investment of from \$65,000,000 to \$70,000,000?

There are other possible criticisms of this bill, and also of the sections discussed, but we have endeavored to confine our remarks to the fundamental provisions which we believe bear out our previous statement that "no air transport company, organized and operated with the honest purpose of providing a safe and efficient air-mail and passenger service in the best interests of both the Government and the public and with the honest intent of granting to the stockholders a fair return on their investments, would even attempt to bid on an air-mail contract under the bill as presently written."

In view of this, it may be only logical to inquire if we have any constructive suggestions which may be considered in your study of legislation designed to restore to this country its former splendid air-transport system and to insure continued progress and development in the years to come.

After a long study, constructive suggestions had previously been submitted by the Post Office and Post Roads Committee of the House, the essential phases of which our company heartily endorsed almost a year ago, constructive suggestions as embodied in the Kelly bill and in other bills based on payment to the operators of revenue actually earned, plus a subsidy to those companies not yet self-supporting. Our recommendations are therefore as follows:

1. Authorization to pay air-mail contractors on the basis 2 mills per pound-mile, such contractors who would incur a deficit at this rate to be given in addition a subsidy not to exceed 25 cents per airplane-mile, this subsidy to be automatically reduced by 5 cents each year until eliminated. Total payment of subsidy and revenue actually earned should not exceed 45 cents per airplane-mile.

2. Authorization for the appointment of a board or commission by the President to supervise and regulate air lines and to issue certificates of public convenience and necessity to all air lines in operation as of January 1, 1934, this board also to determine the amount of subsidy to be paid each airline at the time the certificate is issued.

On any new lines which may be established subsequent to January 1, 1934, and which do not duplicate existing services, the board or commission should be authorized to issue a certificate, with payment on the same basis as outlined above, 6 months' operating experience on daily schedule, however, being required before such companies could make application for such certificate.

3. Authorization for the reduction of air-mail postage on letters to 5 cents per ounce or fraction thereof; authorization for airgrams at 3 cents and air postcards at 2 cents.

It is our firm belief, that with some such provisions as have been hereby recommended, the present air-transport system could be preserved intact, further development would be encouraged, and the Government would receive a maximum of service at a steadily decreasing cost.

Is it not true that there are now two roads to choose between? One of them leads to these things:

1. The destruction of the investment made in the air-transport industry by over 250,000 American citizens, with the loss of \$65,000,000 to \$75,000,000.

2. The destruction of a coordinated air-transport system that previously had no equal in the entire world and the substitution thereof of a number of inexperienced companies.

3. Encouragement of inefficiency and cheapness, with the resultant increase in the hazards of flying, and with the evident disregard for the tremendous responsibility for the lives of human beings and for the safety of private property.

4. Discouragement of legitimate private capital and of participation in the industry by those with the necessary qualities of leadership and of integrity.

5. The denial of the inalienable right of an American citizen to be given a fair trial before he is judged guilty.

6. Promotion, with the Government stamp of approval, of various stock-jobbing schemes to the detriment of the public interest.

7. Disregard of the vital part played by commercial air transportation in national defense through the discouragement not only of air transport but of all other phases of the aviation industry as well.

But to what does the other road lead? The opportunity to preserve the integrity and continue the development of the finest air-transportation system in the world, the opportunity to further the progress of the one industry that succeeded in rising against the trend of the business depression, the opportunity to act in the best interests of the American people by placing this industry in a position where it can never be subject to the whims of political expediency.

Which road are we to follow?

The CHAIRMAN. Mr. Monro, did anyone representing your company attend the so-called "spoils conference" in May 1930?

Mr. MONRO. Two representatives of the Pittsburgh Aviation Industries, before we had any interest in it whatsoever, attended that meeting. Mr. Ball, of the Cleveland-Pittsburgh route, attended the meeting, but we had no affiliation with Mr. Ball at that time.

The CHAIRMAN. How many planes has your company?

Mr. MONRO. Ten tri-motor planes and two single-motor planes.

The CHAIRMAN. What is the average cost of these?

Mr. MONRO. I think they average somewhere about \$10,000 apiece.

The CHAIRMAN. What actual capital was put into your company?

Mr. MONRO. In Penn Air Lines the total capitalization is \$200,000. However, that cannot be judged with the total capitalization of Pittsburgh Aviation Corporation, all the facilities and assets of that company being behind Penn Air Lines, being over \$1,000,000.

The CHAIRMAN. Paid-in capital?

Mr. MONRO. Yes, sir.

The CHAIRMAN. Does one company own the other?

Mr. MONRO. The Pittsburgh Aviation Industries Corporation owns the Penn Air Lines.

The CHAIRMAN. What else does the Pittsburgh Aviation Industries Corporation own besides this?

Mr. MONRO. It owns 50 percent of the stock of a company known as the "Pittsburgh-Butler Airport, Inc.", and 4.73 percent of Transcontinental & Western Air, Inc.

The CHAIRMAN. Anything else?

Mr. MONRO. No, sir.

The CHAIRMAN. Then, the Penn Air Lines has a capital of \$200,000; is that right?

Mr. MONRO. Yes, sir.

The CHAIRMAN. And the holding company has other interests besides that?

Mr. MONRO. Yes, sir.

The CHAIRMAN. Now, your income from the Government was about \$320,000 a year under your former contract?

Mr. MONRO. I can give it to you correctly from the record; \$322,650.33 for the calendar year 1933, an average rate of 40.2 cents per mile.

The CHAIRMAN. Does any other concern own the Pittsburgh Aviation Industries Corporation?

Mr. MONRO. No, sir; that is owned by approximately 234 stockholders, all business men and civic leaders in the Pittsburgh community.

The CHAIRMAN. And all the entire Penn Air Lines is owned by that company?

Mr. MONRO. By that company; yes, sir.

Senator DAVIS. I have heard it said several times in and about Pittsburgh that the Pittsburgh Aviation Industries Corporation is controlled by the Mellon family of Pittsburgh. Is that true?

Mr. MONRO. No, sir; that is not true. The Mellon family own 2,400 shares of the 26,312 shares issued and outstanding, which is about 5 percent.

The CHAIRMAN. Is that par-value stock or non-par-value stock?

Mr. MONRO. The Pittsburgh Aviation Industries Corporation—the stock of that company is no par value. The stock was issued, however, at \$25 per share. The Mellons own 2,400 shares—the entire family—Mr. R. K. Mellon, 400 shares; W. L. Mellon, 1,000 shares, and R. B. Mellon, before his death several weeks ago, 1,000 shares. The exact interest of the three combined is 5.182 percent.

Senator O'MAHONEY. Was any of that stock issued for services?

Mr. MONRO. During the year 1930 Mr. Robbins was the executive vice president of the Pittsburgh Aviation Industries Corporation. He accepted no salary; not a single dollar was paid to him. We felt, with the rate at which money was being lost, we could not continue to create a loss of the company. He refused to accept a salary, and I think in February or March of that year the executive committee of our board of directors by resolution authorized the issue to him of 1,200 shares of stock, representing his total salary, in lieu of salary for the year 1930. So, if his salary had been paid to Mr. Robbins during that year, no stock would have been issued for services. That represented a total of \$15,000, since it was issued to him.

Senator O'MAHONEY. There was no promotional stock issued?

Mr. MONRO. No promotional stock, and no brokerage commissions paid on the stock. I might add in the formation of Pittsburgh Aviation Industries Corporation, several individuals incurred an expense I know of between \$5,000 and \$10,000 that has not ever been reimbursed to them, in trying to create interest in aviation in the Pittsburgh district.

The CHAIRMAN. Have any dividends been paid?

Mr. MONRO. No, sir; no dividends of any sort have been paid. I would like to add that the loss of the Pittsburgh Aviation Industries Corporation in the last 5 years of experience from December 1928 has totaled \$346,000, and the loss of the Penn Air Lines during the 38 months of its existence has totaled \$73,000, and the loss of the Pittsburgh-Butler Airport in the 3 years since it has been incorporated has been one half of the loss, which would represent as our share \$26,000. So the total loss of the three companies which we are interested in was \$445,000. We cannot pay dividends on results of that sort.

Senator DAVIS. Were the policies and the activities of your company in any way controlled by the Mellon family?

Mr. MONRO. I do not see how they could possibly have been a factor. I also hold the position of secretary of this company, and I know that there have been 61 directors' and executive-committee meetings of the Pittsburgh Aviation Industries Corporation held, and Penn Air Lines, and Mr. R. K. Mellon attended 14 of those meetings, about one half of which he attended just to put us down for a quorum, and Mr. R. B. Mellon, also a director, resigned shortly after he was elected, for he said that he did not have the time to devote to the company and he must resign. Mr. W. L. Mellon, also a director, never attended a single meeting. This Pittsburgh Co. was organized by a group of people entirely as a community enterprise. I was instrumental in securing a large part of the stock by personal solicitation. I know definitely the Mellons were not even approached until after the majority of this stock, which was finally subscribed, had been signed up, and their only participation in it, which they stated to me, was for the reason that other business men and the leading interests of Pittsburgh were launching this thing, and that it was not controlled by any group, and they were going into this merely on the basis on which they would contribute money to a hospital or a university, or something of that sort. I think that the minutes of our meetings and other correspondence would definitely show that the Mellons never attempted at any time to influence our policy. They took no active part in the company and never requested us to use any products, or do anything of the sort.

The CHAIRMAN. Has the stock of your company, or any one of the three companies, been bought and sold on the exchange?

Mr. MONRO. No, sir; it is not listed on the exchange.

The CHAIRMAN. Has it a market value?

Mr. MONRO. I happened to see an acquaintance of mine recently and he mentioned to me that he had sold some stock at \$5 a share. That is the only thing I know.

Senator DAVIS. Were there any dividends ever paid by the Pittsburgh Aviation Industries Corporation or the Pittsburgh-Butler Air Transport Line or the Penn Air Lines?

Mr. MONRO. No, sir; Senator DAVIS. I believe I brought that out when I answered Senator McKellar that the total loss of these companies was about \$445,000 in 5 years.

The CHAIRMAN. Any other questions? If not, we are very much obliged to you, Mr. MONRO.

Senator O'MAHONEY. Just a moment, did I understand you to say that at the time of this so-called "spoils conference" you were not carrying the mails?

Mr. MONRO. That is correct. The Pittsburgh Aviation Industries was not carrying the mails, and although Mr. Ball, who owned the line from Pittsburgh to Cleveland, which we acquired 7 months later, was present, we had no financial interest in his company at that time.

Senator O'MAHONEY. Were you flying any ships at that time?

Mr. MONRO. We were flying quite extensively at that time.

The CHAIRMAN. When did you receive your contract from the Government?

Mr. MONRO. On the Cleveland-Pittsburgh Line?

The CHAIRMAN. On any of the lines.

Mr. MONRO. Well, the first contract was really on the Cleveland-Pittsburgh Line, given April 7, 1926, and we started April 21, 1927.

The CHAIRMAN. When did you receive a contract on your entire line?

Mr. MONRO. That line was extended from Pittsburgh to Washington on June 8, 1931. This was after the so-called "spoils conference."

The CHAIRMAN. Which of your officers were at the conference?

Mr. MONRO. Mr. Hand, of Pittsburgh Aviation; and Mr. Robbins, formerly executive vice president and now president of the Transcontinental and Western Air.

The CHAIRMAN. Is he still connected with your company?

Mr. MONRO. No, sir. He is a stockholder, however, and always has been.

The CHAIRMAN. But he has given up his official position with the company?

Mr. MONRO. Yes, sir; he is not an officer or director now.

The CHAIRMAN. When did he leave to go with the Transcontinental & Western Air?

Mr. MONRO. As I recall, he became the managing director of Transcontinental & Western Air in the early part of 1931, and then probably in the spring of 1931, I believe it was, he was elected president—or it may have been the summer of 1931.

The CHAIRMAN. They were the only two officers present?

Mr. MONRO. That is correct.

The CHAIRMAN. You were not present?

Mr. MONRO. No, sir.

The CHAIRMAN. Did you know about the conference?

Mr. MONRO. Yes, sir; I did.

The CHAIRMAN. Were you put down for a route?

Mr. MONRO. The Pittsburgh Aviation, as I understand it, when asked to state the equities of the territory which they had been serving, stated they had equities in the line between Washington and Pittsburgh and between New York and Pittsburgh. I might say in that connection all of this development work that had been done had been done by our company in that community, permitting us to qualify under the postal air-mail routes. Previous to this conference there had been conferences with various companies with the idea of joining up the passenger route between New York and Pittsburgh and Washington, we being given an opportunity to bid on this under the Watres Act, and the Postmaster General figured out this line by some extension.

The CHAIRMAN. What were your extensions; you had the route from Pittsburgh to Cleveland at that time?

Mr. MONRO. Not at that time.

The CHAIRMAN. What did you have?

Mr. MONRO. We had nothing.

The CHAIRMAN. Did you ever bid on any routes at all?

Mr. MONRO. No, sir; we were not given an opportunity to bid on any routes.

The CHAIRMAN. How did you get your route?

Mr. MONRO. We purchased from Mr. Ball his ownership in the Penn Air Lines, which operated between Cleveland and Pittsburgh.

The CHAIRMAN. Then you got an extension from Pittsburgh to Washington?

Mr. MONRO. Eight months after we purchased Mr. Ball's company we had an extension from Pittsburgh to Washington.

The CHAIRMAN. How did Mr. Ball get his contract, by purchase or how?

Mr. MONRO. Mr. Ball bid on the contract on April 27, 1926.

The CHAIRMAN. What is the distance from Cleveland to Pittsburgh?

Mr. MONRO. That has been changed at various times. It was 140 miles, and it was changed to 131 miles.

The CHAIRMAN. What is the distance from Pittsburgh to Washington?

Mr. MONRO. One hundred and ninety-five miles.

The CHAIRMAN. Then your extension was about double?

Mr. MONRO. Well, I would not say double.

The CHAIRMAN. I should not say that myself, but it was considerably more.

Mr. MONRO. It was 60 miles more than the original line.

Senator DAVIS. In your opinion, Mr. MONRO, do you believe the former air-mail contractors have been overpaid by the Government?

Mr. MONRO. No, sir; I do not. I think every dollar that the Government has paid these air-mail contractors, in addition to what they have received from their air-mail revenue returned, meaning the Government, I think that it has received very much return in the various developments which these air-mail contractors have been able to bring about throughout the route. Undoubtedly, if it had not been for this, these various municipalities, counties, and so forth, would not have poured in these millions in airports over the country. For example, in Pittsburgh alone there is over \$4,000,000 in that airport, employing a large number of persons in constructing it, and that is true of every municipality. Also in the developments of various equipments. That is true of the Transcontinental and the Boeing and United Air, and if the Government is going to cut down on the subsidies, it will get just exactly what it pays for, cheap air service, and if it is going to get good service, it will sooner or later pay for itself.

Senator O'MAHONEY. You believe that a subsidy is necessary?

Mr. MONRO. I believe it is absolutely necessary, if we are to have aviation in this country.

Senator DAVIS. And did the Government ever encourage the community served by your company in helping build these airports?

Mr. MONRO. Very different. I can recall coming down to Washington before we had anything to do with air mail, and saying there should be some air-mail line there, and the answer we got from the Post Office Department and Department of Commerce was, "you do not have an airport up there, and you do not have anything up there, and when you do that and when we see there is a demand for that service up there, then some air-mail lines will be put in."

The CHAIRMAN. Who said that?

Mr. MONRO. That was said by various officials of the Government.

The CHAIRMAN. Which ones?

Mr. MONRO. Probably stated by Mr. Glover and Mr. Brown and Mr. Wadsworth, and the Department of Commerce officials.

The CHAIRMAN. Which one of the Department of Commerce officials?

Mr. MONRO. I would not like to state definitely. It was definitely stated, "You go and develop aviation and spend your money, and we will see what we can do for you."

The CHAIRMAN. Any other member of the committee desire to ask any questions? (No answer.) Have you anything else, Mr. MONRO?

Mr. MONRO. No, sir.

The CHAIRMAN. That is all. Thank you very much.

PHILIPPINE INDEPENDENCE

Mr. BORAH obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. TYDINGS. As I understand, all debate on the Vandenberg substitute is over. Would the Senator from Idaho object to having a vote on it before he takes the floor? I do not want to take the Senator off the floor.

Mr. BORAH. No; I have no objection, but the Senator from Utah [Mr. KING] is not here.

Mr. TYDINGS. I do not think he desires to address himself particularly to the Vandenberg amendment.

Mr. VANDENBERG. He said he did, Mr. President. I beg the Senator's pardon.

Mr. BORAH. The Senator from Utah is in the dining room. If the Senator from Maryland can arrange the matter with him, I will suspend at any time. A vote in this body is so rare that I should not want to interfere if one is about to be taken.

Mr. TYDINGS. Under the circumstances, I do not think I should be justified in asking the Senator from Idaho to defer his remarks.

PRICE FIXING UNDER STEEL CODE

Mr. BORAH. Mr. President, on February 2, 1934, I submitted in the Senate a resolution calling upon the Federal Trade Commission to make a report upon the practices of the steel industry under the steel code. We now have that report before us, and it presents a very serious question as to what the Congress is going to do about it—whether we are going to acquiesce in what is going on, connive at the practices which are now established by evidence, or whether we will restore the antitrust laws and give the Government an opportunity to enforce them. There is no more important question before Congress. There is none bearing more directly upon the welfare of the people of the United States.

Mr. President, this report must be of great interest to all who are concerned in the recovery program. The conditions

which have been revealed and the practices which have been established to the satisfaction of anyone who will read the report are undermining, embarrassing, sapping the entire recovery program. They are in conflict with the whole scheme now set up to bring about recovery.

Of course, that would not be true if the steel industry alone were engaged in these practices; but there are a number of leading industries, practically all, which, I venture to say from investigations which I have made myself, if resolutions should be introduced, would be found to be engaged in the same practices precisely as those followed by the steel industry. The result is that the determined effort of the Government to restore purchasing power to the masses is being thwarted by these practices thus revealed. Therefore, it would be, it seems to me, a matter of supreme concern to those who are hopeful of making a success, if possible, of the recovery program to consider how such practices shall be terminated or prohibited.

The report also must be of great interest to those who are disturbed over the present condition of the labor world. Everyone who has undertaken to familiarize himself with the situation knows that there is a restlessness throughout the ranks of labor in the United States. There is dissatisfaction and there is discontent, which are manifesting themselves in certain particulars at the present time, but which, I venture to say, will manifest themselves more universally and more generally as time goes on unless such things as we find revealed by this report are remedied. In other words, whenever there appears to be, or where there actually is, a rise in salaries or wages these combines and trusts and monopolies take away from the workmen all possible advantage by reason of the raises.

It must also be a matter of great concern to those who are interested in preserving small business in the United States. It is shown here that there is now almost a complete scheme for the elimination of small business, and the elimination takes place under the color of law. Small independent business concerns, the very foundation of our economic strength as a nation, are being forced into bankruptcy, and this is being done under authority of law. Could there be any graver question for us to consider than the preservation of the small independent business concerns of the Nation. It involves not only an economical question but it involves the very stability of our social and political structure.

Lastly, it is a matter of supreme concern to the consumers of the United States, because we shall find as we go forward in the investigations—and they will continue—that almost everything which the ordinary citizen must have in the way of food, of clothing, of home-building material, everything he must utilize in order to maintain a home and to take care of his family, is now subjected to monopolistic prices and to monopolistic control.

Mr. President, the remedy for this situation seems to be twofold. Certainly there ought to be a redrafting of the codes. No further facts are necessary than those which are found in this report to necessitate and to enable those in charge to carry out a rewriting, a redrafting, of the codes. The other remedy, with which the Congress has to do, is through restoring the antitrust laws, so as to enable those who are administering the laws to enforce the laws against just such things as are revealed in this report.

I have a bill pending for the restoration of the antitrust laws, and I beg the committee before which that bill is now pending to report the bill to the Senate and give us an opportunity to restore those laws, so as to protect the small business man, to protect labor, and to protect consumers in the United States against that which practically amounts to economic feudalism.

Mr. FESS. Mr. President—

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I yield.

Mr. FESS. I have not read the Senator's proposed bill, but what would be left of the N.R.A. if it were enacted?

Mr. BORAH. There is a conflict of view upon that, but in my opinion the restoration of the antitrust laws would in no wise conflict with the fair execution of the National Recovery Act. It has been supposed, and was supposed at the time the act was passed, that the maintenance of fair competition by permitting people to come together and arrange for fair competition could not be carried out if the antitrust laws were invoked, or if they were upon the statute books, but I contend that the decision of the courts establish beyond all question that the coming together of industries for the purpose of maintaining fair competition is not prohibited by the antitrust laws. It is where they engage in an effort to practice unfair competition, to destroy competition, that the antitrust laws may be invoked.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. BORAH. I yield.

Mr. FESS. Does the Senator believe that, with the antitrust laws in force, and the operation of the N.R.A. proceeding without the suspension of those laws, we could have reached the elimination of child labor, the sweatshop, and so on, which result is now regarded as a good thing?

Mr. BORAH. Undoubtedly; I do not think there is any conflict in the two programs. I have never been able to discover where the supposed conflict occurred. The Supreme Court, in the last enunciation of its view on the antitrust laws, clearly declared that industries might meet and confer for the purpose of maintaining fair competition. They had held in a previous case that there was no inhibition in their meeting for the purpose of giving labor fair compensation, or just compensation. The antitrust laws are directed against those things which are unfair, which are unjust, the depressing of labor, extortion of consumers, and are not directed toward the maintenance of fair competition.

Mr. FESS. I had been under the impression that large business would have no further interest in the N.R.A. if the provision for the suspension of the antitrust laws were eliminated.

Mr. BORAH. I am rather inclined to think that there are business organizations which would lose all interest in the N.R.A. if they were not permitted, under color of law, to do the things which conscience and justice demand that they shall not do. But it is not our business to satisfy their longings.

Mr. President, before I read part of this report of the Federal Trade Commission I call attention to a letter from the Boyle Manufacturing Co., of Los Angeles, Calif. That is a company engaged in manufacturing sheet-steel products. In this letter it is said:

In connection with the investigation of the effect of the steel code on the price increases and price fixing, we should like to stress the following points:

With steel mills located within 20 miles of Los Angeles and 30 miles of San Francisco we are compelled to pay the Pittsburgh base price for steel plus the combination rail and water rate, amounting to 70 cents per hundredweight for all steel purchased on the Pacific coast. This rate is made up of 27 cents, rail haul from Pittsburgh to tidewater; 30 cents, ocean freight; 13 cents, covering wharfage, handling, insurance, and the rail freight from the harbor to Los Angeles.

In other words, the parties doing business upon the Pacific coast must, in order to secure the material which this manufacturing establishment uses, pay for it upon the theory that they purchase it at Pittsburgh, Pa., whereas, as a matter of fact, it is purchased from the mills upon the Pacific coast—

We understand this price was brought about and is maintained, through an agreement between the Bethlehem Steel Co. and the United States Steel Co.; the latter having the only sheet plants on the coast. Bethlehem Steel, with a plant located at Sparrows Point, will ship sheets into Pittsburgh, for the basic price of \$2.25, paying 27 cents freight, and netting \$1.98. The same sheets, shipped to the coast, net the steel company \$2.25, plus the 27 cents freight from Pittsburgh, or \$2.52.

That practice is now going on practically under the color of law to engage in such practice.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Louisiana.

Mr. LONG. I think the Senator is kind of pulling his punches. He says it is under the color of authority. It is

with the authority of the Government that that is going on, as I understand.

Mr. BORAH. Well, I am not sure that the companies are living up to the code. But undoubtedly they are acting under the color of authority.

Mr. LONG. What are the authorities doing to prevent it? Are they doing anything?

Mr. BORAH. Not yet.

Mr. LONG. If we should wait until they do something I am afraid we will probably continue to be as disappointed as we have been heretofore.

Mr. BORAH. I believe the evil will be remedied.

Mr. President, I ask to insert in the RECORD at the close of my remarks the letters I have referred to and the telegram accompanying the letters. The telegram is simply designed to correct a single statement in the letters.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BORAH. Mr. President, let us turn to this report. It is a remarkable document. On page 7 it is said:

Stated in the briefest preliminary way the code constitutes the board of directors of the American Iron and Steel Institute as the code authority for its administration and enforcement.

The code constitutes the board of directors from the American Iron and Steel Institute as the code authority.

The distribution of voting powers among the members of the code is such as to insure control by the larger producing interests. While each member is declared to be entitled to at least one vote, a system of plural voting is established giving to each member so many votes as shall equal the quotient obtained by dividing by 500,000 the aggregate amount in dollars of the invoiced value of the products delivered by such member for consumption within the United States during the preceding calendar year. Aside from this concentration of voting strength in the hands of large interests, which appears on the face of this provision, it may be noted that there is no exclusion of sales made to affiliated companies in arriving at the total. This operates to give a still further advantage to such interests, usually the larger ones, as have most fully developed the principle of integration. On that basis the United States Steel Corporation and its subsidiaries would have approximately 40 percent of the total voting strength, and the Bethlehem Steel Corporation about 13 percent. Eight other concerns would have a combined voting strength of about 30 percent, with the largest among them having only a little over one half the strength of the Bethlehem. The remainder of the voting strength would be distributed among 50 concerns, the strength of the largest being about $1\frac{1}{2}$ percent.

To begin with, therefore, the power, the domination, the control of the steel industry is, under this code, lodged entirely, for practical purposes, with the larger companies. That is what I mean when I say they are acting under color of law.

On page 12 it says:

The code accepts such a fiction by requiring that delivered prices shall be arrived at by adding to the mill-base quotation the all-rail freight from specified common basing points. As a result, the so-called "mill-base quotations" do not represent net realized prices for steel except for such mills as are located at the basing point for a particular product. For all other mills the code contemplates that freight to a given destination shall not be calculated from actual shipping point but from what may be called the ruling basing point, which is the one whose base quotation plus all-rail freight makes the lowest delivered price. This is clearly the practice of the industry under the code. To illustrate, on sheets produced at Youngstown, Ohio, the largest sheet-producing center, the Youngstown producers must add to their mill-base quotation the all-rail freight from Pittsburgh, which is their ruling basing point and where no sheets are produced.

In other words, they must pay freight from a basing point where no sheets or no products of the kind which they are shipping are produced at all.

This imaginary freight amounts to \$1.50 to \$2.50 a ton. Many other illustrations for other products in other territory with larger amounts of imaginary freight might be substituted for this one.

Says the report, upon page 22:

It is apparent from the foregoing that there are substantial restraints and restrictions upon independence of action in determining the mill-base quotations, which are filed with the institute as the code authority. The pressure of organized group opinion following discussions of the prices to be filed tends strongly to prevent any mill-base quotations being adopted or filed which are lower than the group approved. Similar pressure with the assist-

ance from code authority is exerted on any member whose prices do not coincide with group opinion during the period before their quotations filed become effective.

Speaking now of the limitations imposed by the code on independently determined mill-base quotations, the report says:

The purpose of this section is to show what restrictions are placed by the code itself upon the freedom of members to adopt and use any mill-base quotation they please. Assuming that a member should independently adopt a given base quotation, he is not at liberty under the code to quote it immediately to his trade and take orders at that figure. Under section 2 of schedule F his base quotation cannot become effective in less than 10 days after he has filed it with the code authority—

The code-authority directors made up from the Steel Institute—

The board of directors has power "on its own initiative or on complaint of any member of the code to investigate any base price for any product at any basing point." If it determines that "such base price is an unfair base price—

It is sure to be to some of the large companies—

"having regard to the cost of manufacturing such products", the board "may require" the member to file a new base quotation which the board considers fair. If a new quotation satisfactory to the board is not filed within 10 days, the board may itself fix a fair base quotation for the recalcitrant, and it "shall be the base price of such member" until change is provided in the code.

That is the opportunity, that is the chance of the small independent business which desires to fix a point where it is selling according to the actual facts and not according to imaginary fright. In other words, the small business here has absolutely no chance, because back of it to determine whatever may be necessary in order to protect the large companies is the board of directors with the power of initiative.

I was out in the Zoo a few days ago and I happened to be strolling around at about the time that the keeper was putting a pig into the cage with a boa constrictor. The pig seemed perfectly at ease for a time and went about its business strolling around through the cage until it wandered near and touched the boa constrictor, and that quick it was crushed. Under this scheme here, the minute the independent business man touches the interest of the larger combines he is put out of business. It is not only economically unsound, it is not only undermining the effort to recovery in this country, but it is cruel, it is inhuman.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. I yield to the Senator from Ohio.

Mr. FESS. Has the Senator the figures as to what proportion of the manufactured articles would be in the large units and what proportion in the small units?

Mr. BORAH. I am not sure that the report covers that. I might find it as I go through the report.

Mr. FESS. I have a statement which shows that 8 percent of the manufacturers produce 50 percent of the product, while 92 percent, being of the small manufacturers, produce the balance.

Mr. BORAH. I have seen figures on the subject.

Mr. FESS. The dividing line as between the large manufacturers and the small manufacturers was this, that those employing 250 or more men would be considered to belong to the larger manufacturers, and those who employ 250 and less men would belong to the group of the smaller manufacturers.

Mr. BORAH. I suspect the Senator's figures are correct. The report says on page 24:

The mill-base quotation, having been arrived at as before shown, cannot be deviated from according to the judgment or desire of the individual operator in particular situations.

On page 41 there is a discussion of group limitations on selection and establishment of common basing points. The report says:

The code (schedule F) lists the recognized basing points for each product and requires that delivery charges be calculated therefrom and not from place of shipment as such. A producer is not at liberty to sell his product f.o.b. his own mill and allow the purchaser to assume the exact delivery cost. Nor may he figure the actual delivery cost in his delivered price unless his shipping point happens to coincide with an authorizing basing

point. The power to select and establish basing points therefore is the power to determine which mills shall be required to calculate and collect a delivery charge from the purchaser, which is not the equivalent of their actual cost of delivery.

The basing points now established were selected by the organized industry through the American Iron & Steel Institute, and they can be changed only by similar action of the Institute as the Code Authority. As a result a member whose mill is not located at a recognized basing point must get the approval of the Institute before he can calculate his delivery charge at its actual cost. In the last analysis, the application of a member to make his mill a basing point or to enlarge or reduce the number of basing points is subject to the collective approval of his competitors.

"Subject to the collective approval", in other words, of the United States Steel Co., the Bethlehem Steel Co., and the other large steel organizations.

An illustration of these facts and the sort of results which may occur in their application is found in the experience of the Diamond Calk Horseshoe Co., of Duluth, Minn. It has long been buying its raw steel from the Minnesota Steel Co., whose mill is at Duluth. Duluth not being a recognized basing point for such steel, the code requires prices to be based on Chicago, the nearest basing point. This required the Diamond Co. to pay, in addition to the price as quoted by the Duluth mill, the equivalent of the all-rail freight from Chicago to Duluth, or imaginary freight of \$6.60 a ton on steel produced at Duluth. As a further result, the nearest competitor of Diamond Co., located in Chicago, can buy there at the basing-point price, of \$6.60 a ton less than the Diamond Co. pays at Duluth.

For a number of years before the code this competitive disadvantage of the Diamond Co. due to the basing-point system was largely offset by the Minnesota Steel Co. making it a special concession of \$5 a ton on steel from its Duluth mill. This still left the mill with \$1.60 a ton out of the imaginary freight of \$6.60 a ton which the basing-point system called for, yet enabled the Diamond Co. to compete. Because the code forbids continuation of that concession, and despite the desire of the Minnesota Steel Co. and United States Steel Corporation, its parent company, to continue it, they are forced to collect from Diamond Co. the full \$6.60 a ton imaginary freight. At the same time, however, Minnesota Steel Co. sells similar steel in Illinois and Indiana and nets \$13.20 a ton less for it than it nets from Diamond Co. By contrast the code establishes Duluth as a basing point for other forms of this same steel, thereby permitting them to be sold at Duluth at a fixed differential of only \$1 per ton over the Chicago prices.

On page 45, discussing this subject further, the report says:

Pittsburgh, the basing point for 33 products, is still the center and starting point for all basing-point calculations. Five other places have the appearance of being important basing points: Chicago for 24, Birmingham for 16, Cleveland for 15, Buffalo for 14, and Pacific coast ports for 13 kinds of products. But the significance of these is in the main secondary and subordinate to that of Pittsburgh.

It will be seen that east and south of a line connecting Pittsburgh and Buffalo, an area comprising some 14 States, there are few basing points and mostly for very minor products. Moreover, it is through the eastern Atlantic ports that the Pittsburgh-plus combined water-rail rates apply on many products to a large part of eastern, southeastern, and Gulf State territory, as well as to the Pacific Coast States. The mills in those regions have been almost completely acquired and merged with the larger eastern interests, the price policies of which are further merged under the code. Over all this area the essence of the Pittsburgh-plus system applies on many products in its original effectiveness.

Under the system known as the Pittsburgh-plus system, with which the small companies located throughout this vast region of the United States are compelled to comply, they are being forced out of existence; they are being merged; in other words, they are surrendering; they are quitting; they are driven out of business. Does that add to employment, or does it not? Does that lower the standard of living in the country and reduce the purchasing power, or does it not? So long as it continues, the Treasury of the United States may pour its uncounted millions into the industries and into the farms of the United States all in vain, because these organized interests reach out and gather it in and pile it into their coffers.

I quote further from the report on page 49:

A steel producer at Harrisburg, Pa., applied for approval of Bethlehem as a basing point for carbon ingots, blooms, billets, and slabs; it being a recognized basing point for alloy products of the same kind. The Institute declined to receive these price filings for carbon products and referred the matter to the bar committee for consideration. The Harrisburg producer stated it was necessary to have an eastern basing point in order to protect itself and its eastern customers, that Pittsburgh, being the basing point for these carbon products, gave it a great price advantage, and that

its Philadelphia customers were the victims of "an artificial and discriminating adjustment of affairs" which imposed on them a handicap of \$7.90 a ton.

Again on page 53:

For instance, Sparrows Point, Md., is a recognized basing point for plates. It is not a basing point for sheets or strips on which it must adopt the Pittsburgh base. Yet the same mills commonly make both sheets, strips, and light plates. There is only one one-thousandth of an inch difference in thickness between the thickest sheet and strip and the thinnest plate. Yet the net price realization to the mill of the Bethlehem Steel Co. at Sparrows Point, located on tidewater, is \$3.40 per ton more on strip steel and \$5.40 per ton more on sheets than on such plate.

It is a conservative statement that the power to select, discontinue, or increase the number of basing points, involves the power of deciding what cities shall be handicapped and what cities shall be built up as centers for the remanufacture and processing of steel products. The importance of such a power over the future of communities can hardly be overstated. The tendency is distinctly against what is commonly considered as desirable decentralization of industry.

Here is given power not only, as I have shown by the reading, to drive small independent plants out of existence but, if you please, to enrich or impoverish communities, to enrich or to leave desolate cities and towns. I cannot believe, Mr. President, that such a program will long be acquiesced in. I cannot believe that the Congress of the United States will return to the people without restoring the law which would enable the Government to protect the people against such conditions. I cannot believe that the Finance Committee will leave that bill in a pigeonhole to die.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. I have not had the pleasure of hearing all the observations of the Senator from Idaho. May I inquire whether the bill to which he has just referred is one dealing with the antitrust laws?

Mr. BORAH. It would restore the antitrust laws.

Mr. KING. Does the Senator believe that that bill is properly before the Finance Committee, or, rather, should it not go to the Judiciary Committee?

Mr. BORAH. I had it referred to the Finance Committee because the National Recovery Act was considered by that committee, and the bill is an amendment to the National Recovery Act. I should be very glad to have it before the Judiciary Committee, but, on inquiry, I was told that it should go to the Finance Committee. There is no reason, however, if the Finance Committee finds itself so engaged as to be unable to consider the bill, why we might not send it to the Judiciary Committee. But I shall find a bill, I think, upon which it may be offered as an amendment.

Mr. KING. May I say to the Senator, what he already knows, that the Judiciary Committee gave to the country the great antitrust law, and all of the measures dealing with antitrust matters came from the Judiciary Committee; so it occurred to me that the bill of the Senator ought to be before that committee.

Mr. BORAH. I am very pleased to have the suggestion. If my bill had been an original proposition dealing with the Sherman antitrust law, I should have suggested that it be referred to the Judiciary Committee; but it is by way of an amendment to the National Recovery Act, and that measure having been passed upon by the Finance Committee, after consultation, it was thought wise to send the bill introduced by me there. I shall later take into consideration what the Senator has suggested.

I quote further from the report, on page 62:

Summing up this system of calculating delivery charges, it starts with an arbitrary basing point, so that differences in actual delivery cost are merged into a fictitious common rate. Then it uses, but solely for calculating purposes, a higher cost mode of transportation than is frequently utilized. Then in some cases it substitutes arbitraries which are higher than the actual cost even of the calculated transportation. Thus the system is not one for determining actual freight costs. It is a device for automatically insuring that all mills will reach a given destination at identical delivered prices and that the identity in their mill-base quotations will not be set at naught by differences of location and of actual freight costs.

That is standardization.

At page 70 of the report it is said:

The code provision just described has been opposed especially by fabricators who are not located at basing points.

This is a very long quotation, and I shall not read it. It is simply describing the effects of the basing-point theory and principle contained in the code.

I turn now to page 133 of the report, where we may gather some of the proof of this system as it is now being conducted:

The resolution calls specifically upon the commission to report the facts concerning "the increase of price of steel products" since the adoption of the code. The commission, despite the limited time available for the treatment of this subject, submits its report thereon as substantially meeting the terms of the resolution. Many of the price increases are of an indirect character and are therefore not readily discernible and their extent and effect are not easily appraised. As a matter of fact, the most important increases have been indirect but none the less real and substantial. In some cases they are startling.

Most important, perhaps, of these indirect additions to the net realized price of the producers, and also as affecting a great body of smaller enterprises and the consuming public, have been the increases in so-called "quantity extras." By these extras the price is varied on purchases in different amounts advancing on a sharply progressing scale for the smaller buyers. These increases, some of which have been as much as 800 percent, have been in many cases extremely burdensome, and have called forth numerous protests from smaller fabricators especially in the less populous territories.

The report gives a list of prices of different products and different articles which I shall not take the time to read because I am going to have the report published as a Senate document if I may. But it will be observed that some of these prices have been increased as much as 800 percent.

At page 134 the commission said:

The basing prices of pig iron, as well as nearly all forms of steel, were directly advanced soon after the adoption of the code. Pig iron, which had previously, almost without exception, been sold at f.o.b. furnace prices, was brought into the basing-point system, and basing prices were fixed at from 50 cents to \$1 per ton at all points above the preceding f.o.b. furnace prices on the day the code became effective. Then, or soon after, various increases occurred in the extras for quality and special processed forms, the extent of which cannot be determined. Direct increases in basing prices on steel capital goods ranged from \$2 to \$3 per ton and on consumer goods from \$2 to \$5 per ton.

I invite attention now to page 158, where will be found illustrated how successfully we could deal with this situation if the antitrust laws were invoked and if the Federal Trade Commission had its full authority and was authorized to deal with it, not in contravention of and not in antagonism to the National Recovery Act, but in aid and in support of and in harmony with the carrying on of the National Recovery Act. There the Federal Trade Commission states:

The commission in 1924 issued an order requiring the United States Steel Corporation and its chief subsidiaries to cease and desist from the Pittsburgh-plus practice; from selling rolled steel products upon any other basing point than that where the products were manufactured and from which they were shipped; from selling or contracting for the sale of said products without clearly and distinctly indicating how much was charged for the steel products f.o.b. the producing and shipping point, and how much was charged for the actual transportation from the producing or shipping point to destination; and, subject to the provisos of section 2 of the Clayton Act, from discriminating in price between purchasers. The order also provided as follows:

"The use by respondents in the course of such interstate commerce of any system similar to that of the Pittsburgh-plus system shall likewise be deemed to constitute a violation of this order. The practice by respondents of selling or contracting for the sale of said products in the course of interstate commerce upon any other basing point than that where the products are manufactured or from which they are shipped, shall be deemed to constitute a violation of this order."

The fourth period in the history of price fixing in the steel industry extends from the Pittsburgh-plus order of 1924 to the adoption of the code for the steel industry in August 1933. The corporation accepted the order without appealing to the courts as it had repeatedly threatened to do, and promised to conform "insofar as it is practicable to do so."

Immediately following the commission's order there was a price reduction at Duluth and Chicago of 50 cents a keg on nails and 50 cents a reel on barbed wire. The resultant saving to the consumers of the Middle West may be estimated at about \$30,000,000 a year. This reduction is graphically shown in the accompanying chart.

The chart referred to will be found in the report.

Mr. President, as I said a moment ago, I do not think that any fair administration of the National Recovery Act need conflict with the antitrust laws or their execution, and vice versa. The enforcement of the antitrust laws will not in the least interfere with the execution of the National Recovery Act, the basic principle of which is to establish and maintain fair competition. Is this fair competition? If I, dealing in these products upon the Pacific coast, must pay freight from Pittsburgh, whence the product never came, upon a product which was purchased within 50 miles of where I used it, if I must continue to do that, if small industries must compete against such practices, can it be considered for a moment that that is fair competition? Is that the design of the National Recovery Act? Is that what Congress had in mind when it passed that act? Certainly not.

But in order to restrain, control, and guide the action of these powerful industries and great combines it is necessary that there be something in the law aside from the codes which they themselves adopt. In order also that the codes may be in compliance with the principle of fair competition it is necessary to restrain the code makers—and they are the large companies—from writing into those codes any principles which are at war with the true spirit of the National Recovery Act. I sincerely hope we may soon have an opportunity to pass the bill I have introduced. We need all the legal sanction possible to curb the rapacious forces which prey upon the people of this country.

The letters and telegram referred to are as follows:

LOS ANGELES, March 6, 1934.

Senator WILLIAM E. BORAH,

Senate Office Building, Washington, D.C.

HONORABLE SIR: In connection with the investigation of the effect of the steel code on the price increases and price fixing, we should like to stress the following points:

With steel mills located within 20 miles of Los Angeles and 30 miles of San Francisco we are compelled to pay the Pittsburgh base price for steel, plus the combination rail and water rate, amounting to 70 cents per hundredweight for all steel purchased on the Pacific coast. This rate is made up of 27 cents rail haul from Pittsburgh to tidewater, 30 cents ocean freight, 13 cents covering wharfage, handling, insurance, and the rail freight from the harbor to Los Angeles.

We understand this price was brought about and is maintained through an agreement between the Bethlehem Steel Co. and the United States Steel Co., the latter having the only sheet plants on the coast. Bethlehem Steel, with a plant located at Sparrows Point, will ship sheets into Pittsburgh for the basing price of \$2.25, paying 27 cents freight, and netting \$1.98. The same sheets, shipped to the coast, net the steel company \$2.25, plus the 27 cents freight from Pittsburgh, or \$2.52.

Continued lowering of freight rates from eastern points of manufacture on finished products, lowering of minimums, and widening of groupings places coast manufacturers in an almost impossible competitive situation, where no relief can be obtained from the inequitable high prices paid for the steel used in the manufacture of these commodities.

As a user of in excess of 10,000 tons of steel per year we are vitally interested in some relief. The price set-up is inequitable, discriminatory, and an injustice to industries located in any of the coast States.

Yours very truly,

BOYLE MANUFACTURING CO., INC.,
W. J. BOYLE, JR.,
Secretary-Treasurer.

LOS ANGELES, March 6, 1934.

Senator WILLIAM E. BORAH,

Senate Office Building, Washington, D.C.

HONORABLE SIR: Confirming our conversation relative to Senate resolution, introduced by your good self, calling upon the Trade Commission to investigate the effect of the code on price raising and price fixing in the steel industry:

As a coast manufacturer of steel products, we are vitally interested in this matter, especially in connection with the basing points for prices of steel as established in the code. This is a price-fixing device which seriously affects, adversely, the interests of every manufacturer and user of steel on the Pacific coast. There are steel mills located at Pittsburg, Calif., a short distance north of San Francisco, and at Torrance, Calif., a short distance from Los Angeles. It is our understanding that the labor costs are identical with those of the eastern mills, being set by the Amalgamated Association of Iron, Steel, & Tin Workers of North America. Abundance of natural gas and hydroelectric power provide fuel and power to these mills at as low a cost, or lower, than where other mills are located.

Prices on the coast for scrap iron or steel, used in the making of open-hearth steel, have been considerably lower than the price paid by eastern mills, for the reason that there are no users of this scrap, to any extent, other than the two mills above referred

to, except what is used by one or two mills making small shapes of bars and rods.

It is true that the pig iron used by the mills making sheet steel is brought from Utah, and that there is an item of freight to be taken into consideration here; however, it is our understanding that their ore and limestone deposits are located very close to their blast furnaces, eliminating the long haul which the eastern mills have to pay, where the iron ore comes principally from the deposits of Michigan.

Steel purchased from the coast mills costs a manufacturer located on the coast exactly the same as though it were shipped in from the East. The present base price of steel sheets is \$2.25, Pittsburgh. To arrive at the selling price in Los Angeles, the all-rail freight rate from Pittsburgh to Baltimore of 27 cents per hundredweight is added; 30 cents per hundredweight for ocean transportation; 13 cents per hundredweight for wharfage, handling, insurance, and transportation from San Pedro to Los Angeles, making a total of 70 cents.

We are informed that this condition is maintained through a close working arrangement between the Bethlehem Steel Co., with a mill located at Sparrows Point, and the United States Steel Co., with mills on the coast. If sheets are shipped from Sparrows Point to a customer in Pittsburgh, freight of 27 cents is paid thereon, which, deducted from the \$2.25, leaves a net of \$1.98. If this same steel is shipped to a Pacific coast consumer, the rate of 27 cents is added to the \$2.25 base, making \$2.52 net, which the steel company would receive.

As a user of in excess of 10,000 tons of steel per year, even this penalty of 27 cents per hundredweight penalizes us on our yearly consumption in excess of \$54,000. Freight rates on the commodities we manufacture are continually being reduced, supposedly to meet water competition. Minimums are being reduced and groupings enlarged. Labor costs in our lines have been considerably higher on the coast than in the East, and at the present time are higher than in the Southern States. Considerable scrap loss accrues on some of the products we manufacture, and we have paid the freight penalty on this offal.

As a result of these conditions it is impossible for a coast industry to manufacture some of its products and sell at a profit. Remedying this unjust condition and establishing equitable prices on steel would greatly stimulate and increase the manufacture of steel products on the coast.

We are enclosing a somewhat more condensed outline of the situation, as per your request to the writer when in your office. It is perfectly agreeable to us, if you so desire, to read any of this correspondence into the RECORD.

Yours very truly,

BOYLE MANUFACTURING CO., INC.,
W. J. BOYLE, JR.,
Secretary-Treasurer.

LOS ANGELES, CALIF., March 12, 1934.

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D.C.:

Referring to the second paragraph, page 2, of our letter of March 6, wherein freight rate from Pittsburgh to Buffalo is referred to, this should read from Pittsburgh to Baltimore. Kindly make this correction.

BOYLE MANUFACTURING CO., INC.

Mr. GIBSON. Mr. President, I have been very much interested in what the distinguished Senator from Idaho [Mr. BORAH] has said, especially with respect to the small business man. Many of the towns of my State are built up around small industries. The prosperity of those industries is the prosperity of the communities and the prosperity of the State.

I desire to call the attention of the Senate to a letter received from the Governor of my State as to how the N.R.A. is working with respect to these small industries. I will quote a part of it:

There seems to be such a general feeling among business men in Vermont to the effect that the small manufacturers and the small business men are badly harmed by the N.R.A. that I feel I ought to call this to your attention.

I have been very hesitant to make any suggestions which might be classed as criticisms, while at the same time I am endeavoring to cooperate fully with Federal officials to give all Federal relief agencies the best possible results in our State. I am satisfied, however, that the theories on which the N.R.A. is founded are not working out in practice up here to the benefit of our communities. Part of this is probably due to the theories themselves and part to lack of enforcement of the provisions of the N.R.A. Day after day I run across new instances where some small manufacturers are being underbid by large manufacturers from outside the State in manner absolutely contrary to the code provisions. I have come to the unwilling conclusion that if present conditions continue, our small industries in Vermont must themselves disregard the N.R.A. and fight their own battles as best they may.

I write you this letter for the sole purpose of giving you information about conditions here in Vermont in order that you may take such course of action as you think best. I am writing a similar letter to Senator AUSTIN and to Representative PLUMLEY,

as I feel that our entire congressional delegation should appreciate the seriousness of the situation in Vermont.

I do not have a solution, but I am pretty well satisfied that if there is not a solution before long, many Vermont manufacturers will either declare their independence of the N.R.A. or go out of business.

This letter is signed by Stanley C. Wilson, Governor.

My sole purpose in reading this letter, Mr. President, is to substantiate by the actual experience of the people of my State what has been said by the distinguished Senator from Idaho.

NAVAL CONSTRUCTION—FURTHER CONFERENCE

The PRESIDING OFFICER (Mr. HATCH in the chair) laid before the Senate the action of the House of Representatives disagreeing to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; insisting upon its disagreement to the amendments of the Senate to the bill, and requesting a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TYDINGS. On behalf of the Senator from Florida [Mr. TRAMMELL], who is not in the Chamber at this time, I move that the Senate further insist upon its amendments, agree to a further conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF conferees on the part of the Senate at the further conference.

PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. KING. Mr. President, I cannot give my support to the bill under consideration, but I know that opposition to the same will be futile. Upon a number of occasions during the past few weeks I have discussed directly and indirectly the provisions of the measure and have assigned reasons which I believed warranted its rejection.

The Philippine question, as Senators know, is not a new one. For more than 30 years it has been before the American Congress and before the American people. In my opinion, a majority of the American people regret that a war was waged by the United States against the Filipinos and that their Territory was brought under the authority of this Republic. That view has been strengthened because our Government, particularly under the leadership of Woodrow Wilson, announced the right of the people to determine the form of government under which they should live. Oppressed peoples in various parts of the world for more than a century have regarded this Republic as the champion of liberty, the expositor of equal rights, and the exemplar of democratic institutions. Millions of people left their homes in foreign lands because of their belief that under the flag of this Republic they would be able to enjoy greater liberty, as well as economic and industrial advantages, denied them in the lands of their birth. America was regarded as an asylum for the oppressed of all nations and the standard bearer of justice and an example to all nations.

The Fathers of this Republic were familiar with colonial governments and the oppression, and, indeed, the despotism, to which dependencies and colonies were subjected.

The Declaration of Independence was a challenge to tyranny and oppression of every form, and the Constitution of the United States was a charter under which equal rights—political and economic—might be enjoyed by all. The great men who framed the Constitution and established

this Republic never conceived that it would adopt policies and practices common among monarchical governments of the world, and therefore provision was not made in the Constitution for the control of alien peoples under the colonial forms prevailing in the Old World. They believed that all persons under the flag were entitled to equal rights and privileges and that wherever the flag of this Republic went there the Constitution went for the protection of the people and in order that they might have the benefits and the liberties enjoyed by all American citizens.

The conquest of the Philippines by our Government was opposed by millions of American citizens. They believed that an injustice had been done to a weak people, and they also believed that a great injury had been done to the Republic itself. Great jurists attacked our policy as violative of the letter and the spirit of the Constitution, and leading statesmen of our country inveighed against a course which they regarded as an assault upon our institutions and a moral wrong against the inhabitants of the Philippine Islands. But the reasons assigned and the protests made were unavailing. Tens of thousands of brave American boys sailed across the seas to fight and conquer an alien people and to thrust upon them an authority against which they violently struggled for more than 2 years. But the conquest was complete. There was superimposed upon the people of those islands far across the Pacific a military form of government which, as the years went by, was modified, until important changes in the governmental structure were made and a form of local self-government granted.

Promises were made by those in authority in the United States and by Congress itself that when a stable form of government had been established in the Philippines the United States would withdraw its authority and turn over the government to the inhabitants of the Philippine Islands.

I have upon a number of occasions during the past 10 or 12 years challenged attention of the Senate and of the country to the solemn promises made and the failure of our Government to fulfill such promises and grant the freedom to the Filipinos which they so sincerely coveted. Notwithstanding the promises of freedom to which I have referred, excuses have been found and pretexts assigned for refusal to redeem such promises. There are some Americans who are unwilling to see the Filipinos have a free and independent government. They are unwilling that the United States should withdraw its authority from the Philippines; and insist that, the flag of our country having been unfurled, it must never be taken down. There is another group of our citizens who profess attachment to democratic principles and admit that the Filipinos are entitled to their independence, but they insist that no definite period can be fixed when the sovereignty of the United States shall be withdrawn and the Filipinos be permitted to set up a government of their own choosing. It is argued by some that the Filipinos are not yet capable of organizing and maintaining a republican form of government or a liberal and stable governmental structure. There are those who contend that notwithstanding the great progress made by the Filipinos along industrial, economic, cultural, and political lines, there is not economic stability sufficient to justify the belief that in this period of depression and conflicting economic and political forces a Philippine government could survive.

It is needless to say that history is replete with examples of strong and powerful nations asserting plausible pretexts for conquering distant races and peoples and imposing upon them a form of government and political institutions framed and maintained by the conquering power. Japan has assigned reasons for the annexation of territory and imposing upon the people therein such political forms as best suited her purpose.

Congress, in 1916, solemnly declared that the Philippines should be free as soon as a stable form of government was established. One of the greatest Americans, Woodrow Wilson, in the last message which he submitted to Congress, declared that a stable government had been established and that the Filipinos were entitled to the redemption of the

promise made by the United States. There has been no valid reason for withholding the boon of independence which the Filipinos desire and which has been promised them. Measures have been introduced in Congress for the past 10 or 12 years which, if enacted into law, would have enabled the Filipinos to set up a government in accordance with their ideals. I have upon various occasions during the past 10 years introduced bills in the Senate under which the Filipinos were authorized to elect delegates to a constitutional convention, at which the framework of a free and independent state might be prepared.

The Filipinos, particularly since the Jones Act of 1916, have been earnest and constant in their appeals to the American people and to the Congress for independence. They have frequently sent able representatives to plead their cause, and the petitions submitted and the papers presented have eloquently set forth the justice of the claims made and the reasons why independence should be no longer delayed.

In discussing the Philippine question I have heretofore referred to the papers which were submitted by the American colonists to the British Crown setting forth their grievances and demands. The Filipinos have presented, as I have indicated, in eloquent and powerful memorials, petitions, and addresses to the American people and the American Congress, reasons why they were entitled to establish an independent government.

At the last session of Congress further appeals were made by the Filipinos for legislation under which an independent Philippine Republic might be organized. I offered a bill in the Senate under the terms of which the petitions of the Filipinos would have been answered and a Philippine Republic established. Congress rejected the bill which I offered and passed what was known as the "Hare-Hawes-Cutting bill." I was opposed to that measure, believing then, as I believe now, that it was not a wise or just measure; that it was in no sense a redemption of the promise made by the American people and by the American Congress; that it would not be accepted by the Filipinos, but if accepted that it would aggravate the situation; that it would be provocative of resentments and internal conflicts, perhaps domestic violence, and place the United States in an equivocal, uncertain, embarrassing, if not dangerous situation for an indefinite period of time. The bill, however, was passed but was rejected by the Filipinos. It seemed to me that with the rejection of this measure it was the duty of Congress to promptly pass an independence bill, one under the terms of which the Filipinos, within a period of not exceeding 3 years, would be permitted to frame and adopt a constitution, select the officers of their new state, and set up a government that would meet the ideals and aspirations of the people. Accordingly, when this Congress met I offered such a measure, but unfortunately it encountered opposition, and the same forces which put through the Hare-Hawes-Cutting bill united in opposing what I conceived to be a just and proper bill and in giving their support to the hybrid measure now before us which with but unimportant changes is the Hare-Hawes-Cutting bill.

I confess that I am amazed that this measure which was so contemptuously defeated and repudiated by the Filipinos should have been resurrected and galvanized and thrust into the present Congress.

Mr. President, that bill did not meet the desires of the Filipinos. It was a poor substitute for that which they desired.

Several days ago I referred to the action of the Philippine Legislature and the overwhelming opposition to that bill. The sentiment of the people was against it, and, as stated, the legislature contemptuously rejected it. The measure was presented to the people, and a few able Filipinos strongly urged its approval. Two of them stand high in the councils of the Filipinos. They had been sent by the Filipinos to the last Congress charged with the duty of urging immediate, absolute, and complete independence for the Philippines. Upon prior occasions these representatives had eloquently pleaded for immediate independence. The provisions in the Hare-

Hawes-Cutting bill would have been most repugnant to them and as wholly unworthy this great Republic in dealing with the Filipinos. However, after the bill was passed at the last session of Congress they returned to the Philippine Islands and attempted to defend the measure. My information is that before they had proceeded far in canvassing the archipelago they discovered that the overwhelming sentiment of the people was hostile to the bill. Thereupon they abandoned their efforts to secure its approval by the Filipinos, either by mass conventions or by provincial counsels. As I have stated, the Philippine Legislature, when the Hare-Hawes-Cutting bill was finally voted upon, overwhelmingly refused ratification.

Mr. President, I believe that with the rejection of this measure the Philippine people believed that it was dead and that it had been laid away in a grave that would not yield up its dead. The legislature, after refusing ratification, adopted a resolution designating a commission headed by Mr. Quezon to come to the United States and present to the President the views of the Philippine people, their opposition to the Hare-Hawes-Cutting bill, and their desire for immediate and absolute independence. Their mission also was to appeal to the American people and to Congress to enact a measure in consonance with their desires and their appeals for many years in favor of independence. This commission was not sent here, Mr. President, to attempt to revise or revive the Hare-Hawes-Cutting bill. The members were sent here for the purpose of again presenting the demands of the Filipinos for independence.

Mr. Quezon, in a radio address delivered soon after the passage of the measure referred to, presented strong reasons for its rejection and stated in effect that the Filipinos would only be satisfied by the passage of a law that would enable them to establish at an early date an independent government. I do not desire, of course, to question the good faith of Mr. Quezon, or any other person, but I confess to some surprise when I learned that he had departed from the instructions given the commission and forsaken the views which he has so often expressed for immediate and absolute independence, and has, as I am informed, signified that he will support this discredited and rejected Hare-Hawes-Cutting bill and join in efforts to galvanize it into life, and with but unimportant changes superimpose it upon the Filipinos.

The Senator from Maryland [Mr. TYDINGS] has advised us that Mr. Quezon has given his consent to this measure now before us, and the Senator urges, if I understand him, that with the adherence of Mr. Quezon to the policy now presented, Congress should promptly enact the bill which was recently rejected by the Filipinos.

Mr. President, the Senator from Michigan [Mr. VANDENBERG] in a powerful and eloquent address this morning pointed out some of the defects and dangers of this revived Hare-Hawes-Cutting bill, a bill which passed the House and Senate during the last session of Congress, was vetoed by President Hoover, and then passed over his veto. I commend to the Senate and to the country the address of the Senator from Michigan. It furnished ample reasons for the rejection of this bill.

It would be a work of supererogation upon my part to analyze the bill before us and to point out its multitudinous defects and the dangers incident to its enactment. I am led to believe by statements made by the Senator from Maryland that he would not be in favor of the bill if he believed that it was to continue in force during the period prescribed by its terms. In view of statements made by the Senator, including the reported views of Mr. Quezon, I assume that it is hoped and possibly believed that the bill before us if enacted into law will be abrogated long before the date fixed for its terms. The Senator from Maryland stated in his address last evening, if I correctly understood him, that he had received word from a number of the Filipinos now in the islands indicating their submission to this bill, or at least that they would not oppose it. Among those named by the Senator was Mr. Paredes. Only a few days ago this same Mr. Paredes cabled the Philippine Commissioner, Mr. GUEVARA, who is now in Washington, as follows:

Resolutions supporting King bill—

That is the bill which I offered granting independence within a very short period of time—

and opposing extension time limit for action on Hare-Hawes-Cutting law adopted by Ilocos Sur, Bataan, and Isabela provincial boards and by councils five municipalities of Bataan and also at mass meetings held at six municipalities same Province. Please transmit message to Congress.

PAREDES.

I have received information that a few days ago meetings were held in many municipalities in the Philippine Islands in opposition to the pending bill and endorsement given to the measure which I introduced providing independence for the Filipinos within a very short time. Four days later another telegram was sent Commissioner Guevara, reading as follows:

Resolutions supporting King bill and opposing extension time limit for action on Hare-Hawes-Cutting Law adopted at mass meeting held at Naga by people from different municipalities of Camarines, Sur at Capiz, by people of Capiz at Dinalupihan Bataan, by Consolidado Party thereof, and by following municipal councils San Leonardo and San Isidro, Nueva, Ecija, Batac, Slocos Norte, and Dinalupihan Bataan. Please transmit to President and Congress.

PAREDES.

Mr. President, I have referred to Mr. Paredes for the reason that he is, as I am advised, a rather important figure in the Philippine Islands and is one of the leaders in one of the political groups. It appears that he has advised Congress through the Commissioner that municipalities and Provinces in mass meetings and by official action oppose the Hawes-Hare-Cutting bill and the attempt to revive it, and at the same time he expresses his approval, as did the meetings in the municipalities, and so forth, referred to, of the bill which I have offered in the Senate.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. I should like to call to the attention of the Senator from Utah the fact that our commerce with the Philippine Islands in 1932—

Mr. KING. I do not yield for a speech.

Mr. TYDINGS. I want to ask the Senator a question, and I have not yet given the facts upon which the question is to be predicated.

Mr. KING. Does it relate to Mr. Paredes?

Mr. TYDINGS. It relates to the Senator's bill.

Mr. KING. I shall be very glad to have the Senator interrupt me when I come to that point. I am discussing now the observations of the Senator last evening.

Mr. TYDINGS. Very well; I shall wait.

Mr. KING. I shall be glad to yield to the Senator later.

It begins to be apparent why there has been some change in the attitude of a few Filipinos who until a short time ago were violently opposing the attempt to resuscitate the Hare-Hawes-Cutting bill. The Senator from Michigan [Mr. VANDENBERG] has complimented the Senator from Maryland upon the zeal and success attending his efforts in converting the opponents of the bill into qualified if not full support of the same. I can see, however, reading from one of the telegrams inserted in the RECORD last evening, one of the reasons for the success of the Senator in affecting these conversions. The Senator read a telegram from Mr. Sumulong, who had been designated one of the commission to visit the United States for the purpose of protesting against the Hare-Hawes-Cutting bill and for demanding immediate independence of the Philippines. For some reason best known to Mr. Sumulong, he had not entered upon the execution of the task committed to his hands. Evidently the Senator from Maryland has communicated with him, and it appears from his telegram the Senator indicated that something would or might be done in addition to the elimination from the Hare-Hawes-Cutting bill of an unimportant provision, that if the Philippine leaders would recant and accept the dead and defunct Hare-Hawes-Cutting bill, efforts would be made to regitalize it. The cablegram received by the Senator from Maryland, as he read it into the RECORD last evening, is as follows:

MANILA, February 24, 1934.

Senator TYDINGS,
Washington, D.C.:

Replying to your last cablegram, I agree to the extension of the Hawes-Cutting law, provided same is amended according to your proposal by eliminating entirely military reservations and leaving naval reservations for settlement by agreement between United States and Philippine Republic and of your assurance to later consider sympathetically other objections to act.

Mr. President, one is justified in reaching the conclusion, after reading this telegram, that promises were made, or at least assurances given, that objectionable provisions in this measure, if enacted, would be sympathetically regarded for the purpose of having them eliminated. Congress, however, has given no assurances—and I assume will give no assurances—that if this bill shall be passed, it will be amended or changed or modified.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. I may say to the Senator from Utah that I have all the telegrams which passed between the leaders of the Filipino people and me, and in every single one of those telegrams I made it abundantly clear that any promise I should make would be only an individual promise, which would not be binding upon the Congress. But having proved my friendship and regard for the Filipino people by voting for every amendment in their favor during 18 months when their independence bill was under discussion, they have confidence that I would do my best to work out imperfections after the bill is passed, because they know from past experience that I have not broken faith with them or acceded to the wishes of selfish interests in the United States which want to get rid of them simply, solely, and only because they could then get the markets in the United States which the Filipinos are supplying.

Mr. KING. Mr. President, no one questions the good faith of the Senator or his friendship for the Filipinos. I might observe, however, that in my opinion we would be doing a greater service to the Filipinos if we would immediately cast aside this hybrid bill and pass the measure which I have offered, which presents a clear-cut, plain, unequivocal plan under which the Filipinos, within a short time, may achieve their independence. The Filipinos are warranted in entertaining for the Senator not only a high degree of confidence but of affection. I am not questioning in any degree his devotion to the Filipinos. I do not, however, agree with the measure which he is advocating any more than I approved of it when it was under consideration at the last session of Congress. As stated, it was peremptorily and, indeed, contemptuously rejected by the Filipinos. It is now before us with but slight modifications. If the Filipinos rejected it before, I can see no reason why it would meet with their approval now. The Senator from Michigan [Mr. VANDENBERG] has stated that this bill is a bad bill—so imperfect, so unjust, and so unfair in many of its provisions that it ought to be rejected by the Filipinos as it was rejected by the Philippine Legislature after full discussion.

I call attention to the fact, however, that without any desire to be critical, the support of this measure by Mr. Sumulong who only a short time ago denounced it, must have resulted from some communications sent him by the Senator and perhaps others and by assurances that he—the Senator—would sympathetically consider other objections to the measure.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. I may say to the Senator from Utah that the opposition of nearly all the Filipino leaders who did not agree with my request that they adhere to the pending bill was occasioned by the fact that they wanted the sugar allotment in the bill increased, the coconut-oil allotment in the bill increased, and the cordage allotment in the bill increased. I am in favor of increasing those allotments, as I believe them unfair to the Filipino people, but I explained to them that Congress was not in favor of that, that we

had fought that battle out on the floor already, and that in my opinion there could be no extensions of these allotments, and that therefore they were in the position of having to indicate whether they wanted the bill with these allotments as they now stand or no bill at all; and that for that reason I thought we were confronted with a practical rather than a theoretical situation.

Mr. KING. Mr. President, when the bill was before the Philippine people for discussion and consideration, some of the major objections, indeed the important and paramount objections, were not those dealing with sugar. In an address a few days ago I mentioned several of them. I now call attention to resolutions adopted by the veterans who served under Aguinaldo, resolutions, I am advised, in the drafting of which he participated, which condemn many of the provisions of the Hawes-Cutting Act, and the least important of the criticisms of the measure were those relating to a limitation upon exports from the islands to the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. I do not want to interrupt the Senator; and if he prefers that I not do so, I shall wait until he concludes; but if he wishes me to present the committee's viewpoint as he brings up various phases of the bill, I shall continue to interrupt him. I shall accede to his wishes in the matter.

Mr. KING. I think probably I had better finish this phase of the matter. I shall refer to the Philippine veterans' memorial or petition in a few moments. At this time I desire to read from a telegram from General Aguinaldo which the Senator from Maryland had inserted in the RECORD yesterday. It is addressed to Senator TYDINGS, dated February 24:

In reply to your cablegram, and in view of your commitment therein to amend Hare-Hawes-Cutting Act, completely eliminating military reservations, leaving provisions regarding naval reservations for settlement by agreement between United States and Philippine Republic, and in consideration of your promise to consider sympathetically amendments to other objectionable provisions of law, I agree with your proposition to extend time of act.

Mr. President, General Aguinaldo, when the Hare-Hawes-Cutting measure was under consideration and after it had passed, denounced it. In an able address he analyzed its provisions and announced his conclusion that it should not receive the approval of the Filipinos. Nothing, Mr. President, has taken place since then to warrant a change in the views of General Aguinaldo or the Filipinos. The elimination of one little clause in the bill, relating to the retention of bases for military operations, should not and cannot warrant this overnight conversion. In the bill before us there are retained the provisions of the Hare-Hawes-Cutting law relating to naval bases; and there is nothing preventing their retention indefinitely, because it is left to mutual agreement between the United States Government and the Philippine Republic, after it shall have been formed, with a view to determining what, if any, modification shall be made in the law respecting their retention.

Mr. President, I received the following telegram 2 or 3 hours ago from one of the leading citizens of the Philippine Islands, a man who is connected with one of the important political organizations:

Filipino masses indignant upon approval McDuffie-Tydings bill, Sakdalista Party respectfully submits that the Jones law should be complied with by immediate withdrawal of American sovereignty and recognition Philippine independence.

CAJUCOM.

There, Mr. President, is the voice of the Philippine people, not the voice of a few overnight converts who have or claim to have political importance in the Philippine Islands and who only a short time ago were denouncing the Hawes-Cutting bill as iniquitous and as an injustice to the Filipinos.

Mr. President, one of the most important figures of the Philippine Islands is Bishop Aglipay. Senators may know that in the islands there is a Christian church, something along the lines of the Greek Orthodox Church. Many of its adherents have separated from the Catholic and other

churches. It is one of the dominating forces in the islands, I am told by a distinguished Filipino who is here in the Capital and who, by the way, was one of the delegates sent here with Mr. Quezon to oppose any resuscitation of the Hare-Hawes-Cutting bill and to plead for independence, that this bishop, this prelate, has a following of at least 3,000,000 people. In his wire to me of the 7th instant he says:

Appreciating your noble attitude, we request you insist upon the approval of the King bill.

I have another telegram, Mr. President, and more will come when the people throughout the Philippine Archipelago are advised of the passage of this act—telegrams conveying the same views as were expressed in the two which I have just read—which is as follows:

American business men control the correspondents. No majority leader accepts the modification. Nobody mentions 17 years. Aguinaldo veterans, labor organizations, Philippine church, entire people, are supporting the King bill. Recent monster demonstrations best evidence. If defeated will resort to boycott.

SOTTO.

Mr. President, the passage of this bill—and doubtless it will pass—will not put an end to the question. It will not make for peace and harmony and felicity in the islands. There will be resentments, open and secret, to the measure and to many of its provisions. That opposition will be provocative of unrest and confusion, indicating the unwisdom of reviving the Hawes-Cutting bill and the wisdom of enacting a measure which will give to the Filipinos the liberty they have desired for so many years. Perhaps if the passage of this measure were followed by another, which naturally changed it and provided for an early independence, opposition would be largely abated.

Mr. President, I read in this morning's New York Times a dispatch from the Philippine Islands, as follows:

MANILA, March 20.—General apathy greeted the passage of the new Philippine independence bill by the House of Representatives yesterday. There were no celebrations by either faction in Manila and no flags were flying, though both groups declared they were well satisfied. Hushed voices, long faces, and a general air of apprehension betray the general feeling, however. The Manila Bulletin—

The only independent paper, may I say, so far as I am advised, in the islands—

which is recognized as impartial in the local political dispute, though naturally it is opposed to the present independence legislation, expresses the general feeling editorially when it says:

"The general significance of the quiet local reaction toward the Washington administration and the congressional action on the Tydings-McDuffie bill is explained by a simple fact which is commonly recognized but not officially proclaimed. The fact is the bill actually pleases nobody and is technically acceptable to the various political camps only because as a compromise it is something which cannot be dodged. The measure is basically the same in its objectionable features as its predecessor, the Hawes law, which was rejected for sound reasons."

Mr. President, there are many implications in that statement. Undoubtedly the Filipino leaders, here and elsewhere, have been led to believe that it is this Tydings-McDuffie-Hare-Hawes-Cutting bill or nothing. Indeed, an article in a Philippine newspaper—and I hope that it is an incorrect quotation of an observation made by the able Senator—indicates that there have been statements to the effect that if the Filipinos rejected the Hawes-Cutting bill as now before the Senate they will get no measure whatever. I read a few sentences from an editorial appearing in the Filipino Herald of recent date, as follows:

Senator MILLARD E. TYDINGS, Chairman of the Committee on Territories and Insular Possessions—

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. Since the Senator is reading from a newspaper which mentions my name, I think it only fair to announce that the newspaper is the patron of the anti-independence sentiment in the Philippine Islands and therefore it should be read in the light of that fact.

Mr. KING. That may be. This is the statement to which I referred, and it purports to quote a statement made by my friend from Maryland as follows:

If, after the elections in June, the legislature again fails to take action or acts adversely on the law, it will serve as a notice to the Congress that the Filipino people do not desire independence and want to continue under the present status.

Mr. TYDINGS. Mr. President, I made such a statement, and I reiterate it on this floor—I made a similar statement a moment ago—that there is no way the Filipino people can receive higher allotments of the commodities they must sell in order to live than those already in this bill; and the actual test of performance proves my observations.

Mr. KING. Mr. President, that is not the question involved. As I understand this observation—and I am not offering criticism of anyone—it is, that if the Filipinos do not accept this Hare-Hawes-Cutting bill, and that means the measure now before us, it will serve as a notice to Congress that the Filipino people do not desire independence but want to maintain the present political status.

Mr. President, I do not agree with my friend in that observation. Doubtless that statement—and I have received corroborative evidence of the effect of it—did influence some Filipinos, and led them to believe—whether many or few, I do not know—that if they did not accept this bill, then, they would not get independence but would remain under the present Jones law.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. TYDINGS. Of course, when I said I made that statement I did not mean it to be interpreted as the Senator is now interpreting it. Agreement always stops when interpretation begins.

Mr. KING. Mr. President, I merely said that I had corroborative evidence that some people believed that that was a declaration that if they did not accept this bill they would get nothing.

Mr. TYDINGS. I reiterate that statement, and I do not believe they can get a better bill than the one that we have before us. I myself do not like it, but I am trying to give them the best that can be given them which they will take.

Mr. KING. I agree with the Senator that he does not like this bill. I am sure of that because of the Democratic views of my friend from Maryland, than whom there is no better Democrat in the United States or one who more perfectly or clearly interprets the Constitution of the United States. But I believe, Mr. President, that he is in error in suggesting that unless the Filipinos shall take this bill, which they have rejected, a bill which they have condemned, the United States will keep them indefinitely in their present political status and will deny the appeals which they have made in the past or the appeals which may be made in the future for independence and the liberty which they covet.

Mr. TYDINGS. Mr. President, by way of interpretation, let me say to the Senator that even as we debate this bill, with its limited sugar quota, in another place in this Capitol a bill is being written which would limit their sugar quota still further, and in still another place in this Capitol a committee is now meeting considering a measure which would tax Filipino products for the benefit of American products. If that is not concrete evidence of the lack of a desire on the part of Congress to deal fairly with the Philippine people, then I should like to know what is evidence.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. KING. Let me first answer the Senator from Maryland. I agree with him that there is an apparent lack of purpose on the part of the Congress to deal fairly with the Filipinos; I think Congress has exhibited upon a number of occasions an inclination not to deal with them fairly, and I think the passage of this bill will be further evidence of the disinclination of the American Congress to deal with the Filipinos fairly; but the Senator remembers that "while the lamp holds out to burn", there is a chance for conversion. The present Congress is not the only Congress; the Congress does not speak always the sentiments of the American people; and I believe, Mr. President, that upon this great moral and political issue, an issue of justice, the American Congress and the American people, in the near future, will

demand that justice be done to the Filipinos and that they be accorded the liberty which, quoting Mr. Wilson in the last message which he delivered to Congress, "It is our privilege and duty to give to them the liberty which they covet."

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I support Philippine independence, not only for the reason stated by the Senator from Maryland and the Senator from Utah, but I do not see why at the same time we cannot perform an act of charity at home. We cannot move the Filipinos 10,000 miles over here into the territory of the United States. They do not have the kind of living conditions we have; they have not the same climate. I have great trouble in reconciling myself to the view that in our pity and charity we should go to the point of undertaking to Americanize the Filipinos. We have an American industry here which is growing, and we need to lift Americans engaged in that industry to the standards enjoyed by others of the American people. If we can bring about a condition under which these Asiatics, living under entirely different conditions, and under entirely different climatic conditions from those obtaining in America, may so adjust themselves that they will be able to live on a level with oriental standards, according to the oriental manner and oriental customs, enjoying the ordinary fruits of other oriental peoples, that seems to me to be about all the duty we have to discharge toward them.

I am concerned about getting rid of these people on a fair basis, but I am also concerned about taking care of the American people. We need to protect our own sugar industry. That is why we need to get them out of the way. We have no business being linked up with them.

Mr. KING. May I say to the Senator that there is a question involved here that is far more important than any material question about sugar or coconut oil. The question involved is whether or not this great Republic, having imposed by military force a government upon the Filipinos which they do not desire, having overcome the government which they had established, having governed them for 30 years, notwithstanding they have appealed over and over again through the voice of representatives who have come carrying their pleas to Congress and the Government—the question is whether we should ignore their pleas and deny their aspirations for liberty and freedom and the petitions which they have presented.

Concede, for the sake of the argument, that, under the United States, advancement—culturally, materially, educationally, and morally—would be more rapid than under a government of their own choosing, nevertheless it is their right to have a government of their own choice.

I say, Mr. President, the question is a moral question. I have no doubt that when our fathers were sending petitions to Great Britain for greater liberty, many of the people then living along the Atlantic coast and in Great Britain believed that under the flag of Great Britain the colonists who had settled upon the bleak New England shores could have greater prosperity than if they had their own flag. Nevertheless, Hancock and Jefferson and Adams and Washington and other members of that immortal band rejected that view and argument; they preferred freedom to material gains.

There is no doubt that some nations, by reason of their culture and wealth, might be of benefit to backward nations, and that if the latter submitted to their rule they might make greater progress within a limited period. Nevertheless, those nations that want independence, those peoples who desire freedom, are entitled to the same; and the mere fact that they might secure material gain by remaining under some other government ought not to deprive them of the realization of their aspirations.

There is something in this world more precious than money, more precious than worldly wealth or power, and that is liberty and opportunity for self-development.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I agree with the Senator from Utah absolutely. We had no business taking over the Philippines. I have not yet seen anyone who supports or justifies the action of the United States in taking over the Philippine Islands. I understand the Senator from Utah takes that position. We had no business taking over the Philippine Islands. I am in favor of turning them loose. I am in favor of turning them loose under the King bill because it is the shortest bill.

The point I was making to the Senator, which he overlooked, is that we are doing a great deal more injustice to Americans by keeping the Philippine Islands than we are doing to the Filipinos. We do not owe the Filipinos so much that we have to go over there and try to Americanize them. We will never be able to Americanize them. The whole world is disturbed. I think the Filipinos should swim along with the Asiatics; in other words, according to what is over there. The Lord gave them a better climate for some purposes and probably a worse climate for other purposes. We ought to turn them loose and do something about taking care of the sugar industry and the cotton industry that we have been endeavoring to build up in this country.

This policy is evidently being extended to where we have not only gone the Philippine route with the Philippines, but we have decided to take over Cuba and refinance them a little. We will have to pay the bonds which have been issued on their account.

Mr. KING. Mr. President, I hope the Senator will not bring Cuba into the discussion because I shall not have time to enter that field today.

Mr. LONG. I shall discuss it in my own time.

Mr. KING. I am glad the Senator shares the views that some of us have expressed that the Filipinos are entitled to immediate and absolute independence. In view of the statement he has made, may I call attention to the fact that the Democratic Party has condemned this mad adventure in the Pacific; at least, if it has not expressly condemned the adventure, it has promised independence to the Philippines.

In the first Democratic National Convention after the Treaty of Paris, which was July 4, 1900, I believe, it was stated:

We declare again that all governments instituted among men derive their just powers from the consent of the governed; that any government not based upon the consent of the governed is a tyranny, and that to impose upon any people a government of force is to substitute the methods of imperialism for those of a republic. * * * We assert that no nation can long endure half republic and half empire, and we warn the American people that imperialism abroad will lead quickly and inevitably to despotism at home. * * * We condemn and denounce the Philippine policy of the present administration.

In 1904 the Democratic National Convention adopted a plank reading in part as follows:

We oppose, as fervently as did George Washington himself, an indefinite, irresponsible, discretionary, and vague absolutism and a policy of colonial exploitation, no matter where or by whom invoked or exercised. We believe, with Thomas Jefferson and John Adams, that no government has a right to make one set of laws for those "at home" and another and a different set of laws, absolute in their character, for those "in the Colonies." All men under the American flag are entitled to the protection of the institutions whose emblem the flag is.

The Senator from Maryland [Mr. TYDINGS] does himself great credit when he announces he will not favor a policy which would discriminate against persons who live under the flag and deny to them, because they are not upon the shores of continental United States, the rights of American citizens.

In 1908 the Democratic National Convention declared:

We condemn the experiment in imperialism as an inexcusable blunder which has involved us in enormous expenses, brought us weakness instead of strength, and laid our Nation open to the charge of abandoning the fundamental doctrine of self-government.

In 1912 the platform on which Mr. Wilson, that great Democrat, great liberal, great progressive, great statesman, was elected, contains the following statement:

We reaffirm the position thrice announced by the Democracy in national convention assembled against a policy of imperialism and colonial exploitation in the Philippines or elsewhere. We condemn the experiment in imperialism as an inexcusable blunder, which has involved us in enormous expenses, brought us weakness instead of strength, and laid our Nation open to the charge of abandonment of the fundamental doctrine of self-government.

That is substantially the language in the plank adopted 4 years previously in the Democratic National Convention.

Mr. President, I ask unanimous consent at this point to insert in my remarks, without taking the time to read them, the platform declarations of the Democratic Party at each national convention since 1912.

The PRESIDING OFFICER. Without objection, permission is granted.

The platform declarations are as follows:

1916

We heartily endorse the provisions of the bill recently passed by the House of Representatives, further promoting self-government in the Philippine Islands, as being in fulfillment of the policy declared by the Democratic Party in its last national platform, and we reiterate our endorsement of the purpose of ultimate independence for the Philippine Islands, expressed in the preamble of that measure.

1920

We favor the granting of independence without unnecessary delay to the 10,500,000 inhabitants of the Philippine Islands.

1924

The Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by Congress as a prerequisite to the granting of independence. We declare that it is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

1928

The Filipino people have succeeded in maintaining a stable government and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence. We declare that it is now our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

Mr. KING. Mr. President, I was a delegate to a number of Democratic National Conventions, including 1920, 1924, and 1928, and was also a member of the committee on platform and resolutions at each of these conventions. I had the honor to prepare and submit the planks relating to the Philippines adopted in the conventions of 1920, 1924, and 1928.

Mr. President, a few moments ago I referred to some telegrams and information recently received from residents of the Philippines in opposition to the present bill. On January 31, 1934, there was published in the Washington Times a dispatch from Manila reading as follows:

Senator King's bill, now pending in Congress, providing for Philippine independence within 3 years, was endorsed by a legislative majority last night. The move coincides with the wishes of the Quezon party. He is now heading an independent mission in Washington.

That is to say, the legislative assembly on the last day of January of this year endorsed the bill which gives to the Philippines independence along the lines indicated in the measure which I introduced and which is now pending in this body. As stated a few moments ago, Mr. Quezon was sent here with Mr. Gabaldon and a few others for the purpose of protesting against the attempt to revive the Hare-Hawes-Cutting bill and also for the purpose of obtaining legislation providing for the immediate independence of the Philippines.

May I say in passing that one of that delegation, Mr. Isauro Gabaldon, who was formerly one of the Resident Commissioners of the Philippine Islands, has refused his assent to this bill, and has declined, regardless of any assurances given or otherwise, to ally himself with the other delegates who came here under instructions to ask for independence; and he is still seeking to carry out the purpose of the mission, and is insisting that a measure shall be passed giving immediate independence to the Filipinos.

I do not wish to be critical of a distinguished representative of the Filipinos; but at one of the great mass conventions in the Philippine Islands, as shown by resolutions

which were sent me, and as shown by the Washington Post of February 4, 1934, which contained a dispatch from Manila dated February 3, this reference was made to one of the representatives of the Philippine Islands who is one of the commission:

A mass meeting of rejectionists of the Hawes-Cutting law which offered Philippine independence in 12 to 14 years went on record tonight as favoring measures granting immediate freedom or separate government within a short period. Approval was voted of the King bill before Congress, providing independence within 32 to 49 months, of an immediate independence bill, or of any measure avoiding the onerous provisions of the Hawes-Cutting law.

The meeting, which followed a parade, also voted a criticism of one of their distinguished representatives because of his support of the Hawes-Cutting bill.

Mr. President, as I have indicated, the Hawes-Cutting Act was placed before the Philippine Legislature for their approval. Section 14 of that act, as I recall the section, provided that it might be voted upon by the Philippine Legislature. It was submitted, and the senate, by an overwhelming vote—my recollection is that there were only 4 voting for it and 19 against it—rejected the measure, and it was rejected by an equally decisive majority in the house.

Resolutions were adopted by the legislature indicating their views upon this matter; and after the resolutions had been adopted rejecting it, the following resolution was adopted by the Philippine Legislature on the 17th day of July 1933:

Concurrent Resolution 45

Concurrent resolution confirming and ratifying the action of the senate in disapproving, at its session on October 7, 1933, the proposed Concurrent Resolution No. 28 and entitled "Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the 'Hare-Hawes-Cutting Act'."

Whereas at the session of the senate on October 7, 1933, during the consideration of house bill no. 2800, which provides for a plebiscite on the Hare-Hawes-Cutting Act, when the debate thereon had already been closed and a motion made for the passage of said bill, there was presented for insertion in the record a document of the following tenor:

"The undersigned, on behalf of the majority and minority, have agreed that there be no plebiscite, in view of the fact that it has not been possible to arrive at an agreement on the manner in which the same shall be held, and in order to save the country the unnecessary expense of holding said plebiscite.

"(Signed) MANUEL L. QUEZON,

"On behalf of the majority.

"(Signed) SERGIO OSMEÑA,

"On behalf of the minority."

Whereas immediately after the introduction and reading of the foregoing document the senior senator for the tenth district, Mr. Osmeña, introduced proposed Concurrent Resolution No. 28, which, copied literally, reads as follows:

"Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the 'Hare-Hawes-Cutting Act'."

"Resolved by the Senate (the House of Representatives of the Philippines concurring), To accept the act of Congress of January 17, 1933, entitled 'An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes', generally known as the 'Hare-Hawes-Cutting Act', in accordance with the provisions of section 17 of said act."

Whereas when the senate considered the foregoing proposed concurrent resolution and voted upon the same by ayes and nays, the same failed of passage by 15 votes against 4: Now, therefore, be it

Resolved by the Senate (the House of Representatives of the Philippines concurring), To ratify and confirm, as they hereby do ratify and confirm, the action of the senate in disapproving proposed Senate Concurrent Resolution No. 28, entitled "Concurrent resolution accepting the act of Congress of January 17, 1933, generally known as the 'Hare-Hawes-Cutting Act'."

Adopted, October 10, 1933.

President of the Senate.

Speaker of the House of Representatives.

This resolution, which originated in the Philippine Senate, was finally adopted by the same on October 9, 1933.

Secretary of the Senate.

Finally adopted by the house of representatives on October 10, 1933.

Secretary of the House of Representatives.

Mr. President, the resolution just read evidenced a rejection of the Hawes-Cutting Act by the Legislature of the Philippine Islands.

Another resolution was adopted by the Philippine Legislature on October 17, 1933, to inform the Congress of the United States that the Philippine Legislature had declined and rejected the Hawes-Cutting Act. I shall not take the trouble to read the resolution, but ask that it may be inserted in the RECORD at this point without reading.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Concurrent Resolution 46

Concurrent resolution informing the Congress of the United States that the Philippine Legislature, in its own name and in that of the Filipino people, declines to accept the act of Congress entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", in its present form and appointing a committee to proceed to the United States at the earliest practicable time to seek amendments to said act of Congress, or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people, to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country

Whereas the Congress of the United States on the 17th day of January 1933 enacted a law entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", commonly known as the "Hare-Hawes-Cutting law";

Whereas section 17 of said law provides that the provisions of the same "shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature";

Whereas the Philippine Legislature fully appreciates the good will shown by the Congress of the United States toward the people of the Philippine Islands and its efforts to finally settle the Philippine question by enacting said law;

Whereas the Philippine Legislature believes that in providing that the said law shall not take effect until accepted by the Philippine Legislature or by a convention called for the purpose of passing upon that question the Congress of the United States intended to secure a frank and honest expression of the will of the Filipino people regarding the above-mentioned law;

Whereas the Philippine Legislature is opposed to the acceptance of said law in its present form, because, in the opinion of the legislature, the law does not satisfy the national aspirations nor does it safeguard the welfare of the Filipino people or the stability of the social, economic, and political institutions of their country: Now, therefore, be it

Resolved by the house of representatives (the Philippine Senate concurring), That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form, because, in the opinion of the legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social, and political institutions of this country, and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the high commissioner are too indefinite; and finally because the military, naval, and other reservations provided for in the said act are inconsistent with true independence, violate national dignity, and are subject to misunderstanding.

Resolved further, That a joint legislative committee of the Senate and the House of Representatives be appointed, as it is hereby appointed, subject to the directions, purposes, and authority herein stated, to be composed of the Honorable Manuel L. Quezon, president of the Philippine Senate, as chairman of the committee on the part of the Philippine Senate; the Honorable Quintin Paredes, speaker of the house of representatives, as chairman of the committee on the part of the house; Hon. Elpidio Quirino, majority floor leader of the senate; Hon. José C. Zulueta, majority floor leader of the house of representatives; Hon. Sergio Osmeña, senator from the tenth district; and Hon. Pedro Guevara, Resident Commissioner to the United States; and that an invitation be and is hereby extended to Gen. Emilio Aguinaldo, President of the erstwhile Philippine Republic; Hon. Juan Sumulong, former senator; and Hon. Isidro G. Gabaldon, former senator and Resident Commissioner, to join said legislative committee and form a part thereof, General Aguinaldo as honorary chairman and the others as members.

The committee thus constituted shall proceed to the United States as soon as convenient in the interest of the public service, and convey to the Congress of the United States the appreciation of the Filipino people for the enactment of the law of Congress, entitled, "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine

Islands, to provide for the independence of the same, and for other purposes."

The committee shall, at the same time, express to the Government and people of the United States the objections to the said law and the reasons therefor, and petition the President and the Congress of the United States for changes therein or the enactment of such new legislation as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social, and economic stability of their country.

The Philippine Legislature approaches the Government and people of the United States through this committee, in the hope and confident expectation that they will not ignore the appeal of the Filipino people—a people who, in the language of every American President since the inauguration of American rule, have been placed by divine Providence under the protecting care of the American Nation so that they may enjoy the blessings of freedom and happiness which are the heritage of the people of the United States.

Adopted October 17, 1933.

MANUEL L. QUEZON,
President of the Senate.

QUINTIN PAREDES,

Speaker of the House of Representatives.

Finally adopted by the Philippine Senate on October 12, 1933.

F. TORRALBA,

Secretary of the Senate.

This resolution, which originated in the house of representatives, was finally adopted by the same on October 17, 1933.

F. PIMENTEL,

Secretary of the House of Representatives.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I do.

Mr. TYDINGS. In connection with the reading of the memorial which requests that we extend to the Filipino people a condition which will not impair their economic fabric and what not, I should like to announce that the Finance Committee of the United States Senate has just put a tax of 3 cents a pound on coconut oil to benefit the local producers that come in conflict with that commodity. Certainly that shows the lack of fairness with which a bill could be passed through this Congress and justifies the remarks I made heretofore.

Mr. KING. Mr. President, apparently the Senator finds some comfort in the action of one committee of this body. I said a few moments ago that the act of one Congress will not bind succeeding Congresses.

I still insist that a solemn promise was made to the Philippine people by every President from McKinley down, and solemn promises have been made by the Democratic Party to give to the Filipinos independence. If we violate the promises, if we enact legislation in contravention of high moral and political duties and obligations, then condemnation must rest upon us; and we ought not, because of our derelictions, to condemn the Filipinos or persist in a course which will be unsatisfactory, if not disadvantageous, to them.

The mere fact that legislation may be enacted at this session of Congress in violation of what some believe to be the Constitution of the United States and of our obligations to people under the flag does not justify the prophecy that wiser counsels and higher statesmanship may not in the end prevail, and thus insure freedom to the Philippines.

In that connection, Mr. President, as only one of the unimportant evidences of the contention of the Filipinos for liberty, I call attention to a resolution that was adopted in November 1932 by the Philippine Legislature, in which it is stated that the following declaration is adopted as an expression of the unanimous sense of the Philippine Legislature:

First. That it is the aspiration of the people of the Philippines to have immediate, absolute, and complete independence.

I shall not take the time to read the entire resolution. It reiterates statements made by the Legislature of the Philippine Islands, as well as by representatives sent by the Philippine Legislature and by groups of Filipinos to Washington to plead for independence.

Mr. President, it will be observed, from one of the resolutions which has been read, that Mr. Quezon and others were sent here for a specific purpose. They were sent here

to plead with Congress to give independence to the Filipinos. One of the delegation was Hon. Isaura Gabaldon, who, as I stated a few moments ago, was a distinguished commissioner representing the Philippine Legislature and the Filipino people in the House of Representatives. I hold in my hand a copy of a letter which he addressed to the President of the United States. He has not followed Quezon, but has expressed his own views and the views of the Filipinos, and attempted to carry out the obligations resting upon him under the mandate of the people of the Philippine Islands, and the mandate of the legislature in the resolution unanimously adopted by the Legislative Assembly of the Philippine Islands.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. I know there is no one in the Chamber who has a greater desire to be fair than has the Senator from Utah, and while his remarks are accurate in every sense, I am afraid they leave an inference which his words do not clear up. I do not doubt for a moment that Mr. Osmeña and Mr. Roxas, of the old commission, and Mr. Quezon of the new, would prefer a different bill from the one now pending, but I think these men have all found, from contact with Members of Congress, that this is about the best they can get out of the situation, and their acquiescence does not mean that this is the bill which they themselves would like to have, but is the best bill which they feel they can get.

Mr. KING. I think the Senator has expressed the matter accurately, and I had intended in a moment to read a letter from Mr. Quezon indicating that fact. I thank the Senator for anticipating me.

Mr. President, I do not mean, of course, to be censorious of those who have come here to plead for independence. The Senator knows that a few years ago Speaker Rohas and Senator Osmeña came here with positive instructions to demand independence, and in the eloquent appeals which they made before committees of the House and the Senate, they pleaded for the independence of their country. When Senators asked them if they wanted independence even though it might produce a condition of economic chaos or confusion, they said yes, that they and their countrymen would submit to whatever consequences resulted from immediate independence; that they preferred absolute and immediate independence to waiting an indefinite period for their freedom. However, when Congress turned a deaf ear to their demands for complete and immediate independence, they reluctantly, as I believe, accepted the Hare-Hawes-Cutting bill. I am not critical of their action, although I can understand that some other persons, when they found that they could not get what their constituents had instructed them to get, would have refused to accept a measure which was believed to be fraught with danger.

Mr. TYDINGS. Mr. President, if the Senator will yield to me just a moment to say something in his time—and I know he is speaking under difficulties—I would like to make this observation: The trade of the Philippine Islands with the United States represents about 78 percent of the commerce of the Philippine Islands.

Mr. KING. That is approximately correct.

Mr. TYDINGS. Four out of five tons of merchandise find a market here. In 1932 the total volume of 80 percent of their trade, in round figures, was \$80,000,000, of which sugar made up \$57,000,000. In other words, nearly three-quarters of their trade with the United States was in one commodity, namely, sugar, for which they received \$57,000,000. If the tariff on Philippine imports were to be fixed at 1 3/4 cents a pound, that would mean a tariff of approximately \$36,000,000, so that instead of receiving \$57,000,000 for their crop they would receive, after the tariff was paid, only about \$21,000,000 for their crop, which would mean a shrinkage in the island revenue of about 65 percent.

In my judgment, were that to happen, there would be such an upheaval in the Philippine Islands that there would be

riots from one end of the archipelago to the other, because those people could not find a market overnight to which they could ship the merchandise which is now coming into this country, and in that event we would be called upon, morally, to restore order, and heaven knows when we would get another Philippine independence bill through this body.

Mr. KING. Mr. President, the observations just made by the Senator were not at all germane to my discussion; but, turning aside from the current of my remarks for a moment, I may say that I dissent from the observations of my friend and some of his conclusions.

Rohas, Osmeña, and others testified in the hearing that though there would be a serious economic crisis if they were cut off immediately from American markets, the Filipinos would be able to master the situation and meet the changed conditions. They said they would infinitely prefer to be cut loose immediately than to continue for an indefinite period, or, as was stated in the beginning, for even 10 to 17 years, under provisions which it was then suggested would be imposed upon the Filipinos in measures which were in contemplation.

Undoubtedly, by reason of laws enacted by the Congress, particularly the law of 1909 and supplementary legislation, we have compelled the Filipinos to deal with us. They did not ask for free trade with the United States. We passed a law compelling them to deal with us and closed the markets of the rest of the world to them. They may not negotiate treaties with other countries, except in conformity with the policies of the United States. They may not impose tariffs upon the products which we ship to the Philippine Islands. They are bound by our legislation; and by reason of this legislation, to which I have imperfectly referred, we have made it impossible for them to find markets for their surplus products and to make themselves more self-contained than they are at the present time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. LONG. In connection with what the Senator has said, they have developed the sugar industry since they have been a part of the colonial possessions of the United States, and they have done it at the expense of the United States while being deprived of other markets. The longer we keep them, the more inextricably entangled we shall become with the Philippine situation, and the more we will make it possible for the interests which have come into the islands from the outside to profit from them. That is the trouble today—the foreign interests which have gone into the Philippines to develop the industries in those islands, to the disadvantage of American interests.

Mr. KING. Mr. President, further, with respect to the remarks of the Senator from Maryland, the Filipino people are a peace-loving people. That has been demonstrated during our sovereignty over them. It is true that under the Spanish rule there were revolutions, because the Filipinos sought freedom. Spain imposed upon the Filipinos a military control, and subjected them at times to harsh and ruthless bureaucratic rule. They rebelled upon a number of occasions, seeking independence, but with their limited military knowledge and primitive military weapons they could not match the power of Spain, compete with Spain, which a few centuries ago was one of the most powerful military nations in the world.

The Filipinos love peace; they love their homes; most of them reside upon lands which they own. They are more or less a pastoral people. They are devoted to their families, and they are interested in self-development. They do not want revolution. They would not, as some Senators have said, if independence were granted them, engage in domestic insurrections and controversies leading to bloodshed and to intervention by the United States.

Mr. President, if the flag of the United States, the flag which now floats over the Philippine Archipelago, shall be hauled down and the flag of the Philippine Republic shall go up, our present relations with the Filipinos will be ended, and out upon the great international sea they will steer their bark, it is to be hoped, with success; certainly with our

friendship and sincere good wishes for their felicity and happiness. But the histories of nations show that they rise and fall; powerful nations are subdued oftentimes by their own vices, occasionally by foreign foes. There is no promise of immortality to any nation. It was Byron who said:

First Freedom, and then Glory—when that falls,
Wealth, vice, corruption—barbarism at last.
And History, with all her volumes vast,
Hath but one page.

The Filipinos will have advantages over some nations for the maintenance of their political independence and territorial integrity, as many of the nations of the world. They are less inclined to revolution than some of the nations nearer our doors, and, as I have stated, by their devotion to their families, to religious concepts, to the ideals of civilization, I believe that the Filipinos, when they have their liberty, while they will have to struggle, of course, in the economic crisis which is pervading the world, will emerge and will maintain and develop in the Orient a Christian republic, the effects and influence of which will be felt upon other oriental nations.

Mr. President, I desire to read a few excerpts from the letter of Mr. Gabaldon, one of the Quezon delegation sent to confer with the President and with Congress to demand independence, to the President of the United States:

For the reasons stated, and true to the aspirations of the people of the Philippine Islands as expressed in every popular election held from 1907 to 1931, inclusive, I beg to recommend the enactment of a law providing substantially the following:

1. The immediate calling of a constitutional convention in the Philippine Islands for the purpose of drafting a constitution for a free and independent government of the Philippine Islands.

May I say, Mr. President, that is in harmony with the measure which I have offered, and which I shall ask the Senate to adopt in lieu of the bill which the Senator from Maryland has presented for consideration.

2. The submission of this constitution to the people.

3. The holding of elections for the offices provided in the constitution upon adoption thereof.

4. Recognition of the Philippine Republic upon the installation of the officials provided in the constitution, not later than 3 years from the date of the enactment of the law.

5. Trade relations to be determined in a conference between representatives of the United States and of the Philippine Islands, to be held at such time and place as the President of the United States may designate after independence shall have been achieved.

Mr. President, I ask to have Mr. Gabaldon's letter printed in the RECORD at this point.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

MR. PRESIDENT: As a member of the delegation appointed by the Philippine Legislature to deal with the Government of the United States on the question of Philippine independence, I deem it my duty to bring to your attention the grave injustice that would be inflicted upon the inhabitants of the Philippine Islands by a delay in the granting of the freedom for which they fought in battles of battle and have struggled incessantly in times of peace.

Three days ago, on the 18th instant to be exact, Philippine Resident Commissioner CAMILO OSMAS, one of the staunchest supporters of the Hawes-Cutting-Hare law, and who has, using his own words, "just returned from the Philippine Islands after several months spent in visiting various Provinces, cities, and municipalities, meeting and conferring not only with our leaders but with the masses of the people", declared on the floor of the House of Representatives "that the Philippine people continue in their firm conviction that the early grant of Philippine independence is the proper solution of American-Filipino relations." He said further that "on this fundamental point the Filipinos are united."

I deem it of the highest importance also to call attention to the fact that the lower house of the Philippine Legislature had already passed a bill submitting the Hawes-Cutting-Hare law to the decision of the electorate of the Philippines, and the majority in the Philippine Senate had agreed in caucus to approve it, when those who caused the United States Congress to enact said law and now claim that the Filipino people had been deprived of the opportunity to vote on the question, signed an agreement to submit it to and abide by the decision of the Philippine Legislature.

I am entirely in accord with the statement of the chairman of our delegation that when the Philippine Legislature declined to accept the Hawes-Cutting-Hare law it did so in compliance with the wishes of the overwhelming majority of the people of the Philippine Islands.

TARIFF PROTECTION

In stressing the necessity of a 10-year period of economic readjustment the eventual ruin of the Philippine sugar industry is

brought forth as the outstanding illustration. This industry, it is contended, has been built and developed under the protecting wings of the Tariff Act of 1909, and it is further alleged that "This industry is entirely dependent at present for its continued existence upon the tariff protection of the United States." If this statement is correct, the inescapable conclusion is that an extension for 10 or 20 or 50 years of such protection under conditions barring its further expansion would not save the Philippine sugar industry from eventual ruin, thus necessitating the continuation of the present tariff protection for an indefinite period of time.

If the Philippines were a free and independent nation, her industries could be revamped and developed on the basis of fair competition, which is the only fundamentally sound economic policy. Reciprocal trade treaties with other countries could be resorted to as a means of offsetting differences in cost of production.

I submit that the Philippine government does not have to depend on the income derived from the sugar industry to enable that Government to perform its duties and responsibilities toward the inhabitants of the islands and the world at large.

It is asserted that approximately 40 percent of the revenues of the Philippine government is contributed by the sugar industry. Granting for the sake of argument that this is correct, I still maintain that this gap in the governmental finances can be spanned by the application of Philippine tariffs on all imports. Under present trade arrangements over 65 percent of the goods imported into the islands is admitted duty free. To this may be added the proceeds from a general reduction in salaries and allowances in the higher brackets of the present governmental structure, which are higher than the salaries and allowances assigned to officials of equivalent category in Great Britain and other European countries, in Japan, and in many of the South American countries. Again, there is ample room in the present governmental organization for further simplification.

In fact, during the last 15 years the revenues of the Philippine government registered increases and decreases of approximately 20,000,000 pesos without affecting in the least the ability of the government to meet its bonded indebtedness and to carry on the normal functions of a stable and well-regulated government.

You have, Mr. President, recently stressed the significance of a statement made by the late President Wilson that human liberty is paramount and that it should always receive higher and preferential consideration over trade and other material factors involved in the relationship of the people of the earth. In line with this lofty idealism, may I not submit that sugar, coconut oil, and cordage benefit but a negligible minority of the Philippine population? Shall the Filipinos be driven to face a situation similar to that confronting the United States at present, where 15 percent of the population control the wealth and the destinies of the remaining 85 percent?

I deem it contrary to the expressed will of the people of the Philippine Islands to make the granting of their independence contingent on any consideration other than that specified in the Jones Law, namely, the establishment of a stable government. That this condition had already been met is attested by the message sent by President Wilson to the United States Congress on December 16, 1920. He said: "Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of Congress in their behalf." The next logical and honorable step, therefore, that the people and the Government of the United States should take in connection with Philippine-American relations is the restoration of the Philippine Republic.

I am constrained to disagree with the proposals that the granting of Philippine independence be postponed to July 4, 1940; that a more autonomous government be established in the meantime; and that trade relations between the United States and the Philippines be continued as they are under certain limitations, because these proposals involve an unauthorized modification of the will of the Philippine electorate as expressed in every election held in the islands since 1907. On these elections the majorities controlling both houses of the Philippine Legislature were elected on the strength of their pledge that they would petition the Government and appeal to the people of the United States for the granting of "the immediate, absolute, and complete independence" of the Philippine Islands.

Any solution of the Philippine question based on representations amendatory of the expressed will of the electorate of the islands would necessarily involve the un-American and undemocratic decision that those chosen by the people to speak for them have the right to alter the mandate they received from the people.

RECOMMENDATIONS

For the reasons stated, and true to the aspirations of the people of the Philippine Islands as expressed in every popular election held from 1907 to 1931, inclusive, I beg to recommend the enactment of a law providing substantially the following:

1. The immediate calling of a constitutional convention in the Philippine Islands for the purpose of drafting a constitution for a free and independent government of the Philippine Islands.

2. The submission of this constitution to the people.

3. The holding of elections for the offices provided in the constitution upon adoption thereof.

4. Recognition of the Philippine republic upon the installation of the officials provided in the constitution, not later than 3 years from the date of the enactment of the law.

5. Trade relations to be determined in a conference between representatives of the United States and of the Philippine Islands, to be held at such time and place as the President of the United States may designate after independence shall have been achieved.
Respectfully submitted.

ISAURO GABALDON,
Member, Philippine Delegation.

Mr. KING. Mr. President, when Mr. Quezon came with Mr. Gabaldon and other members of the delegation he conferred with me, as did his associates, with respect to legislation for the independence of the Philippine Islands. The revived Hawes-Cutting bill, as I recall, was not then before Congress. Mr. Quezon told me that he favored the bill which I had offered, or one containing substantially the same provisions.

Subsequently a statement appeared in a newspaper that seemed at variance with what I had understood were his sentiments as to independence, and I wrote him on February 18, 1934, as follows:

HON. MANUEL L. QUEZON,
Waldorf-Astoria Hotel, New York, N.Y.

DEAR SENATOR: Upon two occasions recently, in our conversations respecting the Philippine situation, I understood you to state definitely that you were opposed to any measure that would attempt to revive the dead Hawes-Cutting bill and revitalize it; further, that you favored the bill which I offered and which is now pending (S. 2064, 73d Cong., 2d sess.), or one containing substantially the same provisions.

Yesterday there appeared in the New York and Washington papers (and doubtless others), statements to the effect that a plan might be adopted which would revive the Hawes-Cutting bill, with some of the provisions eliminated. I gained the impression from the newspaper statements that an understanding between the administration and the leaders of the Filipinos might be reached that would result in an effort to reenact the Hawes-Cutting measure in order that another opportunity might be given the Filipinos to register their approval or disapproval of the measure referred to.

I have been reluctant to believe that you and the members of your delegation are willing to have the Hawes-Cutting bill revived by Congress. I have assumed from what occurred in the Philippine Islands with respect to the Hawes-Cutting bill that it was wholly unsatisfactory to the Filipinos and that any attempt to revive it would meet with their disapproval.

It is my intention to press for the consideration of the measure which I offered and to urge the enactment of my bill or some other measure containing similar provisions. I shall be glad to be advised if my understanding of your position is correct, and also whether you and the members of your delegation favor the passage at this session of Congress of a measure containing provisions similar to those contained in my bill.

Sincerely yours,

WILLIAM H. KING.

To that letter I received the following reply, written from the Waldorf-Astoria, New York City, February 20, 1934:

HON. WILLIAM H. KING,
United States Senate, Washington, D.C.

MY DEAR SENATOR KING: In answer to your letter of February 18, I beg to inform you as follows:

First, that your understanding of my position, as I stated to you in our previous conversations respecting the Philippine situation, and with particular reference to the Hawes-Cutting bill, as well as to your bill (S. 2064, 73d Cong., 2d sess.), is absolutely correct.

Second, that I have, however, expressed myself as being ready to agree to the revival of the Hawes-Cutting bill, if it is amended in certain particulars and with certain understandings, provided your bill fails to secure the approval of Congress.

If, therefore, you should press for the consideration of your bill and urge its enactment, I, as well as the members of my delegation, will support it in preference to the revival, with amendments, of the Hawes-Cutting bill.

You are, I am sure, informed that there have been popular demonstrations in the Philippine Islands supporting your bill, and that the leaders of the legislature asked me to endorse it.

Very sincerely yours,

MANUEL L. QUEZON.

Mr. President, I think the evidence brought to our attention demonstrates that the Philippine people are not in favor of the Hawes-Cutting bill. It may be that they believe from recent statements made or assurances given that there will be modifications of it after it is enacted. It seems to me that if the Hawes-Cutting bill is unsatisfactory and any assurances have been given them of sympathetic consideration for modification we had better obtain the modification before the bill is passed, and not leave to future Congresses the fulfillment of any assurances or hopes or anticipations or expectations that may enter into the hearts of the Filipinos.

It is a practical question. We have before us the Hawes-Cutting bill in all its ugly or beautiful form, whichever view one may take of it. To me it is an ugly bill, it is a hybrid bill. It measures up to the description given by the Senator from Michigan this morning. It neither takes us out of the Philippines nor keeps us in. We do not know the obligations and the implications that will arise from its passage. Certainly it will not give the Philippine people independence for a long time, and it contains the probabilities, if not certainties, of changes that will compel intervention upon the part of the United States and prolong occupation by this Republic for an indefinite period.

Mr. President, I desire briefly to examine the bill before us, although, as I stated at the outset, the presentation made by the Senator from Michigan leaves but little to be added.

I call attention to a sentence on the eighth page of the bill, and I ask the attention of my friend from Maryland to it. I think it is manifestly unfair, and I am sure that neither he nor those who drafted the bill intended that any unfair implication might arise. The bill reads:

If a majority of the votes cast—

Mr. TYDINGS. From what point in the bill does the Senator read?

Mr. KING. I am reading from page 8, lines 14, 15, and 16.

If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence.

If all the Filipinos want Philippine independence, few, if any, want this bill. If they vote against the bill, it will be said that they do not want Philippine independence; and undoubtedly that will be the construction placed by some upon that phrase. It puts them in an awkward and embarrassing situation. They will say, "I do not want this bill; I want independence; but if I vote against this bill, it will be construed that I am opposing independence." I do not think it is fair to place the voters, if the question shall be submitted to a plebiscite, in that equivocal, embarrassing, and undesirable position. They ought to have the opportunity to subdivide this proposition, if necessary, and say, "I want independence, but I do not want this bill; I vote for independence, and I vote against the Hawes-Cutting bill in its revised form."

Mr. President, if opportunity is afforded I shall offer an amendment dealing with section 17 of the bill, which reads as follows:

SEC. 17. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

The Senator from Maryland has told us that the members of the same legislature that overwhelmingly rejected the Hawes-Cutting bill are still de facto members of the legislature, although there is to be an election in June; but, of course, they will not meet unless the Governor General shall call them into special session. However, the proposition is, if I understand the Senator, that the legislature which rejected it, and which, obviously from what the Senator says, has been brought into the periphery of the influences behind the passage of this bill, will be called upon to vote upon it.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. LONERGAN in the chair). Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. The point the Senator makes about a referendum or plebiscite is well taken, but it will be unnecessary under the bill, for this reason: If the Senator will look at the language on page 8, just above the provision which he read, beginning on line 6, he will find these words:

Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made.

They can submit the question whether or not the Filipino people want their delegates to vote without resubmitting

the constitution to the people or whether or not they want their delegates to vote to submit it to the people; in other words, it will all be in the hands of the Filipino constitutional convention as to whether or not they themselves want to submit the question in the one way or the other.

Mr. KING. The Senator from Maryland is now speaking about the constitution while I am talking about this bill.

Mr. TYDINGS. Well, but they could put that question on the ballot; they could put anything on the ballot which the Filipino people wanted put on it.

Mr. KING. I suggest an amendment to strike out the words "by concurrent resolution of the Philippine Legislature or", so that it would read:

Sec. 17. The foregoing provisions of this act shall not take effect until accepted by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

I have heard the suggestion made by the proponents of the Hawes-Cutting bill that the Filipinos ought to have a plebiscite; that if they had had a plebiscite the Hawes-Cutting bill would have been accepted by them. Of course, anyone familiar with the situation knows that that statement is inaccurate. The fact is that Senator Osmeña and Speaker Roxas early insisted upon a plebiscite and conducted an active campaign in the Philippine Islands in advocacy of the Hawes-Cutting bill; but they discovered that it was not acceptable, and so Senator Osmeña himself joined with Mr. Quezon in abandoning the plan for a plebiscite and agreed to submit to both houses of the legislative assembly the question of the approval of the Hawes-Cutting bill.

Let us provide for a plebiscite if we are going to have this bill, thus giving the people of the Philippines a chance to vote for delegates to a convention or to vote direct with respect to endorsing this bill, and not leave to the Philippine Legislature that denounced the bill—and unanimously, so far as the record shows, adopted a resolution to send Mr. Quezon and the other members of the delegation here to obtain a new independence bill—to pass upon this galvanized bill. Let us not leave it to a legislature that apparently has changed its position. There will be another election in June. The present legislature ought to be defunct. It exists, as I said, *de facto*, but probably not *de jure*.

If this question is to be passed upon by the legislature, let us wait until another legislature shall have been elected, with the knowledge that if this bill shall not be amended, it will have the right to pass upon the question of the acceptance or rejection of this bill. So I shall suggest an amendment which I hope my friend will accept, because I think the Philippine people ought to have a chance to vote directly either upon the acceptance or rejection of this bill or have the right to select delegates to a convention charged with the responsibility of passing upon it. I might add that conventions in this democratic Republic are the vehicles by which we express our opinions upon political and oftentimes economic and other questions. Our State constitutions are prepared by conventions the delegates of which have been selected by the people of the respective States.

Mr. President, I wish to make a few other observations respecting this bill. This is supposed to be an emancipation measure. It is supposed to give to the people of the Philippine Islands freedom to choose their own form of government. It does not do that. We have hedged them about. It may be said that the restrictions are advantageous. Concede for a moment that that may be true; nevertheless, they are shackled. Restrictions, harsh or friendly, are imposed upon them, so that the constitution which they draft may not be the expression of their genuine and sincere views.

For instance, it is provided that they must write into their constitution certain mandatory provisions. We require that the trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6. We state one of the provisions or conditions is that—

Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

I hope the Philippine people will conduct their schools primarily in the English language, but I am unwilling to say to those people who want independence what kind of schools they shall have or what language shall be taught in their schools. That is a matter for them to determine, not for us.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. The Senator must concede that these provisions of the constitution only prevail so long as we are in the islands, and that when we get out of the islands the Filipinos can take every one of these provisions out of their constitution, if they so desire.

Mr. KING. Concede for the moment that to be true, but we are specifying what kind of provisions must go into their constitution. Another provision of the bill is:

Foreign affairs shall be under the direct supervision and control of the United States.

There is some merit in the contention that that should be done; and yet, in the hybrid form of government which we are creating or establishing in the Philippine Islands, it would seem that they ought to have some voice in their international relations and in the conduct of their foreign affairs.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. I am advised on very good authority that the English language is the only common language which a majority of the Filipino people speak. There are more Filipinos who speak that tongue than any other, because in the Filipino languages and the Spanish language, as spoken in the islands, there are many dialects and many colloquialisms, so that more people speak English as a common tongue than any other language in the islands.

Mr. KING. I am not quite sure that the Senator's statement is correct, but concede its correctness, for the sake of the argument; yet if every man, woman, and child in the Philippine Islands spoke the English language or the Spanish language, I would object to the United States requiring that there shall be incorporated in their constitution the kind of language which should be spoken. That is for the Filipinos to decide. It is a restriction upon them which I think is an affront. If they are to have freedom, if they are to have a constitution, if their flag is to go up in the Pacific and ours is to come down, if they are to exercise sovereignty over the archipelago, give them sovereignty without restriction and without shackles.

The Philippine Islands recognizes the right of the United States to expropriate property for public uses—

Mr. TYDINGS (in his seat). The Senator is filibustering.

Mr. KING. Oh, no, I am not. A measure that is so subject to legitimate challenge ought to receive consideration, though I know it will not. It will be passed. The machinery is all ready. The guillotine is prepared. The heads of those who favor a wise bill will soon be cut off, metaphorically speaking; that is, so far as their support of a more liberal bill is concerned their heads will be cut off.

Mr. President, I object to this provision in the bill:

The United States may, by Presidential proclamation, exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty, and for the discharge of government obligations under and in accordance with the provisions of the constitution.

It vests in the President of the United States this unlimited discretion. If he thinks that it is necessary for the preservation of the situation there to intervene, he may do so. It is written into their constitution. It legalizes the intervention of the United States whenever the President of the United States, in the exercise of his judgment or his discretion, thinks that intervention is proper.

My friend has said there may be revolutions if we do not pass this bill, that there may be outbreaks. I believe he used the term "bloody revolutions." It may be conceived that there may be, after we pass this bill, some local strife. There was local strife in Cuba a short while ago. Some Americans insisted that the United States should intervene. The President of the United States, be it said to his honor, refused to intervene.

Mr. President, I shall not further take the time of the Senate to examine the provisions of the bill which are to me so obnoxious. I repeat, the able Senator from Michigan [Mr. VANDENBERG] made an analysis of the bill which seems to me ought to have convinced every "doubting Thomas" of the un wisdom of the measure and lead them to vote for his substitute in preference to the bill now before us. I would find no fault with anyone who preferred the substitute of the Senator from Michigan to my own, although I will say my own view is that it would be better to adopt the substitute, which I shall offer, and thus announce to the world and to the Philippine Islands that within 2½ years our flag will come down and the flag of an independent Philippine republic will be raised.

It is their land, not ours. We conquered the Territory and imposed upon them our Government, military in form, against their will. They fought us valiantly for 2 years. Thousands and tens of thousands of them laid down their lives upon sanguinary fields of battle. They may have been wrong, as some say. They thought they were right. They thought that we were intruders; that we sought conquest. Let us say to the world that we will keep our promise; that there will be no benevolent assimilation; no assertion of authority or jurisdiction longer than is necessary for the people there to form a constitution and to set up under that constitution the government which they desire.

Mr. President, I ask permission to insert in the RECORD as a part of my remarks resolutions adopted by the Philippine Veterans' Memorial presided over by General Aguinaldo.

The PRESIDING OFFICER. Without objection, permission is granted.

The resolutions are as follows:

FILIPINO VETERANS' MEMORIAL

(The following is the memorial approved by the Filipino veterans at their convention at the stadium last Sunday, Sept. 17. It defines their stand on the Hare-Hawes-Cutting Act.)

The Association of Veterans of the Revolution in an extraordinary general meeting duly assembled, having deliberated on Act No. 311 of the Seventy-second Congress of the United States, commonly known as the "Hare-Cutting law", has resolved to approve and to make public the following

DECLARATION

We have come to the painful conclusion that the Hare-Hawes-Cutting law is destructive of our ideal of absolute political independence, and that the general tendency of its provisions is openly repugnant to the ultimate aim of the American policy to place our people, according to the language of the Jones Act, in a position to fully assume the responsibilities and enjoy all the privileges of complete independence.

The power which this law confers upon the President of the United States to retain, after the proclamation of the so-called "Philippine independence", unspecified portions of our national territory for military stations and other permanent reservations of the United States, constitutes a positive and radical departure from the policy of complete independence, and secures, besides, the perpetual military occupation of these islands by the United States. Hence the acceptance of this law by the Filipino people will be tantamount to an unpardonable renunciation on our part of the unequivocal promise of complete independence freely made to us by the American Government.

Unrestrained selfishness, in marked contrast with the heretofore benevolent and liberal American policy in these islands, is evident in the economic provisions of the law, the consequences of which might seriously hamper the success of the government of the Philippine Commonwealth; that is to say, of the regime preparatory to the final change in our political status.

Upon the inauguration of the government of the Commonwealth, the amount of Philippine products which may be exported free of duty to the United States will be restricted for the purpose of eliminating the alleged competition which such Philippine products offer to certain American products. On the other hand, no restriction is placed on the free exportation to these islands, during the transition period, of American products. That this rank injustice cannot be defended becomes more patent when it is considered that the Filipino products alluded to represent a very considerable part of our export trade, whereas the American

products that are brought into these islands are but an insignificant portion of America's foreign commerce.

Although the law apparently provides that the amount of Filipino products so limited may continue entering free of duty into the American market during the transition period of 10 years, the gradual application of the American tariff on such products during the second half of the transition period will bring about their exclusion from the American market even before the expiration of the said period of 10 years.

While this one-sided manner of liquidating the free-trade regime is being carried on, and as the doors of the American market are being closed to Filipino products, the law requires that any Philippine legislation affecting the import and export trade can only have effect after its approval by the President of the United States, which is, of course, saying that the Philippine government cannot unhindered enter into new commercial relations with other countries, and much less establish a new economic structure to take the place of the one that is sought to be abolished. In other words, the period of transition, instead of being, as it should be, essentially a period of economic reconstruction for this country, it will merely serve to terminate gradually the free-trade arrangement, but only as regards Philippine products.

One of the most inexcusable effects of this unequal economic arrangement will be that the Filipino people shall find themselves obliged to continue buying, during the transition period, American products at high prices precisely at a time when the general penury will be most acute and distressful.

The manifold difficulties which naturally come about as a sequel to any change of political status would be in themselves sufficient to make the task of the government of the Commonwealth most trying. If it is not desired to lend a helping hand to the government of the Commonwealth, notwithstanding other governments similarly situated have been generously assisted by others, there is reason, to say the least, to expect that no artificial obstacles should be placed in the way of that government which would render its failure inevitable.

If unfortunately the application of these grave economic conditions should bring about the destruction of our entire economic system, it is to be feared that such development be attributed by public opinion abroad, perhaps even by American public opinion itself, not to its true causes, but to the much-advised incapacity of the Filipinos to maintain an independent government. In such case the right of intervention, reserved by the law to the American Government, may be exercised with all its disagreeable consequences.

Such are our main objections to the Hare-Hawes-Cutting law. But these are not the only objections. With like vigor and reason our people have formulated many other objections to the law.

The proposed exclusion of Filipino laborers from the American Continent, to take place as soon as the Hare-Hawes-Cutting law is accepted by the Filipino people, has wounded, as was natural, our national feeling as Filipinos in its most sensitive part. At the same time, moreover, this same law provides that the "citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof."

The lengthy period of transition, which would be, under the unfair economic conditions provided for in the law, a cruel prolongation of the distressing economic dislocation which will necessarily come about during the Commonwealth, cannot be easily justified. If the economic clauses of the law are not to be modified in the sense of rendering them more just and reasonable, it is preferable undoubtedly, that the period of transition be the shortest possible, a period such as may be strictly necessary for the orderly transfer of the powers of sovereignty from the American people.

The law grants also to the President of the United States authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands which, in his judgment, would result in a failure of the government to fulfill its contracts or to provide the sinking fund for its public debt, or would impair the reserve for the protection of our currency, or might violate international obligations of the United States. These extraordinary powers of the President will be, in a more obnoxious form, the equivalent of the veto power, which is absolute in practice, of the present Governor General. We say that the exercise of those powers will be very obnoxious because they might be exercised in relation to laws already definitely approved or to Executive orders in force or to contracts already consummated by the Philippine government. It is inconceivable how a government can reduce another government to a more precarious position than in this manner. The people of these islands will have reason many times to hesitate if it is wise to regulate their acts and their business in accordance with the laws and Executive orders of a government that are subject at any time to ulterior revocation by another government. No person or entity would like to enter into a contract with a government the agreements of which may be annulled by another government. But taking into consideration the other provisions of the Hare-Hawes-Cutting law, it seems unnecessary to subject the government of the Commonwealth to such depressing and humiliating treatment. As regards the security for the payment of our public debt, the high commissioner could exercise a strict supervision on the finance of our government and, in case of necessity, may take possession and administer our customs, and certainly there is no need of requiring greater guaranty than this for the protection of our creditors. With respect to the preservation of the reserve which guarantees our currency, it will

be recalled that no law of the government of the Commonwealth affecting our currency can have any effect without previous approval of the President of the United States. It is therefore not to be expected that the President will have to resort to the extreme measure of suspending the effectivity or the application of any law in force of the Philippine government for the purpose of maintaining the reserve in question intact. As regards the acts of the Philippine government which might infringe upon the international obligations of the United States, if the supervision of the American Government may exercise on our foreign relations be not sufficient to prevent violations of this nature, the adjudication of such questions may be intrusted more properly to the courts of justice.

A well-grounded objection shared in generally, to the Hare-Hawes-Cutting law is that the need of its restrictive provisions leaves very little space, if any, to the exercise of free initiative by the people and government of these islands, as well in economics as in political matters. The provisions of the law which are designed to liquidate the free trade—established as it was under the exclusive responsibility of the United States—a liquidation to be at the expense solely of Philippine interests, and above all in such manner as to deny us the needed freedom to enable us to establish a new economic regime do not permit us to prepare ourselves to bear up under the effects of the discontinuance of free trade at the end of the transition period. Neither do the other provisions of the law which are calculated to reduce the minimum the sphere of action of the Philippine government in matters purely political tend to prepare the Filipino people in the exercise of the powers inherent in an independent existence. At no time during the transition period, which should be, at least, of substantial and increasing local autonomy, is the control, indirect but very effective, of the American Government or its representative in the islands, over the affairs of the country, lightened in the least.

We feel obliged, for these reasons, to consider it our bounden duty to recommend to our countrymen, and especially to the members of the association, to express courteously but firmly their disapproval of the Hare-Hawes-Cutting law.

Our association desires to state, however, that although it has not been possible for us to give our assent to the provisions of the Hare-Hawes-Cutting law, yet our full faith in the devotion of the American people to the principles of liberty and justice remains unshaken. We hope that our objections and comments, made in the spirit of friendly cooperation, will not fail to be heeded, and that the American people and Government, in their wisdom and uprightness, will find a solution more acceptable to our people, to the Philippine question.

We also desire to attest, on this memorable occasion, the unchanging loyalty of our people to the cause of their national independence, and their constant and fervent prayers for the early restoration of the Philippine Republic.

We take the liberty to set forth generally a solution of the Philippine problem which, in our judgment, will be acceptable to the Filipino people. Our people desire to obtain their complete independence, not only for the satisfaction of an inborn national ambition, but also because this is the kind of independence that has been promised them by the Government of the United States. In case, however, that the Government of the United States believes that its interests in the Far East require the retention of some naval station in these islands, we beg leave to suggest that such naval system be established in an isolated point in the islands so that it may not become a serious restriction on the sovereignty of the Filipino people. We also suggest that this retention be made with the condition that, if the United States, for any cause, should have to abandon such naval base, its full ownership shall ipso facto revert to the government of these islands, as in this manner we expect to avoid being involved in conflicts which we should like to keep away from as much as possible.

We also ask the Government of the United States to take up, before the withdrawal of the American sovereignty from these islands, the conclusion of a treaty for the neutralization of our country to guarantee our independence and the integrity of our national territory.

If the American Government should insist in imposing any restriction on the amount of Philippine products which may be allowed to enter the American market free of duty during the transition period, we ask that a corresponding right be recognized in the Philippine government to restrict proportionately the volume of American products which may be admitted free of duty in the Philippine Islands during said period.

We likewise ask the Government of the United States that whatever may be the duration of the so-called "transition period", our preference is that it be not longer than the time necessary for the orderly transfer of the powers of sovereignty from the American people to the Filipino people—that during the said period of transition the Philippine government be given full liberty of negotiating and concluding commercial treaties not only with the United States but also with the other countries as soon as the American tariff, either totally or partially, is applied to the Philippine products which are exported to the United States.

We further ask the Government of the United States that the power to levy export tax on Philippine products free of duty during the transition period, if such tax be deemed necessary, be placed in the hands of the Philippine government, as also the right to fix in the case of each product the amount of such export tax.

It is also the general sense among Filipinos that during the period of transition the Philippine government should enjoy a substantial political autonomy to be gradually increased as the expiration of the transition period approaches.

Mr. DICKINSON. Mr. President, I offer an amendment, which is a perfecting amendment and should be considered before the substitute amendments. I ask that it be read and lie on the table.

The PRESIDING OFFICER. The Senator from Iowa offers an amendment, which will be stated.

The CHIEF CLERK. It is proposed to strike out the word "ten" in line 23, page 20, and to insert in lieu thereof the word "five", so as to read:

SEC. 10. (a) On the 4th day of July immediately following the expiration of a period of 5 years from the date of the inauguration of the new government under the constitution provided for in this act the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such naval reservations and fueling stations as are reserved under sec. 5), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof under the constitution then in force.

Mr. DICKINSON. All this amendment proposes to do is to shorten the time in which independence shall be granted. It makes no other changes in the bill.

Mr. TYDINGS. Mr. President, I shall occupy the time of the Senate for only 5 or 10 minutes to clear up some conditions which seem to be obscure.

It is frequently stated that immediate independence for the Filipinos can be easily accomplished. It is said that all that is necessary is simply to pass a bill, and the Filipinos will have independence overnight. If the matter were as simple as that, I should be the last one in the world to want to delay the transition; but if I may have the attention of the few Senators in the Chamber, and particularly for the RECORD, I think I can demonstrate to any person who is open to reason that that would be the worst possible course for this country to pursue.

Bear in mind that four fifths of the entire exports of the Philippine Islands come to the United States. Here they sell four out of every five dollars' worth of the entire production of the islands. What is that production?

We find that in the year 1932 they sent to this country \$80,000,000 worth of goods—keep that figure in mind, \$80,000,000 worth—and that the total foreign commerce of the Philippines for that year was about \$100,000,000. So that of the \$100,000,000 worth of foreign commerce they had, \$80,000,000 worth, or four fifths of it, came right to this country; and of that \$80,000,000 worth, or four fifths of the total, \$57,000,000 was the value of the sugar which they shipped to the United States.

Suppose that overnight our tariff laws had been applied to Filipino importations. We find that in the year 1932 they sent to this country 2,080,837,000 pounds of sugar. If a tariff of 2 cents a pound had been imposed on that sugar—and that is the present tariff rate on Cuban sugar—the duties they would have had to pay to get that sugar into this country would have amounted to \$41,600,000. So that out of the \$57,000,000 they got for their sugar crop, \$41,600,000 would have been consumed in duties, leaving them but \$15,400,000 for the crop, as against the \$57,000,000 they actually received.

Put that state of affairs in effect and the Filipinos cannot sell sugar to this country at all. We will exclude the entire crop; and when we do that, we will throw out of employment over half the people of the Philippine Islands who are working for the export trade. When we throw them out of employment we will change their standard of living so violently that, in my humble opinion, there will be rioting; there will be a lack of understanding of why it happened, and then it will be said, "The United States turned these people loose without giving their future any thought or consideration,

without providing for an orderly transition to independence; and therefore, now that they are in the midst of an economic revolution, and rioting has taken place, we ought to land our Army and restore order"; and back the Army will go, and it will be 20 or 25 years before another Philippine independence bill will be here.

Independence is not going to depend upon the will for liberty of the Filipino people or of the American people. In that aspect there is no problem. The ultimate success of Philippine independence is going to depend upon the ability of the Filipino people to evolve an economic existence in the new state of affairs in which they will find themselves. If they shall not do that, Philippine independence will not be a success. If they shall do that, it will be a success; and it is our duty to give them sufficient time within which to make the best possible preparation for that step.

I could take the figures for the 10 or 12 principal Philippine products and prove that with the imposition of the American tariff overnight, there would within 6 months be a revolution in the Philippine Islands; and it would be nationwide, because all the markets into which we have forced the Filipinos would be taken from them, with no compensatory markets to which they could go. For that reason I have opposed the Vandenberg bill and the King bill, believing that the Philippine people will need this period of transition if they are to survive.

Now let me bring that home to the Senator from Iowa [Mr. DICKINSON]. In good faith, and with the finest of motives, he has just offered an amendment to cut down from 10 years to 5 years the time within which independence shall be granted.

Now I am going to substitute the word "Iowa" for the words "the Philippine Islands." Let us suppose that all the markets which Iowa now enjoys in this country were taken away from her overnight; that she could not sell a hog, or a barrel of corn, or a pound of beet sugar, or whatever she may produce, without paying, when that article reached the boundary line of Iowa, the tariff which is levied on such commodities when they come into the United States; what would the people of Iowa do?

Mr. DICKINSON. They would become self-sustaining; and I do not think there is any place on earth where they could come as near doing that as they could in Iowa.

Mr. TYDINGS. They would; but while they were becoming self-sustaining they would also become self-exterminating, because the Senator knows and I know that the minute their market was taken from them almost overnight there would be a rebellion against the leaders who made such a condition possible.

That is what we are apt to do for the Filipinos if we are not careful. If we give them more time than they need, we can always cut it down later. If they can become completely independent in 8 years instead of 10, if it is found after the bill shall have been in effect for 2 or 3 years that they can lop off 1 year or 2 years or 3 years, then we can take off the unnecessary time. It is better, however, to give them too much time, and, if they do not need all of it, contract that time, than it is to give them too little time, and be unable to expand it if necessity demands that it shall be expanded.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Iowa.

Mr. DICKINSON. When Delegate OSIAS was making a speech on the floor of the House when I was a Member of the House, and I suggested a probation period just as is provided in this measure, I remember very well what his retort was: "Eventually; why not now?"

I take it that the people of the Philippine Islands are still of the same frame of mind and that they believe that they can work out complete independence in a shorter time than suggested in the pending bill. The question I think involved here is, When are the people of the Philippine Islands willing to assume this responsibility? If they are willing to assume the responsibility, I do not see why they cannot prepare for complete independence in the 5 or 8 or

10 years that will be provided in the bill with a shortened period rather than in the 12 or 15 years provided in the present bill.

Mr. TYDINGS. I can readily show the Senator why that cannot be done. The value of their sugar crop in 1922 was \$57,000,000. If our tariff laws had applied that year, they would have paid us on that crop \$41,000,000 in tariff duties. They could not have raised the sugar, they could not have transported the sugar to the mill, ground it, loaded it in bags, taken it down to the boats and sent it to this country, because they would have received less than 30 percent of the amount they actually got if our tariff laws had been in effect as to them. If that is so, they could not produce sugar and compete in the American market with a tariff of 2 cents a pound on sugar.

Mr. LONG. Mr. President—

Mr. TYDINGS. Just a minute until I finish. I will take on the Senators one at a time. [Laughter.]

The Senator from Iowa knows just as well as I know that that would have meant that the entire American market would have been closed to the sale of Philippine products.

Where would the people who are now earning their bread and butter from the sale of Philippine sugar in the American market find work? What would they do? The same condition would apply to copra; it would apply to coconut oil; it would apply to rope and hemp, and other commodities. The result would be that we would force upon the Filipino people a situation which they could not possibly meet if we were to provide insufficient time in which they could make the necessary economic adjustments.

Mr. DICKINSON. Let me suggest that, in the first place, the great expansion in the production of sugar has taken place during very recent years. It has been practically an American expansion. The Philippine people lived before they ever produced any sugar and sent it to the United States; and I suggest that if there is a long time, it can be shortened. I might also suggest that if there is too short a time, we could lengthen it.

Mr. TYDINGS. The Senator is wrong there, and I think I can show him very quickly in what respect his observation is not logical. Let us suppose that we give the Filipino people independence in a year, by way of illustration; let us suppose that at the end of the year we find that the time has been too short; we will have committed ourselves to Filipino independence at a certain time; they will have accepted our commitment; their constitution will have been written. How would the Senator then undo that situation and extend the time?

Mr. DICKINSON. I think it would be an easy matter to give them the same protection that we now give them. What I do not want is a declaration that they have the right to go ahead and act independently and still have the responsibility of the protection of their flag laid on our doorstep, as is provided in the pending bill.

Mr. TYDINGS. Mr. President, I do not want to tell the other side of this story, because I do not want to get into a tariff argument; but some think only about what the Filipino people sell to us. Did it ever occur to us that we are selling them practically an equal amount of goods, that unless they sell goods to us they cannot buy the goods which we sell to them, and that if they cannot sell to us, then the people in our own country who are now making the goods which we sell to them will be thrown out of work?

Mr. ADAMS. Mr. President—

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Maryland yield to the Senator from Colorado?

Mr. TYDINGS. I yield.

Mr. ADAMS. The Senator states that they are selling to us. Has he the figures available?

Mr. TYDINGS. Yes. They are selling more to us than we are selling to them, but the amount is not far from a parity.

Mr. ADAMS. My information is to the opposite effect. Is it not also a fact that the volume of commodities they have

been buying from us has been declining from year to year, while the importations into the United States of Philippine sugar have been increasing?

Mr. TYDINGS. No; the facts are that the volume of goods, in most of the categories, which they have been selling to us, has been declining. For example, let us take coconut oil. They sold us 317,000,000 pounds in 1930, 325,000,000 in 1931, and only 249,000,000 in 1932. Of course, the depression was on. I could go down the list and show the Senator that there is a general decline in the exportation of most of their commodities. That is not true in reference to sugar.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BORAH. I think there is much force in the Senator's argument that the Filipinos could not bear the load which would be imposed upon them with immediate independence. The thing that has occurred to me is that they will be equally unable to bear it, economically speaking, in 15 years.

Mr. TYDINGS. I would not take issue with the Senator. As I see the economics of this thing, the Filipinos are embarking on a very hazardous adventure. They themselves want the law, and I, as a Democrat, or as a Republican, for that matter, would not be anxious to subject them to this step against their will, but I had hoped that we would provide sufficient time so that when they do take this hazardous adventure, they may take it under the most favorable auspices which we can throw around them.

Mr. BORAH. The Senator will agree with me, I am sure, that 10 years is a very limited time within which a people can change their position from that of economic dependence to economic independence. That is why I have always been in favor of immediate independence. I think they will be able to take care of themselves in 2 or 3 years from now just as well as they will in 10 years. And the objective is independence.

Mr. TYDINGS. The Senator may be right. My own opinion is that they will not be able to take care of themselves in a shorter time; and, having had them for 33 years, having spilt our blood on their soil, having tried to help them, having assisted with education and other things, after having done all that, in our great haste to do the things which we all want to do, namely, to see them independent, I am afraid we will not provide sufficient time for them to take the necessary steps to readjust their commerce, their economic life, and do such things as ought to be done before absolute independence comes.

I look upon the situation in this way: The condition in which they find themselves was not of their choosing. We forced them to accept our tariff laws, we forced them to abide by our markets, we compelled them to sell their goods here under the tariff laws of our country. They did not make the choice. Now that we are going to sever that relationship, having compelled them to seek an economic destiny in one direction, and blocking the road now in that direction through the medium of an independence bill, is it too much to ask that they be given sufficient time so that they may find a way in another direction?

Mr. BORAH. I would agree entirely with the Senator if I thought they could find their way within that time. I anticipate that those who will be here will find that in 10 years these people will be economically no better prepared to take care of themselves than they are now.

Mr. TYDINGS. That may be true. The Senator was not in the Chamber a moment ago, and, at the risk of repetition, I want to call the facts briefly to his attention, because they may not have been placed before him.

About 80 percent of all that the Filipinos sell in world trade is sold to the United States. Of that 80 percent, nearly two thirds consists of the return from one crop, sugar. In the year 1932 they sold us 2,080,000,000 pounds of sugar, and received for their crop \$57,000,000. If our tariff had applied to those importations, the tariff on that quantity of sugar would have amounted to \$41,000,000. They received only \$57,000,000 for it, without the tariff. So that for a crop for which they received \$57,000,000, they would

have gotten only \$16,000,000. As a matter of fact, they could not have sent their sugar here, under the standards which now prevail in the Philippine Islands. It will bring about a complete readjustment, and I say, in all good faith and in all sincerity, the obstacle in the pathway of Philippine independence is so high that they will be very lucky indeed if they make this transition, after we have forced them to build up their trade in our market, without very serious consequences in the islands.

Mr. LONG and Mr. ADAMS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I promised to yield to the Senator from Louisiana.

Mr. LONG. I was going to ask the Senator this question, if at the end of the 15 years—

Mr. TYDINGS. It is not 15; it is 10.

Mr. LONG. It is 10 after they get all the preliminaries settled.

Mr. TYDINGS. Not at all. There is no reason why it should not be 10 years after the end of this year.

Mr. LONG. They might delay it, however.

Mr. TYDINGS. I do not think so.

Mr. LONG. At the end of the time, whatever it may be, let us suppose there were conflict and turmoil in the islands, say at the end of 10 years; then manifestly the United States could not get out.

Mr. TYDINGS. I might ask the Senator the same question as to any length of time. Suppose there were turmoil in 1 year, or 3 years, or 5 years, or 7 years, or 10 years. The longer the time taken in the transition, the less likelihood there would be of turmoil.

Mr. LONG. I disagree with that, because conditions in the Orient become more complicated all the time. There is a likelihood that there will be more trouble 10 years from now than there is now. It is to be left to the President of the United States to decide whether or not the conditions justify his intervening, as I understand, after this move shall have been made. If we had a President in 10 or 15 years, whatever the time may be, who wanted to intervene, and who did intervene, that would mean that this arrangement would be all knocked out, and there would be no such thing as Philippine independence.

Mr. TYDINGS. Let me answer the Senator from Louisiana. It is no secret—the President of the United States has already said in his message, inferentially, and has said it directly, and it is no violation of confidence to repeat it—that if this bill shall be enacted and accepted by the Filipino people, and any way can be shown by which the readjustment can be made in a shorter time, or through different methods, compatible with the welfare of both countries, it is his disposition to accelerate it. It is my opinion that he will appoint a commission to go to the Philippine Islands to investigate that very question, and work out a solution with the Filipino people.

Mr. LONG. The Senator has not answered my question, which is, could not any President, in the course of 10 years, frustrate this whole arrangement? We know that Mr. Hoover did not want the Philippines freed.

Mr. TYDINGS. I will have to digress a moment. There is not a Filipino on this floor, not one; we are white, and they are Malays. They are 10,000 miles from here. This is the greatest country in the world, and it boasts of its liberty, and its justice, and its humanity. We read the Declaration of Independence on every Fourth of July. We extoll John Hancock, who wrote his name so large that the king could read it without spectacles, and all the time we stand here and talk about justice.

Who made the Filipinos a part of the sovereign territory of this country? We got them through a chain of circumstances connected with a war which started in the Caribbean. We had no idea of taking sovereignty over them. In the unfolding of fate strange things happened, and we acquired the Philippine Islands, and from that day to this every Congress and every President has said that ultimate independence for those people is the object toward which we are working.

We hear much said about men who lost their lives in the World War. God rest their souls! There were Americans who lost their lives in the Filipino insurrection, and we had never had any difficulty with the Filipino people. They helped us to defeat the Spaniards who were in the city of Manila. It was Admiral Dewey who asked General Aguinaldo to go from China to the Philippines and organize the Filipinos to help us defeat the Spaniards there.

When the American fleet was in Manila Bay, the Filipinos had won every battle, and the Spanish Army had been driven into the city of Manila. Then there was a period of waiting while our Army landed, because the Spaniards announced that they would not surrender to the Filipinos but they would surrender to the Americans. So, after conferring with them—they had declared an armistice, just as we had—the Spanish forces in the city of Manila surrendered to the American forces.

Mr. LONG. We double-crossed both sides. We sent—

Mr. TYDINGS. Just a moment. Then the Filipinos were around Manila in their trenches. Our Army was in Manila, too, but inside the Filipino lines. Accidentally one night there was a shot fired, and a Filipino was killed, or an American was killed—I have forgotten the circumstances—and firing broke out between both sides over this accident, and from that time on it took us 2 years to bring about order in the Philippine Islands. That war never was intended. We never intended to stay there. We promised the Filipinos that if they would cooperate with us, we would stand by them and give them their country.

Because of this incident, however, we have been now for 36 years in the Philippine Islands. In Heaven's name, is it too much to ask under these circumstances that we give them every chance to work out a just destiny under their own flag, and that they shall have all the assistance we can give them?

Furthermore, Mr. President, as the Senator from Louisiana has said, the Orient is a very difficult portion of the globe at this time. It would be much better for us in our future relations with the Orient if we had friends in the Filipino people. I do not mean to say that the Japanese are not friendly. So far as I know, they are friendly. I do not mean to say that the Chinese, or any other people who inhabit Asia, are not friendly to us. I do know, however, that at this moment the Filipinos are friendly to the American people, and we shall be a mighty short-sighted Congress if we throw away that friendship that has cost so much blood and so much time and so much effort when it is ours to retain for the simple price of mere justice. That is all there is in this bill.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. The Senator, I am sure, lost sight of my point. The question I asked was whether a President in the next 10 years could not frustrate the whole thing.

Mr. TYDINGS. I do not believe that will happen for 10 years.

Mr. LONG. I know it might not, but it could happen.

Mr. TYDINGS. Let me state to the Senator something that I do not think is fair, though I dislike to make this utterance. There is not a Filipino in this body. Their destiny is absolutely in our hands. They have no voice here. Only today we taxed the product of coconut oil 3 cents, as if we had not already cut down the normal importation of coconut oil in this very bill. We not only cut it down but now we tax it 3 cents. We cut down the allotment of sugar. We cut down the allotment of cordage.

Mr. President, if we were out in the Philippines and they were here, and the circumstances were reversed, how we would rave about the injustice which the people in Washington were foisting on a country they never had any right to have, and to which they violated their word when they were our ally against the common enemy!

Mr. President, the Filipino people have no voice here. They can get only what we choose to give them. We have

10 men to their 1 if it comes to a question of war. We know that there is force back of our legislative action. I am appealing to the Congress for justice. In Heaven's name, give the Filipino people this opportunity! They are very much like children. They cannot learn to walk alone overnight. They have to feel their way. We must hold their hand a little while until they get used to walking on the international pathway.

Mr. President, it would be a crime to turn the Philippine people loose in so short a time that they could not make the necessary economic transition. Like the Senator from Idaho [Mr. BORAH], I have my misgivings about the economic future of these people. I see great difficulties in the way; and if they did not want independence, I would counsel more with them about the consequences as I see them. However, they want independence. They are willing to pay the price. All they ask from the American Congress is justice. We cannot afford to deny them that justice, in view of our history. We cannot afford to lose the friendship which is built on blood and care and money. We cannot afford to lose the hope of creating a better feeling in the society of nations by treating the Filipino people fairly; and certainly, in view of the fact that they are in the Orient, we should watch our step and do all we can to assist them to self-government.

I ask for a vote on the amendment of the Senator from Iowa [Mr. DICKINSON].

Mr. ADAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Colorado?

Mr. TYDINGS. I yield.

Mr. ADAMS. The Senator from Maryland says that the Filipinos have no voice here, and argues, therefore, that we should continue to govern them without giving them a voice rather than granting their own desires for independence and the expression of their own voice.

Mr. TYDINGS. No, Mr. President; the Senator misunderstood me. If I said that, I certainly did not mean to do so. What I meant to say was that they have no representation in this body, and such independence as they may get will be the result of the action of a legislature in which they have no voice. I am in favor of their independence, and ask only that Congress do the fair thing toward them as promptly as we can do it.

Mr. ADAMS. I think the first vote I cast was cast in 1900 for Mr. Bryan, running upon a platform of Philippine independence, the declaration of the Senator's party and mine.

Mr. TYDINGS. I may say to the Senator from Colorado that it is a historical fact that Mr. Bryan was opposed to the acquisition of the Philippine Islands, and came to Washington to see President McKinley about the matter at the time the treaty was written; but because it was represented to Mr. Bryan that the ratification of that treaty would bring about an end to the hostilities, Mr. Bryan, I understand, used his influence with his friends in Congress, and the treaty was ratified making the Philippine Islands a part of the American territory. Although Mr. Bryan was opposed to that, he agreed to it for the reason that he thought it would end the hostilities in the Philippine Islands and elsewhere. Those are the circumstances under which we got the islands; and even then the treaty was ratified by a margin of only a single vote.

Mr. ADAMS. Mr. President, may I interrupt the Senator once more?

Mr. TYDINGS. I yield to the Senator.

Mr. ADAMS. I understood from the statement of the Senator from Maryland that we were compelling the Philippine people to do business with us; that the intercourse with us had grown up by compulsion.

Mr. TYDINGS. That is right.

Mr. ADAMS. I ask the Senator from Maryland if it is not a fact that instead of it being a matter of compulsion, we have given the Filipinos a favored situation? We have allowed their products to come into our country without tariff barriers, so there has been an attraction rather than

a compulsion, and we have built up their industries at the expense of our own industries. The trade has not been the result of compulsion, but as a matter of fact we have given them advantages in our markets over those given to other peoples of the world.

Mr. TYDINGS. There is no doubt in the world that what the Senator has said is to some extent true; that is, that they now have access to the richest market in the world, and when their products come here our tariff permits them to have the privilege of that market. In the last analysis, however, the Senator knows that imports and exports and indirect exchange must balance. People do not swap goods; they buy goods. They buy goods with goods.

Mr. ADAMS. It is not necessarily a bilateral swap. It may come about through many agencies.

Mr. TYDINGS. Yes; but as far as our relations with the Filipino people are concerned, there is not a great deal of disparity between imports and exports in our trade with that country. I have the figures, but I shall not now read them into the RECORD.

Mr. ADAMS. Has the Senator the figures of the number of persons engaged in sugar production in the Philippine Islands?

Mr. TYDINGS. I have not those figures; but the Senator must bear in mind that about a million tons of sugar were produced in the Philippines last year and about 950,000 tons the previous year, and the Senator can visualize the great agricultural activity, the trucks engaged, the factories, and the railroads and the shipping that must have been incidental to that operation.

Mr. ADAMS. I visualize it in this way, that a very distinguished citizen of this country, and a holder of high office, says that men in this country who are producing an equivalent quantity of sugar constitute a very insignificant group. We are told that the 264,000 men engaged in the production of beet sugar are not entitled to consideration, though as a matter of fact they are producing more sugar than is being produced in the Philippine Islands, where there are 17,000,000 people.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield the floor to the Senator from Louisiana. Is the Senator about to address himself to the bill?

Mr. LONG. Yes, Mr. President. It is now 5 o'clock. I do not propose to speak longer than a few minutes.

Mr. TYDINGS. The bill will not be acted upon tonight, because the Senator from Utah [Mr. KING] wishes to offer an amendment. I was wondering if the Senator, before taking the floor, would object to a vote on the Vandenberg amendment, as I understand there are to be no further speeches on that amendment.

Mr. LONG. I shall not object, Mr. President, to a vote being taken on the Vandenberg amendment before I make my statement.

The PRESIDING OFFICER. The Chair will state that the first vote will be on the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. LONG. Mr. President, I desire to discuss that amendment.

Mr. ROBINSON of Arkansas. Does the Senator from Maryland desire to continue on the Vandenberg amendment, or would he prefer that the Senate recess until tomorrow?

Mr. TYDINGS. Mr. President, my feeling is that we should not vote on that amendment tonight.

Mr. McNARY. Mr. President, I suggest to the Senator from Arkansas that we recess now until 12 o'clock tomorrow.

Mr. LONG. Mr. President, I desire the RECORD to show that I had the floor at the time of taking the recess. I now yield to the Senator from Arkansas for the purpose of moving a recess.

NAVAL CONSTRUCTION—CONFERENCE REPORT (S.DOC. NO. 157)

Mr. TRAMMELL submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing paragraph is subject to the following conditions:

"(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

"(2) The President is also authorized to employ Government establishments in any case where—

"(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

"(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or

design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

"The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated."

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3, and in lieu of the matter inserted by amendment numbered 4, insert the following:

"Provided, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

"(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

"(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

"(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$10,000 shall be subject to the conditions herein prescribed.

"(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

"(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

"The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income-tax returns of the contractor for the taxable year or years concerned.

"The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

"The contract or subcontracts referred to herein are limited to those where the award exceeds \$10,000."

And the Senate agree to the same.

PARK TRAMMELL,
MILLARD E. TYDINGS,
FREDERICK HALE,
JESSE H. METCALF,

Managers on the part of the Senate.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMBRILL,
FRED A. BRITTEN,
GEORGE P. DARROW,

Managers on the part of the House.

CLAIMS OF FOREIGN GOVERNMENTS AND THEIR NATIONALS

The PRESIDING OFFICER (Mr. BARKLEY in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 21, 1934.

[Enclosure: Report of the Secretary of State.]

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until tomorrow, Thursday, March 22, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 21, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Calmly, our souls look up to Thee, O God. We pray that Thou wouldst reveal unto us the riches unseen. Persuade us to realize that life does not consist in the things we possess but rather in the thoughts we think, the motives that sway our actions, the ideals toward which we press, and in the God, whom we make our own. Merciful Lord, always keep open the gates that we may front Thy stainless throne. Consider and hear us, Almighty God; be at the conference table with our President these momentous days. May men not face one another with sullen eyes. Break down all barriers of differences and let there be no thought of faltering until there is born a new order of fraternity, good will, and brotherhood. Heavenly Father, regard us this day with favor and spare us from anything that might keep us from hearing and loving the divine strains, which breathe a heavenly melody into our souls. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 15, 1934:

H.R. 7199. An act making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes; and

H.R. 7295. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

On March 16, 1934:

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 2743. An act for the relief of William M. Stoddard;
 H.R. 3072. An act for the relief of Seth B. Simmons;
 H.R. 3554. An act for the relief of Pinkie Osborne;
 H.R. 5163. An act for the relief of Calvin M. Head;

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army; and

H.R. 7599. An act to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

The message also announced that the Senate had agreed to a concurrent resolution of the House of the following title:

H.Con.Res. 26. Concurrent resolution for appointment of a special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 60. An act for the relief of Richard J. Rooney;

S. 101. An act for the relief of Robert Gray Fry, deceased;

S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller;

S. 336. An act for the relief of Edward F. Gruver Co.;

S. 365. An act for the relief of Archibald MacDonald;

S. 411. An act for the relief of the International Manufacturers' Sales Co. of America, Inc.;

S. 770. An act for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918;

S. 791. An act for the relief of Elmer Blair;

S. 895. An act for the relief of Thomas J. Gardner;

S. 1100. An act to require the furnishing of heat in living quarters in the District of Columbia;

S. 1361. An act for the relief of Obadiah Simpson;

S. 1526. An act for the relief of Ann Engle;

S. 1574. An act to provide a government for American Samoa;

S. 1665. An act to provide for the establishment and maintenance, under the Bureau of Mines, of a research station at Salt Lake City, Utah;

S. 1699. An act to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription;

S. 1758. An act for the relief of B. E. Dyson, former United States marshal, southern district of Florida;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal;

S. 1901. An act for the relief of William A. Delaney;

S. 2026. An act providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

S. 2266. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes;

S. 2320. An act for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany;

S. 2338. An act for the relief of Robert V. Rensch;

S. 2467. An act for the relief of Ammon McClellan;

S. 2526. An act to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission;

S. 2558. An act for the relief of William J. Cocke;

S. 2580. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia;

S. 2620. An act for the relief of N. W. Carrington and J. E. Mitchell;

S. 2629. An act establishing a fund for the propagation of salmon in the Columbia River district;

S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes;

S. 2664. An act for the relief of John F. Korbel;

S. 2677. An act for the relief of Samuel L. Wells;

S. 2709. An act for the relief of Trifune Korac;

S. 2719. An act for the relief of A. Randolph Holladay;

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system;

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply systems; extension, construction, and reconstruction of retaining wall and filling and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell;

S. 2850. An act to amend section 13 of the Federal Reserve Act;

S. 2876. An act to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings;

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 2905. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation;

S. 2925. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto;

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes;

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.;

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland; and

S.J.Res. 21. Joint resolution authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 2153) for the relief of Pinkie Osborne.

INCREASE OF THE NAVY—CONFERENCE REPORT

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report upon the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. TOBEY. Mr. Speaker, I reserve all points of order on the conference report.

The SPEAKER. The gentleman from New Hampshire reserves all points of order on the conference report.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval-gun factories, naval-ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following:

"That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing paragraph is subject to the following conditions:

"(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions

herein specified and required, then and in that event such requirements may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

"(2) The President is also authorized to employ Government establishments in any case where—

"(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

"(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

"The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft are hereby authorized to be appropriated."

And the Senate agree to the same.

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3 and in lieu of the matter inserted by amendment numbered 4 insert the following:

"*Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

"(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

"(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

"(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$50,000 shall be subject to the conditions herein prescribed.

"(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

"(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

"The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury

for consideration in connection with the Federal income tax returns of the contractor for the taxable year or years concerned.

"The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

"The contractor or sub-contracts referred to herein are limited to those where the award exceeds \$50,000.

"The provisions of this section shall not become effective until June 30, 1934."

And the Senate agree to the same.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMBRILL,
FRED A. BRITTON,
GEORGE P. DARROW,

Managers on the part of the House.

PARK TRAMMELL,
MILLARD E. TYDINGS,
FREDERICK HALE,
JESSE H. METCALF,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommend in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Restores the proposal of the House requiring that the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, be built in a Government establishment, and the manufacture of the main engines, armor, and armament for such vessels in Government establishments to the extent that it was customary so to do prior to February 13, 1929, amended so as to give the President the right to depart from such a division or assignment of work in any year if in the public interest, in lieu of the Senate proposal that, subject to determination by the President as to the course best suited to the public interests, construction be undertaken in Government establishments of half of the total tonnage authorized and as much more as might be undertaken with existing facilities or such additional facilities as might be hereafter provided, continuing to except the 15,000-ton aircraft carrier, and in addition for the manufacture of materials and parts for such vessels in Government establishments as it was customary so to do prior to February 13, 1929, subject to the existence at the time of the work being undertaken of requisite manufacturing facilities.

On amendment no. 2: Provides as to aircraft procured in consequence of the authorization contained in the bill, including engines therefor—

First. That not less than 10 percent thereof, including the engines therefor, shall be constructed and/or manufactured in Government establishments, subject to determination by the President of the capacity of existing establishments to accomplish the work. In the event they should be found inadequate, at the discretion of the President they may be expanded to the extent necessary to enable the construction and/or manufacture therein of such percent of such aircraft and engines as the President may find to be practicable; and

Second. For the employment of Government establishments exclusively in any case where bids indicate collusion or should be in excess of cost of production plus a reasonable profit, as provided in the action agreed upon with respect to Senate amendments numbered 3 and 4, all in lieu of the Senate proposal that 25 percent of such aircraft and engines be constructed or manufactured in Government-owned and operated establishments, subject to determination by the President of the capacity of existing establishments to accomplish the work. In the event they should be found inadequate, the Senate amendment authorized and required the provision of adequate facilities, including the construction and equipment of additional facilities or the acquirement by purchase or condemnation of privately owned facilities adequate to the performance of 25 percent of the work of constructing, manufacturing, and repairing naval aircraft.

Both under the amendment as agreed to and under the original proposal of the Senate, expansion would be subject to the appropriation of necessary funds, which are authorized to be appropriated.

On amendments nos. 3 and 4: The House proposed to limit net profits on all contracts with commercial establishments for supplying steel or aircraft or building vessels, pursuant to authorization contained in the bill, to 10 percent of the gross of the contract. In lieu thereof, by amendment no. 3, the Senate proposed as to contracts and subcontracts of \$10,000 or more for building vessels, whenever authorized, but not contracted for at the time of the approval of the bill, or for supplying aircraft, that the net profit to the contractor or subcontractor should not exceed 10 percent of the performance cost, any excess to become the property of the United States, to be collected by the Secretary of the Treasury, by suit, if necessary, and deposited in the Treasury of the United States. Ascertainment of profits and amounts payable to the United States were to be determined from sworn reports filed with the Secretary of the Treasury in the form and manner prescribed by him, and, by amendment no. 4, from examinations and audits, if need be, by the Bureau of the Budget or by any duly authorized representative of either House of Congress.

In lieu of the House and Senate proposals as to amendment no. 3 and the Senate proposal as to amendment no. 4, the action agreed upon requires that, effective June 30, 1934, no contract, subcontract, or subdivision of any subcontract shall be entered into involving an award in excess of \$50,000 for the construction and/or manufacture of any portion or of a complete naval vessel or aircraft, whenever authorized, unless the contractor shall agree to report under oath upon completion of the contract the amount of profit and percent it bears to the cost of performance, such report to be in form and detail as prescribed by the Secretary of the Navy, who shall file a copy thereof with the Secretary of the Treasury for income-tax purposes. Should such report disclose a profit in excess of 10 percent of the total contract price, reckoned in accordance with such formula as may be prescribed by the Secretary of the Treasury, such excess becomes the property of the United States, which, if not voluntarily paid as agreed, the Secretary of the Treasury shall collect in accordance with the usual methods under the internal-revenue laws. As a further check upon contractors' costs it is required that the manufacturing plant and books of any contractor shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress. Contractors are to be allowed credit for any Federal income taxes paid or remaining to be paid upon any excess profit found to be owing to the United States under the terms of the bill.

On amendments nos. 5, 6, and 7, relating to suspension of construction in the event of an international agreement further limiting naval armament: Extends such authority to vessels otherwise authorized, and as to vessels actually under construction, exempts from suspension only those in that status on the date of the approval of the bill, as proposed by the Senate, instead of limiting suspension to vessels author-

ized by the bill, and of those only such as may not actually be under construction, as proposed by the House.

As agreed upon by the committee of conference on the disagreeing votes of the two Houses, the bill, including the title, reads as follows:

To establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes

Be it enacted, etc., That the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties.

Sec. 2. That subject to the provisions of the treaties signed at Washington February 6, 1922, and at London April 22, 1930, the President of the United States is hereby authorized to undertake prior to December 31, 1936, or as soon thereafter as he may deem it advisable (in addition to the six cruisers not yet constructed under the act approved February 13, 1929 (45 Stat. 1165), and in addition to the vessels being constructed pursuant to Executive Order No. 6174 of June 16, 1933), the construction of: (a) One aircraft carrier of approximately 15,000 tons standard displacement, to replace the experimental aircraft carrier *Langley*; (b) 99,200 tons aggregate of destroyers to replace over-age destroyers; (c) 35,530 tons aggregate of submarines to replace over-age submarines: *Provided*, That the President of the United States is hereby authorized to replace, by vessels of modern design and construction, vessels in the Navy in the categories limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, when their replacement is permitted by the said treaties: *Provided further*, That the President is hereby authorized to procure the necessary naval aircraft for vessels and other naval purposes in numbers commensurate with a treaty navy: *Provided further*, That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That if inconsistent with the public interest in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct.

That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

The foregoing paragraph is subject to the following conditions:

(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

(2) The President is also authorized to employ Government establishments in any case where—

(a) It should reasonably appear that the persons, firms, or corporations, or the agents thereof, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft are hereby authorized to be appropriated.

Sec. 3. The Secretary of the Navy is hereby directed to submit annually to the Bureau of the Budget estimates for the construction of the foregoing vessels and aircraft; and there is hereby authorized to be appropriated such sums as may be necessary to

carry into effect the provisions of this act: *Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes.

(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$50,000 shall be subject to the conditions herein prescribed.

(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the per centum such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income-tax returns of the contractor for the taxable year or years concerned.

The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

The contract or subcontracts referred to herein are limited to those where the award exceeds \$50,000.

The provisions of this section shall not become effective until June 30, 1934.

Sec. 4. That in the event of international agreement for the further limitations of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend so much of its naval construction as has been authorized as may be necessary to bring the naval armament of the United States within the limitation so agreed upon, except that such suspension shall not apply to vessels actually under construction.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMBRILL,
FRED A. BRITTEN,
GEORGE P. DARROW,
Managers on the part of the House.

Mr. VINSON of Georgia. Mr. Speaker, the gentleman from New Hampshire has reserved a point of order upon the conference report. I think it is important at this stage for the gentleman from New Hampshire to state what his point of order is, so that we can be advised, and so that the Chair can reach a decision in respect to it.

The SPEAKER. The Chair thinks the point of order should be disposed of first.

Mr. TOBEY. Mr. Speaker, I make the point of order against the conference report and cite in particular that section of the report which reads as follows:

The contract or subcontracts referred to herein are limited to those where the award exceeds \$50,000.

To rehearse history, on January 30 the Vinson bill, so-called, was amended on the floor of this House by my amendment which reads, if I remember correctly, that profits on any contract under the bill for shipbuilding, aircraft, or steel shall be limited to 10 percent of the gross amount of the contract. That is, the House amendment covered any contract, meaning all contracts. The bill with that amendment went to the Senate, and the Senate amended the bill to cover contracts of \$10,000 and over. The bill in that form went to the conference committee and they held long and earnest hearings. They bring in a report jacking up that limitation to \$50,000. I maintain that they have exceeded their authority in that action and that my point of order is well taken. In justification of my con-

tention, I cite the ruling of Mr. Speaker Clark on March 2, 1915, sustaining a point of order against the conference report upon the ship-purchase bill on the ground that the conference committee had gone outside the matter committed to them in regard to the time certain sections should take effect, and I quote:

If there is anything settled about conferences between the two Houses it is this: Where two amounts are named and the question is referred to the conferees, they may oscillate as much as they please between the two extremes, but they cannot go below the lower amount, and they cannot go above the higher amount.

Then, further on in the same decision, I quote:

If they could extend it beyond 2 years, they could extend it until the end of time. Their limit was from zero to 2. In the nature of things they could not go below zero; under the practice of the two Houses they could not go higher.

And I apply those words of Mr. Speaker Clark in respect to this matter. The conferees could not go below zero and they cannot go beyond \$10,000.

I rest my contention on the citations and appeal to the Chair.

Mr. VINSON of Georgia. Mr. Speaker, when the bill was before the House the gentleman from New Hampshire [Mr. TOBEY] offered an amendment, the object and purpose of which was to save money to the Government. When the bill reached the Senate the same thought was in the mind of the Senators, and they imposed a limitation of \$10,000. In other words, that only on contracts made by the Navy Department over \$10,000 not more than 10-percent profit could be made. The purpose of both amendments, the one offered in the House and the one offered in the Senate, was to bring about economy and protection in Government contracts. Technically, I think the point of order would lie against the increase in this conference report; yet it was done in the interest of economy and because it was proven conclusively to the conferees that all saving would be dissipated by the expense of auditing all amounts down to \$10,000. Their interest in economy prompted the conferees to put the limitation at \$50,000. I say, frankly, to the gentleman from New Hampshire that it will entail more cost on the Treasury of the United States to have an audit of those down to \$10,000 than would otherwise be saved. I am frank to admit that technically the gentleman is correct, and in all probability the Chair will be compelled to sustain the point of order. Yet, in the long run, the gentleman is forcing an additional burden upon the taxpayers by putting upon the Government an obligation to make audits of all amounts down to \$10,000.

This question was considered by the conferees. We thoroughly understood it. We knew it would be economy to raise it to \$50,000, and for that reason we did so.

Mr. TOBEY. I should like to ask the gentleman a question. The gentleman spoke about it being necessary to audit the contracts. There is no compulsory auditing required in the bill at all. The compulsory feature is that which requires a declamando statement under oath by the contractor which in itself makes the contractor liable for perjury if false representation is made. Does not the gentleman know that?

Mr. VINSON of Georgia. The gentleman is mistaken, because if he will read amendment no. 3, a method has been established.

Mr. TOBEY. Exactly. I read that, but the audit is not compulsory.

Mr. VINSON of Georgia. It is going to determine what constitutes cost, and it was estimated under the Senate provision, as it was sent to the conference, it would have cost at least 2 percent of the total contract price to have carried out the provision of the Senate amendment. The gentleman from New Hampshire is in accord with us. We want to protect the Government. We want to do the best thing we can for the taxpayers. At the same time, we are much opposed to these munition manufacturers making excess profits. We are both seeking to accomplish the same thing. The only difference is whether or not you should have it at \$10,000, which would entail a great cost on the auditing department,

or whether it stands at \$50,000, which will accomplish the same thing. I am frank to admit the gentleman can force this back to conference. The gentleman is technically correct. The gentleman did a great service to the Government when he limited it to 10 percent. He rendered invaluable service to the Nation by his amendment, and I certainly hope the gentleman will withdraw his point of order and let us proceed with the conference report and try to get it down as close to eliminating all excess profits of these munition manufacturers as possible.

Mr. TOBEY. I will not be a party to throwing aside the precedents of this House if the gentleman from Georgia will. I will go further and say the gentleman does not realize what he is doing when he mentions \$50,000. Does the gentleman know from experience or observation how many contracts the Navy puts out under \$50,000? If he does not, I will tell him. Twenty contracts a day, on the average, right along. Of those, I am told this morning, most of them are twenty-five and thirty thousand. That is about \$6,000,000 a month, or \$72,000,000 a year, which would avoid this penalty of 10-percent excess profit.

Mr. VINSON of Georgia. The gentleman proposes that each of those small contracts must be audited?

Mr. TOBEY. No; he does not.

Mr. VINSON of Georgia. If the gentleman will wait a moment, he proposes that they must be audited by the Bureau of Supply and Accounts. It will entail an enormous expense on the Government to carry out the gentleman's provision. We thought that all over \$50,000 should be audited, and should be confined to 10 percent. That is the only difference. The gentleman is going to entail an additional burden upon the taxpayers by reducing it to \$10,000.

Mr. TOBEY. The gentleman from New Hampshire is going to save the taxpayers thousands of dollars by this procedure.

Mr. VINSON of Georgia. The gentleman is clearly within his rights in making the point of order. Of course, the House, if it saw fit to do so, could adopt a rule to make it in order, or we can send it back and bring it in again for the consideration of the House, but in the interest of economy and in the interest of saving money to the taxpayers I ask the gentleman to let it stand at \$50,000, and audit every contract down to \$50,000, and permit those over \$50,000 to make 10 percent.

Mr. TOBEY. The gentleman's premises are entirely incorrect. The speaker before him will not agree to transgress the laws and precedents of this House, and will favor the taxpayers by insisting that the point of order be ruled in his favor.

The SPEAKER. The Chair is ready to rule. Of course, the Chair must sustain the point of order.

Mr. VINSON of Georgia. Mr. Speaker, I move that the House further insist upon its disagreement to the amendments of the Senate and ask for a conference with the Senate.

Mr. KVALE. Mr. Speaker, I offer a preferential motion. I move that the House recede and concur in the Senate amendments.

Mr. VINSON of Georgia. Mr. Speaker, on that I move the previous question.

Mr. GOSS. Mr. Speaker, I ask a division.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Does that include the amendment against which the point of order has been sustained?

Mr. VINSON of Georgia. Yes; of course it does.

Mr. Speaker, I move the previous question.

Mr. O'CONNOR. Mr. Speaker, I make a point of order that the House cannot concur in an amendment against which a point of order has been sustained.

Mr. VINSON of Georgia. Mr. Speaker, I move the previous question on the preferential motion.

Mr. BLANTON. Mr. Speaker, a point of order is pending.

The SPEAKER. The point of order is overruled. The question is, Shall the previous question be ordered?

The question was taken; and on a division there were ayes 71 and noes 0.

So the previous question was ordered.

The SPEAKER. The question is on the preferential motion by the gentleman from Minnesota [Mr. KVALE] to recede and concur in all the Senate amendments.

Mr. BLANTON. And the gentleman from Connecticut [Mr. Goss] asked for a division of that question.

Mr. GOSS. I withdraw the request for a division, Mr. Speaker.

The question was taken; and on a division (demanded by Mr. Goss) there were ayes 2 and noes 72.

So the motion was rejected.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. VINSON] that the House further insist on its disagreement to the Senate amendments.

The motion was agreed to.

The SPEAKER appointed the following conferees: Messrs. VINSON of Georgia, DREWRY, GAMBRILL, BRITTEN, and DARROW.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I present a conference report on the bill (H.R. 6663) making appropriations for the Executive Office and sundry executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, for printing under the rule, together with an accompanying statement.

Mr. Speaker, I ask unanimous consent to proceed for 2 minutes to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, it is my intention to call up the report for consideration tomorrow immediately after disposition of matters on the Speaker's table. There may possibly be a roll call on this conference report and I am simply taking this opportunity to make the announcement that the Membership may be informed.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CONNERY. I understand the conferees reached a complete agreement except with reference to Senate amendments nos. 14 and 22, those dealing with the pay cut and veterans' relief.

Mr. WOODRUM. That is correct.

Mr. CONNERY. If I can secure recognition when the conference report is called up I shall make a motion to recede and concur in the Senate amendments. This is the same motion I made previously. We will have a roll call on that.

Mr. BLANTON. That would cause a veto from the White House, if the House should follow our friend.

Mr. CONNERY. We do not know about that; nobody knows that except the President.

AIR-MAIL CONTRACTS

The SPEAKER. Under the special order for today, the gentleman from North Carolina [Mr. BULWINKLE] is recognized to address the House for 30 minutes at the present time.

Mr. BULWINKLE. Mr. Speaker, I doubt if at any time in the history of this Nation, and especially within our lifetime, with the possible exception of the Teapot Dome scandals, that there have been more glaring frauds, more corruption, practiced upon the American Government and the American people than were the frauds and collusion of corrupt persons with corrupt officials of the Government in the matter of obtaining and perpetuating the air-mail contracts.

The question was in my mind when the air-mail contracts were canceled as to whether or not they should have been canceled. With this question in my mind, I took it upon myself to calmly and dispassionately study all of the facts that I could obtain upon the question.

In the House no one has spoken upon this matter, and I can say that none of my Democratic colleagues up to the present time has fully and completely presented all of the facts bearing upon the cancellation of the air-mail con-

tracts to the Membership. On the Republican side, not one of the minority Membership in any way attempted to present facts and argument to the House, although upon several occasions various Members of the minority have attempted by criticism and innuendo to justify these contracts, but largely have they spent their time in attempting to throw out a smoke screen to hide the real true issue involved.

With the thought, therefore, in mind of investigating this subject myself in order that I might arrive at my own conclusions, I have read the testimony, or at least a greater part of it, which was taken at the hearings, have examined the contracts, have read the various letters and other correspondence relating to the contracts, and I am firmly convinced by all of the evidence produced and presented that the Postmaster General, with the approval of the President of the United States, as Chief Executive of this Nation, did the only thing that he could do when, by a proper order, the air-mail contracts were canceled.

The law provides, under section 432 of title 39 of the United States Code, in Combinations to Prevent Bids, that the contracts shall be canceled and that persons so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

The whole air-mail-contract business under the former administration, of which former Postmaster General Walter F. Brown was the guiding genius, was a putrid mass of putrefaction.

And when the American people know the full facts connected with this subject they will do just as they did when the Teapot Dome scandals were being investigated by the Senate committee. You will recall that even then, at that time, Senator Walsh and those other Senators who were on his committee of investigation were condemned as muck-rakers and vilifiers of the character of public officials. After the facts were found out the entire Nation approved of the just and meritorious punishment which was accorded to Secretary Fall and others connected with those scandals.

The scandal in the air-mail contracts which were commenced and carried into full force and effect by the former post-office administration was equally as bad if not worse than the Teapot Dome scandals. The evidence shows beyond doubt of the failure and the collusion of trusted officials—men high in authority of the United States Government—engaging in corruption for their benefit or for the benefit of their friends.

We are hearing much these days largely from those interested in the air-mail companies whose contracts were canceled, and from private individuals and the press, that there should have been a hearing before these contracts were canceled. My God! when has it come to pass that fraud did not vitiate a contract. This is an academic proposition of law. What position would this Government have been in, after finding out and knowing of the frauds perpetrated, the agreements made in violation of public policy, if the officials of the Government had permitted this thing to go on and then say to the air-mail companies, "You have committed fraud in procuring these contracts. There has been collusion by former Postmaster General Brown. Other public officials have been guilty of aiding and abetting, but we do not wish to do anything until there is a hearing in court. There was a hearing, as the evidence shows, and every man who was present at the so-called "spoils conference", which I will speak of later, had in his mind and knew in his heart of hearts that he was participating in a criminal affair. It is time for the Membership of this House to realize, as I have just stated, that any contract or any agreement between two or more parties always has been and always will be vitiated by fraud.

The whole story of these air-mail contracts from their inception, beginning with the passage of the McNary-Watres Act, on down through all the evolutions until the favored few obtained their contracts, is a disgrace and a discredit in the administration of the affairs of the Post Office Department of the former administration.

Everyone knows that every person who committed crime from the earliest days, from the earliest records that we have, has always sought to destroy or hide the evidence which might incriminate him, even as Cain, who started this performance, attempted to hide the body of his brother Abel, whom he had slain. So from that time to this all criminals, as I have said, attempt to protect themselves by destroying or hiding the evidence. And in these air-mail contracts we find officials of the Government, the Postmaster General, and his assistants, the former Assistant Secretary of Commerce, Mr. MacCracken, and others connected with the air-mail companies attempting to destroy and hide the evidence which might be used against them should it ever come to light. When these men found out that the Senate committee was investigating this question, even as late as that, they attempted, some of them, to destroy the letters and documents which they had on file.

But the action alone of the former Postmaster General, of Colonel MacCracken, of Mr. Brittin, and others in attempting to hide or destroy, or absolutely hiding and destroying the letters and other documents, is not alone enough to convict these men, if they were being tried on a criminal charge, and they had been guilty of the same misdeeds of destroying and hiding evidence.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. SNELL. I think I am as much interested as anyone in having governmental business carried on honestly. If the gentleman has the facts which led him to make the statement he just made, does he not think Congress and the people are also entitled to have those facts at this time?

Mr. BULWINKLE. I shall give the facts.

Mr. SNELL. The gentleman should give the facts with respect to the individual concerns.

Mr. BULWINKLE. I have some facts which I think will convince the gentleman of the soundness of my statements.

Mr. SNELL. I shall be glad to have the facts.

Mr. CULKIN. Mr. Speaker, will the gentleman yield.

The SPEAKER pro tempore (Mr. SNYDER). Does the gentleman from North Carolina yield to the gentleman from New York?

Mr. BULWINKLE. I yield.

Mr. CULKIN. Have any criminal proceedings been initiated in this connection?

Mr. BULWINKLE. No.

Mr. CULKIN. Has the Department of Justice been called in?

Mr. BULWINKLE. Not yet.

Mr. CULKIN. If the gentleman will yield further, if the gentleman is so cocksure of their guilt and if the facts are as he states, why have not criminal proceedings been initiated in the courts?

Mr. BULWINKLE. I am speaking on the cancelation of these air-mail contracts. I do not know how the gentleman thinks about it, and I do not care; but I do know that all over the United States lately the cry has gone up to give them a hearing. I am attempting to, and I think I shall be able to, present enough facts to show that these contracts should have been canceled.

Mr. CULKIN. Will the gentleman yield further?

Mr. BULWINKLE. I cannot yield further at this time.

There is something else. Something more serious than this connected with these cases. There is so much of evidence and testimony to sustain the cancelation of the air-mail contracts that I venture to say that every fair-minded person who is not actuated by pecuniary motives, or likewise actuated by partisanship, would, if he studied this whole matter, be thoroughly convinced of the fact that it was necessary for the protection of the United States Government, as well as its taxpayers and citizens, that the interest of the Government be taken care of and that the contracts be canceled.

So, with a view to presenting to the Membership of this House the history of the story of this air-mail business, in order that you may have in your mind the truth of the whole question, going back first to the year 1925, and prior

thereto, you will recall that the Army planes carried the mail. The Government employed the pilots and conducted every phase of this activity. In the Sixty-eighth Congress, in February 1925, Congress passed an act authorizing the award of the air-mail contracts. Under this act, the contracts could be awarded only by competitive bidding; and, mark you, this plan remained in effect until the passage of the McNary-Watres Act, as amended March 30, 1929, which became effective on the 29th day of April 1930.

Then, on the expiration of these contracts, on the 7th day of November 1929, we have the first evidences of fraud, or collusion, for on the day before these contracts expired the Second Assistant Postmaster General, Irving Glover, issued an order extending for a period not to exceed 6 months C.A.M. routes 1, 2, 3, 4, and 5, respectively. This extension of time was granted to the Colonial Air Transport, Inc.; the Robertson Air Craft Corporation; the National Air Transport, Inc.; the Western Air Express, Inc.; and Walter P. Varney, of the Varney Air Lines, Inc.

Immediately, therefore, or within a short time after the expiration of the 1929 contracts, the Postmaster General, Walter F. Brown, according to the testimony of Col. Paul Henderson before the Black investigating committee, called in Harris Hanshue of the Western Air Express; P. C. Johnson, the Pacific Air Transport, and Boeing Air Transport, now a part of United Aircraft; Col. L. H. Brittin, Northwest Airways; Gen. John F. O'Ryan, Colonial Airlines; Col. Paul Henderson, United Airlines; Mrs. Mabel Walker Willebrandt and Harris Hanshue, Aviation Corporation; to aid in drafting legislation, which was known as the "McNary-Watres Act." Thus, we find in the beginning that the Postmaster General, representing the United States Government, called in, not the experts of the Government but representatives of the aviation companies to draft a bill, under which the Government would pay for carrying the mail. Nor were all of the airplane companies called in, but just a few; and so we see the Postmaster General directing and collaborating with the men to whom he was to let the contracts as to what kind of legislation they wanted. In April 1930 the bill passed.

And now it comes to life that this bill, which subsequently became the law, had to have the assistance of Mr. Lehr Fess, an employee of the Senate, who in April 1930 rendered 2 days' service and received from \$3,000 to \$5,000 for the work that he did before the Congress.

It might be well to digress here to find out why or the reason that anybody was paid \$3,000 to lobby for this. Why? Well, it was the Postmaster General, as was shown in the original bill, who did not want competitive bidding, and Postmaster General Brown, even in his testimony before the Senate committee, stated that the competitive bids were all "bosh" or something like that.

But the bill was passed, and in it, it provided for competitive bids. Then the next step in this proceeding was a conference between the Postmaster General and some of his assistants and the representatives of a very few of the airplane companies. In all, there were some who tried to get into this conference which the Postmaster General and his associates were holding, and of which Mr. MacCracken was chairman of the meeting, and Mr. MacCracken was the attorney for the airplane companies. So the representatives of the airplane companies met during May 1930, in a room adjacent to the Postmaster General, Mr. Walter F. Brown, and at the conclusion of their conference on the 4th of June 1930, made a report, and the report was that these airplane operators made a study of 12 routes and agreed as to how 7 of them should be awarded. And the recommendation and report of the aviation companies, or as we might call them, operatives, through Mr. MacCracken, and subsequent action appeared in the report of the Postmaster General, dated June 4, 1930.

Having come thus far along, and showing the dates of the Postmaster General and the airplane operatives as to the new legislation, and their zeal and anxiety for having legislation without competitive bidding, and then seeing a conference called by a few of the operatives of the Post-

master General, in order that the favored few could be taken care of, and the other concerns in this country could "go to the dogs" so far as they were concerned, we now come to the letting of contracts with these concerns.

The undisputed evidence shows that after the spoils conferences were held and agreements reached between the favored operators and the Post Office officials, their plans were carried out almost to the minutest detail. The recommendations and agreements and action thereon are as follows:

Mr. Speaker, I ask unanimous consent to insert this material in the RECORD without taking the time of the House now to read it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The matter referred to follows:

The first recommendation is as follows:

NO. 3. OMAHA TO ST. PAUL AND WINNIPEG

Northwest Airways now flying entire route.

Postmaster General Brown requested a ruling from Comptroller General McCarl as to granting an extension to Winnipeg. The Comptroller General held no such extension could be granted without competitive bidding, and such extension was not made. However, on September 1, 1930, the contract of Northwest Airways from Omaha to St. Paul was surrendered and exchanged for a route certificate between the same points.

The second recommendation in the MacCracken report was:

NO. 4. ALBANY TO BOSTON

Aviation Corporation.

The Albany-Boston route was awarded to Aviation Corporation (American Airways, Inc.) as recommended by the MacCracken report on February 12, 1933, by granting an extension of 162 miles to the American Airways at an annual rate of \$134,816.40 without bids.

The third recommendation in the MacCracken report was:

NO. 7. DENVER TO KANSAS CITY

United States Air Lines now flying route.

An "extension" was granted to American Airways June 5, 1931, 544 miles. Kansas City to Denver, at an annual rate of \$158,848. It was sublet with the consent of Postmaster General Brown on the same day to the United States Airways. Thus the third recommendation in the MacCracken report was carried out by Postmaster General Brown.

The fourth recommendation in the MacCracken report was:

NO. 8. PUEBLO TO FORT WORTH AND DALLAS

Western Air Express now flying route.

On August 1, 1931, an extension was granted by Postmaster General Brown to Western Air Express of 291 miles, Pueblo to Amarillo, at an annual rate of \$117,898.65, without bids. From Amarillo the route was continued to Fort Worth and Dallas, as of the same date, 315 miles, at an annual rate of \$181,660.50, by a so-called "extension" of route 33 to American Airways, Inc., by Postmaster General Brown.

The fifth recommendation in the MacCracken report was:

NO. 9. PUEBLO TO EL PASO

Western Air Express now flying route.

Route 12, from Cheyenne to Pueblo, was held by Western Air Express. It was extended on August 1, 1931, 276 miles, Pueblo to Albuquerque, at an annual rate of \$111,821.40.

The American Airways route no. 33 was "extended" at right angle from El Paso to Albuquerque, on August 1, 1931, a distance of 219 miles, at an annual rate of \$126,297.30, and on the same date was sublet to the Western Air Express, with the consent of Postmaster General Brown, thus carrying out completely the fifth recommendation of the operators.

The sixth and seventh recommendations in the MacCracken report of June 4, 1930, were as follows:

NO. 11. GREAT FALLS TO LETHBRIDGE

National Parks Airways only party in interest.

NO. 12. SEATTLE TO VANCOUVER

United first schedule; Varney Air Lines second schedule.

Neither of these extensions was made, and so the question of awarding to these particular lines, according to the recommendations, was never decided.

On page 1 of the MacCracken report it was stated that 7 routes had been agreed upon as above shown, but as to 5 routes "there are still some matters of controversy." On page 3 of this report it was agreed as to the routes in controversy "to submit the issue to the Postmaster General."

These "routes which are still the subject of negotiations" and the claimants shown and action taken were as follows:

ROUTE NO. 5. PITTSBURGH TO WASHINGTON AND NORFOLK

Final terms not yet arranged.

The working memorandum taken from Mr. MacCracken's files listed the claimants for this route as follows: "Route no. 5. Pittsburgh, Washington, and Norfolk: Pittsburgh Aviation Industries, operating locally Harrisburg and Pittsburgh. Clifford Ball

flying into Pittsburgh from northwest, and flying route Pittsburgh to Washington. Transcontinental Air Transport not on route."

Ball, who was present at the conferences, was then flying the route between Cleveland and Pittsburgh and seeking an extension to Washington and Norfolk. Postmaster General Brown advised Ball that he could not have a certificate nor an extension on this route. Being denied a contract to operate with his own company, Ball sold out to Pittsburgh Aviation Industries and was made the operating manager for them. Thus this matter was settled by Postmaster General Brown without competitive bidding and the route operated by Pittsburgh Aviation Industries through its subsidiary, Pennsylvania Airlines.

On June 8, 1931, this route was extended by Postmaster General Brown 186 miles, from Pittsburgh to Washington, at an annual rate of \$154,156.80, without bids.

The second route subject to negotiation, according to the MacCracken report, was listed as:

NO. 1. LOS ANGELES, SAN DIEGO, EL PASO, DALLAS TO ATLANTA

The claimants to this route on Mr. MacCracken's memorandum were listed as follows: "Route no. 1. Los Angeles, San Diego, El Paso, Dallas to Atlanta; claimants: Aviation Corporation, Dallas to Los Angeles; now flying Dallas-El Paso. Western Air Express, Dallas to Los Angeles; now flying entire route. Halliburton, Dallas to El Paso; now flying Dallas north and west. Eastern Air Transport, Atlanta to Dallas; not flying this route. Delta Air Lines, Inc., Atlanta to Dallas; not flying this route."

[NOTE.—This route is being considered with route no. 6.]

This controversy was apparently very satisfactorily and profitably settled between those who were listed by Mr. MacCracken as claimants. The route was advertised with a night-flying provision, which was declared illegal by the Comptroller General and the Attorney General's Department. Delta Air Lines was bought out by American Airways. Halliburton sold out to American Airways (Aviation Corporation) for \$1,400,000 and simply allowed his name to be used in making the bid for American Airways. The American Airways wanted the southern route and Western Air wanted the middle transcontinental route. Western Air contributed to the funds necessary to buy off Halliburton by purchasing 20,000 shares of its own stock owned by Aviation at \$55 a share, when the market value was \$20, and a half interest in some other property in Oklahoma, making a total contribution by Western Air of \$1,399,500.

Western Air also sold its routes from Dallas to Los Angeles in this deal. Hanshue wrote MacCracken that they were "advised we had to sell the Dallas route for \$400,000 and take a \$600,000 loss on it, and, further, that we had to put up \$700,000 to buy Western Express stock at 35 when the market was around 20."

This was done under the direction of Postmaster General Brown, who became the umpire, and the controversy was settled and the Aviation Corporation became the holder of the route. There was no bidder against it.

The third route in controversy, according to the MacCracken report, was:

ROUTE NO. 6. DALLAS TO LOUISVILLE

Atlanta to Dallas: Eastern Air Transport and Delta Air Service. Louisville to Dallas: Aviation Corporation and Curtis Flying Service. Los Angeles, San Diego, El Paso to Dallas: Western Air Express and Aviation Corporation.

The list of the claimants for route no. 6 were shown in Mr. MacCracken's memorandum as follows: "Route no. 6. Louisville, Memphis, Dallas, and Fort Worth. Aviation Corporation flying into Dallas and Fort Worth from the south and into Louisville from the northeast. Western Air Express flying into Dallas and Fort Worth from the west. Halliburton flying into Dallas and Fort Worth from the north and west. Curtiss Flying Service operating locally Louisville, Memphis, and Dallas."

When Halliburton got his \$1,400,000 he made no further attempt to get the route from Louisville to Fort Worth. Western Air Express, of course, made no further effort, as they had given up their route from Los Angeles to Dallas and Fort Worth from the West. Curtiss Flying Service was not considered, and the Aviation Corporation (American Airways) got this route by the simple expedient of granting an extension of route 16 of the American Airways from Louisville to Nashville of 166 miles, and an extension of route 20 on June 15, 1931, of 671 miles from Nashville to Fort Worth, the total of the two extensions being 837 miles. These extensions were granted without any bids or notice to any possible competitors, and thus the Aviation Corporation, the first of the claimants, received the route.

The next route under controversy, according to the MacCracken report, was:

ROUTE NO. 2. LOS ANGELES, ALBUQUERQUE, KANSAS CITY, ST. LOUIS, COLUMBUS, PITTSBURGH, PHILADELPHIA, AND NEW YORK

The claimants listed by Mr. MacCracken were as follows: "Route no. 2. Los Angeles, Albuquerque, Amarillo, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, New York: Transcontinental Air Transport, now flying Columbus to Wichita and Clovis to Los Angeles, interested in entire route. Western Air Express, now flying Los Angeles to Kansas City. Interested in western half of the entire route. (This route is being considered with route no. 10. United has indicated they would be satisfied with either the eastern half of no. 2 or with no. 10.)"

The only two contenders for the route being the Transcontinental Air Transport and the Western Air Express, it was required by Postmaster General Brown that the two corporations merge. They did merge, and the new corporation is now known as

Transcontinental & Western Air, Inc. They jointly have the middle transcontinental route above described in the MacCracken report. Forty-seven and one half percent of the stock in this corporation is owned by Western Air Express, and a like amount is owned by Transcontinental Air Transport. The Pittsburgh Aviation Industries was injected into the picture and demanded a 10-percent share of the stock and actually received a 5-percent share.

Therefore, this problem was satisfactorily settled between the operators of the routes with the assistance of Postmaster General Brown and the combination of these companies, although the high bidder received the route.

The following route was also listed as subject to negotiation in the MacCracken report:

NO. 10. AMARILLO, OKLAHOMA CITY, TULSA, AND ST. LOUIS (TULSA CUT-OFF)

Kansas City to New York: Transcontinental Air Transport and Pittsburgh Aviation Industries. Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa, to St. Louis: Western Air Express and Transcontinental Air Transport. Amarillo, Oklahoma City, Tulsa, and St. Louis cut-off: Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport.

On the memorandum of claimants to these routes, prepared by Mr. MacCracken, we find the following: "Route no. 10. Amarillo, Oklahoma City, Tulsa, St. Louis. United crosses route at Oklahoma City and Dallas; Western Air Express flying Amarillo to Tulsa; Halliburton flying Sweetwater, Oklahoma City, Tulsa, St. Louis."

This route is especially treated in the memorandum of Mr. MacCracken, where it is said that "United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; * * *. This would permit the clearing of the mid-transcontinental of its N.A.T. contract between Wichita and Kansas City and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas."

The route under consideration, which they referred to as no. 10, was made a part of the middle transcontinental, as agreed, and went to the Transcontinental Air Transport and United Aviation and Western Air Express. The United kept its routes from Kansas City to Wichita, Kans., and from Kansas City to Tulsa and Oklahoma City.

KARL A. CROWLEY, *Solicitor.*

It is well to call your attention to some of the other acts of Postmaster General Brown as stated in the evidence by Maj. William B. Robertson, who was one of the pioneer operators between St. Louis and New Orleans, and who desired an air-mail contract. After he had been to Washington to see Brown about a contract, a Mr. Saks came to see Major Robertson, and told him that he was a friend of Brown, and that he represented the Post Office Department; that he could secure a contract in 5 minutes by calling the Postmaster General over the telephone, and that Major Robertson and his brother would have to pay him a commission of 5 percent for securing the contract. This was turned down, and again he came to see the Robertsons. Not only did he ask for the 5-percent commission, but he asked that Robertson and his brother should contribute to the political campaign of Congressman Dyer. On his next visit to Washington, Brown stated to Robertson that "he had given his friend Mr. Saks a very cool reception." This evidence was not denied by the Postmaster General when he was on the stand.

In addition to this, as I have stated before, the Comptroller General had told Brown that he could not, that he had no right under the law, to exclude bids by certain carriers. It now develops that the Western Air Express was charged by a young Mr. Smoot, who was an employee of the Senate, the sum of \$15,000, and the letter of Mr. Smoot's in which his bill for the services was enclosed said:

"Both of these provisions, the decision of the Comptroller General of the United States, and the matter of domestic air-mail appropriations, have now reached a successful conclusion. You will note in my bill that I take into consideration the \$2,500 advanced me by James Wooley on December 13, 1930."

Not only do we find officials and relatives of Senators employed but there is a record also that, on February 8, 1930, Col. Paul Henderson wrote D. M. Sheaffer, chairman of the executive board of the Transcontinental & Western Air, as follows:

Mr. D. M. SHEAFFER,
Chief, Passenger Transportation, Pennsylvania Railroad,
Broad Street Station, Philadelphia, Pa.

DEAR DAN: I have moved my office to Room 828, Investment Building, telephone National 8835. Please change your records.

I should like to be able to tell Glover on Monday that his nephew is fixed up some place on the western division of T.A.T. as per my wire to you Friday. I think this is extremely important. Glover will have more to do with the mail subsidy allocations than any other man.

This is the reason, therefore, that the nephew of W. Irving Glover, Second Assistant Postmaster General, who had charge of the mail service, was given a position with the Transcontinental Air Transport Co. I am citing this merely as another illustration of how far the officials of the Post Office Department would go in order to benefit themselves or their families.

It is well for you to keep in mind these facts with regard to the air-mail contracts: First, that there was an attempt to pass a bill through the Congress which did not provide for competitive bidding, and that Postmaster General Brown was behind this with the air-mail companies; second, that a Government official

was employed and paid \$3,000 for 2 days' work to aid in passing the bill through Congress; third, that after the passage of the bill the representatives of a select group of airplane companies were called in to divide up the country and accept the spoils of the Air Mail Service; fourth, that another Government official was employed at an exorbitant amount in an attempt to override the Comptroller General and his decisions; fifth, that none but the favored few obtained contracts, and these contracts were in substance what they asked for, and that from the time the contracts were made until the cancellation of the contracts taxpayers of this country paid out something over \$40,000,000 without justification; sixth, that men of character who were pioneers in the field of aviation, on account of the attitude and the action of the Postmaster General had to go into bankrupt courts, and lost all they had.

It might be well for me now to give you a full and complete narrative of the evidence and testimony adduced at the hearing, and as briefly as possible I shall attempt to do so:

Postmaster General Brown appeared in person before the committee of the House and strenuously urged the passage of an air-mail bill as presented, stating that he wanted to do away with competitive bidding, since it was a myth. Due to the active opposition of members of the Post Office Committee of the House the section which provided for the award of contracts without competitive bidding was eliminated from the bill and the bill was shortly thereafter passed by Congress.

It seems that Postmaster General Brown was keenly disappointed because the bill was passed without allowing him to award air-mail contracts without competitive bidding. About 2 weeks after the passage of the McNary-Watres Act Postmaster General Brown called a meeting of the air-mail contractors. A call for the meeting was issued by Earl B. Wadsworth, Superintendent of Air Mail Service, under instructions from the Postmaster General. The conference began on May 19, 1930, and closed on June 4, 1930. The air-mail contractors present at these various conferences which were held in the offices of the Postmaster General included Messrs. Johnson, Henderson, Wheat, Ireland, and Murray, of United Airlines; Messrs. Sheaffer, Cuthel, Hanshue, and Wooley of the Western Air Express; Alfred Frank, of the National Parks Airways; Mr. Mueller, of the Varney Airlines; Messrs. Coburn and Hinshaw, of the Aviation Corporation of Delaware; Messrs. Halliburton, Mayo, and Clark, of the Southwest Air Fast Express; Messrs. Doe, Elliott, and Ottley, of Eastern Air Transport; Messrs. Marshall and Denning, of Thompson Aeronautical; Messrs. Holland and Letson, of the United States Airways; Messrs. Robbins and Hahn, of the Pittsburgh Aviation Industries; Mr. Clifford Ball, of Clifford Ball, Inc.; Messrs. Russell and Wright, of Curtiss Flying Service; Messrs. Moore and Woolman, of the Delta Air Service. These last two parties came to the conference without an invitation from the Postmaster General.

Postmaster General Brown opened the meeting by discussing the general provisions of the McNary-Watres Act and told the operators that he had prepared a new air-mail map, which he exhibited, and that he wanted the routes divided among the air-mail contractors who were present. He further told them that he wanted three competitive transcontinental routes; that he wanted the companies that were operating in the territories to have these routes and that he would try to work it out for them by the extension method, and if he could not do that he would have to put up the Central and Southern Transcontinental routes for competitive bids. He stated that those present should get together and try to determine who would be the operating company to operate these two new transcontinental routes. At the time of that conference the Postmaster General thought that he could let the two transcontinental routes without competitive bidding as he was under the impression that he could let both of the entire routes by various extensions.

At the first meeting Mr. Maddux, of the Transcontinental Air Transport, stated that if his company did not receive an air-mail contract it could not live, and that he was eager to see a plan worked out other than one providing for competitive bidding. Clark, representing Halliburton, stated that he would prefer not to have competitive bidding. Lew Holland said, "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions." Hanshue said, "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding." Coburn said, "I believe there is a community of interest among the operators in every department, and they are ready to cooperate and find out how to do it." Wheat said, "I feel sure the entire group would be delighted to go into such a conference and work it out along the lines suggested." MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees, or a western and an eastern committee. Cuthel suggested that certain members of the group present to the Postmaster General a grouping of the companies to deal with the Southern and Mid-Continent Transcontinental routes. The above proceedings of the first day of the conference were taken down in shorthand by Earl B. Wadsworth, superintendent of the Air Mail Service, and transcribed on May 20, 1930.

The air-mail operators held numerous conferences between May 20 and June 4 in the office of the Postmaster General; William P. MacCracken as chairman. Postmaster General Brown and Second Assistant Postmaster General Glover were present from time to time at the various meetings. It was impossible for the operators to agree among themselves as to who would operate

all of the various routes designated by Brown's new air-mail map. On June 4, 1930, Chairman MacCracken submitted a report of the conference to the Postmaster General, stating that the committee had held numerous sessions and that it was now submitting with the report a map indicating its recommendations, as well as the problems which remained unsolved; that the committee had made a study of 12 routes and had agreed upon recommendations as to 7 of these, while as to the remaining 5 there were still some matters in controversy, and all agreed to submit the issues to the Postmaster General, in the hope that a satisfactory solution might be reached. None of the passenger operators without mail contracts were invited to this conference, which has generally been referred to as the "spoils conference." It was unquestionably the purpose of Brown to let all of the new routes by the extension plan, without competitive bidding. Since the air-mail operators could not agree among themselves as to who would operate all the routes it was agreed that Brown would act as umpire in the award of those routes still under controversy. At this conference it was understood that the American Airways would have the southern transcontinental route and the Transcontinental Air Transport and the Western Air Express would jointly receive the central route. It has been stated by some that the investigation of the spoils conference has been an ex parte proceeding and that the air-mail contractors had no opportunity to be heard prior to the annulment of the various existing contracts. The Senate investigating committee, of which Senator HUGO BLACK is chairman, has gone into the investigation most thoroughly and exhaustively. They have not only heard from those whose air-passenger lines were not invited to the spoils conference but have received testimony from a number of the air-mail contractors who were present at said conference. Many damaging and startling admissions with reference to collusion and an agreement to prevent competitive bidding have been received by the Black committee from air-mail contractors who were present at the spoils conference. The following representatives of air-mail contractors who were present at the various conferences held in the office of Postmaster General Brown, soon after the passage of the McNary-Watres Act, had testified before the Senate investigating committee prior to the annulment of the air-mail contracts by Postmaster General Farley:

D. M. Sheaffer, representing Transcontinental Western Air; F. G. Coburn and Hainer Hinshaw, representing the Aviation Corporation of Delaware, of which the American Airways is a subsidiary; Col. Paul Henderson, representing United Aircraft, of which the United Airlines is a subsidiary; Earl P. Halliburton and Ted Clark, representing Southwest Air Fast Express. The following air-mail contractors who were present at the above-mentioned conference have testified before the Senate committee since the annulment of the air-mail contracts: Col. L. H. Brittin, representing Northwest Airways; Clifford Ball, representing Clifford Ball, Inc.; Alfred Frank, of the National Parks Airways; and Harris M. Hanshue and James G. Woolley, of the Transcontinental Western Air. These parties have testified in detail with reference to the purpose of the spoils conference and the object thereby accomplished as a result thereof. Hinshaw, of American Airways, testified under oath that the conference was held for the purpose of dividing the routes among the air-mail contractors who were present; that it was understood that the air-mail contractors would have to take the division the Postmaster General made, and that if they attempted to interrupt or try to make bids that he would cancel the certificates which they held or refuse to issue certificates in substitution for existing contracts; further, that Postmaster General Brown told him at the opening meeting that they should get together and determine who would be the operating company to operate the new transcontinental routes; that Brown thought at the time that he could let these two new transcontinental routes by the extension plan without competitive bidding; that there was an agreement reached on some of the routes, while they could not agree among themselves as to how they would divide certain other routes; that it was agreed that the American Airways would have the Southern Transcontinental route and the Transcontinental Air Transport and the Western Air Express would jointly receive the central route.

Mr. Hinshaw further testified as follows:

"The CHAIRMAN. Mr. Hinshaw, you knew, did you not, before these contracts were let, just who was going to get them? That was arranged before the contracts were finally signed up?"

"Mr. HINSHAW. We did not think anybody would bid against us on the southern route."

"The CHAIRMAN. It was understood, was it not, that those companies were going to get those lines that did get them? That was the understanding of Mr. Brown?"

"Mr. HINSHAW. That was the way he worked it out."

"The CHAIRMAN. And when Mr. Brown found out that he could not let them by extensions, I will ask you if you did not tell Mr. Woolman that Mr. Brown almost had a stroke of apoplexy when the Comptroller General's decision came out?"

"Mr. HINSHAW. He probably did."

"The CHAIRMAN. He did not want to advertise them?"

"Mr. HINSHAW. I think that is the way he wanted to do it."

D. M. Sheaffer testified that he was chairman of the executive committee of the Transcontinental Air Transport; that he was present at the conference and that the air-mail operators who were present found it very difficult to agree on which route would go to which company, and that there was considerable controversy among themselves as to which company would get certain routes; that not being able to agree on all the routes, they finally reached the conclusion to let Postmaster General Brown act as umpire in

awarding the routes; that it was evident that the Central Transcontinental route would be awarded to the Transcontinental Air Transport and the Western Air Express, providing they made a joint bid; that Postmaster General Brown was contemplating letting all the new routes by extensions and not by competitive bidding.

Coburn, who was formerly president of the Aviation Corporation of Delaware, testified that he was present at the conference; that Brown expected that those granted any contracts or extensions to do as he said with reference to which lines that tried to get them; that after the Postmaster General made his statement at the initial meeting he said "I will leave you and you just go ahead and work it out." "We decided that we could not agree upon all the routes and thereupon we agreed to turn the matter over to the Postmaster General and we would abide by his decision. Brown said at the first meeting that 'we are going to establish these two transcontinentals and until those are established we are not going to exchange any certificates for contracts nor am I going to make any extensions or any modifications in the method of paying for the mail'; that at that time it was thought that the two transcontinental routes could be let by extensions without competitive bidding. It was understood during the conference that the American Airways would receive the southern transcontinental route and the T.A.T. and Western Air Express would jointly receive the central transcontinental routes; that he did not anticipate any trouble from the other two large companies, namely, United Airlines and the T.W.A., on the southern transcontinental route. He testified in part as follows before the Black investigating committee:

"The CHAIRMAN. You surely did not fear any of the companies that would be in there would go back on their agreement?"

"Mr. COBURN. No, sir."

"The CHAIRMAN. You knew that they would not bid?"

"Mr. COBURN. There was no formal agreement, but there was a general understanding."

"The CHAIRMAN. Of course, it was not signed on the dotted line, but you knew as far as these three big companies were concerned there was an understanding there would be no bidding on the line formerly allotted to their brother lines?"

"Mr. COBURN. I did not fear any of those companies that I had dealings with would come in and bid."

"The CHAIRMAN. You did not fear them?"

"Mr. COBURN. No, sir."

"The CHAIRMAN. Why?"

"Mr. COBURN. I understood that they were not going to bid and I had a great deal of confidence in that."

"The CHAIRMAN. That was the express understanding, that they would not bid?"

"Mr. COBURN. Yes, sir; but I did not know but that someone else would pop up."

"The CHAIRMAN. Would you have considered it ethically right according to the code of any standard of business that you have ever known to make an agreement that you would abide by that action and then bid contrary to that agreement?"

"Mr. COBURN. I would not."

"The CHAIRMAN. You did not have to put it in writing, did you? There is such a thing even in the aviation business as a gentleman's agreement?"

"Mr. COBURN. You see, Mr. Chairman, so far as I was concerned there was only one route I wanted to bid for. We left it to the Postmaster General to tell us where we were to operate and how to go to work."

A great part of the strongest evidence showing collusion and a combination to prevent competitive bidding has come from the sworn testimony of the air-mail operators themselves before the Black investigating committee. By their own admissions they have proven their own case against themselves. The record of the evidence before the Black investigating committee is full of damaging admissions and confessions made by representatives of the air-mail companies whose contracts were annulled by Postmaster General Farley.

In connection with the passage of the McNary-Watres Act there was much logrolling and political pressure brought to bear upon Members of Congress by the air-mail contractors in favor of the bill's passage, and Lehr Fess, son of Senator SIMEON FESS, was employed by one of the air-mail companies—the National Air Transport—to assist in the passage of the bill in the Senate. For his 2 days' services he was paid a fee of \$3,000.

Col. Paul Henderson, vice president of the United Aircraft & Transport Co., who loaned \$10,000 to Chase Gove, Deputy Second Assistant Postmaster General, whose office had charge of the Air Mail Service, and then destroyed the notes for the loan without ever receiving any payment on the loan, testified before the Senate investigating committee that he was present at the spoils conference; that Brown stated at the opening meeting that he believed that he had a right under the Watres bill to extend geographically the lines of certain or all of the present air-mail operators to include territory that the operators wanted to serve with air mail but which was not being served; that the plan outlined by Brown avoided competitive bidding and he told us that he wanted us to agree among ourselves upon a division of the routes.

Soon after MacCracken was elected chairman of the meeting Henderson said to him, "Bill, I wish that you would adjourn this meeting immediately." He told him that he thought that it was a great mistake to go on with the meeting further until they had some more definite information about the legality of the plan. In reply, MacCracken told Henderson that he was crazier than hell and that he would not adjourn the meeting. Henderson also

told Cuthel, of the American Airways, that he thought the meeting was an improper one and should be adjourned; that Congress had refused to eliminate competitive bidding, and that now Brown was offering a plan which had practically the objective of avoiding competitive bidding through the process of extension and subcontract. However, Henderson remained throughout the entire conference, and only those air-mail contractors who were present at the conference were recipients of various extension routes.

Col. L. H. Brittin was present at the conference, representing Northwest Airways, and he has testified under oath that Postmaster General Brown made up his mind to establish new routes after the passage of the McNary-Watres Act, without competitive bidding; that Brown called the operators together, handed them a new air-mail map, and told them to settle among themselves the distribution of the routes; that Brown stated on several occasions that he believed that the most efficient way of serving the country was by a monopoly of air lines; that the fact as to whether the conference was legal or not did not concern those present. Colonel Brittin said Brown told us specifically to "reach an agreement as to who would get each route and operate it."

After the spoils conference closed, Brown was advised by the Comptroller General, in a ruling known as the "Winnipeg decision" that the two transcontinental routes could not be awarded by the extension plan without competitive bidding. Thereupon Brown was forced to advertise the central and southern transcontinental routes for competitive bidding, said routes being first advertised for bids in August 1930. However, long before the routes were advertised it was understood that the American Airways would receive the southern route and the Transcontinental Air Transport and Western Air Express would jointly receive the central transcontinental route.

On July 15, 1930, several weeks before the transcontinental routes were advertised for bids, D. M. Sheaffer, of the Transcontinental Air Transport, submitted a memorandum to his company, which read, in part, as follows:

"For the transcontinental north to Los Angeles it was the desire of the Post Office Department that this be operated by one company, and as T.A.T. and the Western Air Express were the two important factors operating a large mileage on this route, it was the Postmaster General's suggestion that these two lines consolidate or in some manner work out an operating arrangement to that end.

"The Postmaster General having indicated that he could and would arrange so that the air-mail contract award would be promptly made to the Central Transcontinental, providing the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form and operate a company on the following basis, namely:

"That our physical property on the line or route should be put into a new company at its depreciated value and any difference on those property accounts should be made up by dollars on the basis of both companies having a like interest in the new transcontinental company; that a third, namely, the Pittsburgh Aviation Industries Corporation, which organization had done a great deal of valuable work in developing a new air line across the State of Pennsylvania, should have an equitable interest.

"These negotiations have been carried on in detail in conference with the Postmaster General, and the agreement submitted is the result.

"It is believed that the arrangement proposed, while it seems to exact heavy tolls and contributions on the part of T.A.T., is the best that can be worked out, and, in all, after considering the many potential factors, that it will result most favorably and advantageously to the corporate interest of the Transcontinental Air Transport."

The evidence disclosed that neither the Transcontinental Air Transport nor the Western Air Express desired to merge in order to get the Central Transcontinental route. They were forced to make the merger on account of Postmaster General Brown. They were given to understand that they would not get the route unless they joined together. Furthermore, Postmaster General Brown forced them to give the Pittsburgh Aviation Industries Corporation—a concern in which the Mellons were interested—a 5-percent interest in the new company in exchange for an airport in Butler, Pa.

Harris M. Hanshue, of the Western Air Express, wrote a memorandum to W. P. MacCracken and J. Frye, which read in part as follows:

"At the beginning of 1930, on the strength of the assurance of the Postmaster General, Western Air Express took over the Aeronautical Corporation of California and Standard Airlines, paying \$1,000,000 in round numbers for stock in that company, whose most important asset to us was Standard Airlines. The deal for the Aeronautical Corporation was barely completed when we were advised by the Postmaster General that we must sell the Standard Airlines to Aviation Corporation and combine our Kansas City and San Francisco divisions with Transcontinental Air Transport. This did not sit well with our directors and they advised me to stand 'pat' and insist on the Post Office Department giving us mail on our portions of the two transcontinentals. However, after the several conferences with the Postmaster General I could see that this could not be done without a battle which might upset temporarily the whole plan and work a hardship on everyone, so I consented to make an attempt to merge the properties of the Transcontinental Air Transport and Western Air Express on the Central Transcontinental on a 50-50 basis.

"As stated above this deal did not sit any too well with them and increased our dissatisfaction with the way things were going. This feeling was not alleviated any when they were advised that we had to sell the Dallas route for \$400,000 and take a \$600,000 loss on it and further, that we had to put up several hundred thousands of dollars to buy Western Air Express stock at 55 when the market is around 20.

"To sum up, the directors of Western Air Express are not pleased with the deal given them by the Postmaster General, nor with the merger with Transcontinental Air Transport whereby they lost their most valuable asset, the Alhambra Airport; nor with the two phases of the agreement with Aviation Corporation; nor with the fact that they have to negotiate a loan to meet obligations brought about by agreement, the emoluments of which they consider of doubtful value."

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BULWINKLE. These two companies, against the wishes of each, but under the instructions of Brown, made a joint bid on the Central Transcontinental route which runs from New York to Los Angeles, via St. Louis and Kansas City. During negotiations relative to the merger the two companies could not agree upon the value of Alhambra Airport, belonging to the Western Air Express, and agreed to leave the question of value of this airport to the Postmaster General. On July 30, 1930, Brown wrote Sheaffer, of the Transcontinental Air Transport, as follows:

MY DEAR MR. SHEAFFER: After hearing from the representatives of the Treasury and Post Office Department who investigated the value of the Western Air Express airport at Los Angeles, I am appraising the land involved at \$4,000 an acre as of the 1st day of January 1929.

I have advised Mr. Hanshue of this figure, and he has stated that the same is satisfactory to the interests which he represents.

The valuation placed upon this property by Brown was accepted by both companies. The Transcontinental Air Transport and the Western Air Express made a joint bid of 97½ percent of the maximum rate allowed on the Central Transcontinental route. Another company, the United Aviation Co., which was composed of three air companies, namely, Ohio Transport Co., Pittsburgh Airways, and United States Airlines, made a bid of 64 percent of the maximum rate on the same route. These were the only bids on the route, and when the bids were opened Second Assistant Postmaster General Glover, who was in charge of the Air Mail Service under Brown, was away from Washington. When he heard about the low bid of United Aviation Co. on this route he wrote his deputy, Chase Gove, that he knew that he would not accept any strengthening documents to the bids, but wanted to be sure; that he wanted Earl Wadsworth, who was Superintendent of Air Mail, to go through the bids and have their failings all gleaned out for the Postmaster General when he got home.

Then, on September 12, 1930, Glover, who was still out of the city, wrote Gove that Henderson had just phoned him that Lou Holland phoned him that Letson had just wired his people in the East to lay off of the whole thing, and that he knew nothing to do except make the award to the high bidder and let it go. Mr. Glover was referring to the high bid of the Transcontinental Air Transport and Western Air Express. Letson, whose name was mentioned in this letter, was the owner of the United States Airlines, one of the three companies interested in the bid of United Aviation. On September 17, 1930, Glover wrote his deputy, Chase Gove, as follows:

DALLAS, September 17, 1930.

Your telegram to hand and your letter of the 13th.

Well, the award has been made. Understand down here that Wedell Williams' plan to bring some kind of action against the Postmaster General, as Aviation Corporation did not carry out their bargain with them. Halliburton is going to make a statement saying the Postmaster General is really not requiring what he did in the ads. Take it that the award was not made to Pan American on South American route.

Did not receive your letters until this morning, so could not wire you regarding telegrams.

Believe we can work out of Aviation bid. Halliburton is going after Letson and even Letson's stockholders do not approve of this action.

Do not know what you told the Postmaster General, but there is no use recommending the award be made to the high bidder and then getting cold feet and saying you will agree that we should throw out all the bids. We had all better stick together or we will all hang together.

Believe we could make award to the W. Air and T.A.T. and make a statement along with it that no one would object to except the unsuccessful bidders.

Tomorrow I hop over to Houston and there for Thursday and Friday, and then on to New Orleans, and should reach Washington Monday.

Over 700 delegates to this convention and believe me it is some organization. Fight on between Luna for president and O'Rourke, of Brooklyn; some fight. May affect the organization. Spent half day in Fort Worth on post-office site. Well, until later, I am very truly yours.

The low bid of 64 percent of United Aviation Co. was rejected and the high bid of 97½ percent of T.A.T. and Western Air Express was accepted. Soon after the award was made to these companies the Comptroller General inquired of General Brown why he had given this contract to the high bidder. In reply the Postmaster General advised that the low bid had been rejected because the company making same had not had 6 months' night-flying experience over a route of at least 250 miles as was stipulated in the advertisement for bids. This night-flying experience requirement was placed in the advertisement at the suggestion of the then air-mail operators and W. P. MacCracken, Jr., according to the statements of Earl B. Wadsworth, superintendent of air mail, and D. M. Scheaffer, of the Transcontinental Air Transport. This requirement was inserted for the purpose of preventing open competitive bidding because practically none of the independent passenger lines had the required 6 months' night-flying experience. Upon receipt of this information from Postmaster General Brown the Comptroller General held that the night-flying requirement was illegal and unauthorized by law and therefore the low bid could not be rejected on that ground. Thereupon Brown, with the aid of his executive assistant, Harold Graves, sent a lengthy document to the Comptroller General, advising that the low bid was further rejected because it was not a responsible one; that the low bidder was not qualified or equipped to carry the mail on this route. Relying upon the representations made by the Postmaster General about this matter the Comptroller General finally agreed to make payments to the high bidder under the contract. Again, I remind you that the Western Air Express employed the services of Earnest W. Smoot, son of ex-Senator Reed Smoot, to assist in this matter before the Comptroller General. After a favorable decision from the Comptroller was received, Mr. Smoot sent in a bill of \$15,000 for his services.

Not only did the Transcontinental and Western Air Express protest vigorously against the awarding of this route to the low bidder but MacCracken also detailed his objections to the low bid.

Chase Gove, Deputy Assistant to Assistant Postmaster General Glover, has made a written statement to the effect that he received the impression from Glover and Wadsworth that Postmaster General Brown was determined to award the contract to the high bidder; that Wadsworth told him that Brown wanted the contract awarded to Transcontinental Western Air, the high bidder; that he was told by either Glover or Brown to find some grounds or reasons by which they could disqualify the low bid of the Aviation Co.; that he was advised by either Brown or Glover to obtain from the representatives of the Transcontinental Western Air reasons why the low bid of the Aviation Co. could be disqualified; that he was requested to ask MacCracken to file a paper outlining his reasons why the low bid of the Aviation Co. should not be accepted; that he told Wadsworth that the whole matter was illegal; that he always tried to be a good soldier and obey orders; that he felt that he was doing wrong when he recommended the awarding of the contract to the high bidder; that he was just following instructions; that he thought it was a wise thing for him to stick by his recommendation to the Postmaster General,

although it was against his better judgment, because he wanted to hold his job; that he thought that he was carrying out the wishes of the Postmaster General; that he conscientiously and honestly believed that the Postmaster General was doing something which was against the best interests of the Department and the Government; that he felt he would suffer a demotion if he did not agree, and that he understood that no opposition to the Postmaster General would be tolerated; that he still considers that the award to the high bidder was improper.

If this contract had been awarded to the low bidder in this instance, the amount paid to him up until January 1, 1934, would have been \$4,974,686.92. During that period of time there has been paid to the high bidder on this route the sum of \$7,578,624.60, resulting in a loss to the Government of \$2,603,937.68 on account of the contract being awarded to the high bidder.

On the southern transcontinental route there was only one bid received. When this route was advertised there was the 6 months' night-flying experience requirement in it, just as in the advertisement for the central transcontinental route. There were several companies in the southern territory, including the Delta Air Service, Wedell Williams Co., and the Southwest Fast Air Express, who were very desirous of bidding on this route, but they had not the 6 months' night-flying experience, and therefore did not bid. They did not know at that time that the night-flying requirement was contrary to law and were prevented from bidding on account of such a requirement. Mr. Earl B. Halliburton, who was operating a company in the Southwest, was very eager to bid on this route, and would have made a bid in good faith on it if it had not been for the 6 months' night-flying experience, which his company did not have. It seems that Postmaster General Brown had very little admiration for Halliburton and that he wanted to take him out of the air-mail picture. Chase Gove, Deputy Second Assistant, has stated that Halliburton made a number of trips to the Post Office Department and that he got the impression that the Postmaster General would rather not deal with him as a contractor. Halliburton had sent some letters or telegrams, or both, to the Department threatening to expose what he believed to be irregularities in the air-mail set-up.

On July 8, 1930, Halliburton wired William P. MacCracken as follows:

When I and the other operators agreed that the Postmaster General should arbitrate the controversy regarding the air-mail route we believed he would act under whatever authority the Watres bill gave him without unwarranted delay. If the Watres bill does not give him the authority, then he should act under whatever authority he had prior to the enactment of the Watres bill. Unless he takes immediate action under the Watres bill and grants to the air passenger lines air-mail contracts in accordance with the provisions thereof I shall be compelled to withdraw my consent to the Postmaster General to arbitrate the air-mail routes and to demand not only the privilege of bidding on any route but shall take the necessary legal action to require a cancellation of any extension or route certificate that has been granted under the Watres bill. As chairman of the committee representing the operators, you will please advise me collect when and what kind of action I can expect the Postmaster General to take.

Halliburton was giving the Postmaster General much trouble and he was very desirous of having some of the large air-mail contractors buy him out so that he would get out of the picture. F. G. Coburn has testified before the Black committee that the American Airways bought out Halliburton because Postmaster General Brown told him that they had to do so; that he told the executive committee what his company should do under instructions from Brown, so on August 23, 1930, the American Airways and Halliburton entered into a contract whereby Halliburton's company would be bought out by the American Airways for \$1,400,000. This contract provided for the sale not to be consummated unless the American Airways secured the mail contract on the central transcontinental route. It was agreed in terms of the contract that Halliburton's company, known as the "Safeways", would make a joint bid with the Robertson Aircraft Corporation, a subsidiary of the American Airways,

on the southern transcontinental route and that the contract, if awarded to these two companies, would be assigned to the American Airways. The American Airways agreed to pay Halliburton \$1,400,000 in cash whenever the American Airways eventually received the mail contract for the southern transcontinental route. On the same day that the contract was entered into between American Airways on the one hand and Halliburton on the other, another contract was entered into between American Airways and T.A.T. and Western Air Express. By the terms of this contract the Transcontinental Air Transport and Western Air Express agreed to purchase from the American Airways 20,000 shares of stock of the Western Air Express for \$1,115,000 and also certain equipment owned by Halliburton's company for \$284,500, making a total of \$1,399,500. This contract was made contingent upon the American Airways receiving the southern transcontinental route and the T.A.T. and the Western Air Express receiving the central transcontinental route. Both of these contracts were executed in New York City and officials of all three companies were present when the agreement was made with Halliburton.

In accordance with the terms of the contract Halliburton and the Robertson Aircraft Corporation, a subsidiary of the American Airways, made a joint bid on the route. Since there was no other bid the contract was promptly awarded and then assigned to the American Airways. Halliburton received his \$1,400,000 and then retired from the aviation business. Halliburton has testified before the Black committee that the market value of his company was not over \$700,000 to \$800,000, although he received \$1,400,000 for it. F. G. Coburn, of the American Airways, has also testified before the committee that his company paid Halliburton much in excess of the real value of the assets of the company. Halliburton would have bid on this route in good faith if it had not been for the night-flying requirement. He endeavored to make a genuine bid with some of the large air-mail companies, but could not do so. He was informed through an agent that Postmaster General Brown said it would be necessary to sell his company out to the American Airways. He testified that Second Assistant Postmaster General Glover told him this:

I will ruin you if it is the last act of my life. You have tried to buck this thing the whole way through and you are not going to do it.

Halliburton had over a dozen modern planes, and was financially able to perform the contract. W. C. Skelly, Republican national Committeeman of Oklahoma, and a stockholder in Halliburton's company, wired Halliburton as follows on August 4, 1930:

After a thorough analysis of the air-mail situation, I am firmly convinced that it would be for the best interests for you and your associates and Safeways to work out a consolidation with T.A.T.

In reply Halliburton wired him:

I do not intend to merge with or to become connected with, or associated with T.A.T., who prostituted the names of Lindbergh and Earhart to the general public and then ask the taxpayer to pay for such prostitution. If you care to sell your stock to T.A.T. I have no objection.

On August 5, 1930, Halliburton again wired Skelly:

I did not intend sarcasm by my wire. The Postmaster General will not permit any of the operators to merge with Safeways. Northwest Airways and others have been warned that if they interfere with plans of the Postmaster General they will not get any extensions or route certificates.

On June 30 Halliburton wired D. M. Schaeffer, of the Transcontinental Air Transport as follows:

I do not consider that I have anything to gain by waiting until Congress adjourns. The Post Office Department should have acted on this matter more than a year ago, and if I could have secured the cooperation of those parties who now want me to cooperate, this matter could have long since been adjusted. It will be possible for me to leave here tomorrow afternoon for Washington, and unless I have definite assurance that there is to be immediate adjustment, I shall demand the right to bid on all extensions and any routes, and I am in better position to do this than anyone else in business.

Col. Paul Henderson testified before the Black committee that, according to Seymour, the general manager of the

National Air Transport, Postmaster General Brown stated Halliburton was to be "baled" out of the business and that it was going to cost approximately \$1,500,000 to get him out of the air-mail picture; that inasmuch as his removal from the business would be very beneficial to National Air Transport, in that it would remove competition, General Brown thought that National Air Transport should contribute approximately \$500,000 to get Halliburton out; that the National Air Transport, through Seymour, refused to make the contribution.

Halliburton was a stormy petrel in the air-mail game and was evidently a thorn in Brown's flesh. For that reason Brown forced Halliburton to be bought out.

On August 5, 1930, Erle P. Halliburton wrote Secretary of War, Patrick J. Hurley, in part as follows:

It is generally known in the industry that the Post Office Department intends that the Western Air Express and Transcontinental Air Transport are to organize an operating company for the transportation of mail over the central route from New York via St. Louis to Los Angeles, and that a subsidiary company of the Aviation Corporation is to be awarded a contract over the southern route from Atlanta, Ga., via Fort Worth, Dallas, and Los Angeles.

This letter was written just after the two routes were advertised for open, competitive bidding and before any bids were made.

As proof of Brown's favoritism to certain companies and his avowed purpose to prevent competitive bidding, I wish to read you a copy of a letter written by him to Capt. Thomas B. Doe on July 7, 1931:

Capt. THOMAS B. DOE,
Eastern Air Transport, Inc., Brooklyn, N.Y.

MY DEAR CAPTAIN DOE: Your letter of July 2 has received careful attention. While I, of course, appreciate the desirability of cordial relations existing between the various interests that are carrying the mails by air, I am of the opinion that the Department ought not to be drawn into controversies that are wholly outside of its jurisdiction.

I have stated frequently to the air-mail operators that in the present state of the industry it did not seem the part of wisdom to invade each other's territory with competitive services, and I do not believe that money paid for postal service should be used to set up services to injure competitors. In pursuance of this policy I suggested the abandonment by the Pan-American Co. of the domestic field in the United States, and as a result of that suggestion you are now negotiating with the Pan American Co. for the taking over of their Atlantic City service. Their field is the international service in Mexico, Central and South America, and West Indies. Consistently with the policy outlined, it would seem improper for any of our domestic air-line operators to use mail pay to invade the peculiar field of the Pan American Co.

For your information I have another letter from Mr. Vidal, of the Ludington Lines, protesting against the extension of your service to Atlantic City and again offering to carry the air mail from New York to Richmond at a figure of \$1,000 a day under the compensation paid the Eastern Transport Co.

Sincerely yours,

WALTER F. BROWN.

Maj. William B. Robertson, of St. Louis, offered to carry the mail from St. Louis to New Orleans for 40 cents per mile and failed to secure the contract and it was awarded to the American Airways by the extension plan, as follows:

An extension south from St. Louis to Memphis; another extension north from Jackson, Miss., to Memphis; and a third extension from Jackson, Miss., south, to New Orleans. These two extensions made from Jackson, Miss., were at right angles to the original route.

While we had offered to carry the mail at 40 cents a mile over the entire route, the contract was awarded to the American Airways to carry it for 63 cents a mile from St. Louis to Memphis and 89 cents a mile from Memphis to New Orleans. The pay to my company under my bid would have been about \$175,000 a year, while the pay to American Airways under its bid amounted to approximately \$345,000 per year.

This testimony was given under oath by Major Robertson before the Black investigating committee.

W. A. Letson, of United States Airlines, testified before the Black committee that his company was given an air-mail contract from Kansas City to Denver without competitive bidding; that his company was one of the three companies forming the United Aviation Co., which made the low bid for the central transcontinental route. Letson protested vigorously because the low bid was not accepted. It was

generally understood that if Letson would withdraw his protest against the high bid of T.A.T. and W.A.E. on the central transcontinental route that he would be given the air-mail contract from Kansas City to Denver. Letson testified that Postmaster General Brown told him that he could be given this route either by competitive bidding or by the extension plan. The Postmaster General further advised him that it would be best for him to get the route by the extension method, because that could be accomplished at once. The extension could not be let originally to Mr. Letson's company, because he had no air-mail contract route to which the extension could be made. Therefore, Postmaster General Brown awarded the extension from Kansas City to Denver to the American Airways line and immediately had the American Airways to assign the line to Mr. Letson's company. This was a mere subterfuge to avoid competitive bidding. Mr. Letson testified that he did not have any negotiations with the American Airways about receiving the assignment of this extension; that Postmaster General Brown arranged all the details for his company.

F. G. Coburn, of American Airways, has testified before the Black committee that Brown—

Told us that he wanted to give the American Airways an extension to Kansas City to Denver, and that he wanted the extension immediately sublet or assigned to United States Airlines; that the American Airways carried out General Brown's request, receiving the extension and immediately turned the same over to Letson's company without any negotiations or conferences between the American Airways and Letson.

The original route from Milwaukee to Detroit was extended across Lake Michigan to Muskegon, Mich. This extension was awarded to the Northwest Airways, and immediately thereafter the extension was assigned to the Kohler Airlines. The Kohler Airlines were not eligible for an original extension, and this method was used as a subterfuge to avoid competitive bidding. This agreement was made at the request of Brown, who wanted to take care of the Kohler Airlines without competitive bidding.

An amazing situation developed out of air-mail route no. 32 out of Pasco to Spokane to Portland to Seattle. The contract was awarded to Varney Airlines on October 21, 1929, at the rate of 9 cents per pound, for a period of 4 years. This route was consolidated with route no. 5 on July 1, 1930, and then the rate was changed to \$2.43 per pound. The following figures were furnished by the Air Mail Superintendent of the Post Office Department:

Amount paid previously to consolidation with route no. 5, \$12,230.39. Estimated amount paid subsequent to consolidation, \$1,019,500.78. Estimated amount that would have been paid if rate had remained 9 cents per pound subsequent to consolidation, \$67,591.41, making an approximate loss of \$951,938.37 to the Government. The above figures are inclusive for the period starting September 15, 1929, to December 31, 1933.

Clifford Ball, who was present at the spoils conference, has testified that he had an original mail contract from Pittsburgh to Cleveland; that he was desirous of having it changed for a route certificate; that Postmaster General Brown refused to make the substitution for him, advising him that he was not qualified to operate the line longer and that he had been guilty of violating the provisions of his contract; that Brown told him that if he would sell out his company to the Pittsburgh Aviation Industries Corporation (backed by the Mellons and other influential Republican leaders in Pennsylvania) he would arrange to get him a position with said company. Thereupon Ball was forced out of business by the following plan: It was agreed that Brown would give Ball a route certificate for his original contract, provided Ball would immediately on the same date assign the certificate to the Pittsburgh Aviation Industries Corporation, who would operate the route under the name of Pennsylvania Airlines; that Ball would be made manager of the Pennsylvania Airlines at a salary of \$12,000 per year, although Brown had been contending that Ball was unqualified, unsatisfactory, and undesirable; that Brown had charge of all these details, including the fixing of Ball's salary. This arrangement was carried out and, after Ball's certificate was assigned to the Pennsylvania Airlines, Brown then ex-

tended, without competitive bidding, the route on to Washington. The Pennsylvania Airlines could not be given an original route certificate for this route, as it had no original contract, and this assignment or subletting of the route certificate was a clear subterfuge to avoid competitive bidding.

The records of the Post Office Department show that for the period from January 1, 1931, to June 30, 1933, the Post Office Department had contracted for and authorized the payment for 28,000,000,000 pound-miles of air-mail service. There was actually used a little more than 11,000,000,000 of pound-miles of air-mail service by all air-mail companies. This would show that 40 percent of the service which was paid for was used by the Department. The Government has paid to all air-mail companies from the fiscal year 1930 down to December 31, 1933, the sum of \$78,084,897.09. Of this amount \$46,832,937.54 was for space never used. Only two contracts were let by the Postmaster General under pretended competitive bidding; namely, the contracts for the Southern and Central Transcontinental routes. There were 25 extensions let by Brown, with a total length of 8,685 miles. Many of the extensions were longer than the original lines. Route no. 9 has been extended from 664 to 2,265 miles with 4 extensions; route 11 has been extended from 123 miles to 331 miles with 1 extension; route no. 12 extended from 199 to 771 miles with 1 extension; route no. 16 from 345 miles to 517 miles with 1 extension; route no. 18 from 1,932 to 2,286 with 1 extension; route no. 19 from 1,580 to 2,418 miles with 3 extensions; no. 20 from 446 miles to 1,955 miles with 3 extensions; no. 27 from 773 miles to 1,421 miles; no. 30 from 1,208 to 1,538 with 2 extensions; no. 33 from 2,357 to 3,579 miles with 4 extensions; no. 34 from 3,333 miles to 3,996 miles with 2 extensions.

Prior to the annulment of the air-mail contracts three large air-mail companies—namely, United Aircraft & Transport Co., Aviation Corporation of Delaware, and the North American Aviation Co.—held about 92 percent of the entire air-mail business. There were only three small independent companies who held any mail contracts; namely, United States Airlines, Kohler Airlines, and National Park Airways. In the past the large air companies had interlocking directorates to a certain extent. The North American Co. is controlled by General Motors. The Aviation Corporation is controlled by E. L. Cord and his interests, and the United Aircraft & Transport by certain banking interests of New York.

In conclusion, I have presented to the House the salient facts connected with the cancellation of the air-mail contracts, and again I state that I know of no person who is fair-minded and honest and who is not actuated by partisanship or pecuniary motives who can truthfully say that the United States Government should have continued paying out enormous sums of money upon contracts which were procured through fraud and collusion and which were contrary to public policy. The President of the United States and Postmaster General Farley and his assistants in the Department ought to be congratulated upon doing their duty even though it has subjected them to partisanship criticism and the Nation owes to Senator Black and his committee its gratitude for uncovering scandals, corruption, and fraud which are equal in every way to the scandals which we had under a former administration and which were known as the "Teapot Dome scandals."

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert certain evidence I have here, which I did not read.

Mr. TABER. Mr. Speaker, reserving the right to object, I think we should have some information as to what the evidence is.

Mr. BULWINKLE. It is some of the testimony taken by the Black committee, and remarks of mine.

Mr. TABER. How extensive is it?

Mr. BULWINKLE. It will cover probably five or six letter-size typewritten pages.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BYRNS. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Tennessee.

Mr. BYRNS. May I ask the gentleman this question: In view of the evidence of fraud, collusion, and graft which the gentleman has detailed at least in part to the House in connection with the making of these contracts, after these facts were developed and brought to the attention of the Post Office Department, would not the Postmaster General and the administration have been put in the position of condoning what had been done if they had not taken some action with reference to those who had profited illegally?

Mr. BULWINKLE. It was the absolute duty of the administration to cancel these contracts.

Mr. RICH. Will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Pennsylvania.

Mr. RICH. If in the judgment of the gentleman there was all of this collusion and graft that the gentleman has spoken of and he is desirous of doing everything to help the country, why does not the gentleman use the influence that he has in trying to see that a just trial is given these people, and if they are guilty let us put them where they belong. If they are not guilty, then let us exonerate them.

Mr. BULWINKLE. Is the gentleman speaking of a criminal trial or civil trial?

Mr. RICH. I do not care what kind of a trial it is. If we have men in this country who are crooked, let us punish them; but I say they ought to have a fair trial.

Mr. BULWINKLE. I agree with the gentleman.

Mr. RICH. If the gentleman is interested in trying to see justice done, he will see that the men get a fair trial.

Mr. BULWINKLE. It is just as much the gentleman's duty to do that as mine. [Applause.]

[Here the gavel fell.]

Mr. CHASE. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 1 additional minute in order to answer a question.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. CHASE. Was the gentleman present on the floor of this House when the Post Office appropriation bill came up for our consideration and at the time the statement was made by the very fair and candid chairman of the subcommittee, Mr. ARNOLD, that a considerable portion of the appropriation was for the payment of a subsidy? If the gentleman was present, did he vote "no" at that time?

Mr. BULWINKLE. I do not remember being present when he stated that, and while I may have voted for a subsidy, what was going on with reference to these air-mail contracts was worse than any subsidy, and that is no excuse for the conduct of these companies; and I know the gentleman's position.

Mr. ARNOLD. The gentleman is also well aware of the fact that much of the fraud and corruption developed subsequent to that time.

Mr. CHASE. Did any of this evidence that the gentleman is presenting here develop subsequent to the latter part of February?

Mr. BULWINKLE. I have forgotten when it was.

[Here the gavel fell.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPORT OF SECRETARY OF STATE (H.DOC. NO. 288)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 21, 1934.

INTERSTATE AND FOREIGN COMMERCE COMMITTEE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may be allowed to sit this afternoon, tomorrow, and Friday during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEGISLATIVE APPROPRIATION BILL, 1935

Mr. LUDLOW. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; and pending that I ask unanimous consent that general debate close with this afternoon's session.

Mr. SNELL. Do I understand the gentleman intends to just get to the reading of the bill this evening?

Mr. LUDLOW. We will read the first paragraph.

Mr. SNELL. That is satisfactory.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. O'CONNOR in the chair.

The Clerk read the title of the bill.

Mr. LUDLOW. Mr. Chairman, I yield 25 minutes to the gentleman from New York [Mr. Sisson].

Mr. SISSON. Mr. Chairman, I am speaking in support of House concurrent resolution 32 introduced by the gentleman from Connecticut [Mr. KOPPLEMANN], which requires an investigation by the Federal Trade Commission of the conditions with respect to the sale and distribution of milk and other dairy products in the United States.

The question as to what action, if any, should be taken by the Federal Government in the way of furnishing some means of regulation and control of the production and distribution of milk and other dairy products in this country is not only a nonpartisan question, but it seems to me that it is or should be a noncontroversial question. It is one of the most vital matters in which this House, the greatest parliamentary body in the world, can interest itself. Next to air and water, the most vital necessity in our physical life is milk.

The need of a sufficient supply of pure, wholesome milk and milk products, the need of insuring to the consumers thereof a fair and not exorbitant price for milk and other dairy products, the need of securing to the producers of milk and other dairy products, the dairy farmers of this country, a fair price, the need of saving the dairy farmers of our country from ruin, now confronting them, the need of stabilizing the dairy industry, one of the most basic and fundamental industries of our country; these needs, I say, are so great and so pressing at this time that even as a new Member of this body, I feel no hesitation in directing the attention of every Member of the House to this subject.

Milk has not, so far as I know, by the statute of any of the several States, been made a public utility, but I submit to you that it ought to be.

I am asking that when the Kopplemann resolution, which has been referred to the Committee on Interstate and Foreign Commerce, is brought by that committee before you that you pass it because I believe—and before I shall have finished I expect to show you that through the study of this question and, in fact, I may say living with it, I have a right to claim I know something about it—that such an investigation as is called for by this resolution is the first step in insuring a fair price to the consumers of milk and

dairy products and a living price to the producers of milk and other dairy products, the dairy farmers of this country.

It is not our purpose here to set up another administration of the Federal Government. We want to secure for the record figures as to the cost of production of milk, the price necessary to be paid to the dairymen for fluid milk and dairy products to enable them to have a little profit and to live, the lowest possible price to the consumers of milk and dairy products, and, of course, involved in this, what is a fair spread to the big distributors and the retail dealers of fluid milk. We want to find out if it is necessary and possible for the Federal Government to help the several States or parts of States composing each given milkshed to set up such authority or form such an agreement as may be necessary to regulate and control the production and distribution of this great utility with fairness to the producer, distributor, and consumer.

The dairy farmer is not here asking a hand-out from Uncle Sam. He does not want a subsidy; neither does he want a code imposed upon him by Federal authority.

I am going to try to make you all see—as I know that many of you already do see—that this subject is a matter of Federal concern, of concern to the Congress, of vital pressing importance and one that should challenge the careful consideration of every Member of the House.

Regardless of our antecedents or ancestors, from whatever section of the country we may come, however we may divide, politically or otherwise, whether we came from distinguished or obscure beginnings, there is one respect at least in which we meet upon common ground, for with due apologies to one of our greatest American writers, the delightful Mark Twain, "We all were once babies."

It is a concern of the Congress to help to remove means of oppression and means of injustice, barriers which may prevent the present generation and the coming generations from securing a fair start in life and a fair chance to earn a living and to live with the endowment of sound minds and sound bodies, and one of the vital things required to do this is to assure the present and the coming generations of a sufficient supply of milk and dairy products at moderate prices; and in order to do this and also to help the coming of prosperity, to give that fundamental basic industry of this country—dairy farming—a share in the "new deal"; in other words, what they have not had for years, a "square deal", an opportunity to produce their product at a reasonable profit.

I know that most of the Members of this House do not need to be told by me that the dairy farmer is in a sad plight, a plight as bad, if not worse, than the cotton grower of the South was in; and I ask that if we go along with those of you from the West who are attempting to help the wheat farmer and those of you from the South who are attempting to help the cotton grower, that you assist not by means of a grant or subsidy, not by means of another alphabetical administration, but by this investigation of conditions, this basic industry of my State and of many of the other States of this country in taking its rightful place.

We from the North know, as those of you who come from the other side of that river know, that this country is no longer sectional. We know that our interests are bound up with yours. We know that if your people suffer from poverty and economic ills, our people will eventually suffer from the same causes. We know that unless your people enjoy a fair distribution of the great wealth of this great country, our people cannot long enjoy the same good.

The same lifeblood pulsates and flows through the veins and arteries of the whole Nation, and so I am asking you to give your attention and your help toward removing what injures these dairy farmers for whom, in a very feeble and inadequate way, I am speaking today.

I know that there are gentlemen from the South who are interested in this question. The gentleman from Texas [Mr. EAGLE] has forcefully spoken of the conditions in his State. I know that the able Member from Minnesota, Governor CHRISTIANSON, recognizes this as one of our great problems; I know that my colleague on the other side of the

House, the able Member from the district adjoining my own, Mr. HANCOCK of New York, wants to help the dairy farmer; I know that my good friend and neighbor from New York, Mr. CULPIN, has been spending much time in an endeavor to help the dairymen of his section and of my own; I know that the brilliant and indefatigable Member from the Hudson Valley, Mr. FISH, will support any movement which will help to stabilize this industry, which is one of the most important of his district; the gentleman from Pennsylvania, Mr. CROSBY, who has introduced a resolution for an investigation and has done much work on this subject, will favor a complete investigation; also the gentleman from New York, Mr. WADSWORTH, will in the interest of the dairy farmers of New York State favor such an investigation.

Now, what does this resolution involve? It does not provide for any junketing expedition or any expenditure of money, although, if necessary, I say that such an expenditure would be justified. The Federal Trade Commission was created as a fact-finding body, and while we know what many of the facts are, we need to have them made susceptible of proof and put into the record. The Federal Trade Commission should be authorized and directed to make this investigation. It is equipped to do it. The Federal Trade Commission can call upon the Secretary of Agriculture and the Agricultural Adjustment Administration, which is now struggling with milk codes, to furnish its trained investigators and other personnel to assist. The Federal Trade Commission can call upon the Department of Justice to assist in this investigation, should it find it necessary to do so. This is a matter which cannot be handled adequately by any one of the States. We need some assistance from the Federal Government. We need the assistance of the Agricultural Adjustment Administration; and let me say that while I am opposed as representing the dairy farmers of my district—and I think I may say of many other counties in New York State—to the present proposed Federal milk code, still I have a great deal of admiration and respect for the present Secretary of Agriculture and I have a great deal of admiration and respect for and confidence in several of his subordinates in the Agricultural Adjustment Administration with whom I have come in contact while attempting to help the dairy farmers of my district. I have a right to speak to this House upon this question and to ask that eventually you all give your attention to it. I have not only spent many days and nights in the study of this question with the dairy farmers themselves and with their leaders and with the Federal officials, but I have lived with this question.

I attended the milk code hearings held in the early part of February in New York City and later continued in Syracuse at which a milk code or agreement was presented by the Agricultural Adjustment Administration for the producers and distributors in the New York milk shed involving the State of New York, the State of New Jersey, a large part of the State of Pennsylvania, the State of Connecticut, and a part of the State of Vermont. I believe that I was the only Member of this House who did attend those hearings and I did it at some sacrifice of comfort and time.

I was very favorably impressed, as were most of the leaders of the dairy farmers who attended those hearings, with the hearing Committee of Seven, of which committee Mr. Elmer Hayes was chairman. I came in contact not only with Mr. Hayes, but with two other gentlemen on the committee, Mr. Sadler and Mr. Stone; and while as representing the dairymen of my section I am opposed to the code which was presented there, I think there is no just criticism that can be made of any of the men who conducted the hearings or of the Agricultural Adjustment Administration. I came from those hearings convinced, as also did the leaders of the group of 35,000 dairy farmers, the New York State Producers Federation, that the Agricultural Adjustment Administration do not want to impose a code for the New York milk shed or for any other milk shed contrary to the wish of any substantial proportion of the dairymen producers in such shed; and while we were last summer and fall in danger of having

an unfair milk code rammed down our throats, a code written not by or in the interest of the dairy farmers but in effect written by and solely in the interest of certain alleged cooperatives and of the big distributors, it is my opinion that that danger is past.

The imposition of such a code was blocked by an effort in which I am proud to say I had some part, and when the attention of the Secretary of Agriculture and the Agricultural Adjustment Administration was called to the fact that the man who had supervised the preparation of this code was doing it in the interest of an alleged cooperative and certain big distributors, that certain official was asked to resign.

I have been requested by an organization of 35,000 dairymen—the New York State Milk Producers Federation—to try to get the Congress to order an investigation of the dairy industry, and pursuant to their wishes I had intended to offer such a resolution. Upon examination of the resolution prepared and offered by the gentleman from Connecticut [Mr. KOPPLEMANN] and after conferring with the Agricultural Adjustment Administration and the Federal Trade Commission, as well as with the leaders of the organization of dairymen for whom I am speaking, I came to the conclusion that the Kopplemann resolution would bring about the taking of the first step toward the goal which we are seeking.

Now let me tell you one or two of the principal reasons why the passage of this resolution is of immediate necessity for the great city of New York and the State of New York, as well as for the several other States and parts of States which form a part of the New York milkshed. I believe, from talking with other Members of this House from various parts of the country, that conditions similar to those which I shall attempt briefly to describe obtain generally in the entire dairy industry of the country, differing, of course, in different localities.

I shall, however, confine myself naturally to my own State and particularly to my own district, which I know more intimately.

Last summer we had a milk strike extending through the greater part of the dairy sections of the State of New York. It cost a loss almost irreparable to many farmers, whose condition was already bad enough. It was aggravated by the outrageous and arrogant conduct of some units of the State police. There was some blood shed and there was danger of more. The condition of these same farmers today is not improved. It has been growing worse ever since, until today they are desperate. Bear in mind these farmers are Americans. Most of them American for generations back. They are individualists—rugged individualists, if you please—not given to herding together in turbulent mobs or taking the law into their own hands; and yet, desperate as many of them are, I shudder at what the coming summer may bring forth unless some glimmer of hope is held out to them whereby they may avert the ruin of lost farms, impending bankruptcy, and suffering from poverty on the part of their wives and children. We are, in the language of the gentleman from Texas [Mr. SUMNERS], "all in the same boat", and unless we protect the dairy farmers in getting a part of the new deal; unless we help to stabilize this basic fundamental industry we shall all go down together.

Now, what I advocate as a remedy is not important. I believe in State rights. I am, if you please, a strict constructionist. I believe in State control; but this is an interstate question. And why? Because as this investigation will show, the big dealers play off the milk producers in one State against the milk producers in another State and artificially create a surplus, thereby preventing the Milk Control Board or other regulatory boards of any of the several States from protecting either the producer of milk and milk products or the consumer of milk and milk products, and effectively thwart and render futile the effort of the State governments to prevent these big cooperatives and big distributors from wickedly combining and fattening themselves upon the toil of the dairymen as well as upon the consumers of milk in the cities.

I would not have you think that these dairy farmers—at least the ones whom I know—are holding out any threat of

disorder or violence. These farmers are one of the bulwarks of our form of government and of our institutions. Of all our people they are among the most reluctant to resort, for a redress of grievance, to violence or methods other than the orderly processes of law and government. But even their patience, their endurance, may come to an end, for hope for them has been so long deferred that even their stout hearts may well become sick.

The poet, Gray, immortalized the English farmer of many generations ago and well described his rugged, sterling qualities:

Beneath those rugged elms, that yew-tree's shade,
Where heaves the turf in many a mould'ring heap,
Each in his narrow cell for ever laid,
The rude forefathers of the hamlet sleep.
The breezy call of incense-breathing morn,
The swallow twitt'ring from the straw-built shed,
The cock's shrill clarion, or the echoing horn,
No more shall rouse them from their lowly bed.

• • • • •
Oft did the harvest to their sickle yield,
Their furrow oft the stubborn glebe has broke:
How jocund did they drive their team afield!
How bowed the woods beneath their sturdy stroke!

I would that I had the ability of the poet to bring before you a picture of the plight of the farmers in what might be called the relatively prosperous districts of my own State. I am sure that my colleagues from the State of New York who represent dairy sections will all tell you that I do not exaggerate the plight and desperate need of these dairymen or overdraw the picture or overly stress the necessity of affording them some relief.

Bowed with the weight of unremunerative toil, carrying a heavy load of land taxes for county government and for schools, in many instances burdened with debt of mortgage, principal and interest, in not a few instances with taxes unpaid upon his farm for several years, receiving for his principal cash product, milk and milk products, for much of the time far less than the cost of production, the farmer sees little hope unless the oppressive monopolies and combines which prevent him from securing a fair price for his product may, through the intervention of the Federal Government, be broken up.

I have tramped over the hills of Oneida and Herkimer Counties in my district, the heart of the Mohawk Valley, one of the richest milk-producing sections in the world, and I know the condition of these dairy farmers. I know that there is many a home right in these dairy sections in the Mohawk Valley where the farmer's children, even when milk brings the farmer only 3 cents a quart, do not have what every child should have for health, a quart of milk a day, because every quart of milk must go to the city to pay the interest on the mortgage and to keep the family from losing its home. The parents look forward in the summer to the coming of Labor Day with nothing but dread, because then is the time when they must scrape together a few more dollars to buy school books and shoes for the children so that they can go to school. These children are receiving less care, fewer pleasures, less nourishing food, and we find more cases of undernourishment among them than even among the poor in our great cities. And despite all this, these dairy farmers ask nothing from the Congress or the Federal Government except to help them get justice and fair play.

Now, if we are to have an investigation, it should, of course, be unnecessary for me to tell you in any detail what the investigation will disclose; but I want to tell you enough, if you do not already realize it, that you may appreciate the importance and necessity of passing this resolution. I shall attempt to speak only of conditions prevailing in the State of New York. And one of the purposes which I expect this investigation will accomplish will be to show the unholy alliance existing between that alleged but not real cooperative, the Dairymen's League, and that great distributor, Borden's, of New York.

I have been so fortunate in the course of my study of the dairy problem as to have the assistance and counsel of a man who I believe knows as much about this problem

as any man in the State of New York, and probably as much as any man in the country. I refer to Mr. John J. Dillon, the editor for many years of the Rural New Yorker, a paper which circulates throughout all of the dairy sections in the States of New York, Pennsylvania, New Jersey, Connecticut, Vermont, and elsewhere. Mr. Dillon is something over 70 years young. He is recognized among the dairymen as their faithful friend and wise counselor, and as a thorn in the flesh to the pseudo-cooperatives and the gouging distributors. And for many of my facts in these remarks, and also for information which I hope to point out to the commission making this investigation, I am relying upon Mr. Dillon.

Let me briefly outline the history of the centralized dairy organization in the State of New York.

In this State we have a typical example of centralized dairy organization at its worst. Eighteen years ago our dairy farmers organized themselves into a simple form of association and succeeded not only in increasing the price of their milk without extra cost to consumers but united all the commercial milk producers in the State in one association known as the "Dairymen's League."

In 1920 the management reorganized into a typical centralized corporation, namely, the present Dairymen's League Cooperative Association, Inc. It then formed an alliance with the Borden Milk Co., which has by far the largest milk outlet in the New York metropolitan market. This unholy alliance promptly proceeded to divide the once-united farmers into groups. One of these groups was the reorganized Dairymen's League. These dairymen were tied up in an iron-bound contract to sell all their milk through the Dairymen's League, to accept whatever price was returned, and to waive their right to an accounting. The contract authorized the association to make deductions from the milk bills for expenses and for capital fund in any amount required by the management. With the funds so collected the Borden-league alliance then bought up at fabulous prices the business of about two dozen of Borden's successful competitors. The profitable distributing end of these businesses was absorbed by Borden's. The country receiving plants were retained by the association.

Dairymen who were unwilling to sign the one-sided iron-bound contract were then coerced into doing so. The Borden Co. would buy only through the Dairymen's League. The league would handle the milk only of those who signed the contract. The combination—league and Borden—controlled more than 400 country receiving plants. When there were two or more plants in a neighborhood they closed and dismantled all but one. The farmer could sign the contract and deliver milk to them or sell his cows.

The State and Federal law exempts the league as a farm cooperative from restraint-of-trade laws. The monopoly control by the alliance existed without apparent technical legal violation of antitrust laws.

Under the sales plan the Borden's supply of milk is shipped daily on consignment for a month. It is sold for fluid consumption of milk and cream and for manufacture in nine classes, depending on the use made of it, and a descending price for each class. This is the so-called "classified or blended price plan." The dealer makes the record of the volume sold in each class. There is no way to check this record. The dealer works out a blended price which he is to pay the league per 100 pounds for all the milk. The league then works out a blended price for all milk it handled for the month, makes its deductions, and on the 25th of the following month the farmer for the first time learns the price of the milk he delivered the previous month. In effect the milk is handed over to the dealer with the privilege of making his own price for it.

In the early part of 1933 the price of milk to the farm was so low that a State law in the New York authorized the State milk control board to set a minimum price to producers and a maximum price to consumers. The Dairymen's League opposed the fixing of the higher price to farmers, but with other dealers approved the higher price to consumers. A "joker" in the law, however, authorized the Dairymen's

League to make deductions on returns to its producers for alleged services. In consequence, its price to producers has been from 40 to 50 cents a hundred pounds less than others paid. This allowance made it possible for the league to cut prices in its capacity of a dealer to consumers and retail distributors and take the difference out of its returns to producers. This practice has broken down the city price and left the State board powerless to enforce its city price regulations. As usual this chaos has resulted in a reduction in the price to farmers. This plight in the local industry is due to the classified-price plan insisted upon by the league-Borden alliance and the "joker" in the State law which compels other dealers to pay farmers the price fixed by the board but allows the alliance to pay its producers less.

From the time the league-Borden alliance was formed, in 1920, to the early part of 1933 the farmer's share of the consumer's dollar was reduced from 36 cents to 15 cents and the dealer's share increased from 64 cents to 85 cents.

The league earns no profit. Its business as distributing dealer is run at a loss.

In 1916 the Borden Co. had common stock of about \$30,000,000, on which it paid various rates of dividend up to 12 percent. Since the alliance its \$7,000,000 of preferred has been liquidated. Its capital stock is now about \$90,000,000. In 1931 it reported a net return of 38 percent after executive salaries, depreciation, and all taxes were deducted. Producers have no information of the volume of their milk that goes to the Borden Co. or of the blended price paid the league for it. They were obliged to waive an accounting in the contract with the league.

Figures as to the enormous profits of distributors in several of the milksheds have recently been made available through an audit by the Agricultural Adjustment Administration. No such audit has been had as yet of the distributors supplying the New York City market. It is, however, some indication of their profits that in the report recently made by the Federal Trade Commission to the Senate the combined salary and bonus of Arthur W. Milburn, director and president of the Borden Co. of New York, during the 6 years, 1928-33, inclusive, average well over \$150,000 a year, the best year for Mr. Milburn, namely, 1931, being \$180,030 and a comparatively poor year, namely, 1933, being the paltry sum of \$100,000, while the salary of one Patrick B. Fox, vice president of Borden's, was \$101,645 in 1930 and \$104,040 in 1931. For some reason his salary is not reported either prior or subsequent to these 2 years.

The Dairymen's League has liabilities of \$26,000,000. Of this \$13,000,000 is due farmers on certificates of indebtedness; and \$3,500,000 on account for milk; and \$3,450,000 for loans from the Federal Government. The remainder is due on open accounts.

The Dairymen's League has handled more than \$80,000,000 worth of milk in a year. Its expenses for a single year have been up to \$29,000,000. It has never given its producers a complete detailed monthly accounting, nor a full profit-and-loss monthly statement for the association. Its producers do not have access to its annual statement.

The officers of the Dairymen's League are the only trustees I have ever known exempt from the obligation to make an accounting to their wards.

I have refrained from going into detail as to the waste and extravagance of the Dairymen's League and Borden's; the abuse and punishment of individual dairymen; and the loss and scandal that must ultimately result, if this autocratic and unaccountable combination is permitted to continue to the inevitable end. It has already demoralized a great industry and driven its helpless patrons to the brink of ruin.

The Dairymen's League and Borden's are at this very moment attempting to rewrite the milk control law of my own State and perpetuate their vicious alliance, and by placing a former director of the league in control of the dairy industry enable them to continue to exploit the dairymen. For these reasons this investigation is of vital importance. Do not ignore the cry of my people and your people. [Applause.]

Mr. ARENS. Will the gentleman yield?

Mr. Sisson. I yield.

Mr. ARENS. The Borden's are distributing agents, and the New York Dairymen's League gathers the milk and dumps it into the lap of the Borden's, and they take the profit.

Mr. Sisson. The gentleman is correct in his statement. Through the Borden's and the Dairymen's League they have secured an exemption from the New York milk control law, so at the present time the Dairymen's League is exempt from the milk control law. We cannot do a thing; they can pay the producers any price.

Mr. KVALE. Will the gentleman yield now?

Mr. Sisson. I will yield now to the gentleman from Minnesota.

Mr. KVALE. I greatly sympathize with the gentleman's remarks. Will he permit me to read a few figures into his speech?

Mr. Sisson. I will not object to incorporating them in my remarks, but at this moment I should like to complete my statement.

The representatives of Borden's and the Dairymen's League are in the legislature at Albany right now trying to rewrite the milk control act.

Mr. CULKIN. Will the gentleman yield?

Mr. Sisson. I will yield to my colleague.

Mr. CULKIN. I notice a control law has been introduced into the New York State Legislature and places the Dairymen's League and all other cooperatives under the milk-control board. In other words, it is broader than the former statute, as I understand it.

Mr. Sisson. If I am wrong I wish the gentleman to correct me. I received word this morning that the Dairymen's League and other cooperatives are exempt. By contract it enables them to take out a certain number of cents per pound for expenses. Am I not correct?

Mr. CULKIN. I understand that in the proposed statute, and it is in its initial stages now, that advantage is eliminated.

Mr. Sisson. I hope the gentleman is correct. That will be an advance.

Mr. CULKIN. I do not predict the ultimate passage of the statute, but that is the form in which it is now.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. Sisson. Yes.

Mr. BLANCHARD. I take it from what the gentleman says that he is in general accord with the New York milk control law?

Mr. Sisson. I believe the control law was a great step in advance; but the law has certain defects, as every Member of Congress from the State of New York knows. I think milk should be made in effect a public utility. I think appointment to the board and power of removal should be in the hands of the Governor. I do not care whether he be Democratic or Republican, the power of appointment and removal should be vested in him and not in a board, and the members of that board at the present time—at least two out of three—hold their office ex officio. They are heads of other departments, and that is one of the defects of the law.

Mr. BLANCHARD. What I had in mind was this: New York and other States are putting into effect State-control laws, and, of course, the purpose is proper, to control milk so that the producer may be assured of a decent price. Yet I am informed that the A.A.A. now tells State authorities of those States where they attempt to enforce their State control laws that it, the A.A.A., will not enforce licenses. Of course, that is getting into another field, but that is the situation, which brings State authorities and State control in direct conflict with the A.A.A.

Mr. Sisson. I agree with the gentleman, but I think the A.A.A. is endeavoring to help them. As gentlemen here know who are interested in this subject and who are trying to protect the farmers, they did attempt to ram a Federal code down our throats, but we blocked it, and I am proud to say that I had a part in it, and certain other gentlemen

in this body had a prominent part in it also. That danger is past. Their present position is that they have nothing to sell. I represent directly 35,000 dairymen, and indirectly I represent the dairymen of New York State, and my friend from New York, Mr. WADSWORTH, and my friend from New York, Mr. CULKIN, are also representing them from the whole State, and I am opposed to the proposed Federal code, very much opposed to it. It is no improvement over the old dairymen-league plan, or the blended-price plan, or the classification plan, or the equalized plan. Let the Federal Government put us and put the public in possession of the facts and enable us to set up an interstate agreement or some authority. We do not want another administration; we do not want another code.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. Sisson. Yes.

Mr. CULKIN. The gentleman is experienced in this field. He has studied it closely. Does he not believe that for the protection of the producer in New Jersey, Pennsylvania, and New York there must be some control of the interstate phases of this through the A.A.A.?

Mr. Sisson. I absolutely agree with my friend.

Mr. CULKIN. We must have that, otherwise the effect of the State control law would be nil.

Mr. Sisson. But not through such a code as at present proposed.

Mr. CULKIN. There must be some code to control that phase of it.

Mr. Sisson. Possibly so, or something to be worked out in the future.

Mr. CULKIN. Some arrangements between the States.

Mr. Sisson. Yes; that is absolutely necessary.

Mr. ARENS. And the purpose of the gentleman's investigation would be to lay the facts before the Congress so that we could legislate properly at the next session.

Mr. Sisson. That is the only purpose, merely to put the facts on record.

Mr. ARENS. To get the real facts.

Mr. Sisson. And to put them on record so that they will be susceptible of proof. Mr. Chairman, I spoke of the Borden's a moment ago. There has been an audit showing the profits of the great distributors in many of the large markets. There has been no such Federal audit for the New York City market, which takes in several States in its milkshed. I spoke a few minutes ago of the enormous profits of the Borden's and of the enormous salaries and bonuses of some of their directors. I have no objection to a man's getting what he is worth, but it should be borne in mind that the milk farmers of my section are unable to pay their taxes, and when they cannot get 3 cents a quart for their milk, these salaries seem out of proportion.

Dr. Spencer, of Cornell, was called upon, not by the farmers of my section, not by the farmers of Pennsylvania or New Jersey, but by the Milk Control Board of New York—and 2 of the 3 members at least were in sympathy with the Borden's—to make an investigation, and his report showed that during the past 3 years the farmer of New York State got for his time, as payment for his wages, milking cows—for the only cash product that in at least 30 counties the farmers have, namely, milk and milk products—less than 2 cents an hour. I do not know whether those figures are correct or not, but I am accepting his conclusion, because he is a witness against and I cite him as an adverse witness.

The CHAIRMAN. The time of the gentleman from New York [Mr. Sisson] has expired.

Mr. LUDLOW. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. KVALE. Will the gentleman yield?

Mr. Sisson. I yield.

Mr. KVALE. I have been very glad to hear the gentleman has expressed himself so positively, but I wanted to have him make his position clear. I should like to have the gentleman from New York point out before he concludes that he prefers an investigation by the Federal Trade Commission, a quasi-judicial, fact-finding body, rather

than to have the investigation by the House or Senate, where political considerations may enter in and where it would not be as thorough-going as if the Federal Trade Commission conducted it.

Mr. Sisson. The gentleman states my position thoroughly. I have great respect and confidence in several of the men in the A.A.A. who will assist in this investigation. I know they are in sympathy with the investigation. They are willing to furnish their trained investigators and personnel, if called upon by the Federal Trade Commission, to assist in that investigation. I doubt if it will call for any appropriation whatever from us.

Mr. HENNEY. Will the gentleman yield?

Mr. Sisson. I yield.

Mr. HENNEY. Is not the Borden Co., to which the gentleman referred, the same company that has the slogan, "Contented Milk from Contented Cows"? [Laughter.]

Mr. Sisson. I think that is the Carnation Co.

Mr. HENNEY. I think the gentleman will agree the contentment goes back to the men who receive the salaries.

Mr. Sisson. The gentleman will agree that the farmers are not contented, and neither are the consumers.

Mr. HENNEY. Absolutely.

[Here the gavel fell.]

Mr. Sisson. I ask leave to revise and extend my remarks. I wish to incorporate herein certain figures furnished me by my friend from Minnesota [Mr. Kvale] which furnish further evidence that the big distributors are exploiting the dairymen.

The matter referred to follows:

EXHIBIT A

National Dairy Products Corporation, 12 months ending Dec. 31, 1932

	Cash salary
Thomas H. McInnerney, P.D. mem. ex comm.	\$168,000
J. F. Bridges, V.P.	31,641
V. P. Hovey, V.P.	35,000
Wilbur S. Scott, V.P.	46,686
G. H. Suplee, V.P.	23,493
L. A. Van Bomel, V.P.	70,000
A. A. Stickler, T. and D.	23,333
Charles B. Bowman, D. ex sub co.	44,681
H. N. Brawner, Jr., D. and ex.	28,250
J. L. Kraft, D. and ex sub co.	75,000

Federal Trade Commission report—The Borden Co., New York, 12 months ending December 1932

L. Manuel Hendler, chr. southwestern dist.	\$42,600
John Lefeber, D. chr. Wisc. dist.	20,000
Robcliff, V. Jones, asst. to V.P.	26,000
John B. Lewis, D.V.P.	55,000
John Lefeber, D. Chr. Wisc. Dist.	20,000
Arthur W. Milburn, D. and chief exec.	103,350
Stanley M. Ross, D. chr. Ohio-Ind. dist.	20,000
Wallace D. Strack, D.V.P.	46,133
Arthur G. Milbank, chr. bd.	23,200
Patrick D. Fox, V.P.	57,433
Merritt J. Norton, V.P.	14,400
Ralph D. Ward, V.P.	34,833

Mr. McLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. Howard].

Mr. HOWARD. Mr. Chairman, among the manifold forward steps taken by President Roosevelt in an effort to eradicate graft and shame from the official atmosphere in Washington, I believe his successful effort to curb lobbying in the Federal departments by men officially connected with political-party organizations has been the most courageous. The older Membership in the House will recall that on several occasions I have addressed the House on this subject, and that on two occasions I introduced a bill to forbid an ex-Member of either House of Congress practicing for pay before any department of the Government during a term of 2 full years following his retirement from Membership, either voluntarily or through "lame duck" proceedings. I have regarded this evil as so monstrous that in my bill I asked for a prison term to be visited upon any ex-Member who should violate the plain provisions of the legislation which I had introduced. It follows naturally that at this time I am highly gratified by the attitude of President Roosevelt toward official lobbyists, and I am hoping he will go further and ask legislation in harmony with my own bill to forbid lobbying by ex-Members for a term of 2 years following their

retirement, and with a prison reward for such ex-Members as shall run counter to such legislation.

A few days ago the Membership of this House listened with rapt attention to a brief but interesting address by our distinguished colleague from Pennsylvania, Mr. McFadden. Indeed, his addresses are always interesting, and always, until this day, I had found him to be whole-heartedly fair and just in his dealings with subjects, both personal and material. However, on this particular occasion the gentleman was not whole-heartedly fair with reference to a friend of mine, and, in the absence of that friend, it is my high privilege to inform the gentleman from Pennsylvania of his error in neglecting to picture to the House one of the beautiful characteristics of my friend while picturing some of his characteristics which he regarded as not so beautiful. I am fully persuaded that in so doing my colleague had no thought of carrying to the ears of his hearers an untrue word-picture of my friend. His record of the years here in the House does not stamp him as one guilty of painting untrue pictures. My thought is—and I believe I am right in entertaining the thought—that my Pennsylvania colleague was uninformed regarding the merits of my friend whom he assailed, and for that reason alone he was incapable of painting a fair and unbiased word-picture of Arthur Mullen, Democratic national committeeman for Nebraska, who is the friend in whose behalf I now am speaking.

I know nothing about Arthur Mullen's connections as an attorney with the Henry L. Doherty interests, but it seems very odd to me that he should be listed as an official spokesman for that prince of the house of privilege, who has astounded the world by his financial legerdemain. I say it is difficult for me to understand that he should have such a connection when the fact remains that all during the past year Arthur Mullen has been laboring, and successfully, to enable many districts, many towns, and many communities in Nebraska to secure Federal approval of projects, having for object the harnessing of the waters in the wonderful rivers in Nebraska for the purpose of setting them to the task of generating electric energy in competition with the Power Trust and distributing it among the people at a rate so low as to enable all Nebraska to get out from under bondage to the Coal Trust and the Electricity Trust.

Our Pennsylvania colleague infers that my friend Arthur Mullen has been reaping magnificent fees as an attorney for his services in behalf of interests which he represented before the several departments of the Government. Now, it is my happy privilege to tell my colleagues that from my own personal knowledge, Arthur Mullen, without fee or hope of reward, took the leadership in behalf of a score or more projects filed by cities, towns, communities, and districts in Nebraska for P.W.A. aid in the construction of various public improvements, including two hydroelectric projects involving an ultimate expense of practically \$20,000,000. How do I know that he gave his valued services without hope of fee or reward? I speak from my personal knowledge when I say that in behalf of the great hydroelectric project at Columbus, Nebr., I approached Arthur Mullen in my capacity as the representative of the board of directors of that district and secured from him his pledge that he would represent our district as attorney and adviser without hope of any fee or reward of whatsoever name or nature, but only the reward of his own approval of having put forth best effort to serve the interests of the people of his own beloved native State. Our Pennsylvania colleague did not know the fact I have here stated, else he would have presented it at the same time he was presenting another side of Arthur Mullen, and I am quite confident that at first opportunity the splendid McFadden will pay tribute to the magnificent side of Arthur Mullen as a servant of the people of his home State.

I speak of our colleague from Pennsylvania as magnificent, and so he is. He is magnificent along many lines, but particularly in point of courage. Time and again through the years of our mutual service here I have seen him bare his breast to the javelins of those financial pirates who held absolute control over the financial policies

of our Government until recent days. It was not easy for Mr. McFADDEN to do this. He was a Representative from a State wherein—until recent days—the average politician would not recognize a progressive principle of government if he should meet it in the middle of the road, and if perchance he did recognize it, he would shoot it if he had his pistol along. I want now to express the belief that LOUIS T. McFADDEN has performed a service in this House on par in value with that of any among us here. Often I have been charmed and thrilled by the courage and ability of him when assailing many of the financial pirates of high degree, and particularly when he would sometimes wrap barbed wire around his shining lance and hurl it into the belly of a financial pirate whose name sounds like the sweetest morsel that ever tickled the tooth of a Senegambian, and that other servant of the financial pirates whose name reminds us more or less of the rumbling of a carpet sweeper.

Particularly I recall one occasion when Mr. McFADDEN came before us here and tried to paint a word picture of the infamy of some of the Mellonites who were despoiling both Government and people by their financial machinations. He admitted that he could not find words to shrivel, parch, or burn commensurate with the merits of those evil ones. He told us how he had traveled far and near in search of symbols of infamy; how he had thumbed the annals of ancient Egypt and of Rome; how he had stood beside the traitor in his cell; how he had read portrayal of the characters of Judas Iscariot and Aaron Burr, and yet in all his search had found no characters in whom were gathered and combined the infamies attaching to those two Mellonites always made object of his scathing denunciations.

I am praying for a long and useful life to LOUIS T. McFADDEN, to the end that the example of his courage and his devotion to the premier principles upon which our Republic has been so safely buildied may lead many of us to better service here, and at the same time I am believing that in the first day of opportunity the splendid McFADDEN will be brave enough to rise in his place in this House and admit that there is a good side to Arthur Mullen—and admit that in all the land there is no attorney big enough to be tendered by the President of the United States a seat on the second highest judicial tribunal in all the world, and at the same time generous enough to bestow his vast talents freely upon the altar of the good of his fellow citizens in his own beloved State, as Arthur Mullen has done in the matter of his alleged lobbying during the past year in the Capitol of the Nation.

Some day each of us who now holds membership in this House will be called away from service here, perhaps by a discriminating constituency or by a higher power. In that day I shall be content if my colleagues who remain shall pay but one tribute to my memory, and that will be to speak of me as one who was loyal to his friends. A sage has said that friendliness is a gift from the gods, and I am believing that precious gift will be vouchsafed to every mortal willing to receive it. To my every colleague here, and particularly to those of lesser years, before whom the pathway of life looms long, let me plead acceptance of the gift of friendliness. When halting at two pathways plain, not knowing which is best to take, lose sight of self and selfish gain and make a choice for friendship's sake. True friends are God's best gifts to earth; true friendships are the priceless boon. Let us strive to prize them at their worth, nor lose them from our lives too soon. Be brave to serve your real friends; therein the proof of friendship. Trust friendship's tongue to speak amends for all your faults in other eyes. [Applause.]

Mr. DE PRIEST. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN (Mr. BOLAND). The Chair will count. [After counting.] One hundred and two Members are present. A quorum is present.

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BEAM].

Mr. BEAM. Mr. Chairman, it is indeed gratifying for us to look back over the past year and see the progress we have made to restore prosperity to our country. We see an in-

crease in employment. We observe the rise in the price of wheat, cotton, corn, and various other commodities. We are also conscious of a greater feeling of security and confidence in the minds and hearts of our fellow citizens prevailing generally throughout the entire land.

We are all anxious and desirous to see the great agricultural sections of our country prosper and to observe that prosperity reflected throughout the entire Nation.

Much has been said in this Chamber of the plight of the farmer. Many have championed his cause, and a great deal of legislation to promote his interests and relieve his distress has been enacted into law by a sympathetic Congress. I speak advisedly, for as a member of the great Agriculture Committee of the House I supported every measure which had for its ultimate object the relief of agriculture and the restoration of prosperity to the American farmer.

I fully subscribe to the doctrine of Lord Chatham, when he said:

Trade may increase the wealth and glory of a country, but its real strength and stamina are to be looked for among the cultivators of the land.

But, Members of the House, in our anxiety and in our zeal to promote the interest of the 50,000,000 of our citizens directly and indirectly engaged in agricultural pursuits, we must not be too limited in our view or too parochial in our vision, but some thought and consideration must be given to those 75,000,000 engaged in enterprises other than agriculture, and whose interest and livelihood depend upon the success of industrial and commercial endeavors, whereby through a reciprocal medium of exchange the industrial workers of the country may be placed in a position to buy at a fair price the products of the farm and the farmers of the Nation may be permitted to purchase the products and output of our metropolitan factories.

To achieve and accomplish this result, three elements enter into the equation:

First. Higher wages and shorter hours must be afforded labor.

Second. The farmer must receive the cost of production plus a reasonable return for his products.

Third. A fair return must be acceded to industry.

Representing as I do the central manufacturing district of the city of Chicago, probably the greatest industrial district in the country, I desire to bring to the attention of the House some facts and observations I have made concerning an industry which embraces and embodies the three elements I have stated above—closer, perhaps, than any other enterprise in the country.

I refer to the great meat-packing industry of the United States.

The people whom I have the honor to represent are dependent for their livelihood and employment, to a very large extent, upon the successful operation of this business.

It is, therefore, perfectly obvious that the very essence of the meat-packing industry is to serve as a medium of distribution to the consuming public of the products of the farms. It operates as a source of employment to many thousands of employees in the city of Chicago and throughout the entire Nation, and it must be perfectly apparent that to keep this industry in motion and operation a fair return must be realized in order to induce prospective stockholders to invest their money for the further development and expansion of this project.

The employment conditions in this industry were singled out by the Secretary of Labor, Miss Frances Perkins, as an example of what can be accomplished under the present scheme of events by the whole-hearted, sympathetic cooperation on the part of a great industry.

Figures just supplied by the Bureau of Labor Statistics of the Department of Labor show that the index of employment in the meat-packing industry for January 1934—the latest figures available—stood at 105.2, as compared with what the administration regards the base or normal year of 1926.

In other words, the meat-packing industry in January of this year actually was employing 5.2 more people than it was in what is regarded as a normal year for all industries in this country.

A great many factors enter into this amazing situation. During 1933 there was produced in this country more meat than has ever been produced in any previous year on record.

A million more cattle, two million more hogs, and nearly one half a million more calves were produced last year on the farms of this country than during the year before.

As a result of the increased production of livestock, a surplus of nearly one and one-half billion pounds more meat was produced than the packing industry was obliged to market during the year 1932.

This tremendous surplus of meat, Members of the House, was placed on the market in the face of wide-spread unemployment, and at a time when the purchasing power of the country was at its lowest ebb.

Pay-roll totals in all manufacturing industries for the year 1933, as disclosed by the Bureau of Labor Statistics of the Department of Labor, were 44.3 of what they were in what the administration regards as a normal year, or 1926.

Now, with this enormous supply of meat—nearly one and one-half billion pounds, under the most deplorable and unfavorable marketing conditions—it was the processors task to put this amount of meat into the channels of consumption with the utmost dispatch, for the reason that meat is a highly perishable product and it cannot be long carried in stock without deteriorating. This could only be accomplished in one way, and that was through prices sufficiently low to permit the consumer to purchase the products.

In December 1933 the index number of the wholesale price of meat was only 46, as compared with 100 in 1926. This, Members of the House, is some indication of the very low level on which the livestock and meat industry is forced to operate when confronted with the depressing facts of wide-spread unemployment, curtailed and limited purchasing power, and a tremendous quantity of meat products demanding immediate marketing.

During the course of the debate on the agriculture appropriation bill some comment was made on the processing tax on hogs and who pays the tax. In the Seventy-second Congress I opposed the processing tax on hogs for the reason that the industry could not absorb the tax; that owing to the general prevailing conditions, it could not be passed on to the consuming public, and that in the main it would ultimately rest upon the producer. Subsequent events have since demonstrated the justification of that stand.

The present amount of the processing tax based on the rate of \$2.25 per hundredweight—live weight of the hog—would represent \$5.61½ on a 250-pound hog. If the amount of tax is applied to the expected production this year of 40,000,000 hogs, it would probably amount to \$200,000,000.

There is not a person in this Chamber who would contend that the industry could absorb this tremendous sum. The \$200,000,000 figure is approximately six times what the packing industry made last year, as nearly as can be estimated from the figures which leading packers have published.

In my judgment this tax in the aggregate is passed back to the producer.

Secretary Wallace recently said in testifying before the Agriculture Committee of the House of Congress:

I think, generally speaking, when there is a decided overproduction of a commodity, a perishable commodity like livestock, and a decided underconsumption of a perishable commodity like livestock, that there is going to be a continuing tendency for the tax to be passed back to the producer.

But, also it must not be overlooked that the purpose of the Agricultural Adjustment Act, and of the Agriculture Department is to refund to the producer who complied with the corn-acreage production program and the hog-reduction program substantially all the amount that is covered by the processing tax.

There is another element which is sometimes misunderstood by people not conversant with the facts, and that is the

differential between what the producer receives for his live-stock and what the consumer is compelled to pay in purchasing the dressed products. Many elements enter into this variation—over which the processor has no control—such as labor, freight rates, insurance, cost of retail merchandising, and various other items.

It must also be borne in mind that 100 pounds of live animal produces much less than that amount in dressed meat, and there are further losses and shrinkages in cutting of carcasses into wholesale and retail cuts. For instance, a live hog will only yield 65 to 70 percent in the dressed product, cattle average about 55 percent, sheep and lambs average between 45 and 55 percent.

From the above facts it can readily be realized that the average price of meat sold at retail must of necessity be from one and one half to three times as great as the price per pound of live weight merely to cover this weight loss in processing plus the ordinary amount of expense of merchandising the product.

It has been stated that this spread between the producer and the consumer could be considerably narrowed if the packers retailed their own products. This could not be permitted because under the consent decree the packers are prohibited from doing any retailing, and hence are compelled to dispose of their products through the medium of retail marketing.

It is therefore very self-evident and it can clearly be recognized that between the wholesale price of the product and the price of the livestock a tremendous expense is necessarily involved.

I am reliably informed that cooperating with the President's reemployment agreement has added to the expense of the operation of this industry about \$50,000,000 a year, all of which is willingly assumed by the industry for the benefit of the producer and of labor.

Reference was also made during the course of the debate on the agricultural appropriation bill that Armour & Co. made a profit last year of approximately \$8,000,000.

In this regard I wish to submit for the information of the House that the packers made an aggregate profit from all sources during the past year of nearly \$35,000,000, which would be about 39 cents a head on all the livestock that was handled; that is, the added value of the livestock to the producer would be 39 cents a head, if the profits of the entire industry from all sources had appeared in the form of higher livestock prices.

From the annual statements of the so-called "large packers", certified to by dependable public accountants, the total earnings from all sources for the last 5 years of the four large packers amounted to \$48,791,000—on a capital investment of \$579,480,000—and aggregate sales of \$9,050,000,000. This represented an earning on the investment of 1.68 percent per annum; an earning on the sales of 0.54 of 1 percent—that is, an average of only a half a cent on each dollar of sales for the past 5 years.

For the past year, about which there has been some comment, the four packers earned 4.25 percent on investment and 1.89 percent on sales. For the past 3 years, taking them together, they broke even. That is, the investors in these four companies got nothing in earnings on the average during the past 3 years.

The foregoing figures do not represent just the earnings from handling the products of cattle, sheep, hogs, and calves. They represent the earnings of all these companies from all sources, both foreign and domestic. Many of the companies derive earnings from activities unrelated to livestock. Some of them, moreover, include earnings from South American, European, and other foreign agencies. All these earnings are included in the computation.

Over the 10-year period ended in 1931, the average profit of all manufacturing industries, as shown by statistics of corporate income-tax returns, was nearly 5 percent on sales, whereas the profit of the meat-packing industry was less than 1 percent on sales over that period, equivalent to less than one fourth of a cent on each pound of products.

Figures on the returns on the investment of all the manufacturing industries during the period mentioned are almost double the rate of return for the packing industry.

In no year since 1924 have the companies slaughtering livestock made average earnings of as much as 6 percent on the investment of the owners, and for the 8 years, 1925 to 1932, for which reports have been made to the Bureau of Animal Industry, companies conducting slaughtering operations have earned on an average less than 4 percent on the investment. The rate of earning for 1933 was between 4 and 5 percent.

From the above it is perfectly obvious and apparent that the return realized by the meat-packing industry falls far short when compared with the other great industries of the Nation.

The new deal under which we are operating I earnestly hope and anticipate will result in a better understanding and a closer cooperation between the producer, the processor, and the consumer, to the end and for the purpose of bringing a greater prosperity to the agricultural sections of our country; a shorter workday and higher wages for labor, and a reasonable and fair return on investment from legitimate enterprises. [Applause.]

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BEAM. Certainly.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 3 additional minutes to the gentleman from Illinois.

Mr. McLEOD. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois.

Mr. JOHNSON of Minnesota. I have in my hand a newspaper clipping which states that the packing industry of this country during the first 18 weeks of this year made a sufficient profit to pay the half-year dividend. This is more than the farmers made, is it not? I understand that last year Swift & Co. made a profit of over \$8,000,000.

Mr. BEAM. I think the gentleman means Armour & Co. Now, that shows you the typical attitude of some members of the farm bloc—I will not say all of them—when facts are presented on these questions.

I call attention to the percentage of profits to sales over a 10-year period for the following commodities: Chemicals, 7.9; printing and publishing, 7.82; stone, clay, glass, 7.09; metal products, 5.72; pulp paper, and so forth, 5.07; miscellaneous manufacturing, 4.17; food products, 3.37; rubber, 1.82; leather, 1.72; textiles, 1.69; forest products, 1.3; all manufacturing, 4.72; and especially I call attention to the fact that the percentage of profits to sales in the meat-packing industry over the 10-year period was 0.88 percent, less than 1 percent. In other words, the returns to the meat-packing industry have been the lowest of any industry.

Mr. DONDERO. What period does that cover?

Mr. BEAM. The figures with respect to the meat-packing industry cover a 10-year period and come from the annual reports of the packers and stockyards division, Bureau of Animal Industry, United States Department of Agriculture.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. BEAM. I yield.

Mr. WEARIN. The gentleman is willing to admit, is he not, that the packers have shown a profit during the last 2-year period, during the time the producer from whom they bought their animals sustained one of the greatest losses in the history of their business?

Mr. BEAM. The packers made a profit during the last year, but they were required to handle 1,500,000,000 pounds more meat than they have ever been called upon in a similar time to process and put into the channels of consumptive trade.

In other words, at no time during the history of the packing industry have they had the tremendous surplus of meat such as they were called upon to process during the last year. This billion and a half pounds of additional meat, as I stated at the outset of my remarks, represented a million more cattle, two million more hogs, and nearly one half

million calves. Naturally, this is what caused the increase in work, the increase in employment required to process and sell this product to the consuming public. Those interested in agriculture, those familiar with the peculiar conditions surrounding the cattle industry, know the great obstacles which surrounded the livestock branch of agriculture during the year 1932-33. [Applause.]

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I desire to address myself to the bill H.R. 8717 and the companion Senate bill, S. 3101, dealing with the subject of credit banks for industry.

It is not my purpose, of course, to deal with the mechanics of the measure or the question of policy involved in this important subject.

There is, of course, a fundamental question of policy involved in a measure of this character, one that calls for careful thought, consideration, and study on the part of the Members of this House. I do not propose to refer to the question of policy or to the question of detail in connection with this bill if it is enacted into law. However, I do call attention to one vital thing that I think is worthy of consideration. That is the plight of industry in this country, along with agriculture and other activities that we are engaged in, and the possible effect of extending relief to all industries of the country.

There come to our attention, of course, these companion measures which seek to carry out the policy of the President in connection with administering relief to stricken industries. First of all, may I cite 3 typical cases, 2 of which are in my own district and 1 in the county immediately adjacent to my district. They are not isolated cases by any means, but typical of industries of this character in every locality in the United States. I am not acquainted with all the industries in my district which may seek aid under the terms of this bill if enacted into law, but I happen to know about six or seven of them that are in practically the same condition as these three industries which I am going to make special reference to.

No. 1 is a typical case and an actual one. The industry can obtain all the money it needs from the local banks for current production needs. Its credit for this purpose is perfectly good. The moral and financial risk is beyond question. However, there is a plant obligation of \$30,000 now past due and quite naturally you will understand that this cannot be refinanced through the sale of bonds or first-mortgage notes. The plant is conservatively appraised at approximately \$150,000 exclusive of equipment. The mortgagor is not willing to renew and the company will be forced to reduce inventories and working capital if it hopes to pay off its mortgage indebtedness. This is one kind of an industry that needs refinancing, and I expect to devote a few minutes to demonstrating why the United States Government can and should extend this aid. This is not a question of giving away anything, but of arranging financing so that this industry may have an opportunity to conduct its normal operations and not curtail production and pay roll.

There is another typical industry with property worth \$100,000 on a conservative appraisal basis, with debts of only \$25,000. This is a going concern owing \$10,000 of the \$25,000 in the form of a first mortgage due a bank and now past due. The bank is in such position that it is necessary that this money be paid. The Government can safely step in and loan this money for a period of 5 years, releasing \$10,000 to the bank for other business needs and incidentally relieving pressure for 5 years on the manufacturing enterprise, the surplus to be used in capital and production needs.

Then there is a third quite typical industry in a county adjoining my district, and I will read a portion of a letter I received this morning. This letter reads in part as follows:

For a period of years our company has employed a lot of men. We have paid out over \$15,000,000 in wages alone and have done over \$50,000,000 worth of business.

You have seen our company grow and know something of the wonderful lines we manufacture, as well as the class of trade served by us.

Today we find ourselves with a new program, which is looked upon as one of the most outstanding contributions to agriculture in a century.

Congressman BLANCHARD, we find ourselves, like several other industries who are serving the farm trade. Too much of our working capital has been loaned to the farmer in the last 2 or 3 years and amounts to better than one-half million dollars.

We have farmers' paper—paper that over a period of years has shown a loss of not greater than one half of 1 percent.

This is unusually good paper because it comes from the diversified farmer, who receives a monthly check from his poultry, eggs, milk, cream, etc.

The situation in this country today is such that you cannot borrow from the banks. It is impossible to sell bonds or stock, and there is no place where farm paper can be discounted.

What are we going to do?

We need every dollar of working capital in our business at this time to employ men.

Over 600 people are in our employ now, and we should be putting on at least 200 more; instead, if we do not get some relief very shortly, it will be necessary for us to lay off from 200 to 300 people, and right at a time when there is no other work for these men to do.

Congressman BLANCHARD, the sane, sensible way to encourage recovery is to put men to work in industry where they can earn a living and to give industry an opportunity to do its job. That is all that we are asking for.

This leads me to the point I wish to emphasize that we may prime the pump from time to time with governmental subsidies and governmental aid. Many of these measures I have supported enthusiastically because I was willing to render such aid as was necessary in order to prime the pump. But there comes a time when we must consider that there is a possibility of going to the well once too often. There can be no permanent recovery in this country, there can be no restoration to normalcy until we again employ people in private industry.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BLANCHARD. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I am very much interested in what the gentleman says and very much in sympathy with the cause he advocates, but may I call the gentleman's attention to the fact that the Reconstruction Finance Corporation already has certain powers to loan money to industry? We find that although it possesses this power, it is so conservative in the making of loans that it seems to be unwilling to advance money in cases where the industry is not already able to secure the funds from the local bank. I have in mind particularly a Minnesota corporation that made such an application. The loan was endorsed by a local committee consisting of, I may say, the most hard-headed and hard-boiled bankers that we have in the Twin Cities. Nevertheless, the loan was rejected. Will the gentleman state how by the mere passage of any law extending more power to this or any other governmental lending body, giving greater discretion to make loans which obviously ought to be made, we can require or compel them to carry out the legislative intent and make these loans when they are obsessed with the idea that they must be more conservative than the bankers themselves?

Mr. BLANCHARD. In answer to the gentleman, may I read one paragraph from the same letter I read a few minutes ago?

I could give you quite a story of how we went down to Washington as soon as circular no. 11 was issued by R.F.C., how we were told to organize a mortgage and loan company, which we have done, how our applications were filed absolutely in keeping with their wishes, and still we have been waiting for 3 months for some action and at this writing are without relief.

That tells the whole story in a simple paragraph. The R.F.C. has not conceived that it is its duty and its responsibility to relieve the situation that industry finds itself in today. In addition, the law under which the R.F.C. is operating provides only for short-term loans. It is very limited in its scope. It will occur to the gentleman from Minnesota, as it has occurred to me, that we ought to make careful examination of this bill which the President endorses, in order to determine to our own satisfaction that it will answer the purpose.

I am going to review the language of the bill, and then you may judge for yourself. It provides, of course, for 12 so-

called "Federal credit banks", 1 attached to each Federal Reserve bank in the United States. The language of the bill is as follows:

Each credit bank shall have power to discount for or purchase from any bank, trust company, mortgage company, credit corporation for industry, or other financing institution operating in its district, obligations having maturities not exceeding 5 years, entered into for the purpose of obtaining working capital for any established industrial commercial business; to make loans or advances direct to any such institution on the security of such obligations.

The President has called attention to the fact that about \$700,000,000 of working capital would be required to meet the needs of industry in this country. This statement is based on a survey and the answers of approximately 1,000 chambers of commerce and over 4,900 banks of the country.

Mr. WOLFENDEN. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN (Mr. O'CONNOR). The Chair will count. [After counting.] Ninety-nine Members present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 112]

Abernethy	Dingell	Hoepfel	Rellly
Adair	Dirksen	Holdale	Rich
Adams	Dobbins	Imhoff	Richards
Allen	Douglass	James	Robinson
Auf der Helde	Duffey	Johnson, W. Va.	Rogers, N. H.
Ayers, Mont.	Eaton	Kennedy, Md.	Sadowski
Ayres, Kans.	Edmonds	Lee, Mo.	Schulte
Beck	Ellenbogen	Lehr	Sears
Berlin	Englebright	Lesinski	Shannon
Bland	Fish	Lewis, Colo.	Shoemaker
Brennan	Flannagan	Lewis, Md.	Simpson
Britten	Foulkes	Lindsay	Snyder
Brooks	Frear	McKeown	Stalker
Brumm	Frey	McMillan	Stokes
Buckbee	Gasque	Mead	Sullivan
Bulwinkle	Gillespie	Moynihan, Ill.	Sweeney
Burke, Nebr.	Gillette	Muldowney	Taylor, Colo.
Cannon, Wis.	Goldsborough	Nesbit	Taylor, S. C.
Carden	Greenwood	Norton	Thom
Carley, N. Y.	Guyer	Perkins	Thompson, Ill.
Carpenter, Nebr.	Haines	Pierce	Underwood
Chapman	Hamilton	Plumley	Waldron
Chavez	Hancock, N. Y.	Pou	White
Claiborne	Hancock, N. C.	Prall	Williams
Cochran, Pa.	Hart	Ransley	Wilson
Coffin	Harter	Rayburn	Wood, Mo.
Crowther	Hastings	Reece	
Cummings	Hill, Knute	Reid, Ill.	

Mr. HILL of Alabama. Mr. Chairman, the gentleman from New Hampshire, Mr. ROGERS, the gentleman from Michigan, Mr. JAMES, the gentleman from Ohio, Mr. HARTER, and the gentleman from Vermont, Mr. PLUMLEY, are not present for this roll call, because they are engaged in the special committee of the Committee on Military Affairs set up by this House for the investigation of the purchase of aircraft and other War Department property.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. O'CONNOR, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8617, the legislative appropriation bill, and finding itself without a quorum, he had directed the roll to be called, when 321 Members answered to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1897, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to the bill (H. R. 8134) making appropriations for

the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, numbered 4, 25, 26, 27, 28, and 35.

The message also announced that the Senate further insists upon its amendments to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, Feb. 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, disagreed to by the House, agrees to a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction.

LEGISLATIVE APPROPRIATION BILL

The SPEAKER. The Committee will resume its sitting. The CHAIRMAN. The gentleman from Wisconsin [Mr. BLANCHARD] has 4 minutes remaining.

Mr. BLANCHARD. Mr. Chairman, I made the statement that on the basis of the estimates provided and on the basis of the information coming from President Roosevelt, \$700,000,000 of working capital would be required to meet the needs of industry in this country, and that this amount may continue in employment 346,000 employees and give new employment to 378,000 men and women. And on the basis of these estimates and figures provided by the President it follows very naturally that he has suggested immediate consideration by the Congress of this bill.

I take the position that it is highly important we hold what ground we have gained during the past year and that we give consideration to those measures before us which will give natural employment to the people of this country. This is what they want, this is what they demand, and we have the opportunity in a bill of this character to provide more than a mere priming of the pump. We have the opportunity of providing employment for those who are sorely in need at this time. The C.W.A. and other temporary activities, quite naturally, must be construed as nothing more than emergency proposals, designed to prime the pump, while a measure of this kind can be enacted with safety and provide natural employment for our people.

The ultimate answer, of course, must be natural employment, and a bill of this kind provides financing for industry on a safe basis, on a substantial basis, and on a sustaining basis. Some of the things, of course, that we are proposing in this session of Congress can have only the reverse effect. Some of the restrictive measures we are proposing, both in the House and in the Senate, can have but one result, and that is drying up the legitimate channels of credit in this country.

Today, we find all eyes pointed toward Washington. Fraternal orders, religious orders, educational institutions, and business enterprises are all looking to Washington for private financing, not only for new undertakings, but refinancing of old obligations. There is no other source of credit. These institutions must be saved, but with this condition prevalent and continuing, the time, of course, will come when the United States Government will find itself in the impossible position where these demands and needs, which are legitimate in most cases, can never be met.

I want to close by quoting a statement in connection with this bill by President Roosevelt:

I have been deeply concerned with the situation in our small industries. In numberless cases their working capital has been lost or seriously depleted. We have afforded much aid in the

recovery of agriculture, commerce, our larger industries, and our financial institutions. We must now continue in behalf of the medium-sized man.

I said at the outset of my remarks that it was not my purpose to discuss the policy or the mechanics of this bill, but I invite your attention to the rather restrictive language contained in the measure and, secondly, to one other feature that must of necessity give us pause, and that is the feature that goes to the question of whether or not we shall set up 12 separate and distinct new units for banking in this country. [Applause.]

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DE PRIEST].

Mr. DE PRIEST. Mr. Chairman and members of the Committee, I came to Washington as a Representative in Congress on the 15th of April 1929. Up until the 23d day of last January I never heard this question raised which has now been raised by the Chairman of the Committee on Accounts this year. On that day when my secretary went into the grillroom downstairs he was told by Mr. Johnson that by the orders of the Chairman of the Committee on Accounts he could not be served in that restaurant.

I read in the newspapers an interview where the Chairman of the Committee on Accounts said that no Negro had been served there and would not while he was here. I hope he was not quoted correctly.

I want to say that if the chairman was quoted correctly in that article "that Negroes had not been served there before" he was mistaken. I have seen them there in the grillroom several times. In the last 5 years I think I have seen them there 50 times.

I want to say further, after talking with some Members of the Committee on Accounts, that this question has never been raised in the committee before, and never was raised officially in the committee, if I am correctly informed.

It seems to be an arbitrary ruling on that question.

The restaurant of the Capitol is run for the benefit of the American people, and every American, whether he be black or white, Jew or gentile, Protestant or Catholic, under our constitutional form of Government, is entitled to equal opportunities.

I introduced a resolution on the 24th of January, asking for an investigation of this ruling by the chairman of the committee. That resolution went to the Committee on Rules. The Committee on Rules has not acted as yet. I waited 30 legislative days, and then I filed a petition with the Clerk of this House to discharge the Committee on Rules and to bring the resolution to the floor of the House.

That resolution calls for an investigation only. If the Chairman of the Committee on Accounts has that power, I should like to know it. If the Chairman of the Committee on Accounts has that power, the American people are entitled to know it.

I am going to ask every justice-loving Member in this House to sign that petition, as that seems to be the only way it can be threshed out on the floor of the House.

I come from a group of people—and I am proud of it and make no apology for being a Negro—who have demonstrated their loyalty to the American Government in every respect, making no exception. They have always proved to be good American citizens and have supported the Constitution. I challenge any man to contradict that assertion. If you are going to keep them good American citizens, like I pray they shall always be, it must be done by defending their rights as American citizens.

If we allow segregation and the denial of constitutional rights under the dome of the Capitol, where in God's name will we get them?

I appreciate the conditions that pertain in the territory where the gentleman comes from, and nobody knows that better than I do.

But North Carolina is not the United States of America; it is but a part of it, a one forty-eighth part. Then I expect, too, as long as I am a Member of this House, to contend for every right and every privilege every other

American citizen enjoys; and if I did not, I would not be worthy of the trust reposed in me by my constituents who have sent me here. [Applause.]

This is not a political problem. Someone said that I was trying to play politics. I did not instigate this; I did not start it; but, so help me God, I am going to stay to see the finish of it.

Mr. BLANTON. Mr. Chairman, will our colleague yield to me for a question?

Mr. DE PRIEST. Not now, Mr. BLANTON; and I consider you one of the best friends I have on the Democratic side.

Mr. BLANTON. I thought therefore you would yield for a question.

Mr. DE PRIEST. I shall later on, but not now.

The CHAIRMAN. The gentleman declines to yield.

Mr. DE PRIEST. I say to the Members of this House—and I have no feeling in the matter—this is the most dangerous precedent that could be established in the American Government. If we allow this challenge to go without correcting it, it will set an example where people will say Congress itself approves of segregation; Congress itself approves of denying 0.1 of our population equal rights and opportunity; why should not the rest of the American people do likewise? I have been informed that if I insisted on pressing this question it might hurt my usefulness down here. If I did not press it, I would not stay here very long. The people who sent me here would retire me next November, and they would rightly retire me because I should not be here if I did not stand up for a group of people who have always been on the square with this Government. I did not come here from a group of people who have committed treason against the Government; I did not come here from a group of people who are Communists or Socialists; I come here from the most loyal American citizens that we have.

During the World War when emissaries of the enemy were scattering pamphlets over the battlefields of Europe asking the colored people to desert the colors because they received inhuman treatment in America, no colored man deserted, and no man can say and history does not record when a Negro deserted the colors—not one. How do you expect them to go on giving loyal service to America, at a time when there is unrest over the whole world, when the Reds are trying to make inroads amongst my group because they are the lowest in the scale of society, from an economic standpoint, unless we give them something like a square deal in this country? I appreciate all that has been done so far, but the work has not been completed yet. And I say further, ladies and gentlemen of the Congress, that America never will be what it was intended to be until every citizen in America has his just rights under the Constitution. [Applause.] I would not have filed this petition if I could have gotten a hearing before the Committee on Rules. I asked for it. I was not even given the courtesy of a hearing before that committee.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. DE PRIEST. Yes.

Mr. LUNDEEN. Will the gentleman tell us how many names are on that petition now?

Mr. DE PRIEST. There were 93 names on it an hour ago.

Mr. BLANTON. Mr. Chairman, will our colleague yield to me now?

Mr. DE PRIEST. Yes; I yield with pleasure to the gentleman from Texas.

Mr. BLANTON. The restaurant is for the benefit of the Members of the Congress because we have to be here at mealtime.

Mr. DE PRIEST. I agree with the gentleman.

Mr. BLANTON. Has not our colleague been allowed to go in there every time he wanted to? He can go in there right now and take anybody with him that he wishes to take.

Mr. DE PRIEST. That is all true.

Mr. BLANTON. What more do you ask? You go there at will and are allowed to take your friends with you at will. Is not that equal justice and right to you, the same as to the rest of us?

Mr. DE PRIEST. I am asking for the same rights for my constituents that the gentleman from Texas wants for his, and that is all.

Mr. BLANTON. But our colleague from Illinois does go in that restaurant whenever he wishes, and he takes his colored friends with him whenever he wishes to do so.

Mr. DE PRIEST. I am not asking privileges for OSCAR DE PRIEST or proper treatment for him down there, because I will take care of that, but I am asking for those people who have no voice in this Congress, just like you, Mr. BLANTON, would do if some of your constituents came here from Texas and were refused to be served in that restaurant. You would raise more hell than anybody I know of about it. [Laughter and applause.] I have been here long enough to know just what you would do, and I would vote with you on raising that hell. I would say that you were right, and that your constituents had a right to have the same treatment that I want for mine.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MCLEOD. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. BLANTON. We have stood with you generously in helping to build up Howard University.

Mr. DE PRIEST. Yes; and I expect you to stay with me.

Mr. BLANTON. We have given it more than any white university in the United States.

Mr. DE PRIEST. Do you want me to tell you why?

Mr. BLANTON. Because the colored race sadly needs good teachers, and good nurses, and good dentists, and good doctors, and good preachers.

Mr. DE PRIEST. All that is true, and I expect you to keep on doing it, you especially, to help. And while we are talking about Howard University, I might say that personally I am very sorry that those boys came down here from that university the other day as they did. If they had consulted me I would have told them to stay away from here. Another thing—I have investigated and I have found that the boy who has been locked up was not a student at Howard University. I do not know anything about the rest of them, but if they were from Howard University, they are just like the uncontrolled youth of any college or school. There are very few colleges which do not have some radicals in them.

I do not claim the Negro race is any better than anybody else. I know we have our criminal element, just like you have your criminal element. None of us is perfect, but it behooves all of us to do the best we can and respect the rights of the other fellow in America. Whether they be large or small, rich or poor, it makes no difference. Somebody said this was a peanut affair. Well, I agree with you. It ought to have been so small that no man in this House could have been small enough to bring it up. There was no occasion for it whatever.

The secretary who works for me I have known for 40 years. He is a Christian gentleman, a great deal better Christian than I ever thought of being or ever expect to be. There certainly can be no fault found with his personal conduct. He has been in that restaurant dozens of times. Perhaps he needs it worse than any other man down here. You know the condition in Washington and I know it. The public restaurants outside do not serve Negroes, and you know it. It is necessary for him to have some place to eat here, or else bring his lunch with him.

I appreciate the fact, as the gentleman said, that we have a restaurant for Members only, and that restaurant for Members only you cannot get into half the time on account of outsiders. Is that not true? I would like to see the Committee on Accounts bar everybody from the restaurant for Members only except Members and their friends who accompany them.

I was there with my wife and Professor Johnson's wife, and we had to wait 10 minutes to get a table because outsiders had crowded the restaurant. Every Member knows that is true.

To show you the subterfuge practiced; in the last 4 or 5 days they have taken down the sign which read "public

restaurant", and placed there a sign "For Members only." I asked Mr. Johnson, the manager, personally, why it was done. He said, "I had orders to do it from the Chairman of the committee." I said, "Is it a subterfuge?" He said, "You understand what is going on." I certainly do. That sign was put there to keep only Negroes out. One man was asked if he was a foreigner. If he had said "Yes", he would have been served. Has the time come when American citizens cannot be served, and aliens can? Of course, every alien has every right that he is entitled to, so long as he is law-abiding, but at least we are entitled to the same treatment as every other American citizen, and we will be satisfied with nothing less than that.

Mr. GAVAGAN. Will the gentleman yield?

Mr. DE PRIEST. I yield.

Mr. GAVAGAN. I am sorry to break into the gentleman's remarks, but I would like to take this opportunity to express my entire accord with the statements expressed and enunciated by you, and to say to you openly that I am trying to get sufficient signatures to your petition now on the Speaker's desk, so that we may discuss this question fully and openly on the floor. [Applause.]

Mr. DE PRIEST. I thank the gentleman.

I want to say that all of my friends are not on the Republican side of the aisle, and all of my enemies are not on the Democratic side either. Since I have been in Congress I have tried so to conduct myself that I would command the respect of every Member of Congress. I have not imposed my society on any Member on either side of the House. I think every man has the right to select his own society. I would not say that, except that I received a letter from a Member of this Congress, which I am going to read into the RECORD. I would not do it if the gentleman had not published it himself first.

HON. OSCAR DE PRIEST,
House Office Building, Washington, D.C.

DEAR SIR: I have your letter of the 7th instant enclosing House Resolution 236. I presume you desire a reply to this letter.

Which I did.

I note the contents of the resolution and desire to state that I was raised among Negroes in the South and they have always been my personal friends. I work with them on my farm and pay them the same price that I pay white men for the same work. I treat them well and enjoy their confidence.

I am willing to allow them every right to which they are entitled under the Constitution and laws, but I am not in favor of social equality between the races.

And I do not give a damn about it, brother. It does not mean anything to me at all.

If there are enough Negroes around the Capitol to justify a restaurant for them to patronize, I would have no objection to establishing a restaurant for their use.

That we do not want and we will not accept.

I neither eat nor sleep with the Negroes, and no law can make me do so.

I think this explains my position clearly.

GEORGE B. TERRELL,
of Texas.

[Applause.]

I expected that applause. I expected certain gentlemen here to applaud that statement. I know what your feelings are and I understand them thoroughly. You did not disappoint me by applauding. I would have been surprised if you had not applauded.

Nobody asked the gentleman to sleep with him. That was not in my mind at all. I do not know why he thought of it. [Laughter.] I am very careful about whom I sleep with. [Laughter.] I am also careful about whom I eat with; and I want to say to you gentlemen that the restaurant down here is a place where one pays for what one gets. If I go in there, sit down to a table, I pay for what I get, and I am not courting social equality with you. That does not mean anything in America. Social equality is something that comes about by an exchange of visits from home to home and not appearing in the same public dining room. You might as well say I was seeking social equality if I

rode in the same Pullman car with you. It would not be any special credit to me to be in there.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield the gentleman from Illinois 5 additional minutes.

Mr. DE PRIEST. I was down in Tennessee. I dropped into Knoxville one night, and the Chattanooga papers in southern Tennessee published a statement that I was coming there to talk about social equality. I had not thought of it. Nothing was further from my mind; but after they had made that charge and in order to make the papers of Chattanooga say something that was true, once in their lives, I did say something about it. This is what I said:

When the Negroes came to this country originally they were all black; they are not now, because somebody has had a good deal of social equality [laughter and applause]; social equality not sought by Negro women; social equality forced upon them because of the adverse economic situation down there.

I hope when I leave this Congress I shall leave with the respect of the Members; but if securing their respect means sacrificing my race, that respect I do not seek any longer. [Applause.]

I am sorry I have to devote my time trying to watch the needs of the American Negro. I wish I could devote my time, like you gentlemen devote your time, trying to watch the interests of all the American people instead of just 12,000,000 of them.

So far as Howard University is concerned, when the question came up here a year ago between the gentleman from Texas [Mr. BLANTON] and myself about the talk made by President Johnson of that university and the charge that it was communistic, I repudiated communism everywhere. I think it is un-American; it is against our form of government; and whatever complaint I have to make against the treatment of my people, I am willing to stay here and fight it out with you, and not try to destroy our form of government.

Again, I ask every Member of this House who believes in a square deal, Democrats and Republicans alike, to sign this petition. I do not care where you live, you ought to be willing to give me and the people I represent the same rights and privileges under the dome of the Capital that you ask for yourselves and your constituents. I do not think 90 percent of the people of America knew there was a restaurant in this building until this thing came up. The Negroes have not been imposed upon you; nobody can say they have. Had the thing come about as a result of action taken by the committee, perhaps I would not have said so much; but according to statements made by members of the committee, it has never been discussed or acted upon. It was just the arbitrary action of this gentleman who comes from North Carolina because prejudice prevails down there.

To my Democratic friends who said this was a political movement, or, as a Negro newspaper said, brought about to create an issue to get votes in Illinois, let me say I do not need an issue to get votes in Illinois; I will get them without any issue, if necessary. I could not have instigated this. The gentleman from North Carolina and myself never have even spoken to each other that I know of. I did not tell him to issue the order that the Negro could not be served. I do not need that kind of an issue. I would not go into a conspiracy to hurt the Negro race for 40 congressional seats. It is not necessary at all. The New York Times printed a statement like that the other day, that I was back of the movement to get the students from Howard University to come here. The truth of the matter is I did not know anything about it before it happened; but I have since learned that the boy who was arrested was not, as claimed, a student from Howard University. [Applause.]

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, for some time I have been interested in securing the redemption of savings deposits in national banks. The question has been discussed

many times and it is an issue at present before the Subcommittee on Banking: Whether or not there is a moral and equitable responsibility on the part of the Government to take over the assets of closed national banks and pay off the depositors in cash.

Before my colleague from Michigan introduced his bill, which is known as the McLeod bill (H.R. 8479), I had discussed the theory concerning the redemption of deposits in closed national banks by the Federal Government, the Federal Government assuming the assets of those banks. What is the basis for this theory? Incidentally, let me say I shall support my colleague's bill. There is no pride of authorship; my only interest is in the principle of the measure. My colleague has studied his subject at length.

THE GOVERNMENT SHOULD PAY OFF DEPOSITORS

For many years the citizens of the United States were under the impression that the Federal Reserve banks were owned and controlled by the Government. The bankers themselves, in their paid advertisements which they inserted in every newspaper in the country, never failed to say "Member of the Federal Reserve System", and they never failed to use the square and diamond-shaped insignia of the Federal Reserve bank in their advertising. Some bank officials themselves thought that the Government exercised some control over them, but the fact remains that the stock in the Federal Reserve System was owned by the individual banks which subscribed for stock as a "Member bank of the Federal Reserve System."

In all of their advertisements the members of the Federal Reserve System never fail to use the square and diamond which is the insignia of a Federal Reserve bank. This method of advertising was used to instill confidence in the people and lead them to believe that the Government of the United States stood back of the national banks at that time.

The Government of the United States was charged with the responsibility of periodically examining the conditions of member banks of the Federal Reserve System and reporting thereon.

The State banks and private banks used the large Federal Reserve banks as their depositories, and in the State of Michigan alone the deposits of the people in 250 communities are impounded in the Federal Reserve banks of that State. The citizens of the various States knowing that the Federal Reserve banks were subject to inspection by the bank examiners sent out by the Comptroller of Currency assumed, and had the right to assume, that during the absence of a report to the contrary by the bank examiners, the bank upon which the report was issued was in good condition and able to receive deposits with safety for the depositors. During the previous administration, as was shown by the uncontradictory testimony before the Senate Banking Investigating Committee during the summer of 1933. The testimony of Mr. Alfred P. Layburn was that the conditions of the First National Bank of Detroit was not only rotten but putrid, as he expressed it, as far back as May 1932. The testimony further showed that the statements issued as to the conditions of the bank were this: One statement issued for public consumption and another statement, a confidential report, being sent to the Comptroller of the Currency. I believe there should be only one standard of ethics in writing bank reports, that the bank examiners owe a duty to the depositing public to report the exact condition of the banks at all times. If the bank is in an unsound condition the depositor should know it, and if it is not in condition to do business it is better that the individual bank engaged in speculative business should be closed.

BANK HOLIDAY DUE TO UNETHICAL PRACTICES OF BANKERS

This banking holiday that we had last year, I am convinced, was nothing more or less in part due to the practice of the Federal bank examiners' making 2 reports, 1 to the Comptroller of the Currency and 1 to be disseminated for public consumption in the public press of the country. Had the bank examiners issued a true report on banks that were speculating such bank or banks would have been closed. There undoubtedly would have been a run on those particu-

lar banks, but the rest of the banks of the country would have been safe. If we are not going to have honesty in the reports filed by your Federal bank examiners, where are we going to land? How are the people going to get confidence in the banks if the corruption starts within the Government itself? May I say that a year ago we started a drive in this House on some of the officials of the Treasury and bank examiners who were notorious in deceiving the public. I hope that we may come to the time when people can again have confidence in their banks.

The mere fact that the Government of the United States allows the bank to use the word "national" and "Federal" is an implied warranty to them that the Government of the United States stands behind these banks and guarantees the moral and financial integrity of the same.

If that were not so there is not a bank in the country that would use the word "national" or the word "Federal." They use these words knowing that the Federal Government is supposed to be a paragon of honesty, virtue, and integrity; and these bankers deliberately set about to mislead the people. If the Government is not then willing to assume the responsibility it has no business in meddling and interfering with the inspection of banks.

If they cannot make an honest report they have no business sending bank examiners out.

If depositors knew that banks were not Government inspected, the duty would be upon the depositors themselves to inquire into and determine the financial responsibilities of the bank they choose as their depository.

Mr. DONDERO. Will the gentleman yield?

Mr. WEIDEMAN. I yield to the gentleman from Michigan.

Mr. DONDERO. In discussing the same subject a question was asked me as to how far back we ought to go, some banks having paid their depositors 25 cents on the dollar and settled up. I would like to have the gentleman's opinion.

Mr. WEIDEMAN. This question was brought out in committee: Should the Federal Government pay the depositors who lost their money in State banks? If we go that far, then should we also pay off depositors of the private banks? How far we can go I do not know. I do not believe we can reach the private banks. I think that the losses that the people have suffered by having their banks entirely liquidated is water over the dam, and I do not think we can help them. I do not think we have any authority at law to make a gift to the banks that closed up and liquidated. We know that in the liquidation of these private, State, and national banks that liquidated 25 cents on the dollar the same people were involved that brought about this financial depression that we are in at this time. These are the same people that during the good days were shouting, "Invest in real estate; buy yourself a piece of ground and be forever secure." These are the same bankers that, when money became stringent, started to foreclose mortgages. They were the ones that bought the mortgages up again at 25 cents on the dollar. They are the very people that the newspapers all over the country broadcast as being the most virtuous and able people in the land. It is about time that we stopped putting patriotism and the dollar sign together. I have not very much regard for the professional "good citizen." Patriotism has been too long abused, and some men with money have been too long put in the class of good citizens, when they should have been put into the class of scoundrels.

I have no use for a man who will accept deposits of money in his bank or in his trust company and then, when the little fellow gets out of a job through an economic condition over which he has no control, close up on him. Twelve million people were out of work through conditions over which they had no control. The same men who run the banks run the automobile factories.

Mr. RANDOLPH. Will the gentleman yield?

Mr. WEIDEMAN. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I have been enjoying the remarks of the gentleman very much. I want to ask the gentleman this question: Does the gentleman believe that the present

administration, if it came to an issue between Wall Street and Main Street, would stand on the side of Main Street?

Mr. WEIDEMAN. I think so. We are headed that way; only I hope the present administration takes a stand with respect to Wall Street now and declares its financial independence. I am not afraid of Wall Street, and I am not fearful of the consequences of the withdrawal of the support of Wall Street from our welfare program that we are now initiating. We will get enough men in this House to vote to run our own banking institution, and the sooner we abolish the Federal Reserve System the better. The sooner we reestablish the Treasury and the subtreasuries of the United States and the United States does not sell out to private banking institutions the right to control the currency and the moneys of the Nation the sooner we will have a government of, by, and for the people.

Mr. EVANS. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. EVANS. The gentleman's bill applies only to savings accounts, does it not?

Mr. WEIDEMAN. No; it applies to both savings and commercial accounts. It is the bill of the gentleman from Michigan, on your side, Mr. McLeod.

Mr. EVANS. What sort of distinction is made between savings accounts and the ordinary commercial accounts?

Mr. WEIDEMAN. I yield to the gentleman from Michigan [Mr. McLeod], who can answer the gentleman's question.

Mr. EVANS. I have asked the gentleman how the bill distinguishes between savings accounts, which you recommend be repaid by the Government, and the ordinary commercial accounts that now lie in the closed banks with frozen assets.

Mr. McLEOD. There is no distinction.

Mr. EVANS. In other words, the gentleman's bill provides for repayment by the Government or the underwriting by the Government of all these deposits, both savings and commercial, in these closed banks with frozen assets?

Mr. McLEOD. That is correct.

Mr. EVANS. On the basis that if permitted to stay in business, these various banks are much better prepared to liquidate their frozen assets than the Government would be able to do through receiverships?

Mr. McLEOD. No; the banks that are already in active receiverships are the only ones concerned by this bill.

Mr. EVANS. This bill only applies to those already in receiverships?

Mr. McLEOD. Yes.

Mr. EVANS. What about the banks that are still closed but not in receiverships?

Mr. McLEOD. Conservatorship banks?

Mr. EVANS. Yes.

Mr. McLEOD. They have an opportunity under the provisions of the bill either to reorganize or reopen as the depositors of such a bank see fit.

Mr. WEIDEMAN. There is not any distinction in the bill between commercial and savings deposits and there is no reason why there should be.

DEPOSITORS TRUSTED BANK EXAMINERS

I now want to continue along the line I started as to the responsibility of the Government to the depositors. I say that if the depositor knew that the banks were not Government inspected, the responsibility would then rest upon the depositor to inquire himself as to what bank he should put his money in. In the case of the Federal Reserve banks we had the condition of the Federal bank examiners, under the authority of the Treasury Department, examining banks regularly and making reports, apparently, as to the true condition of such banks. Then we find the Government condoning the issuance of false reports to the public, as was done during the last administration, because I believe the President of the country, Mr. Hoover, wanted to build up a picture that this country was coming back, based on a false premise, false bank reports. He did not want to let the people know what was happening and he therefore condoned the issuance of these false reports.

Now, you may say this is not any fault of ours, but our Government does not change with a change of administration. Even if there was an error of the previous administration, I think there is a moral duty on this administration to pay all these losses occasioned by the false bank reports, which the depositors believed to be true.

In return for this money that the Government will pay, they take over the assets of the banks and the liabilities of the stockholders in these banks. I do not believe for a minute we should release any stockholder from any liability that he may now have.

THE UNITED STATES SHOULD NOT LOSE MONEY ON PAY OFF

The Government may suffer some loss, but I do not believe they should suffer any loss whatever on the final liquidation. Let me refer to a particular instance I know about. Since the receivers have been operating the First National Bank in the city of Detroit it has made a profit of approximately \$3,000,000, and this has been done during the last year. So they have not done so badly there. The assets are there and there is no reason why the Government should finally lose any money at all, and if this same principle works out with the other closed banks the Government will not lose a penny.

Secondly, in many of the large banks real-estate mortgages form a substantial part of the assets and the value of real estate throughout the country is generally depressed at this time, but as more money is put in circulation, as it should be, the value of real property will rise proportionately. So these assets that the banks are holding now at depressed figures cannot do anything but rise, because if the value of property does not rise we might as well stop trying to bring about recovery, because the history of panics shows that whenever money is withdrawn from circulation you have a panic, and when it is put back the opposite occurs, and prices rise and the citizens become more prosperous.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. WEIDEMAN. I yield for a brief question.

Mr. BLANCHARD. I have seen statements that the loss might reach 20 percent. I judge from the gentleman's statement that he has the idea it would not reach any such amount.

Mr. WEIDEMAN. It would not come close to it, based on the experience we have had in Detroit, and I may say that we represent 359,000 depositors with deposits under the amount of \$1,000 in one bank. So we have quite a problem there.

Mr. LANZETTA. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. LANZETTA. Has the gentleman any figures on closed banks throughout the United States?

Mr. WEIDEMAN. Yes; it will cost between one billion and one billion and a half dollars to pay off depositors and receive the assets. One billion five and a half million dollars is the top figure; but in return the Government is going to take over all the assets of these banks, and if other parts of the country will just ride along in the same condition as the banks in Detroit, which represent a considerable amount of the total, I would be willing to guarantee that we will make money for the Government.

Mr. LANZETTA. Did I understand the gentleman to say it would cost the Government from \$1,000,000,000 to \$1,500,000,000?

Mr. WEIDEMAN. No; I do not think it will cost the Government anything.

Mr. LANZETTA. I mean the assets of the banks.

Mr. WEIDEMAN. No; to put out money to pay off the deposit liabilities will cost between \$1,000,000,000 and \$1,500,000,000; but in return the Government is taking over all the assets of these banks.

Mr. LANZETTA. What is the amount of the assets of these banks?

Mr. WEIDEMAN. It all depends on when you appraise them and when you sell them. Stocks and assets of banks

that were sold 6 months ago were sold at 30 percent of what they are worth now. If the liquidators that were in such a hurry to liquidate those banks had waited just 6 months, instead of the depositors in those banks getting 25 or 30 cents on the dollar, they would have received 100 cents on the dollar.

Mr. DONDERO. Will the gentleman yield?

Mr. WEIDEMAN. I will yield to the gentleman.

Mr. DONDERO. Is it not true that this bill would put money into every nook and corner of the Nation?

Mr. WEIDEMAN. The gentleman is correct; I am getting to that. The value of real estate throughout the country is generally depressed at this time but as more money is put in circulation, as it should be and probably will, the value of property will rise proportionately. Third, the operation of the Home Owners' Loan Corporation will take out of the bank portfolios these mortgages and other property collateral, that were deemed to be of the least value; that is, those loans that were on defaulted mortgages, that were in default for a period of 2 years. It is mortgages of that type that are being redeemed by the H.O.L.C. These were the mortgages of the poor people, of the workers, mortgages of those people whom the depression hit first. It was the person who was interested in purchasing a home for his family, the man who wanted to reside permanently in his community. Those people were the really substantial citizens. The H.O.L.C. are absorbing millions of that type of mortgages, and these mortgages will be good mortgages because most of them were amply secured but got in default when this class of owners found themselves helpless, and were unable to continue to make payments. This was due to the fact that they themselves could exercise no control over their economic conditions. Whether they worked or whether they were unemployed was due entirely to the whim and will of the overlord, our modern-day big banker and big industrialist.

MICHIGAN H.O.L.C. HONESTLY ADMINISTERED FOR PEOPLE

There was some debate yesterday in the other body concerning the organization of the H.O.L.C. as a political unit. I am glad to say that that condition does not prevail in the State of Michigan. The H.O.L.C. in the State of Michigan has men of all political parties working within its ranks, and I am glad to see my Republican friends in the House agree. The test applied by the Michigan manager, Mr. John F. Hamilton, was whether or not you could faithfully and honestly fulfill your duty to the Government, and were able to handle your particular job in the H.O.L.C. The H.O.L.C. in the State of Michigan has a great and sympathetic executive as its head, and that corporation in Michigan has scaled down the mortgage debts more, I am informed, than any other State in the Union. It is functioning in the interest of the small home owner and has attempted to protect them from the unreasonable terms of land contracts that were purchased by them during the boom period. At that time the real-estate agent inflamed their minds to buy real estate, so every mechanic thought he would be made a millionaire by the purchasing of real estate, and just about that time the Wall Street bankers decided that credit should be withdrawn and the currency of the country deflated, and away went the dream for riches of the American laborer.

Now the small deposits in national banks were generally made by savings from wages of over the period of 5, 10, and 20 years, so the small depositor would have a nest egg upon which he could live in the afternoon of his life. The small depositor put confidence in its Government and in the report of the Government officials, as to the soundness of the Federal Reserve banks. The small depositor was barraged on all sides by propaganda, building up his confidence in national and Federal Reserve banks. This propaganda took the form of billboards reading "Trust your banker", and "Member of the Federal Reserve System." Newspapers were filled with propaganda urging the people to put their money away for a rainy day and deposit it in a bank that was a member of the Federal Reserve System. I say it is unfair for the Government of the United States to say to 539,000 small depositors, having accounts less than \$1,000

each, in the Detroit banks alone, I say it is unfair for the Government to say now that although our agents made a false report to you concerning the actual conditions of the banks, we are under no obligation to you. I want you to bear in mind that these agents who made these false reports have under this administration been removed from the Treasury Department, and I, as one Member of Congress, am grateful to our President for his removing them.

If the assets of the Federal Reserve banks and national banks are liquidated in a slow manner and over a period of years, I have no doubt that the Government with honest officials in charge should not lose one penny. If the present receivers are forced to sell the assets of the closed banks under force of hammer, the depositors will be the ones that will suffer. The same speculators and bank officials that got the depositors to buy real estate and deposit their money in the banks will again benefit from the sales of the assets of the banks under forced sales of a depressed market.

I hope this House passes the McLeod bill (H.R. 8479) when it is brought before you for consideration. [Applause.]

Mr. McLEOD. I yield to the gentleman from Minnesota [Mr. KVALE] such time as he may desire.

Mr. KVALE. Mr. Chairman, I gladly join my colleague from New York [Mr. Sisson] in demanding a thorough-going investigation of the milk-distribution industry of this country.

Specifically, I wish to echo and reiterate his enthusiastic support of a resolution by Representative KOPPLEMANN, of Connecticut, calling for an investigation by the Federal Trade Commission, and to insist that only such a factual inquiry will be really productive.

I have heard the Agricultural Adjustment Administration condemned on this floor because of its refusal to be a party to the fixing of consumer's prices for milk, which in effect means that it has refused to use the powers given it by the Agricultural Adjustment Administration to guarantee the distribution costs of the milk industry and to assure the collection of a price to the distributor with such assurance of profit which these retail prices would give.

From such evidence as is at hand I am inclined to believe that the Administration is more than justified in its attitude. I note that Secretary Wallace bases his refusal to enforce these retail prices upon audits of books of distributing companies in four cities, showing profits ranging from 14 to 30 percent, based upon what the administration considers to be fair capitalization and reasonable salary scales. These salary scales, I may add, are not the scales which are in effect; far from it; but are the scales which the administration considers would be a reasonable charge against returns.

My own feeling is that there are abundant reasons for an investigation. A great many factors in the milk industry are known; the farmers' prices are known; the consumers' prices are known; thanks to the efforts of the Federal Trade Commission, some of the salaries being paid executives of the big milk-holding companies are known.

But there is still a large field which is unknown. The milk situation in many of the big consuming centers of the country has become a scandal. It has become characterized not only by exorbitant profits but by racketeering, price wars, collusion, and market restrictions of one kind and another. There have been strikes and threats of strikes, incited by some agency, it is not clear which. In fact, the milk-distribution business has become decidedly a big business institution, with all the earmarks of powerful centralized domination.

I believe the Federal Trade Commission should make a thorough investigation into this business. It should inquire into domination of the industry by the large dairy corporations, which have been growing steadily in scope and power. It should inquire into the control of affiliate companies through stock ownership, interlocking directorates, and other means.

I should like to see the Commission inquire into the possibilities that control has been exercised through threat of strikes and through actual strikes, as well as through use of

credit and banker domination. The capitalization of companies engaged in the business would be a fruitful field for investigation. The Commission should also inquire further into the amounts that are paid in salaries by the distributing companies, and the tactics that have been employed in the wars between the wagon distributing companies and the chain stores.

I should like to know more about the rackets engaged in through excessive freight charges, exorbitant charges for terminal service, and for weighing, cooling, and testing at country stations. The Federal Trade Commission already has disclosed some of the fancy salaries being paid by these companies. The figures made public by the Secretary of Agriculture relating to Philadelphia, Boston, St. Louis, and Chicago, indicate that some companies must have been making exorbitant returns, while the dairy farmers of the country have been suffering on the brink of starvation due to ruinous prices being paid to them.

The Commission also should look into the extent to which so-called "cooperatives of company origin" are being used to secure their domination over an industry which is essential to the life of the Nation. Just today I have given my colleague from New York [Mr. Sisson] figures which show the extravagant salaries paid executives of dairy corporations as recently revealed by the Federal Trade Commission. A little work with a pad and pencil will show that such fancy salaries mean this:

Twenty-two executives in two of the Nation's leading milk companies—National Dairy Producers Corporation and the Borden Co.—received in 1932 salaries totaling \$1,057,213, or an average salary per man of \$48,055.

Figuring the retail sale of milk at 10 cents per quart and the milk requirements of a child at 1 quart per day, or a milk bill for the child of \$36.50 per year, the salary received by the 22 executives is equivalent to the milk bill for 28,965 children for 1 year.

The average salary of one executive would pay the milk bills for 1,313 children for 1 year.

Comparing the salaries of the 22 executives with the gross income of New York milk producers we find the following:

Milk production on New York farms in 1932 totaled 7,340,000,000 pounds.

A total of 1,370,000 cows was required to produce this amount of milk.

The average production per cow was 5,357 pounds. The average number of milk cows per farm in New York State was around 10. The total number of farmers required to own the average of 10 cows per farm was 137,000. During 1932 the average price per 100 pounds of milk sold at wholesale in New York State was \$1.20.

On an average of 10 cows per farm producing 5,357 pounds of milk per cow, the gross yearly income per farm in 1932 was \$642.80.

The average income per cow in 1932 was \$64.28.

On the above basis the annual salary of one executive of the two big milk companies is equal to the gross income of 75 dairy farms averaging 10 cows each.

To pay the salary of the 22 executives of the two big milk companies it takes the gross income of 1,650 farms with a total of 16,500 cows.

On the basis of these figures I wish to renew my appeal to the House of Representatives for approval of Representative KOPPLEMANN's resolution. Surely it is time for a searching inquiry into the conduct of the milk distribution industry.

As for the farmers, there is no branch of agriculture which depends so closely for its return as dairy upon the consuming purchasing power. Purchasing power of the consumer means everything for the dairy farmer. The collection of exorbitant prices for milk injures both the consumer and the producer, when the lion's share of the profit goes not to the farmer but to the distributor. Exorbitant prices tend to restrict the consumption of milk and with the farmer unable to sell his milk at any decent price restriction of consumption adds to the surplus and contributes enormously to the low returns and hardships and poverty

of the dairy farmer. Therefore, I believe that a sweeping investigation of the milk distribution industry and of the profit and exorbitant salaries that are being paid would be to the benefit of the entire Nation.

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I rise today to discuss several subjects, which I think are important at this time, having to do with the international situation, the trade situation, and that important bill which proposes to give to the President of the United States the right to make treaties with foreign powers on the question of tariffs, war debts, and international exchange.

Since the election of 1932 President Roosevelt has had much to do on the war debts owed to the United States by the foreign countries. Following the visit to the United States of the British debt mission and the negotiations conducted by the British Ambassador, Sir Ronald Lindsay, and the poverty plea presented by the British of their inability to keep up their payments under the Mellon-Baldwin agreement, the President arranged that Great Britain could make a token payment and save her face from default. Several other foreign nations have continued their default.

The remarks that I am making here today refute the poverty plea which was presented to this administration, and which places the debt which Great Britain owes the United States right back where it was when the Mellon-Baldwin agreement was negotiated. That agreement was a fair agreement and should be carried out to the letter.

As an indication of the attitude of many of the leaders of Great Britain, I am calling your attention to the following letter written by Philip Snowden on July 30, 1927, to a mutual friend:

EDEN LODGE, TILFORD,
Nr. Farnham, Surrey, July 30, 1927.

DEAR SIR: I thank you for your letter of the 26th instant and copies of the two articles of yours which have appeared in L'Italiano.

I have read these articles with much interest. I am in entire agreement with the central economic point of your argument as to the payment of external debt. But I am afraid I do not share your views on the British debt to America. It might have been a good thing for British credit at the time that Mr. Baldwin should have made the settlement, but it was none the less a Shylock proceeding on the part of the United States. Mr. Churchill's debt agreements with Italy and France stand out in marked contrast, especially when we remember that small part the United States played in the war, and the extent to which she has been enriched by the economic impoverishment of Europe.

But I do agree that no useful purpose is likely to be served by Great Britain complaining loudly about the debt to America. It might be better to wait until America begins to realize that what you say about the effect of the receipt of reparation payment applies to the receipt of debt interest and payment, too. America is too rich and prosperous at present to feel the effect of these disturbances.

I was particularly interested in your fulsome eulogy of Mussolini as the greatest of economists, bankers, etc. The Italian bankers, university professors, and business men must have been very ignorant if they needed to be taught the simple and obvious truths about internal and external financial policy.

It is yet too early to form a final conclusion of the success or failure of Mussolini's policy, but the recent trend of economic affairs in Italy do not justify much optimism.

I am sorry I am not able to see you to talk about these matters, as I am not likely to be in London for the next few months, now that Parliament has risen.

With renewed thanks, I am, yours sincerely,

PHILIP SNOWDEN.

I would direct your particular attention to the following language in his letter, which expresses, I am sorry to say, the attitude of mind of many of the British as regards their debt owed to the United States:

It might have been a good thing for British credit at the time that Mr. Baldwin should have made the settlement, but it was none the less a Shylock proceeding on the part of the United States * * *, especially when we remember the small part the United States played in the war and the extent to which she has been enriched by the economic impoverishment of Europe.

* * * No useful purpose is likely to be served by Great Britain complaining loudly about the debt to America. It might be better to wait until America begins to realize * * * the effect of the receipt of reparation payment applies to the receipt of debt interest and payment, too. America is too rich and prosperous at present to feel the effect of these disturbances.

Philip Snowden, ex-Chancellor of the Exchequer, a very great factor in the formation of Great Britain's policy dealing with the United States on war debts, is now a member of the House of Lords of the British Parliament and one of England's outstanding statesmen.

In the face of the statements which I am today making and the revelation of the investment resources of Great Britain taken in conjunction with this letter, how can this administration—in the face of all these things—be defended in its attitude looking toward a reduction of the British debt—owed to the United States Government—either directly or through camouflage manipulations of international exchange or tariff treaties?

For the benefit of the Right Honorable Philip Snowden and the people of the United States and those misguided people in official position who have authority on debt settlements I call attention to this:

Statement showing long-term foreign loans by United States of America since 1921

Year	Total loans	Refunding	Excess exports	Excess loans	Interest on commercial debts
1921.....	\$625,820,000	-----	\$1,296,859,594	\$671,039,594	\$31,291,000
1922.....	869,992,000	-----	473,089,163	396,902,837	74,790,600
1923.....	543,639,764	\$144,113,366	375,427,117	24,099,281	101,972,588
1924.....	1,539,130,900	894,575,445	980,429,392	214,126,063	181,429,133
1925.....	2,482,152,050	276,133,400	683,259,000	1,522,759,650	305,530,735
1926.....	1,891,963,861	139,340,301	377,575,000	1,375,048,560	400,134,928
1927.....	2,311,304,309	239,350,200	680,633,000	1,391,321,109	515,700,144
1928.....	2,381,674,700	285,632,900	1,037,689,000	1,053,352,810	634,783,880
1929.....	1,680,047,000	214,089,000	841,634,000	624,324,000	718,786,230
Total.....	14,375,724,594	1,693,234,612	6,746,595,266	5,935,894,716	2,964,425,238

¹ Decrease.

You will observe from the above statement that the aggregate amount of loans during 1921 through 1929, which the United States made abroad, comes to \$14,375,724,594, which is approximately the aggregate amount of American investments as contained in the tabulation entitled "World Investments of Great Britain and the United States." You will also observe that the interest on commercial debts of \$718,786,230 for the year 1929 is approximately the same as the figure given in World Investments of Great Britain and the United States under the column entitled "Income on Commercial Securities."

You will observe in the above statement that since 1921, after refunding and payment of excess United States exports, there remains an excess of loans amounting to \$5,935,894,716, from which must be deducted the sum of \$2,964,425,238 for interest on commercial debts. The balance of \$2,971,469,478 should be accounted for as follows: The interest payments on war debts during 1921 through 1929 should aggregate approximately \$1,375,000,000 (my estimate), leaving a net cash surplus of \$1,596,469,478, which was used by the borrowing nations as they pleased, some of it being used under pressure to liquefy certain outstanding frozen credits.

I would suggest that these figures will prove to the Right Honorable Lord Snowden and even to the Members of the Senate and House that the United States has been carrying the burden of feeding, clothing, and supplying raw materials to the nations of the world to the extent of the paltry sum of \$14,375,724,594 from her own resources and has taken in return questionable I O U's in lieu thereof. This is what Lord Snowden calls this situation: "The enrichment of the United States of America at the expense of impoverished England and Europe."

Is there any wonder that the people of the United States today lack purchasing power?

May I suggest to the Right Honorable Lord Snowden and the Right Honorable Neville Chamberlain, Chancellor of the Exchequer, that the Right Honorable Stanley Baldwin made a proper debt settlement with the United States?

This Congress created, at the instance of the President, a stabilization fund of \$2,000,000,000 in gold. The argument put forward to this House and this Congress for this most unusual legislation was that it would raise the price level in the United States, that it would raise the price of farm products, and would go a long way toward returning this

country to the 1926 price levels. I wonder if there is any disappointment on the part of the administration as to the effect thus far of the operation of this fund. An examination of the price indices shows that it has not affected price levels to the extent that was claimed by the proponents of that particular legislation, nor will it have the effect that was claimed by the proponents of this particular legislation, because they failed to take into consideration the question of velocity in financial transactions and settlements that are made through the use of checks.

On January 30 the Right Honorable Neville Chamberlain, Chancellor of the Exchequer, is reported to have assured a questioner in the House of Commons in explaining the British equalization fund:

Great Britain is not using its exchange equalization fund to put the pound at any particular level. The purpose of the fund is to correct temporary fluctuations in the exchange value of sterling. It has not been used to create an artificial value of sterling for the purpose of returning to the gold standard, or any other purpose.

He said:

Since there has been a great deal of confusion on this matter, I should, perhaps, add that in my opinion it would be ineffective if so used.

When he was asked whether or not the British equalization fund would be used in competition with the American fund, he said:

I think it is better to wait and see what the operation of this fund in America is going to be.

He then assured the House of Commons that the original capital of the British exchange stabilization fund is still intact. Let me say that when he uses the word "intact" he uses a word having the widest scope and interpretation. I would suggest that the fund is intact because all the conscripted securities have been taken over by the British Government at a price far below their market value in Great Britain, and I feel certain that when he used this word "intact" that he had a diabolical grin on his face—

I think it is better to wait and see what the operation of this fund in America is going to be.

If the Right Honorable Neville Chamberlain agrees with the management of the stabilization fund in the United States on a plan of stabilization of the new dollar with the pound he will drive a bargain for the benefit of Great Britain to the great detriment of the people of the United States on war debts and tariffs.

The British Government—that is, the treasury officials and Downing Street—are not ready to discuss stabilization at this time; and in my judgment they do not want stabilization conversations until the United States Government gives assurances that the war debts will be reduced and revised as to future means of payment. I desire to point out that high finance in both London and Paris at the present time is dominated by international bankers, and it would be a most unfortunate time for the United States to enter into any agreements while the Right Honorable Neville Chamberlain is Chancellor of the Exchequer. Mr. Chamberlain is too closely tied in with this particular international financial group that is now attempting to deal with this situation. And might I suggest at this time that even though they are delinquent in the payment of their war debts to the United States, that France is a very much interested party in this question of the stabilization of international exchanges.

May I also point out for the Record that at present there is no fixed parity between the pound, the franc, and the new American dollar; and in this connection I am interested in a statement by Universal Service recently stating that the administration just recently designated Gov. George L. Harrison, of the New York Federal Reserve Bank, to conduct immediate discussions with Great Britain on currency stabilization; that his efforts are to be directed to perfecting the details of a working agreement between the two countries to peg the pound and the dollar and avoid unnecessary exchange fluctuations; that the trans-Atlantic telephone will be the medium used by Harrison to confer with officials of the Bank of England.

Later it was learned in high administration quarters that a delegation of British financial experts may be invited to "come to Washington to carry on formal negotiations"; that under the projected plan the formal negotiations would encompass not only currency but war debts and trade agreements, that a heavy curtain has been drawn over operations of the \$2,000,000,000 stabilization fund, and that the President emphasized that henceforth there would be no disclosures in connection with currency negotiations with Great Britain or any other nation. The President at his press conference said that subject was forbidden fruit. Harrison will report on his conversations direct to the President and Secretary of the Treasury Morgenthau that there will be no intermediaries. The President himself will make all decisions, that in the end the administration is confident it can force the world to come to Roosevelt's viewpoint.

And in an article by Thomas C. Watson, of Universal Service, with a London, England, date line, February 2, it is stated:

Washington has sounded out Great Britain on the prospect of meeting of experts probably in London for the purpose of reaching an understanding on the operation of the British and American exchange equalization funds. While silence of officialdom prevailed it is said in reliable circles that Sir Frederick Leith Ross, financial adviser of the British treasury, will represent Great Britain. This is the same gentleman who recently left the United States, having been here for the purpose of discussing the war debts owed to the United States by Great Britain, which conferences broke up without any action so far as the public now knows.

May I again call your attention to what I said on the floor of the House during the discussion of the gold monetary bill that the policy of actual devaluation and international stabilization must be deferred until such date as the Government of the United States will have had time to enter into bilateral agreements with (a) all the representatives of America, (b) the self-governing Dominions of the British Empire, (c) the continental nations of Europe, and (d) Great Britain; that before any definite arrangement is made with Great Britain, bilateral agreements should be made with each of the other countries that I have just named?

May I point out in connection with the serious situation which the administration is developing in attempting to deal first with Great Britain on this question of stabilization, that the great trade possibilities of the United States lie to the south in the South American countries, and in this connection I desire to call your attention to the plan that Great Britain put into operation during the World War, when her credit resources were strained and she began to make loans from the United States. England established the American Dollar Securities Committee, the purpose of which was to secure the aid of all the British Nationalists for the British Empire, and into this committee were mobilized all of the security holdings of the Britishers in American securities, and these securities were either sold or used as a basis of credit by the British Empire. I am placing in the RECORD at this point portions of a copy of the report of the American Dollar Securities Committee, as issued by Stanley Baldwin, Treasury Chambers, November 20, 1919, in which you will find a nomenclature of nearly all the American dollar securities owned by the British investors.

REPORT OF THE AMERICAN DOLLAR SECURITIES COMMITTEE
The Right Honorable AUSTIN CHAMBERLAIN, M.P.,
Chancellor of the Exchequer.

SIR: The functions of the committee were to control the operations initiated at the treasury for the purpose of improving and maintaining the American rate of exchange, which had been gradually falling since the commencement of the war as a result of the large purchases of munitions and other goods.

Immediately preceding the declaration of war the cable rate in New York was abnormally high, being marked at \$7 to the pound on the 1st of August 1914, although it is doubtful if much business was done above \$5 to the pound. The rate gradually fell until the end of the year, when it was quoted at 4.86½. In 1915 the rate still continued to fall until July, when the quotation was 4.77.

In July 1915 the treasury took the first step with the view of helping the exchange by instructing the Bank of England to purchase American dollar securities in London and transmit them to New York for sale; and these operations were continued until the

close of the year, by which time securities of the nominal amount of \$233,000,000 had been purchased. In the meantime the exchange had fluctuated between the rate of \$4.77 and \$4.51, with an upward tendency from the end of October.

On December 15, 1915, a circular letter to insurance and trust companies was issued by the treasury requesting them to submit lists of American dollar securities which they were willing to sell or deposit on loan with the treasury, and on December 31, a corresponding circular was issued to the general public.

A scheme setting forth the conditions under which the securities would be (1) purchased, or (2) accepted on loan (subsequently known as scheme A, see appendix A), was published in the London Gazette of December 17, 1915, and, as this scheme formed the basis of the operations of the committee, the salient terms may be mentioned.

(1) Purchase: The treasury undertook to purchase any suitable dollar securities at prices based on current New York Stock Exchange quotations, the sterling price to be paid being calculated at the exchange of the day; in the case of no reliable quotation being available the price was to be fixed by agreement.

Exchequer 5-percent bonds maturing in 1920, available for subscription to any future long-dated war loan at face value plus accrued interest, could be taken at the seller's option in lieu of cash.

(2) Deposit on loan: Securities loaned to the treasury were to be accepted for 2 years from the date of deposit, on the understanding that the interest received on such securities would be paid to the depositor, together with an additional payment at the rate of one half of 1 percent per annum on the nominal amount of the security. The securities would be inscribed in a treasury register and transferable by deed, but so as not to involve the depositor in any additional expenditure for stamps or fees; and treasury certificates negotiable on the London market would be issued for each deposited security. Depositors had the option to release securities so deposited by payment of the dollar value in New York, or they could be sold on behalf of the depositor, the understanding in each case being that the equivalent value in sterling at the exchange of the day should be paid in London.

Forms for offering securities for sale to the treasury or for deposit on loan were issued on the understanding that the treasury would indicate those securities which the treasury would purchase or accept on loan as the case might be. A large number of these forms were sent in and were used as opportunity offered until they were declared obsolete on March 24, 1916.

In January 1916 the committee commenced operations by the issue of a selected list of 54 American dollar securities, the respective quotations being based on the current New York price specially sent by cable the previous night. This list was posted daily on the London Stock Exchange at 10:30 a.m., and bargains could be booked or contracts made at the quoted price up to 3 o'clock in the afternoon (1 o'clock on Saturdays). Subsequently, the closing hour was extended to 4 p.m. At the same time the official quotations of this list were telephoned by the post office to all the provincial stock exchanges, and a bargain could be made by the broker by means of a telegram handed in at the local post office by 2 o'clock of the same day, the contract note and relative securities following by post. As the time available for provincial brokers to obtain the prices and transact the business with their clients was practically limited to 3 hours it was soon deemed advisable to accept wires handed in by 4 o'clock at latest, and notification was given accordingly.

On the first day securities to the value of as much as £450,000 were obtained, and the figures were rapidly increased as the scheme became more widely known—in fact, the business was such that it was found desirable to have special contract notes printed which provided for the purchase money's being paid in exchequer bonds as well as in cash, and for the physical-possession certificate required to exclude enemy securities.

Additional lists of suitable bonds and shares were published from time to time, and by this means the treasury had, by March 17, 1916, offered to purchase at the officially quoted prices no less than 256 selected securities. Furthermore, very large blocks, not necessarily limited to the investments quoted in these lists, were purchased from various insurance companies, banks, etc., at agreed figures, and in this connection the preliminary information supplied on the forms to which reference has previously been made was found most useful. The value of securities so obtained by that date was £40,500,000.

So far the operations of the committee had been limited to the purchase of securities for sale in America, but the requirements of the Government necessitated increased support, and the treasury, on March 24, 1916, decided that deposit on loan of securities should be commenced. Preparations for this extension of the committee's operation had been made beforehand, a booklet containing a list of 778 securities suitable for deposit was issued, together with a set of working regulations and a copy of the scheme as published in the London Gazette on the same day. The minimum amount of any one security acceptable for deposit was fixed at \$5,000 (£1,000).

The forms of offer under the original scheme of deposit were declared obsolete, and special forms of offer were issued in which a copy of the scheme was reproduced, and the owner of the securities signed a contract accepting the terms of the scheme.

Both parts of the original scheme were now in active operation, and the business of the committee increased accordingly.

On May 16 a booklet of 909 securities which the treasury would purchase or accept on loan was published. During the period from

March 17 the amount paid for securities bought was £8,500,000, and the nominal amount of securities deposited on loan \$40,300,000. As these figures were below the amounts required and since some hesitation to comply with the treasury wishes was evident, the Chancellor of the Exchequer issued a special request for increased support on May 27, 1916, and, on May 29, a resolution of the House of Commons provided for an additional income tax of 2 shillings in the pound on such securities as the treasury, by means of special lists, declared its willingness to purchase. This resolution was embodied in section 27 of the Finance Act, 1916 (6 and 7. Geo. V., chap. 24), which imposed the tax on securities to be specified, which were not placed at the absolute disposal of the treasury either by sale or deposit.

Relief from the additional income tax could be obtained by holders of securities in cases in which failure to place them at the disposal of the treasury was unavoidable, or in which the securities were held by persons who were not domiciled in the United Kingdom. It was arranged that the committee should deal with claims for exemption from the additional tax in the cases in which failure to deposit was unavoidable and that the inland revenue should deal with those relating to domicile.

The effect of the resolution was immediately evidenced by a large increase in both the sales and deposits. The first special list was published in the fifth supplement to the London Gazette of June 5, 1916, and was followed at intervals during the year by five other lists, and the business done is indicated in the following statement, dollars being stated in sterling at the rate of \$5 to the pound:

Week ending—	Purchases	Deposits	Total
May 27, 1916.....	£2,227,000	£2,219,000	£4,446,000
June 3, 1916.....	11,575,000	7,740,000	19,315,000
June 10, 1916.....	11,892,000	7,678,000	19,570,000
June 17, 1916.....	6,868,000	10,385,000	17,253,000
June 24, 1916.....	7,400,000	8,891,000	16,291,000
July 1, 1916.....	4,225,000	5,139,000	9,364,000
July 8, 1916.....	3,687,000	3,571,000	6,658,000
July 15, 1916.....	2,950,000	5,465,000	8,415,000
July 22, 1916.....	3,316,000	5,780,000	9,096,000
July 29, 1916.....	2,596,000	5,953,000	8,549,000
Aug. 5, 1916.....	1,727,000	8,554,000	10,281,000
Aug. 12, 1916.....	1,256,000	3,623,000	4,879,000

On the 12th of August 1916 the total amount of the purchases was £109,228,000, and of deposits £83,614,000, making in all £192,842,000.

On the 16th of June 1916 the deposit scheme was extended so as to include securities of less nominal amount than \$5,000. These small holdings of securities were to be deposited through approved agents, such as bankers and stockbrokers, by whom the offers were to be aggregated and deposited with the treasury in the name of the agent. Two hundred and eighty-three agents were appointed, the arrangement being that they should practically keep a sub-register and undertake the distribution of the interest and additional allowances as they fell due.

In July 1916 the treasury made a special bid for certain securities of the provinces of Manitoba and Saskatchewan, and in August for city of Winnipeg 4-percent consolidated stock, 1940-60.

On the 12th of August 1916 a new scheme for loan of securities to the treasury (known as "scheme B", see appendix B) was promulgated. The terms of this scheme were in most respects similar to those of scheme A, except that (1) the duration of the deposit was fixed at 5 years from March 31, 1917, subject to the right of the treasury to return the securities at any time after March 31, 1919, on giving 3 months' notice, and (2) the treasury reserved the right of disposing of the securities if necessary, continuing the payment of interest and additional payment until the end of the period of loan, when similar securities would be returned, or, failing such return, the treasury undertook to pay the depositors the deposit value of the securities with an addition of 5 percent on that value, or the price realized, whichever was the greater. The deposit value is defined in the scheme.

Depositors under scheme A were given the option to transfer to scheme B, and advantage was taken of this offer to the extent of fifty-seven and one-half millions out of a total of eighty-two and one-half millions. The offer was withdrawn on September 4, 1917.

All securities which were acceptable on loan under scheme A were also acceptable under scheme B, and, in addition, certain other securities were included, chiefly foreign and colonial railway and Government securities having a ready market in the United Kingdom.

The registered Canadian and South American railway stocks were freely offered and aggregated about £173,000,000. An advantageous and economical arrangement was made with the respective railway companies, by which they undertook to keep the treasury register and to pay the dividends as they fell due.

By this arrangement the national debt commissioners were relieved of the preparation and despatch each year of divided warrants to the number of 350,000, but in order to be prepared for any untoward circumstances a duplicate of the register was set up. The treasury certificates, numbering 162,000, were prepared in, and issued by, the Department.

Bearer securities with coupons payable in London were also lodged freely and aggregated £112,000,000. In this instance a special arrangement was made with the paying agents by which they undertook to pay the coupons plus the additional allowance for a

limited time, on being supplied with schedules in duplicate in such form as would permit of the calculations' being completed. The arrangement lasted until the 30th of September 1917, when the whole of the work was taken over by the National Debt Office.

By the 26th of September 1916, the loan of certain sterling securities having reached a figure which satisfied the immediate requirements of the treasury, it was then decided to curtail the list of acceptable securities by withdrawing 6 railway stocks and 6 classes of Japanese bonds. An extension of time to the 5th of October was allowed in the case of such securities already in the hands of bankers and brokers for deposit.

In September 1916 the Federal income tax law was passed in the United States, which imposed a tax of 1 percent on United States securities held by nonresident aliens, such tax to be increased to 2 percent from January 1, 1917. The imposition of this tax added materially to the work connected with the payment of interest on deposited securities and involved many intricate points upon which it was a matter of difficulty to obtain information from the United States Treasury.

In October 1916 Messrs. J. P. Morgan & Co. notified the treasury that it would be desirable to include in the collateral for a forthcoming loan in the United States of America a certain amount of British railway debenture stocks. As only a limited sum was required, it was decided to issue a private invitation to a few large holders, mainly insurance companies, to deposit their stock. The terms varied from those of scheme B insofar as the additional interest allowed was 10 percent of the annual rate instead of one half of 1 percent on the nominal amount of stock, but depositors were guaranteed that should any further scheme for borrowing securities be introduced, they would be given the advantage of any improved conditions or remuneration. The nominal amount of the stocks obtained by this method approximated to £17,500,000.

In continuation of the previous table, the weekly transactions of the committee for the remaining portion of the year 1916 were as under, viz:

Week ending—	Purchases	Deposits	Total
Aug. 19.....	£675,000	£9,088,000	£9,763,000
Aug. 26.....	607,000	13,720,000	14,327,000
Sept. 2.....	674,000	22,667,000	23,341,000
Sept. 9.....	548,000	23,734,000	24,282,000
Sept. 16.....	537,000	26,206,000	26,743,000
Sept. 23.....	549,000	22,644,000	23,193,000
Sept. 30.....	387,000	21,901,000	22,288,000
Oct. 7.....	754,000	22,676,000	23,430,000
Oct. 14.....	487,000	24,366,000	24,853,000
Oct. 21.....	332,000	14,734,000	15,066,000
Oct. 28.....	379,000	14,640,000	15,019,000
Nov. 4.....	402,000	13,866,000	14,268,000
Nov. 11.....	402,000	4,842,000	5,244,000
Nov. 18.....	203,000	6,026,000	6,229,000
Nov. 25.....	301,000	6,354,000	6,655,000
Dec. 2.....	325,000	4,477,000	4,802,000
Dec. 9.....	539,000	3,095,000	3,634,000
Dec. 16.....	252,000	3,739,000	3,991,000
Dec. 23.....	453,000	2,726,000	3,179,000
Dec. 30.....	233,000	2,429,000	2,662,000

The aggregate amount of the purchases and deposits to December 31, 1916, were £118,269,000 and £347,524,000, respectively.

On January 24, 1917, the defense of the realm (securities) regulations, nos. 7c, 7d, and 7e, came into force, which gave the treasury power to acquire securities and placed restrictions on the disposal of same. While securities continued to be received on deposit, such securities were to be subject to any orders that might be issued by the treasury under the regulations. The treasury notice under these regulations, dated January 30, 1917, stated the conditions under which securities could be sold abroad, and placed upon the American dollar securities committee the duty of issuing the necessary permits.

On February 17, 1917, the treasury issued the first order under the defense of the realm (securities) regulations (see appendix C), applying the provisions of regulations 7c to certain specified securities and requiring the owners or custodians of such securities and other persons interested in them to take effective steps to deliver the securities to the American dollar securities committee on or before March 17, 1917, at the prices specified against the several securities.

The general effect of the order was to make the securities specified the property of the treasury as on February 17, 1917, including the right to dividends payable on or after that date, and to require the proper persons to take all steps necessary to effect that purpose.

Exceptions from the operation of the order were allowed in certain cases, notably in the case of securities beneficially owned on January 24, 1917—and remaining so owned—by persons not ordinarily resident in the United Kingdom and in that of securities tendered for deposit before January 26, 1917.

Arrangements were made for the acceptance in New York of securities not in the United Kingdom.

The compensation named in the order was payable within 7 days of the transfer, and, in the case of late delivery, power was given to reduce the rate of compensation.

Three additional orders were made by the treasury, the last being dated May 7, 1917.

On May 11, 1917, the acceptance of securities on deposit was discontinued, except as regards such securities as were subject

to the additional income tax of 2s. in the pound, but the purchase of securities was retained.

On the 17th of November 1917 a requisition order was issued requiring the sale to the treasury of Royal Dutch shares.

Scheme B was closed on the 1st of March 1918, but securities subject to the additional income tax of 2 shillings in the pound and which had not appeared in any of the requisition orders were still accepted on loan for a period to expire on the 31st of March 1922 under the terms and conditions of scheme A, subject to return at any time on the treasury giving 3 months' notice.

On the 23d of March 1918 a requisition order was issued requiring the deposit on loan with the treasury of Uruguayan bonds of the 3½-percent consolidated loan—subject to return at any time on the treasury's giving 3 months' notice, but otherwise on the terms and conditions of scheme B.

The securities loaned under scheme A for a period of 2 years from the date of deposit commenced to fall due for return to the depositors in March 1918, and it was deemed desirable to offer to extend the term so as to provide for the return of securities terminating at the same time as those deposited under scheme B. The majority of depositors accepted the offer, securities to the nominal value of only \$476,270 being returned at the original maturing dates.

On the 2d of January 1919 the prohibition on the sale of securities abroad without the permit of the American Dollar Securities Committee was removed, and the functions of the committee were reduced to granting permits for the import of securities sent abroad for registration. On the same date the purchase of securities was discontinued, except as regards those subject to requisition or already on deposit.

The foregoing furnishes an account of the origin of the committee for the purpose of supporting the American exchange and of the various steps taken to assist the foreign exchanges.

As before stated, the functions of the committee were generally to administer the schemes for the purchase and deposit on loan of American and other securities and such other operations as were more or less ancillary to the schemes. The initiative as regards the form these schemes should take rested with the Treasury.

Generally speaking, the selection of the securities taken and executive work connected with purchases were, so far as dealing with the public was concerned, undertaken by Sir George May, assisted by a staff which included officials borrowed from the Prudential Assurance Co. and the settlement department of the stock exchange. The clerical work was undertaken by the National Debt Commissioners with temporary assistance, and the acceptance of securities was managed by a branch office of the Bank of England.

The operations of the committee were in the first instance confined to the purchase of suitable securities, and a statement of the procedure adopted in calculating the prices offered by the treasury may be of interest.

So long as the purchases were limited to securities comprised in the lists published by the committee, the prices were cabled from New York in the first instance, and subsequent daily cables indicated the changes in quotations from those ruling on the previous day. These prices were adjusted for the accrued interest and the London parity calculated on the exchange rate of the day. The prices so obtained were posted on the London Stock Exchange each morning, and by arrangement with the post office were also telegraphed to the provincial stock exchanges.

Suitable securities which were not included in the published lists were also purchased, and in these cases special prices were obtained from New York, and the London prices calculated in the same manner.

A card system was used for these cases, as well as for variations in listed prices, each card representing a particular security, and suitably headed for "title of security", index number, and interest dates. Columns were provided for date, New York quotation, interest accrued, London parity, rate of exchange, and treasury quotation. Each card lasted for 12 variations in the price, and when completed was filed for future reference.

This method enabled all the particulars for a series of days to be seen at a glance, thus making checking a very simple process and the liability to error as negligible as possible.

When the volume of securities offered for sale to the treasury had materially decreased, the transactions were not of sufficient magnitude to justify cabling in all cases. The system was therefore slightly modified by basing the price offered for shares on the New York quotations appearing in the London papers, leaving bonds only to be the subject of a cable.

On January 2, 1919, the purchase operations were limited to the requisitioned securities and the securities that had been deposited on loan; and the purchase of the latter was discontinued on April 28, 1919.

The executive work in connection with the deposit on loan was at the request of the treasury undertaken by the national debt commissioners, and necessitated the keeping of an account for each depositor for the purpose of recording changes on the treasury register, for payment of the interest and additional allowances, and for the many other details which arise when a large number of securities and individual accounts have to be dealt with.

To cope with the work, further temporary assistance had to be obtained, which at first was housed in premises rented at 3 and 4 Lothbury, but as the work increased it was found necessary to obtain more spacious accommodations, and three buildings, which

had formerly been used as commercial show rooms with inter-communication on each floor, were secured, offering a total floor space of about 20,000 feet. These premises, situated at 32 and 33 London Wall and 5 London Wall Avenue, provided sufficient accommodation for the whole of the temporary staff, which at one time numbered 277. As will be seen by reference to the table on page 9, the deposits of securities were very heavy in August, September, and October 1916, amounting to as much as £26,000,000 sterling in 1 week, and to £100,000,000 in the month of September. It is difficult to convey an adequate idea of the magnitude of the work which devolved upon the national debt office, but it will perhaps be realized when it is stated that the department, acting as the one center to which the whole of the country was transmitting securities, was practically inundated with offers of securities during the busy part of the period. Not only were lodgments made direct but arrangements were also made for the transmission of securities from abroad through the medium of the consulates and for lodgments in New York.

So great was the pressure that it was impossible at times to cope with the work in an adequate manner, and some of the less urgent matters had to be deferred until a convenient opportunity to overtake the arrears occurred. It must be remembered that the bulk of the detail work was performed by temporary employees, as the small permanent staff of the office could only supply a limited number for supervising purposes, the more so as the work of the Department was much heavier than usual owing to the war. The principal delay arose in the issue of the treasury certificates, but with the assistance of a temporary staff of 60, placed at the disposal of the commissioners by the stock exchange from March to August 1917, the arrears were overtaken and the routine of the business was established. The branch establishment of the Bank of England undertook to receive the deposited securities and to arrange for their transmission to America, but all securities arriving from the provinces and abroad were examined and dealt with by the national debt office before being handed over to the bank.

It is a satisfaction to the committee to be able to state that, notwithstanding the immense number and variety of securities loaned to the treasury, not a single instance has occurred of a security's being lost.

In appendix D will be found a detailed list of the securities acquired by the treasury up to March 31, 1919, for the purpose of maintaining the exchange in New York, and also to a modified extent the exchanges in Holland and the Scandinavian countries. This statement shows the amounts of each security obtained by purchase and on loan separately, arranged under the currency in which the security was primarily issued. The purchases include those made by the Bank of England before the appointment of the committee, amounting to £233,000,000, or in sterling to £46,600,000, and also those securities which were bought after they been loaned to the Treasury, the sterling equivalent of which amounted to £24,360,000.

The totals of the several currencies are given in the following statement:

	Purchases	Loaned securities	Total	Number of different securities
Dollar bonds.....dollars..	680,014,944	197,856,380	877,871,324	1,421
Dollar shares.....do.....	241,317,761	303,593,880	544,911,641	389
Sterling bonds.....pounds..	27,803,232	115,160,124	142,963,356	123
Sterling shares.....do.....	875	875	875	1
Registered stocks.....do.....	4,119,358	171,851,047	175,970,405	40
Home railways.....do.....	17,494,182	17,494,182	17,494,182	43
Franc bonds.....francs.....	8,458,500	8,458,500	8,458,500	2
Krone bonds.....kroner.....	8,152,100	8,152,100	8,152,100	3
Florin bonds.....florins.....	111,600	4,374,600	4,486,200	4
Florin shares.....do.....	5,341,100	5,341,100	5,341,100	1
Total.....				2,027

For the purpose of arriving at the aggregate amounts of the securities acquired, the various currencies have been converted into sterling at the customary rates, viz, \$5 to the pound, 25 francs to the pound, 18 kroner to the pound, and 12 florins to the pound.

	Purchases	Loaned securities	Total
Dollar bonds.....	£136,002,988	£39,571,276	£175,574,264
Dollar shares.....	48,263,552	60,718,776	108,982,328
Sterling bonds.....	27,803,232	115,160,124	142,963,356
Sterling shares.....	875	875	875
Registered stocks.....	4,119,358	171,851,047	175,970,405
Home railways.....	17,494,182	17,494,182	17,494,182
Franc bonds.....	338,340	338,340	338,340
Krone bonds.....	452,894	452,894	452,894
Florin bonds.....	9,300	364,550	373,850
Florin shares.....	445,001	445,001	445,001
Total.....	216,644,396	405,951,189	622,595,585

The above figures do not include a special creation of \$40,-000,000 Canadian Pacific Railway 4-percent dollar debenture stock deposited by the Canadian Pacific Railway Co.

From the above statement it will be seen that the total securities purchased amounted to..... £216,644,000
Of which the Bank of England bought..... 46,600,000
And the American Dollar Securities Committee..... 170,044,000
The deposits on loan at Mar. 31, 1919, amounted to..... 405,951,000
The deposits on loan sold to treasury amounted to..... 24,380,000
And the special deposit of the Canadian Pacific Railway Co. amounted to..... 8,000,000
Making the total amount actually deposited... 438,311,000
The dollar securities can be analyzed to a limited extent, thus:

	Purchased	Loaned	Total
Dollar bonds.....	£136,062,988	£30,571,276	£176,574,264
Dollar shares.....	48,263,552	60,718,776	108,982,328
Total.....	184,266,540	100,290,052	284,556,592
Deduct Canadian securities included.....	6,631,836	27,361,344	34,013,180
American securities.....	177,614,704	72,928,708	250,543,412

It will be seen that of the American dollar securities, amounting to £250,543,000, which came into the possession of the treasury, £177,614,000, or 71 percent, were purchased for resale in New York and £72,928,000, or 29 percent, are still held by this country.

The number of the different securities which were obtained by the treasury is shown in the last column of the table on page 9, which can be subdivided as follows:

Number of different securities appearing as purchases only... 637
Number of different securities appearing as both purchases and deposits..... 937
Number of different securities appearing as deposits only.... 373

2,027

and the total of the last two items, viz, 1,340, represents the number of ledger accounts kept by the national debt commissioners under the head of "Securities"; the number of personal ledger accounts is 265,500, made up of:

Individual accounts of all kinds kept by the national debt commissioners, 33,000.

Individual accounts of registered stocks kept by the railway companies, 105,000.

Individual accounts of small accounts kept by agents, 127,500.

The foregoing statements furnish an indication of the work resulting from the operations of the committee as the position stood at March 31, 1919.

Since that date the additional special income tax of 2 shillings in the pound was discontinued as from April 6, 1919, the purchase by the treasury of deposited securities was discontinued on April 28; and the required 3 months' notice having been given, the return of registered stocks to the amount of £67,615,000, commenced on April 1.

The result of the endeavors to maintain the New York exchange, to which the operations of the committee contributed, was that a practically uniform rate of \$4.78 3/4 to the pound was maintained until March 21, 1919, when the control was removed.

The committee regret that Mr. G. H. Pownall, a member of the committee who had rendered valuable assistance, died on December 16, 1916.

The committee desire to place on record their high appreciation of the valuable services rendered by Sir G. E. May while acting as manager.

The committee would take this opportunity to express their thanks to the holders of securities who have voluntarily placed their holdings at the disposal of the treasury, to the financial houses and institutions who acted as paying agents for the treasury in connection with the deposit scheme, to the banks and railway companies for their assistance in connection with the registered stocks, and to the staff of the national debt office for their cordial cooperation in the work.

W. G. TURPIN, *Chairman*.
BRIEN COKAYNE.
W. G. BRADSHAW.
HERBERT JOHNSON.
GEO. METCALFE.
G. E. MAY, *Manager*.

NATIONAL DEBT OFFICE, June 4, 1919.

I am also placing in the RECORD a copy of the rules and regulations issued under the defense of the realms act. By virtue of these laws Great Britain, through the medium of the exchange stabilization fund, have now been securing all title and interest in all the foreign securities owned by British investors throughout the world:

BRITISH LEGISLATION

The defense of the realm acts and regulations, for the most part, expired August 31, 1921, on the termination of the war.

The original act, 5 and 6 George V, chapter 8, and extended acts are 5 and 6 George V, chapter 34; 5 and 6 George V, chapter 37; 8 and 9 George V, chapter 57; and 10 and 11 George V, chapter 5.

The emergency powers act (1920) empowers the making of regulations similar in scope to those formerly made under the defense of the realm acts.

Certain matters formerly prescribed by defense of the realm regulations are now dealt with by permanent acts of Parliament, such as the army and air force (annual), October 1920 (10 and 11 George V, ch. 7, sec. 23); the official secrets act (1920); the shops (early closing) act (1920); the milk and dairies act (1920); and the sale of tea act (1922) (12 and 13 George V, ch. 29, repealed and replaced by 16 and 17 George V, ch. 63, secs. 4, 9, 15 (2), sch. 1.)

(Great Britain Statutes—Statutory rules and orders in force on Aug. 31, 1930, showing the statutory powers, p. 220, X W H, Fifth Avenue and Forty-second Street Library, New York City.)

Memorandum: The emergency powers act of 1920 was in anticipation of the expiration of the D.O.R.A. and continues in force and effect those acts of the D.O.R.A., the provisions of which have not been repealed.

GREAT BRITAIN STATUTES—CHITTY'S ANNUAL STATUTES (1920) (10 AND 11 GEORGE V. P. 742)

(10 and 11 George V, cap. 55. Emergency Powers Act, 1920)

An act to make exceptional provision for the protection of the community in cases of emergency (Oct. 29, 1920). Be it enacted as follows:

EMERGENCY REGULATIONS

SEC. 2. (1) Where a proclamation of emergency has been made,¹ and so long as the proclamation is in force, it shall be lawful for His Majesty in council, by order, to make regulations for securing the essentials of life to the community, and those regulations may confer or impose on a Secretary of State, or other Government department, or any other persons in His Majesty's service or acting on His Majesty's behalf, such powers and duties as His Majesty may deem necessary for the preservation of the peace, for securing and regulating the supply and distribution of food, water, fuel, light, and other necessities, for maintaining the means of transit or locomotion, and for any other purposes essential to the public safety and the life of the community, and may make such provisions incidental to the powers aforesaid as may appear to His Majesty to be required for making the exercise of those powers effective.

SEC. (4) The regulations so made shall have effect as if enacted in this act, but may be added to, altered, or revoked by resolution of both Houses of Parliament or by regulations made in like manner and subject to the like provisions as the original regulations;

SEC. (5) The expiring or revocation of any regulations so made shall not be deemed to have affected the previous operation thereof or the validity of any action taken thereunder,² or any penalty, etc.

Finance Act, 1916 (6 and 7 Geo. V, ch. 24, sec. 27): Imposed an additional income tax of 2 shillings in the pound on all securities which were not placed at the absolute disposal of the treasury either by sale or deposit. Relief from the additional income tax could be obtained by holders of securities in cases in which failure to place them at the disposal of the treasury was unavoidable, or in which the securities were held by persons who were not domiciled in the United Kingdom.

Government War Obligations Act (1915) (5 and 6 Geo. V, ch. 96, sec. 2): Permitted trustee and companies to take advantage of the scheme notwithstanding any provisions of their trusts or constitutions.

On January 24, 1917: An order in council, passed in virtue of and under the Defense of the Realm (Securities) Regulations, empowered the treasury to apply regulation C to requisition all or any securities held by British investors.

THE DEFENSE OF THE REALM ACTS (5 GEO. V, CH. 8)

THE DEFENSE OF THE REALM REGULATIONS CONSOLIDATED (POWERS OF TREASURY AS TO FOREIGN SECURITIES AND REGULATIONS THEREOF)

"7C" (1) Where the treasury are of opinion that for the purpose of strengthening the financial position of the country, it is expedient that this regulation should be applied to any foreign securities, or to the securities of any concern owning or controlling any foreign securities, or any property or undertaking outside the United Kingdom, or otherwise carrying on business wholly or mainly outside the United Kingdom, the treasury may by order apply this regulation, subject to any exceptions and conditions for which provision may be made by order, to any such securities specified in the order, whether the securities are actually in the United Kingdom or not; provided that no such order shall apply to any securities as to which the treasury are satisfied that on the 24th day of January 1917 they were beneficially owned by a person not ordinarily resident in the United Kingdom and that they remained so owned.

(2) The treasury may take possession or require delivery of any securities to which this regulation is for the time being applicable on such terms as may be provided by the order under which the regulation is made applicable to the securities, and deal with them in such manner as they think fit, and the owner of any such securities, and any person who has any interest in

¹ Such a proclamation has been made in convening the Parliament resulting in the present coalition government.

² As, for instance, the regulations 7c, 7d, 7e, of the D.O.R.A.

or is the registrar of any such securities, shall take all steps and do anything which is necessary or is directed by the treasury for the purpose of or in connection with the transfer or delivery of those securities to the treasury.

A certificate signed by a secretary to the treasury that any securities particulars of which are given in the certificate have been taken possession of by the treasury shall be taken as conclusive evidence of the facts stated in the certificate by the registrar of any securities.

(3) Provision may be made by an order under this regulation for any case in which securities transferred or delivered to the treasury are subject to any mortgage or other charge by substituting for the mortgage or charge on the securities a mortgage or charge on any payment made or other consideration given in respect of the transfer or delivery of the securities.

(4) Any order of the treasury under this regulation may be revoked or varied as occasion requires.

"7D" (1) A person shall not without the consent of the treasury remove from the United Kingdom or be directly or indirectly concerned in removing from the United Kingdom any securities to which the treasury have power to apply or have applied regulation 7C, or dispose of any such securities to any person except to a person ordinarily resident in the United Kingdom.

(2) The treasury may, by notice published in the London, Edinburgh, and Dublin Gazettes, require the owners of any securities to which the treasury have power to apply regulation 7C, or have applied that regulation, to make a return to the treasury, giving such particulars as to those securities within such period as may be specified in the notice, and owners of those securities shall make a return accordingly.

"7E" (1) In regulations 7C and 7D the expression "securities" includes stocks, shares, and other securities, and the expression "foreign securities" includes any securities where the principal or interest of the securities is payable in any foreign country, or where the funds necessary for the payment of the principal or interest of the securities are provided from any foreign country, and the expression "registrar" includes as respects any securities any person having the charge of, or concerned with, the registration of registered securities, and any person having the charge of, or concerned with, the books in which any inscribed securities are inscribed.

(2) Any of the provisions of regulations 7C and 7D applying to foreign securities shall also apply to securities where the principal or interest of the securities is payable in any British possession, or where the funds necessary for the payment of the principal or interest of the securities are provided from any such possession.

The provisions of regulations 7C and 7D applying to the owner of any securities shall apply to any person who has power to dispose of or sell any such securities or has the custody of, or receives on his own behalf or on behalf of any other person the dividends or income from any such securities, or has any interest in any such securities, as they apply to the actual owner of the securities.

(3) If any person acts in contravention of, or fails to comply with any provisions of regulations 7C or 7D, that person shall be guilty of a summary offense against these regulations, and the administration of those regulations is for the purpose of subsection (11) of regulation 56 hereby assigned to the treasury.

I am also placing in the Record compilations which have been made covering the world investments made by British investors.

United Kingdom investments in British Dominions and colonies

	Principal of British investments in Dominion and Colonial Governments securities	Interest on Dominion and Colonial Governments securities	Private and corporate investments made by British investors in Dominion and Colonial enterprises	Income	Total of capital investments in Dominion and Colonial Governments securities	Total annual income
India.....	£234, 871, 120	£11, 743, 556	£322, 379, 811	£16, 118, 990	£557, 250, 931	£27, 862, 546
Australia.....	390, 417, 200	19, 520, 860	121, 473, 988	6, 073, 699	511, 891, 188	25, 594, 559
New Zealand.....	93, 689, 780	4, 684, 489	83, 962, 196	4, 198, 109	177, 551, 976	8, 882, 598
Canada.....	51, 082, 698	2, 552, 634	567, 677, 367	28, 383, 868	618, 720, 065	30, 936, 502
Africa.....	128, 883, 380	6, 444, 169	431, 716, 156	21, 585, 807	560, 599, 536	28, 029, 976
Colonies.....	29, 818, 244	1, 490, 912	140, 870, 228	7, 043, 511	170, 688, 472	8, 534, 423
Total.....	928, 732, 422	46, 436, 620	1, 668, 079, 746	83, 403, 984	2, 596, 702, 168	129, 860, 604

United Kingdom investments in Asia, 1929-30

	Principal of British investments in Asia governments securities	Interest on Asia governments securities	Private and corporate investments made by British investors in Asia enterprises	Income	Total of capital investments in Asia governments securities	Total annual income
China.....	£36, 552, 780	£1, 827, 639	£54, 125, 000	£2, 706, 250	£90, 677, 780	£4, 533, 889
Dutch East Indies.....	5, 681, 800	284, 090	4, 564, 281	319, 499	10, 246, 081	603, 589
Japan.....	33, 504, 460	1, 675, 223	69, 133, 200	4, 147, 992	102, 637, 660	5, 823, 215
Persia.....	920, 220	46, 011	16, 388, 460	819, 423	17, 308, 680	865, 434
Siam.....	6, 448, 280	322, 414	60, 000	6, 508, 280	322, 414	322, 414
Turkey.....	3, 949, 580	197, 479	27, 872, 400	1, 171, 421	31, 821, 980	1, 368, 900
Total.....	87, 057, 120	4, 352, 856	172, 143, 341	9, 164, 585	259, 200, 461	12, 517, 441

United Kingdom investments in South and Central America, 1929-30

	Principal of British investments in South and Central America Governments securities	Interest on South and Central America Governments securities	Private and corporate investments made by British investors in South and Central America enterprises	Income	Total of capital investments in South and Central America Governments securities	Total annual income
Argentina.....	£28, 326, 520	£1, 416, 326	£433, 980, 000	£21, 699, 042	£462, 306, 520	£23, 115, 363
Brazil.....	65, 505, 360	3, 275, 268	255, 483, 000	12, 774, 150	320, 988, 360	16, 049, 418
Chile.....	24, 517, 880	1, 225, 894	56, 129, 620	2, 806, 481	80, 647, 500	4, 032, 375
Colombia.....	918, 690	45, 933	8, 809, 608	440, 490	9, 728, 288	496, 413
Costa Rica.....	517, 060	25, 853	345, 500	17, 275	862, 560	43, 128
Cuba.....	329, 100	16, 455	36, 131, 615	1, 806, 580	36, 460, 715	1, 823, 035
Ecuador.....	1, 178, 380	58, 919	615, 940	30, 797	1, 794, 320	89, 716
Guatemala.....	1, 930, 520	96, 526	922, 500	46, 125	2, 853, 020	142, 651
Mexico.....	349, 180	17, 459	117, 417, 525	5, 870, 876	117, 766, 705	5, 888, 335
Nicaragua.....	100, 420	8, 021	160, 420	8, 021	160, 420	8, 021
Paraguay.....	274, 400	13, 720	274, 400	13, 720	274, 400	13, 720
Peru.....	3, 639, 820	181, 991	37, 432, 960	1, 871, 648	41, 072, 780	2, 053, 639
Salvador.....	621, 960	31, 098	621, 960	31, 098	621, 960	31, 098
Uruguay.....	2, 562, 640	143, 132	38, 018, 972	2, 131, 871	40, 881, 612	2, 275, 063
Venezuela.....	107, 200	5, 360	10, 628, 704	611, 322	10, 735, 904	616, 682
Total.....	131, 239, 120	6, 561, 955	995, 915, 944	50, 106, 647	1, 127, 155, 064	56, 668, 602

United Kingdom investments in Europe, 1930-31

	Principal of British investments in Europe governments securities	Interest on Europe governments securities	Private and corporate investments made by British investors in Europe enterprises	Income	Total of capital investments in Europe governments securities	Total annual income
Austria.....	£14,266,400	£713,320	£6,530,000	£326,500	£20,796,400	£1,039,820
Belgium.....	10,786,180	539,309	9,000,855	450,042	19,787,035	989,351
Bulgaria.....	2,319,820	115,991	1,440,000	72,000	3,759,820	187,991
Czechoslovakia.....	3,183,800	159,190	3,491,281	174,564	6,675,081	333,754
Denmark.....	1,352,220	67,611	2,780,700	139,035	4,132,920	206,646
Estonia.....	624,680	31,234	661,500	33,075	1,286,180	64,209
France.....	6,957,920	347,896	3,161,060	158,053	10,118,980	505,949
Germany.....	20,311,620	1,015,581	26,762,543	1,338,127	47,074,163	2,353,708
Greece.....	15,495,580	774,779	14,581,024	729,051	30,076,604	1,503,830
Holland.....	24,820	1,241	4,309,343	218,467	4,334,163	219,708
Hungary.....	13,045,140	652,257	10,214,450	510,722	23,259,590	1,162,979
Iceland.....	1,203,200	60,160	780,240	41,933	1,983,440	102,093
Italy.....	2,029,840	101,492	16,194,450	971,667	18,224,290	1,073,159
Yugoslavia.....	371,140	18,557	2,845,000	199,150	3,216,140	217,707
Norway.....	6,039,420	301,971	3,753,000	225,180	9,792,420	527,151
Poland.....	1,707,960	85,398	2,637,289	131,864	4,345,249	217,262
Rumania.....	5,607,800	280,390	22,638,000	1,131,900	28,245,800	1,412,290
Portugal.....	1,201,980	60,099	9,176,527	458,826	10,378,507	518,925
Russia.....	1,714,420	85,721	—	—	1,714,420	85,721
Spain.....	264,900	13,248	29,361,960	1,761,717	29,626,860	1,774,965
Sweden.....	251,140	12,557	7,528,499	376,424	7,779,639	388,981
Switzerland.....	34,320	1,716	2,871,411	143,570	2,905,731	145,286
	108,794,300	5,439,718	180,779,132	9,591,867	289,573,432	15,031,585

And also compilations which have been made covering the world investments made by the American investors.

Investments of United States of America in British Empire overseas

	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under (1) and (3)
Africa.....	—	—	\$76,846,000	\$3,842,300	\$5,842,300
Australia.....	—	—	132,942,000	6,147,100	17,796,989
Canada.....	\$232,997,565	\$11,649,878	1,900,320,000	98,016,000	219,450,000
Egypt.....	2,428,680,000	121,434,000	—	—	—
India.....	—	—	6,534,000	326,700	326,700
Iraq.....	—	—	32,676,000	1,633,800	1,633,800
Malaya.....	—	—	6,218,000	319,900	319,900
Miscellaneous.....	—	—	27,103,000	1,355,150	1,355,150
New Zealand.....	4,629,500	231,475	—	—	231,475
	—	—	16,212,000	810,600	810,600
	2,666,307,065	133,315,353	2,258,851,000	112,442,550	245,757,903

United States of America investments in Europe

	Principal of war debts outstanding	Annual interest on war debts including capital repayments	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" by private and corporate investors, 1929	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under (3) and (5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Austria.....	\$24,055,708	—	\$78,476,525	\$3,923,826	\$14,337,000	\$716,850	\$4,640,676
Belgium.....	295,560,500	\$14,779,821	125,933,500	6,296,675	64,246,000	3,212,300	9,508,975
Bulgaria.....	—	—	17,232,500	861,625	812,000	40,600	902,225
Czechoslovakia.....	152,571,023	7,450,000	35,239,365	1,761,968	4,875,000	243,750	2,005,718
Danzig.....	—	1,500,000	5,770,000	288,500	2,531,000	126,550	415,050
Denmark.....	—	—	100,054,310	5,002,715	15,824,000	791,260	5,793,915
Estonia.....	13,129,000	483,870	4,500,000	225,000	2,531,000	125,550	350,550
Finland.....	8,549,000	314,470	50,364,135	2,518,206	956,000	47,800	2,566,006
France.....	3,863,650,000	50,000,000	30,435,815	1,521,790	145,009,000	7,250,450	8,772,240
Germany.....	—	—	1,410,475,614	70,523,780	216,514,000	10,825,700	81,349,480
Great Britain.....	4,370,000,000	161,100,000	36,817,960	1,840,898	485,235,000	24,261,750	26,102,648
Greece.....	—	—	20,915,500	1,045,775	5,136,000	256,800	1,302,575
Hungary.....	1,842,500	67,775	84,578,760	4,178,938	7,870,000	393,500	4,572,438
Irish Free State.....	—	—	14,969,000	748,450	2,129,000	106,450	854,900
Italy.....	2,004,900,000	14,708,125	337,485,865	16,874,293	113,216,000	5,660,800	22,535,093
Latvia.....	5,457,000	201,610	—	—	2,531,000	126,550	126,550
Lithuania.....	5,805,000	210,225	—	—	2,531,000	126,550	126,550
Netherlands.....	—	—	952,700	47,635	43,224,000	2,161,200	2,206,835
Norway.....	—	—	29,244,787	1,462,239	22,970,000	1,148,500	2,610,739
Poland.....	169,900,000	6,222,000	115,274,750	5,763,737	51,193,000	2,569,650	8,323,387
Portugal.....	—	—	—	—	11,546,000	577,300	577,300
Rumania.....	43,152,000	1,559,560	—	—	13,836,000	691,800	691,800
Spain.....	—	—	—	—	72,230,000	3,611,500	3,611,500
Sweden.....	—	—	20,277,500	1,013,875	19,230,000	961,500	1,975,375
Switzerland.....	—	—	—	—	16,804,000	840,200	840,200
Turkey.....	—	—	—	—	8,505,000	425,250	425,250
Yugoslavia.....	61,625,000	250,000	43,780,000	2,189,000	6,932,000	346,600	2,535,600
Miscellaneous.....	—	—	5,015,271	250,763	—	—	200,763
Luxembourg.....	—	—	9,516,460	475,823	—	—	475,823
Saar Territory.....	—	—	7,900,000	395,000	—	—	395,000
Total.....	11,020,326,731	258,845,458	2,565,210,317	129,210,511	1,347,878,000	67,636,650	196,847,161

Investments of United States of America in South and Central America

	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under 3 and 5
Argentina.....	\$460,795,000	\$23,039,750	\$331,819,000	\$16,590,950	\$39,630,700
Bolivia.....	43,153,655	2,157,682	61,619,000	3,080,950	5,238,632
Brazil.....	240,051,415	12,047,570	193,606,000	9,680,300	21,727,870
Chile.....	185,199,925	9,289,996	422,593,000	21,129,650	30,389,646
Colombia.....	176,333,035	8,316,651	123,994,000	6,199,700	14,516,351
Ecuador.....			11,777,000	588,850	588,850
Guianas.....			5,688,000	284,400	284,400
Paraguay.....			12,615,000	630,750	630,750
Peru.....	24,863,291	1,243,414	123,742,000	6,187,100	7,430,514
Uruguay.....	34,744,450	1,737,222	27,904,000	1,395,200	3,132,422
Venezuela.....	14,183,000	709,150	232,538,000	11,626,900	12,336,050
Mexico.....			682,536,000	34,126,800	34,126,800
Costa Rica.....	9,712,400	485,620	22,166,000	1,108,300	1,593,920
Guatemala.....	13,445,735	672,286	69,979,000	3,498,950	4,171,236
Honduras.....	642,000	32,100	71,485,000	3,574,250	3,606,350
Nicaragua.....			13,002,000	600,100	600,100
Panama.....	13,223,740	661,187	28,459,000	1,422,950	2,084,137
Salvador.....			29,496,000	1,473,300	1,473,300
Cuba.....	80,563,575	4,028,178	918,957,000	45,947,850	49,976,028
Dominican Republic.....	22,937,115	1,146,855	69,322,000	3,466,100	4,612,955
Haiti.....			14,191,000	709,550	709,550
Jamaica.....			21,941,000	1,097,050	1,097,050
Miscellaneous.....	21,693,450	1,084,672	29,340,000	1,467,000	2,551,672
Total.....	1,342,446,786	66,622,333	3,518,739,000	175,886,950	242,509,283

United States of America investments in Africa, Asia, and Oceania, other than British

	Principal of investments in government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under 3 and 5
Algeria.....			\$3,204,000	\$160,200	\$160,200
French Africa.....			1,200,000	60,000	60,000
Portuguese Africa.....			9,000,000	450,000	450,000
Other Africa.....			5,445,000	272,250	272,250
China.....			113,754,000	5,687,700	5,687,700
Japan.....	\$211,318,750	\$10,565,937	60,700,000	3,035,000	13,600,937
Dutch East Indies.....	27,224,700	1,361,235	66,012,000	3,300,000	4,661,235
Palestine, Syria, and Cyprus.....			7,060,000	352,500	352,500
Persia.....			1,062,000	54,600	54,600
Philippine Islands.....	39,933,630	1,996,681	79,935,000	3,996,750	5,993,431
Miscellaneous.....			56,819,025	2,840,951	2,840,951
Total.....	278,477,080	13,923,853	404,211,025	20,209,951	34,133,804

I desire to point out that the position today in regard to the ownership of all the investments made by British investors is that the title to all these investments representing the value of properties situated in foreign countries is vested in the Government of Great Britain. The production and all income derived from these properties situated in foreign countries belongs in effect to the Government of Great Britain. I should like to ask you now this question: Do you think that the Government of Great Britain is going to see that the American stabilization fund will buy these securities in order to transfer all the benefits derived therefrom in favor of the United States? To answer the question alone, it is

too absurd for words. The British Government will never part with these investments because they are the main artery of Great Britain's financial and economic existence. I desire to point out under these circumstances that it is obvious to me that even if the American stabilization fund were to be capitalized at \$4,000,000,000, or at any amount above that figure, there would not be the slightest chance for the American fund to use this money in acquiring Great Britain's ownership to these investments representing the most valuable properties in the world.

In clarification of what I am saying, I now insert the following statements:

World investments of Great Britain and United States of America
(000's omitted)

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
SOUTH AMERICA												
Argentina.....	\$169,959	\$2,119,864	\$2,289,823	\$7,081	\$127,191	\$134,273	\$460,795	\$331,819	\$792,614	\$27,648	\$23,227	\$50,875
Brazil.....	429,112	1,277,415	1,716,527	18,296	76,644	94,941	240,951	193,606	434,557	12,047	13,552	25,599
Chile.....	150,407	280,643	431,055	6,266	16,838	23,105	185,200	422,593	607,793	9,260	25,355	34,615
Colombia.....	5,511	52,857	58,368	229	3,171	3,401	176,333	123,994	300,327	8,816	9,919	18,736
Ecuador.....	7,070	3,695	10,765	294	221	516		11,777	11,777		947	947
Paraguay.....	1,646		1,646	68		68		12,615	12,615		885	885
Peru.....	21,538	226,325	248,104	609	13,579	14,489	24,868	123,742	148,610	1,243	10,899	12,142
Uruguay.....	17,175	191,598	208,774	715	11,495	12,211	34,744	27,904	62,648	1,737	2,790	4,527

World investments of Great Britain and United States of America—Continued
(000's omitted)

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
SOUTH AMERICA—Continued												
Venezuela.....	\$343	\$78,952	\$79,595	\$26	\$4,737	\$4,763	\$14,183	\$232,538	\$246,721	\$709	\$20,928	\$21,637
Bolivia.....							43,154	61,775	104,929	2,157	4,942	7,099
Total.....	813,365	4,231,356	5,044,721	33,890	253,881	287,771	1,180,228	1,542,363	2,722,591	63,619	113,447	177,067
CENTRAL AMERICA												
Costa Rica.....	3,102	2,073	5,175	129	124	253	9,712	22,166	31,878	485	4,187	4,673
Cuba.....	4,999	180,608	185,607	208	10,836	11,044	80,564	918,957	999,521	4,028	64,326	68,355
Guatemala.....	11,583	5,535	17,118	482	332	814	13,446	69,979	83,425	673	5,798	6,471
Mexico.....	2,095	587,087	589,182	87	35,225	35,312		682,536	682,536		54,802	54,802
Nicaragua.....	962		962	40		40		17,775	17,775		1,066	1,066
Salvador.....	3,731		3,731	155		155		32,357	32,357		2,133	2,133
Panama.....							13,224	28,459	41,683	661	2,276	2,937
Dominican Republic.....							22,937	69,322	92,259	1,146	5,951	7,098
Haiti.....								17,755	17,755		1,454	1,454
Miscellaneous.....							21,693	35,028	56,721	1,084	2,802	3,886
Total.....	26,474	775,303	801,777	1,103	46,518	47,621	161,576	1,894,334	2,055,910	8,079	144,000	152,679
Aggregate.....	839,839	5,006,660	5,846,499	34,993	300,399	335,392	1,341,804	3,436,697	4,788,501	71,699	258,047	329,747
BRITISH DEPENDENCIES												
India.....	1,310,560	1,568,700	2,879,260	65,628	94,125	159,753		32,676	32,676		2,287	2,287
Australia.....	1,899,770	605,486	2,505,256	94,988	36,330	131,318		132,942	365,940	11,649	10,635	22,285
New Zealand.....	484,815	408,560	893,375	24,240	24,514	48,755		16,212	16,212		1,296	1,296
Canada.....	248,422	2,762,318	3,010,740	12,421	165,745	178,166	2,428,680	1,960,320	4,389,000	121,434	117,619	239,053
Africa.....	686,432	2,099,730	2,786,163	34,321	125,983	160,305		76,846	76,846		5,379	5,379
Colonies.....	202,682	665,474	868,056	10,129	41,128	51,257	4,630	39,855	44,485	231	3,113	3,345
Total.....	4,832,583	8,130,269	12,962,853	241,729	487,827	729,556	2,666,308	2,258,851	4,925,159	133,315	140,332	273,647
ASIA												
China.....	177,863	270,625	448,488	8,893	13,531	22,424	7,354	143,754	151,108	367	8,622	8,990
Dutch West Indies.....	27,647	24,349	51,997	1,382	1,217	2,599						
Japan.....	185,816	345,066	531,482	9,290	17,283	26,574	215,421	65,946	281,367	10,771	5,935	16,706
Persia.....	4,477	113,192	117,670	223	5,659	5,883						
Siam.....	31,377	300	31,677	1,598	15	1,583						
Turkey in Asia.....	19,218	130,362	158,580	960	6,968	7,929						
Miscellaneous.....	82,788	269,443	352,231	4,139	18,861	23,000	67,598	243,908	311,506	3,379	20,512	23,892
Total.....	529,189	1,162,937	1,692,127	26,459	63,535	89,995	290,373	453,608	743,081	14,518	35,070	49,588
Great Britain.....								2,321,544	2,321,544		141,500	141,500
United States.....	38,780	585,235	624,015	1,955	40,966	42,921						

SUMMARY

Countries	Great Britain		United States	
	Total value	Total income	Total value	Total income
South America.....	\$5,044,721,952	\$287,771,620	\$2,722,591,000	\$177,067,087
Central America.....	801,777,820	47,621,335	2,055,910,000	152,679,922
British dependencies.....	12,962,853,457	729,556,661	4,925,159,000	273,647,410
Asia.....	1,692,127,289	89,995,427	743,981,000	49,588,750
United States.....	2,321,544,000	141,500,639		
Great Britain.....			624,015,000	42,921,450
Grand aggregate.....	22,823,024,518	1,296,445,682	11,071,656,000	695,904,619

World investments of Great Britain and United States of America
(000's omitted)

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
EUROPE												
Austria.....	\$71,332	\$32,650	\$103,982	\$3,566	\$1,635	\$5,201	\$78,476	\$14,337	\$92,813	\$3,924	\$719	\$4,643
Belgium.....	53,931	45,005	98,936	2,696	2,250	4,946	125,933	64,246	6,296	3,212	9,508	12,720
Bulgaria.....	11,599	7,200	18,799	579	360	939	17,232	812	18,044	861	40	901
Czechoslovakia.....	15,919	17,456	33,375	795	872	1,667	35,239	4,875	40,114	1,761	243	2,004
Danzig.....							5,770	2,531	8,301		126	413
Denmark.....	6,761	13,903	20,664	338	695	1,033	100,054	15,824	115,878	5,002	791	5,794
Estonia.....	3,123	3,307	6,430	156	166	321	4,500	2,531	7,031	225	125	350
Finland.....							50,364	956	51,320	2,518	47	2,565
France.....	34,789	15,805	50,594	1,739	790	2,529	30,435	145,009	175,444	1,521	7,250	8,771
Germany.....	101,558	133,812	235,370	5,077	6,690	11,767	1,410,475	216,514	1,626,989	70,523	10,825	81,348
Greece.....	77,477	72,905	150,382	3,873	3,645	7,518	20,915	5,136	26,051	1,045	256	1,301
Holland.....	124	21,846	21,970	6	1,092	1,098	952	43,224	44,176	47	2,161	2,208
Hungary.....	65,225	51,072	116,297	3,261	2,553	5,814	84,578	7,570	92,148	4,178	393	4,571
Iceland.....	6,016	3,901	9,917	300		300						
Irish Free State.....							14,969	2,129	17,098	748	106	854
Italy.....	10,149	80,972	91,121	507	4,858	5,365	337,485	113,216	450,701	16,874	5,660	22,534
Latvia.....								2,531	2,531		126	126
Lithuania.....								3,450	3,450		276	276
Norway.....	30,197	18,765	48,962	1,509	1,125	2,634	29,244	22,970	52,214	1,462	1,148	2,610
Poland.....	8,539	13,186	21,725	426	659	1,085	115,274	51,193	166,467	5,763	2,559	8,322

World investments of Great Britain and United States of America—Continued
(000's omitted)

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
EUROPE—continued												
Portugal.....	\$5,009	\$45,882	\$51,891	\$300	\$2,294	\$2,594		\$11,546	\$11,546		\$577	\$577
Rumania.....	28,039	113,190	141,229	1,401	5,659	7,060		13,836	13,836		1,383	1,383
Spain.....	1,324	146,809	148,133	66	7,840	7,906		72,230	72,230		8,750	8,750
Sweden.....	1,255	37,642	38,897	64	1,885	1,949	20,277	19,230	39,507	1,500	2,100	3,600
Switzerland.....	171	14,357	14,528	8	746	754		16,804	16,804		860	860
Turkey.....	25,333	7,485	32,818	1,122	599	1,721		8,505	8,505		680	680
Yugoslavia.....	1,855	14,225	16,080	92	995	1,087	43,780	38,400	82,180	2,189	384	384
Russia.....	8,572	(?)	8,572	428	(?)	428						
Luxemburg.....							9,517		9,517	475		475
Saar Valley.....							7,900		7,900	395		395
Miscellaneous.....							5,015		5,015	250		250
Total.....	569,297	911,375	1,480,672	28,309	47,116	75,425	2,548,384	899,905	3,448,289	124,761	57,093	181,854

GRAND SUMMARY

Country	Great Britain		United States of America	
	Total value	Total income	Total value	Total income
South America.....	\$5,044,721,952	\$287,771,620	\$2,722,591,000	\$177,067,037
Central America.....	801,777,820	47,621,335	2,055,910,000	152,679,922
British dependencies.....	12,962,853,457	729,556,661	4,925,159,000	273,647,410
Asia.....	1,692,127,289	89,995,427	743,981,000	49,588,750
United States of America.....	2,321,544,000	141,500,639		
Great Britain.....			624,015,000	42,921,450
Europe.....	1,480,672,400	75,425,644	3,448,289,000	181,854,336
Aggregate.....	24,303,696,918	1,371,871,326	14,519,945,000	877,758,955

Statement showing percentage of American overseas trade carried in British ships

Year	Total foreign trade of United States carried in foreign ships			Proportion of total foreign trade of United States carried in British ships				Carriage costs paid by United States of America to British shipping, insurance, and banking companies (value)
	Imports	Exports	Total	Imports	Exports	Total	Percentage	
1923.....	\$2,271,662,621	\$2,149,236,057	\$4,420,898,678	\$1,215,231,008	\$1,247,523,474	\$2,462,754,482	55.7	\$123,137,724
1924.....	2,133,061,218	2,436,500,383	4,569,561,601	1,117,007,743	1,321,248,757	2,438,256,500	53.3	121,912,825
1925.....	2,565,073,664	2,721,803,853	5,286,877,517	1,384,925,917	1,423,507,521	2,808,433,438	53.1	140,421,671
1926.....	2,695,989,056	2,618,933,793	5,314,922,849	1,367,064,320	1,339,953,014	2,707,017,334	50.9	135,350,866
1927.....	2,446,567,307	2,629,915,300	5,076,482,607	1,133,818,459	1,333,324,539	2,467,142,998	48.6	123,357,149
1928.....	2,417,086,252	2,770,231,023	5,187,317,275	1,121,146,005	1,341,688,703	2,462,834,708	47.7	123,141,735
1929.....	2,602,016,963	2,808,228,156	5,410,245,119	1,163,518,633	1,548,592,981	2,712,111,614	46.4	125,605,880
1930.....	1,737,090,755	2,028,870,318	3,765,961,073	751,088,627	946,730,583	1,697,819,210	45.1	84,890,960
1931.....	1,209,601,179	1,291,300,906	2,500,902,085	448,961,267	582,748,626	1,031,709,893	41.2	51,585,494
1932.....	733,834,398	893,727,107	1,627,561,505	258,348,352	378,809,770	637,158,122	39.1	31,857,906

¹ Examine column 3 (A) Shipping. The value of \$123,137,724, for the year 1923, is derived from the dollar payments for the cost of the carriage of United States imports and exports throughout the world by British ships. The particulars of the value of the United States imports and exports carried in British ships are contained in the statement showing percentage of American overseas trade carried in British ships.

Examine column 4 (A) Bills of exchange. The value of \$402,465,490 for the year 1923, is an aggregate of the values stated in statement entitled "American Dollars Fund Controlled by British Banks." (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 974.)

Examine column 5 (A) Investment income. The value of \$142,733,200 for the year 1923 is derived from the interest and/or dividends paid yearly by United States concerns or persons whose certificates of indebtedness, such as bonds, stocks, mortgages, insurance policies, etc., are owned by British investors. The particulars of the income accruing to British investors from the payment of interest and dividends by the United States and by other foreign nations are contained in the statement showing World Investments of Great Britain and the United States.

Statement showing value and percentage of Great Britain's overseas income encashed in United States

Year	Great Britain's overseas income ¹	Value encashed in United States ²	Percentage	Value added by inflation at \$31.80 per fine ounce of gold
1923.....	\$1,024,053,910	\$758,366,414	74.00	\$266,175,779
1924.....	1,107,797,751	843,831,202	76.00	335,690,773
1925.....	1,191,432,257	1,000,506,676	84.00	528,401,297
1926.....	1,453,003,777	1,050,890,468	73.00	691,603,201
1927.....	1,565,615,353	906,138,992	57.00	487,763,516
1928.....	1,556,428,151	817,933,575	52.00	247,162,685
1929.....	1,598,512,851	1,157,034,483	72.00	621,322,289
1930.....	1,703,775,060	795,926,894	46.00	428,719,208
1931.....	1,690,760,697	592,017,713	35.00	257,583,922
1932.....	1,371,871,326	342,557,118	25.00	37,507,851
Total.....	14,263,271,133	8,365,203,535	58.66	4,101,930,521
Average.....	1,426,327,113	836,520,353	58.66	410,193,052

¹ Examine statement showing assessed gross income of Great Britain on declared overseas investments. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 976.)

² Examine columns 3, 4, and 5 (A) under statement showing International Merchandise and Services Balances between Great Britain and the United States. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 975.)

³ Examine columns 3, 4, and 5 (C) under statement showing International Merchandise and Services Balances between Great Britain and the United States. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 975.) The addition of the following values, for the year 1923, namely, \$53,526,911; \$212,648,808; and \$62,044,896, amounts to an aggregate of \$266,175,779.

In connection with the above tables I wish to point out to you that, with the exception of the Government securities stated, all these investments are productive assets, and you will also observe that all these productive assets are situated in foreign countries and that they are not in Great Britain or in the United States. The income accruing to British investors, amounting to \$1,371,871,326, is cached in the United States to the extent of between 74 percent and 35 percent, according to the gross income obtained from the year 1923 through 1933. I want to emphasize again the fact that these world investments of Great Britain and the United States are exclusive of all war debts. Taking these figures into consideration I cannot see, for the life of me, how Great Britain, who has productive assets situated outside of the British Isles amounting in value to \$24,303,696,918, which assets produce an actual transferable productive income of \$1,371,871,326, has the audacity to plead poverty and ask for any readjustment of her war debt to the United States. Nor can I see why any officials of the present administration should feel so inclined as to reduce or cancel by 90 percent the debts which are owed by Great Britain to the United States.

I wish to revert to the remarks which I made in this House on January 20, 1934, when the gold monetary bill was up for discussion. I said you will never be able to legislate stabilization in the United States so long as the Government of the United States comes to an agreement with the governments of the other nations in which are situated the properties against which Great Britain holds the titles of ownership and the production thereof. To make clear, let me give you a concrete example of what I mean—and I would call your attention to that list which I am placing in the RECORD, containing the amount of investments in South America owned by the investors of Great Britain. Great Britain has in Brazil, for instance, an approximate total investment of £320,988,360, of which £65,505,360 are invested in governmental securities and £255,483,000 are invested in various plantations, railways, harbors, hydroelectric and telephone lines, and so forth.

The Government of Brazil draws the interest it has to pay on its bonds held by investors of Great Britain through taxation which is drawn out of the properties in which Great Britain's investors own a controlling interest. The Government of Brazil does not produce anything that is transferable abroad. The mines and plantations owned by the British are the only properties that produce anything that enables Great Britain to receive the interest owing to her investors on the capital invested in Brazil. I would call your attention to the fact that Sir John Simon, the Britisher, made a secret treaty with the Brazilian Government in regard to matters of exchange when he went to that country for his health a short time ago. Now, who pays for the interest that is owing to British investors in Brazil? Why, the citizens of the United States pay nearly every penny of that interest owing to British investors.

Let me convert the amounts owing for interest in 1929-30 into dollars. The amounts in pound sterling are 3,275,268 and 12,774,150, making a total of 16,049,418 pounds sterling. If you multiply 16,049,418 by 4.86, being the then parity of exchange between the pound sterling and the dollar, you will obtain \$78,000,171.48. Now, how did Brazil transfer the payment of this latter sum to the investors of Great Britain? I may say that very little gold was shipped to England that were on account of interest payments. The Brazilians did not remit their paper money to London, because Brazilian paper money cannot be used in Great Britain as legal tender by the people to whom such interest payments were due. I have just stated that all this interest indebtedness is paid by the citizens of the United States. Now I am going to give you the proof. During the year ending December 31, 1929, Brazil's exports to the United States amounted to \$207,686,130, representing mostly the value of coffee imported into the United States. During that same year British bankers in Brazil purchased \$98,898,592—bills of exchange on the United States—out of a total of \$207,686,130 as a dollar reserve fund to be applied toward the payment of the interest owing to the

British owners of Brazilian securities. And I would ask you to refer to the tables I placed in the RECORD in my speech of January 20, where you will find the sum of \$98,898,592 in the column of the year 1929. This sum of \$98,898,592 is, as you will find, approximately the sum total of the excess of Brazil's exports to the United States over Brazil's imports from the United States. Or in other words, Brazil's credit balances in the United States were used to the extent of about 80 percent toward the payment of interest owing by Brazil to British investors.

Now I would ask you is it to be wondered at that there is no end of trouble for American exporters to obtain Brazilian exchange in settlement of increased American exports to Brazil?

The same set of conditions, I would point out to you, obtain in all the South and Central American Republics and elsewhere throughout the world. Again I would refer you to these tables that I placed in the RECORD on January 20, where you will find that during the year 1929 the British banks bought and controlled the sum of \$884,060,693 as an "American dollar reserve fund", the whole of which was secured in the case of every country concerned in these figures in the same manner as in the case of Brazil.

Again I refer to these tables, where you will find under the heads for the year 1929 the amounts of \$631,397,000 and \$439,640,861, or a total of \$1,071,037,861. This represents the value of the income accruing to British investors whose capital is placed in the various concerns enumerated under these two heads.

During the year 1929 the American dollar reserve fund amounted to \$884,060,693, which represented the value of coffee, tin, sugar, tea, rubber, spices, and so forth, exported from all the countries enumerated in the last table. In other words, Great Britain obtained about 82 percent of her income on her productive investments in foreign countries through the exports of these debtor countries to the United States during the year 1929. The total gross income arising from Great Britain's overseas investments during the year 1929 was \$1,598,512,851; during the year 1929 the American dollar fund was \$884,060,693. This means that about 55 percent of Great Britain's gross declared income was paid from the proceeds of the exports of her overseas debtor nations, and the American people paid for this income which accrues to British investors. I might say to you that I have had prepared another compilation which will show to what extent the American people are being done by this strangle hold on the foreign trade of the United States.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LUNDEEN. Will the gentleman have in the RECORD the amount of money that we canceled to Europe a few years ago—something over \$12,000,000,000?

Mr. McFADDEN. The gentleman is undoubtedly referring to the foreign debts. That was something over \$22,000,000,000, and that was reduced under the various settlements made with foreign countries down to approximately the present amount—\$12,000,000,000.

Mr. LUNDEEN. What I have reference to is that the general public seems to think there has been no cancellation.

Mr. McFADDEN. There has been, and there has been practically a 50-percent cancellation. The so-called "war debts" now owed to the United States amount practically to the sum of money which was loaned by the United States to foreign countries at the conclusion of the war, which money was largely used for the rehabilitation of certain countries in Europe. The original loan was practically entirely canceled.

When you take this situation seriously into consideration and realize the predicament of the United States and the strangle hold that Great Britain has over our trade relations with South American countries, to talk about stabilization first with Great Britain is absolutely out of question and absurd, because if this is done, the people of the United States are going to be made the goats. And may I say as definitely as I can that the facts and figures must be

determined in advance of any talks with any country about stabilization?

I have a feeling that there is great misunderstanding even by the expert economists who are supposed to know and understand the effect of these trade relations of the United States with other countries which makes me conclude that these men are only guessing and bluffing or else they are deliberately scheming with the Britishers in this particular.

Now that the President has by proclamation lowered the gold content of the dollar to 59.6, it will be interesting to know, in view of the recent decision of the House of Lords in England as regards the fulfillment of contracts that were entered into with good faith by the United States, and the corporations and individuals in the United States whose contracts and obligations are now held in England, France, Belgium, Holland, Switzerland, and the Scandinavian countries, what the President is going to do about this. Are these countries going to demand at maturity the payment of all the United States securities they own in gold dollars of 23.22 and not of 13.93 grains? I fear that the United States has embarked upon a voyage in dark and unknown waters which are fraught with serious international complications.

I should like to press the further query prompted by the reports of an international conference about to be held with Great Britain on the question of stabilization, war debts, and tariffs, which I have referred to in these remarks. Are all of these important matters to be dealt with en bloc?

We now know that the Secretary of the Treasury is calling for expert assistance by his recent request to the Ways and Means Committee to provide in the tax bill for 10 experts to assist him in managing the equalization fund. Are these experts to be trained monetary experts? Are they to be trained tariff experts as well? And are they to be given authority to cancel or reduce by 90 percent the war debts owed to the United States? These are all questions in which the American people are greatly interested, because the decisions arrived at in dealing with these several matters will determine largely the future welfare of the American people.

What is the significance of the newly appointed ambassador at large, Richard Washburn Child, who has just sailed for England? Is he an additional negotiator on war debts, economic conferences, tariffs, and international exchange, or has he been shipped out of the country because he is a critic of the new deal?

That the present stabilization negotiations will prove abortive, allow me to tell you this with all of the emphasis that I possess: The Treasury of the United States will not have one gold dollar in its vaults within the next 10 years if the present administration adheres to the gold standard as defined by the Gold Reserve Act of 1934, and the United States will have to go off the gold standard again if this policy is not changed at an early date in order to protect her gold reserves and sovereignty; otherwise Great Britain and the sterling-bloc nations of the world will demand and influence the payment in gold of all their international balances of trade. If you could look behind the scenes, you would know that this bloc of nations are watching with a great deal of interest the recent action of Panama in demanding 23.22 grains of gold per ounce in settlement of the obligations owed by the United States to Panama.

In further support of my opinion on this matter, I am inserting a statement showing the amounts of gold that will become exportable and eligible under the Gold Reserve Act of 1934 each year as the consequence of the devaluation of the gold dollar from its former standard to its present standard of 59.06 percent.

	Imports	Inflated imports	Exports	Excess inflated imports	Exportable gold
1932.....	\$1,322,745,439	\$2,239,587,956	\$1,612,305,818	-\$627,282,138	\$370,485,376
1931.....	2,090,634,725	3,539,728,971	2,424,288,588	-1,115,440,383	658,801,400
1930.....	3,061,090,619	5,182,842,807	3,843,391,349	-1,339,451,458	791,106,821
1929.....	4,399,361,066	7,448,716,714	5,240,995,202	-2,207,721,512	1,303,924,480
1928.....	4,091,120,064	6,926,822,769	5,128,809,279	-1,798,013,490	1,061,942,728
1927.....	4,184,742,415	7,085,338,146	4,865,375,325	-2,219,962,821	1,311,154,442
1926.....	4,430,890,381	7,502,100,133	4,808,465,005	-2,693,635,128	1,590,914,780
Total.....					7,103,433,349

You will note that by substituting the year 1934 for the year 1932, 1935 for the year 1931, 1936 for the year 1930, 1937 for the year 1929, 1938 for the year 1928, 1939 for the year 1927, and 1940 for the year 1926 you will find the amount of gold exportable for the year 1934 will be \$370,485,376, and so on until 1940, when the exportable gold will be \$1,590,914,780. The year 1932 was the lowest of the depression years, and 1926 is the highest aim of the present administration in price and volume levels.

It only stands to reason that the foreign trade of the United States will gradually revive on an upward trend in the same degree that it went down from 1926 through 1932, and for that reason, on the assumption that the exports as to volume and price level for each year are approximately the same from 1934 through 1940. There can be no mathematical evidence to prove the contrary of my reasoning.

You will observe by looking at the statement above that the exportable gold for the year 1929 was \$1,303,924,480, which will become the amount exportable in the year 1937, all this by reason of the reduction in the gold content of the dollar to its present content of 13.71 grains of fine gold, and by reason of the provisions of the Gold Reserve Act of 1934, article 4, section 28, as defined for the purpose of settling international balances, and for other purposes.

Secretary Henry A. Wallace has said, in his pamphlet entitled "America Must Choose", that—

If we are going to increase foreign purchasing power enough to sell abroad our normal surpluses of cotton, wheat, and tobacco at a decent price, we shall have to accept nearly a billion dollars more goods from abroad than we did in 1929.

In other words, Secretary Wallace wants to find a way out in sending \$1,303,924,480 gold dollars abroad in 1937 (1929) and take from abroad in lieu thereof an equivalent in shoddy goods from foreign countries. This is all nonsense and unbusinesslike and cheap political buncombe.

If this administration persists in such a course it is tottering slowly toward its own ruin and indirectly is carrying in its train the economic and financial destruction of the United States, the greatest, the bravest, and the proudest Nation in all the world.

I wish to call your attention to an article appearing in the New York Times bearing a London dispatch line under date of February 27 relative to the recent decision of the House of Lords upholding the gold clause in the case of Belgian bonds, as follows:

BRITISH BOND ISSUES HERE UNTOUCHED BY LORDS' RULE

LONDON, February 27.—Neville Chamberlain, Chancellor of the Exchequer, told a questioner in the House of Commons today that the recent decision of the House of Lords upholding the gold clause in the case of Belgian bonds did not apply to United Kingdom gold bonds issued in New York.

"That matter", said Mr. Chamberlain, "is governed by United States law."

On December 15 the House of Lords in its high legal capacity upheld the right of British holders of bonds of the Société Intercommunale Belge d'Electricité to receive capital and interest payments in gold pounds rather than paper pounds, in accordance with a gold clause in the bonds.

The London Times, commenting on the decision at the time, said:

"At present, when default is stalking naked and unashamed throughout the world, it is of the utmost importance that debtors should at least acknowledge their rightful obligations."

Mr. Neville Chamberlain says, "That matter is governed by United States law." In other words, Mr. Neville Chamberlain and his crowd are determined to demand and request that all the bonds and securities owned by British investors in the United States which were purchased prior to the enactment of the Gold Reserve Act of 1934 be paid in gold dollars of 23.22 grains of fine gold and that all bonds and securities purchased since January 30 and 31, 1934, will be subjected to the Gold Reserve Act of 1934. This is a concise definition of Neville Chamberlain's idea when he states on the floor of the House of Commons that "that matter is governed by United States law."

What will be President Roosevelt's answer to the British Government's request for the payment of these bonds and contracts in dollars of 23.22 grains of fine gold? If his

answer should be that all United States bonds, public and private, and contracts, including all Federal Reserve notes, gold certificates, owned by British investors, will be paid in dollars of 23.22 grains of fine gold, will this payment not make the United States stabilization fund of \$2,000,000,000 return into thin air as when it was created? If President Roosevelt should answer Great Britain that the Gold Reserve Act of 1934 applies to all American bonds and securities whether owned by the investors of Great Britain or by the investors of any other foreign nation, is it not to be expected that all sterling bloc nations of the world will openly accuse the United States of brazen repudiation? Do you not realize that such repudiation might be a "casus belli"?

Referring again to the attitude of Panama in regard to the payment of interest, this controversy with Panama over this question of gold payments whether at 23.22 grains or on the new basis is a most interesting one when we consider that Panama Territory contains the main artery of the shipping power of the greatest nation in the world. It looks like a game to me—the game to destroy American shipping in the Panama Canal and throttle American exports, and particularly so when we see the present-day efforts to undermine the Monroe Doctrine.

These matters are particularly pertinent at this time when the President is dealing with gold, international exchange, war debts, seeking full authority on tariff matters and the right to make treaties governing our trade relations with any and all countries of the world; pertinent also because of the fight that is now on to control the trade of the South American countries by Great Britain and Japan. Japan has increased her trade with South American countries during the past year or so over 200 percent. Because of this important situation I have called this matter to your attention.

Mr. LUDLOW. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, on the morning that we were asked to vote on the Senate amendments to the independent offices appropriation bill, all Members received a long 2-page letter from John Thomas Taylor, of the national committee of the American Legion, in which he requested us to give our full support to the amendments affecting veterans, especially the amendments in which the American Legion was interested. To that letter I replied as follows:

MARCH 14, 1934.

Mr. JOHN THOMAS TAYLOR,
Vice Chairman The American Legion,
Room 625, Bond Building, Washington, D.C.

MY DEAR MR. TAYLOR: Receipt is acknowledged of your letter of the 13th with reference to the amendment to the independent offices appropriation bill.

The President has stated to the House committee that he will not accept the Senate amendments. Now I am asking you, in view of this, taking into consideration your years of experience, if there is anything we should do except compromise? If we do not compromise and the President vetoes the bill, then the veterans will get nothing, because we might be required to pass a resolution extending the present year's appropriation bill. Our situation is not a pleasant one. I am going to do the very best I can.

With kind regards I am, sincerely yours,

JOHN J. COCHRAN.

In reply to that letter Mr. Taylor wrote as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D.C., March 17, 1934.

HON. JOHN J. COCHRAN,
House of Representatives, Washington, D.C.

DEAR JOHN: In reply to your letter of March 14, of course, I thoroughly agree with you that a compromise on the Senate amendments was and is absolutely necessary, and for that reason I was certainly glad to note that you voted yesterday to send the House amendments to conference, as this is the only way in which any real legislation can be accomplished.

Very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

We are going to be asked to vote on this proposition again tomorrow morning, Mr. Chairman, and I reiterate what I said before, that unless we send this bill to conference we are not going to get anything for the veterans at this session of Congress.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LUDLOW. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, those who have been reading the newspapers in the last few days cannot help but be cognizant of the critical situation of the railroads, the transportation system of the country. For the last 24 months we have been giving them a lot of attention, but all the attention we have been giving them has been monetary attention, passing out gratuities, to such an extent that I do not believe the Members of the House have any conception of how much we really have passed out to them, and how little we have obtained in return.

Through the repeal of the recapture clause the railroads have received \$355,000,000. Through freight increase, \$73,000,000. Through postal adjustments, \$40,000,000; loans from the Reconstruction Finance Corporation, \$340,000,000; from the P.W.A., \$53,000,000; or a total of \$1,245,000,000. In addition to that, they have benefited through the reduction in wages by \$384,000,000, or a total to the railroads, exclusive of their earning capacity, of \$1,629,000,000 in the last 24 months.

We have been told all along that they must have this money to keep going. They have come here, hat in hand, and talked in favor of the security holder, never at any time have they said a word in the interest of the public or in the interest of the employees, even though today they have on their rolls thousands of men working for \$6 a week.

Mr. BOLAND. Will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. BOLAND. The gentleman speaks of employees of the railroads. Does the gentleman not think that one of the most serious reasons for the loss of employees on the railroads is the unfair competition of the busses and trucks upon our highways, and the menace they are causing?

Mr. GRISWOLD. I think to a certain extent it is.

Mr. BOLAND. Is the gentleman familiar with a bill which I presented in the Seventy-second Congress, the bus and truck bill, that I claim was smothered in committee and was not allowed to come onto the floor of this House, because, I believe, it would have passed had it been brought to the floor and had the statistics been presented, proving what I claim? I believe that is the greatest menace to the employees of the railroads today. If I may state further in the gentleman's time, in the anthracite fields we have trucks coming all the way from New York and New Jersey, occupying our highways, drawing coal which should be carried upon the railroads; and thereby men who should be working on the railroads carrying this freight are losing their jobs because of this unfair competition. It is a fact, too, that these bus and truck companies do not have any investment in the railroads. It is ridiculous that we should sit here and allow that kind of thing to happen in this country.

Mr. GRISWOLD. I will say that I am familiar with the gentleman's bill. I think it is meritorious. I would say further than that, that the bus owners met in Chicago last fall and passed a resolution complaining because the railroads were reducing passenger rates, and that if the passenger rates were reduced, the busses could not compete with the railroads. That resolution appeared in the Chicago Tribune.

Mr. BOLAND. I appreciate the gentleman's answer. I just wanted to notify the Members that this bill is before the committee again, and I hope to be able to have it presented to the House, and I solicit your support for the bill.

Mr. GRISWOLD. The gentleman shall have my support. I should like to say further that the whole scheme of things has been that if they would increase the length of trains, economies would be effected; that if the number of employees were reduced, economies would be effected, which would be reflected in freight rates; yet, despite all these so-called "economies", the freight rates have increased 25 percent over what they were when the railroads were hauling 50 cars with less powerful engines. They are now hauling trains of 150 and 200 cars. They have in-

creased the cars in carrying capacity from 1911, when the total carrying capacity of all the cars was 78,000,000 tons, to a carrying capacity in 1933 of 22,000,000 tons more than then, with 12,000 less cars in commission. They have made the trains so big, they have made the cars so big, that the only thing that is now stopping them from making them bigger is the fact that their tunnels and bridges will not carry them. If we will give them a few more million dollars, they will be perfectly willing to increase those sizes. We have increased the cars to such an extent that today the average carrying capacity of a car is 47 tons. According to the report of the American Railway Association, in a survey of 12 leading class I railroads, the less-than-carload freight carried in those 47-ton cars in 1932 was 4 tons. The highest point reached was in 1929 when it was only 5 tons. This in the era of prosperity at its height. For this infinitesimal amount of freight hauled we are paying for the hauling of the extra deadweight of carrying capacity. We are paying high freight rates built on the cost of transporting that extra capacity. If we stop building cars so much above the needed capacity, it may relieve us of some of the truck competition.

They have not only done that, but we have invited accidents, and that is where the public enters. Congress has paid no attention whatsoever to it. There are 600 of those accidents reported today, which happened in the last few years. The Brotherhood of Railroad Trainmen compiled a list. The Interstate Commerce Commission reports an accident near Deane, N.J., where a freight train with 150 cars, a train so long that they could not see what was happening to it because of the vast distance, let down a journal in front of a passenger train on the other track. Twelve employees and 47 passengers went in the ditch with that train and were injured. This happened June 7, 1932.

Other wrecks have happened since then which have not been reported. Any one of these passenger trains may carry your child or wife. The cause of that accident was the fact that the train was so long that the members of the train crew could not see what was wrong with it. They even get trains so long that they do not endeavor to see what is wrong with them any more while they are running. They cannot get a signal from the rear end of the train to the head end; they drop off at one station a telegram asking them to please stop the train at the next station if the train does not stop itself with an accident before then. They are afraid to stop it by an application of the air because with more than 70 cars it will tear itself to pieces.

According to the Interstate Commerce Commission, railroads have spent, from 1921 to 1930, \$81,630,972 for clearing wrecks; \$401,490,655.30 for injuries to persons; and in the year of 1931—there are no later figures from the Interstate Commerce Commission—\$2,885,015 for clearing wrecks; and \$29,314,297 for injuries to persons; and this does not include the cost of damaged or replaced equipment.

The probable cost of equipment is several times the other cost. On this expenditure freight rates are based, expenditures that are absolutely unnecessary, for the large proportion of all these wrecks occur because of the long trains. The trains have grown so long that when the Interstate Commerce Commission inspectors go out they carry telescopes to see signals from one end to the other; but the employees on these same trains have to wigwag with their hands and guess at what is going on from one end to the other of a mile-and-a-half-long train. And on their guesswork depend human life and property.

Think of asking a man to ride back of 150 or 200 cars, subject to putting the air on the head end of that train so forcefully that when it is applied it tears and rends these steel cars—this is all-steel equipment—literally tears them to pieces. Yet they ask men to ride on the rear end of such a train and take the chance.

Taking the year 1919 as the base of 100, we find that while injuries from all causes decreased, injuries to conductors due to sudden stop, start, or lurch in long trains increased 60 percent and injuries to brakemen from the same causes increased 30 percent. This is a tragic com-

mentary on the progress of American railroad development and the vaunted safety movement on railroads.

Over at Pitcairn, Pa., on the Pennsylvania Railroad, a train was coming into the yards. Standing on the track ahead was another freight train. Both these trains were long trains, the one pulling in being made up of 87 cars. The flagman on the train that was standing tried to stop the approaching train with his flag. The engineer of the approaching train did not notice the flagman. The fireman called to the engineer to look out for the train ahead. The engineer apparently paid no attention. The fireman repeated the warning for him to look out, to apply the air in emergency, or he would hit the train ahead. The engineer applied the air in emergency. Back in the eighty-seventh car the conductor was knocked unconscious owing to the shock of that application of the air. The conductor sustained a cut head and was bleeding profusely. The brakeman, who by a miracle had avoided injury, went to the conductor's rescue.

They covered up this accident with the Interstate Commerce Commission by saying that the trouble was with the employees. They discharged the flagman who tried to stop the approaching train. They gave a reprimand to the fireman who told the engineer to stop. They gave a reprimand to the engineer. They suspended the other brakeman for 30 days for going to the aid of the unconscious conductor; and they reprimanded the conductor because he did not have hold of something when the train stopped to keep him from getting hurt. The reprimand was given for violation of safety rule no. 1507, which provides "that at all times you shall have a firm hold to prevent injury." That is the system the railroads are operating under. They penalize a man for going to the aid of an unconscious man instead of going back to flag and discharge the man who did flag, and then point with pride to a jumble of safety rules that cannot possibly work.

According to the Interstate Commerce Commission, in a train made up of 149 cars the shock on the one hundred and forty-ninth car when the air is applied is 1,030,000 pounds. Yet they ask a man to face a shock like that and reprimand him because he did not have hold of something when the train made an unexpected stop.

They are operating 150-car trains on which, when by actual tests, after the air was applied, the head end traveled 407 feet and the rear end 586 feet, or 179 feet farther than the head end; and in this test, owing to this stop, 3 cars were derailed. These same railroads ask human beings to ride the rear end of these trains that buckle, tear, and twist steel.

The American Railway Association, in cooperation with the Bureau of Safety, conducted actual tests as to what would stop these trains. Their report develops the fact that there has not to date been an air brake developed that will perform adequately on a train of over 70 cars. Yet we are running 200-car trains every day.

We are building our railroads like the house that Jack built, giving them more money to build more cars, to haul bigger trains with less freight to increase freight rates to pay for the cars to carry less freight to further increase freight rates. We cannot keep on with the railroads hauling 4 tons of freight in cars of 47 tons' capacity, hauling all that deadweight and charging it up to the shipper. As long as this is continued, railway rates will not get down to the point where people can afford to ship by rail.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. GOSS. Undoubtedly the gentleman is familiar with the fact that many of these rates are based on the coal rates. I am informed by my colleague from Pennsylvania that it costs less to make an expedited refrigerated-car movement of beef from Chicago to New York than it does to ship an open carload of coal there from Pennsylvania.

Mr. GRISWOLD. I agree with the gentleman about the coal rate.

Mr. GOSS. The coal rates are ridiculous; yet these other rates are based upon the high coal rates over all the country

plus the tremendous extravagance of the terminal facilities that have been built at the expense of the public.

Mr. GRISWOLD. I agree with the gentleman about coal rates. He is correct about many other things entering into these rates. As I stated, the cost of clearing these wrecks enters into the matter.

Before the emergency railroad legislation was passed the capital-expenditure clause under the Transportation Act of 1920 entered into the situation, where they were allowed to base their freight rates on capital expenditures in order to show an earning of 6 percent. The railroads bought all these big cars which they did not need. They bought engines and put them in white lead. We have been reading in the papers about the Missouri Pacific Railroad borrowing from the Reconstruction Finance Corporation and buying the Kansas City terminal at a cost three times that fixed by the Bureau of Valuation, and then defaulting on the payments. Under the capital-expenditure clause they bought all these things, engines and cars, and never turned a wheel with them. This was added on to the freight rates under the capital-expenditure clause of the Transportation Act of 1920.

I am glad the gentleman mentioned the question of terminals. We have heard a lot about confiscation of property without due process of law. Railroad security holders always shout that when they fix rates; but they never say a word about confiscating the property of the people that put faith in the fact the railroad was going to stay when it was built, the men who built factories along the railroad's right-of-way expecting service and because they cannot get it have their factories stand idle, the people that bought homes in these towns where the terminals are located and because the railroad moves the terminal they lose the value of their homes. Something might be said on confiscation of property without due process of law on behalf of these people.

May I bring to the attention of the House the fact that we cannot continuously talk of helping our transportation system? We cannot save it by continuing to pour money into the transportation system.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GRISWOLD. Mr. Chairman, we cannot cure this disease by merely treating the effect. We have to treat the cause in some way. We can keep on pouring money into the railroads forever; but until we get the freight rates down, until we get the railroads back to giving service like they used to, we cannot expect them to come out of the hole they are in at this time. We have gone ahead telling the people that all these things would be passed down to the freight rates, but this has never taken place. The shippers have never profited. Freight rates have been the opposite. They have continuously mounted. The more the railroads spent the higher the rates. In addition to that, you have destroyed their service. The bus and truck business profits because of the fact that the railroads will not give service, and the people go where they can get service.

The railroads cannot give service as long as they drag trains 2 miles long. It cannot be done. We are in a time when we need rapid transportation. You can get rapid transportation. You can save human life. You can give some protection to these employees riding the rear of the trains and the head ends of them. You can save the expense of clearing all the wrecks if you reduce the size and length of these trains until we develop some system of air-brake power that is adequate to handle trains of the length they are handling today. They are handling trains three times as long as the Bureau of Safety says can be handled safely with the present equipment.

Mr. GOSS. What about the automatic train stops which the Interstate Commerce Commission is supposed to have been ordering on these railroads?

Mr. GRISWOLD. The trouble with the automatic train stop is that when you put the automatic train stop up, and the train stops, it breaks everything to pieces. That is the whole trouble.

Mr. GOSS. Is there not an order of the Interstate Commerce Commission to the railroads that so many automatic train stops have to be put in each year? That is my understanding.

Mr. GRISWOLD. Yes. Suppose you put in the new braking system—and they have some few cars equipped. It will be 20 years before they have all the cars equipped with this system. You will have 10 cars in a train equipped with the equipment and the rest without, and the system will not work.

[Here the gavel fell.]

Mr. LUDLOW. I yield the gentleman 2 additional minutes.

Mr. GOSS. Perhaps there should be an investigation made in reference to automatic train stops on the long trains the gentleman has been complaining about here.

Mr. GRISWOLD. I think there should be. I think some attempt should be made to investigate this automatic train-stop situation, air brakes, and everything else to determine where we are drifting. Certainly we have not reached the place where human life is absolutely not considered. These railroad men receive no consideration. They are not under the N.R.A. They have no code. They are sent out to work a certain number of hours at certain wages. There are thousands of maintenance men in the United States drawing \$6 a week while under the N.R.A. code the minimum shall be \$12. [Applause.]

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX], and I should like to have an understanding with the gentleman from Indiana as to how long we will run this afternoon.

Mr. LUDLOW. I may say to the gentleman that so far as I can ascertain, there is only one more speaker on our side.

Mr. McLEOD. I wonder if it would be possible for us to conclude by quarter after 5, permitting 5 minutes for reading the bill?

Mr. LUDLOW. I hardly think so, but perhaps by 20 minutes after 5.

Mr. McLEOD. This would allow sufficient time to start the reading of the bill.

Mr. LUDLOW. Yes; and then I shall move that the Committee rise.

Mr. TRUAX. Mr. Chairman, members of the Committee, I want to discuss with you an issue in which, I am sure, every Member of this House is interested, and one in which the folks back home are more vitally interested than we are, perhaps. I refer to the tremendous amount of money that is frozen in the defunct banks of this country.

A week ago last Sunday it was my pleasure and privilege to address three large meetings in the city of Cleveland sponsored by my good friend and colleague, the Honorable MARTIN L. SWEENEY, and for the information of gentlemen who do not come from Ohio, I would state that two of the largest bank failures in this country occurred in the city of Cleveland, in the case of the Union Trust Co. and the Guardian Trust Co. After speaking to one audience of 2,000 workingmen, there was a question period and the first question asked me was this: When will the depositors in the Cleveland banks secure relief? My reply was that if I had my way they would secure relief immediately. Early last fall in a letter to Attorney General Homer S. Cummings, I demanded an investigation by the Department of Justice as to the criminal activities of officials of the Guardian and Union Trust Cos. This investigation was granted, and I am informed that indictments will be made within a few days.

There has been introduced in this House a bill which, if enacted into law, will relieve thousands and thousands of these unhappy victims of bank failures. I refer to the McLeod bill. As I understand this bill, it provides for a 100-percent pay-off to depositors in all the defunct national banks and in all State banks that are or were members of the Federal Reserve System.

In the city of Cleveland this will affect 92,000 individual depositors. In my State, with a population of nearly seven

and a half million people, it will affect hundreds of thousands of depositors.

There may be a marked difference of opinion between Members of this House upon expansion or inflation of the currency; there may be marked differences among Members as to the various bases that may be used for the issuance of currency; but certainly there cannot be much disagreement among Members on either side of the House as to the dire need and necessity of affording some manner of relief to these people who have lost practically their life's savings in closed banks with frozen assets. It will be interesting to know that 80 percent of the deposits in the defunct banks of this country amount to \$1,000 or less. In a recent survey that was made by the Federal Reserve System prior to the operation of the new banking law on January 1, of this year, it was disclosed that 96 percent of the deposits of this country are accounts of \$2,500 or less.

We have lent millions and billions through the R.F.C. to the large bankers, to the railroads, to the insurance companies, to mortgage-loan companies, with the result that these financial institutions hoard this money to safeguard the interests of their stockholders and to keep themselves in a liquid condition. This bill, as I understand it, will pay off to the depositors 100 percent of the amount that they had deposited in these defunct institutions.

One of the signal advantages of this plan, however, is that at the same time it affords real relief to the debtors of these banks who are unable to pay their obligations and who are now being pressed for payment. Under this plan 10 years is allowed debtors in which to liquidate their obligations.

The second distinct advantage of this plan is that these debts will be liquidated, in my judgment, upon a rising and not a falling market. To all of us in this Chamber who believe that the economic condition of the country today is at its low ebb and that we will rise up and up from now on it would seem to be a decided advantage, a decided asset to every stockholder in a bank and to every depositor, to have the debts and obligations liquidated on a rising market instead of a falling market.

In my judgment, no other single measure could afford more genuine relief to the hundreds of thousands of people who had saved a few dollars for their declining years than to give them the assurance that their money would soon be paid back in full. No greater effect could be had upon the morale of the debtors of closed institutions who are now threatened with foreclosure of their homes or who are now threatened with foreclosure of their farms than to have this Government say to them that under this plan they will have 10 years within which to pay off their debts and liquidate their obligations. [Applause.]

That is the specter of fear that constantly hovers over the heads of debtors of the defunct banks like the sword of Damocles, preventing, more than anything else, the restoration of confidence that we need down in the grass roots of this great country of ours. [Applause.]

We all admit and know that the N.R.A. has increased prices tremendously; that the fellow who has all of his money tied up in a closed bank, the farmer who buys commodities, is buying commodities in a market that has increased from 50 to 100 percent, while there has been little if any corresponding increase in the purchasing power of the products that he has to sell.

On every hand, in every State, in every district, Members of this House know that I am telling the truth when I say that the small producer, the manufacturer, the shopkeeper, and the laboring man are being penalized day by day by the wide disparity between the cost of things they have to buy and the price that they receive for commodities they have to sell; and in speaking of labor I speak of the unorganized labor rather than organized labor.

The contention will be made, no doubt, when the bill is brought out for consideration on the floor, that there may be heavy losses sustained by the Government. That contention is no doubt well taken, but those losses cannot be charged up to the common people. They must be charged

to the big bankers, the railroad executives, and the executives of insurance companies, and mortgage-loan companies.

We have found that money lent to the large bankers, such as the Dawes loan of \$90,000,000, that a certain percentage of that loan might as well be marked off the books. We have found loans made to railroad companies that were practically insolvent at the time the loans were made. Those loans will have to be charged off the books.

We have found loans to insurance companies that since the loans have been made have gone into the hands of a receiver. We have found in the city of Cleveland that large loans were made to the Van Sweringins, who dreamed of a railroad empire, and that two banks there, namely, the Union Trust Co. and the Guardian Trust Co., had not only robbed and plundered thousands of depositors, but also had permitted this looting to be done by officials themselves.

(The time of Mr. TRUAX having expired, he was given 10 minutes more.)

Mr. TRUAX. The banking situation in the State of Ohio is in a deplorable condition. We have been faced there with the inhuman atrocities of the State superintendent of banks, Ira G. Fulton, appointed by Gov. George White, in liquidating nearly 300 State banks. He has ruthlessly foreclosed on farmers, property owners who have lost their all. Under the McLeod plan every man would be given 10 years in which to liquidate his obligation, until he could receive employment or until he could receive profitable prices for his farm produce. When this bill is eventually passed, as I am sure it will be and enacted into law, I hope it will have provisions for similar measures and funds to be applied to every closed State bank in this great country of ours. It is estimated, I am informed by the author of this bill, that the total amount of funds needed would be about \$1,500,000,000. When we take into consideration the tremendous amount of money that we have spent for other purposes, and which will never be redeemed, it seems to me that this bill should receive the hearty support of every Member interested in the little fellow back home. [Applause.]

I want to say a word about another banking situation, a Government banking institution, and I refer to the Farm Credit Administration. On March 7 W. Forbes Morgan, the high priest of the Farm Credit Administration, sent me a letter patting himself on the back because constituents of mine in Ohio had negotiated a loan. Naturally these people were very appreciative. This letter comes from Hicksville, Ohio, complimenting the Farm Credit Administration for lending money to Mr. and Mrs. Clarence Marrow. They, of course, are very grateful for receiving the loan, and they pay great tribute to the President of the United States. They say:

May God give you health to reach your goal in your great financial plan of recovery and a long life to enjoy what you have accomplished for our Nation and others.

I express the same sentiments and wishes for the greatest friend the common people ever had in the White House, Franklin D. Roosevelt.

My contention is, however, that Mr. Forbes Morgan and his associate, Mr. Goss, the Land Bank Commissioner; Mr. Gaddis, the Chief of the Appraisal Division; and others are keeping the President of the United States and the Members of this Congress in the dark as to the real facts, as to what the situation really is. They said sometime ago, when there was a hearing before the Committee on Rules, that they had had some difficulty in the beginning, but that that was all ended now, and that loans were made up to date and that better methods were being used.

I have here a letter under date of March 11. This is from a widow living in one of the northwestern counties of Ohio, one of the best corn-growing counties we have in our State. She tells me that she had asked for a loan of \$6,500 on 160 acres of land that was worth \$150 an acre in 1917. I have been on the farm. Her husband used to be a Duroc breeder, and she said her husband died in 1926 and that he had left a mortgage obligation of \$11,000 in 1926. She writes:

I have reduced the mortgage to \$5,800 and present interest. Now my trouble is that the mortgage holders are asking me to pay up

or they will foreclose. This loan has been rejected by the Farm Credit Administration on the following grounds: "Our records show that this case was carefully reviewed on February 13 and a report made thereon. From the reports I have at hand it appears this farm is rented on a cash basis, and for that reason a question of management and control of property arises. It furthermore appears that the farm is in a run-down condition."

Yet this lady informed me that last November she rented her farm on a share basis so as to comply with their request, and that it is not in a run-down condition. She will have to leave this farm when it is sold within the next few weeks.

I have a letter under date of March 15 which says:

"Yours of 13th at hand, and I am giving you the following information: Four appraisers visited my farm—Mr. Black the last of September, Mr. Carroll the 1st of November, Mr. Glass the 6th of December, and Mr. Peterson the 6th of February. It seems to me to smack of lack of intelligence on the part of those in charge to send persons out as appraisers who know nothing about land values." This loan has been turned down.

Here is a letter under date of March 15. It comes from Washingtonville, Ohio:

I have 80 acres of land, buildings electrically equipped and lighted, including range, washer, sweepers, and all other equipment. The last 2 years I went in the red like everyone else. There has not been a sheriff's sale within a radius of 6 miles square for nearly 25 years. Still they say my farm is no good; that our location is no good.

That loan was refused.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Not now. Here is another case under date of March 14:

During the month of August 1933 I helped William McPeck put in an application to the Federal land bank for a loan of \$1,500 on a 160-acre farm, which stands in the tax duplicate at \$3,015. Today I am in receipt of a letter from the Federal land bank in which they state that this loan application has been definitely turned down.

That was a request for \$1,500 on land that was normally worth \$8,000, and that is on the tax duplicate for over \$3,000.

Now, to show you the reason why they have all of this incompetence, inefficiency, and rejection after rejection of loans, I am going to read a list of some of these misfit appraisers. I make the charge that where 1 loan has been granted in my State from 8 to 10 loans, as good as the 1 which was granted, have been turned down.

This is the history of 19 appraisers who were appointed from the streets of the city of Columbus. Only one is an actual farmer.

The first one is named Morgan, who is a real-estate salesman; second, John F. Dowler, a professor from Ohio State University; James J. Anderson, age 27, professor from Ohio State University; Herbert L. Andrews, salesman for the Portland Cement Co.; Frank W. McClure, owner of the Edgewater Beach swimming pool; M. M. Trammel, county agent in the Department of Agriculture of Indiana; Rae P. Dowler, real-estate salesman, Rarey Hardesty Co.; Seymour E. Bailey, age 25, former salesman for the Service Oil & Lubricating Co.; Paul E. King, age 25, professor, Ohio State University; John M. Heizer, formerly Ohio Livestock Co.—

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TRUAX. Donald R. Kester, formerly salesman for the Forquare Furnace Co.; Mark E. Jefferies, general contractor; Louis C. Rinear, formerly garage and battery service salesman; George W. Huffman, a dairy farmer; B. F. Skidmore, employed by the Equitable Life Insurance Co. of New York; Clyde L. Haines, former prohibition officer; George K. Cherrington, formerly with the Crellin Realty Co.; Edward T. Hildebrand, formerly with the Michigan Mutual Life Insurance Co.; Lester B. Burrell, with the Equitable Life Insurance Co.

Nineteen men appointed from the streets of Columbus, not one of them actually a farmer. One is rated as a dairy farmer. Can there be any doubt in the mind of any Member of this House—

Mr. MILLARD. Will the gentleman yield?

Mr. TRUAX. I prefer not until I have concluded my statement.

So I today charge the Farm Credit Administration with:

No. 1. Not administering the intent or purpose of the Farm Mortgage Act of 1933, since they are making appraisals on their own narrow and biased judgment and not on 1909 value, as the law says.

No. 2. Officials are banker-minded instead of farmer-minded.

No. 3. Messrs. Myers, Morgan, Goss, and Gaddis are out of step with the present new deal, unsympathetic, arrogant, discourteous, and all should resign their positions.

No. 4. Favoritism is shown in a great many cases.

No. 5. They have lowered the morale of the farmer, discouraged him, and incited revolt in his heart and mind.

No. 6. For every loan granted there are at least eight rejected that should be granted.

No. 7. Methods and kind of appraisers: Methods used are costing taxpayers five times what should be the cost.

No. 8. No more autocratic bureau exists. It is rotten to the core. They play bureaucratic politics constantly.

No. 9. They conceal the real facts and whitewash the actual conditions, all to the further debasement of the American farmer.

No. 10. A congressional investigation such as the gentleman from Nebraska [Mr. CARPENTER] and myself have asked for is the only solution for this deplorable condition and injustice to farmers.

I want to say there are two alternatives. I have a petition on the desk asking for 145 signatures to enact into law a bill that I introduced at the last session, to provide a moratorium against real-estate foreclosure, affecting not only farm owners but home owners.

The second alternative is the enactment of the Frazier bill, which would refinance all farm mortgages in this country of ours at 3 percent interest.

I say to you, Mr. Chairman, that unless something is done, and done soon, really to give the farmers of this country some relief from the moneylenders, from the Shylocks who are strangling them day by day and month by month and year by year, it matters not that we pass various bills which we have enacted into law, such as the A.A.A., the cotton bill, and other bills. What hurts the farmer most, what is troubling him most, is this specter of foreclosure hovering over him day by day and every night when he goes to bed. How would you like it if you were in a similar position? So I want you gentlemen to give this question your earnest consideration. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has again expired.

Mr. LUDLOW. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. GRAY].

THE N.R.A.

Mr. GRAY. Mr. Chairman, speaking on this legislative appropriation bill, I desire to make some observations on the N.R.A. legislation; and in making these remarks I hope that I may have the attention of the chairman of the committee, that I may have the attention of the Speaker of the House, of the majority and minority leaders—

Mr. SNELL. You have the attention of one of them.

Mr. GRAY. I thank you, Mr. SNELL, and now here comes the majority leader [Mr. BYRNS], and I am doubly assured of proper attention and consideration. But I also request the attention of the pages and employees and the reporters of the House, some of whom intermingling here I cannot always distinguish.

Mr. Chairman, facing the economic crisis of the times, it is the imperative duty of every citizen to contribute his means and might to the restoration of normal prosperity in cooperation with every recovery plan which the administration in power may enter upon. While we may not or cannot all agree upon the policies or provisions of any entire recovery program, we can cooperate to try out whatever plan a public administration may determine upon to test as a remedy. Under our system of free institutions, the

people can act only united and together. There must be solidarity of action in their cooperation. The N.R.A. plan has been entered upon as a part of the recovery program and as a first and preliminary step for the restoration of prosperity. If the N.R.A. part of the recovery program has not been wisely or maturely considered as such first or preliminary step and if it cannot be made to operate or function until other parts of the program shall have been given force and effect, then a proper and good-faith cooperation calls for constructive criticism to direct and make the program effective, requires a further consideration of the premises and that the proper use and purpose of the N.R.A. in the recovery program be promptly ascertained and determined.

N.R.A., the shorter hour week, and higher pay involve the fundamental principles of technocracy and date back to the cotton gin and self-binder. It is a belated remedy resorted to in a new program. N.R.A. must be reckoned with today in industry and must be reckoned with more tomorrow. In this connection I refer the Members of the House to my remarks made during a former term of Congress, and delivered March 11, 1914, over 20 years ago. These remarks appear at page 4698, of the CONGRESSIONAL RECORD, volume 51, part 5, Sixty-third Congress, second session.

Mr. Chairman, I pause here to make the further request, or rather to express the hope that in addition to the Membership of the House the rules may be relaxed so that I may appeal to the galleries, if at any time in the course of my remarks it appears that my subject is beyond comprehension on the floor.

Mr. MILLARD. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MILLARD. I make the point of order that the gentleman from Indiana must address his remarks to the Chair.

Mr. GRAY. I have just referred to the fact that I made a speech on this subject over 20 years ago. I hope no Member, who, because he cannot point to any former speech he has made on this subject, will object to my remarks at that time. Such objection, at least, will come too late in the form of a motion to expunge or strike out.

Mr. BLANTON. If the gentleman can entertain the gallery, surely he ought to be able to entertain the rest of his colleagues, including the Republicans.

Mr. GRAY. I am making this as a House broadcast to reach everybody, even, if possible, the pedestrians in the corridors.

The CHAIRMAN. The rules of the House require that Members address their remarks to the Chair.

Mr. GRAY. I bow to the rules and the rulings of the Chair. I realize I am in Rome and must do as Rome does. I shall be glad to have the occupant of the chair divert his time and attention from the stopwatch keeping my time, long enough to get the drift of my remarks on N.R.A. This mandatory direction to address my remarks to the Chair shall be my opportunity to point some pungent statements at the Presiding Officer, for his personal consideration, responsibility for the knowledge imparted from which he may have otherwise been able to have avoided on the plea or theory of an alibi.

Complying with the rules of the House, Mr. Chairman, in this address 20 years ago, I tried to call the attention of the House and my colleagues at the time to the inevitable changes in progress which was then being observed and realized by only the more alert students of economic and social problems. But my efforts were fruitless and in vain, my words fell upon dull, indifferent, or irresponsible ears. My colleagues refused to read from the handwriting and the House plodded on in the even tenor of its ways, leaving me to abide my time, looking to the future for the economic storm to break and strike with sufficient force to arouse my colleagues and the administration to a realization of the industrial changes, slow, in stealth, long coming, but now at hand.

This economic condition now before us is just a friendly jolt or reminder to awake Members of Congress and the plodding powers that be and to make them sit up and take notice of the current events and the drift of the times. But better now late than never. I am glad to see my colleagues and the administration finally awaking from their slumbering indifference, and taking some notice of changing conditions and the moving, restless world about them. And it is with no little interest and curious concern that I am observing the sudden, rash rush of men and their struggling, floundering movements, straining to deal and cope with new and changed conditions with which they have such brief acquaintance and their frantic efforts to formulate a remedy and diagnose a cause with only brief consideration and the underlying principles with which they seem not yet to have become familiar.

The two vital parts of the recovery program are, first, the currency or monetary provisions of section 43, of the Farm Relief Act, the object and purpose of which is to raise commodity values, the price level and the wage scale, and restore earnings and income to industry and thereby the buying and consuming power. And, second, the N.R.A. provisions of the Industrial Recovery Act to operate as a mandate, order, or direction, commanding the employers of men, when prosperity shall have been restored to them, to pass on to their employees, the earnings and income from industry in fair and equitable share and portion. The fundamental, basic principles of N.R.A. are the shorter-hour week and higher pay to maintain the wage earner's share and part of the earnings and income from industry, to which all other features and provisions are incidental in their operation and effect. Both of these provisions of the recovery program must function concurrently together, but observing the order of the steps to be taken, currency expansion first to restore values and prices and thereby earnings and income to employers, and N.R.A. following to mandate employers to pass prosperity on to employees in a fair and equitable distribution of the earnings and income of industry to restore the buying and consuming power of the masses having capacity to consume.

N.R.A. is not a first or preliminary step to be taken in the recovery program. It is not a step to be taken separately, independently, and alone. It is not the part of the recovery program designed first to create and restore prosperity. It is a second or intermediate step to direct the course and distribution of prosperity when and after prosperity comes. N.R.A. is a step which contemplates or assumes that prosperity has been brought back to employers and is an order or direction to employers to spread restored prosperity among the employees by the shorter-hour week and higher pay. N.R.A. is that part of the recovery program provided to overcome the selfish impulses of men and to require the great employers of men to make a fair and equitable distribution of the earnings and income from industry among the helpless, dependent laboring classes. N.R.A. is a system and plan to lead or require the employers of men to pass returning prosperity on to employees and to the great laboring masses to restore their buying and consuming power.

It is true that there is one principle of N.R.A., but one principle of N.R.A. only, which can be made to operate to bring a measure of prosperity before greater earnings and income shall have been brought back to employers. This is on the principle and theory that a spread of the same wages and earnings among a greater number of employees will insure that a greater part of earnings and income from industry will be used as buying and consuming power. It is the principle and theory that if the weekly wage going to one man is divided, apportioned, or spread among two men, more of the wage will be used with which to buy and consume the products of industry and less will be held, saved, and hoarded or withheld as immediate buying and consuming power. Or in other words, if the weekly wage of \$28 going to the 1 laboring man is divided between 2 men, each taking \$14, the 2 men, driven by the impulse to live and to provide for those who by nature are dependent upon them, will use all

or more of their low wage as buying and consuming power. Whereas, with the whole \$28 going to one man, the natural impulse to save for a rainy day would tempt him to hold it from immediate use, and accordingly from use as buying and consuming power.

Under the failure of the buying and consuming power, employers are not realizing sufficient earnings and income from which to pay higher wages to labor, even if all the earnings were paid out to the employees with employers retaining nothing for themselves. There is not enough earnings from industry, even if all were equally divided among men and if all were being used in buying and consuming power, to buy, take, and consume what industry produces or what industry in its power can produce. Without a restoration of earnings and income to employers for a distribution to and among employees there would still remain a failure of the buying and consuming power.

Even if all employers were able to observe the shorter-hour week and higher pay without an increase of earnings or income, the N.R.A. program alone would finally fail and industry would again relapse in depression. Because both the comparatively few employers of men and the industrial labor population cannot consume what industry produces. They can only consume a part and portion of what industry produces, leaving a great part and share unused and without consumption. The buying and consuming power of another great class of consumers must be first restored to them to enable them to buy and consume their part of what industry produces.

The relaxation or suspension of the antitrust laws as an inducement to the employers of men to observe and accept the shorter-hour week and higher pay has not operated to increase or restore the general buying and consuming power of the people. The great producing interests of the country controlling the vital necessities of everyday life, being ordered to comply with the N.R.A. before and without a restoration of earnings and income, and realizing the opportunity with the bars let down, promptly took advantage of the open gap to raise prices to the consumers of the country and took from them more than enough to meet and make up for any increased wages paid. And, incidentally, and while the taking was good, made lawful, authorized, and permitted under the law, they increased their prices to the consumer without the consumer's having more to pay with. This, instead of enabling men to buy more, left the general consumers with power to buy less. Without a substantial increase in farm prices, every farmer in the country has been touched for tribute to the economic profiteers in multiplied millions, exacted from hardware, lumber, cement, and building material, from fencing, farm equipment, and all farm supplies, compelling farmers to abandon or postpone many much needed and contemplated improvements, all proving and confirming over and over again the folly and futility of compromising with evil and allowing selfish human nature to go unrestrained.

Without the administration of the N.R.A. principle, or carried out as a part of the recovery program, prosperity could come back to industry. Prosperity would come back to industry sometime in the far distant, hazy future. And prosperity will come back to industry just as nature brings health back to the sick man without or in spite of the doctor. But without the administration of the N.R.A. plan prosperity would only come back to the employers of men, prosperity would only come back to the sweatshop masters, prosperity would come back and only come back to the owners of the great mass-producing plants, come back to make quick wealth and swollen fortunes to the certain special few men, come back to make the rich richer and to leave the poor poorer. But with the N.R.A. principle in force, when prosperity comes back to the employers of men, it will come back to the employees in industry. It will come back to the many, the multitude. It will come back to the toiling and laboring masses. It will come back to all the people to restore their buying and consuming power. With the N.R.A. facilities held in readiness to enforce when prosperity shall have come back to industry, when earnings and

income shall have been restored to employers, the N.R.A. principle can be applied to bring an economic triumph, an industrial victory, assuring and safeguarding the welfare of the people, and in vindication of the administration program, and to the glory of the new-deal pledge.

A proper, intelligent, and constructive criticism of any plan, principle, or policy of relief first requires a consideration of the evils to which the same is logically directed as a remedy and an analysis of the producing causes, and the manner in which they have operated to bring on the abuses to be abated. As a prescription or medical formula which is widely heralded as a cure for all the ills that flesh is heir to will not inspire great confidence in the merits of the nostrum to remedy anything, and a complete and effective remedy for one disease may be wholly inapplicable and a failure when applied to a different human ailment. The glory, fame, and success of the physician is his ability to diagnose the disease, to distinguish between disorders and their different forms, and to apply an appropriate remedy at the proper stage or progress of the malady.

I therefore wish to first direct my remarks in brief explanation of the evils and disorders to which the N.R.A. principle is applicable, and can be effectively applied as a remedy, and can be looked to for relief. Under new and changed conditions, gradually brought on by invention and discovery, the automatic machine in industry has long been encroaching upon the employment of men, has long been taking the place of man power, long been supplanting the human hand, increasing and multiplying the power of industry to produce in all the different lines of production. The invention of the automatic machine, long coming, gradually, stealthily, and unawares has been enabling fewer men, working less hours, to produce more and better, and at less labor costs. Of all the comforts and conveniences of life, multiplying many fold the powers of industry, revolutionizing the capacity of men to produce.

But production is only one element of industry. Capacity to produce will not solve the great social and economic problems now pressing before us for consideration and solution. While the machine can be used to produce, industry remains dependent upon consumption and without man the human element in industry, to buy, take, and consume what industry produces, the machine will falter, stop, and stand still. This is because the machine cannot wear, because the machine cannot use and enjoy, because the machine cannot take and consume what industry produces. The human element cannot be dispensed with. Only men can eat and wear. Only men can take and consume the food products of the farm and garden, the products of mill, factory, and workshop, the goods and commodities which industry produces.

N.R.A., the shorter-hour week, and higher pay has long been a labor program urged to meet the competition of the machine to maintain the buying and consuming power of men under new and changed industrial conditions. N.R.A., the shorter-hour week, and higher pay is based upon imperative economic necessity as well as upon high humane consideration of the right of men to labor to live and to claim and take the fruits of that labor for their support and maintenance and for those who by nature are dependent upon them. The advent of the machine has made the shorter-hour week and higher pay an indispensable, imperative industrial policy, a vital economic necessity in industry to balance production and consumption. Without the human element in industry, without people to consume what is produced, production will stagnate in surplus congestion, the bins and warehouses will remain full and overflowing, industry will be left paralyzed and suspended to present the false and misleading appearance of an excessive supply or overproduction.

But the machine is not the only factor operating in our industrial system to take and withhold from the labor population their wages, earnings, or to limit employment, the power to buy, take, and consume the products which industry produces. There was a time when the laboring man was more independent to gain employment and more secure in his pay than he is today. There was a time when

he collected his wages direct from the men for whom he rendered his services or from the purchaser of the goods and wares he produced. But under our specialized industry today a comparatively few number of persons, the employers of men in industry, first take the earnings and income from industry, first gather and take the fruits of toil and labor into their hands and hold these earnings subject to their own arbitrary will or selfish disposition. And under the impulse of selfish human nature first actuating men of the money classes, these comparatively few employers of men, first taking and holding the earnings and income from industry, have been holding and will keep all coming to their hands except the meager part and portion they are compelled to give up to employees to maintain their strength to labor.

These comparatively few employers of men who first take the earnings and income from industry, who first gather in the fruits of toil and labor, can themselves consume only a small part of what industry produces. Because these comparatively few employers do not have the stomachs to eat it. They do not have the bodies to wear it. They do not have the capacity to use it. They cannot take and consume it. Only the masses, the multitude, the many, only the millions, the great laboring classes, eating, wearing, using, and enjoying have the capacity to use and consume all that industry produces.

It is plain and open to be seen that with the loss of employment to labor from the operations of the automatic machine, and with the comparatively few employers of men taking a greater part of the earnings and income, and with the employees, the masses and the multitude, who alone have capacity to consume what industry produces, taking only a mere, paltry pittance, how, eventually, finally, and ultimately this will reduce the buying and consuming power of the great laboring classes of the people and will make a few millionaires on one hand and a multitude of mendicants on the other.

But the men who are indifferent and inattentive and who have failed so long to observe and recognize these current events and economic changes at the time and during their progress, are now even more negligent and unobserving and are overlooking other great economic factors operating concurrently but more rapidly leading to greater and more destructive economic effects. These men, suddenly awaking to a realization of the progress and developments of technocracy in some way called to their attention or forced upon them, are now attributing all our economic ills to the machine and mass production and are organizing and urging the N.R.A. as a remedy for the sudden advent of this panic and depression. And in an eager, impulsive spirit, prompted by a belated and overdue discovery of a long-considered economic principle, and unable to differentiate between causes, and unable to recognize the relation of cause to effect, these men, overenthusiastic as new converts, are attributing all economic conditions and phenomenon as resulting from one and the same cause, the automatic machine and mass production. And, with a show of force and arbitrary compulsion, they are organizing and harnessing the N.R.A. for a desperate drive against and the eradication of all economic disorders and dislocation and against all the abuses and evils to which the people are subject in political and civil life.

This panic or depression did not begin with the advent of the machine. It did not result from the machine taking the place of the laboring man, displacing him from the workbench and destroying his buying and consuming power. The machine competition had been coming gradually, stealthily encroaching upon the laboring man, and day by day dispensing with his services, coming long before the blight of this panic with its withering touch to paralyze industry. This panic or depression came suddenly, came when all labor was employed, employed on full time and at highest pay, and while the buying and consuming power of labor was in its greatest height.

The panic did not begin with the laboring classes nor with the employees under mass production. The panic began

with the farmers of the country, and agriculture was paralyzed and left in bankruptcy long before the depression had reached back to touch the industrial laboring classes in the factory, mills, and workshops of the towns and the great cities. The invention of the automatic machine, taking the place of the laboring man, had nothing to do with the cause of this panic. The N.R.A. alone can effect nothing as a remedy for this panic. N.R.A. was more needed before this panic came upon the country and will be more needed after it has been remedied and overcome than it is needed while the depression endures. N.R.A. is a measure, rule, or regulation between employer and employees for employment. It cannot make prosperity. It cannot create prosperity. It cannot restore prosperity. N.R.A. is without force or effect until after prosperity shall have been restored—until and after the employers of men shall have recovered back their earnings and income and are made subject to its enforcement.

The N.R.A. is a necessary principle to correct and remedy certain industrial evils of long standing in industry and which have been coming gradually for more than 50 years. But these evils have no relation to this sudden, acute panic which fell unawares upon the people like a blight in the nighttime, like a scourge upon the land. The evils of which N.R.A. are to remedy are no more in relation to this panic than a weak stomach or an irregular heart is in relation to typhoid fever, smallpox, or a contagious disease. And while toning up the stomach or regulating a weak heart might indirectly aid recovery, it would not be a direct remedy resorted to by credible physicians for prompt relief to the patient.

The N.R.A. for the shorter hour week and higher pay can no more operate before prosperity is restored, before earnings and income are restored to industry and brought back to the employers of men than a good digestive system can be made to operate upon an empty stomach. The stomach must be filled with food before the digestive system can function to restore and revive the famished body and without which all parts of the anatomy would be left dwarfed and impoverished and even the reservoir stomach itself would suffer for want of nourishment.

And so the employers of men must have recovered their earnings and income from industry and must have something to pass on to spread among their employees before N.R.A. can perform its functions and employers can be made to do their part. Without earnings and income restored to employers, N.R.A. will fail to operate or function in the system of organized industry. And, from want of earnings and income upon which to operate, N.R.A. will fail to stimulate and revive the famished and impoverished industrial body, and the panic will continue on until in the course of time and events nature in some form will come to the rescue.

This panic did not come gradually, step by step, all but imperceptibly during a long course of years or period of time like the evolution of the automatic machine. This panic came suddenly, unawares, like a bolt from the clear sky, like an avalanche from the mountain, like a devastating tide from the sea. Or in the language of the Prairie Farmer:

In 1920, in almost the twinkling of an eye the condition was reversed, prices fell to a ruinous low level. The exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price in 8 months from \$3 to \$1.60 per bushel. Corn fell from \$1.50 to \$0.35 per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

It is the history of this panic or depression that the hard times began with the farmers, came first with the fall of farm values and prices, forcing down and taking away the farmer's earnings and income, destroying the farmer's buying and consuming power. And the withering touch of the depression was not felt by industrial labor until more than a year after the panic had come to the farmers, and farm values and prices were forced down to a ruinously low stage and level, destroying the farmer's power to buy and consume. And finally and ultimately reaching back through our specialized system of industry, brought unemployment to the laboring masses and destroyed the buying and consuming

power of men in other trades and callings until all industry was paralyzed, until the panic was realized, full and complete.

And it is further the history of this panic that immediately preceding the fall of values and the price level, a secret bankers' meeting was held on May 18, 1920, in Washington, D.C., behind closed doors and curtains, at which a secret resolution was passed calling upon the Federal Reserve Board to contract and withdraw from circulation the money and credits of the country. And immediately following this secret bankers' meeting the Federal Reserve Board secretly contracted and withdrew from circulation the money and the credits of the country, until a great part and portion was taken from the channels of industry and trade. And under economic laws and the principles of money, the relative value of money and commodity prices was changed, more than doubling and tripling the value of money and all obligations payable in money, and forcing down prices to a ruinous low level, property and all commodity values.

Having found the cause, how the contraction of money operated to bring a fall of values and the price level, and thereby to destroy the buying and consuming power, first to the farm population and dependents and then of the industrial laboring classes, and finally involving the whole body of the people, let us consider the recovery program to remedy the cause and evil and bring relief from the panic. If a withdrawal of money from circulation will cause a fall of values and the price level, bring a failure of earnings and income and destroy the farm buying and consuming power, then nothing is more plausible, more reasonable, logical, and conclusive than a restoration of money in circulation will cause a rise of values and the price level, a return of earnings and income in industry, and a restoration of the farm buying and consuming power.

If a remedy is true and correct in theory, if it is founded upon true principles, then it can be analyzed and explained, it can be demonstrated and proven and made clear before men. It is idle to urge a remedy for a mysterious or unknown cause. It is vain to direct relief from an evil without an understanding of the cause and effect. It is folly to talk of "confidence", "faith" or a "better feeling existing", or "prosperity just around the corner." Emile Coue, the man who was always getting better every day and in every way died while repeating his meaningless formula to persuade and lead others to forget their ills, pains, and troubles to effect a cure of their afflictions. We are now told again at this late date, that only confidence will restore the buying and consuming power, that to smite the rock of "Faith" and prosperity will come like gushing water. But faith without works is dead, God helps those who help themselves, and if you want to restore confidence in a hungry, starving, famished man, fill his stomach with good, nutritious food, and faith, assurance, and confidence will return. If you want to restore confidence to a cold, shivering, and suffering man, give him plenty of good warm clothing, provide him with fuel and shelter, and faith and confidence will return.

When this crisis fell upon the farming industry, with the higher normal values and price level, the farmers were selling not more than one fourth of their crops with which to pay taxes and interest and leaving them with the other three fourths or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted in 1920, forcing down values and the price level, the farmers were compelled to sell all, or four fourths, of their crops and products with which to pay taxes, interest, and fixed charges, and were left with no part with which to buy and consume, destroying the buying and consuming power of 40,000,000 farm population and dependents.

And finally this failure and destruction of the farmers' buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemploy-

ment to industrial labor and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and complete.

The farm population not only includes the most numerous class of consumers but a class which buys and consumes double what any other class of men consumes. The farm population and dependents not only buy and consume what other classes buy and consume for personal and family use, not only what other classes buy for their homes, but as much or more outside of their homes. The 40,000,000 farm population and dependents, after buying household goods and supplies and for personal and family use, buy many other and different articles for use in farm operations and equipment. The farmer buys and uses on his farm over, above, and in addition to household goods and supplies and for personal and family use, ropes, chains, nails, paint, plows, cultivators, harrows, binders, mowers, pitchforks, hay tools, spades, spuds, post diggers, and a thousand other miscellaneous articles for daily use. The farmer's buying and consuming power, his power to buy, take, and consume all of these, has been reduced, and all but destroyed, and until his power is first restored there can be no recovery of industry.

A restoration of farm values and prices will not only restore farm earnings and income and the buying and consuming power of farm population but will reach back through retail store, through wholesale and commission house, to factory, mill, and workshop to start production and restore employment and the buying and consuming power of the 30,000,000 industrial population. While endorsing the principle and policy of N.R.A. to maintain labor's buying and consuming power in competition with the automatic machine my criticism is that the recovery program has been entered upon in reverse order, or in common parlance, the cart put before the horse. If the recovery program measures had been put into force and effect in the order of restoring first the buying and consuming power of the great farm population of the country and from which orders going back to factory, mill, and workshop to restore earnings and income to employers. And following with the N.R.A. facilities to compel employers to pass prosperity on in fair and equitable distribution to industrial laborers and employees, some substantial progress could have been made in restoring normal prosperity to the people. However, when the full recovery program shall have been put into force and operation in the order of the logical steps to be taken to restore the buying and consuming power of both the farm and industrial population to buy, take, use, and consume the products of factory, mill, and farm normal prosperity will be assured and far on the way.

[Here the gavel fell.]

Mr. GRAY. Will not the gentleman from Indiana yield me another 10 minutes?

Mr. LUDLOW. A time limit has been agreed upon.

Mr. GRAY. The gentleman may do as he pleases.

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 more minutes.

Mr. McLEOD. Mr. Chairman, may I not remind the gentleman that we had an understanding that the House would adjourn at a definite time?

The CHAIRMAN. The Chair did not understand that it was a definite agreement.

Mr. McLEOD. It was suggested that the Committee would rise at 5:20.

Mr. LUDLOW. I would refresh the gentleman's memory by stating that, as near as I could ascertain, there was only one more request for time. Since then, however, two other gentlemen have entered the Chamber who were promised time. If the gentleman from Michigan will bear with me in patience for a few moments longer, I should like to keep my promise to these gentlemen.

Mr. GRAY. Mr. Chairman, I am not asking for any more time; I am asking to be given what was promised to me, the time agreed upon.

Mr. LUDLOW. Mr. Chairman, I yield 5 additional minutes to the gentleman from Indiana.

Mr. GRAY. Then I will have the 10 minutes and the time agreed upon, and I hope I may even conclude if I may go over without further interruption.

Mr. Chairman, it is true that many manufacturers, that many employers of men have amassed great fortunes by taking and withholding an unjust share of the earnings and income from industry from the employees and the great laboring classes, but their factories today are not idle merely because they cannot still make these unconscionable earnings and income. They would still continue their operations if they could make some profit or be assured of operations without loss. The factories are idle today because they cannot make reasonable profits or because they cannot operate their mills without hazard of loss in operations, or, more properly speaking, because of the failure of the buying and consuming power and the want of market for their goods.

I do not believe that employers as a class have closed down their factories and mills in wanton indifference or disregard of the suffering and privation of their employees. I believe that if the employers of the country, or at least many of the employers, could see their way clear to continue their operations with small profit or be assured against loss they would start their mills and factories and hold their employees on the pay rolls. A peremptory demand upon the employers of the country to start their factories, mills, and workshops without a restoration of buying and consuming power and a demand for their goods and wares under a shorter-hour week and higher pay will not solve the problems of unemployment.

The people of the country are and have been cooperating loyally, patriotically, faithfully, and well with every phase of the recovery program and to give the N.R.A. principle a fair, earnest, and good faith trial the people have and are coordinating their efforts and in every way doing the best they can in a spirit of sacrifice and denial to bring relief from the panic and a restoration of normal prosperity. If this plan of recovery fails—and we must hope that it will not fail—it will not be because the people of the country have failed, refused, or neglected to cooperate, to observe its forms, and carry out its provisions. If the N.R.A. part of the program fails, it will not be a failure of the N.R.A. principle itself, it will be because the step has been taken prematurely and in advance of its order in the recovery program and the step it is designed to follow.

The N.R.A. policy of compulsion was never intended for small employers nor individual employers equally dependent with their employees and help with full opportunity to secure other employment both acting together more as partners. N.R.A. is an economic policy formulated more to be directed against great sweat shops and giant mass producing plants where employees are without opportunity for other employment and where millions are ground out of labor by withholding from the working man all but enough to maintain physical strength and keep soul and body together, and all to make quick wealth and swollen fortunes. Until 5 percent of the people have come to own more than 90 percent of the wealth of the country and the rich are growing richer and the poor are growing poorer.

With the automatic machine taking the place of man power and the craft of the human hand there is no escape from the N.R.A. principle as a rule or code of industry. The N.R.A. must be reckoned with today and more reckoned with tomorrow. While the laboring man can be dispensed with as a producing factor in industry he will always be needed as a consumer. As the machine is further developed as a producing factor in industry the shorter hour week must be made shorter and the higher pay must be raised higher.

While N.R.A. is a vital indispensable principle to apportion earnings and income from industry out among the dependent laboring classes to restore and maintain the buying and consuming power, yet without earnings and income from industry first restored to the employers of men N.R.A.

is an empty gesture, a meaningless psychological maneuver without substance or economic force to restore the buying and consuming power. Under our specialized industrial system there must be first a restoration of prosperity. There must be a return of earnings and income to the employers of men in industry before N.R.A. can function to restore the buying and consuming power to employees and the laboring classes. Unless a first and preliminary step is taken to restore earnings and income to employers N.R.A. will fail not for want of merit but by reason of the step being taken prematurely and in reverse order and a meritorious principle will be discredited.

The automatic machine taking the place of the laboring man and employers taking the income had little or nothing to do with the cause of this panic. The N.R.A. alone can effect nothing in a substantial and decisive way as a remedy for this panic. N.R.A. was as much or more needed before this panic came and will be as much or more needed after this panic is gone than it is needed and required today before a return of earnings and income to industry. N.R.A. as a measure, rule, or regulation for employment between employers and employees cannot make prosperity, cannot create prosperity, cannot restore prosperity. N.R.A. is without force or effect until after prosperity is restored, until after the employers of men have recovered back their income from which to spread prosperity to employees.

And if the automatic machine shall be developed and perfected in industry to take the place and supplant labor and perform all the operations in production and the debt hand is no longer needed or required, still the human element in industry cannot be ignored or dispensed with, still the laboring man must take his pay, take his share of earnings and income from industry as means and power by which to consume what the automatic machine shall produce.

And when and if this day shall come when the automatic machine shall supplant and take the place of the laboring man and man power and the human hand dispensed with, the remedy will not be revolution nor the destruction of the machine. The remedy will be to apportion out the earnings and income of the machine among the former laboring masses to maintain the power to take and consume what the automatic machine produces and to teach the laboring man how to play golf, tennis, and polo and the arts of killing time as followed by the idle rich today to divert their minds and energies from the evils of the devil's workshop. But this supposed condition will never come, for when the buying and consuming power of the people shall have been restored to them through a rise of values and the price level more goods will be consumed, more services will be enjoyed, more men will be required to man the machine and the causes that brought the N.R.A. will be remedied and overcome.

But one of the most vital and imperative purposes to be served by the N.R.A. in the recovery program is to make industrial pay and wages keep pace with rising values and prices as the same are to be lifted to the 1926 price level under the operations of the currency provisions of the farm relief and recovery acts. Without the provisions of the N.R.A. in operation, wages would rise and be maintained on a level with rising commodity values and prices as wages arose, kept pace, and were maintained during the higher commodity values and prices of the prosperous years of 1919, 1920, and later, and fell with the fall of such values following. But with the N.R.A. in force concurrently with the currency operations provided for to raise commodity values and the price level, the selfish impulse of employers will be overcome and wages will be made to rise with and concurrently with commodity values and the price level first provided to restore earnings and income to employers. N.R.A. will forever put an end to the subterfuge plea, always interposed against a rise of values and prices, that wages will lag and fail to keep pace with commodity values, prices, and the cost of living, and labor will suffer a fall of wage-buying power, the same as the gold-revaluation plan will silence the hue and cry of "inflation."

Mr. TRUAX. Mr. Chairman, will the gentleman yield?
Mr. GRAY. I yield; not for a speech but for a brief question.

Mr. TRUAX. In his speech a while ago the gentleman referred to the bars having been let down and his cow barn costing him \$300 more. Did the gentleman mean the liquor bars?

Mr. GRAY. No; my mind was on another subject; I was talking about the bars of the antitrust laws being let down and how it affected my cattle barn.

Mr. TRUAX. I thank the gentleman.

Mr. GRAY. Mr. Chairman, in conclusion I want to state my position concretely: My position is that the N.R.A. is a vital, indispensable principle to apportion earnings and income from industry and to require employers of men to pass profits on to employees.

But N.R.A. cannot function until earnings and income from industry shall have been restored and brought back to the employers of men. N.R.A. is a meritorious and imperative policy under the automatic machine age of production. But to enforce it arbitrarily out of order will make it a failure and bring a new principle in industry to discredit, when a proper observance of its order as a step in the recovery program would vindicate its administration and make it an economic benefit. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, may I call attention to the fact that I have filed a motion to discharge the Committee on Immigration from the further consideration of H.R. 109, which would stop all immigration to this country for 10 years?

If we had stopped immigration to the United States after the war, we would not have had 12,000,000 men walking the streets nearly 2 years without jobs. It has been the aliens who have been coming here constantly, many of them smuggled across our borders daily, that have taken the jobs away from our American citizens.

I want you to ask yourselves the question, and I want every American citizen who reads the CONGRESSIONAL RECORD tomorrow and who may happen to see my remarks, to ask himself the question why it is that the Committee on Immigration in the House of Representatives willfully refuses year after year to bring in a bill to stop immigration to this country? I will tell you why it is. We have too many men on that committee who do not want to stop immigration. Just check them up. Go back 17 years and check up, and you will find too many men on the committee who were against stopping immigration to this country. They want it to continue. That is the reason every time the committee takes up the question and votes on it, they cannot get a majority to vote out the bill.

My bill (H.R. 109) to stop immigration to this country for 10 years, was introduced by me in this House at the beginning of this session, and it has been in every Congress for the last dozen years. I introduced H.R. 109 in this Congress on March 9, 1933. It has been in that committee ever since. Likewise in March 1933 my colleague from Texas, Mr. Dies, introduced a bill to restrict immigration. These bills have been pending, and we have been clamoring for a hearing, both in the last session and in this session. After insisting repeatedly, we finally got a hearing about 10 days ago. We showed that it is absolutely necessary and imperative, in order to preserve the jobs for American people, that we stop immigration. When the committee took a vote on the Dies bill the committee tied. Half of them voted one way and half of them the other. It was the chairman of that committee who voted against reporting this bill. So it is the chairman of the committee that keeps the bill down. If he had voted to report it we would have this bill now on the calendar ready for passage, and we could pass it and preserve American jobs for American citizens.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Connecticut.

Mr. GOSS. Does the gentleman think that one of the reasons he does not get the bill reported out is because the gentleman objects to all the bills on the Consent Calendar when they come up?

Mr. BLANTON. No; of course not. He does not want to stop immigration. The last bill I objected to on the last Consent Calendar the other evening would have taken \$968,748 of the people's tax money out of the Treasury and handed it over to a corporation. Without my objection, this bill would have been passed in a half minute. The Speaker would have said, "Without objection, this bill will be considered to have been read the third time, engrossed, and passed, and a motion to reconsider laid on the table." Then this corporation would have gotten \$968,748 of the people's money. That is the way you attempted to hand out \$968,748 out of the Treasury at one time. I did object. I stopped it. The author of the bill was a man for whom I have high respect and high regard, our good friend from New York [Mr. O'CONNOR]. He is presiding over this House at this moment. It was his bill, but I did not hesitate to stop it. But the gentleman is not going to distract me from my subject.

May I say that every American citizen of the United States who wants immigration stopped should deluge his Congressman and Senators with demands that we vote this bill out before we adjourn. Then we will stop immigration. I want every man in this House who wants to stop immigration to walk up there tomorrow and sign the motion to discharge this committee and then we will pass this bill, and we will stop immigration coming to this country before this Congress adjourns.

Mr. MILLARD. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Mr. MILLARD. Does the gentleman know that the Secretary of State, Cordell Hull, is against his bill?

Mr. BLANTON. No; I do not know it. But when Cordell Hull served with us here in this House he then wanted immigration stopped. I know the people of the United States want to stop immigration. It is this continual horde of foreigners coming in here—the Nazi propagandists, the communistic propagandists, propagandists for this, propagandists for that—who are doing the damage. If we want to stop this infernal propaganda, keep the aliens out of the country. Let us assimilate those we have before we take on others.

During the war I was invited up to New York to see the foreigners parade. They called it the "loyalty parade." There were nothing but foreigners. We sat at the junction of Broadway and Fifth Avenue from about 9:30 in the morning until half past 4 in the afternoon, and those people marched before us without a break in their ranks. They marched down that street 20 abreast. They were a solid mass of foreigners. And they are still coming in hordes. We have to stop it. If you think anything of the jobs of your American constituents back home, let us get behind this bill, sign the motion to discharge the committee, and vote it out and pass it.

Mr. SWICK. I understood there were more people who went out of this country last year than came in.

Mr. BLANTON. I have better information than that. Is the gentleman in favor of stopping immigrants from coming in?

Mr. SWICK. Yes; but I wanted to get the gentleman's opinion.

Mr. BLANTON. Why does not the gentleman go up and sign this motion to discharge the committee and not try to distract me from my subject? I am not going to let anyone distract me from the proposition. We should stop the aliens from coming into this country until we assimilate the ones we have.

Mr. SWICK. I just asked the question for information.

Mr. BLANTON. The gentleman has been misinformed. I know that last September I saw between San Antonio and Brownsville a constant procession for 250 miles of one truck after another with Mexicans in them, fresh from Mexico, 25

in a truck in many instances, coming from Mexico border into this country to pick cotton, and most of them stay in this country and do not return. If you will travel the Texas & Pacific Railroad from El Paso to Texarkana, 900 miles across my State, you will see that practically every section hand is a Mexican. Why? He ought to be an American. This is an American's country. These are Americans' jobs, and I am not willing they shall be taken by the foreigners of all the countries of the world. If the gentleman is with me, let us get this motion signed and we will get the bill out.

Mr. PATMAN. Will the gentleman yield?

Mr. BLANTON. I yield to my colleague.

Mr. PATMAN. I presume the gentleman is familiar with the fact that the first and only 2 years there was a net decrease of United States population by arrival and departure of aliens was during the last 2 years of President Hoover's administration. In other words, we could have kept aliens out by continuing this Hoover administration, but the remedy would have been much worse than the disease. In 1932 there were 112,786 more aliens left our country than came in.

Mr. BLANTON. Every posted American knows that in addition to the lawful quotas that have been coming into this country annually, many aliens are smuggled across the Mexican border and the Canadian border every year if you will check it up. We must stop it. I hope you colleagues will all do your part to stop it.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Chairman, I ask unanimous consent to read section 2 of the bill I introduced today.

The CHAIRMAN. Without objection, it is so ordered.

Mr. ALLGOOD (reading):

SEC. 2. Upon the expiration of 30 days after the enactment of this act the term of office of any postmaster who received his commission before March 4, 1933, shall expire; and at any time hereafter when there is elected a President of the United States who is a member of a different political party than that of which his predecessor is a member the term of office of each postmaster, who received his commission prior to the date such newly elected President takes office, shall expire upon the expiration of 30 days following such taking of office.

There are thousands of Republican postmasters who are now holding office under a Democratic administration on account of temporary appointments having been made years ago. This bill seeks to correct this condition.

The measure is equally fair to the Republicans, because in about 1948 the Republicans expect to come back into office, and, of course, they would like to have the post-office appointments when they come into power again.

The Democrats think that as the Republicans have held these offices for 12, or nearly 13 years now, and the Democrats having come into power with the greatest majority that any party ever received, we feel the Democrats are entitled to these offices. We are asking for the patronage, and in plain and simple language that is what we are trying to do under this bill—to get some patronage for our people. This is no reflection on the character and integrity of any postmaster, but it simply carries into effect the will of the people as expressed at the ballot box.

The Clerk read the bill for amendment down to and including line 6 on page 1.

Mr. LUDLOW. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. O'CONNOR, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 8617, the legislative appropriation bill, had come to no resolution thereon.

INCREASE IN THE NAVY (H.REPT. 1032)

Mr. VINSON of Georgia submitted a conference report on the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels

limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

PINKIE OSBORNE

The SPEAKER laid before the House the following request from the Senate of the United States:

"Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 2153) for the relief of Pinkie Osborne.

The SPEAKER. Without objection, the request is granted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELLENBOGEN, for 5 days, on account of death in family.

ECONOMIC CONDITIONS

Mr. SWICK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include therein a radio address delivered by my colleague [Mr. TABER].

The SPEAKER. Is there objection?

There was no objection.

Mr. SWICK. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following radio address by Hon. JOHN TABER, of New York, March 19, 1934:

A government, by sound legislation, can help economic forces toward recovery. By unsound legislation, it can help to perpetuate economic disaster or it can delay and prevent economic recovery.

The Democratic Congress which preceded the inauguration of President Roosevelt had done its best, by the passage of the Garner pork-barrel bill in the House and the bonus bill, to destroy confidence prior to its adjournment on the 16th of June 1932.

The economic stage was set for recovery in the early winter of 1932-33. Merchants' shelves were empty. The people's larder was low. Prices were low. Confidence began to assert itself when there came along a tremendous agitation and urge for inflation. This persuaded the people that inflation was coming and they took their funds out of the banks and started to put them into gold. That withdrawal became so acute as to cause tremendous deflation and tremendous reduction of prices, both of commodities and securities.

The President-elect, by a word, could have stopped this. He did not; and so, when he took office on the 4th of March, every bank in the United States was closed. Faced by this situation, the administration adopted two sound measures: First was the emergency banking bill, which helped to open the banks; and, second, the Economy Act, designed to reduce the expenses of the Government.

These two measures had my full support.

The banking act has been fairly administered by the Comptroller's office. If the Economy Act had been fairly administered, it would have been a success.

By a terrific orgy of extravagance, which is going to result in a deficit of nearly \$8,000,000,000 by July 1, the economy act has been wrecked.

In late May and early June, due in part to the Banking Act, in part to the Economy Act, in part to the drought in the Middle West, and mostly to the natural operations of economic law, the prices of farm products had risen tremendously, so that the price of wheat had gone up to \$1.25 a bushel and all other products had risen some when the administration started in with its agricultural bill. This bill had two parts—first, the part giving the Secretary of Agriculture a right to levy a processing tax on agricultural commodities, and, second, the part which gave the President power over the value of the dollar and power to create inflation.

A processing tax was immediately announced on cotton and wheat. The tax on wheat was 30 cents a bushel, and it immediately reduced the market price of wheat from \$1.25 to 90 cents, and it has hovered from 67 to 91 cents on the Chicago Exchange ever since. Unquestionably the farmer pays the processing tax. The Agricultural Department's operations with tobacco have ruined the farmer in my territory, and the processing tax on hogs has practically ruined the hog farmer, so that now he can get less for his hogs in my part of the country than the processing tax comes to.

This bill has not resulted in benefits to the farmer but is making his condition worse than it ever was before.

The operations of the Department with reference to milk, from the standpoint of the milk producer, has been this: Instead of taking the practical men who have had experience in the dairy business, they have taken a lot of professors and theorists who have done everything to destroy the milk industry.

The farmer has been obliged to pay more for what he has bought, and with very few exceptions, he has received less for what he had to sell.

A processing tax of between \$800,000,000 and \$900,000,000 will be levied on the farmer. Only a small portion of this will come back to him.

The devaluation of the dollar has completely demoralized industry, and where it has raised prices it has clogged the channels of trade, because people cannot pay more for articles without more income, and they have not had more income. It has restored confidence nowhere and put no one to work.

The next administration measure was the so-called "National Industrial Recovery Act." The spending part of this program, largely devoted to unproductive public works which provide almost no employment, was bad. On upward of \$600,000,000 allocated to advancements to localities on January 1 last, only 18,300 people were put to work. On the highways, according to the best estimate I can get, it took approximately \$2,000 to put one man to work for a year. In other items, such as the building trades, it took nearly \$5,000.

That it is necessary to provide relief and to feed the people who needed to be fed no one will dispute; but to have recovery go with that kind of an operation, it must be on a basis which will not take so much money as to impede recovery and to interfere with the processes of recovery. That is what was done in the spending program.

The farm-loan agency and the home-loan agency are undoubtedly necessary under the circumstances and undoubtedly helped some.

The other part of the so-called "recovery bill", the so-called "N.R.A.", started in around July 1, at a time when business was improving, when employment was increasing. It required employers to raise the hourly rate of wages and reduce the number of hours. It raised prices. The raising of prices stopped buying. As a result the farmer was paying more than he could pay and business did not move; employment was reduced, and while there were more people on the pay roll, the pay roll was smaller and the people had less work and each individual pay envelope was smaller. This made greater and more acute distress. There never was any excuse for applying the N.R.A. to the small business man and the small manufacturer.

Why is it necessary to fly in the face of economic laws in this way and prevent business recovery? Thousands upon thousands of small businesses have been ruined. The small manufacturers and the individual merchants have suffered tremendously as a result of these operations. Many of them who could otherwise have ridden through the storm and continued in business will be ruined.

The farmer, the laborer, the small business man, the small manufacturer, and the professional classes are the backbone of the Nation. Every move that has been made by the N.R.A. and the A.A.A. has been to tie and fetter them.

It is the announced policy of such leaders of the administration as Secretary Wallace, Professor Frankfurter, Professor Tugwell, Professor Moley, Professor Mordecai Ezekiel, and that group which seems to have control of the administration, to have a planned state, where the professors tell the manufacturer what he must do, what products he can turn out, and what wages he must pay. Where they likewise tell the farmer what crops he can raise, just how much of them he can produce, and even go so far as to provide that the farmer should go to jail if he should happen to have a good crop.

These things can result in but one thing, a completely planned state where there is no liberty of action on the part of any man. Outright communism!

At the present time, those who would destroy the liberty of the American people are in the ascendency. They tell us that a part of their program is the redistribution of wealth. The policies they have so far brought out have resulted not in the redistribution of wealth, but in the destruction of wealth, so that no man, rich or poor, will have anything left, so that everyone will be a ward of the State, dependent for his daily bread upon the operations of the Government and the will of the Government.

America became great not in that way but because individuals went out into the wilderness and carved a mighty farming empire, because individuals went into factories and built up America industrially. Not by the destruction of capital are we going to restore prosperity. Not by taking away the liberties of the people, not by destroying the possibility of the farmer to raise a crop and make a living, but by giving him a chance in the operation of natural economic laws to come back.

I want to see America cast off the fetters that are binding her, that have enslaved the people, that have created more distress this last winter than we have ever known before, that have created a relief roll where we are spending more in one month by \$60,000,000 than England is spending in one year on the dole.

General business is reported up for January about 16 percent in dollars and for February about 14 percent in dollars. The retail price index is up from 52 percent of the 1926 figure to 74 percent, or about 40-percent increase, indicating that the volume of merchandise handled is below a year ago by over 20 percent. Automobile sales for January in 41 States in 1933 were 67,000 cars; in 1934 they were 51,000 cars, a decrease of 25 percent. A. & P. sales for February were up in dollars 5.2 percent. They were down in volume of merchandise 7.9 percent, indicating that the higher prices have made business worse.

I want to see the fetters broken, and a free America rise triumphant. With an abandonment of those policies which are destroying us, America will recover. Pray God that that day may be sped.

Let us have an end to the time when an answer to suggestions for sound legislation, for sound economic policies which will bring recovery, is that we are trying to play politics. Let us have the courage to adopt those sound policies which will bring recovery. Other countries, in the face of a situation as bad as ours, have brought about recovery by raising taxes enough to support the government and by cutting out unnecessary expenditures. We have gone in for expenditures, which have not provided employment, and because of the unbalanced state of our Budget and the general lack of confidence we have reduced employment. We brought in a tax bill to raise \$250,000,000 at a time when we needed to raise close to \$5,000,000,000.

It is a hard road to recovery. It takes courage, but I believe that the American people have the courage, and I look longingly for that day when they will rise up in their power and reestablish that liberty and that prosperity which their forefathers have given them.

AGAINST "MARCH ON WASHINGTON", IN FAVOR PAYMENT OF ADJUSTED-SERVICE CERTIFICATES—"BONUS" A MISNOMER

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks, and include therein a telegram that I received on the so-called "bonus march" and my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, the word "bonus" is a misnomer. An adjusted-service certificate is not a bonus certificate and does not represent a bonus. It represents an honest debt that has heretofore been confessed by Congress to a veteran of the World War for services rendered. No one should refer to such a certificate as a "bonus certificate." One favoring the payment of these certificates condemns his own cause and makes the accomplishment of his object less likely every time he says "bonus certificate" instead of "adjusted-service certificate."

AGAINST MARCH

The following telegram and answer are self-explanatory:

EAST BARRE, Vt., March 20, 1934.

Congressman WRIGHT PATMAN,

Washington, D.C.:

Kindly advise me in the behalf of 1,000 veterans whether or not a bonus march would do good to influence the Senate at the present time as one is about to start? Wire at my expense via Western Union.

GEO. KOROSKI,

Camp Wilson, Company 1352, East Barre.

WASHINGTON, D.C., March 20, 1934.

GEORGE KOROSKI,

Camp Wilson, Company 1352, East Barre, Vt.:

In regard to proposed bonus march will state that my opinion is such a march will be very detrimental to the veterans' cause. I think it would be a grievous mistake for which all veterans would eventually pay in one way or another. Do not believe that it would be helpful at all but on the other hand to be very harmful. Appreciate your good intentions and desire to be of service, also appreciate fact that B.E.F. of 1932 behaved themselves in commendable manner and are entitled to plaudits of the people for good conduct, but that march was injurious to the cause notwithstanding good intentions and good conduct. I urge you to seriously consider the effect of such an undertaking not only on rights of veterans participating but on rights of veterans who do not participate and dependents of those who are dead.

WRIGHT PATMAN,

Member of Congress.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that all Members who have spoken in general debate on the legislative appropriation bill have 5 legislative days in which to extend their own remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made and insert the industrial chart that I had permission to insert, having received the permission of the Committee on Printing, and also to insert certain statistical matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found

truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2743. An act for the relief of William M. Stoddard;
H.R. 3072. An act for the relief of Seth B. Simmons;
H.R. 3554. An act for the relief of Pinkie Osborne;
H.R. 3908. An act for the relief of Joanna A. Sheehan.
H.R. 5163. An act for the relief of Calvin M. Head;
H.R. 5223. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass.
H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 3908. An act for the relief of Joanna A. Sheehan.

ADJOURNMENT

Mr. LUDLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 53 minutes p.m.) the House adjourned until tomorrow, Thursday, March 22, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 22, 10 a.m.)

Continuation of the stock exchange hearings.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, Mar. 22, 10 a.m.)

Hearings on H.R. 6964.

SUBCOMMITTEE OF APPROPRIATIONS COMMITTEE ON PERMANENT APPROPRIATIONS

(Thursday, Mar. 22, 10:30 a.m.)

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHAVEZ: Committee on the Public Lands. H.R. 5369. A bill providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; with amendment (Rept. No. 1030). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLACK: Committee on the District of Columbia. H.R. 7906. A bill to license race tracks in the District of Columbia and provide for their regulation; with amendment (Rept. No. 1031). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.J.Res. 295. Joint resolution authorizing appropriation for expenses of representatives of United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other and for expense of proceedings before an

umpire, if necessary; without amendment (Rept. No. 1033). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 7124) granting a pension to Kathryn Sellers; Committee on Pensions discharged, and referred to the Committee on the Judiciary.

A bill (H.R. 8547) for the relief of Florence Byvank; Committee on Claims discharged, and referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McDUFFIE: A bill (H.R. 8749) to provide a government for American Samoa; to the Committee on Insular Affairs.

By Mrs. NORTON: A bill (H.R. 8750) to change the designation of Four and One Half Street SW. to Fourth Street; to the Committee on the District of Columbia.

By Mr. DUNN: A bill (H.R. 8751) to provide employment for the blind citizens in the United States and its possessions; to the Committee on Labor.

By Mr. GREEN: A bill (H.R. 8752) to provide for the payment of one half the amount of losses sustained on account of the campaign for the eradication of the Mediterranean fruit fly in Florida, and for other purposes; to the Committee on Agriculture.

By Mr. JENKINS of Ohio: A bill (H.R. 8753) to reduce the rate of interest on loans secured from the Government on Government life-insurance policies; to the Committee on World War Veterans' Legislation.

By Mr. SNYDER: A bill (H.R. 8754) to provide for the construction of a post-office building at Brownsville, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. MONAGHAN of Montana: A bill (H.R. 8755) to amend sections 3 and 4 of the act of July 3, 1930, entitled "An act for the rehabilitation of the Bitter Root irrigation project, Montana"; to the Committee on Irrigation and Reclamation.

By Mr. ALLGOOD: A bill (H.R. 8756) to amend the Post Office Department Appropriation Act for the fiscal year ended June 30, 1922, as amended (U.S.C., Supp. VI, title 39, sec. 39); to the Committee on the Post Office and Post Roads.

By Mr. SUMNERS of Texas: A bill (H.R. 8757) for the protection of agents of the Division of Investigations of the Department of the Interior; to the Committee on the Judiciary.

By Mr. SWEENEY: A bill (H.R. 8758) to discontinue administrative furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 8759) for the relief of A. Bruce Bielaski; to the Committee on Claims.

Also, a bill (H.R. 8760) for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thidbadeau, former customs agent; to the Committee on Claims.

Also, a bill (H.R. 8761) for the relief of Matthew E. Hanna; to the Committee on Claims.

By Mr. DELANEY: A bill (H.R. 8762) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claims of the Italian Star Line, Inc., against the United States; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 8763) for the relief of Arthur H. Miller; to the Committee on Claims.

Also, a bill (H.R. 8764) for the relief of John E. Click; to the Committee on Claims.

By Mr. GRISWOLD: A bill (H.R. 8765) for the relief of Earl E. Troutwine; to the Committee on Military Affairs.

By Mr. HENNEY: A bill (H.R. 8766) granting a pension to Hallie V. Weeks; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8767) for the relief of George Colstead, alias Charles Smith; to the Committee on Naval Affairs.

By Mr. HOIDALE: A bill (H.R. 8768) granting an increase of pension to Bjarne Birkeland; to the Committee on Pensions.

Also, a bill (H.R. 8769) for the relief of the Pokegama Sanatorium; to the Committee on Claims.

By Mr. KOCIALKOWSKI: A bill (H.R. 8770) for the relief of Lapido Notare; to the Committee on Claims.

By Mr. MEAD: A bill (H.R. 8771) for the relief of Joseph George Fimbel; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H.R. 8772) to charter the National Society of Women Descendants of the Ancient and Honorable Artillery Company; to the Committee on the District of Columbia.

By Mr. McSWAIN: A bill (H.R. 8773) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission; to the Committee on Military Affairs.

By Mrs. NORTON: A bill (H.R. 8774) for the relief of Patrick Rice; to the Committee on Naval Affairs.

By Mr. OLIVER of New York: A bill (H.R. 8775) granting an increase of pension to Ellen McMunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8776) for the relief of the estate of N. Lansing Zabriskie; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 8777) granting a pension to Susie McCoy Faus; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3132. By Mr. ANDREW of Massachusetts: Resolution adopted by general court of Massachusetts, urging that steps be taken to limit importation of refined sugar; to the Committee on Ways and Means.

3133. By Mr. ARENS: Petition of the Woman's Christian Temperance Union, opposing the Celler bill (H.R. 7129); to the Committee on the Judiciary.

3134. Also, petition urging that the construction of United States cruisers be awarded to the Puget Sound Navy Yard; to the Committee on Naval Affairs.

3135. Also, petition for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3136. Also, petition for an appropriation of \$5,000,000,000 for the continuation of Public Works Administration projects; to the Committee on Appropriations.

3137. Also, petition in opposition to the Prince plan for the consolidation of railroads; to the Committee on Interstate and Foreign Commerce.

3138. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone County, Minnesota division, favoring the investigation of salaries of corporations and holding companies; to the Committee on the Judiciary.

3139. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone County, Minnesota division, favoring an excise tax of 5 cents per pound to be placed on foreign oils and products; to the Committee on Ways and Means.

3140. By Mr. BACON: Petition of the New York State Legislature, requesting that Congress provide Federal funds to supplement appropriations by New York State for proper river regulation and flood control; to the Committee on Rivers and Harbors.

3141. Also, petition of sundry citizens of New Jersey, protesting the admission of any aliens outside the quota provisions; to the Committee on Immigration and Naturalization.

3142. By Mr. DONDERO: Resolution of the commission of the city of Royal Oak, Mich., protesting the discontinuance of the present appraisal system of the Home Owners' Loan Corporation in Michigan until a new method is worked out, for the reason that it will inflict untold hardship through evictions now pending in the local courts of Michigan, operate against the awarding of contracts for repairs, and the beginning of work thereon, etc.; to the Committee on Banking and Currency.

3143. By Mr. ELTSE of California: Petition of the Oakland District of the California Council of Dad's Clubs, requesting the permanent preservation of the United States frigate *Constitution*; to the Committee on Naval Affairs.

3144. By Mr. FIESINGER: Petition of Charles Burr and 4,500 others, asking Congress to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3145. By Mr. FULMER: Resolution of officers and representatives of the Woman's Christian Temperance Union, of Sumter, S.C., petitioning for early hearings and favorable action on the Patman motion picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3146. Also, resolution of the Mothers Club, Sumter, S.C., petitioning for early hearings and favorable action on the Patman motion picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3147. Also, resolution of the Woman's Christian Temperance Union, of Johnston, S.C., petitioning for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3148. By Mr. GAVAGAN: Petition of the Civil Service Forum of the State of New York, in reference to allocation or failure to allocate Public Works funds to the city of New York; to the Committee on Banking and Currency.

3149. By Mr. GUEVARA: Resolution No. 12, of the Municipal government of Jaro, Iloilo, P.I., supporting the move to revive the Hare-Hawes-Cutting Act, which earnestly requests the honorable Congress of the United States to extend the term within which the Filipino people may act upon said law in order to justify the 13,000,000 inhabitants of the islands who have been deprived of their right to voice pro or against same (the above resolution was approved by the municipal council of Jaro upon motion by Gil Jardonil, seconded by Benjamin Jalandoni, both members of the council, on Jan. 28, 1934); to the Committee on Insular Affairs.

3150. Also, Resolution No. 15, of Janiway, Iloilo, P.I., respectfully requesting the honorable President and Congress of the United States of America, through his excellency, the Governor General of the Philippine Islands, to approve the bill extending the time for the acceptance of the Hare-Hawes-Cutting Act for 9 months in order to give the Filipino people an opportunity to express its true sentiment in the coming elections regarding independence generously offered by the American people in said Hare-Hawes-Cutting Act (the above resolution was unanimously approved by the municipal council upon motion by Dr. Pedro B. Margarico and seconded by D. Simeon A. Barranco, members of the council); to the Committee on Insular Affairs.

3151. Also, Resolution No. 117, of the Provincial Board of Misamis Occidental, P.I., protesting, as it does hereby protest against the action of the House levying an excise tax on Philippine coconut oil and copra; it being the sense of the members of the board and of the people they represent, that as long as the Filipinos are under the American flag they should be treated for trade purposes, not as aliens

against whom an excise tax should be levied to their detriment and to the ruin of their major industries, but as people living under the American flag to whom American constitutional guaranties should be extended and all just and fair treatment unhesitatingly given (the above resolution was approved by the provincial board on motion of Acting Provincial Governor Paulino A. Conol, on Feb. 5, 1934); to the Committee on Ways and Means.

3152. By Mr. HOIDALE: Petition of Farmers Elevator Association of Minnesota, regarding grain futures, etc.; to the Committee on Agriculture.

3153. Also, petition of City Council of St. Paul, for continuation of Public Works Administration projects; to the Committee on Appropriations.

3154. By Mr. JOHNSON of Texas: Petition of L. D. Oliver, Oliver Chevrolet Co., Groesbeck, Tex.; Fred J. Doering, Mexia Motor Car Co., Mexia, Tex.; Cole Bates, Cole Bates Chevrolet Co., Wortham, Tex., opposing Wagner bill (S. 2926); to the Committee on Labor.

3155. Also, petition of Calkins & Dublin, Inc., Corsicana, Tex.; E. W. Ellis & Co., Jackson Bros., Drane & McKee, Beaton Motor Co., R. A. Purifoy, and J. S. Murchison, Corsicana, Tex.; Teague Motor Co., Riley Boyd Motor Co., York Motor Co., and Quality Motor Co., Teague, Tex.; and Brazos Valley Automobile Dealers Association, Bryan, Tex., opposing Wagner bill (S. 2926); to the Committee on Labor.

3156. By Mr. LAMNECK: Petition of Mrs. C. C. Gross, director motion-picture study class, Columbus Woman's Club, Columbus, Ohio, requesting early hearings and favorable action on the Patman motion-picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3157. By Mr. LEHR: Petition of the Ypsilanti branch of the Michigan Child Study Club, of Ypsilanti, Mich., urging passage of the proposed amendment to the Pure Food and Drug Act, known as the "Tugwell bill"; to the Committee on Interstate and Foreign Commerce.

3158. By Mr. LINDSAY: Petition of the Association of Highway Officials of North Atlantic States, urging appropriations for road construction similar to that granted last year; to the Committee on Roads.

3159. Also, petition of Eagle Packet Co., St. Louis, Mo., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3160. Also, petition of Gray MacW. Bryan, New York City, urging amendment of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3161. Also, petition of Association of Employees, Long Lines Department, American Telephone & Telegraph Co., New York City, opposing portions of the labor disputes act; to the Committee on Labor.

3162. Also, telegram from representatives of iron and steel companies of New England, New York, Pennsylvania, New Jersey, Delaware, and Maryland, opposing the passage of the Wagner-Connery labor bills; to the Committee on Labor.

3163. By Mrs. ROGERS of Massachusetts: Petition of citizens of the Fifth Massachusetts Congressional District, asking for an adequate issuance of currency, restoration of silver, and that some of the new currency be used to cancel interest-bearing war bonds; to the Committee on Coinage, Weights, and Measures.

3164. By Mr. RUDD: Petition of New York Federation of Post Office Clerks, protesting against furloughs and favoring the full restoration of the 15-percent pay cut; to the Committee on Appropriations.

3165. Also, petition of representatives of iron and steel companies of New England, New York, Pennsylvania, New Jersey, Delaware, and Maryland, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3166. By Mr. TREADWAY: Resolution of Woman's Christian Temperance Union of Westfield, Mass., urging early hearings and favorable action on House bill 6097, providing higher moral standards for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, MARCH 22, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2153) for the relief of Pinkie Osborne.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 2743. An act for the relief of William M. Stoddard;
H.R. 3072. An act for the relief of Seth B. Simmons;
H.R. 3554. An act for the relief of Pinkie Osborne;
H.R. 5163. An act for the relief of Calvin M. Head;
H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes;

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes;

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased; and

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Pope
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Loneran	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Stelwer
Borah	Fletcher	McGill	Stephens
Brown	Frazier	McKellar	Thomas, Okla.
Bulkley	George	McNary	Thomas, Utah
Bulow	Gibson	Metcalf	Thompson
Byrd	Glass	Murphy	Townsend
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Tydings
Caraway	Harrison	Nye	Vandenberg
Carey	Hastings	O'Mahoney	Van Nuys
Clark	Hatch	Overton	Wagner
Connally	Hayden	Patterson	Walcott
Coolidge	Hebert	Pittman	Walsh

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from Montana

[Mr. WHEELER] are necessarily detained from the Senate on official business.

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED], the senior Senator from Maine [Mr. HALE], the junior Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent, and that the Senator from West Virginia [Mr. HATFIELD] is detained on account of illness.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Emergency Relief Administration transmitting pursuant to law the report of that Administration covering the period from December 1 to December 31, 1933, inclusive, which, with the accompanying report, was ordered to lie on the table.

PETITIONS

Mr. DICKINSON presented petitions numerous signed of sundry citizens of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota, praying for the prompt passage of legislation providing for a 5-cent-per-pound excise tax on importations of all coconut and sesame oils, which were referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 1214) for the relief of Zinsser & Co., reported it without amendment and submitted a report (No. 524) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, submitted a report (No. 530) to accompany the bill (S. 754) for the relief of Fred M. Munn, heretofore reported by him from that committee without amendment.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1544) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, reported it with an amendment and submitted a report (No. 525) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 2584) for the relief of Elmer Kettering, reported it with an amendment and submitted a report (No. 526) thereon.

He also, from the same committee, to which was referred the bill (S. 2672) for the relief of Mabel Parker, reported it with amendments and submitted a report (No. 527) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes, reported it with amendments and submitted a report (No. 528) thereon.

Mr. BULOW, from the Committee on Civil Service, to which was referred the bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, reported it without amendment and submitted a report (No. 531) thereon.

Mr. STEPHENS, from the Committee on the Judiciary, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation (Rept. No. 532);

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise (Rept. No. 533);

S. 2252. An act to amend the act forbidding the transportation of kidnapped persons in interstate commerce (Rept. No. 534); and

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor (Rept. No. 536).

Mr. STEPHENS also, from the Committee on the Judiciary, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System (Rept. No. 537); and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property (Rept. No. 538).

Mr. STEPHENS also, from the Committee on the Judiciary, to which was referred the bill (S. 2080) to provide punishment for killing or assaulting Federal officers, reported it with an amendment and submitted a report (No. 535) thereon.

PROCEEDINGS IN CASE OF THE UNITED STATES *v.* WILLIAM P. M'CRACKEN, JR., ET AL. (S.DOC. NO. 162)

Mr. HAYDEN, from the Committee on Printing, to which was referred the manuscript of the proceedings in the Senate on air-mail contracts, reported favorably thereon with the recommendation that it be printed as a document; and On motion by Mr. HAYDEN, it was

Ordered, That the extracts from the CONGRESSIONAL RECORD containing the proceedings and order in the case of the United States *v.* William P. MacCracken, Jr., et al., alleging that respondents in contempt of the Senate of the United States in connection with a subpoena to produce certain papers before a special committee appointed to investigate the awarding of air- and ocean-mail contracts, be printed as a Senate document.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 3132) granting jurisdiction to the Court of Claims to reopen and readjudicate the case of Carrie Howard Steedman and Eugenia Howard Edmunds; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3133) amending the postal laws to include as second-class matter religious periodicals publishing parish information; to the Committee on Post Offices and Post Roads.

(Mr. WALSH also introduced Senate bill 3134, which appears under a separate heading.)

By Mr. MCGILL:

A bill (S. 3135) for the relief of Fred R. Cuddy (with accompanying papers); to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 3136) granting a pension to Elise M. Lum; to the Committee on Pensions.

A bill (S. 3137) authorizing the Reconstruction Finance Corporation to make loans to industry; and

A bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports; to the Committee on Banking and Currency.

By Mr. VAN NUYS:

A bill (S. 3139) for the relief of Arthur Smith; to the Committee on Claims.

A bill (S. 3140) granting a pension to Emma M. Webb; to the Committee on Pensions.

By Mr. BARKLEY:

A bill (S. 3141) for the relief of Larkin B. Walker; to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 3142) for the relief of John A. Jumer; and

A bill (S. 3143) for the relief of Robert W. Krieger; to the Committee on Claims.

A bill (S. 3144) to legalize a bridge across the St. Louis River at or near Cloquet, Minn.; to the Committee on Commerce.

A bill (S. 3145) authorizing the establishment of a filing and indexing service for useful Government publications; to the Committee on Education and Labor.

A bill (S. 3146) granting an increase of pension to Bjarne Birkeland; to the Committee on Finance.

By Mr. SCHALL:

A bill (S. 3147) to amend the act approved June 28, 1932 (47 Stat.L. 337);

A bill (S. 3148) to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555); and

A bill (S. 3149) to compensate the Chippewa Indians of Minnesota for lands set aside by treaties for their future homes and later patented to the State of Minnesota under the Swamp Land Act; to the Committee on Indian Affairs.

By Mr. KEAN:

A bill (S. 3150) for the relief of Maurice Samuel Hirshorn; to the Committee on Naval Affairs.

AMENDMENT OF AFFILIATE PROVISIONS OF BANKING ACT

Mr. WALSH. Mr. President, I ask leave to introduce a bill to amend the Banking Act of 1933. In explanation thereof I request that a letter be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred and the letter referred to will be printed in the RECORD.

The bill (S. 3134) to amend the Banking Act of 1933 was read twice by its title and referred to the Committee on Banking and Currency.

The letter presented by Mr. WALSH to accompany the bill is as follows:

BOSTON, March 5, 1934.

AMENDMENT OF AFFILIATE PROVISIONS OF BANKING ACT OF 1933

Senator DAVID I. WALSH,

Senate Office Building, Washington, D.C.

MY DEAR SENATOR: In accordance with our conversation of last week, I am enclosing a draft of suggested amendment to the banking act designed to afford banks which have been making proper effort to dispose of affiliated corporations, such further time as will avoid liquidations, which in some cases may be against public interest.

I will recall briefly the situation in reference to The First of Boston Corporation, the affiliate of my client, the First National Bank of Boston.

This corporation has offices in 22 American cities located from coast to coast. Its employees number nearly 700. Mr. Pope, executive head of the corporation, tells me that to the best of his knowledge the corporation is the largest private distributor of United States Government securities, its customers being principally banks, insurance companies, and other large investors. The character of the business done during the year 1933 and for January 1934 is evidenced by the following summary of transactions of the corporation furnished to me by Mr. Pope:

The First of Boston Corporation

	Year 1933	January 1934
Municipals.....	\$88,217,269.93	\$10,285,800.00
Town notes.....	50,409,000.00	8,827,000.00
Governments.....	2,811,847,945.35	278,840,000.00
General bonds.....	258,167,013.64	38,066,000.00
Stocks.....	16,647,312.77	2,062,803.00
Joint accounts.....	24,366,533.67	2,280,000.00
Syndicate bonds.....	12,306,794.28	
Foreign-currency bonds.....	890,732.41	86,000.00
Acceptance.....	268,292,233.45	59,519,898.05
	3,537,144,835.50	399,967,800.05

A complete winding up of the corporation will involve throwing all personnel out of work, a cancellation of all leases, and an estimated loss of several hundred thousand dollars to the bank, as compared to the results if the control of the corporation can be sold to others who will continue to operate.

Since last summer the bank officers have been engaged in trying to put through a plan by which, without underwriting, commission, or selling profit to anyone, not in excess of 45 percent of the stock might be taken over by the stockholders of the First National Bank of Boston, and the other 55 percent sold to a few of the executive officers of the corporation—not officers or stockholders of the bank—and to a group of outsiders who have the financial means to make a purchase of the majority interest. There has been a strong interest evidenced by prospective purchasers. The present difficulty is that with uncertainties as to all security operations for the future purchasers are not ready to commit themselves.

I do not know what other bank affiliates may be in the same position, but it does seem to me that where every reasonable effort is being made to comply with the spirit and letter of the law and a consummation of a complete divorce has not been effected because the banks' officers have felt unwilling to wreck an admirable business and throw a large number of people out of work that some legislative relief should be possible.

The enclosed suggestion for an amendment may not be the right wording, but if you agree as to the propriety of some amendment please make changes in the wording you think desirable. I should say that so far as the special interest of my own client is involved it is probably going to be necessary to make some

decision within the next month as to whether or not it is to wind up and put The First of Boston Corporation out of business. It would not seem quite decent to wait until June before advising the very large number of employees that they will have to look elsewhere for work.

Very truly yours,

NORMAN W. BINGHAM, JR.

FINANCING OF EXPORTS AND IMPORTS

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports, reported it without amendment and submitted a report (No. 529) thereon.

CHANGE OF REFERENCE

On motion of Mr. DILL, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3061) for the relief of Joseph W. Atkinson, and it was referred to the Committee on Naval Affairs.

PROFITS OF MUNITIONS MAKERS—AMENDMENT TO REVENUE BILL

Mr. NYE. Mr. President, each day comes with its additional word of the danger of more war. We are told almost daily that, no matter how much we may dislike it here in America, we are going to find it very difficult to avoid getting into that war wherever it may arise. It seems to me that there are just two things to be accomplished to guard ourselves against being drawn into a controversy like that of 12 or 15 years ago. In the first place, there ought to be the accomplishment of legislation which would necessitate other nations, looking to America for supplies, carrying their own supplies from our shores; every nation that wants to buy munitions of war from us should be required to carry them away from our shores in their own bottoms; in other words, we ought, in the event of war, to go upon a strictly cash-and-carry basis.

The second step which should be taken is that of preventing a repetition of the ungodly profits such as were enjoyed by some few Americans as a result of the last war.

I know of no better way to stop that profiteering, I know of no better way to prevent our being drawn into future wars, than to write into the revenue bill, which is to be reported to the Senate within the next few days, a provision which will provide for the taxing, almost to the extent of complete confiscation, of profits that might be derived by reason of the existence of a state of war.

With that end in mind I am sending to the desk an amendment intended to be proposed by me to the revenue bill. I ask that it may be printed and lie on the table, to be called up and offered when the revenue bill shall be before the Senate. I ask that the amendment may be read at this time.

The VICE PRESIDENT. Without objection, it is so ordered. The clerk will read, as requested.

The Chief Clerk read as follows:

Amendment intended to be proposed by Mr. NYE to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 13, between lines 13 and 14, to insert the following new section:

"Sec. 14. Tax in the event of war: (a) Whenever Congress shall declare that a state of war exists, the income-tax rates then in force shall be increased by 100 percent: *Provided, however,* That in no case shall the tax so imposed, together with all other Federal, State, local, and foreign taxes imposed upon the same taxpayer, exceed 98 percent of his entire net income: *Provided further,* That in no case shall the total of such taxes be less than 98 percent of each taxpayer's net income in excess of \$10,000 a year. The 100 percent increase shall be further increased or diminished in order to come within these maximum and minimum limits.

"(b) The tax imposed by this section shall be applicable to every year (whether calendar or fiscal) during any part of which the state of war shall exist, and to 1 year prior and 1 year subsequent to such period. The President shall, by proclamation, declare the date of termination of the war.

"(c) The Secretary of the Treasury shall have power to prescribe regulations for the administration of the provisions of this section, which shall be construed as a part of the general income tax law."

ADDITIONAL CLERICAL ASSISTANCE FOR SENATORS

Mr. BYRNES submitted the following resolution (S.Res. 213), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That whenever, during the remainder of the present session of Congress, a Senator, having no more than four employees in his clerical force, or in that of the committee of which he is chairman, shall file with the Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate a statement showing the necessity for an additional clerical assistant to enable him to discharge the duties of his office, such Senator may appoint one assistant clerk to be paid from the contingent fund of the Senate at \$1,800 per annum until the end of the present session of Congress.

Subsequently Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which the foregoing resolution was referred, reported it without amendment.

PINKIE OSBORNE—RECONSIDERATION AND INDEFINITE POSTPONEMENT OF A BILL

Mr. BARKLEY. Mr. President, a day or two ago the Senate asked the House of Representatives to return the papers in connection with Senate bill 2153, for the relief of Pinkie Osborne, the Senate having on the same day passed a House bill of the same character. The papers have now been returned, and I ask that the votes by which the Senate bill was ordered to a third reading and passed be reconsidered, and that the bill be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered, and the Senate bill 2153 will be indefinitely postponed.

MEMORANDA ON SUBSIDIES AND AIDS TO SHIPPING (S.DOC. NO. 161)

Mr. McKELLAR. Mr. President, I ask unanimous consent for publication as a Senate document of several compilations relating to ocean mails and other forms of Government aid to shipping. These papers were prepared by Mr. John Nicolson, formerly director of several bureaus of the United States Shipping Board, charged with promotional work in aid of private lines; also counsel to its committee on legislation. I am not to be understood as concurring in any of the views expressed in all these documents; I am opposed absolutely to subsidies to shipping. I differ with Mr. Nicolson on these matters. However, these documents are very relevant to important problems now pending, and they should be made available in convenient form for examination, and Mr. Nicolson is thoroughly informed and equipped in shipping matters, and I take pleasure in asking that this article may be made a Senate document. I am unalterably opposed to giving subsidies to shipping or other companies, as everyone knows, both as a temporary and as a permanent policy. I am utterly opposed to our present system.

The VICE PRESIDENT. Without objection, the matter referred to will be printed as a document.

PRICE FIXING UNDER STEEL CODE

Mr. BORAH. Mr. President, I ask permission to have inserted in the RECORD a telegram from Harold S. Hobson, of Cleveland, Ohio, in regard to the steel report of the Federal Trade Commission.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CLEVELAND, OHIO, March 21, 1934.

HON. WILLIAM E. BORAH,

United States Senate, Washington, D.C.:

People Ohio greatly interested in report of Federal Trade Commission on code for steel industry made in response to your resolution. United States Steel Corporation and Bethlehem Steel are dominated by same financial group. Dominating influence in United States Steel Corporation is J. P. Morgan & Co. and dominating influence in Bethlehem is Guaranty Trust Co. Largest stockholder in Guaranty Trust is Myron Taylor, chairman of board of United States Steel. Morgan & Co. dominate Guaranty Trust and are represented on trust company's executive committee by Lamont and Whitney. Lamont is a director and member of executive committee of United States Steel. Four directors of Guaranty Trust Co. are directors of Bethlehem Steel Corporation. Testimony before Senate Banking Committee disclosed that principal Morgan partners had large participations in underwriting of Bethlehem Steel common stock headed by Guaranty Trust. Country at large would be immensely interested in disclosure of plans for control of steel industry of United States that have secretly been worked out by Taylor, of United States Steel; Grace, of Bethlehem; Lamont, of Morgan; and Potter, president of Guaranty.

HAROLD S. HOBSON,
1496 Holmden Road.

TAX ON CIGARETTES AND TOBACCO

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD three editorials from the Lexington Herald, one appearing on March 8, entitled "The Tax on Cigarettes"; the second on March 12, entitled "The Major Parties in Interest in the Tax on Cigarettes"; and the third on March 15, 1934, entitled "The Tax on Tobacco."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Lexington Herald, Mar. 8, 1934]

THE TAX ON CIGARETTES

Some days since there was a special telegram from Washington published in the Herald telling that the subcommittee of the House Ways and Means Committee would have a hearing in regard to taxes on tobacco.

The Honorable FRED VINSON, Representative from Kentucky, chairman of the subcommittee, is recognized as one of the ablest members of the Ways and Means Committee and an authority on questions involved in the taxation of tobacco. In an interview published in that article in the Herald Mr. VINSON said that it was the purpose of the hearing to reveal the real tobacco-tax picture, so that the full membership of the committee and the Members of the House of Representatives could come to a realization of the actual facts.

Mr. VINSON pointed out a fact of which we and, we believe a great majority of others, were ignorant. We had assumed that the present tax on cigarettes was a war tax. We have seen many statements and have ourselves reiterated the statement that the tax on cigarettes is the only one of the war taxes that has not been reduced. Mr. VINSON in his interview pointed out for the first time, so far as we are aware, that the tax on cigarettes is not a war tax but was imposed after the war as a method of making up some of the loss to the Government due to the coming of prohibition.

In 1910 the tax on cigarettes was fixed at \$1.25 a thousand. It remained at that figure until 1917 when, as a war measure, it was increased to \$2.05 a thousand. The prohibition amendment was ratified January 28, 1919, after the war had closed. Previous to that time the Government had collected, as we recall, three fourths of its revenue by the taxes on liquors and tobacco. The ratification of the prohibition amendment in January of 1919 made it certain that the Government could no longer collect revenue from the tax on spirituous and malt liquors. To make up part of the loss occasioned by reason of the prohibition amendment, on February 25, 1919, the tax on cigarettes was increased from \$2.05 a thousand to \$3 a thousand. The facts are, therefore, that the tax was increased from \$1.25 a thousand to \$2.05 a thousand as a war measure, and then again increased from \$2.05 a thousand to \$3 a thousand as a prohibition tax. The present tax of \$3 therefore includes not only the increase of 80 cents imposed because of the war but the increase of 95 cents because of the purpose of the Government to obtain from tobacco some of the revenue loss because of prohibition.

So far as we know the tax increases on tobacco because of the war are the only tax increases that have not been reduced. With the repeal of the eighteenth amendment there has been a general repeal of taxes imposed because of the adoption of that amendment. It would seem therefore that the tax on cigarettes should be reduced most certainly to that tax charged before the coming of prohibition—in fairness it would seem that it should be reduced to the tax imposed before the war—\$1.25 a thousand.

There is no commodity that is so heavily taxed as is tobacco. The mere statement of the facts seems an irrefutable argument in favor of a reduction of the present taxes.

We have heard it stated that the grower of tobacco in the Burley Belt receives approximately \$100 an acre as payment for the interest on his land, depreciation on his tobacco barn, and recompense for risk and toll; that the manufacturer receives from tobacco grown on an acre approximately \$300 and the Government collects in taxes on that tobacco approximately \$800.

The tax of 6 cents on every package of cigarettes imposes on the user of a package of cigarettes a day an annual tax of \$21.90 a year. A man and his wife without children who have an income of \$4,000 a year pay an income tax of \$5.63, but a man and wife who together smoke 1 package of cigarettes a day pay an annual tax of \$21.90. If perchance both members of the family smoke an average of a package a day each, they pay \$42.80 as tax on tobacco for which the grower receives approximately \$5.

There is such dire need for aid to tobacco growers, and to all producers of agricultural products that the chief purpose of the administration has been to aid the farmers. A reduction of the tax on cigarettes, even to the figure imposed during the war, would inevitably increase the use of cigarettes so as to probably bring to the Government as large a revenue as it now obtains for a higher tax and create far greater demand for tobacco. If, as seems just, both the increase imposed because of prohibition and the increase imposed because of the war should be taken from the cigarette tax, and it made \$1.25 a thousand as it was before the war, it is only reasonable to believe that the use of cigarettes would more than double, with inevitable benefit to the growers of tobacco, to the manufacturers and to the Government.

Representative VINSON, who has taken the lead in the movement to have taxes on tobacco reduced, through the public hearings

that the subcommittee of which he is chairman will hold in Washington, will draw attention to a method by which most material benefit may be rendered to the farmers without loss of revenue to the Government.

[From the Lexington Herald, Mar. 12, 1934]

THE MAJOR PARTIES IN INTEREST IN THE TAX ON CIGARETTES

In the question of a reduction of the taxes on cigarettes consideration must be given to the four parties of major interest.

The first to be considered is the grower who produces the tobacco. Few, if any, not actually engaged in the growing of tobacco have an adequate realization of the amount of labor required for its production. It has been said, and truly, that it takes 13 months' work to grow, cure, and market a crop of tobacco. There is no crop that requires greater labor, no crop that takes from the soil so much as does tobacco. It cannot be grown continuously nor repeatedly on the same land. It requires either virgin soil or heavy fertilizer. It is requisite that there shall be a barn in which to cure the crop, costing from \$150 to \$200 for each acre of tobacco grown. For labor, depletion of his soil, depreciation of his barn, the tobacco grower of the Burley Belt receives approximately \$100 per acre, of which, according to custom, half goes to the landlord and half to the tenant.

The second party in interest is the manufacturer who buys the tobacco from the grower, either on the brakes or through a middleman. The warehousemen, who have large amounts involved in their property and devote intensive labor to the sale of tobacco, are, of course, vitally interested, but in the consideration of the effect of the reduction of the taxes are not as much concerned as are the other four parties of major interest. The manufacturer buys the crop from the grower at a price that returns the grower an average of \$100 per acre for the land that is actually in tobacco, without any return for his other land and the buildings used by the tenant. According to figures that seem to be authoritative, the manufacturers receive \$300 for that tobacco for which they pay approximately \$100.

It has been but a comparatively short time since the use of cigarettes was so frowned upon as to be restricted. In 1910 there were approximately 10,000,000,000 cigarettes sold. Due primarily to the campaign of advertising inaugurated by the manufacturers, the use of cigarettes increased by leaps and bounds, growing in 18 years from 10,000,000,000 to 122,000,000,000.

The third party in interest is the Government. In 1910 the tax on cigarettes was \$1.25 per thousand. As a war measure that tax was increased in 1917 to \$2.05 per thousand, and as a result of prohibition was increased again in 1919 to \$3 per thousand. Under this tax the Government collects approximately \$800 in taxes on the tobacco for which the manufacturer receives \$300 and the grower \$100.

The fourth party in interest is the public, the consumers of cigarettes. Under the present taxes the man who smokes a package of cigarettes a day pays to the Government \$21.90 a year, four times as much as the married man who has an income of \$4,000 pays in income tax. It matters not how rich nor how poor the user of cigarettes may be, each time he purchases a package of cigarettes he pays in taxes to the Government 6 cents. There is no other commodity, whether it be called necessity or luxury, on which there is levied so heavy a tax as on cigarettes.

Since 1929 there has been a decrease in the use of cigarettes. According to the best ascertainable figures, there were approximately 90,000,000,000 cigarette papers sold in 1933 for the use of those who roll their own cigarettes from tobacco on which the tax is 18 cents per pound instead of \$1 per pound, as it is on the tobacco that goes into the manufactured cigarettes.

What would be the effect of the removal of the prohibition tax of 95 cents put on in 1919 and of the war tax of 80 cents put on in 1917, putting the tax back to the figure of \$1.25 imposed until 1917. This is the question that Congress must decide.

It seems clear to us that the effect would be most beneficial to the farmer, to the manufacturer, to the consumer, and in time to the Government. As we are informed and believe, the reduction of the tax from \$3 per thousand to \$1.25 per thousand would enable the manufacturers who make cigarettes that now sell for 15 cents a package to reduce the price of their cigarettes to 10 cents, and the manufacturers who now make cigarettes to sell for 10 cents to reduce their price to 8 cents or 2 packages for 15 cents.

These reductions would, we believe, so increase the use of cigarettes that the Government would collect nearly as much revenue from the reduced taxes as it now collects from the higher taxes. The increased use would mean an increased use of good tobacco with resultant benefit to the grower and also to the manufacturer and the users of cigarettes, the consuming public, instead of paying 6 cents for taxes on each package would pay only 2½ cents.

Under the present plan there will be a reduction of 50 percent in the land devoted to the growing of tobacco and in the poundage grown. This reduction works a material hardship on many growers. The man who has grown 10 acres, the maximum one man with his family can care for, will be reduced to 5 acres from the growing of which the tenant cannot make a livelihood at any price that has been paid in the last 10 years. We know of no movement that would inure more to the benefit of the agricultural sections of the tobacco-growing States than the reduction of the taxes on cigarettes, with ultimate benefit to the Government.

[From the Lexington Herald, Mar. 15, 1934]

THE TAX ON TOBACCO

There is published in another column of this issue a brief editorial from the Mount Sterling Sentinel-Democrat, commenting upon a bill introduced in the Kentucky Legislature to levy a tax of 10 percent on all retail sales of tobacco and of 2 cents on every package of cigarettes sold. There is now no danger—in fact, we do not believe there has ever been any danger—of any such tax being imposed by the Legislature of Kentucky. We therefore republish the editorial from the Sentinel-Democrat not for the purpose of defeating that particular proposition but to have the facts stated in it become more widely known. The question of taxes on tobacco is of so great importance to Kentucky that it is well all the facts shall be known, that full consideration may be given to the course that should be pursued by the Congress of the United States.

As stated by the Sentinel-Democrat, the tax on the tobacco that is used in cigarettes is \$1.04 a pound. Through this tax the Government collects approximately \$13,000 in taxes for tobacco for which the grower receives approximately \$1,000. There is no other commodity that is taxed in anything like the proportion to its cost price as is tobacco.

There has been some discussion of the bill to make a graduated tax on cigarettes, a tax of \$2.70 a thousand on cigarettes selling under 10 cents for a package of 20 and \$3 a thousand on all cigarettes selling over 15 cents for a package of 20. We cannot believe that serious consideration would ever be given to such a proposition. It would inevitably lead to the reduction of the price of all cigarettes to 10 cents, with the equally inevitable effect that there would be a material reduction in the price of tobacco even from the low levels at which tobacco has sold for the last several years.

It seems to us so advantageous, so beneficial to each party in major interest, the grower of tobacco, the manufacturer of cigarettes, the consuming public, and the Government that there shall be a horizontal reduction in the tax on cigarettes that the suggestion that there be a graduated tax has seemed unworthy of consideration, in fact, preposterous.

C.C.C. PROGRAM—ARTICLE BY ED PAXTON

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. Ed Paxton, of Paducah, Ky., which appeared in the Sun-Democrat of that city, on the work of the Civilian Conservation Corps.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Paducah (Ky.) Sun-Democrat, Mar. 18, 1934]

HALF-BILLION-DOLLAR C.C.C. PROGRAM WORKING WONDERS FOR FARMERS OF AMERICA—ENTERPRISE IS PIONEERING IN ALL PHASES; WILL BUILD UP SOIL PRODUCTIVITY, RECLAIM WASTE AREAS AND FORESTS

By Ed Paxton

The Civilian Conservation Corps is a \$500,000,000 demonstration now being staged by the National Government to show the farmers what they can do to increase and preserve the productivity of their lands; the States, how they can extend and preserve their forests; and the forgotten men, how they can "come back."

The Civilian Conservation Corps program is basically pioneering in all its phases. All the men who are directly concerned with it display the natural enthusiasm of the pioneer; the military men who command, the forestry and engineering men who supervise, and the enlisted men who carry it through.

This correspondent took advantage of an opportunity to study the work at first hand. He was amazed to find that the layman, after observation of the various divisions of the working plan, is wholly converted to the enthusiasm of the men who are carrying it through.

Marion camp of the Civilian Conservation Corps was selected for study as a representative encampment, on advice of the Paducah district commandant. Seven hours in and about the camp revealed more about the epic program than a hundred thousand words could tell.

LAND CONSERVATION

On last July 14, a Friday, Lt. D. L. Trautman, United States Navy, arrived at Marion from Fort Knox with 114 enlisted men, who promptly set up a temporary camp. On the following Tuesday field work began.

Thirty badly eroded farms were selected as sites for the first work. They are scattered over Livingston, Crittenden, and parts of Union and Caldwell Counties. Realizing the exhibition nature of the first year's work, field superintendents were careful to spread the operations so that no single community benefited too much. Farms remote from highways were chosen with those near to them.

The men of Civilian Conservation Corps Company 1542, camp E-59, Marion, worked swiftly, under the leadership of W. J. Ashbrook, camp work superintendent. Yesterday they finished work on the last and largest of the selected farms. A new group of labor sites has already been selected for subsequent endeavor.

NATURE OF THE WORK

The fundamental theory of land conservation is the prevention of erosion. Almost as important is the repair of land already washed and gullied. The C.C.C. men tackled no easy projects,

for the greater the task, the better the demonstration. Most of the work done by the men of Marion has been of the second type, the repair of washed lands. From the exhibition afforded, wise farmers in the district are learning how to prevent primary erosion on their own lands, eliminating the necessity for the second type of work.

Much of the land of western Kentucky is good for farming. For that reason they were long ago denuded of their trees to permit cultivation. The land of this section is also rolling, in many places quite hilly. With the destruction of the trees the rich, loose soil began to wash away, and now about a billion tons of it helps to make up the Mississippi River Delta. This is the sort of thing the C.C.C. has set itself to stop.

A working force is ordered to a hillside farm, almost useless for any purpose whatsoever. Its waffled fields are unfit for cultivation, afford no pasture, will not support trees nor even weeds. And, year by year, it is getting worse. It is joining the bad lands.

The men start constructing small dams, seldom more than 3 or 4 feet high and 15 to 20 feet long. Four men build the average dam in a short working day. The dams, placed up and down the length of each gully, do not impound rain waters, but they do stop drifting soil.

Small diversion ditches are dug across the top of each hill on the project, above the gullies. Often these ditches are placed, too, below the washes. The gullies henceforth will carry only such water as falls on the hillside itself.

GULLIES LEVELED

Abrupt sides of the smaller gullies are shoveled, plowed, or scraped to a gentle slant, and much of the loosened dirt thrown into the wash itself. In the larger gullies whose banks are often cliffs 15 to 20 feet high, dynamite is used. Banks of the gullies become lower, the bottoms higher.

The dams placed at the foot and the head of each wash are always built of native stone, for they must bear the greatest loads. Intermediate dams are constructed of logs, poles, brush, or wire-mesh backed by turf; in bad spots stone is used again.

After this base work is completed, black locust and black walnut seedlings are planted in the loosened, leveled soil behind the dams and over the entire extent of the project. Almost all rain water will now either sink into the ground where it falls or be carried off by the diversion ditches. The trees will grow. The hollows behind the dams will gradually fill up with dislodged soil.

Owners of the farms where the work is carried on have agreed not to attempt to cultivate the land or to turn stock on it for a period of 5 years. At the end of that time each will be the owner of a fine stretch of recovered land, level, unmarked by weather, and bearing a good growth of young trees. The field will furnish fine pasture, a good orchard may be planted, or staple crops may be sown.

WORK IS SPEEDY

Since the extent of the work to be done is so great, supervisors of the C.C.C. work follow a policy diametrically opposite that usually pursued by C.W.A. foremen. No effort is made to do machine or team work with hand labor as under C.W.A. In many instances a few cents' worth of explosive will do the work a hundred men could not accomplish in a week. Explosives are used. Similarly, teams can often do in an hour what the entire working force could not do by hand in a day. Then teams are used.

Because of that policy, residents of the counties in which C.C.C. is at work estimate that the conservationists, with their comparatively small forces, have accomplished more really valuable work than all the C.W.A. labor employed.

Supervisors of the work point out another reason for requiring speed. The men usually work only a 6-hour day in the field, 5 days each week. An 8-hour maximum day is mandatory, with the lunch hour counted as working time. Then 10-minute rest periods are permitted each hour, although during colder weather the men themselves do not take advantage of these, preferring to keep at work. Working time is figured from the time a group leaves the camp for the scene of labor to the time it returns.

The enrollees themselves contribute to the speed of their work. After months of experience they know their jobs. There is no lost motion, no useless effort. Each assignment is carried out with dispatch.

REFORESTATION

Little need be said of the reforestation angle of the C.C.C. program. Its benefits are obvious. Although forestry is not the prime purpose of the plan, States in which the work is carried on must necessarily benefit much in that way. The millions of trees planted by the campers are an integral part of the anti-erosion work. They are needed to hold the regained soil in place. Unless they are planted and preserved, the work would some day have to be done all over again.

Marion camp will plant 120,000 black locusts and 63 bushels of black walnut seedlings on the farms where work is already completed. More than half the plantings are expected to survive. The seedlings are set out under the supervision of trained State forestry men, who are in sole charge of that angle of the work.

Different varieties of trees are planted by the men in the different sections, dependent upon the type of growth most suited to the particular section. Many of the camps maintain their own tree nurseries.

REHABILITATION

The mass benefits from the Civilian Conservation program will be cumulative and will increase with the years. The land recla-

mation and reforestation programs will benefit a tremendous number of people. But the greatest individual good will accrue to the enlisted men themselves.

Marion camp is made up entirely of World War veterans. The total enrollment of 180 (to be stepped up to 200) averages 40 or above in age. That they themselves realize the good they are reaping from the work is proved by the fact that, in a recent camp poll, only 30 of the total signified that they would not reenroll when the next period begins.

While military men command the camp, no military discipline is enforced. After the day's work is finished and certain personal housekeeping duties discharged, the men are free to leave the camp if they wish. So long as they report at reveille at 6 o'clock the following morning, and are not reported for drunkenness or misconduct, the officers do not interfere.

Every effort is made by the officers to furnish adequate entertainment and recreation during leisure periods, however, in order to keep the enrollees satisfied with camp life. A large recreation hall offers everything a man could wish in the way of indoor entertainment; games, magazines, newspapers, a circulating library. Regular lecture programs are arranged. The building includes a canteen which keeps in stock a complete line of smoking supplies, candy, shaving, and other personal articles.

Out of doors the men have built a softball diamond, basketball and tennis courts, horseshoe courts, and a fine stone amphitheater for outdoor spectator programs. Football and other seasonal sports are encouraged. Dances are given in the recreation building once each month attended by as many as 500 persons.

The watchword of the camp is cleanliness. Food is properly refrigerated and protected; cooking and eating utensils are regularly steamed; garbage is incinerated; clothing and bedding must be regularly washed and aired. Care is used in sanitation, which few civil organizations exercise; for instance, all tables in the mess hall are topped with three wide, smooth planks, the center one of which can be lifted from its place for cleaning. Thus, table cracks are kept cleansed of food particles which might drop through.

ADULT EDUCATION

One of the most amazing aspects of the human side of the C.C.C. is the new adult-education plan, a pioneer project as much as the other phases of the work. C. O. Mattingly, of Lexington, an educator for the past 15 years, is in charge of such work at Marion. He is assisted by members of the technical service on the forestry angle of his work.

Marion's educational program is a strong departure from conventional methods and conventional subject matter. An effort has been made to get away from the old, schoolroom lecture methods. Discussion groups are encouraged. And, as for study subjects—the director finds out what the men want and then tries to supply it.

About 50 percent of the enrollees are already studying one or more subjects in their spare time, although the program is but 2 weeks old. Over 40 are enrolled in the poultry-raising class, 25 in forestry, 25 in English, 25 in mathematics. The classes are growing nightly. They are conducted on a regular schedule 4 evenings each week from 6 to 9 o'clock.

Arrangements have been made to open a stenographic course. Other subjects are already popular, such as civil engineering, electrical wiring, and current events. One evening each week is reserved for visiting lecturers.

The men themselves do much of the instructing. A number of college graduates in the camp are in charge of classes, and teachers from the Marion city schools do their bit.

CAMP PERSONALITY

Each C.C.C. camp, although constructed on lines common to all others in the country, has its own distinctive personality which is governed by the type of enrollee, commanding officer, and the environment in which it is located. Marion camp, being an encampment for war veterans, has a more mature aspect than the various junior camps in this area. And the influence of its commanding officer is everywhere evident.

Lieutenant Trautman is a Navy man, formerly commanding the U.S.S. *Eagle*, fourth naval district training vessel. So the big kitchen at Marion camp is labelled "galley"; the officers' mess is termed the "ward room"; the spotless white hospital wards constitute the "sick bay"; and the company showers are for the use of the "crew."

A large ship's bell hangs in the company street. Although it is not rung every half hour, it chimes the hours exactly as do bells on shipboard. At noon the bell sounds eight times. The flag ceremonies are held at the camp, as in the Navy, at 8 a.m. and at sunset.

Lieutenant Trautman's office resembles the bridge of a ship. Its broad windows look on every part of the geometrically arranged camp at the same time. And embossed in the glass of one window is a marine thermometer. On the wall hangs a ship's chronometer.

INSPECTION INVITED

The work being done and the manner of doing it cannot be told accurately or completely in words. One must visit one of these camps, ask questions, and be conducted to the scene of the field works to comprehend it. A visit of that nature is well worth while.

Any layman will enjoy such a visit. He will find out many things about his country that he does not know. And he will find that he is welcome.

THE UNITED STATES SUPREME COURT ROOM

Mr. ROBINSON of Arkansas. Mr. President, I ask to have printed in the RECORD a letter addressed to myself by Mr. Charles Warren, of Washington, D.C., together with certain excerpts from his publication entitled "The Supreme Court in United States History." The correspondence and excerpts relate to the room in this building occupied by the Supreme Court of the United States.

There being no objection, the letter and excerpts were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., March 13, 1934.

MY DEAR SENATOR: Mr. Frederic A. Delano has sent me a copy of his letter to you of February 26, 1934, and of your reply to him of March 5, 1934, as to the old Supreme Court room. He has further asked if I would send to you direct any data that I may have as to the old room in which the Supreme Court sat.

I am enclosing herewith pages 170-171 and pages 456-463 of my book *The Supreme Court in United States History*, volume I, which gives all the facts as to the early court rooms of which I am aware.

(1) The Court originally sat from 1801-08 in the room which is now occupied by the marshal of the Court, to the south of the present court room. (I understand that some persons question this statement, but I believe that it is accurate.)

(2) In 1808-09 the Court sat in the rooms now occupied by the clerk of the Court, while the Senate Chamber was being reconstructed.

(3) In 1810-14 the Court sat in the room now occupied by the law library on the basement floor underneath the then Senate Chamber, that basement room having been formed when the then Senate room was floored over at the level of the first floor of the Capitol.

(4) In 1815, after the destruction of the Capitol by the British, the Court sat at 204-206 Pennsylvania Avenue SE. in a house occupied by its clerk, Elias B. Caldwell.

(5) In 1817-18 the Court sat in a small temporary room in the north wing of the restored Capitol.

In 1819 the Court moved back into the room on the basement floor, in which is the present law library, and it remained in that room from 1819 to 1859-60, when it moved into its present quarters (the old Senate Chamber).

It was in this basement room that the great cases of the Court were decided—the *Dartmouth College case*, *McCulloch v. Maryland*, *Cohens v. Virginia*, *Gibbons v. Ogden*, the *Cherokee Indian cases*, the *Dred Scott case*, and many other famous historical cases; and in that basement room there appeared and argued all the great lawyers of the American bar prior to 1860.

This room has not been changed structurally at all; and now, if the bookcases, etc., should be removed, the room would appear just as it did in those 41 historical years from 1819 to 1860. If the law library is to be moved from its present location when the new Supreme Court Building is completed, it is to be hoped that the Senate will preserve this room structurally unchanged as a historical reminder of the Supreme Court room as it was from 1819 to 1860. If the resolution introduced by you is not sufficiently broad to cover this situation, Mr. Delano and I hope that it may be amended as to be applicable.

I trust that the above gives you the additional information which you desire.

Very sincerely yours,

CHARLES WARREN.

HON. JOSEPH T. ROBINSON,
United States Senate, Washington, D.C.

CHAPTER 4—MARSHALL, JEFFERSON, AND THE JUDICIARY, 1800-1802

When, in 1800, the Government was removed to Washington, the "Federal City", buildings had been erected for the use of the executive and legislative branches of such size and elaboration as to have given rise to criticism in Congress that the White House and Capitol were "much too extravagant, more so than any palace in Europe"; that they were built in "extravagant style"; and that "gentleman blushed on account of the magnificence displayed." For the third and coordinate branch of the Government, however, the judiciary, no arrangement whatever had been made; and it was not until 2 weeks before the Court opened its first term in Washington that Congress even provided a place in which its session could be held. The first official suggestion of a building for the Court in Washington seems to have been in 1796, when a committee of the House of Representatives stated that "a building for the judiciary" was among the objects yet to be accomplished in establishing the permanent seat of government.¹ A

¹ 4th Cong., 1st sess., Feb. 24, 1796. See speech of John Williams, of New York, 366; speech of W. B. Giles, of Virginia, 367; speech of Sylvanus Bourne, of Massachusetts, 373; speech of Jeremiah Crabb, of Maryland, 371.

² Amer. State Papers, Misc., I, Nos. 70, 78, Jan. 26, 1796; 9th Cong., 2d sess., 497. A note to a debate in Congress, Feb. 13, 1807, says: "In the original plan of the Capitol no room was provided for the courts of the United States." Claypoole's American Daily Advertiser, Aug. 10, 1798.

report in 1798 made by Alexander White, one of the Commissioners for the Federal City, stated that: "No plan having been agreed upon or even proposed for a judiciary (building), the sum of \$100,000 is suggested, merely for consideration; and the immediate erection of that edifice is not considered so essential as houses for the accommodation of Congress, of the President, and the executive offices." It was not until January 20, 1801, that any steps were actually taken to provide the Court with a place for its approaching session. "As no house has been provided for the judiciary of the United States, we hope the Supreme Court may be accommodated with a room in the Capitol to hold its sessions until further provisions shall be made, an arrangement, however, which we would not presume to make without the approbation of Congress", was the mild suggestion of the District Commissioners to Congress; and on the next day, January 21, the Senate resolved that: "The Secretary be directed to inform the Commissioners of the city of Washington that the Senate consent to the accommodation of the Supreme Court in one of the committee rooms, as proposed in their letter." On January 23 a resolution was reported and passed: "That leave be given to the Commissioners of the city of Washington to use one of the rooms on the first floor of the Capitol for holding the present session of the Supreme Court of the United States."³

It has been generally stated hitherto that the room assigned to the Court in 1801, and in which it sat throughout its early years, was the present law library room underneath the present court-room.⁴ Such, however, is not the case.⁵ The north wing, which was the only part of the Capitol then finished, consisted of a basement floor containing, on the east side, the east entrance hall and the Senate Chamber (the latter being a room 48 by 86 feet and 41 feet high, its gallery being on the same level with the present first floor of the Capitol); in the center of the basement floor was a grand stairway hall, and a Senate antechamber; and on the west side, four committee rooms. On the first floor, on the east side and over the east entrance hall, there was an office designated for the Senate clerk; and on the west side, a House Clerk's office, and a large room (35 by 86 feet) devoted in the early years to the House of Representatives, and later to the Library of Congress. Over the Senate antechamber was the House antechamber (the hallway of the present Supreme Court), which to the west opened into the House and to the east opened into the Senate gallery. The room which was assigned to the Court in 1801, and occupied by it until 1808, was that known as the Senate clerk's office (now occupied by the Marshal of the Court) located on the main or first floor, over the basement east entrance hall. In this small and undignified chamber, only 24 feet wide, 30 feet long, and 21 feet high, and rounded at the south end, the Chief Justice of the United States and his associates sat for 8 years.

CHAPTER 10—THE JUDGES AND THE COURTROOMS, 1800-1816

The close of the 1816 term marked a very distinct period in the history of the Court and of American law. For with the end of the war came the turning of the attention of the American people from agriculture and shipping to manufactures; manufacturing corporations came into being; inventions increased, accompanied by the growth of the patent system and patent laws; turnpikes, canals, and railroads developed the means of communication through the country. All these important economic changes produced novel legal problems, and especially in the cases presenting great constitutional questions which arose out of the new financial and business conditions. During the 15 years, however, from 1800 to 1816, the subjects of litigation with which the Court had been called to deal had been very limited. Of the 400 cases decided by it, one quarter had involved questions of war, neutrality, prize, embargo and nonintercourse; nearly another quarter had involved mere questions of practice or procedure; 11 presented questions of slavery; 10, of citizenship, and only a scant half dozen presented any constitutional question.

With the close of the 1816 term, there also came to an end the series of reports published unofficially by William Cranch (then judge of the Circuit Court of the District of Columbia); and for the first time an official reporter, Henry Wheaton, of New York,

³ Documentary History of the Construction and Development of the United States Capitol Building and Grounds (1904), 58th Cong., 2d sess., H.Rept. No. 646.

⁴ A further resolution was laid on the table and directed to be printed: "Resolved, That a suitable apartment or apartments in that part of the Capitol already finished ought to be fitted up for the temporary accommodation of the courts of the United States, appointed or hereafter appointed to be held in such city, and of such court, as may hereafter be appointed to be held therein for the Territory of Columbia, and in completing the Capitol permanent accommodation for the said courts ought to be provided therein." Senate Proc., Jan. 21, 1801, Senate Jour., 116; House Proc. Jan. 23, 1801, House Jour., 771; 6th Cong., 1st sess.

⁵ See this misstatement in "The Supreme Court Room" in Case and Comment (1890), II, 97; in Woolworth's speech before the Omaha Bar Ass'n., Feb. 4, 1901; in Marshall's Life, Character and Judicial Service, III, 32; in The National Capitol (1897), by G. C. Hazelton, Jr., 186; in History of the Supreme Court (1891), by Hampton L. Carson, 241; and in Marshall, III, 121, note.

⁶ History of the Capitol (1900), by Glenn Brown, I, 24, 25, 28.

was appointed by the Court, under a new law enacted in 1816.¹ In considering the effect of the decisions of the Court during this early period, it must be constantly borne in mind that, except so far as the opinions were published in the newspapers, little was known of them by the general public or even by the bar. The newspaper publications and comments, therefore, were the great factor in forming public sentiment regarding the Court.² Many years elapsed before the Supreme Court reports obtained any wide sale or circulation among lawyers. Even as late as 1830 the reporter, Richard Peters, stated that "few copies were found in many large districts of the country. In some of these districts not a single copy of the reports are in the possession of anyone", and he urged a greater circulation, in order to disseminate "knowledge of the labors and usefulness of this tribunal", and to produce "a corresponding increase with the people of the United States of their attachment and veneration for this department of their Government. Few of our citizens know what this Court has done for them."³

A new era for the Court with respect to its place of session began also with the end of the 1816 term; for, owing to the burning of the Capitol in the previous year, it became necessary to reconstruct the court room. As early as 1805, the small room originally occupied by it on the first floor of the Capitol had become wholly insufficient. "The crowd of citizens that sometimes attend the Court and necessarily fill the passages and vestibules disturb the legislative proceedings as well,"⁴ reported Latrobe, the Architect and Surveyor of Public Buildings; and in 1806 he proposed a plan to appropriate the whole basement story to the use of the judiciary and to raise the floor of the Senate Chamber to the level of the first or principal story.

By 1808 the north wing of the Capitol, especially the Senate Chamber itself, had fallen into great disrepair; and Latrobe reported that "The accommodations of the Senate and of the Court are very far from being convenient for the dispatch of public business. . . . The present Chamber of the Senate cannot be considered as altogether safe, either as to the plastering, of which the columns and entablature consist, or as to the floors and ceiling." President Jefferson suggested an entire reconstruction of the Senate Chamber, by laying a new floor at the level of the Senate gallery, removing the ceiling so as to give additional elevation to the new Chamber, replacing with stone and brick the columns and arches which were then of wood and stucco, and by devoting the room thus formed below in the basement to the use of the Court.⁵ This work was begun in 1808-9, and during its progress the Court sat in the room on the west side of the main floor, which had previously been occupied by the House of Representatives and later by the Library of Congress. It appears thus that the second courtroom was the quarters now occupied by the clerk of the Court. At the close of the 1809 term the Court vacated this room, and it was turned over to the Senate for its May special session.⁶ During the February term of 1810 the repairs had been

so far completed that the Court again moved its quarters⁷ and sat in the new, and third, courtroom on the basement floor underneath the new Senate Chamber, a vivid description of which was written by the noted Philadelphia lawyer, Charles J. Ingersoll: "Under the Senate Chamber is the Hall of Justice, the ceiling of which is not unfancifully formed by the arches that support the former. The judges in their robes of solemn black are raised on seats of grave mahogany; and below them is the bar; and behind that an arcade, still higher, so contrived as to afford auditors double rows of terrace seats thrown in segments round the transverse arch under which the judges sit. . . . When I went into the Court of Justice yesterday, one side of the fine forensic colonnade was occupied by a party of ladies, who, after loitering some time in the gallery of the Representatives, had sauntered into the hall, and were, with their attendants sacrificing some impatient moments to the inscrutable mysteries of pleading. On the opposite side was a group of Indians, who are here on a visit to the President (papa of the savages) in their native costume, their straight black hair hanging in plaits down their tawny shoulders, with mockassins on their feet, rings in their ears and noses, and large plates of silver on their arms and breasts."⁸ Above this courtroom was the Senate Chamber, on whose walls there hung, from 1800 to 1814, the portraits of Louis XVI and Marie Antoinette, which had been presented to the Continental Congress in 1784. That the walls of the room which has now become the home of the Court were, in former days, thus embellished adds a touch of romance to that severe and impressive sanctuary.⁹

On August 24, 1814, the Capitol was burned by the British troops, being set on fire by means of rockets, tar barrels found in the neighborhood, broken furniture, and heaps of books from the library. "Great efforts were made to destroy the courtroom, which was built with uncommon solidity, by collecting into it and setting fire to the furniture of the adjacent rooms. By this means the columns were cracked exceedingly, but it still stood and the vault was uninjured. It was, however, very slenderly supported and its condition dangerous," reported Latrobe, the Architect, later.¹⁰ Although the Thirteenth Congress met in special session on September 19, 1814, in a building used for a hotel on the corner of Eighth and E Streets NW., and although it later occupied a building especially erected for its use at the corner of A and First Streets NE. (known as the "Brick Capitol"), it neglected to make any provision for the judicial branch of the Government. Hence, during the 1815 term, the Court was forced to seek temporary quarters in a large double house on the site of 204-206 Pennsylvania Avenue SE., then occupied by its clerk, Elias Boudinot Caldwell, and located east of the present Capitol and south of the "Brick Capitol."¹¹ In the 1817 and 1818 terms the Court sat in an office temporarily prepared for its use in the less ruined portion of the north wing of the Capitol—a room variously described as "a mean apartment of moderate size", "a mean and dingy building", "little better than a dungeon."¹² These were thus its fourth and fifth courtrooms. By 1819 the rebuilding of the Capitol was complete enough to allow the Court to move back

¹ By act of March 22, 1816, provision was made for the first time for an official publication of the decisions of the Court, but with no provision for a salary to the reporter. By act of March 3, 1817, to remain in force 3 years, provision was made for a reporter with a salary of \$1,000. This measure was warmly supported by Chief Justice Marshall, who wrote a letter to the Senate Feb. 7, 1817. (Amer. State Papers, Misc., II, No. 426.)

² In 1816, according to Webster's argument in *Wheaton v. Peters*, 8 Peters, 651, Mr. Cranch's reports had been published as far as the sixth volume; the rest of the matter which afterward formed the remaining volumes was in manuscript.

³ Not until March 14, 1834, was there any order that all opinions of the Court must be filed with the clerk. (See 8 Peters, vii.) Under this rule, the MSS record of opinions begins with the January term, 1835. The printed record does not begin until the December term, 1857. The practice of delivering opinions in writing was exceptional at first, but by the time of Cranch had become the rule. There is no means of knowing whether in the time of Dallas and Cranch, the Court delivered any written opinions which the reporter failed to report. It is certain from Wheaton's own preface that he used his discretion in omitting some cases from which no important question or general rule could be extracted. Peters probably reported nearly everything (131 U.S. Appendix, xvi, xvii).

⁴ Daniel Webster, reviewing volume 3 of Wheaton in 1818, said: "The sale is not very rapid. The number of law libraries which contain a complete set is comparatively small." (North Amer. Rev. (1818), VIII; Amer. Quart. Rev. (1830), VII.)

⁵ Report of Surveyor of Public Buildings, transmitted by the President to Congress, Dec. 27, 1805.

⁶ Letter of Jefferson to Latrobe, July 25, 1808, quoted in History of the Capitol (1900), by Glenn Brown, 25, 44; see also 10th Cong., 1st sess., 27, 49 et seq.

⁷ During the construction of the new courtroom the vault fell in, killing the superintendent of the work. See Connecticut Courant, Sept. 28, 1808. A report on the Capitol made to the Senate in 1809 stated: "I therefore propose to you to remove the rough seats, benches, and enclosures erected for the accommodation of the Supreme Court . . . and thus, at a moderate expense, to provide a chamber which will unite every requisite of convenience and comfort, and will enable the Senate to await, without being in the smallest degree incommoded by the delay, the

completion of the permanent chamber." Documentary History of the Capitol (1904), 154, 162.

⁸ It is probable that during part of 1809 or 1810 the Court may have sat for a part of the time in one of the Washington hotels; for in a letter from Latrobe on Jan. 3, 1811, there occurs the following reference: "The expense of fitting up and furnishing the courtroom, having never been estimated by me or contemplated by the words of any law making appropriation for the public buildings, I took no steps whatever to fit up and furnish the room until the propriety of so doing was urged by the judges of the courts, who had been obliged to hold their sittings at a tavern. I then understood that the contingent fund of the judiciary was liable to this expense; . . . under these impressions the courtroom was fitted up and furnished. . . ." This would appear to be a positive statement that the judges of the courts had held their sittings at a tavern.

⁹ Latrobe, in his report, Dec. 11, 1809, says: "The courtroom, the office of the clerk of the Supreme Court, and the office and library of the judges have also been completed and may be occupied the approaching session of the Court."

¹⁰ Inquisition, the Jesuit's Letters (1810), by Charles J. Ingersoll.

¹¹ For references to these portraits see History of the National Capitol (1914), by J. W. Bryan; Diary of Mr. William Thornton, in Columbia Hist. Soc. Proc. (1907), X; (1911), XIV; Sketches of Debate in the First Senate of the United States, by William Maclay, entry of Feb. 26, 1791; 13th Cong., 1st sess., July 19, 1813, resolve introduced by Mr. Bledsoe; Aug. 1, 1813, resolve of the Senate. The latest reference to the portraits is in a letter of June 20, 1842, stating that they had been removed from the rotunda; see Col. Hist. Soc. Rec. (1914), XVII.

¹² History of the Capitol (1900), by Glenn Brown, 48, report of Latrobe to Congress, Nov. 28, 1816.

¹³ Jeremiah Mason wrote to Rufus King, Dec. 15, 1816: "Bailey, a reformed gambler from Virginia, has taken and fitted for a tavern the house south of the Old Capitol where the Supreme Court held their session last winter, together with the house adjoining." Correspondence of Jeremiah Mason (1873), by George A. Hillard.

¹⁴ Works of Rufus Choate (1862), I, 514, giving Chauncey Goodrich's description; Congressional Reminiscences (1832), by John Wentworth, giving Webster's description; see also History of Washington (1914), by W. B. Bryan, II, 37, 38.

into the room below the Senate, of which a contemporary newspaper wrote as follows: "We are highly pleased to find that the courtroom in the Capitol is in a state fit for the reception of the Supreme Court. We shall not pretend to describe in the terms of art the structure and decoration of this apartment, though we will endeavor to prevail on some qualified person to do it for us. It is such as to have an effect on the beholder considerably more agreeable than that which was produced on entering the same apartment previous to the remodification of it made necessary by the conflagration of the interior of the Capitol."¹⁹

A less complimentary, but more vivid, picture of the new courtroom was given by a New York newspaper correspondent 5 years later, in 1824, at the time of the argument of the noted case of *Gibbons v. Ogden*.²⁰ "The apartment is not in a style which comports with the dignity of that body, or which wears a comparison with the other halls of the Capitol. In the first place it is like going down cellar to reach it. The room is on the basement story in an obscure part of the north wing. In arriving at it you pass a labyrinth, and almost need the clue of Ariadne to guide you to the sanctuary of the blind goddess. A stranger might traverse the dark avenues of the Capitol for a week without finding the remote corner in which justice is administered to the American Republic. . . . a room which is hardly capacious enough for a ward justice. The apartment is well finished, but the experience of this day has shown that in size it is wholly insufficient for the accommodation of the bar and the spectators who wish to attend. Many of the members were obliged to leave their seats to make room for the ladies, some of whom were sworn in, and with much difficulty found places within the bar. It is a triangular, semi-circular, odd-shaped apartment, with three windows, and a profusion of arches in the ceiling, diverging like the radii of a circle from a point over the bench to the circumference. . . . Owing to the smallness of the room the judges are compelled to put on their robes in the presence of the spectators, which is an awkward ceremony, and destroys the effect intended to be produced by assuming the gown. The appurtenances of the Court are in no wise superior to the apartment itself. Two brown stone pitchers with a few glasses to furnish the speakers with water are the only movables in the room; and the fixtures are not very remarkable for conveniences or elegance." The judges sat on a long seat at the east end of the room on a raised platform. The floor of the bar, 3 feet lower, was carpeted, and on it was a long table in front of the judges with cushioned roller armchairs for the lawyers. The Attorney General sat at the right of the judges, the clerk at the left, the marshal at the platform on the left. In front of the judges on the opposite wall was a marble bas-relief depicting Fame crowned with the rising sun and pointing to the Constitution, and Justice holding the scales evenly balanced."²¹

¹⁹ National Intelligencer, Feb. 2, 1819.

²⁰ New York Statesman, Feb. 7, 1824; see also description in 1827 by Oliver Hampton Smith, Senator from Indiana, in *Early Indiana Trials and Sketches* (1858). "The judgment hall with its low-browed roof and short columns modeled after the prison of Constance in Marmion." *Travels in Canada and the United States* (1818), by Lt. Francis Hall. "By no means a large or handsome apartment, and the lowness of the ceiling and the circumstances of its being under ground, give it a certain cellarlike aspect, which is not pleasant. This is perhaps unfortunate because it tends to create in the spectator the impression of justice being done in a corner." *Men and Manners in America* (1833), by Thomas Hamilton; see also *Travels Through West of the United States and Canada in 1818 and 1819* (1823), by John M. Duncan.

²¹ In *Sketches of Public Characters* (1830), by Ignatius Loyola Robertson (Samuel L. Knapp), an amusing description of this bas-relief by Franzoni, reproduction of which now appears on the engraved certificates of admission to practice before the Supreme Court, is given as follows: "The ornaments of the courtroom are not numerous. The only one worthy of particular attention is a group opposite the bench of justice. On the left, as seen from the bench, is a figure too lank and lean for a cupid or an angel; but it is probably intended for one or the other of these supernatural beings, or perhaps for the Genius of the Constitution. The figure has wings and holds the Constitution of the United States in its hand. On the head of this figure, whatever it may be, is a glory or a Shekinah. This is in bad taste. It is attempting too much and therefore produces a failure. All the other parts of the design are classical. This is from sacred history. The middle figure is Justice sitting on a chair (Phidias or Praxiteles knew nothing of such a seat for the goddess) with her right arm leaning on her sword, and holding the equal scales in her left. The face of this figure is excellent, and the drapery flowing and easy. Her proportions are rather more delicate than those in which the ancients exhibited the inflexible goddess. Before her sits the bird of wisdom, perched near some volumes of law; but the owl is formed in the modern school, and the Capitol to a goat, Minerva would not know her bird if she should see him so beaked, so feathered, so trim and dovelike, unless she should guess it out by recognizing her sister Justice, in the form of this belle, or resort to her divinity to discover the whole group in their transformation." And in the New York Statesman, February 7, 1824, another picturesque comment was made as to this bas-relief: "It is a remarkable circumstance in this allegorical representation that the bandage is removed from the eyes of Justice, and her hand, instead of delicately holding the scales of justice, firmly grasps the beam in such a way as to prevent the balance from vibrating, whatever may be the weight thrown into either

The following description of the room was made in 1842: "The light is admitted from the east and falls too full upon the attorney who is addressing the Court. This has been somewhat softened by transparent curtains and venetian blinds. On the wall in a recess in front of the bench is sculptured in bold relief, the figure of Justice holding the scales in front, and that of Fame, crowned with the rising sun, pointing to the Constitution of the United States. On a stone bracket attached to the pier of one of the arches on the left of the fireplace is a fine bust in marble of Chief Justice Ellsworth, and on a similar bracket on the right is a marble bust of Chief Justice Marshall. The members of the bar are accommodated with mahogany desks and armed chairs within the bar, which is about 2 feet below the level of the floor of the loggia and lobby, and the audience with sofas, settees, and chairs. The judges have each a mahogany desk and chair."²²

And just a few years before the Court, in 1860, moved to its present courtroom (the Senate Chamber from 1808 to 1860), a Boston lawyer wrote this impression of its surroundings, in which the interesting statement was made that the judges did not sit on a substantially elevated bench, as at present:²³ "The part where the judges sit is divided from the bar by a neat railing; within the bar are 4 tables, in 2 rows, for the use of the profession; outside the bar enclosure are the seats for the visitors and spectators; beyond the railing are the judges' seats upon pretty nearly a level with the floor of the room, not elevated as are our judges' seats. By the side of the railing are nine neat desks, and behind them as many comfortable high-backed chairs for the use of the judges. . . . In an alcove back of the seat of the Chief Justice and nearly up to the ceiling is a small portrait of Chief Justice Marshall."

HAIG COCKMAN, HERO OF THE WORLD WAR

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have published in the RECORD an article appearing on Thursday, March 1, 1934, in the Moore County News, ably edited by Hon. John Beasley, and published in Carthage, N.C., regarding a soldier of the World War whose exploits are considered to have paralleled those of Sgt. Alvin C. York, of the State of Tennessee, by some said to be the greatest hero of the late conflict.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Moore County News, Carthage, N.C., Mar. 1, 1934]

GOVERNMENT REFUSES HOSPITAL TREATMENT FOR LOCAL WAR HERO TOTALLY DISABLED—HAIG COCKMAN, WHO CAPTURED 18 GERMANS SINGLE-HANDED, GETS BUT \$30 A MONTH—HE HAD A NARROW ESCAPE

A tattered, badly worn piece of paper, a copy of the original citation he received for bravery when the Americans smashed the Hindenburg line in 1918, is the most prized possession of Haig Cockman, Moore County man, even though the Government denies him hospital treatment for rheumatism and kindred ailments, much of which he believes is attributable to his war service. The Distinguished Service Medal, which he won by capturing 18 Germans single-handed, was stolen from him several years ago.

Rated 100 percent disabled, the Government pays this comparatively unknown North Carolina war hero a pension of \$30 a month. However, Haig is not complaining. "I can live on \$30 a month," he said here this week, "but I can't pay hospital and doctor bills." He thinks treatment at Hot Springs, Ark., will make him a well man. But he admits Charlotte Veterans' Bureau physicians think differently.

Haig was a member of Company I, One Hundred and Nineteenth Infantry, Thirtieth Division. Dolph Blue, of Carthage, and Marvin Ritter, of Hemp, served with him in this outfit.

While Haig harbors no illusions on this score, there are some who hold he was a greater hero than Sergeant York. He kept his finger on the firing lever of a hand grenade, ready to die if his captives, who were bunched about him after he had marched them out of a cement dugout, made a false move. "I was determined not to be taken a prisoner," Haig modestly explained, "and although it meant instant death for me if I released the grenade firing lever, I would have had the satisfac-

scale. This grotesque device gave rise to the following jeu d'esprit, which appeared in the Intelligencer:

"A naked nondescript upon whose head
The sun is pouring his unsparing rays,
Whose two huge wings in vain he strives to spread
For shelter from so bold and broad a blaze.
'Graved by the lithographic art on stone
The statesman's plaything, dandled on his arm,
Obliterate all but the bare name alone
In which exists its all-sufficient charm.
Next him sits Justice, ever broad awake,
(For here they have not thought it fit to blind her).
Who, with an arm too large for weight to break,
Thrusts the scales forward while she looks behind her.
Next her, the Nation's eagle lifts its claws
And boldly tramples on the prostrate laws."

²² *Memories of Washington* (1842), by George Watterston.
²³ *American Law Register* (Oct. 1854), II, 706.

tion of killing several of those Germans and maiming most of the rest. They realized I was in earnest or they would have 'ganged' me."

Haig's exploit was a lone affair from the start to finish and was not successfully culminated until after a German officer had emptied the contents of his Luger pistol in the direction of his face. Poor visibility, due to the early morning fog and dense smoke from barrages and counter barrages laid down before the advance of the one hundred and nineteenth, accounted for the atrocious marksmanship.

CALLS IT LUCK AND FRIGHT

"They gave me a medal for bravery, but it was all due to sheer luck and fright," said Cockman, "and I doubt if I would be alive today were it not for the fact that the German officer I captured spoke perfect English. His knowledge of our language enabled me to control his 17 compatriots."

Pressed to tell the story of the capture, Haig reluctantly proceeded:

"As I stated, visibility was poor when we started over the top early that morning. One could hardly see more than a few feet ahead, and then only with the greatest difficulty. We were following what is known as a 'split trench', and I had proceeded some distance when I missed my buddies. I was alone in that particular stretch of no man's land, close to the German lines."

"A machine gun started whining away. From the flash of the gun I realized I was right upon the death-dealing instrument. I thought my time had come. My eyes piercing the smoke and fog, I saw the outline of a man's figure, the lone operator of the gun, it later developed, a short distance away. Taking quick aim, I started firing with my rifle."

"The gunner slumped in my direction, screaming 'Kamerad.' I rushed to his side and bayoneted him before he could make another outcry."

"Stumbling forward, my knees struck the curbing to the entrance of a dugout. This cement obstruction was my first 'break', as I would otherwise have fallen into the gaping hole."

"As I reared back to regain my footing, an officer's head protruded from the dugout. Sighting me, he held up his right hand and shouted 'Kamerad!' Having but one bullet in my rifle, and realizing that there were likely to be a score or more men with the officer, I lowered my gun slightly to reach for a hand grenade. The movement nearly cost me my life, as the officer quickly brought up his left hand and started emptying his pistol. He shot nine times before I got my gun back to firing position. I was not scratched, but terribly frightened. I was shaking so badly that my last bullet, fired point-blank at the officer's heart, struck him in the right shoulder. This time, his gun empty, both of his hands went up in the air as he begged, 'Kamerad!'"

ONE CHANCE IN A MILLION

"How many of you down there?" I asked, finally pulling out the hand grenade from my Canada bag and jerking off the pin. To my surprise he answered in perfect English: '18.'

"Don't, don't," he implored, as he saw I was getting ready to throw the grenade into the dugout, 'my men will surrender.'

"Tell them to throw down their guns and side arms and come out one at a time," I instructed.

"A few shouts in German were exchanged. The men started climbing out of the dugout, one at a time, each with both of his hands raised."

"Brandishing the hand grenade threateningly, my finger toying with the firing lever, the release of which would have meant instant death to me and many of the Germans, I commanded the officer to have his men follow me. I had a small pocket compass, and knowing that I started due south in the jump-off, I headed back north. Pretty soon we were back to the American lines."

"That German officer, who said he had lived in New York City for 6 years, told my captain not another man in a million would have been so fortunate as I was in escaping death and effecting the capture of 18 men."

EXPANSION OF CREDIT AND CURRENCY—COMMUNICATION FROM HON. ROBERT L. OWEN

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD a communication from Robert L. Owen on the subject of the Present Need of Expanding Credit and Currency. Senator Owen was formerly a distinguished Member of this body and Chairman of the Senate Committee on Banking and Currency, and is a well-informed student and master of this subject.

There being no objection, the communication was ordered to be printed in the RECORD as follows:

SOUTHERN BUILDING,
Washington, D.C., March 20, 1934.

Subject: The present need of expanding credit and currency.

The Honorable DUNCAN U. FLETCHER,

Chairman Committee on Banking and Currency,
United States Senate, Washington, D.C.

MY DEAR SENATOR FLETCHER: In my very humble judgment, the restoration of property values, real estate, equities, stocks, bonds, and profit in business, the success of the N.R.A. and other organizations intended to restore prosperity, all depend on the substantial expansion of credit and currency.

This expansion is needed to overcome the contraction of credit and check money which has taken place in the last 4½ years. This contraction is the most colossal and unprecedented in human history. It has been a contraction of money and a contraction of the means of getting money.

Money consists not only of United States currency (amounting to 5½ billions) but of checks drawn against bank deposits. Such checks actively function as money as much as does currency. Such check money in 1929 equaled in volume 1,200 billions of checks cashed in bank that year against commercial deposits (excluding savings account) of about 46 billions.

These deposits of 46 billions had a turn-over of about 26 times—probably the same turn-over as the United States currency had. So that we had, in effect, about 5½ billions of United States currency and about 46 billions of check-money currency. This check-money currency, based on deposits, had a contraction up to 1933 of a total turn-over of less than 500 millions or a total contraction of about 700 billions and a shrinkage in the volume of such commercial deposits from 46 billions to 28 billions.

In other words, we had a shrinkage of the volume of deposits and of check money of 18 billions. The contraction of the 18 billions of deposits was a contraction of the money supply of the United States of 18 billions.

Even since Mr. Roosevelt came in, in March 1933, there has been the most important further contraction of credit and of currency as disclosed by the Federal Reserve Bulletin of March 15, 1934. By this bulletin the Federal Reserve banks in the last year have contracted bills discounted and bills bought by \$1,544,000,000. They have contracted their total Reserve bank credit by 994 millions. They have contracted money in circulation by 1,637 millions. The other banks have contracted loans also.

The enormous contraction of deposits—as bank credits and as check money—has not been remedied by the banks under this administration but has been made worse, as stated; and the banks, moved by fear and the desire to be immediately liquid, are not creating deposits by loans and are not expanding check money or the means by which check money can be obtained.

This shrinkage of check money of 18 billions is by no means the whole story, because there has been a shrinkage in potential money of a still larger amount. For example, the market value of stocks and bonds listed on the New York Stock Exchange in September 1929 was 89 billions, any part of which, held by business men and investors, could normally be converted into bank deposits and into check money by the simple process of selling such stocks within 24 hours on the stock exchange.

By June 1932 this volume of potential money had been contracted in market value from 89 billions to 15 billions—a shrinkage of potential money in such stocks of 74 billions. Thus, the potential supply of money was diminished on a vast national scale. Moreover, in 1929 other forms of property had a potential money value of 100 million dollars more than they had in March 1933.

This colossal shrinkage of money (that is, credit and currency and the means of obtaining credit and currency) remains largely uncorrected except in small part, and the need for expanding credit and currency and the means of obtaining credit and currency is the most urgent national problem and the most important administration responsibility.

By the Thomas amendment a year ago the President of the United States was authorized to expand credit three billions but so far has not yet employed this power.

Some men have thought that the Government was expanding credit by selling its bonds and disbursing the proceeds. I very humbly submit that selling Government bonds for deposits and transferring such deposits to other people for material and services is not an expansion of deposits or of credit—but an exchange of credits with no increase in deposits and no increase in potential check money.

Congress authorized the President to issue three billions of new currency, but this means of relief has not been employed, and the present counselors of the President are resisting the issue of such new currency on the ground that it would be inflationary, would set a bad precedent of inflation, the repetition of which the Government would not have the will power to resist in future.

The German inflation of 1923 is cited as an example of uncontrollable inflation. The German inflation was a deliberate war measure due to the demands of France for impossible war reparations. But every nation in Europe, with one or two exceptions, inflated its currency and controlled it, and they finally stabilized their currencies. France increased her franc issue fivefold and cut the gold content to one fifth, and has stabilized her currency on that basis. Italy expanded its paper money fourfold and cut the gold content of the lira to one fourth, and stabilized on that basis. Belgium followed the same principle, as did other nations.

It is the lessons of Europe that have taught the world how to control the purchasing power of money, the story of which is brilliantly told by Gustav Cassell in his post-war monetary stabilization lectures before the University of Columbia and the University of Chicago, issued by the Columbia University Press.

I humbly submit that no intelligent man can read these lectures of Gustav Cassell and controvert the sound doctrines he lays down with regard to the stabilization of money. He sets forth the axiom that the purchasing power of money depends upon its available supply in relation to the demand, but he does not fail to point out what money is—that money is the means of payment and consists of check money and bank deposits and property instantly convertible into bank deposits. He says:

"The value of a currency is essentially determined by the scarcity in the supply of means of payment" (p. 64).

"It took many years of hard work to get people to understand that the only thing that has real importance for the value of a currency is the total supply of the means of payment" (p. 3).

"The gold standard is nothing else than a paper standard, the value of which is entirely dependent upon the way in which the supply of the means of payment is regulated" (p. 4).

"The purchasing power of money is exclusively dependent on the scarcity in the supply of means of payment" (pp. 42, 64).

"The value of money cannot possibly be dependent on anything but the supply of money in relation to the demand for money" (pp. 91-92).

As Gustav Cassell is the greatest monetary authority in the world, as the stabilization of the money of Sweden is based on his advice, as he is chiefly responsible for the modern gold-standard principle of ceasing the coinage of gold for currency purposes and using it as gold bars as a means of settling international trade balances, and as we have followed his doctrines in our own recent legislation, I venture to quote him as above set forth in the hope of making this subject clear and more easily understood.

The purchasing power of money is controlled by the available supply of money in relation to the demand for money and the supply and demand for the thing bought, so that these four factors enter into each transaction of purchase and sale.

The Congress authorized cutting the gold content of the dollar and taking over by the Government all gold, which has thus expanded the Government-owned gold by several billion dollars. The United States, therefore, has nearly \$9,000,000,000 of gold on the new basis, against which it could issue two and one half times that amount of money, if necessary, on a 40-percent reserve basis as a means of restoring to the American people the shrinkage of check money to which I have above referred.

No such expansion will be necessary, for the reason that if the Government should declare the policy to promptly make good the pledges of the administration to restore the commodity index to normal and to reduce the purchasing power of money to what it was when the debts were created the country would immediately respond to this proposal and property of all kinds would immediately rise, giving a profit to those who would invest in property. It will require concrete acts of expanding currency and of expanding credit to give the stimulus necessary to restore confidence. There has been a shrinkage in the value of property in the United States of two hundred billions, while the debts of two hundred billions, interest, taxes, and fixed charges remain, demanding liquidation.

I enclose for your information exhibits A, B, and C, which give an ocular demonstration and proof that the value of property depends directly on the supply of money available for the purpose of purchase of such property. Exhibit A represents brokers' loans from 1921 to date. Exhibit B represents the quotations on the New York Stock Exchange for like periods. Exhibit C represents the value of stocks listed on the New York Stock Exchange from 1921 to date. Only intervals are given in these to prevent unnecessary detail.

You will observe that the quotations and the value of the stocks rose and fell in proportion as the brokers' loans rose and fell. The quotations of the stocks, for example, rose from 55 in 1921 to 225 in September 1929, and fell to 35.9 in July 1932. This is a rise of 400 percent and a fall of 60 percent of the original quotation.

The value of stocks listed on the New York Stock Exchange was about 16 billions in 1921, rose to 89 billions (over 400 percent) in September 1929, and fell to 15 billions in July 1932, less than the original amount; while brokers' loans increased over 400 percent from 1921 to September 1929, and fell in July 1932 to a negligible amount. In other words, the value of the stocks listed on the New York Stock Exchange and the quotations of such stocks rose 400 percent when the brokers' loans rose 400 percent, and with the collapse of such brokers' loans stock-market quotations and stock-market values contracted accordingly.

It is of great importance to observe that during this period, from 1921-29 the commodity index of 1926 at 100 varied very little from the normal standard and stood at 98 in July 1929. There was no credit inflation in the commodity markets but only in the security markets.

When Mr. Roosevelt's administration began and in his inaugural address and subsequent addresses he gave assurance to the country he would restore the commodity index to normal and bring down the purchasing power of money to what it was when the debts were contracted, the value of the stocks and the quotation of the stocks demonstrated the immediate response of the country to this leadership.

Stock-market values rose from 19.9 in April to 36.3 billions in July. The index of stock-market quotations rose from 47.5 in April 1929 to 80.4; but immediately that it was announced from the White House, and uncontradicted by the President, that he would not use the powers of expanding credit and currency given him by Congress at that time, but would rely on the N.R.A., etc., for relief, the index of prices at once fell off and the value of securities fell from 32.8 in August to 30.4 in October. The commodity index, which had gone from 60 up to 71 immediately ceased to advance, and up to date has advanced less than 3 points.

When the policy of expanding credit and currency was declared by Mr. Roosevelt's administration there was, therefore, an increase

in the value of the listed securities on the New York Stock Exchange of over 16 billions; and, when he deferred the execution of this policy, the market value of such property fell off and they have made no substantial increase since.

It should be obvious, my dear Senator FLETCHER, that what the country needs is to correct the enormous contraction of money supply by expanding the money supply sufficiently to give the people a new spirit of confidence in the value of property and to furnish the people with a sufficient quantity of money and new credit to correct the terrible menace which threatens every debtor in the United States.

While the purchasing power of money in terms of commodities is only about 40 percent above normal, the purchasing power of money in terms of stocks and bonds is 200 percent or 300 percent above normal and, in some cases, 1,000 percent above normal.

I call your special attention to the fact that the estimated value of securities listed on the New York Stock Exchange of \$16,000,000,000 was expanded by the sale to the American people of new stocks at a cost of \$50,000,000,000—so that these stocks were actually marketed, up to 1929, at a value deemed fair when the marketing took place of a total of about \$66,000,000,000. The peak valuation of September 1929 of 89.7 billions showed an inflation of approximately 23.7 billions. When the collapse took place in October 1929, these inflated values were wiped out, but the contraction which followed in 1930-34 further destroyed the value of such securities by contracting the supply of money with which they were bought and sold.

In the Wilson administration, the expansion of credit and currency for war purposes increased the commodity index to 166 and decreased the dollar index to 60. During this period bank failures ceased and the country was commercially and financially prosperous. In 1920 President Harding's campaign demanded cutting down the commodity prices and raising the purchasing power of money, and in pursuance of this declared policy of the campaign of 1920 bank credit was contracted \$6,000,000,000 and United States currency 1,500 millions. The dollar index by June 1921 immediately rose to 107 and the commodity index fell at the same time from 166 to 93. When the contraction took place under the Hoover administration, the dollar rose to 166 in terms of commodities and commodities fell to 60.

I venture to urge upon your attention the fact that the commodity index—based upon commodities which are the necessities of life—suffers less change than other forms of property values because of the urgent daily demand for such commodities. But stocks and bonds and real estate suffer terrifying losses because the debtors are compelled to sell such property at a time when other people are not compelled to buy.

The considerations which I have set forth above, it seems to me, clearly demonstrate the wisdom of Congress in authorizing the expansion of credit and currency and the wisdom of the administration's primary policy of expanding credit and currency, and that such policy ought to be carried into effect without further delay.

There is no sentiment in the United States for real inflation—for inflation means unjustified expansion, and the expansion to which the administration committed itself was justified expansion.

In my humble judgment, the people of the United States are overwhelmingly in favor of justice to the taxpayer and debtor as well as to the creditor, and they know it is not fair to the debtor to allow him to be ruined by the sale of the property at a fraction of its normal value to meet his debt.

The expansion of credit and currency would have the effect not only of immediately increasing the value of property, but would stimulate manufacturers and merchants to make and distribute goods on a rising market. It would stimulate the banks to lend money for such purposes when they knew that the policy of the Government was to restore conditions to normal.

The Constitution requires Congress to coin money and regulate the value thereof, and that constitutional provision rests with equal force upon the Executive department. There should be, it seems to me, active cooperation between the Executive department and the Legislative department in restoring the value of money to normal, the value of property to normal, and stabilizing the dollar so that for all future time the debtor would pay what he borrowed with interest, and no more; the creditor would receive what he loaned with interest, and no less.

A failure to expand credit and currency means that the march of the debtor class through the gates of bankruptcy will go on to the vast injury of this country. It will be a further injury to the creditor class as well, and it might mean that the agencies which the President has set up with such high and patriotic purposes may prove disappointing.

Expanding the credit and currency, in my judgment, is absolutely necessary to provide profit in industry. Without this profit industry cannot flourish and without it the 450,000 corporations in the United States cannot pay the income tax so necessary to balance the Budget and enable the Government of the United States to retire the enormous bonded indebtedness which is now being built up by attempting, through other means, to end the depression.

I hope that those who are the loyal friends and counsellors of the President and those who wish success for the administration may be willing to consider the facts which I am presenting to you.

Yours very respectfully,

ROBERT L. OWEN.

Three exhibits.

EXHIBIT A.—Brokers' loans, New York Stock Exchange

1921, January	\$1,790,000,000
1922, January	1,192,000,000
1926, February	3,513,000,000
1927, January	3,293,000,000
1928, January	4,433,000,000
1929, January	6,440,000,000
1929, September	8,549,000,000
1930, January	3,990,000,000
1931, January	1,894,000,000
1932, January	587,000,000
1932, July	242,000,000
1933, January	347,000,000
1934, January	845,000,000

EXHIBIT B.—Common-stock prices¹

(Index numbers of the Standard Statistics Co.; 1926=100)

1921	55.2
1922	67.7
1923	69.0
1924	72.8
1925	89.7
1926	100.0
1927	118.3
1928	149.9

	1929	1930	1931	1932	1933	1934
January	185.2	156.3	112.3	58.0	49.1	75.6
February	186.5	165.5	119.8	56.5	44.9	
March	189.1	172.4	121.6	56.8	43.2	
April	186.6	181.0	109.2	43.9	47.5	
May	187.8	170.5	98.0	39.8	62.9	
June	190.7	152.8	95.1	34.0	74.9	
July	207.3	149.3	98.2	35.9	80.4	
August	218.1	147.6	95.5	53.3	75.1	
September	225.2	148.8	81.7	58.2	74.8	
October	201.7	127.6	69.7	49.9	69.5	
November	151.1	116.7	71.7	47.5	69.1	
December	153.8	109.4	57.7	47.4	70.4	

EXHIBIT C.—Total market values; all stocks listed on New York Stock Exchange

[Billions of dollars]

Estimated 60 percent of 1925.

January:	
1921	16.2
1925	27.1
1926	34.5
1927	38.4
1928	49.7

	1929	1930	1931	1932	1933	1934
January	67.5	64.7	49.0	26.7	22.8	33.1
February	71.1	69.0	52.1	26.4	23.1	37.4
March	71.9	70.8	57.1	27.6	19.7	
April	69.8	76.1	53.3	24.5	19.9	
May	73.7	75.3	48.6	20.3	26.8	
June	70.9	75.0	42.5	16.1	32.5	
July	77.3	63.9	47.4	15.6	36.3	
August	81.6	67.2	44.4	20.5	32.8	
September	89.7	67.7	44.6	27.8	35.7	
October	87.1	60.1	32.3	26.7	32.7	
November	71.8	55.0	34.2	23.4	30.1	
December	63.6	53.3	31.1	22.3	32.5	

FIRST YEAR OF DEMOCRATIC ADMINISTRATION

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "At End of Year Roosevelt Leads March to Moscow", by Myron H. Bent, which appeared in the Brooklyn Times-Union of March 4, 1934.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Brooklyn Times-Union, Mar. 4, 1934]

AT END OF YEAR ROOSEVELT LEADS MARCH TO MOSCOW

By Myron H. Bent

WASHINGTON, March 3.—Tomorrow at noon the Roosevelt administration will be 1 year old. Newspaper and magazine writers all over the country will be appraising its achievements and shortcomings and making predictions as to its future according to their various points of view. The President's partisans will be painting the year's accomplishments in glowing colors, calling it the most eventful page in American history.

Charlie Michaelson, of the Democratic National Committee publicity bureau, released a few days ago for publication on March 4 a long statement of the year's achievements and then withdrew it the next day, on the ground that it might cause partisan debate when national recovery was the work of all of the people. The

¹About 421 issues.

withdrawal has occasioned much speculation as to the real motive behind it. It was no more glowing than would be expected from a partisan source. It is the writer's opinion that it left too many openings for attack upon its claims.

What a year it has been. We all have been confused, bewildered, and amazed as the program of the new deal has been unfolded, and have often been left gasping for breath because of the revolutionary and unconstitutional measures proposed and actually taken. Like Alice in Wonderland, we have been held in wonder at the fantastic steps that have followed in quick succession.

Where did this program for the new deal come from? It certainly came from no mandate of the people, who would have been frightened to death at its portent. They certainly would not have voted for it knowingly. There were vague references to the forgotten man, a new deal, etc., but most people construed them as the usual campaign aphorisms, not to be taken too seriously after election.

Many people would like to know if Candidate Roosevelt actually had in mind what President Roosevelt has proposed, and if so, was he afraid to take the people into his confidence? Or has it been developed by the "brain trust" and sold to the President? Candidate Roosevelt became very angry whenever anyone questioned the soundness of his views upon money. Yet everything suggested or implied has come to pass, and more. Only one specific measure advocated in his pre-election campaign has come to pass—the repeal of prohibition, and the repeal resolution was passed before he was inaugurated.

SOME VERY GOOD MEASURES

Undiscriminating critics may condemn the whole works in the new deal. We do not, because some of its measures have been unquestionably good and we have not hesitated to commend them. Therefore, in our appraisal of the year's record we shall dwell more upon its portent and the direction it is leading us and its ultimate destination rather than upon specific acts, and it is vastly more important to do this. We can retrace any specific step, but it will be exceedingly difficult to reverse the general direction unless we do so quickly.

"There is no question now that we are directly headed for collectivism in government; with regimentation and regulation of finance, industry, agriculture, and commerce. We are going fast into State socialism and are abandoning what we have been pleased to call the American system of individual initiative and effort, which is the greatest success in self-government that the world has ever seen.

We say this in the face of the depression, in which we are enveloped with the rest of the world, in the face of all the clamor for fundamental changes. As "Uncle Joe" Cannon once remarked, "this country is a hell of a success", and we can look any new dealer or brain trust in the eye as we say it. Nowhere on earth are the comforts, luxuries, and necessities of life in so great abundance or so widely distributed as in America.

We do not apologize for the Constitution; we glory in it and will defend it. We have had all of our prosperity under it, as well as this depression, and we will get out of it in spite of the new dealers if not on account of them, if we retain it. Few realize how far we have departed from the Constitution, which has not been repealed but abandoned.

Under the guise of an emergency its powers have been sought by the President to an extent that would have subjected him to impeachment on a dozen counts at any other time. We are adopting the Soviet system so gradually that we do not know it. The Russian idea is being imposed upon us, not from Moscow but by ourselves, because of our proneness to go with the crowd or swim with the current.

FOR THE EMERGENCY ONLY

No one was disposed to object to giving the President any reasonable emergency power desired, with the distinct understanding that it was for the emergency only. One after another such powers were given, and now that he has them the emergency idea is boldly abandoned with the open intention of making them permanent.

This is true particularly of the N.R.A. The announcement is calmly made that they will seek to make it one permanent industrial policy. President Roosevelt will speak upon the N.R.A. Monday at a meeting of code directors, which will be broadcast at 11 a.m. The reader will do well to listen in.

The whole plan for the past year has been to centralize power in the Federal Government, which in this instance is the President. The gold has been taken from the people and the banks and placed in the Treasury. By means of loans and Government investment in the preferred stock of national banks the Federal Government has obtained absolute control over finance. Through the N.R.A. it has complete control of industry. Through the A.A.A. it has absolute control of agriculture.

The latest trick in Pandora's box was brought out yesterday in President Roosevelt's message to Congress seeking tariff-making powers, especially reserved to Congress by the Constitution. If Congress grants this power, there will remain little need for its existence. Another general grant of power might be given to cover what remains and save the expense. The alphabetical agencies now have usurped most of the functions of government. A few more alphabetical combinations could take over the balance.

Perhaps the most serious aspect of the situation is President Roosevelt's attitude toward the judiciary, when he recently said that it should work with the Executive and legislative branches of the Government for a common purpose. The common pur-

pose in this instance would be the President's purposes, for he would unquestionably dominate both the judiciary and legislative branches. Our Government was founded upon an entirely different theory, upon the theory of three coordinate branches acting as a restraint upon each other. Are the American people ready to abandon this theory for the doubtful benefits of collectivism?

PRESIDENTIAL USURPATION

We do not harbor the idea that the people have no right to modify or change the Constitution. They have a perfect right to adopt communism if they do so in an orderly manner under the Constitution. They have no right to abrogate or abandon it by legislative act or by Presidential usurpation. They should do so by repeal of the Bill of Rights and other guaranties of individual liberty and freedom of action. They should not repeal the Constitution by legislative subterfuge. Let the people vote upon it and see if they are ready to follow the professors into sovietism.

The recent request for a Communications Commission to control the radio, telegraph, and telephone lines is highly significant of the trend of events. Such a commission could actually establish censorship over the press and the radio, when a free press and free speech would no longer remain one of the greatest guaranties of liberty under the Constitution. The reader should get that bill and ponder it.

The whole theory is to centralize power in the Executive. No man is great enough or good enough to possess such power. When he gets it democracy will remain in name only. We will be under a dictatorship.

The Supreme Court could save democracy if all of these tremendous grants of power were tested as to constitutionality. Or would the highest court go along with the crowd? We dislike to think so. Perhaps the march to Moscow will be halted there.

It is highly significant that whenever any change is made in the personnel of the administration it is always the conservative that goes out, as witness Sprague, Woodin, Acheson, and Peek. The dominating force in the administration is unquestionably Professor Tugwell. He is a radical without doubt, of the pink variety. Russian ideology permeates his thought and acts. He has written a book upon Russia and is apparently impressed with the communistic idea.

Those who desire to follow his leadership and travel his road should have the right to do so in a legal way, but they should do so under no delusion as to their destination. The real friends of President Roosevelt will hope that he will now abandon his left trend and turn to the right in his second year.

If he does not there will be a great opportunity for patriotic leadership in this country in order to save America for democracy and restore it to its moorings.

THE NEW DEAL—ADDRESS BY POSTMASTER GENERAL

Mr. HARRISON. Mr. President, I ask unanimous consent to have inserted in the RECORD a very able and eloquent address on the new deal, delivered by the Postmaster General at the annual Delaware Jacksonian Day dinner, at Wilmington, Del., on March 20, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As a Democrat I welcome the opportunity to address a Delaware audience, because in no State has our party had more ups and downs than in this fine old Commonwealth. You always have a fighting organization here, which is, no doubt, due to the deep interest you take in public affairs.

I believe that this is the healthiest sort of organization and of more value to a party than a dominating machine, which too often develops into a selfish vehicle devoted more to individual interest than to the public welfare.

Party control is as much a public trust as is public office, and permanent success in politics more and more tends to be based on what we can do for our State and our Nation than what we can do for ourselves.

The new deal involves party management no less than it promises honesty, justice, and efficiency in the direction of public affairs. Our sweeping victory in 1932 was the direct result of the Republican Party's failure to live up to this cardinal tenet of political faith and its effort to continue a policy of favoritism to special interests, which, while it brought vast profit to those special interests, ignored the general public interest and so finally brought about a collapse of the whole economic structure of our country. You cannot have prosperity on top and poverty at the bottom without insuring ultimate disaster.

I know, as all of you know, that winning elections is an intensely practical enterprise; that organization is the basis of success, and I likewise know that such success can only be continued by showing the people that campaign promises must be kept; that no party has a perpetual mortgage on the Government and that while under our two-party system the voters will turn to one organization if the other proves untrustworthy or incompetent. There are voters on whom the partisan bonds rest lightly who will discard them if the organization in power does not make good enough voters to upset the apple cart whenever it needs upsetting for the welfare of the whole people.

I have, as you know, been spending a lot of time recently before congressional committees in reference to the cancellation of air-mail contracts. I do not intend to go into a lengthy discussion of this subject now.

The simple fact is that from records taken from the files of the Post Office Department, from the files of air-mail contractors themselves and from evidence produced before the Senate investigating committee, it was clearly shown that these contracts were given and obtained through collusion and fraud; that through them a few favored companies obtained many millions of dollars out of the public treasury; that great monopolies were being built up by Government subsidy and that it was my duty, under the law, to annul these contracts.

If this administration was going to keep faith with the people, these fraudulent contracts had to be wiped out. We had promised economy in government; we had promised an honest departure from the practice of giving illegal or improper advantage to special interests.

There was no thought or suggestion of politics in connection with the cancellation of contracts. Notwithstanding, some of the spokesmen for the opposition party are diligently endeavoring to make it appear that there was.

I did not know when I annulled the contracts, and I do not know now, whether the men most involved are Republicans or Democrats, and I am not concerned as to that.

The cancellation of the air-mail contracts was just as much a part of the new deal as any other action taken with a view to eliminating waste and extravagance in public expenditures. Certainly fraud and collusion in the letting and obtaining of Government contracts could not, under the new deal, be condoned.

Representatives of a number of the companies have testified before the Senate investigating committee and by their own admission have made it clear that the air-mail contracts were obtained by collusion and fraud and that the law requiring competitive bidding was evaded and violated.

Naturally men are not disposed to submit without complaint when special privileges and illegal advantages are taken away from them. Something of this sort is at the bottom of much of the criticism that has recently been directed at the new deal.

The country has been brought to desperate straits by exploitation; by centering all processes on the increase of profits, legitimate or illegitimate, until production had sped far beyond the limits of consumption, and with little or no regard to the primary necessity for keeping the purchasing power of the country at large up to the point where it could obtain what it would have bought if it had been possible to pay for it.

This course was continued until about 30 percent of the wage-earning portion of our population was out of work, with the inevitable collapse of numerous industries, complicated and multiplied by the huge losses consequent on the foisting upon the public of vast bond issues, sharp practices with stocks, and a speculation orgy which, when it crashed, brought us all to bankruptcy or to the verge of it.

Everybody recognized that something had to be done. The men now foremost in their strictures on the course that was taken are the very men who clamored most loudly for the Government to take them out of the predicament into which their own greed had plunged them. These people, now that business seems to be coming back, want to get all the benefits for themselves, and let the rest of us revert to the misery of a year ago. I do not have to cite statistics to an industrial Commonwealth like this to show the contrast between today and the early part of 1932.

This difference—the exchange of hopelessness for confidence—is due to one man, Franklin D. Roosevelt.

Of course, the process of recovery is by no means complete. You cannot repair in a few months the damage of such an industrial hurricane as flattened us out over a period of years. What has been done is to turn the tide and start us on the up grade, which course will continue unless the selfishness of a few short-sighted interests is able to put blocks in the way, and so delay our ultimate return to normal conditions. Incidentally, I do not mean conditions that piled up enormous fortunes on the one hand and on the other produced poverty to the bulk of our people.

The country was fortunate that the election of 1932 brought to the Presidency a man who not only had a long-thought-out and comprehensive plan to solve our problems but who had the courage to carry out his plan instead of letting us drift to still greater depths and then blaming world conditions for that continuance.

I want to pay tribute to the Democrats of Delaware for their not inconsiderable part in making this possible.

It was no great task to elect Roosevelt, but before that election he had to be nominated, and in the field for that nomination were some of the greatest men ever offered before a national convention. They were Democrats eminent in accomplishment and in their party standing. I have no doubt that their supporters thought as highly of their candidates as we thought of ours.

It was in the pre-convention period that support of Franklin D. Roosevelt was of the greatest consequence and you of Delaware did your part. Happily, there are no longer factions in our party.

We are all Roosevelt Democrats, and while officially and practically we should not differentiate between those who were for us and those who were against us in the spring of 1932, I cannot but feel a personal warmth for those who, by their early faith in Roosevelt, made the great culmination possible.

You were among the pioneers of the Roosevelt movement. For that not only the party but the Nation owes you a debt of gratitude.

You have not had and you never will have anything but pride in the effort you made then. From the day of his inauguration, when he took the banking bull by the horns, he has justified your faith.

I do not believe that in our whole history there has been such a manifestation of confidence in the Chief Executive as that exemplified by the manner in which the people of the Nation accepted the startling banking expedient.

They took it with a smile. Every inconvenience of that period—and you will well remember how awkward that situation was for a lot of us—was taken with good humor and we even joked each other over our troubles.

Nobody understood more clearly that President Roosevelt that, by his daring departure from the timid policies of his predecessor in the White House, he was taking his political life in his hands.

It came out all right as he felt it would. But it was only the people's perfect reliance on his honest intentions and the soundness of his logic that insured against its being a colossal failure.

He had as much faith in the people as they had in him, for you will recall that when he addressed the Nation over the radio in one of the simplest as well as one of the most impressive speeches that has ever emanated from the White House he said:

"We have provided the machinery to insure our financial system. It is up to you to support and make it work. It is your problem no less than it is mine. Together we cannot fail."

And they did support it and made it work with the minimum of individual loss and the maximum of public gain. To emphasize this I have merely to bring to your attention the circumstance that in the 3 years preceding last inauguration day we had three or four thousand bank failures and if there has been an important bank failure since that day it has escaped my attention.

There is not time, even if it were necessary, to review in detail the Nation's experience in the first year of this Democratic administration, but I can tell you that there has been nothing done on impulse or because of fright or because of political purposes.

Every move has been in accordance with the program conceived and worked out before the President took up his immense responsibilities.

If you read over the Democratic platform, to which he subscribed at Chicago, you will see it foreshadowed there. If you will review the campaign speeches in the light of what has happened since, you will understand that we have witnessed no series of opportunist or random performances, but that the President has carried out and is carrying out the promises he made when he was asking for your suffrage.

It did look for awhile as if politics had been adjourned. The President asked for and obtained from Congress almost unanimous cooperation in his program. He required additional authority to put into effect some of the emergency measures and these were accorded him ungrudgingly. And he has paid full tribute to this patriotic submersion of politics to patriotism.

Now, however, when things are looking a little brighter, politics is again being brought into the picture, not by the rank and file of the opposition party but by a few of its leaders or would-be leaders who are attempting to pick flaws in the program, to deprecate and minimize the gains that have come to the country under the leadership of President Roosevelt and to seek to fan the flames of partisanship in the interest of their backers.

There is nothing new about this combination. These men have, during their whole period of public life, been engaged in cooking the broth on which their patrons have grown fat.

If you look deep enough you will find behind every attack on the President and his policies a special interest which seeks to reestablish the advantage it held so long by controlling the Government.

The pending senatorial investigation has shown some of the rotten spots. Sons of once-influential Republican Members of the National Legislature, with no special qualifications of their own, have been drawing fat salaries and fees for alleged service that even their employers have been unable to define.

There has been disclosed the creation of multimillionaires, whose total investment would not pay the rent of this hall for tonight.

Is it any wonder that these men find fault with the President's program?

Let it not be forgotten that these disclosures appertain to the favoritism in the past of only a single branch of the Government service, and that the Black committee has hardly more than begun its work.

Part of the procedure of this political-profiteer assault on the new deal is to break down public confidence. They know there is no hope for them if the progress already made toward national recovery continues.

Hence they seek to stir up dissatisfaction and to re-instill fear of the future. They offer no substitute program, but by innuendo, if not by direct statement, seek to plant the notion that purging our Government system of graft is a bolshevistic assault on legitimate business and that separating the profiteers from their fat opportunities is an assault on business generally.

For a moment let us go back and get a clear perspective of the problems which faced the Roosevelt administration at the outset:

First. It was necessary to reestablish order in the financial situation; to put an end to the epidemic of bank failures and reestablish confidence in the depositories of the people's money, thereby ending runs that even the soundest banks could not endure.

Second. It was necessary to get the unemployed back to work and to buttress business so that it could survive and function.

To accomplish these objectives it was necessary to recreate purchasing power, particularly the vanishing purchasing power of the farm population and that of the great mass of employees who

had either lost all of their resources or were so stricken by panic that they would not make even the purchases they could afford.

Just how the President and his administration have applied themselves to the solution of these problems and to the accomplishments of these tasks is well known to everyone. There is multiplying evidence that the problems are being solved. From every section of the country there come reports of rapidly improving conditions. Business is being revived everywhere. Agriculture is emerging from gloom and despair. In increasing numbers men and women who have long been idle are finding work. The Government is being operated honestly and in the interest of the people generally.

With such a satisfactory improvement and with prospects for the return of normal prosperity so bright, it is nothing short of reprehensible for politicians, with only a political purpose in mind, to undertake to break down the harmonious cooperation which the people have given and are giving to the President in his efforts to bring about our national recovery. If this national recovery is to be achieved without costly delay, then the President must continue to receive the wholehearted support of the people. Otherwise, what has been accomplished will be jeopardized and the processes of recovery will be slowed up if not destroyed.

It will all come out all right. The memory of what we were brought to by the system of privilege is too acute for either politicians or their beneficiaries to induce our country to return to the old practices.

We are going ahead decreasing unemployment, increasing business, taking care of our unemployed, and holding the regular expenses of the Government down to a point unheard of for a dozen years.

There is plenty yet to be done, and with Roosevelt in the White House you may be sure it is going to be done, uninfluenced by special interests.

Before I close let me acknowledge the splendid service rendered to the Democratic Party by one of the former citizens of this State, Mr. John J. Raskob, who preceded me as chairman of the Democratic National Committee.

You in Delaware have been a minority party. I doubt very much if you are a minority party today. I have already pointed out one great service that you rendered, and the opportunity for further service is in your hands in the coming election. I know that, whether you succeed or whether you fail, you will do your best and that ultimately you will effect the cleaning up at home that is going on in every section of the country and that, with returned national prosperity, we will have decent and permanent political regeneration as well.

POSTMASTER GENERAL FARLEY

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD immediately after the address of the Postmaster General, an article appearing in the Baltimore Sun of this morning by Frank R. Kent.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE GREAT GAME OF POLITICS—UNBALANCED NOBILITY By Frank R. Kent

WASHINGTON, March 21.—Among officials of the Roosevelt administration none excels Mr. James A. Farley, Postmaster General, in the quantity of his public outpourings. From certain angles—that of self-complacency, for example—the quality holds up pretty well, too.

Since his elevation to the Cabinet, Mr. Farley has become the most loquacious and ubiquitous of Postmasters General. Hardly a week passes but he speaks in some part of the country at least once. He attends more banquets than any other, exudes more new-deal eulogies and dishes out more happy prophecies to the citizens.

Mr. Farley's speeches these days fairly reek with righteousness. He denounces selfishness and greed; he is against sin and sordidness. He is for the true and the pure and the beautiful. His addresses are more like lectures or sermons than mere administration propaganda. The impression one gets from reading or listening to Mr. Farley is that he is the personal representative of a holy cause; that all the really good people are either members of the Administration or supporters of it; that those who criticize are inspired by sinister purposes and should be ignored. Such was the general purport of his speech in Wilmington last night.

Now, aside from the fact it seems hardly possible for any politician to be quite as noble as Mr. Farley appears from his public utterances or for any administration to have quite as complete a monopoly on virtue and wisdom—aside from these things, this is a rather inappropriate time for Mr. Farley to be prating about purity in politics, advocating good government and reform. The reason is, or should be, well understood. There happens to be pending at Albany a measure, the passage of which is conceded essential if the city of New York is to be saved from bankruptcy. Only through its enactment can the city be pulled out of the terrible hole into which the Tammany machine, of which Mr. Farley for years was a cog, has plunged it.

This bill is supported by the Fusion mayor, LaGuardia, and the Democratic Governor, Lehman. It is unanimously endorsed by the press and all civic organizations. Everybody agrees it is vital. Yet, three times it has been beaten in the assembly by a group of Democratic leaders closer to Mr. Farley than anyone else. Denounced for failure to swing his friends into line behind an

emergency measure clearly in the interests of every citizen. Mr. Farley has protested that he was doing the best he could, that he had no influence with these friends of his, that he really wanted the bill to pass.

A few days ago Mayor LaGuardia, in the presence of a hundred or more men, publicly accused Mr. Farley to his face of being responsible for the defeat of the bill. Mr. Farley, much embarrassed, quite red in the face, responded feebly. Now the bill comes up for a fourth effort. In the New York Times today the situation is reported unchanged, and the bill, it is said, will probably fail again unless pressure is brought upon the recalcitrant Democrats by the Roosevelt administration. By that, of course, is meant Mr. Farley. He is the political agent of the administration. He is not only Postmaster General, sole dispenser of the Federal patronage and chairman of the national committee, but State chairman as well.

Yet Mr. Farley insists he has not sufficient influence to bring into line for a measure of vast importance to the city in which he lives a select group of his most intimate personal and political friends. No wonder Mr. LaGuardia scornfully sweeps aside his denials. No wonder friends of Mr. Roosevelt in New York are sore about Mr. Farley and puzzled about the White House attitude. In face of this situation, it takes either great audacity or great obtuseness for Mr. Farley to continue his sermons on the duty of decent citizens. To those who see the wide gap between what he does and what he says, it is painful to read him. There is some speculation as to how long before the country as a whole gets on to Mr. Farley. The trouble is that his stock of nobility is out of balance. If he could shift half the amount he uses for his words over to his deeds, he would have more than enough for both.

ST. PATRICK'S DAY ADDRESS BY SENATOR O'MAHONEY

Mr. BULKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an able address delivered by the Junior Senator from Wyoming [Mr. O'MAHONEY] before the Irish-American Civic Club, of Cleveland, Ohio, on March 17, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Of all the common interests which prompt poor humans to forgoth in social intercourse, few have a stronger appeal than the ties of national allegiance and racial origin. Those of us who are gathered around this board tonight are united, first, by a common American citizenship and, second, by descent from that race which through many centuries has made Ireland known throughout the world not only as the island of saints and of scholars but as the island of joyful fighters as well. There is no city of any size in the United States in which the sons and daughters of Ireland have not assembled today to take renewed courage from the contemplation of what the men and women of their blood have done and have been in the past. The spirit of the Irish race broods over this gathering and over a thousand like it throughout this land.

Probably there never was a time when there was greater need than there is today for the revivification of those qualities which we like to think have made both the American and the Irish people great. Not alone America but all the world is confronted by one of the most solemn crises in the history of civilization. Upon what we do in the next few years will in large measure depend the future happiness of mankind. It seems altogether fitting, therefore, that at a time like this we should seek the inspiration of all the best that lies behind us in order that the future may be improved through the fullest possible exercise of all the virtues of which we may be capable.

This is the Irish-American Civic Club. It is, therefore, primarily interested in things that are Irish, in things that are American, and in things that have to do with the civic welfare of this land to which we owe our allegiance. It is not my intention tonight to enter upon any extended discussion of the achievements of individual Irishmen; nor, indeed, to trace the spread of the Irish race in this country. That story is familiar to all of us. It may, however, be worth while just as a preliminary to recall the fact that men and women of Irish lineage began coming to this continent and to the Colonies, which became the United States of America, long before the American Revolution. When the proud descendants of the Colonial settlers of Massachusetts Bay speak of the *Mayflower*, Americans of Irish descent may, with equal pride, speak of the *Flying Harte*, which, in 1621, with a complement of passengers from the County Cork, landed at Newport News, Va. The local records of every one of the principal Colonies reveal the names of thousands of Irishmen who long before the Revolution were members of the Colonial militia and the owners of Colonial property. In the regiment which George Washington commanded as early as 1754 were more than a dozen officers bearing good old Gaelic names. His mother's second cousin, the daughter of her uncle, Colonel William Ball, was married in Virginia in 1724 to Dennis McCarthy, the son of Daniel, who had emigrated from Ireland to settle in Virginia in 1690.

The records of the port of Boston, early in the eighteenth century, tell the story of vessel after vessel which landed there with countless passengers from Erin. As early as June 25, 1716, we find in the official minutes of the city of Boston notation of the arrival from Ireland of the vessel *The Globe* with Irish passengers. Year by year the emigrant ships from Ireland reached these shores under the command of Carrolls and Finneys and Mc-

Carthy. Capt. Daniel McCarthy made report to the selectmen of Boston in May 1763 of the passengers whom he brought to Massachusetts from Kinsale, Ireland, in that year.

Thus early was the strain of Irish blood introduced into the Colonies; and when the Revolution came, the Kellys and Burkes and Sheas were found in every fighting regiment that engaged in the struggle for independence. There is scarcely a familiar Irish name that it is not to be found on the regimental rosters of the Revolution. Small wonder that this was true, because throughout the seventeenth century, as throughout the eighteenth and the nineteenth, a steady stream of Irish emigrants poured into this country. The laws which oppressed the Irish Catholics and the Irish Presbyterians alike drove thousands of them to the Colonies, and all of them became patriotic Americans from the moment of their landing.

The Marquis de Chastellux who came to America in 1782 writing about conditions as he found them, said:

"An Irishman, the instant he sets foot on American soil, becomes ipso facto an American. This was uniformly the case during the whole of the late war. While Englishmen and Scotchmen were treated with jealousy and distrust, even with the best recommendations of zeal and attachment to the cause, the native of Ireland stood in need of no other certificate than his dialect. Indeed, their conduct in the late war amply justified their favorable opinion, for whilst the Irish emigrant was fighting the battles of America by sea and land, the Irish merchants, principally of Charleston, Baltimore, and Philadelphia, labored with indefatigable zeal at all hazards to promote the spirit of enterprise, and increase the wealth and maintain the credit of the country. Their purses always were opened, and their persons devoted to the country's cause, and on more than one imminent occasion Congress itself, and the very existence of America probably, owed its preservation to the fidelity and firmness of the Irish."

No descendant of Irish parents has not thrilled with pride at the stories of the exploits of the Wild Geese, those patriotic exiles who formed the Irish brigades in the French, Spanish, and Italian armies. Few perhaps realize that a very large element of the forces sent to the colonies from France to aid Washington were composed of these same Irish exiles. No fewer than four Irish regiments commanded by Dillon, Walsh, Burwick, and Roche-Fermoy fought with Lafayette and the other French leaders during the Revolution.

These facts I cite merely to emphasize the ties which from the earliest days have united men of the Irish race to the United States. The Irish-American heritage is as long and as proud a heritage as that of any other national group which can claim a part in the building of this Nation.

With that knowledge our sense of obligation for the maintenance here of a Nation dedicated to the principles of liberty can only be the more profound. What, then, is the greatest contribution that men and women of Irish blood can make to the preservation of this great country in the making of which they have played so important a part? The obvious answer is, of course, the fullest possible exercise of those qualities which have made the Irish great. Irishmen are proverbially courageous. They are proverbially good-humored. They have always had a high degree of moral and personal integrity, but the quality of all qualities of which our race can be proudest is its dauntless devotion to liberty.

For more than a thousand years the people of Ireland have been fighting for freedom. Driven from their native land they continued that fight wherever fate led their footsteps. Those who have not understood the story of Ireland have thought and often said that Irishmen fight merely for the love of the conflict, but that sentiment is entertained only because British commentators who settled in Ireland could never quite comprehend why an Irishman preferred to struggle for his independence against whatever odds rather than to submit to what he knew to be an alien yoke.

It is an interesting though perhaps unprofitable pursuit to speculate on what the course of history might have been if some critical event had turned out otherwise than it actually did. Historians often wondered what might have happened if Carthage rather than Rome had triumphed. Sometimes I think that the fate of Ireland, of England, and perhaps of Europe itself, turned on the chance of battle more than a thousand years ago near the city of Dublin. In the tenth century, years before William the Norman had landed in England, an ancient Irish king had compelled the recognition of his sovereignty through the length and breadth of Ireland except among the Danish invaders. At the battle of Clontarf he engaged them in a decisive conflict and forever broke their power in Ireland. At the time of that battle Brian Boru was over 80 years of age. With him in the struggle on that eventful day were his son and his grandson. By a strange mischance of fate, all three were slain. The reigning king and his dynasty were destroyed in the battle which the Irish won. Had any one of the three survived it would in all probability have been an Irish sovereignty rather than a British which was to gain sway over the British Isles. Before another powerful successor to Brian Boru could develop in Ireland, the Norman invasion of England had turned the tide of history.

I realize, of course, that this is just a fantasy—a vain vision of the things that might have been, and I recite the story without the slightest racial pang of regret that things turned out as they did. The nation that William the Norman founded is not now the power that once it was, but the race that suffered at Clontarf, that lost the opportunity then presented of taking the leadership in European affairs, still retains all its vitality, all its courage, all its character.

From the date of the Battle of Clontarf down to our own time it has struggled without cessation for the principle of freedom. It has endured everything rather than surrender its determination to be free, everything but principle. Irishmen were willing to surrender every scrap of property rather than submit. They endured privation; they lost their learning; they saw their women and their children suffer; they saw their homes devastated and their farms laid bare; they made every sacrifice but the one thing they would not sacrifice was their passion for liberty.

This, then, is the background of the Irish love of liberty. This is the explanation of that spirit which would never yield. This is why through all the centuries of oppression the Irish soul could not be conquered. In a vivid and eloquent phrase Terrence Mac-Sweeney, who immolated himself for the Irish cause, less than 20 years ago, defined the inborn conviction which, above all others, is the explanation of the Irish character. "Not all the armies of the earth," he wrote, "can conquer one true man."

What greater tribute can we pay to the memory of those heroic men and women of Erin, who through 10 centuries kept the fires of liberty burning, than to exercise the opportunity that is ours to carry on.

Some of the historians of ancient Ireland give us an interesting account of the customs of that early race. The kingship was not hereditary.

True, it was held narrowly, perhaps within a ruling family or class, but within those bounds it went to the man who could hold it—not to the man who could claim it merely because he was his father's son. Frequently a brother succeeded brother, or a cousin a cousin, because the son could not exercise the power himself. That, after all, is the principle of democracy.

More interesting, perhaps, than that, is the fact that in ancient Ireland, the essential ownership of land belonged not so much to him whose father acquired it, but to him who could actually use it to the best advantage. Within certain limits the land belonged to the clan—and no member of the clan except he who through extraordinary prowess was in his own proper person entitled to extraordinary consideration could claim the fruits of any land which he could not himself use. The system was not very different from that which has been followed from the early days in the arid regions of the West with respect to water.

In Wyoming, water belongs not to him who can first claim and hold it, but to him who can use it. If the holder of a water right fails to use it beneficially, he loses it to his neighbor who can and will use it.

Why do I cite this ancient Irish system which has its modern American counterpart? Because it teaches us the lesson which we must learn or perish. This world of ours does not belong to the dead. It belongs to the living.

The dead can and should exert no power except that which they bequeath to us in character and in spirit. And if we cannot measure up to the spiritual standards of our fathers, then the sooner we cease to encumber the earth the better for ourselves and for our successors.

Only a few days ago I had occasion to walk through the ante-room of the office of a member of the President's Cabinet. There on the wall I saw the photographs of 4 Presidents and of 4 Cabinets, and it all seemed to me like the fleeting scenes of a motion picture. For a few short years a few of us put on the trappings of power and authority. If we lose our perspective, we imagine that it is because of some powerful inherent virtue in ourselves; but if we retain our common touch, we know that we are useful only so long as we represent some necessary urge of the people for whom we speak. It is the right of use which controlled the land in ancient Ireland and which now controls the water in the arid West that controls the present. It is the right of use for all the people which should and which will dominate the future of this Nation.

An industrial civilization the result of the development of science and invention has utterly changed the unit of social existence.

In the days of old, every nation or state, if not indeed every city, was to all intents and purposes a self-supporting unit. When our forefathers first began coming to this country, almost everything that the family needed was produced on the farm—clothing as well as food. It had to be so, because isolated communities had to depend on themselves. The present complex industrial system, with the means of communication and transportation making the whole world smaller than Europe alone was in the seventeenth century, has called into existence new economic units which in many instances are larger and more influential than many of our political units.

Consider just a few—the American Telephone & Telegraph, the Standard Oil Cos., the power companies, some of the railroads. The lives and happiness of millions of our people are more intimately associated with the activities of these economic units than they are with those of any city or most States.

Now, the control of these huge units is, for the most part, closely held by a comparatively few individuals, while the great mass of those who are dependent upon them have nothing to say about the direction of their policies.

This is the condition which, willy-nilly, has resulted in the erection of a huge bureaucracy at Washington during the last 25 years. Our people have been trying to solve the problems of a new age with the instrumentalities of the old one.

In that fact all of us who have the good fortune to be alive today have an opportunity as great as that which was ever presented to any generation in history.

Ours is the task of achieving economic liberty. In this crisis of all crises America needs all the character and all the strength which has been the genius of the Irish race. Now, of all times, the spirit of our fathers calls us. And on St. Patrick's Day, 1934, we say to America and to the world, the sons and daughters of Ireland will not fail!

NOMINATION OF DANIEL D. MOORE

Mr. LONG. Mr. President, I desire to make an announcement in connection with the nomination of Mr. Daniel D. Moore to be internal-revenue collector for the district of Louisiana. The American Federation of Labor has asked that the nomination be recommitted, and that representatives of the Federation be permitted to be heard before the committee. Tomorrow, when the question comes up, I am going to move to recommit the nomination in order that the representatives of the American Federation of Labor may be heard.

Mr. BARKLEY. Mr. President, in that connection I simply desire to say that no such request has been made of the committee or of any member of it.

Mr. LONG. It is in the CONGRESSIONAL RECORD. I put it in yesterday, and I supposed the Senator had received it.

Mr. BARKLEY. There is a way by which any committee can be asked to take action on anything. That way is perfectly plain. No request of that kind has been made.

Mr. LONG. I will see that it is properly communicated to the Senator from Kentucky.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. LONG. Mr. President, yesterday, just before adjournment, I undertook to speak on the pending amendment to the Philippine independence bill. As I understand the amendment proposed by the Senator from Iowa [Mr. DICKINSON], he would undertake to shorten the period provided in the bill so that Philippine independence may be accomplished in 5 years instead of 10 years. I am in favor of the amendment so far as it goes. The amendment proposed by the Senator from Iowa would do one good thing in that it would help the bill by shortening the intervening period to 5 years; but, as was disclosed in the question propounded and answer given by the Senator from Maryland [Mr. TYNDINGS] yesterday, the bill does not mean the independence of the Philippines unless in the next few years something extraordinary shall happen in that quarter of the world different from anything that ever has happened there.

Mr. President, there have not been any 12 months during the last 5 years when there has not been something happening in the Orient that might have required American intervention. The trouble in Manchuria, as looked upon by the former Secretary of State, Mr. Stimson, would have been sufficient cause for the United States to have remained in the Orient. The Canton episode some years ago could easily have been interpreted as sufficient reason for the United States not leaving the Orient. Any number of other episodes might easily be cited as sufficient ground for the President to have concluded that it was not time for the United States to leave the Orient.

I voted for the Hawes-Cutting bill because it was the only measure we could get at the time. I thought that by its

passage we at least placed ourselves upon record in a declaratory attitude toward Philippine independence. At that time we had been hoping we could get some kind of legislation that might be approved by the Executive, or as to which we could override his veto. That is about all we got out of the bill which was passed in the last Congress.

If we think we are going to give the Filipinos their independence by passing a bill supposed to provide for a 10-year period to enable them to adjust their difficulties, supposed to allow them to arrange their trade so that they will not need the United States market, so that they may adjust their domestic affairs without the danger of internal strife, so that matters in the Orient may be adjusted in such a way that the Philippines will not be confronted by the hazard of a foreign nation taking them over, so that they may be allowed to recoup their finances sufficiently to organize an army and navy and set up a stable government and be enabled to equip themselves with various and sundry other mechanisms necessary to carry on a government, we are badly mistaken. If we pass this bill, providing that in the event all those things shall not be accomplished it will be within the discretion of the President of the United States to intervene and keep the United States in the Philippines indefinitely, then the bill will prove to be absolutely a void and empty gesture in the direction of freeing the Philippine Islands.

The bill does not mean anything at all, except that practically we have postponed acting on Philippine independence for 10 years. We are merely entering into some kind of an agreement with the Philippines which really prevents the United States from seizing the psychological moment to get out of the Orient. That will be the effect of the bill if we shall pass it.

My friend, the Senator from Maryland [Mr. TYDINGS], whose brilliancy I have envied for many years, has made a magnificent research into this question. He understands it thoroughly. He was very honest and very frank yesterday in making sufficient admissions to indicate, as he himself practically stated in his own words, that the bill does not mean Philippine independence. The answer which the Senator very honorably made here was that it is left to the President of the United States, and if the President should be like the ones we have had, we will remain in the Philippines until Gabriel blows his horn. That is the answer he had to make, and that is all we can gather from the bill.

Who has served as President of the United States since I have known anything about government who would ever have gotten out of the Philippine Islands under the provisions of this bill? Would Mr. Hoover have gotten out of the Philippine Islands under the bill? I ask any Senator on this floor if, under the kind of pronouncements made by Mr. Hoover, there would have been 1 chance in 50,000,000 that, under the terms of the Hawes-Cutting bill, he would ever have taken our Government out of the Philippine Islands? Would the present President of the United States get out of the Philippine Islands under the terms of this bill? Most assuredly he would not. Would Mr. Coolidge, his predecessor in the Presidential office, have gotten out under the terms of the bill? We have a thousand utterances to show that as Mr. Coolidge looked on the situation there was not 1 chance in 10,000,000 that he would ever have gotten out of the Philippine Islands under the terms of a measure such as this. Neither would Mr. Harding nor Mr. Wilson, or any other President I have known anything about, have gotten out of the Philippine Islands under the literal terms and provisions that are written into the bill now before us. It is a void gesture. It is a harmful gesture. It not only does not mean independence, Mr. President, but it muddles up the domestic situation. I am talking about America's domestic problems, which I am going to come to in a minute.

This bill muddles up insular affairs. It creates a foreign complication. It is worse than if we did not do anything at all, because it suspends us between heaven and earth for a period of 10 years under some kind of an apparently good-faith agreement with the Philippine Islands, and postpones

for 10 years the day when we can really take sensible action instead of doing it now.

I have come to the conclusion that if I wanted to do something to keep the Philippine Islands from being free, I would pass this bill. Knowing the situation as I know it, if I honestly wanted to postpone Philippine independence for 10 years—and 10 years means that we will be so entangled and interwoven and inextricably messed up with oriental problems that probably we will never get out—if I wanted to do something that would postpone Philippine independence for 10 years, and that means perhaps forever, until some foreign power gets strong enough to take the islands away from us or force us out of the Orient anyway, I would go right ahead and pass the Hawes-Cutting bill.

We do not get out of the Philippine Islands under this bill. I should prefer the amendment of the Senator from Michigan [Mr. VANDENBERG]. The measure that he has proposed would be far preferable to this bill. At least we would give the Filipinos their independence under his bill and extend a helping hand to them. That is far preferable to this gesture. But far beyond the bill of the Senator from Michigan, the only sensible, sane thing to do is to pass a bill here that is short, simple, easy to understand, which in a period of 2½ years means that the Philippine Islands will no longer be a part of American territory and we shall be out of there.

We are talking now about adjusting something in 10 years. What kind of conditions are we going to have there 10 years from now?

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. I yield to the Senator.

Mr. KING. The Senator from Michigan [Mr. VANDENBERG] clearly demonstrated yesterday that under the most favorable conditions it will be at least 12 years before we can get out of the Philippines, and probably 12 or 15 years; and, as the Senator from Louisiana has said, perhaps we shall be there indefinitely.

Mr. LONG. I take the position that not only is it a matter of 12 or 15 years, but there is not any question but that we are never going to get out of the islands under this bill. There never has been a 10-year period since we have had the Philippine Islands when we could have freed them under the Hawes-Cutting bill. There never has been, in the most tranquil period the world has ever known, any 10-year period that can be picked out when we could have freed them under the terms of the Hawes-Cutting bill; and with Japan developing, taking over Manchuria, and maybe taking another hunk of China every day or so, things never will be quiet enough in that country to enable us to free the Philippine Islands.

This bill is an empty gesture. The best thing we could possibly do, since the Philippine Islands have refused to approve what we passed last year, is to pass a bill that will really free them.

I am coming now to discuss the proposition of the immediate freedom of the Philippine Islands. The term "the Philippine Islands" is a loose one. I am going to discuss the subject from a historical standpoint, as my friend from Maryland [Mr. TYDINGS] did yesterday.

The acquisition of the Philippines, as the Senator from Maryland disclosed yesterday, represents a black mark against the American Government that it never has washed off. In the first place, we went into a war with Spain that we had no business ever going into. Then, after we had gone into a war with Spain, we hailed over toward the Philippine Islands, and we propagated among the Filipinos the idea that they ought to throw off the Spanish yoke and declare themselves free. It was the American envoys and the American admirals and the American generals who encouraged Aguinaldo's forces in the Philippine Islands to throw off the Spanish yoke and declare themselves free and independent. When the Filipinos had won their independence, Spain did not want to surrender to the Filipinos, but wanted to surrender to the United States; and after we had

aroused the Filipinos to throw off the Spanish yoke and had declared war on Spain, we turned around and accepted a surrender of the Philippines from Spain, and paid \$15,000,000 and took over the Philippine Islands ourselves.

If that was not double-crossing both Spain and the Filipinos at the same time, I do not know how a nation could do it. It was a perfect piece of international piracy that was done by the United States Government in encouraging those people in one breath to declare war and throw off the Spanish yoke, and then, when they had declared war and had won their independence in a war that the Americans had encouraged them to make, America went in and accepted the surrender of the islands to keep the Filipinos from having what they had won by force of arms.

Then we took the Philippines. We had a sugar industry in this country. Down in the State of Louisiana we had raised as much as 400,000 tons of sugar in 1 year. The United States has contributed to that experiment, and we have established in the Louisiana State University a school where we have taught the science of sugar raising to the people in the Philippine Islands, and to the people in Cuba, and to the people in Louisiana, and to the people of the West. The greatest institute dealing with the question of sugar to be found in the world today is the Louisiana State University, and the only one of its kind. We have developed various and sundry varieties and assortments of cane. Similar experiments were carried on by the beet-sugar industry until we had raised our native production up to 400,000 tons, and out in the West they had developed the beet-sugar enterprise up to a point where I believe the maximum was something like four or five times as much sugar as we raised in the State of Louisiana from sugarcane.

We are still running that school down there. The beet people in the West are still making their experiments, and America is not making enough cane and enough beets to come anywhere near supplying the needs of America for sugar. With all the claptrap that has been put out about the price of sugar having been kept up by the sugar tariff, the facts are that the people of America purchase their sugar at a much lower price than the people of other countries where they have no such thing as a domestic sugar industry. A domestic sugar industry is just as necessary to America as any other domestic industry of any kind that it has; and if we have any sense in our heads we would not dare tomorrow to think about destroying the domestic sugar industry of the United States.

Someone who has an obsession on the question of free trade—some Senator, I believe, who has become infatuated with this great, all-embracing Mother Hubbard expression of free trade—has made the statement that the United States Government could have bought all the sugar lands of the State of Louisiana and have saved money by not having any sugar tariff. Why, Mr. President, if that Senator had thought a moment he could have said the same thing about the lumber industry. He could have said the same thing about the fur industry. The same thing could be said about practically every other industry, and the same thing can be said about the cotton industry in a few more years. According to that thin-spun idea and prejudicial doctrine, we would not have anything in this country but a bunch of consumers, and they would not be raising anything to buy with. This antitariff craze that sweeps over this country about every 10 years, when something happens and nobody understands what the trouble is, always leads to a barrage against sugar in which the people really do not understand just what the facts are with which they are dealing.

Mr. President, I am going to talk first about taking care of this country, and then I am going to talk about taking care of the Filipinos. Here is an industry that is crying for a chance to expand. Here is an agricultural industry that needs to produce many times what it is now producing, and the public is crying for the product; but because we have Cuba on the one side and the Philippines on the other side we have never been able to settle upon an American policy that means anything like stability to the domestic sugar business.

Why not think about weeping some of these salty tears over the American farmer? Why not think about spending some of this time worrying over our own people? Senators talk about getting out of the Philippine Islands and say that, if this is done, the Filipinos will not have anything to do. Well, we have millions of farmers in the United States today who have not had anything to do for 3 or 4 years. Why have all this talk to the effect that, 10,000 miles away, about a thousand or so miles underneath Japan, and somewhere around the horn of China, a Mongolian race is not going to have all the things to do that it wants to do, when right here in the United States we have three or four million farmers who have not a thing on God's earth to do and are crying for something to do to make a living, while some people are going 10,000 miles to drop their salty tears?

Mr. President, if we could just stop taking a spyglass and looking 10,000 miles every time we take a peek into humanity's problems, and look right underneath the cooking stove and see what is there, we would not have so much trouble settling the Philippine problem and all the rest of them. These international students are what has ruined this country [laughter], making little old loans down there to little old banks.

I went into a bank in Shreveport one day to borrow a hundred dollars, and the cashier of the bank said he would have to call the executive committee together. I went back about an hour later, and he had the executive committee together; and one of the gentlemen sitting in the executive committee, who did not know any more about the foreign situation than I know about astronomy, said he did not think they ought to make a loan of that kind, because the Balkan condition was about to break out again and cause trouble. [Laughter.] International complications keep some people from seeing, right underneath the mouth of the gun, what is affecting the American people today.

We have farmers in America; and instead of having cramped the sugar business, instead of having blighted the sugar business, we ought to have encouraged them to go ahead and raise enough sugar to supply every man, woman, and child in America with all the sugar they need. We do not need to worry about the Filipinos. The Lord put them over there in a country that has a climate where they do not have to have shoes, as we have to have them in this country. They do not have to have clothes there as we have to have them in this country; but we have decided that we must Americanize the Filipinos so that they can live over in the Orient.

We have to bring them up to the American standard of living and then throw them back to living among Chinamen and Japanese. We do not need to extend our helping hand. The Filipinos will be in the Philippines whether we are there or not. They are not going to be hurt one jot or tittle by our getting out of there. As long as the Philippine people can raise all they need to eat and all they need to wear they do not need anybody else there. They can raise everything they need to eat, and they can raise everything they need to wear, and as long as they can raise what they need to put on their backs and what they need for sustenance, the balance is a mere superficial proposition of international entanglements. It is unnecessary for anybody to go to the Philippines and help them.

America has its own problems, and America has its own industries. America had a sugar industry here long before we ever thought of going to the Philippine Islands. What have we done? We hear talk about getting the Filipinos to adjust themselves economically so that they can thrive under their own man power. What have they been doing? They were not raising any substantial amount of sugar when we took the Philippine Islands in 1898. I had the figures as to the sugar production there and put them into the RECORD. It was an inconsequential amount at best, practically nothing. Now they have developed a big sugar industry.

Then they looked over and saw the cotton farmer of the United States. They did not develop the vegetable-oil business. They did not know anything about the vegetable-oil

business, but in the South it was found, through scientific research and discovery, that we could make a vegetable compound out of cottonseed oil that was good for many things. Lo and behold, over in the Philippine Islands the people come along with coconut oil. Every time we develop an industry in the United States, after we have spent millions of dollars in doing it, and years and years of time and talent and experiment in bringing it to fruition, then the Philippine Islands, with more favorable climatic conditions, not having the seasonal disadvantages this country has, come along with some product and wipe our domestic enterprise out of the market.

Mr. President, instead of passing the Bankhead cotton bill, or any other cotton bill, or imposing any kind of a sugar tariff, we ought to take off the lid and say that the United States Government is going to raise everything the United States Government needs. After we have done that we may talk about taking care of foreign countries. To talk about the tariff being so complicated with international questions and problems involving insular possessions, the idea that we have to restrict our own products and put our own farmers out of work, and have three and four and five million of them walking the roads and the highways and the streets, to keep the Philippine Islands in our position, a people who do not want to be under our sovereignty, who have no business being under our sovereignty, and who ought never to have been taken in the first place—it is a proposition which the Congress itself should not countenance.

Mr. President, let us deal with the Philippine problem just a moment. Let us suppose we get out of the Philippine Islands now. We are told, "Do not get out now. Get out of there in 10 or 12 or 15 years." Let us suppose that America tomorrow morning freed the Philippine Islands, perhaps remaining 10 or 12 months in order to help them get matters adjusted. Who is going to oppose that? The opposition is not in the Philippine Islands. The people there are ready for independence right now. Talk to Mr. Aguinaldo, and Mr. Aguinaldo says they are ready for independence. Talk to the Philippine Legislature, and they say they are ready for independence. Talk to any of the Filipinos who have anything to do with the matter, as Filipinos, and they will tell you they are ready for independence and can take care of their own problems. That is their case.

Our American financier has gone to the Philippine Islands, and he has established an industry over there to compete with the American cotton industry, and he does not want to get out. Our American financier has gone over there and established a sugar business, and he does not want to get out. He is competing with the American sugar financiers. Various and sundry other industries have gone there and invested their money in the Philippine Islands, and they have businesses, which means that they have to discriminate against some domestic enterprise in the United States in everything in which they are making a copper cent. There is hardly one of them making a copper cent over there who is not doing it at the disadvantage of some domestic institution in the United States today. It is the man in business over there who wants some kind of folderol wrapped around the law in a brown package—if this thing happens and this does not happen, and somebody thinks something, then they might accidentally some time get out of the Philippine Islands.

We are never going to get out of the Philippine Islands immediately. We have been promising them immediate independence ever since I was a boy. I remember the first school debate in which I ever participated in my life was on the question of freeing the Philippine Islands. I think it was about the year 1904, perhaps 1908.

I know of my own personal knowledge that there was a plank covering the subject in the Democratic platform in 1908. We have reviewed the Democratic platforms on the question of Philippine independence. We adopted platforms on the Philippine independence question, I think, beginning with 1900. I find on referring to the platforms that we dealt with the question in 1900.

Mr. Bryan was a candidate for President the second time in that year, and I shall read what we said then on the question of Philippine independence and what we ought to continue to say.

We do a lot of talking in these platforms. If the Democratic Party and the Republican Party had lived up to their platforms we would not have had any of the troubles we have experienced with the Philippines or anything else we have had to deal with. We write a great big platform and give it out to the American people and say, "Here is what we are going to do if we get into office." Then, after we get in, we spend 95 percent of the time in trying to find some way to juggle and keep from carrying out the platform. Ninety-five percent of our time is being spent in trying to keep from doing what we told the people we were going to do in the last election. Ninety-five percent of the time is taken up in passing the buck.

In the last campaign we told the people we were going to redistribute wealth in this country. We have not done that, and we are using all kinds of hocus-pocus and blind signs to keep the people from noticing that we are not doing the things we told them we were going to do. There were two things that led to the Democratic Party being put into power—Hoover driving the soldiers out of Washington and the Democratic Party promising to spread the wealth. Then, after Hoover drove the soldiers out, we came along and made Hoover look like a piker by cutting down the compensation of the soldiers and putting them out of the hospitals. Hoover drove out people who were able to walk, but we put people out of the hospitals when they could not walk. [Laughter.]

Ninety-five percent of the time after an election is spent trying to keep from doing what the parties promised the people they were going to do, an absolutely disgusting proposition, to have them resolute and resolute and resolute and parade behind brass bands and say that everything is going to be all right, and then to have the parties get the power, one at one time and the other the next time, and then spend all the time trying to find a way to keep from doing what they told the people they were going to do when they got in.

This is what the Democratic Party said in 1900—and the Democratic Party is no worse than the Republican Party. The Republicans were elected on the ground that the Democrats did not do what they said they were going to do, and then the Democrats beat the Republicans on the ground that the Republicans did not do what they said they were going to do. Then the other one comes in on the ground that the other one did not keep its word. When are the people going to find out that they cannot trust either one of them? I hope the memories of the people will be long enough, sometime, to cause them to say to one party convention, "We took your word 4 years ago and you did not do what you said you were going to do." Then I hope they will say to the other party, "We took your word 4 years ago, and you did not do what you said you were going to do. Now we are going to kick you both out." Whenever the people are able to remember 4 years it is going to mean that these parties will have to keep their word.

This is what the Democratic Party said in 1900, when I was 7 years old. No; I was but 6 years old, because they met in June, and I was 7 in August. [Laughter.]

The Philippines.

We condemn and denounce the Philippine policy of the present administration.

That referred to the administration when McKinley was in office. McKinley, as we know, did not want to go to war. They drove him into the war, poor fellow. The Democrats in the House actually set about driving him to take the country into war, and he weakened and went to war. Of course, the Democrats were trying to find something about which to criticize McKinley, and they jumped on him and said he was allowing poor, bleeding Cuba to be imposed upon by the Spaniards.

They sent out a lot of poem writers and a lot of other writers saying that Cuba must be freed. They wrote several songs, and played music throughout the country, and

finally somebody blew up the *Maine*. Probably it was blown up from the inside. Nobody knows who did it. Then the passions of the people were fanned into flame, and America went into the war, and double-crossed the Philippines and the Spaniards, as the Senator from Maryland very aptly pointed out yesterday in his remarks, to which I take no exception. I agree with him absolutely in everything he has said along that line. Then the Democratic Party condemned Mr. McKinley for doing what the Democratic Party tried to make him do. They condemned him, and this is what they said. I will read the remainder of it:

We condemn and denounce the Philippine policy of the present administration. It has involved the Republic in unnecessary war, sacrificed the lives of many of our noblest sons—

Oh, we were talking bravely. We were in a convention. We were in one of those conventions such as I was in in Chicago last summer. We were in a convention resolving. Lives had been unnecessarily spent. People had been sacrificed upon the altar of greed. Everybody was feeling good; they were going to do better.

Political conventions, Mr. President, remind me of southern camp meetings. The preachers came down to my section and held such meetings, and they converted me every time they held one, and they converted everybody else in the country round-about. Every time they conducted such a meeting they converted the people, but they had to hold another one in a few months to keep the people they had converted in the churches at all, or they would backslide. That is the way it is with political parties. In order to keep in the minds of the people who attend the conventions what they have resolved about they ought to hold conventions every year. They ought to have revival conventions so that those who resolute and make pledges will remember their pledges and remember their promises.

I read further from the Democratic platform of 1900:

It has involved the Republic in unnecessary war, sacrificed the lives of many of our noblest sons, and placed the United States, previously known and applauded throughout the world as the champion of freedom, in the false and un-American position of crushing with military force the efforts of our former allies to achieve liberty and self-government.

Positively that declaration, made in 1900, was the truth, and if it was the truth then it is the truth now. We had no business whatever to take the Philippines. It was a betrayal of our principles. It was a betrayal of the people who had become our allies against Spain, fighting for their own freedom.

Admiral Dewey went over to the Philippines, took the little Filipino off behind the house, and said, "Now you go off there and declare yourselves free from the Spaniards, and you are going to be a free country", and the Filipino took him at his word and went back and whipped Spain and had a free country, and then the Spaniards came back and we took them behind the house and we said to them "You hold out and surrender to us and we will take the Philippine Islands over." Talk about international piracy. If a man did that in the pursuits of private business he would not be respected among his fellow citizens for a moment.

The platform goes on to say:

The Filipinos cannot be citizens without endangering our civilization; they cannot be subjects without imperiling our form of government—

And that was true. The Supreme Court of the United States had to take the Constitution and bend it into a double knot in order to hold that the Philippines could be acquired.

There was not anything in the Constitution allowing it to be done. But we did it. Then the platform goes on to say:

and as we are not willing to surrender our civilization nor to convert the Republic into an empire we favor an immediate declaration of the Nation's purpose to give the Filipinos, first, a stable form of government; second, independence; and, third, protection from outside interference such as has been given for nearly a century to the Republics of Central and South America.

The greedy commercialism which dictated the Philippine policy of the Republican administration attempted to justify it with the plea that it would pay, but even this sordid and

unworthy plea fails when brought to the test of facts. The war of criminal aggression against the Filipinos, entailing an annual expense of many millions, has already cost more than any possible profit that could accrue from the entire Philippine trade for years to come. Furthermore, when trade is extended at the expense of liberty the price is always too high.

That was the Democratic platform in 1900. Well, we did not get into office that time; the Republicans got in. So we went back in 1904 and resolved again. Here is what the Democratic Party said in 1904:

We insist that we ought to do for the Filipinos what we have done already for the Cubans.

It is our duty to do this, that, and the other; and they promised to get out of there.

The Republicans woke up about that time. Let us see what they did. I think they got themselves up a Philippine platform about that time. Perhaps they did not. I have forgotten just when the Republicans began to resolute about it. I do not find it in the 1904 platform, and I pass to 1908.

The Democratic Party again resolved in 1908, and at page 149 of this little book I find the following:

We condemn the experiment in imperialism as an inexcusable blunder which has involved us in enormous expenses, brought us weakness instead of strength, and laid our Nation open to the charge of abandoning a fundamental doctrine of self-government. We favor an immediate declaration of the Nation's purpose to recognize the independence of the Philippine Islands as soon as a stable government can be established.

That was in 1908. I do not think the Republicans had anything in their platform about the Philippines in 1908. That was when Mr. Bryan was running the third time for President. Oh, they did have a Philippine plank, but the Republicans declared for free trade between the Philippine Islands and the United States. That is all they had in their platform.

In 1912 we had another declaration in our platform for Philippine independence.

In 1916 the Democratic Party had another declaration in favor of Philippine independence in their platform. We said that we had no business being over there, and practically condemned ourselves for going over there.

We come back year after year, Mr. President, year after year, with our promise to the people of the United States and to the Filipinos, right down to the present time, and our promise is that we are going to free the Philippine Islands. So much for the platforms.

Now, when we are discussing the subject in the Congress we say that we have to take time to get out of the Philippines. How long do we think it is going to take to establish a stable government? We began in the year 1900 and we said that we were going to establish a stable government and get out of there. For 34 years we have been at this experiment of having a stable government in the Philippine Islands, and we still have not achieved a stable government. We have not established such a stable government as that we can even declare when we may get out of there. We say, after experimenting for 34 years, that as soon as we can get a stable government in the Philippines, we are going to get out of there.

Mr. President, we had the Philippine Islands under the Republicans from 1898 to 1912, and then we had them under the Democrats in 1912, and from that time to 1920, and then the Republicans took them and kept them until 1933, and now the Democrats have them back again, and after 36 years of American ownership, and undertaking to establish a stable government, we now have a bill which provides that if things get all right we will get out of there in 12 or 15 years.

If we are to say that we are imperialists and want to keep the American financiers in the Philippines shipping to America products from the Philippines which can be raised under more favorable climatic conditions than they can be raised in this country, then let us quit the business and let us have nothing more to do about it. If we are afraid to

free the Philippine Islands in 34 months, then we might just as well be afraid to free them in 12 years.

Mr. President, I want to read from the pending Philippine bill. It is provided in section 1 that the Philippine Legislature is authorized to elect delegates and to formulate a constitution not later than October 1, 1934. It is provided in section 2, in several subsections, just what that constitution must contain and some of the things it may not contain. It can take care of the public debt. The bill proceeds at considerable length to provide the specifications of what they may do and what they may not do.

Then we come to section 3, under which they have to submit their constitution to the President of the United States, and he has to be satisfied that the constitution complies with the terms and conditions of the act. We have to have a President who thinks it is a good thing to free the Philippine Islands before he is going to go very far in thinking they have complied with all the sundry terms and conditions contained in the bill. That is loophole no. 1, if any loophole is wanted.

Then, and after the constitution shall have been presented it will have to be submitted to the Philippine people and let them have another vote on it. They will have to meet and elect delegates; then the delegates will have to frame a constitution that suits the American people, and then the American Government will have to submit it back to the Philippine people, and the Philippine people will have to vote on it at that time. Even then they are just getting started.

After all that is done, and while American financiers are over there in the meantime meddling around with the Filipinos in an effort to keep them in some kind of an embroilment, with all the American investments they are trying to keep profitable over there, so that they may continue to ship their coconut oil to this country, which hurts the cotton farmer and puts him out of business, and while they are trying to continue shipping Philippine sugar to this country and destroy the American sugar producers—all the time they are out there messing around, the Philippine people are writing a constitution, sending it over here, having an election over there, and then holding another election or something, until finally they get started, and when all that is done, then a period of 10 years must elapse, for which period we have made provision in the bill, to determine just what kind of relations are to be maintained between America and the Philippine people.

We are going to have some kind of a government over the Filipinos all the time, but gradually we are supposed to be letting loose the reins, until finally something works out, and a good time arrives when there is no need for intervention—and we say, according to the provisions of this bill, that there must not be any intervention, except by the President, and that is all the provision we need in the bill in order to have all the interventions we want—and after so long a time then we are going to free the Philippine Islands. I make the statement that there has never been a country freed in that manner since the days of Adam; there has never been such a thing as that ever done; there has never been known a country that was freed over a period of 10 years and there never will be one.

We did not treat Cuba in that way. We enacted a law, we gave Cuba our protection, and then we got out of Cuba; that is, the Government got out of there, but the American financier went back into Cuba. That brings up something that is an incident, but I will have to discuss the Cuban problem sooner or later and I might as well discuss it here and now, and show how the Cuban picture has been juggled into the Philippine picture.

Mr. President, we freed Cuba and turned her loose. Cuba was free; she could run herself and get along the best she could; but the American capitalists had to get their hands on Cuba, and they got their hands on Cuba for two reasons. First, in order to try their luck there themselves, and then to put themselves in such a position that they could mulct the American people in an amount of money that would be more than they had spent, and get hold of 51 or 55 percent

of it anyway. They filched, Mr. President, the American people; one banking house alone, I am told, to an extent of flotations amounting to nearly \$700,000,000. These American banking enterprises interested in Cuba loaded hundreds of millions of bonds on the American people, and got the money of the American people, until they finally began to take over practically all the property the poor Cubans had, so that today Cuba, supposed to be nominally a free country, is owned, lock, stock, and barrel by American financial interests, and there is hardly enough land there to put your foot down on that the American capitalists have not tangled up in such a way that there is no such thing as native ownership in Cuba.

We are talking about Cuban problems and about trying to keep Cuba safe for the Cubans. We are not trying to do any such dad-gummed thing. We are trying to keep Cuba for the American investors who went there and sold that country and took the money of the American people to do it. That is the trouble with the Cuban question. They are talking now about how they want to give the Cubans a fair break, particularly Cuban sugar. It is not Cuban sugar they want to get a fair break for; it is the sugar that the capitalists of America have in Cuba and which they have used the money of the American people to take over and that the Cubans do not own. That is what they have been trying to do, and the reason we are in Cuba now is that we are trying to save this foreign investment in Cuba.

Mr. President, the representatives of these financial interests are down here today pleading for the right of Cuba to sell sugar in America. The only reason they are down here doing that is because they own it and the Cubans do not own anything. We are trying to choke Cuba down to the ground so that the natives can never repudiate the bloated bonds that have been put on that country by the most fraudulent schemes that were ever known.

When Machado was running that country the Chase National Bank sent an investigator to look over the books and records and see what kind of a government Machado was operating. The investigator sent a report back to the Chase National Bank that Machado was running the government in defiance of law and order and proper civil government; and yet, on the heels of that kind of a report that came from their own investigator, they made an enormous loan to that Cuban Government. Then, when the investigator reported that the conditions in Cuba were such that they were liable never to get their money back, what did the Chase National Bank do? It went out and floated a bond issue for some twenty or thirty million dollars and sold those fraudulent bonds to the American people.

After they found out from their own investigation, as the report shows, what the conditions were, this Rockefeller syndicate that I am talking about, headed by the great philanthropist who had to hire publicity agents and ministers of the gospel to wipe out of the memory of the American people the crimes and sins that he had committed here in this country—after they had the report of their own investigator showing that Machado could not pay those loans, that he was embezzling and squandering that money, and when they had twenty or thirty million dollars of the bonds in their own vaults, they got up another bond issue and floated the bonds out to the American people.

We have done a whole lot of investigating and we have done a whole lot of resolving here; we have condemned this and we have condemned that; we have gone out to make the American people believe that we were just raising Cain with these American financiers, but all we were doing was hitting them on the wrist.

I heard my friend from Arkansas [Mr. ROBINSON] say the other day that we had exposed their damnable practices to such an extent that they would not dare to indulge in them again, but, lo and behold, the day after he made that speech they loaded off on the American public the airplane stocks 24 hours before the air-mail contracts were canceled. Right on the heels of the splendid speech of my friend from Arkansas, in which he said that we had exposed the stock gamblers and manipulators to such an extent that they would not dare

ever try a thing like this again; lo and behold, airplane stocks were dumped into the lap of the American people 24 hours before the air-mail contracts were canceled. Nothing has ever stopped them.

There is only one way on the topside face of the earth to deal with the Cuban problem or the Philippine problem, either—and the problem in one case is practically the same as the problem in the other—and that is to keep out of entangling alliances, let the American financial interests segregate themselves, let the Cubans take over the country that belongs to the Cubans, let American capital get out of there, let Cuba run Cuba, and let America run America. It is not up to us to try to protect swindling investments they have made to the extent of crippling the beet-sugar industry of the farmers of the West and the cane farmers of Louisiana and of Florida.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. VANDENBERG. If there is any responsibility upon our part for stabilizing Cuba's economics it certainly is a national responsibility and should not be charged to a few sugar sectors of the United States and to the American farmer.

Mr. LONG. That is right; that is my view about it. If we do have any responsibility, it is a national one and should be supported by the National Government, but every time they want to do something for Cuba they take it out of the hide of the sugar farmer. The American sugar farmer is a human being. One might think, judging by certain statements which are made, that he was some kind of a queer animal. Millions of people just as good as live under the American flag in the Middle West, in the State of Louisiana, and in the State of Florida are depending upon the production of sugar for a living. They have been doing as patriotic a thing as anybody has ever done, because America has an undersupply of sugar; America has not nearly enough sugar to satisfy its domestic wants. We have from time to time had the Government make appropriations to develop varieties of cane and varieties of beets, and to teach processes of refining, and then, about every 5 or 6 years, we come here and slap the whole thing into a cocked hat on the ground that we have got to do something to take care of Cuba.

We ought to have something settled in this country some day about this question instead of coming back with suggestions of reciprocal agreements by which we are going to put the American farmer further into the hole. We hear it said—I was not present, but I understand that one of these professors connected with the Government said he had decided we did not need the domestic sugar industry. I think he said substantially that before a committee of the House of Representatives—that he had made up his mind that we did not need a domestic sugar industry.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. VANDENBERG. The representative to whom the Senator refers assented to the proposition that the pending sugar program is intended to give the domestic industry a shot in the arm, and then slide it out of business before it wakes up. That is the picturesque definition of what is intended.

Mr. LONG. I have not any doubt in my mind but what they have had that idea in the back of their heads all along. Why? Because the financial center around Wall Street owns the sugar industry in Cuba, and owns it in the Philippines, too, but in the United States the sugar industry is comprised of millions of small farmers, free men. The capitalists owning the sugar lands want to operate through a slave system in Cuba; they want to operate through a slave system in the Philippine Islands; they own the whole thing; but the small farmer is the man they are aiming at. They are not aiming at the big man, oh, no; they are the men

who own Cuba; they are the men who own the Philippine Islands. They are aiming at the men in Louisiana who are draining the bayous for crawfish in order to get something to eat. They are going to drive them into some other line when every other line is overcrowded, and sugar is today the only industry of any consequence that offers an outlet for millions of farmers in the United States.

If we are looking for a place to put our farmers, we have got a place right here to put them; but we will not put them there because we are letting the bankers of Wall Street keep us complicated with Cuba and the Philippine Islands all the time. We have a place here to take care of 3,000,000 farming families. We need them, because America needs sugar; a self-contained America needs to expand its sugar industry. Yet we are crying and weeping salty tears over the fate of people 10,000 miles away that we had to double-cross to put under the American flag, although they never had any business being under the American flag to start with. We are making a gigantic pretext that we have got, in 10, 12, or 15 years, to get out of the Philippine Islands for fear we are liable to shake a bush and some Japanese will run over there some day. Do not do anything that will wake up the baby; it has got to be cared for very quietly and very sweetly; we have got to give it every care and attention and comfort; this little infant that whipped Spain 36 years ago has got to be carefully nursed and comforted, and soothing sirup given, and the daily bath given for 35 more years. Then we will take a look at it and see how it has grown, and if we are satisfied that it has grown big enough to be worth anything to us, we will keep it for 15 years more, and if it is big enough, we will keep it, anyway. That is what this whole policy means.

It means we are going to keep the Philippines in one way or another. First, if they are not worth anything, we are going to keep them because they do not know how to help themselves. Second, if they are worth anything, we are going to keep them for what we can get out of them. We can turn them loose 12 or 15 years from now. They are to hold one election over here, and then they are to have another election. They write a constitution, and the President writes a constitution. Then they have to go out and start all over again. If anything comes up in the meantime, the President takes them over again. Then we will have to start all over again and pass another bill. We will start all over again. We will be passing laws until the day of judgment has come unless some foreign power, as I said, wrests them from us when the time comes.

General Washington said we should adopt an American policy that the United States should stay out of Europe. He never thought about us going three times farther than Europe, but he said we should have a policy that the United States should stay out of Europe. When Europe tried to come back to the South American countries the United States held up the Monroe Doctrine and told them to stay out of America. Now we have gone to the Orient, and we cannot turn the Philippine Islands loose.

What is there to be done over there in 21 months, as the Senator from Idaho [Mr. BORAH] said? Will somebody tell me how in the realm of his fancied imagination things can be made any better in 10 years than they can be made in 2½ years? I want to see the smart man in the Senate—and we have 95 real smart ones here—who can, from the viewpoint of the most imaginary scheme that he can propose, figure out that it is going to be any easier to get out of the Philippines 10 years from now than it will be 2½ years from now? If we start out on the theory that we may get out in 12 years, that means we are not going to do anything to get out of there, or that will help us to get out of there in 10 years. If we start to get out in 2½ years, then we are on our way out. We will have freed them and declared that we are to be out in 30 months. Then the United States would start getting ready to move right out of there. There never has been any country ever freed by any process like that since Abraham pitched the first tent he ever made. There has never been a country turned loose in that way, and there never will be one turned loose in that way.

If we really intend to free the Philippines, if we insist on taking the 12-year period or the 10-year period, then let us not say we are going to keep them 12 years and then they will be free. Let us take the Vandenberg substitute and declare them absolutely excommunicated, and then give them the help of the American people for such time as may be necessary. But better than that is the substitute of the Senator from Utah [Mr. KING]. His substitute authorizes the Philippine Legislature to provide for an election of delegates not earlier than 8 months and not later than a year for the purpose of proposing a constitution.

In section 1 of the substitute of the Senator from Utah there are provided some few things that the constitution shall contain. It does not have in it all the various and sundry complications which are contained in the bill we are now debating. The Governor General may issue a proclamation within 6 months evidencing the adoption of that constitution. According to the substitute of the Senator from Utah, very simply and very quickly, and without any folderol, at a time not to exceed 31 months from the beginning, the Philippine Islands shall pass from the custody and control of the United States altogether. That is one sensible way to get out of the Philippine Islands.

The amendment which the Senator from Iowa [Mr. DICKINSON] has offered is to a very good purpose. What he proposes is that instead of there being a 10-year period we shall make it 5 years, which would mean in reality about 8 years. That is good. I should say, if we adopt his amendment and everything is carried out according to its terms and there is no intervention, we would get out of the Philippines in between 12 and 15 years. I cannot figure how we can ever possibly get out of there earlier than 12 years. I would estimate that it would take us 12 or 13 years to get out of there under the very best conditions.

Thirteen years! Think what has happened during the last 13 years. Look back to the year 1921 and think what changes this country has undergone since then. Talk about 13 years from now, with things changing as they have been. During the period of 13 years from 1908 to 1921 there was invented a gun to shoot 25 times as far as any gun had ever shot before. The Lord only knows what will be the condition in the world 13 years from now. We have the travel in the air that is being developed, the changes in mechanics, the changes in government, revolutions in one country, aggressions by another, and in a period of 13 years there is no way to tell under the living sun what the condition is going to be.

I know that the Senate wants to get rid of the Philippine Islands. If we want to get rid of the Philippines, let us not pass a bill that means we are going to fiddle around for 13 years and have custody of them all that time. We will never get out of the Philippine Islands under that kind of a plan. I would rather pass nothing than to pass that kind of a measure. We had to yield to Mr. Hoover and we made a mistake in doing it. I now realize that. We ought not to have paid any attention to Mr. Hoover. We ought to have passed the kind of a bill we wanted, and let him veto it, and then we ought to have passed it over his veto if we had the votes to do it. If it had not been for Mr. Hoover's veto and for the fact that we had to compromise with a lot of Republican Senators to get them to vote for Philippine independence at all, we never would have written any such bill as we did; but on account of the weight of Mr. Hoover and his administration, we had to complicate ourselves and compromise in order to get the votes to pass the kind of bill that finally was passed, and even then Mr. Hoover vetoed it.

I had an amendment which I proposed to that bill dealing with the sugar question. The sugar amendment was finally adopted. It was either on my motion or the motion of someone else that we reformed the provision for a plebiscite. I think we struck it out. We first voted down an amendment to do that and later on we agreed to an amendment of some kind that was proposed, I believe, by one of the authors of the bill. I think that is the way it finally came out. We eventually got the bill after we had enough in it to cause

us to know that there was only one chance in a thousand that the Philippines might some day be free, and then Mr. Hoover vetoed it after all.

I wonder if many Senators now here remember the time Mr. Hoover published his veto message? He went out and published in the big newspapers in the country an opinion by the War Department, an opinion by the State Department, and I do not remember how many other departments there were whose statements he published. If anyone read at all any of the statements published at that time by the Chief Executive, he would have known that there was not a way under the living sun that the United States could get out of the Philippine Islands.

As I read, coming back on the train from New York on a Sunday morning, that message of Mr. Hoover and of all his Cabinet members, I thought, "This bill would not be worth the paper it is written on if Hoover were the President who had to enforce it, because, according to what he says here, he would be intervening and intermixing with the Philippine situation from day to night; whereas, according to this bill, he would not have to go there more than one time."

Why, according to the message that Mr. Hoover pronounced at that time—and all of us know what it was—there is not a way in which we could free the Philippines under this bill. Who is going to be President during the next 10 years? Who is going to be Governor General over there during the next 10 or 12 years? I do not believe anybody in the Senate, if he will think a minute, believes we are going to get rid of the Philippine Islands under this bill. I do not believe it. I do not impugn the motives or the honor of anybody; but if Senators will just think deep down and use the reasoning powers that God gave them, I do not believe there is anybody in the Senate who thinks we are going to start getting rid of the Philippines under this bill. I do not believe any man can think so. There is no way at all of getting rid of the Philippine Islands under this bill; and if we pass a law that stipulates an interval of more than 2 or 3 years, we are not going to get rid of them either.

Another election will come along, and it will be said that the Philippine matter is all settled. Then we will elect another House and another Senate, and we will have forgotten all about the Philippine Islands. In the meantime these financial pirates of the United States—there may be worse ones somewhere else, but I should like to make a swap of them—will have been out over all this country, putting their hands into the politics of the United States to try to get a House and a Senate and a President and a Cabinet here that will leave them complicated with the Philippine situation and the Cuban situation, and we will wind up here with such a state of affairs that we will never get rid of the Philippines, if we wait 4 years, and I know we will not get rid of them if we wait 8 years, and I will bet all I ever will have that we will not get rid of them if we wait 12 years; and we will give these people 12 years to mess around with a situation like that. Never on the topside face of the earth will we get rid of the Philippines under a bill of this kind.

We never had any business in the Philippines anyway. How were they getting along over there before we took them? Was the Government of Spain taking care of the Philippines before we took them in 1898? Is anybody going to stand up in the Senate and tell me that the Government of Spain helped the Filipinos any better than they would have been helped before 1898?

I am here to tell you that the Philippines were just as able to govern themselves in 1898 as Spain was able to govern them in 1898. They were in just as good shape to have gone free in 1898 as they had been to remain under the yoke of Spain up to 1898; and if we had let them alone and stayed out of there and never messed with them, we never would have heard topside or bottom of the Philippine situation. They would not be the only islands that are independent of this country. That would not be the only little string of islands that has not anybody else on

them. There are plenty more of them. Now and then they are involved in a war, but nations do not need them to have a war. They are going to have a war anyway. Islands do not cause war. That is not what is going to bring on the next war, and that is not what brought on the last war. The financial masters of this country brought on the last war, and they helped to bring on the War with Spain, and they will be the ones that will control the next war if one is ever fought, and nations have little enough sense to be drawn into it.

Talk about the Philippine Islands causing a war. The Philippine Islands will not cause any such thing. If we are going to have a war over the Philippine Islands, why did we not have a war over Manchuria? People talk about Japan being liable to take something they cannot take now. They took China, did they not? They will go in there and take another hunk of China whenever they get ready. We will stay here and we will not go to war about it, either. Is there any more reason to go to war because they take the Filipinos than because they took Chinamen? Not a bit of it.

In the first place, Japan will not think about bothering the Filipinos. That would raise an issue and would break their golden plum right now. They would not think about taking them. The minute America announces to the whole civilized and uncivilized world that the Monroe Doctrine, or something similar to it, applies to the Philippine Islands, just as long as America remains a power that is going to be just as good as though America were right there. What we have there now would not keep anybody from taking the Philippine Islands. We have not enough Army and Navy in them, or enough fortifications there, to keep Japan from going down and taking the Philippines tomorrow morning. If we were going to offer any defense for the Philippines, we would have to go there right now to do it, and we probably would have to fight the Filipinos to do it. Probably Japan would tell the Filipinos what we told them. We are not the only nation that could double-cross somebody. Japan could take a leaf out of our book.

We took the Filipinos around the house and told them in 1898 to go out and get their freedom; glory be, we would stand by them; and they went out and whipped Spain and got it. Then, when Spain saw they were bottled up and could not go another step, they sent word over to the United States that they wanted to surrender to America and not to the Filipinos; and then we went around and double-crossed the Filipinos and let Spain surrender to us, and gave them \$15,000,000 for a people that we told to throw off the yoke of Spain. Very likely the Japs could take a leaf out of our book.

When we are talking about Japanese international piracy, we can talk about some of our own Americans. We do not have to go to Japan to find double-crossers in national and international politics. We have them right here, and have had them ever since 1898, according to the knowledge I gained from the remarks of the Senator from Maryland [Mr. TYDINGS]. We had them here in 1898; and suppose we did.

If we tried to defend our ownership of the Philippine Islands today, they would be able to say to the Philippine Islands, "You have a right to be free right now", and that means they would have the Filipinos with them; whereas if we should pass the King bill and free the Philippine Islands, the day that Japan went in there they would have to fight the Filipinos and America together, because the Filipinos would be free and they would be fighting for their own freedom, and they would have America backing up the 30,000,000 people in the Philippine Islands to do it. Today, on the other hand, if Japan wanted to make an aggression against the Filipinos, they would say, "Asia for the Asiatics", and they would have the Filipinos and the Japanese fighting for the sovereignty of Asia, just as we have proclaimed the Monroe Doctrine for the sovereignty of America.

Sensible? There is not one grain of sense in talking about trying to stay in the Philippines 12 years and promising them all the time that they may be turned loose provided conditions are such that we can do it.

Mr. President, do you want to know how to bring on a war? If we should promise the Filipinos that we were going to free them under the Hawes bill, and then we should go back to intervene there one time, we would have an uprising in the Philippines, and we would have the other orientals fighting with them. The best thing that could happen would be not to write such a provision into the Hawes bill if we are going to pass it, because we are almost absolutely certain to have a war if we try to go back in the Philippine Islands and maintain that kind of a custody or control.

The time has come when we shall have to do something for the American farmer. I am willing to let Asia take care of the Asiatics, and God bless them in their undertaking. I am willing to extend every helping hand that I can. Their climate is a climate that is fitted for the people living there. They live there with the products that they are capable of raising, sometimes with only a limited amount of effort, with certain advantages that the Lord gives to that kind of a country and to that kind of a climate. We are here under entirely different conditions, in a different latitude.

I am willing to extend every helping hand, but I want Asia for the Asiatics and America for the Americans. There is not any more reason to promulgate the Monroe Doctrine and say that America is going to hold a protectorate over the little countries of Central and South America than there is to say that we are going to let the Asiatics hold a little kind of protecting hand over one another. We would be just as fair and just as reasonable if we should do that, and I am not so sure but that they would be just about as capable of doing it as we are. I am not so sure that if they were to take the advice of some of the Asiatics they would not get along just about as well as we did.

We have not done so very well with our protectorate over the South and Central American countries—not so well as to brag about. We have held them under our supervision; but when we begin to talk about the benevolent influences that we have, sometimes it makes me cry to think about it. Right here under the dome of this Capitol we have honored and wined and dined and banqueted men in this country, and placed them on boards and commissions, and extolled them for their splendid virtues, at the very time when their pictures were paraded in the big magazines of this country as having been revolutionary pirates who stole hundreds of acres of ground from the people living in Central and South America.

It almost makes a good honest American patriot weep; it almost makes a man want to go back and take a back seat and never show his face again and claim that he is an American patriot, when publications have the brazen audacity and effrontery to parade the visages of these monstrous American financial pirates to the men and women and children of this country even under their own statements that they have accumulated their fortunes by the piracy and revolutionary robbery that they perpetrated upon the people in Central and South America; and do they live? Why, they not only live but they come here and are appointed on boards and commissions and help write codes for the regulation of honest businesses. Those pirates, those vandals, and those rascals who practice their rascality on this continent, and have practiced it on every other continent that they can, are brought in here and set up as big business managers and financial magnates of power and decision, and are allowed to prescribe codes for the domestic operations of various and sundry businesses throughout this country.

When we are saying that the Philippine Islands are liable to be subjected to the calamity of some other Asiatic province dictating some of their personal affairs or some of their business affairs, I do not know whether they would not get along better with them than they would with the financial magnates that we have set over our insular possessions. The way Cuba is being treated today I feel sorry for the Cubans. If there ever was a people on the living face of the globe for whose deliverance every American ought to kneel and pray to his Lord, it is the poor Cubans. We have gone over there and we have pitied the poor Cuban

as though he were the man who is menacing the sugar business of this country. He is not the man who is doing it. It is the financial pirates of this country who have taken every acre of ground that Cuba has in it through bloated speculation, most of which they have palmed off on the innocent investors of America; and now, in order to rescue what they have in the island of Cuba, they have to bring here from Cuba their sugar, that the native Cuban will never get very much out of at the very best, and crucify the American sugar farmer in order to do it.

If I had the affairs of Cuba in my hands, I would say to Cuba, "You have just as much right to shape your domestic policy as anyone else has." I would let the Cuban people, and the government that the Cuban people have set up, preempt every acre of ground in Cuba and distribute it among those people just as they pleased.

I would say to the American financier, "You went into Cuba to deal with the Cuban people under such a form of government as the Cuban people wanted to set up." It is not possible for a financial circle to acquire the entire ownership of Cuba, the land, without enslaving the people with it.

Mr. President, that is the trouble with the insular problem today. We are not trying to take care of Cuba, and we are not trying to take care of the Philippines. Under this pretense of charity, and under this pretense of philanthropy for the Filipinos and the Cubans, we become so patriotic for their welfare that we just slide in there and take every acre of ground they have. It is like being rescued by a burglar. Under this patriotic feeling of ours, we go into Cuba and turn the people out. And how we help them! We just take everything they have, so that the Cuban does not own the sand of the desert; he does not own the land of the farm; he does not own the cabin; he does not own a thing on the whole island. Yet we are over there to help take care of him.

When we get through taking care of him, what is left of him can take care of itself. These benevolent financial magnates of America are over taking care of the Philippine Islands now. They will soon have this country pretty well taken care of. They have about got it taken care of now. There is not much left of this country. It is taken care of by this great race of financial masters, business magnates, philanthropists of commerce, the creators of the new religion, "Do to other lest you be done." [Laughter.]

They have taken this country, and have done to it about as much as they have done to Cuba. They have 130,000,000 people, with blood going through their veins, whom they can offer up as cannon fodder whenever they need them in order to take something else.

What have they done to America, the same men who have the Philippine Islands, the same men who have Cuba? They have America, too. They do not intend that we shall be much better off than the Cubans, and if you can talk with one of them in a moment when he will let his heart of hearts speak, it will be found that they do not intend to have anything happen to America except to be ground down to peasantry. They intend that, outside of a few of the select circle, there will be nothing but a feudal system here, and peasants and slaves to serve them. That is all they intend. They will pay just as low wages as they have to pay. They will allow just as little of the outside world as they dare allow, and that is all they will do.

America stands today piddling around with one little old thing on one side and another thing on the other side, always sending for the brains and the talents supposed to exist in the heads of these masters of finance. We have never had an administration yet that I have seen or known anything about which, regardless of the kind of a speedy reform we found it necessary to adopt, did not call upon the superior talents and brains of these masters of finance and business who brought about the wreckage to start with.

It used to be, in old times, I have understood, that when the captain of a ship ran it on the rocks, they would get another captain. It used to be that when the leader of an army was about to destroy it, they would get another leader.

It used to be that when some man running something had just about put it out of business altogether, they would get another manager. But now it is a little different. Just about the time this gang of financial pirates wrecks America altogether, we pass a law to put them in complete control of it to see what they could do, just to see what could be done. [Laughter.]

Some of us went out and denounced poor old Hoover. If I ever felt sorry for a man, it was Hoover. If I ever see that man, he is the one man I shall apologize to. [Laughter.] He is one man who has been shown one of the greatest discourtesies ever shown to an American citizen. Throughout the length and breadth of this country I went and denounced that poor fellow for having taken the advice of the financial masters of Wall Street, the men who own Cuba and own the Philippines and own this country. Throughout the length and breadth of this country I denounced the invisible influence of those financial magnates; and I charged what I thought I could prove by circumstantial evidence, that these financial magnates were the advisers of our Government. Lo and behold, 12 months later we were writing a law in the Congress, and the only difference between that and what had gone before was that, instead of the influence of those men being invisible, we called them in and put them in charge of the codes. The only difference was that I was charging that Hoover was influenced, and the next thing I knew I was sitting in the United States Senate with those birds writing out a code telling me how to run a stove mill.

N.R.A. S.A.P. J.U.G. G.I.N. [Laughter.] Every kind of combination of letters was thought up to represent some activity. Talk about regulating. Regulating; yes; and here they are regulating the regulator. [Laughter.] That is how they are being regulated; fixing up the clock with which they have to keep step. They come around and wind it every morning, put whatever pendulum they want on it, slow it down, or make it fast; anything they want to do.

Foreign policy? That is theirs to start with. Domestic policy? They now own that, too. A million dollars of their money in an island, and the people of the United States lose all control of the policy. A little handful of them have control of the Philippine Islands. They have the businesses over there which pay money, one little handful of those financial masters. We poor people down in Louisiana, millions of us, and the farmers out in the Middle West, millions of them—what do we amount to? Something has to be done to preserve and to protect the rights of the foreign sugar owners, as though the foreign countries could not take care of themselves.

Mr. President, there is more in this platform we could talk about if we wanted to. But before getting to the platform we ought to think about how we formed this Government. What was the promise to the people to begin with? The very day we declared our own independence we promised them there should not be this kind of aggression. We declared against American aggression when we wrote the document in 1776, and against the aggression of anybody else, and stated that a people should form a government suitable to the governed.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Bone in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Dill	Hayden
Ashurst	Byrnes	Duffy	Hebert
Austin	Capper	Erickson	Johnson
Bachman	Caraway	Fess	Kean
Bailey	Carey	Fletcher	Keyes
Bankhead	Clark	Frazier	King
Barbour	Connally	George	La Follette
Barkley	Coolidge	Gibson	Logan
Black	Costigan	Glass	Loneragan
Bone	Couzens	Goldsborough	Long
Borah	Cutting	Gore	McAdoo
Brown	Davis	Harrison	McCarran
Bulkeley	Dickinson	Hastings	McGill
Bulow	Dieterich	Hatch	McKellar

McNary	Patterson	Sheppard	Townsend
Metcalf	Pittman	Shipstead	Trammell
Murphy	Pope	Smith	Tydings
Neely	Reynolds	Steiner	Vandenberg
Norris	Robinson, Ark.	Stephens	Van Nuys
Nye	Robinson, Ind.	Thomas, Okla.	Wagner
O'Mahoney	Russell	Thomas, Utah	Walcott
Overton	Schall	Thompson	Walsh

The PRESIDING OFFICER (Mr. CLARK in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Iowa [Mr. DICKINSON].

NAVAL CONSTRUCTION—CONFERENCE REPORT

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. TRAMMELL. I ask unanimous consent for the present consideration of the conference report on the naval construction bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report? The Chair hears none.

The Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. KING. Mr. President, what is the report?

The PRESIDING OFFICER. The conference report on the naval construction bill.

Mr. KING. Mr. President, I ask that that may be postponed.

Mr. TRAMMELL. I move the adoption of the conference report.

The PRESIDING OFFICER. The Senator from Florida moves the adoption of the conference report.

Mr. KING. Mr. President, I ask that the report be read.

The PRESIDING OFFICER. The clerk will read the report.

Mr. McNARY. A parliamentary inquiry. Has the report gone over for a day?

The PRESIDING OFFICER. The conference report, the Chair is informed, was presented yesterday. The Senator from Louisiana has the floor, and yielded to the Senator from Florida for the purpose of asking unanimous consent for the present consideration of the conference report. No objection was heard.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Some of us came into the Chamber immediately after that action was taken. I did not know that a request had been submitted. Is it now too late to object to consideration?

The PRESIDING OFFICER. The Chair is of the opinion that it is too late at this time. Unanimous consent was requested and given for the present consideration of the report.

Mr. KING. Let the report be read, Mr. President.

Mr. LONG. Mr. President, may I ask the Senator from Florida if he will let the Senator from Utah have an opportunity to look over the report? We might save time by so doing.

Mr. TRAMMELL. Mr. President, the report is the same as that printed in the RECORD yesterday, except that in the House the amount that may be included in restrictions on contracts was changed from \$50,000 to \$10,000, which, in my opinion, improved the bill. The conference committee made that change yesterday. It also was agreed that certain provisions shall not be effective before June 30, 1934, which I think is an improvement of the bill. The House took the Senate position on those matters. With those exceptions, the entire conference report has been printed in the RECORD since day before yesterday.

Mr. KING. Mr. President, the Senator knows that in these rushing hours, with committees constantly in session, some Senators being required to attend two or three committee meetings each day, it is impossible to keep track of all reports that are submitted by committees.

I frankly say to the Senator that I do not intend, because I know it to be futile, to attempt to prevent the adoption of this report. The vote in the Senate when the so-called "Vinson bill", naval bill, was under consideration, demonstrates the futility of any attempt to secure economy in the matter of expenditures for military and naval purposes. The vote demonstrated that we are navalistic and militaristic and that we are willing to spend \$800,000,000 or \$900,000,000 annually for the maintenance of the Army and Navy, and commit ourselves, as this report does, to the expenditure of substantially \$1,000,000,000, and perhaps more, for new naval construction, notwithstanding we are protesting that we are seeking a formula under which there may be a restriction in armaments.

This bill projects us into the future and embarks this Republic upon a tempestuous sea whose destructive force may sweep over the earth. In my opinion this measure is in contravention of the Washington Treaty of 1922 and commits us, indirectly if not directly, to the construction of naval craft that we are forbidden to construct until the expiration of such treaty. And it must be remembered that the treaty provides for an extension of 2 years, during which negotiations may be conducted for further naval disarmament. My memory may be inaccurate concerning its terms, but as I recall, the treaty may be extended beyond the 1936 limit.

Were we in good faith seeking limitation of armaments and international peace and cooperation, such as would be brought about or contributed to by the reduction of military expenditures, we would not provide for the construction of battleships and battle cruisers during the life of the treaty. Indeed, we would assume that the 2 years extension would be employed in efforts to promote world peace and to relieve the nations of the frightful burdens imposed by war preparations.

I hope the Senator will not press consideration of the conference report this time, because I do not wish to interrupt the Senator from Louisiana, nor do I desire to postpone final action upon the Philippine bill, which is pending.

Mr. TRAMMELL. Mr. President, this is a privileged matter. It was reported by the conferees and has already been adopted by the House. I have no desire to enter into a lengthy discussion of the subject. The report is now pending as a matter of preference, which has been agreed to. Of course, I do not mean to take the Senator from Louisiana off the floor. He yielded to me for the purpose of calling up the conference report for consideration. The Senator from Louisiana has the floor if we are not going to take a vote on the conference report now.

Mr. KING. Mr. President, may I say to the Senator from Florida that as soon as the Philippine bill is out of the way I will join with him in asking for a vote on the naval construction bill.

Mr. TRAMMELL. Of course, the conference report is privileged, so that it may be called up at any time. However, I appreciate the Senator's courtesy.

Mr. KING. Of course, it may be called up, as the Senator suggests.

Mr. TRAMMELL. I wish to dispose of the measure. It has been before the Congress for 6 weeks or 2 months. I feel confident that a substantial majority favor the bill and will adopt the conference report. It has already been adopted by the House, and I want to try to avoid having it prolonged indefinitely, with no accomplishment on the part of anyone. I will inquire of the Senator from Maryland when he expects to get through with the Philippine bill?

Mr. TYDINGS. I hope we may be able to conclude its consideration this afternoon.

Mr. KING. I think that may be done.

Mr. BONE. Mr. President, may I ask the Senator from Florida if it is his purpose to seek a vote on the conference report at this time?

Mr. TRAMMELL. I asked that the conference report be laid before the Senate, and the request was unanimously agreed to; so that the report is now before the Senate.

Mr. President, I will make this request for unanimous consent, that immediately upon the completion of the Philippine bill now pending the conference report be made the unfinished business or that it be called up—

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent that upon the conclusion of the pending Philippine bill the conference report on the naval construction bill be made the unfinished business.

Mr. BARKLEY. Mr. President, reserving the right to object—

Mr. McNARY. Mr. President, I should like to ask that the request of the Senator from Florida be again stated.

The PRESIDING OFFICER. The Senator from Florida asked unanimous consent that, upon the conclusion of the pending Philippine bill, the conference report on the naval construction bill be made the unfinished business. The Chair thinks it is not necessary to make it the unfinished business, since it is now a privileged matter and may be taken up on motion.

Mr. TRAMMELL. I withdraw request, for the report is entitled to be taken up as a privileged matter at any time, and it is the usual procedure in the Senate that a conference report be called up at any time as a privileged matter. Then, if the Philippine measure occupies too much time, I will call up the report again as a privileged matter.

Mr. McNARY. The Senator might request unanimous consent to defer the further consideration of the report until after the final vote on the Philippine bill; then, in natural order, the report could be taken up at that time.

Mr. TRAMMELL. Mr. President, the Philippine bill may occupy 3 weeks or 3 months—and I cannot tell how long it is going to occupy; from the procedure that is taking place and the speeches that are being made, I am satisfied it will occupy 2 or 3 weeks, so I prefer to take an opportunity to call up the conference report as a privileged matter.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent temporarily to lay aside the conference report on the naval construction bill.

Mr. LONG. Mr. President, I object. I agreed to the unanimous consent request to take up the conference report. The Senator from Washington [Mr. Bone] is prepared to speak, and I had arranged to stay here to listen to him today. I want the report to be taken up now. I object to the unanimous consent to defer its consideration.

Mr. TRAMMELL. If the Senator objects, the conference report is before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BONE. Mr. President, at the time the so-called "Vinson naval bill" was before the Senate and in the Naval Affairs Committee and on the floor of the Senate certain of my amendments were adopted to the measure which I believed then and believe now reflect the real desires of the mass of people in this country with respect to the manner in which the Navy should build ships and planes in the years to come. I desire to discuss those amendments before the vote on the conferees' report, for I am most anxious that the people of America should know what has happened in conference, where practically all of these amendments have been stricken from the bill. I send to the desk a copy of the bill as it passed the Senate, and ask that, in connection with what I am saying and as preliminary to it, the amendments marked "1", "2", "3", and "4" in red pencil shall be included in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments referred to are as follows:

(1) That not less than half the tonnage (and such tonnage in addition thereto as the Government is now or may hereafter be equipped to manufacture or construct) the construction and/or manufacture of which is authorized by this act (except the 15,000-ton aircraft carrier under construction and except such materials or parts as the Government was not customarily manufacturing on Feb. 13, 1929, and is not at the time of construction

equipped to manufacture or construct) shall be constructed and/or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, arsenals, and/or plants or factories of the United States now or hereafter equipped for the manufacture or construction of naval vessels and/or the equipment therefor: * * *

(2) *Provided further*, That not less than 25 percent of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

The foregoing proviso is subject to the further condition that if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair its own naval aircraft therein, and, in addition, such other and further plants and facilities shall, as speedily as possible, be constructed and/or acquired by purchase or condemnation for the purpose of enabling the Government to take over and perform the work of constructing, manufacturing, and repairing not less than 25 percent of its naval aircraft therein. The funds necessary for the enlargement and expansion of such existing plants and facilities owned by the Government, and for the construction and acquisition of new plants, factories, facilities, and equipment for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated.

(3) *Provided*, That any profit resulting from any contract, or subcontract, of \$10,000 or more, payable from such funds as may hereafter be appropriated for the vessel or vessels and aircraft authorized herein, or vessels heretofore authorized but not yet contracted for, or payable by the contractor to any subcontractor, shall not exceed 10 percent of the cost of performing such contract or the subcontract, respectively. All contractors and subcontractors shall report the net profits from such contracts, under oath, to the Secretary of the Treasury of the United States, upon the completion of the work under such contract or subcontract. Such report shall provide such information and be on such forms as shall be prescribed by the Secretary of the Treasury. All profits of either the contractor or subcontractor in excess of said 10 percent shall be and become the property of the United States of America and shall be collected by the Secretary of the Treasury by suit or otherwise, and be paid into the Treasury of the United States under such rules and regulations as the Secretary of the Treasury may prescribe (4): *And provided further*, That every such contract shall provide that the books, records, accounts, contracts, memoranda, documents, papers, and correspondence of the contractor and of its affiliates and subsidiaries and of each and every subcontractor shall, during the usual hours of business, be subject to examination by the Bureau of the Budget or by any duly authorized representative of either House of the Congress. As used in this section the word "subsidiary" means any person over whom or which such contractor has actual or legal control, whether by stock ownership or otherwise; and the term "affiliate" means any person who has actual or legal control over such contractor whether by stock ownership or otherwise.

Mr. BONE. Mr. President, the amendments which I have marked are the amendments I supported and which were adopted in the Naval Affairs Committee and on the floor of the Senate. It were well for the people of this country to be familiar with the scope and effect of those amendments. I fully believe that they reflect the desire of the people of this country to have a new deal in connection with the business of preparing for war.

Preliminary to what I am going to say, I wish to call attention to a few statements that have appeared in the press during the last few days respecting the naval construction bill. One of the stricken Senate provisions provided that 50 percent of the tonnage of new ships, and as much more of the tonnage as can be built therein, shall be constructed in Government navy yards. I thought that that provision reflected the sentiment of the people of this country. In a milder form, it has been retained in the bill as agreed upon by the conferees, but with restrictions that are not found in the amendment adopted by the Naval Affairs Committee and by the Senate. The Senate amendment provided for as much more than 50 percent as could be built in expanded Government navy yards. There is objection to that, it seems, from the last source one would suspect. I read from an Associated Press dispatch of March 8, which quotes Admiral Standley, who said:

He was not in favor of the purchase by the Navy of additional yards on the Pacific coast, nor did he favor the construction of a large or fixed percentage of Navy ships in the Government-owned shipyards.

A requirement that 50 percent of new construction must be done in Government yards, Admiral Standley said, would not meet the approval of the Navy, because it wished to be able to pursue a more flexible policy with reference to the use of its yards.

We have an example of this flexible policy, so called, in the purchase of airplanes by the Government. Under the act of 1926, as almost everyone thought, the defensive arms of the Government were required to call for bids in the open market, but, instead of that, we found these agencies buying airplanes by negotiated contracts, which permitted officials of the Department to do practically anything they pleased with the vast amount of money which the Government, through Congress, had placed at their disposal. Is that sort of thing the flexibility they seek? This new program is going to involve the building of probably more than a thousand airplanes and replacements, at an estimated cost of \$95,000,000. There was a clause inserted in the bill by the Senate requiring not less than 25 percent of these airplanes to be built in Government factories. That salutary requirement is all stricken out; all of that now goes by the board, and in its place there is a provision filled with "weazel" words. I shall refer to this queer provision at greater length later on.

Let me quote from a news item in the Washington News referring to the Federal Trade Commission's criticism of the steel code:

The Commission found that the code places powerful manufacturers or groups of manufacturers in a position to compel the industry to discriminate in their favor. It also shows that the United States Steel Corporation, its subsidiaries, and Bethlehem Steel have somewhat more than a majority of the voting power in the Steel Code Authority.

What chance has this Government in dealing with such a cold-blooded trust? Part of this crowd are now licking their chops in anticipation of the killing they are going to make in shipbuilding when we turn loose this great flood of money. There will be a lot of bids so similar in amounts that they would excite the suspicion of a child. But the Government will be helpless.

The changes in the ship-construction provisions place us still further at the mercy of that gigantic combine. Independent organizations of the country that might otherwise be a competitive factor are being handcuffed. These fellows will use their code to skin the Government in excessive charges.

I quote from another Associated Press dispatch of March 19:

New evidence to show that the Navy has continued to buy airplanes through a method held illegal by its own Judge Advocate General was presented yesterday to congressional investigators, who had known that such a situation existed in the Army, but they had no documentary proof of a similar condition in the Navy. Seventy-five percent of these contracts were negotiated.

Negotiated—a nice word meaning that officials evaded what was conceded to be a requirement of the statute, or, at least, what Members of Congress thought was a requirement of the statute. But that 1926 law doubtless contains some of these weazel words I complain of here, and which gave public officials with a great love for certain private airplane companies, a chance to throw all the vast business to favored companies, competition was stifled. Seventy-five percent of planes were purchased by negotiated contracts. It was great sport for the insiders.

I want to quote from another article because it has to do with one of the things mentioned in speeches on the floor of the Senate. The Senator from Idaho [Mr. BORAH], the Senator from North Dakota [Mr. NYE], and others, have adverted to the fact that private munitions makers and builders of instrumentalities of war are the men primarily interested in this type of legislation, and their influence, for some obscure reason, has been magnified here until it terrified and should terrify loyal Americans.

I quote from a story referring to Mr. Henry Ford's statement, in which it is said:

Charging that a small group of men were responsible for war through manufacture of munitions and by fostering international distrust, Henry Ford thinks Senator BORAH has the right idea in his attack on the half-billion-dollar Navy program and other Army and Navy construction. Ford said:

"The people in general don't want war. Outlawing war depends upon the people. In the past they have followed the war makers. If we could get rid of the approximately 100 men responsible for wars in this world the people would enjoy peace."

Mr. President, I voted for the Vinson naval bill when it passed this body, and I voted for it because it contained some provisions to protect in some slight measure—not sufficiently, God knows, but in some slight measure—the American people from what I believe to be one of the most arrogant group of profiteers this country has developed in many a year.

I now call attention to the provisions brought back to us by the conferees. In the first provision, which allocated ships alternately in categories to public and private yards as it came over from the House, the conferees have made some change; the House provision was retained with some slight modification and the requirement as to alternating the building of these ships to public and private yards now contains this queer little provision. Look it over carefully and guess why it is now in the bill. It is designed to strangle expansion of Government navy yards. This is how it reads:

Except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929.

In other words, we are setting up gates and barriers which will not allow this Government to go beyond certain facilities which the Government owned in 1929; a cold, deliberate, studied effort to prevent the Government from extending its own manufacturing facilities. No regard whatever is given to the somber picture of the past, the gouging of this Government by private combines. All we do is to erect a barrier beyond which the Government may not go to protect itself, and we are asked to vote "yea" on this provision which puts manacles and gyves on the wrists of our Government itself.

Here is another one of these private shipyard "handcuffs" now slipped into the bill to stifle activity in public yards. Read it:

Provided further, That if inconsistent with the public interest in any year to have a vessel or vessels constructed as required above—

Imagine it being inconsistent to have the Government do something for itself. But it is provided that if it is inconsistent with the public interests to have a vessel constructed as required thereinbefore, the President may have such vessel built in a private yard. Sure, in a private yard. That is all the profiteer wants—exceptions, whereases, and a lot of other words to tone down the bill.

Then let us come down to the airplane provision that is brought back to us by the conferees. Instead of the requirement that 25 percent or more of airplanes shall be built in Government factories or in factories to be acquired by the Government, if the Government when it expands its facilities in that field, the conferees bring back this provision:

That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned or operated by the United States Government.

What is the distinction between that provision and the one the Senate adopted? The Senate provision provided in effect that the Government should not only keep its present facilities but that it should expand them and acquire new facilities in order to enable it to carry out its program of not less than 25-percent construction. But here we have the words implying the policy that present facilities should not be expanded. We deliberately strike the words calling for expansion of plant facilities; the handcuffs go on our Government if we pass the bill. Will some good lawyer rise and tell me why the provision in the bill was stricken out which authorized the Government to go outside and acquire new facilities in order to meet the program?

To go further in the provision about the building of airplanes, there is inserted the following language:

Except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

More weasel words; look coldly at this effort to put manacles on the Government at a time when the investigations which are being conducted show that the Government has been victimized in this particular field, paying up to \$11,000 for an airplane engine. When it is said that is too much, some one will rise and inquire, "How do you know it is too much?" There is only one way to know it, and that is for the Government to build its own aircraft and set up a yardstick by which it may determine what are accurate, fair, and just costs.

There was a provision in the bill as it passed the Senate that any contract over \$10,000 should be subjected to the provisions of the bill. That provision seems to have been stricken out and in its place a \$50,000 limitation placed. Why this tender solicitude for private corporations?

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Washington yield to the Senator from Florida?

Mr. BONE. Certainly.

Mr. TRAMMELL. I agree with the Senator from Washington in regard to the \$10,000 limitation. On that particular point, when the provision went before the House, a point of order was made against the provision increasing the limitation to \$50,000, and the limitation was retained at \$10,000. All contracts over \$10,000 are covered.

Mr. BONE. I am happy to learn that is the case. I want to say that I have felt all along that the very able Senator from Florida, who is Chairman of the Committee on Naval Affairs, has been in sympathy with the idea of the Government's throwing off this yoke of slavery that has been imposed upon it in the years past—this servile worshiping of private interests which have had the Government in thrall for so many years. I believe that he would like to see the Government get its worshipful lips off the boots of this outfit and stand up like a free government should and have this Congress utter a declaration of independence from these fellows who "took us to the cleaners", to use a popular expression, so thoroughly and completely during the last war; who wrote a chapter of greed so unspeakably vile that it will rise forever to damn private interests that furnish war munitions. They looted and robbed the Government, and as they stand now at the bar of public opinion there is not a man or a woman or a child in the country who will rise to defend them.

I note that the House conferees very generously concurred in Senate amendments 5, 6, and 7. We seem to have won a very great victory in that respect, though none of those amendments amount to anything. They are not of importance in this matter.

Mr. President, I now want to discuss for a while the problem of war in its relationship to government, because it is one of the most vital and important problems the American people have to confront. Every mother in the country has to realize the meaning of war and know that her flesh and blood may have to pay a sad price. Every mother must know and ought to know, and every intelligent mother in this country does know, that when her boy answers the call and goes out to war, somebody under the present set-up is going to make money out of that boy's life. Therein lies one of the most sordid and horrible aspects of this whole sad business of war.

Making war is a public function. While this is obviously true, I am sometimes inclined to believe that the "private efficiency" boys, who yell so loudly about the Government being in business, would like to have the Government call for bids on a good war and let it out to contractors who could get a "cost-plus" contract—1917 style—on the killing. All the preparations for war should likewise be a public function. It is an outrage on humanity that men

should be permitted to coin the human sacrifices of war into private profits. But this whole matter rests upon a more substantial foundation than mere dollars and cents. It is a great moral issue that goes to the very roots of our civilization. War is unutterably sordid; it is the supreme folly of the race. We are calmly assured by our war chiefs that the next war will be one against civilian populations, a merciless war of extermination. The financial aspects of preparation take on a more somber and ominous hue of moral decay and national death, when such activities are prostituted to private gain. It becomes absolutely ghoulish. The men who went down into the bloody shambles of death on the battlefield and saw their comrades blown to bits, who heard men pray for death that they might be relieved from unbearable pain, these and millions more have denounced war profits in language so lurid that the *Record* would have to be printed on asbestos paper to carry the indictment.

The mothers of America are compelled to join in the supreme sacrifice. We cannot disregard them in the effort to place war on a somewhat higher ethical plane, if any aspect of war can, by the wildest stretch of the imagination, be even distantly related to anything except jungle ethics.

I believe, I hope, that the millions of mothers in this country whose little boys are safe just now but are to be the cannon fodder of tomorrow, will join with me in this sincere protest against the coining of widows' sighs and orphans' tears into war profits. I hope they will join with me in rejecting as intolerable and unsound the idea that a nation which boasts itself heir of all the ages, and foremost in the files of time, must continue to rely on the same greedy agencies that wrote the sordid and treasonable record of spoliation in the last war.

We can be made self-sufficient. Look again at these agencies of greed and plunder. Remember, all you veterans, all you mothers, that in the darkest hour for the Nation, in our supreme struggle to win, these private agencies took shameless advantage of this Government brutally and brazenly, and apparently with as little compunction of conscience as old "Harry" Morgan showed when he ravished the helpless city of Panama. If the Congress of the United States now decides that this mighty Government must rely on these forces, that we are helpless now, that private profits come first, I, for one, shall try patiently to abide by that decision. If that is to be our solemn verdict in the face of all that has transpired, if the sordid chapters of profiteering that marred the fair pages of our national history are to be translated, by the alchemy of politics, into glowing deeds of patriotism, then, of course, my protest here will be futile. If we cannot make war or prepare for war without the aid of private greed, then we should be brutally frank with the American people and tell them so now, and get ready for the growth of a spirit of cynicism that will dangerously threaten the spiritual foundations of American life.

How can we expect a great outpouring of sentiment, a great exaltation of spirit in the matter of national defense, when lurking in the background in this Banquo's ghost of human greed that shakes its gory locks at us from every page of history? Patriotism, the innate love of country, excite the noblest impulses that stir in the human breast. There should be no dross, no base alloy in this beautiful compound which cements us together in the bonds of a common brotherhood and devotion to national unity.

No one claims that profiteering is patriotic, or even decent. It is an outlaw. It stands condemned at the bar of an enlightened public opinion. Then why do we in the Senate hesitate to adopt a policy that shall solemnly and positively declare that private profits in war shall be no more, so far as legislation can effect that end?

There is not a man in this Chamber who does not recall the unconscionable profits exacted from the American people during the last war by private munition makers and private profiteers. Have we any reason to believe that these same grasping instincts will not run riot again if the chance offers? All the war profiteer asks, all he wants, is that the day of accounting be pushed off. If he can stifle

and stamp out the demand for public preparedness, another plunge into the hideous abyss of war will place us at his mercy and enthrone another era of extortion.

When the dread alarm of war comes to the Nation again, and the very blood stream of every mother is frozen with stark fears for her boys, the profiteer will again boldly stalk the boards in that hideous drama, and offer his 290,000-percent brand of preparedness to a bewildered nation that needs must accept because it itself is unprepared; and who would then dare to protest? Prison awaits the man who does it. Greed would again be elevated to the rank of patriotism, looting dignified by the very agony of a people. Hell could not spawn such a program if the archangels of the evil one devised it.

When we offer a program of public preparedness, we are forced to do battle with selfish agencies that stand in position to profit most out of our national life if war should come. They are not unbiased witnesses. Private profiteers had their hands into the Public Treasury up the very arm-pits during the last war. How can such agencies impartially decide or be an impressive factor in the decision involving such momentous policies as national defense?

Am I asking too much in demanding that we cut loose entirely from them while we have time, while safety is still ours? We might at least begin to make America self-sufficient in war by the mild provisions I suggested in the amendments to the naval bill, and which have been rejected by the conferees. Even if these mild provisions were adopted, we would still be at the mercy of profiteers to a degree that is absolutely disgraceful.

To try to stop the gouging of the Government with the provisions now in the bill were like spitting into Vesuvius to put out the fire. Had we adopted the amendments I suggested, the American people would have known that we at least tried to do something for them. Now we default. They would have known that we tried to take out of this picture one of the great motivating forces for evil—the greed of men who promote war scares in order to get contracts to make war instruments and munitions.

The great mass of people want legislation that will, as much as possible, still the raucous voice of the god of war, that will make it just a little more difficult to incite war. They want all aspects of war removed as far as possible from the realm of private profit and activity.

Dull is the man who thinks that private interests are not fomenters of war. President Wilson denounced the last war as one of commerce. I have heard able and brilliant men in this body say the same thing. Then why question efforts to get to the roots of this hellish thing?

There is a queer reaction in the minds of some good folks about this matter of private profits in war and war preparation. These profits seem to be regarded as sacrosanct. To lay profane hands on them were equivalent to tearing down the temple of liberty and defiling the Constitution itself. There has been a subtle hint thrown out that such a program might endanger the morals of our people; but I say to the American people that they need not take such propaganda too seriously. We shall manage to survive even if we shake off this fungus growth, although in so doing the profiteers may think the world is coming to an end. They may even conclude that so awful is the offense that the sun might continue to rise in the east and the tides ebb and flow, but that they would do it in a languid and perfunctory manner, as though they knew that something terrible had happened; that somehow the Ulyssean hand of the Master had been removed from the helm.

Mr. President, any nation that can survive the awful trimming these fellows gave us in the last war can stand almost anything. It certainly can stand building a few ships and airplanes in Government yards without destroying the Republic. Having plumbed the dark and devious depths of financial rascality in 1917 and 1918, we shall be able to weather the storm of public building. We ought to be wholly immune to shocks by this time.

What a glorious experience to try just once to do something to protect the average citizen against war grafters!

What a thrill it would give us to consider him for a while! It might prove to be such a novel experience that we would come to enjoy it in time.

We have ever been a people familiar with sorrow and acquainted with grief, but having to tolerate war profiteers in addition to all our other troubles is too grievous a burden to be borne with patience and fortitude. The cup of misery held to the lips of a people in such an hour of war agony should not be filled to overflowing with the gall and wormwood of private profiteering by men whose very souls are so seared by greed and whose consciences are so dulled by opportunity for sudden wealth that they cannot resist the chance to coin the blood of boys into dollars.

I believe that the Senate stands at the bar of public opinion on one question, and we must answer it: Is war making a public business? If not, then we should farm out the job to private agencies. I have no doubt, after listening to some of the bright subsidy chaps, that they would claim ability to do a much better job of killing the enemy than could the Government. They would put their famous "private initiative" into the job, and probably wind up by organizing a holding company and capitalizing on the casualties.

If it be wrong for the Government to protect its own people, then we should abdicate and get out. If war-making is a public function, then my amendments should have remained in the naval bill. We cannot carelessly juggle the financial and physical welfare of 123,000,000 people in such a dreadful business as war.

I know full well, and frankly admit, that all phases of war cannot be removed from the realm of private profit, nor have I tried to do that in the amendments I offered. To assume this to be the case is deliberately to misconstrue the express wording of the amendments. I did try to get at some of the worst evils. We hear charges from biased private subsidy quarters that the Government cannot do things private companies can do. If that is the case, which I do not admit, we had better ask ourselves why, with all this prodigal outpouring of taxpayers' money, we, as a Government, cannot do things as they should be done.

Too many powerful forces are trying with might and main to keep their own Government helpless, inept, groping in the dark. There is a bad odor about this whole business. There seems to be a cold, willful, studied, and ruthless determination to keep the Government impotent, to keep it naked and defenseless in the face of its actual and potential enemies, so that in case of war it will find itself without facilities for the production of defensive weapons, and must rely on the profiteer to secure the instruments wherewith to defend its people. This smacks of sabotage. It strikes straight at the heart of the Nation.

The contractual relationships of private individuals with their government in war and in peace should be governed by the greatest good faith on the part of the individual. Contrary to the opinion that prevails in some quarters, the government, in seeking to protect itself, is not guilty of bad faith. Private interests seeking special privileges have succeeded by specious arguments and high-pressure propaganda in having laws passed for their special benefit.

Take mail subsidies as an outstanding example of this idea. If these had been confined, as most people thought they would be, to aiding the essential operation of a new type of business so that it could ride through the trying period of pioneering operations, there probably would have been no Black committee and no national scandal growing out of this supersize Teapot Dome graft and gouge. But the men who sought and got subsidies did not content themselves with asking for enough money merely to aid a new business. They wanted huge fortunes for themselves over and above all normal and reasonable requirements of a new business. They wanted, and they got, not only operating costs, material costs, almost the whole of the capital of their business, wages, and salaries—salaries for clever "insiders" so large as to be staggering—but they grabbed so much money out of the United States Treasury in addition to all these items that it made them into multimillionaires, all at the expense of the bedeviled taxpayer.

The poor taxpayer thought he was aiding an infant industry. Instead of that he was levied on through the taxing power of Government for the one purpose of enriching some individual who was shouting from the housetops that he needed this Government pap to keep his business going. These taxpayers did not dream that they were kicked into the subsidy business to make multimillionaires out of the "velvet" in the subsidies over and above operating costs and losses, if any.

I do not believe that any friend of subsidies ever originally asserted that they should be used for any purpose other than to make up losses. No one claims that they were given with the understanding, express or implied, that they would be so huge that they would not only cover operating costs but would also make possible the payment of stupendous dividends to the owners of the business.

It was bad enough virtually to provide the entire capital of a business—a shipping business, for instance—by selling the operators ships for one seventieth of their cost to the Government; but the picture became intolerable when we sweated the taxpayers to insure dividends on top of operating costs, and finally to create huge private fortunes. By virtue of law these men, like another Caesar Augustus, were able to send forth the edict, "Let the whole nation be taxed" to support them, to make them millionaires.

I commend this to the attention of the American people as a specimen of effrontery and gall that must amaze the very gods. If there be wrong here, a grave invasion of the simplest rights of taxpayers, then it must be conceded that the thing is infamous in strict accord with the letter of the statute, always within the law. These men can say that "it is so nominated in the bond" when they exact their pound of flesh from the poor devil of a taxpayer, and it is to the eternal discomfiture of the American people who pay these frightful bills. I can be sure that I am right in asserting that the same men are, with few exceptions, enemies of the principle of the income tax that would recapture some small fraction of their treasure trove.

The same principle of taxing the people for the enrichment of individuals is all part of the fast and furious game of which war is so prominent a part. We are now to enter upon a program of naval construction in the interest of "preparedness." This policy means that the huge sum of more than a half billion of dollars is to be spent for the building of ships and armament and airplanes and ammunition. That being true, let me ask this question: Just what is it that the private manufacturer can do that the Government itself cannot do? Will he pay out more in wages to the workers? You know he will not; you know he will pay less. Will he build any better ships? You know he will not; rather he will build, since he is actuated only by the desire for profits, less worthily. Will he put back into the channels of trade all the money which the taxpayers of the Nation will be compelled to pay to carry out this tremendous program of naval "preparedness"? You know he will not; rather he will withhold every dollar that he possibly can to add to his own personal fortune or to the dividends of stockholders of the company which he represents. It is this private profit that should go as speedily as possible into wages and be translated into an increasing measure of prosperity for the many instead of the few. If that theory is wrong, our whole new-deal theory is wrong. Putting it into plain, blunt English, what I am suggesting is that we eliminate this unholy rake-off to private profiteers; that the money be spent, every dollar of it, so far as possible, for wages and for materials, the payment for which should again be translated to the ultimate degree, into wages. Wages, more wages. That is the only route to prosperity, through increasing the purchasing power of the workers.

Mr. President, national defense is the duty, the special function of the National Government. It cannot abdicate that duty. It cannot continue to farm out special privileges in this exclusive domain of government without inviting corruption such as we see on every hand in the present subsidy racket. Men in this body who are familiar with French history will recall that some of the most somber

chapters of that Nation's history deal with the farming-out of the taxing privilege—regarded in the great perspective of history as an outrageous violation of every rule of decent government. It was simply one of these flagrant examples of private individuals being permitted to exercise governmental functions. Most folks thought that the old feudal system was shot to death in the French Revolution. How queer to see some of the practices of the ancient regime of the Bourbons snuggle themselves into our system of laws, with the sanction of those who should know what a mighty social explosion they caused when they had worked out to their logical conclusion in France.

I find much consolation in the fact that war profiteers regard such proposals as I have suggested with distaste and aversion. If this group is ever really happy over anything, the American people should be in a wild panic of fear, for there will be something terribly rotten in Denmark.

I have listened as patiently as I can to the arguments for private ownership of war preparations. I have tried to follow these arguments as a sacred duty to myself, for I agree with Byron that "he who will not reason is a bigot, and he who dares not is a slave." I guess that I arrived on this scene of earthly troubles too late to understand the deep workings of the master mind that fashioned the argument that it is good and holy to allow men to make profits out of the blood of the clean young sons of American mothers who are compelled to lay their bodies on the altar of their country. I cannot understand why men cling to this almost sadistic creed in the face of the utter disillusionment and financial despair brought on not only by the horrors of war but by the frightful expense of keeping prepared in anticipation of another. Yet good men, honorable men, men whose motives I would not challenge and whose good will I covet, hug this great delusion to their breasts as though it were more sacred than the doctrine of the Holy Trinity. To question the infinitude of their wisdom or the impeccability of their views on private profit in war and war preparations, is, in their eyes, a grievous fault.

I know that war veterans all over this Nation are now demanding universal conscription of wealth in war time. But why wait for another war to put an end to the vice they assail? That vice is profits. Why wait for another war that may find us facing the same situation we confronted in 1917? To do away with war profits is the hope that springs in the breasts of millions of the cleanest people that ever graced God's footstool. Short-sighted men will blast with their foolish curse this, the noblest national aspiration that war experience has given to us.

I know that it will be too late to protest this monstrous crime against the people when the clash of arms comes. I recall all too well the price paid by some noble and distinguished men in this very body who had the courage to stand up and be counted against war profits in time of war. We forget that fact at our peril.

The thing we are now about to do is not a new deal; it is the old deal all over again. It does not even try to wear a mask; it apparently does not have to dissimulate to deceive; it tells the Nation to "go to."

In this game the people are being dealt dirty deuces and still dirtier treys, whilst the munition makers and war gougers are dealt a royal flush. I say to the American veterans, to the churches, the friends of home and peace, that the munition ring is not seriously checked by this bill in the form in which the conferees return it to us. Private profits still ride the waves of popularity here in Washington. I had hoped to vote for this bill in its final form. I had faith to believe that we were to give the American people a new deal in this matter, not one that carries all the essential evils of the old thing that brought us so near the abyss. Are the people to be disillusioned always, continually? It has been this mad race for profits, huge, unconscionable profits, that crushed our financial edifice. Are we to continue this blind and slavish subservience to the same forces that carried us to our national undoing?

On the one hand stands a small group of men who will swell already dangerously bloated fortunes if this bill becomes

law. On the other side is arrayed the American people, they who pay the supreme price in war. They will pay all the bills and yield all the flesh and blood, for the profiteer as a class gives neither. He shines most brightly as a dollar-a-year man, safe at home, where poison gas and shrapnel cannot interfere with 10,000-percent profit out of a war-wracked government. Later he becomes a leader in economy movements, and comes to Washington to try to undo the horrible financial effects of war caused by his own greed, by proposing slashes in wages and pensions. Such logic is topsyturvy; it rapes reason and stands logic on her head.

I will not become a party to a transaction that I believe outrages all the standards of what we hope is a real "new deal." This is the "old deal", so brazen, so raw, and impudent that it disdains to put on even a thin disguise. It is the "old deal", with all of its threat against the homes, the childhood of America. We might as well be frank now. I tell the mothers of America that when the next war comes and their boys troop to the colors, behind all this dread panoply of war will lurk the sinister figure of the profiteer busy at the ghoulis task of translating their blood into dollars.

I wanted to help free my country from this degrading servitude, and tried to do it by offering the amendments which would, in a measure, and, unhappily, a very small measure at that, have made such a catastrophe impossible. I do not quarrel with compromises, since the pathway of human progress is marked by compromises that have not been wholly unproductive of good results but have contributed to advancement. But we have not compromised on this matter of really trying to become self-sufficient; we have been guilty of an abject surrender to private interests. We have thrown away the opportunity to free ourselves from the domination of the profiteer.

Poor old Uncle Sam—another Samson delivered into the hands of the Philistines—another brawny Gulliver snared by Lilliputians. The giant bows his neck to the yoke.

Mr. KING obtained the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BONE. Mr. President, at this time I move that the conference report be recommitted.

The PRESIDING OFFICER. The Chair will state to the Senator from Washington that the Chair is informed that the House has already agreed to the conference report, and, therefore, the only thing for the Senate to do is to vote the conference report up or vote it down.

Mr. KING. Mr. President, I hope the Senate will adopt the suggestion just made by the Chair and vote the pending conference report down.

When the bill before us now in the form of a conference report was under consideration I opposed it because it seemed to me unwise for our Government, proclaiming, as it has proclaimed, that it is the apostle of peace and good will and is seeking the reduction of armaments, to take the lead in navalistic expenditures for the coming year, the effect of which will provoke other nations to increase their military expenditures and increase the burdens of taxation, which even now is oppressive.

It seems to me that Senators are oblivious to the enormous expenditures we are making, which obviously mean increasing the great deficit that has been created for this fiscal year into a larger one for the next fiscal year. I wonder if Senators understand the difficulty that the Ways and Means Committee of the House and the Finance Committee of the Senate are experiencing in attempting to find sources from which they may obtain sufficient revenue to meet current expenses, to say nothing of the extraordinary expenses incident to meeting the conditions resulting from the great depression in which the country has struggled for several years.

Mr. President, a year or two ago, if anyone had suggested a deficit of \$7,000,000,000 upon the part of our Government, he would have been regarded as a false prophet and a person unacquainted with fiscal affairs or with the policies and

functions of the Government. But we do have a deficit for this fiscal year of seven billions of dollars. There will be a deficit for the next fiscal year, if we continue this profigate method of expenditure, of at least seven billions and probably eight billions of dollars.

I wonder if Senators and the country appreciate the fact that in order to obtain money to meet these enormous expenses of the Government resort must be had not only to very heavy taxation but to the sale of enormous quantities of Government securities. Do Senators and the country appreciate the fact that the Government has no money except that which it extracts from the people by the strong arm of the law and by the taxgatherers who find their way into every nook and cranny of our land?

How are we to meet these expenses, Mr. President? The annual interest charges upon our indebtedness, which aggregates today approximately \$31,000,000,000, will exceed \$1,000,000,000. Then, we are compelled, under the law, to make provisions to meet the requirements of the sinking fund. That fund will approximate \$1,000,000,000 per annum.

We start out then, Mr. President, with interest charges and sinking-fund charges amounting to approximately \$2,000,000,000 annually. If we can extract from the people by taxation \$4,000,000,000 we will be accomplishing a miracle, and of course the \$4,000,000,000 will be an enormous burden upon the country, particularly as it is endeavoring to extricate itself from this depression.

It is manifest to any thinking person that with this enormous deficit, without ample provision being made to meet these growing expenditures and our ordinary governmental expenditures, Government securities sooner or later will find restricted markets; and when the credit of the Government is impaired, our governmental and industrial structure will be impaired, thus menacing our social, financial, economic, and in the end, our political structure.

I conjure Senators upon this side of the aisle to adopt policies of economy and to cease making appropriations so enormous as to stagger the very imagination of even those who have no emotions or sense of proportion.

I cannot conceive of anything but disaster to the credit of the country, with repercussions in every industrial activity, if we continue piling up these mountains of debt as we are doing day by day. I have not heard more than one or two voices raised in this Chamber during this session of Congress in opposition to the stupendous appropriations that we are making. We passed through without debate appropriation bills calling for hundreds of millions of dollars. The other day we passed two large appropriation bills within 10 minutes, without a suggestion as to the extent of the appropriations, the purposes for which they were to be employed, or a word of commendation or of condemnation.

Mr. NYE. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. I yield.

Mr. NYE. In connection with the argument the Senator from Utah is making, I hope he will not forget that the Congress can find time to devote days to whittling nickels from the payments made to the men who have made the greatest possible sacrifice for their country in time of war.

Mr. KING. Mr. President, I shall leave that task to my distinguished friend from North Dakota, whose knowledge of that question is doubtless superior to mine. I do challenge attention, however, to the fact that we do not always differentiate in appropriations.

We are generous, overgenerous where there should be economy, and we are sometimes niggardly where there should be generosity. We do not draw the line justly and fairly between legitimate and imperative appropriations and those that are tainted with profligacy. The result is, Mr. President, that we are piling up, as I have indicated, debts mountain high, that press down upon the bowed backs of labor and industry to such a degree that they are deterrents to recovery, and I fear in the end will make more oppressive the depression through which we are passing.

A great deal has been said about spending more money and still more money as a means of recovery. Mr. President, the wise course to pursue is to encourage industry to expand and to employ additional labor. We cannot forever maintain this stream of appropriations for relief and for so-called "recovery" with a hope of success unless industry is revived. Industry must be developed and thus furnish employment; money must be expended in private enterprise and the channels of trade and commerce be opened. The Government may not forever pour out funds, hoping by spending public money which we do not have, and which we must get by taxation, that we will bring about recovery. Recovery is a plant of slow growth. It must come from economies in the public administration. It must come from the development of private industry, from the expansion of the business activities of the country which will increase employment and the consuming power of the people.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. KING. I yield.

Mr. CLARK. I think the Senator will agree with me that there can be no question that expenditures in preparation for war can have no part or place whatever in the recovery program, because they are expenditures for purposes of destruction, and necessarily involve, to the extent of every penny expended, an absolute economic waste.

Mr. KING. I agree with the Senator.

Mr. President, statisticians in this and other countries have demonstrated beyond peradventure of a doubt that more than \$400,000,000,000 of capital were wasted in the recent world conflict. In addition to this destruction of capital, more than 10,000,000 of lives were lost, and more than 20,000,000 of men received wounds from which many will never recover.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I have noticed enough statements to convince me that when we get through with this program the other nations will be building just about as fast as we are building. It is merely the matter of a race, as I see it. It is not going to change our status much.

Mr. KING. Mr. President, the Senator is right. When we appropriate or authorize, as this bill does, the appropriation of a billion dollars for new naval construction; when we passed just a few days ago a bill calling for \$350,000,000 for the Navy for the next year; and we will pass in a short time, if we have not already done so, a bill carrying more than \$350,000,000 for the Army—when the nations appreciate the fact that we are expending this year or authorizing the expenditure of \$2,000,000,000 for the Army and the Navy, what effect will it have upon other nations?

Recently, when it was announced that the so-called "Vinson bill" had passed through the House, the Japanese Diet met, and there were interpellations of those in authority as to what it meant, and the reply was made that Japan would have to increase her naval appropriations in order to meet the almost unparalleled appropriations in peace times by the United States for the augmentation of its Navy.

In Great Britain, where there has been a determination to make reductions in the naval budget for the next year, immediately when we passed this bill authorizing over a billion dollars for new naval construction those in authority were constrained to readjust their budget, and to increase the amount which was allocated for naval expenditures for the next fiscal year.

Mr. CLARK. Mr. President, will the Senator further yield?

Mr. KING. I yield.

Mr. CLARK. Does not the Senator believe that by the passage of this bill the United States has taken upon itself the responsibility for being the aggressor in a new naval race and competition in naval arms in all ways comparable

to the naval race or naval competition between England and Germany which laid the foundation for the last war?

Mr. KING. I assent, Mr. President, to the implications arising from the interrogatory submitted by my friend from Missouri. When we passed the Vinson bill through the House and Senate a few days ago, the press carried statements that a new naval competitive race had been entered upon. Who is to blame? Who is responsible? Obviously, as indicated by the Senator from Missouri, the United States is not free from blame. Why? We are the most powerful nation in the world—materially and otherwise. We are the freest from any possible menace from aggressive nations—if any there should be. And yet with all those assets, which should be a great resource for peace, we discard them and become a strong expositor of the policies of war.

There is no little hypocrisy upon the part of many who profess that we are for peace and yet advocate policies that lead to war. Every Sabbath our preachers eloquently declaim against war and announce that the United States is the harbinger of peace and the standard bearer in the movement for world peace, but when they are making their eloquent appeals in many parts of the land there are organizations demanding larger appropriations for armaments. Some of the patriotic organizations of which we hear so much spend much of their time in advocating larger appropriations for the Army and Navy, and denouncing as pacifists those who lift their voices for world peace.

The Senator referred to the naval competition between Germany and Great Britain. Great Britain started with her small war vessels of about ten or eleven thousand tons. Then Germany said, "We must build larger ships." Then came the superdreadnaught; then came the great leviathans of war, the great battleships of from 25,000 to 32,500 tons. When Great Britain was engaged in that naval construction, Germany said that she, too, must increase her navy. So the race continued, finally culminating in the World War.

I said a moment ago that when it was announced that the Vinson bill had passed the House and Senate other nations took cognizance of that fact, and increased their naval appropriations, or readjusted their budgets in order to devote larger sums to the building of naval craft.

Why do we now need to authorize the expenditure of nearly a billion dollars for new naval craft? Who is the foe? Whom do we fear? Obviously no one. It is more than a gesture; it is a threat to the peace of the world; and I protest, Mr. President, against the passage of this bill; I protest against the adoption of this conference report. I think that this administration would do much to promote world peace by defeating this bill or by withdrawing it.

Recently the President of the United States made an eloquent appeal for world peace, and, in effect, denounced war and its utility in settling international controversies. Our Nation led the way in formulating a world treaty, called the "Briand-Kellogg Pact", under which as a national policy we renounced resort to war and pledged ourselves to settle all controversies or disputes by pacific means; yet, in the face of that, we passed this measure without debate, without consideration, without objection except upon the part of a few of us, the effect of which will be to stimulate the spirit of war not only in the United States but throughout the world.

Already we are talking about the most powerful navy in the world and the necessity of the United States having a navy of that proportion. The more we talk of war, the more we talk of military preparations, the stronger becomes the spirit for war, for international controversy, and the nearer we approach to the precipice over which nations have been plunged, and in the future will be plunged, if this policy shall be pursued, into the great chasm of war.

I know, Mr. President, it is futile to pursue this discussion. This bill passed with but little opposition, this conference report will be approved; nothing that can be said by Senators here will prevent it. We will continue spending enormous sums and increasing the burdens of taxation; overburdening our country with further debts; sooner or later, Mr. President, the Democratic party now in power—and I belong

to that party—will be called upon to make an accounting. The people will judge whether we acted wisely or unwisely. We shall be judged and condemned if we have betrayed the faith and confidence of the people.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG. Mr. President, I ask unanimous consent that the Senate may now vote on the Vandenberg amendment and the Dickinson amendment to the Philippine bill, and then proceed, after that, with the conference report on the naval construction bill.

The PRESIDING OFFICER. Is there objection?

Mr. TRAMMELL. Mr. President, we are, I think, ready to vote on the conference report now.

Mr. LONG. It will take but a moment to act on the two amendments I have mentioned.

Mr. TRAMMELL. Mr. President, I think we might vote now on the conference report.

Mr. McNARY. Mr. President, is the Senator from Louisiana requesting that the Senate recur to the Philippine bill while we have the conference report under consideration?

Mr. LONG. That is what I was asking.

Mr. McNARY. Mr. President, may the request be stated? I think that it is rather incomprehensible.

The PRESIDING OFFICER. The Senator from Louisiana requests unanimous consent that the Senate take a vote on the Vandenberg and Dickinson amendments to the Philippine bill at this time.

Mr. McNARY. Mr. President, there are several objections to the request. First, there is a parliamentary one. A proposal of that kind always presumes, as a condition precedent, a roll call. While it is not a limitation of debate, if agreed to, it would, in reality, limit debate. Certainly I should not want to enter into any agreement of that kind in the absence of a large number of Senators, and I shall object.

The PRESIDING OFFICER. Objection is made.

Mr. TRAMMELL. I ask that the question be put on agreeing to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report to House bill 6604.

Mr. FRAZIER obtained the floor.

Mr. LONG. Mr. President, will the Senator from North Dakota yield to me?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. Yes.

Mr. LONG. I was afraid there would be more speeches on the naval bill, and I was trying to accommodate my friend from Maryland [Mr. TYDINGS]. We had practically finished the debate on the Vandenberg and Dickinson amendments, and it was just as an accommodation to the Senator from Maryland that I made the suggestion to take a vote on the two amendments. Doing that would not interfere with the status of the naval bill at all but would get the amendments out of the way. Then we would have nothing on the Philippine bill but the King amendment in the nature of a substitute. I wonder if my friend from Oregon will not let us go ahead, if there shall be no objection, and vote on the two amendments referred to and then let us proceed with the naval construction bill? It will not hurt anything.

Mr. McNARY. Mr. President, I am only speaking because of a concern for the orderly procedure of the Senate. The Senator does not conform himself in his request to the practice of the Senate under the rules. He does not propose a legitimate unanimous-consent agreement. We are now operating under one unanimous-consent agreement, and we cannot pile one on top of another. Such an agreement as the Senator proposes cannot well be entertained unless there shall be a roll call prior to its being submitted; and, of course, I continue my objection.

Mr. TYDINGS. Mr. President, will the Senator from North Dakota yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Maryland?

Mr. FRAZIER. I yield.

Mr. TYDINGS. I should like to suggest the absence of a quorum, after which the Senator from North Dakota may resume the floor.

The PRESIDING OFFICER. Does the Senator from North Dakota yield for that purpose?

Mr. FRAZIER. Yes.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Dieterich	Logan	Schall
Bankhead	Dill	Lonergan	Sheppard
Barbour	Duffy	Long	Shipstead
Barkley	Erickson	McAdoo	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Stephens
Borah	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkeley	Gibson	Metcalf	Thompson
Bulow	Glass	Murphy	Townsend
Byrd	Goldsborough	Neely	Trammell
Byrnes	Gore	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	O'Mahoney	Van Nuys
Carey	Hatch	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present.

Mr. FRAZIER. Mr. President, I have been very much disappointed in the report which came back from the conferees on the so-called "Vinson bill." I had hoped that at least the amendments adopted by the Senate would be retained in the bill, but the important amendments apparently have been stricken from the measure.

I have here an article by an officer in the Bureau of Aeronautics which explains partly the reasons for the claimed necessity for the present naval construction bill including airplanes. The article is entitled, as usual, "The Navy builds for defense. Expansion of air force and equipment to keep pace with ship-building program proposed to make shores of Nation safe from attack." It is by Rear Admiral Ernest J. King, Chief, Bureau of Aeronautics, Department of the Navy. Admiral King goes on to state some of the reasons for the ship-building program, of course from the Navy viewpoint. The article appeared in the December-January number of the magazine called "Speed." I quote:

The Navy has recently placed an order for \$238,000,000 worth of ships, including aircraft carriers and light heavy cruisers. In addition, one aircraft carrier, the *Ranger*, is about to be commissioned.

Here is the reason he gives for the necessity for the airships included in the bill:

Because these vessels were not contemplated at the time the 1,000-plane program was announced, the United States is faced with having three aircraft carriers and several cruisers for which there are no planes.

At this juncture the Navy Department has requested planes for three new carriers, planes for the new cruisers, and additional planes for long-range patrol and scouting to round out the fleet.

We have heard a good deal about rounding out the fleet. Year after year in the naval construction bill the Navy Department has consistently advocated rounding out the fleet and the Navy. That apparently is what we have been doing for years and years. In fact, ever since the World War we have been rounding out the fleet. It is always said that it is for defense.

I wish to read another paragraph from this magazine article:

By procuring these planes we shall have a naval aviation which will be, then, sufficient to take care of the needs of our fleet. Though it may not be the largest in the world we have every confidence that it will be by far the best and most rounded out of any in existence.

The Nation has a tendency to look at expenditures for Navy and naval-aviation armament in the light of a futile expenditure. Actually it is the Navy's job to be ready to fight at the drop of a hat.

That is what Admiral King said, that "it is the Navy's job to be ready to fight at the drop of a hat." I cannot of course blame the members of the Navy, especially the officials, for advocating the building program which has been advocated and is being carried out to the limit under the terms of the pending bill upon which the conference report has just been made.

It seems that the big Navy men think they should be well prepared, should have their fleet rounded out, so that they may, figuratively speaking, carry a chip on their shoulders and be ready to fight at the drop of a hat. That seems to be the whole sentiment of the big-navy crowd, to have the Navy rounded out so they may be ready to fight at the drop of a hat.

Admiral King makes the further argument as follows:

Looked at in this manner the Navy and the Navy aviation should be classed as insurance.

That is some of the same old bunk that has been put out by the Army and the Navy for years, that the Army and the Navy are for insurance, for defense. Mr. President, the Army and Navy are for war and not for defense. There is no assurance of any adequate defense even with our rounded out Navy and our rounded out Army, because conditions have changed materially since the World War. Many of the methods that we used in the World War are now considered to be obsolete, just the same as many of the ships authorized in this bill will be obsolete when war comes after they shall have been finished, no matter how soon that war may come after the completion of the battleships authorized to be constructed.

I have here an article printed in the September 6, 1933, issue of the New Republic, entitled "Preparedness for What?" The author is William T. Stone. I desire to read a paragraph or two from this article, as I think it expresses the situation very well:

The ease with which the Navy has sold its new building program to the American people affords another example of the state of public confusion which invariably surrounds questions of national defense. As a result of the naval program the American taxpayer is now faced with the certain prospect of a national-defense budget which in the course of the next few years will run up to nearly three quarters of a billion dollars.

This article was written back in last September, before the Vinson bill was proposed. The Vinson bill will bring the expense of the building program for the purpose of rounding out the Navy to well over a billion dollars—probably a billion and a half.

The pleasant assurance that the new ships are to be built from Public Works funds does not, unfortunately, take into account the fact that ships, once built, must be maintained and operated—at a cost of several hundred millions a year.

The author speaks of those that were authorized during the summer to the extent of some \$238,000,000, I think, out of Public Works money. Of course, he is correct when he says that these ships must be maintained and operated at a cost of several hundred million dollars a year.

The annual recurring charges of a treaty navy, it is estimated, will be approximately \$439,000,000. Add to this the cost of an army which is spending another \$300,000,000 on its present curtailed budget and you have some idea of what lies ahead.

The author of this article tells only a small part of the story in this statement, because it was written before the present building plan was openly under consideration.

He goes on to say:

The truth is that the National Defense Act does not lay down a military policy of any kind. It is primarily concerned with preparation for war, which may, for all the Army knows, endanger American interests tomorrow in Europe or Asia or even Siberia. And the particular kind of war which the National Defense Act contemplates and for which the General Staff is preparing, is another World War, fought on the scale of the last war and waged with the same obsolete tactics. Immediate mobilization of the man power and industrial resources of the Nation is the first

objective, with the peace-time Army as the nucleus for a fighting force of three or four million men, to be raised by conscription during the first year of a major conflict.

I think that statement is undoubtedly correct, and expresses the policy of those in charge of our naval and Army forces. They are preparing for war. They go on the theory that we must be well equipped for war and ready to fight at the drop of the hat; that we must, as a Nation, carry a chip on our shoulders, daring any other nation on earth, or any combination of nations, to knock that chip off our shoulders.

So this conference report will be adopted, authorizing the continuation of the building up of the Navy. I think it was demonstrated very conclusively during the debate when the Vinson bill was before the Senate that this additional appropriation is absolutely unnecessary at this time, because every ship that is built under the Vinson bill will be to take the place of one that is scrapped that is now in service and being used by the United States Navy. That ship will be scrapped and a new one built in its place. That is all that this bill does. It authorizes the spending of a billion dollars to scrap old ships and build new ones in their place.

I do not know what things are coming to. If the United States Congress will continue to appropriate money by the billion for war purposes, what does it mean? In my opinion it has only one meaning, only one possible effect. Only one possible thing can result from it, and that is that we shall get into the next war that comes along just as soon as that war is started.

That, I believe, has been the experience of every great nation throughout history that has been well prepared, that has been training and training and building up and getting a better army and a bigger navy until it thinks it can lick anything on the face of the earth. Then it is ready for war at the drop of the hat, and it goes into it just as soon as an opportunity is afforded.

I realize that it is practically useless to make any fight against the adoption of this conference report, and I am not going to take any particular time in connection with it, because there seems to be no use in doing so; but I do desire to express my protest, as I feel that this money will be absolutely wasted, that there is no need of expending it. The regular appropriation bill for the Navy that we have already passed carried a shipbuilding program to bring our Navy up to treaty strength during the coming fiscal year. There is no need of this further authorization at the present time. Another Congress will be in session before there is any need of the appropriation authorized in this bill; yet it is said that we must round out our Navy and be ready to fight at the drop of the hat, and therefore appropriate another billion dollars to round out our Navy, to make it the largest navy on earth, just a little larger than that of Great Britain.

That is all the military and the naval crowd ask—to have the United States Navy just a little larger than that of Great Britain. I hope they will be satisfied after this bill is passed and its provisions carried out, and our Navy is larger than that of Great Britain; but the trouble is, as was stated on the floor of the Senate the other day by the senior Senator from Utah [Mr. King], that according to information we have, as soon as the Vinson bill was passed by the Senate Japan made preparations to build a larger navy. Great Britain also started preparations to build a larger navy. Why? Because we were going to round out our Navy. Therefore they felt in duty bound to round out theirs—oh, not for war, of course, but for protection, for defense.

I do not know why Great Britain or Japan, either one, thinks the United States is liable to attack her; but they have the excuse, at least, that because we are spending a billion dollars to round out our Navy they have to do the same thing. I do not know, either, why anyone here in the United States thinks Great Britain is likely to attack us, or that Japan is, either; but that was offered as an excuse for passing this bill appropriating another billion dollars for

rounding out our Navy for defense, as we are told, but of course it means not for defense but for offense, for war.

So, Mr. President, I hope we can get a record vote on the adoption of this conference report, for I believe the people throughout this Nation are entitled to know how every Member of Congress stands on a measure of this kind, authorizing the appropriation of a billion dollars for the additional building of naval ships after present ships are destroyed and scrapped, building new ones to take their place. Remember that so-called "experts"—and they must be experts, because they have been in the Navy for years—have stated before committees that the present ships are serviceable, and can go on for several years, at least, and do just as well as the proposed new ones, and that in all probability it would take no more bombs to sink a new ship than it would to sink an old one in the event of a world war. But we must have these new ships in order to round out our Navy and be ready to fight at the drop of a hat.

Mr. NYE. Mr. President, I have no desire to delay a vote upon the conference report.

I listened to a most eloquent address here this afternoon by the junior Senator from Washington [Mr. BONE]. Quite seriously, he looked upon the conference report on the pending naval bill as being rather definite proof that we had come to a point here in America where we were about ready to surrender completely to the munition makers and industry in the matter of preparing for war and in the conduct of war.

The Senator's thought provokes a great deal of reflection. I am moved to make inquiry of him—and he is free to answer it—if he thinks the time is probably ripe to be making suggestions to industry as to who might be available to them to take charge of the naval forces and the land forces when we are prepared to turn that function over to private industry.

If the Senator is willing, I have some suggestions to make. I might suggest, if the junior Senator from Washington is at all successful in furthering his proposal, that Al Capone would be a very good man for industry to pick to conduct their land forces; and, if I might be permitted a further suggestion, I wonder if the Senator would not second the motion if we were to recommend Mr. Samuel Insull to take care of the naval forces for them, in view of his experience upon the high seas in the last few days.

Mr. BONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Washington?

Mr. NYE. I shall be delighted to yield to the Senator.

Mr. BONE. Really, I should like very much to dally with the idea that the Senator suggests. It might be a very happy idea to have Sam Insull at the head of the Navy as a sort of a grand panjandrum of the Navy, lord high chief gyascutus of some sort, because he is so thoroughly familiar with water, and he would keep the American people at sea all the time. [Laughter.]

There is this further thought, too, if the Senator will permit me:

If we should farm out the function of making war as some folks seem to think we ought to do, because they crucify every bill that has for its purpose getting war-making out of the hands of these fellows—I wonder if the Senator has considered the terrible possibilities that lie in his suggestion. For instance, if we should turn over war making to the General Electric Co. or the Electric Bond & Share Co., which I assume would suit the Senator, or perhaps to the Dollar Steamship Line out West, or to the Mellon banking interests of Pittsburgh, which seem to be so popular in certain quarters, they would be down at Washington getting a subsidy with which to run the Navy, and we would be no better off than we now are.

Mr. NYE. Mr. President, the Senator would not object to their being subsidized, would he?

Mr. BONE. Well, it seems that is the way we do business; just open the Treasury and let the boys come down with a steam shovel, or, if they cannot get the money out fast

enough with a steam shovel, to lay a siphon and siphon it out. I assume that would be the proper technique.

Mr. NYE. I warn the Senator that if he is going to let the mere matter of subsidies stand in the way, he is putting himself in the light of being very unpatriotic, because when it comes to preparing for war, we certainly should not stop for a little matter of that kind.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The conference report was agreed to.

PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Iowa [Mr. DICKINSON].

Mr. DICKINSON. Mr. President, last evening before the Senate took a recess the Senator from Maryland [Mr. TYDINGS] gave some statistics with reference to importations from the Philippine Islands.

I desire to suggest that under existing tariff arrangements with Cuba sugar imported from the Philippine Islands has an advantage over the Cuban sugar of 0.23 of a cent per pound on the basis of an average price of 2.80 cents per pound in the American market.

This advantage of the Philippine over the Cuban sugar would be completely wiped out after the sixth year of the government provided in the bill due to the export tax that would be levied on all sugars coming from the Philippines to the United States.

Under such circumstances the additional 5-year transition period provided in the bill would answer no purpose.

In view of this, I simply desire to make this further suggestion, that I believe under the pending bill the Philippines would be under exactly the same disadvantage when the time arrived for them to assume their independence as they would be if this amendment were agreed to.

I made a statement with reference to the amendment last night, and I do not care to pursue the matter further. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I do not know how that Senator would vote upon this question if he were present, and therefore I must withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. VAN NUYS (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how that Senator would vote if present, I withhold my vote. If I were permitted to vote, I would vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I understand that if the Senator from California were present he would vote as I expect to vote, and therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

Mr. CUTTING. The senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the city. I ask that this announcement stand for the day.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the senior Senator from Pennsylvania [Mr. REED]. I transfer that pair to the Senator from California [Mr. McAdoo], and let my vote stand.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have just learned that the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, has not voted, so I am forced to withdraw my vote.

Mr. McKELLAR (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE], and allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the junior Senator from Alabama [Mr. BANKHEAD], the senior Senator from Alabama [Mr. BLACK], the Senator from Washington [Mr. BONE], the Senator from Texas [Mr. CONNALLY], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], the senior Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McAdoo], the Senator from Mississippi [Mr. STEPHENS], the junior Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate on official business.

The result was announced—yeas 21, nays 49, as follows:

YEAS—21

Austin	Frazier	Murphy	Schall
Barbour	Goldsborough	Norris	Shipstead
Borah	Kean	Nye	Vandenberg
Carey	King	Overton	
Dickinson	Long	Reynolds	
Dill	McNary	Russell	

NAYS—49

Adams	Costigan	Hayden	Robinson, Ark.
Ashurst	Couzens	Johnson	Sheppard
Bachman	Cutting	Keyes	Smith
Bailey	Davis	Logan	Steinwer
Barkley	Dieterich	Loneragan	Thomas, Okla.
Brown	Duffy	McCarran	Thomas, Utah
Bullock	Erickson	McGill	Thompson
Bulley	George	McKellar	Tydings
Byrd	Gibson	Metcalf	Walcott
Byrnes	Gore	Neely	Walsh
Capper	Harrison	O'Mahoney	
Caraway	Hastings	Pittman	
Clark	Hatch	Pope	

NOT VOTING—26

Bankhead	Fletcher	McAdoo	Trammell
Black	Glass	Norbeck	Van Nuys
Bone	Hale	Patterson	Wagner
Connally	Hatfield	Reed	Wheeler
Coolidge	Hebert	Robinson, Ind.	White
Copeland	La Follette	Stephens	
Fess	Lewis	Townsend	

So Mr. DICKINSON's amendment was rejected.

Mr. TYDINGS. Mr. President, I send to the desk a letter dated March 22, 1934, signed by Mr. Manuel L. Quezon, president of the Philippine Senate and chairman of the Philippine Independence Delegation, which I ask to have read in my time.

The VICE PRESIDENT. Without objection, the letter will be read.

The legislative clerk read as follows:

WASHINGTON, D.C., March 22, 1934.

HON. MILLARD E. TYDINGS,

Chairman Committee on Territories and

Insular Affairs, United States Senate.

MY DEAR SENATOR TYDINGS: Senator KING, in the course of his splendid speech on the floor of the Senate yesterday, expressed surprise that I, together with other Filipino leaders, such as Senator Quirino, a member of my delegation; Speaker Paredes, of the house of representatives; Senator Recto, the acting floor leader of the senate; General Aguinaldo; and Judge Sumulong, should endorse the McDuffie-Tydings bill, and that a majority of the senators and representatives of the present Philippine Legislature should be ready to accept said bill if passed by Congress, when we all have disapproved of the Hare-Hawes-Cutting bill which, in most of its provisions, is similar to the McDuffie-Tydings bill. Allow me to say that our main objection to the Hare-Hawes-Cutting law was in regard to the military and naval reservations that the United States, at the discretion of the President,

could retain after independence shall have been granted. We looked upon such provision as actually denying independence, for we could not see how the independence of a country could be harmonized with the possession by another power of military establishments in that country. This provision regarding military and naval establishments was inserted in the old Hare-Hawes-Cutting law against the better judgment and the wishes of its authors and sponsors. The military reservations, having been eliminated from the McDuffie-Tydings bill and the question of naval reservations being left to future negotiations between the Government of the United States and the Philippine republic, we feel that it really grants complete independence to the Philippine Islands, and, therefore, we could, as we did, give it our endorsement.

There are, of course, other provisions of the bill to which we object, but we are willing to take it as it is now, and we have given up any attempt at this time to have it in any way amended, because we are relying upon the statement made by the President in his message to Congress, March 2, 1934, which says, in part, as follows:

"I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples."

Furthermore, we have seen the attitude of the chairman of both committees of Congress toward the Filipino people's freedom and welfare, and we have no doubt that upon further investigation, when they shall have found that independence can be granted in a much shorter time and that other provisions of the bill need improvement, they will so recommend to the Congress. And, needless to say, we have an abiding faith in the United States Congress, so that we feel confident that even after this law shall have been enacted, the Congress will be ready and willing to make such changes in the law as may be necessary to grant the islands independence more speedily and under better conditions than those provided under the present bill.

I therefore reiterate my hope that the McDuffie-Tydings bill will be promptly enacted by Congress.

Sincerely yours,

MANUEL L. QUEZON,
President Philippine Senate and
Chairman Philippine Independence Delegation.

Mr. PITMAN and Mr. SHIPSTEAD addressed the Chair. The VICE PRESIDENT. Does the Senator from Maryland yield, and if so, to whom?

Mr. TYDINGS. I yield to the Senator from Minnesota.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. PITTMAN. What is the present parliamentary situation?

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] in the nature of a substitute for the Tydings bill. The Senator from Minnesota has been seeking recognition for quite a while. The Senator from Minnesota is recognized.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What has become of the bonus bill?

The VICE PRESIDENT. The bonus bill is not before the Senate, and the present occupant of the Chair does not know anything about it.

Mr. LONG subsequently said: Mr. President, I have inquired at the clerk's desk, and I desire to make an inquiry of the Senator from Arkansas [Mr. ROBINSON], if I may have his attention.

The bonus bill that came over from the House is still at the clerk's desk, and has not been referred. I wondered if there was some intention, perhaps, of voting on the bill without referring it to a committee at all. It would seem that the bill either should have gone to a committee or that it should be here to be voted on.

Mr. ROBINSON of Arkansas. Mr. President, the bill was held on the desk at the suggestion of the chairman of the committee, the Senator from Mississippi [Mr. HARRISON]. I do not know what decision he has reached about the matter. I will take advice with him, and move to have some action taken in reference to the bill.

Mr. ROBINSON of Indiana. Mr. President, I assume, of course, the Senate will be given an opportunity to vote on the measure at some time or other.

Mr. ROBINSON of Arkansas. I cannot at this moment say what action the Senate will take. Of course, the Senator remembers that we have already voted twice on the subject during the present session. My impression is that the bill should go to the committee for consideration by it.

Mr. ROBINSON of Indiana. We voted on that subject, but each time as an amendment to another bill.

Mr. ROBINSON of Arkansas. Yes; that is entirely true, but the amendments were in substantially the same form as this bill.

The VICE PRESIDENT. The Chair recognizes the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, beginning in line 8, it is proposed to strike out all of subdivision (e) of section 6, and to insert in lieu thereof the following:

(e) The quantities of sugar and coconut oil mentioned in paragraphs (a) and (b) of this section shall be reduced by 20 percent every year from the second to the fifth years, inclusive, after the date of inauguration of the government of the Commonwealth of the Philippine Islands.

Mr. SHIPSTEAD. Mr. President, the amendment which I propose is very simple and very plain.

The subject of importation of coconut oil from the Philippines and its effect upon the dairy industry has been debated in the Senate for years; so it is not necessary for me to go into a repetition of the arguments advanced in favor of reducing the importations of those oils in competition with American butter.

The effect of the amendment will be that from the second to the fifth year, inclusive, there will be a gradual reduction of 20 percent in the importations of the two articles mentioned, and at the end of the fifth year there will be no importations into the United States from the Philippines of either sugar or coconut oil.

I ask for the yeas and nays on the amendment.

The VICE PRESIDENT. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were not ordered.

Mr. TYDINGS. Mr. President, I do not want to take up much time, but I desire to state that the Philippines are one of the greatest users of our dairy products, and we had better be very careful about what we do with respect to cutting down the trade from the Philippines, because we may be cutting the dairy farmer out of a market we are trying to save.

Mr. CUTTING. Mr. President—

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. CUTTING. Mr. President, I ask for recognition. I have been trying for sometime to get recognition from the Chair.

The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] and the Senator from Minnesota [Mr. SHIPSTEAD] asked recognition. The Chair recognized the Senator from Minnesota. The Chair now recognizes the Senator from Nevada.

Mr. PITTMAN. Mr. President, I shall be very happy to desist if a vote on the pending amendment may be taken immediately; but if the Senator from New Mexico desires to speak on the subject generally before a vote is taken, I shall ask him to wait for about 5 minutes, when I shall yield the floor.

Mr. CUTTING. Mr. President, I am perfectly willing to wait until the Senator from Nevada shall have concluded his remarks.

Mr. PITTMAN. Mr. President, I am very glad Senator Quezon wrote to the Chairman of the Committee on Territories and Insular Affairs the letter which has just been read at the desk. From the debate that occurred in the Philippine Islands on the Hawes-Cutting bill, I was inclined to believe that Senator Quezon would oppose the approval of that bill in the Philippine Islands, as he had found many objections to the Hawes-Cutting bill. I now ascertain from this letter that the only real objection they found to the

bill was that it retains the naval and military reservations of the United States in the islands after independence shall have been achieved. The bill has now been changed so that upon the fulfillment of independence under the bill the military reservations are to be surrendered to the new independent Philippine government.

Mr. KING. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. KING. In the remarks made by me yesterday on this bill I referred to a speech by Mr. Quezon which he made immediately after the Hawes-Cutting bill was passed. That speech will be printed in the RECORD. It discloses that there were many other objections entertained by General Aguinaldo and others than the one to which the Senator has just referred.

Mr. PITTMAN. That carries out the impression I had of the debates in the Philippine Islands at that time, but as one of those who helped to frame that bill during a period of 18 months, I am very happy that Senator Quezon and those who opposed that bill have come to the conclusion that the only thing wrong with it was that our Government retained jurisdiction over the military reservations after independence should become an accomplished fact.

I wish to say that the bill as originally drafted did not contain a provision providing for the retention of the military reservations after the achievement of independence, but surrendered them to the Philippine people at that time. The provision allowing the Government, in its discretion, to retain the military reservations or such portions of them as it might see fit at the time independence was accomplished was a compromise agreed to in the committee, as many other questions were compromised. I think I speak correctly when I say that two thirds, if not more, of the committee were at all times in favor of surrendering to the Philippine people on the date of independence the military reservations in the islands.

Mr. BORAH. Mr. President—

Mr. PITTMAN. I yield to the Senator from Idaho.

Mr. BORAH. If I understood correctly the reading of the letter from Hon. Manuel Quezon, he expects that there will be some changes made in this bill after its enactment by a subsequent Congress.

Mr. PITTMAN. The Senator will have to interpret Mr. Quezon's language. I do not like to interpret it. I will say, however, that individual members of the committee who reported the Hawes-Cutting bill at the time very frankly said if there were provisions in that bill which subsequent developments indicated were working hardships which were not anticipated at the time of the passage of the bill, that, speaking for themselves, as they now speak for themselves, so far as they may—for none of us can speak for Congress or even for a future committee—undoubtedly they would very sympathetically consider an amendment to relieve that condition.

Mr. BORAH. I can understand that if subsequent developments, due to new conditions which Congress had not anticipated, should demonstrate that fact, then the Congress would consider the question of changes; but, as I understand the letter, it implies that, taking the bill as it now stands, some of its provisions are objectionable, and that the writer anticipates that in the future they will be eliminated.

Mr. PITTMAN. That may be the construction the Senator from Idaho puts on the letter, but the construction that is put upon the letter by me is that when I vote, as I intend to vote, for the reenactment of the Hawes-Cutting bill, under the new name of the Tydings-McDuffie bill, I am doing it without any commitment whatsoever. A general expression such as appears in the letter read, quoting from the President's statement along the lines that if it shall transpire that clauses in the bill have worked a hardship, contrary to the purposes of the act, no doubt our Government will look with sympathy upon suggestions to change it—such an indefinite statement as that does not commit me nor can I conceive that it can commit any other Member of Congress to the proposition that any suggestion hereafter

as to a change in the effect of the act must in duty bound be considered by the Congress. I do not think so.

Mr. BORAH. The letter says:

There are, of course, other provisions of the bill to which we object, but we are willing to take it as it is now, and we have given up any attempt at this time to have it in any way amended.

Then it proceeds to quote the President.

As I understand, the letter is a clear statement upon the part of the writer that there are objectionable features to the bill which he anticipates will be changed in the future.

Mr. TYDINGS. Mr. President, if I may interrupt the Senator from Nevada, that is not the understanding at all. I have talked with Senator Quezon. He does not expect to have made in the future any changes he advocates. What he does say and what he means—and I think I state it correctly—is that he has faith in the fairness of Congress, when the Filipinos present a state of facts which show that the bill is working a hardship or unfairness to undertake to eliminate that condition; and, further than that, if at a later date we find that independence may be obtained for them without serious difficulty within a time limit shorter than the period provided for in the bill, we will, perhaps, agree to cut down the time limit, if events shall prove that to be the wise thing to do.

Mr. BORAH. Mr. President, just one word, and I will not further interrupt the Senator from Nevada.

Mr. PITTMAN. I yield.

Mr. BORAH. I understand perfectly the conditions of which the Senator from Maryland is speaking and to which the Senator from Nevada has referred. All those conditions might call for action upon the part of Congress according as subsequent events might develop; but what the writer of the letter says is that there are objections to this bill.

Mr. TYDINGS. Of course there are. We have, for instance, cut down the allotment of Philippine sugar.

Mr. BORAH. That is what I want to know. Is it understood that there is going to be a change in the sugar provision?

Mr. TYDINGS. No; it is not understood that there is going to be any change. The writer of the letter says that the bill is not satisfactory to him in all respects, but that he will accept the bill and consent to have it made a law in the Philippines in the hope that if there are provisions he does not like we will meet him half-way and eliminate any injustices.

I want to say before I leave the floor, if I may, that I have not, in any conversation I have had with any of the Filipinos, committed anybody except myself. I have made that plain at all times. I have merely told them what my course of action as an individual would be.

Mr. PITTMAN. Mr. President, I invite a careful reading of this letter, in which the writer lays down his chief objection to the bill, the original bill which the Filipinos refused to ratify.

Allow me to say that our main objection to the Hare-Hawes-Cutting law was in regard to the military and naval reservations that the United States, at the discretion of the President, could retain after independence shall have been granted.

That is the only objection of which the Senate has knowledge. It is the only objection of which the writer has given notice in his letter. He has not seen fit to set out other objections to the bill. The only notice that he has put us on at all is that the chief objection that moved the legislature in refusing to ratify the Hawes-Cutting bill was, as he states, the holding of the military reservations by the United States after independence shall be an accomplished fact. He says that, to them, seemed to deny the full sovereignty of the islands. What the other objections are, if any, I do not know. That is all he has presented to us.

I say now that I would not have been committed in any sense of the word to any changes in this bill by anything Mr. Quezon had said except to be bound morally; as I stated on the floor of the Senate when the Hawes-Cutting bill was under consideration, of course, I, as, no doubt, other Members of Congress, would consider with great sympathy the workings of any provisions of the Hawes-Cutting Act which brought suffering upon the Philippine people

which could not and was not anticipated at the time of the passage of the act. That is as far as I commit myself in this matter.

The statement of the chief objection to the bill which the Filipinos refused to ratify was such as I have read, and, without a specific statement of any other objections whatsoever, I feel that we cannot, in voting for this measure, be committed to changing it as Mr. Quezon hereafter may advise us he thinks it necessary to change it.

We worked 18 months on this legislation—and I say "this legislation" because the parliamentary situation indicated it was advisable to reintroduce the whole bill. It was regarded in the first place as an extension of the time in which to ratify the act because the Philippine people had failed to ratify it within the time provided. The parliamentary situation which seemed to exist indicated that it was better to bring in an entirely new bill, particularly as it was the desire of the committee, instead of leaving it to the discretion of the President to turn over the military reservations to the new Philippine government on the accomplishment of independence, that we should state very frankly that upon independence occurring ipso facto there would be a surrender of the military reservations.

As that extra provision was to be put in the bill, it was thought well to redraft the whole bill. We spent 18 months in attempting to get the legislation in a condition in which the majority of Congress would support it. There were many conflicts from the very start. There were a number of questions that had to be compromised, and, after 18 months, we reached this compromise. The Philippine people did not ratify the act within the statutory time provided. Now they have come back to us unanimously and asked us to pass the bill again, which is the same as the one they refused to ratify, except that it has the provision which I have already mentioned and another provision with regard to naval and fuel reserves which they will negotiate upon independence. In view of that fact, I do not think we need fear voting for the pending bill.

Mr. President, at this time I ask permission to place in the RECORD as a part of my speech the report of the Philippine Independence Commission submitted to the Philippine Legislature. It is published in one of the papers of Manila under date of July 30, 1933. The report is signed by the delegation from the Philippine Islands; Sergio Osmeña, who was at that time president pro tempore of the senate; Manuel Roxas, who was speaker of the house of representatives; Ruperto Montinola, who was leader of the majority; Pedro Sabido, who was leader of the minority; Emiliano Tirano, Pedro Guevara, and Camilo Osias, the latter two being Delegates from the Philippine Islands to the Congress of the United States. The report is the most complete analysis of the Hawes-Cutting bill that has ever been written. It is more complete than any report we have ever prepared. It analyzes the bill line for line and shows how, in the opinion of those who submitted the report, being the delegation from the Philippine Islands here at the time the bill was prepared, the benefits of the bill to the people of the Philippine Islands. I respectfully suggest that anyone who doubts the effect of the bill in the opinion of the representatives of the people of the Philippine Islands should read it. I ask that the report may be incorporated in the RECORD as a part of my speech.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[From the Sunday Tribune, Manila, P.I., July 30, 1933]

REPORT OF THE PHILIPPINE INDEPENDENCE COMMISSION TO THE PHILIPPINE LEGISLATURE

TABLE OF CONTENTS

Chapter:

- I. The Independence Commission—its creation and membership.
- II. Situation in the United States in regard to independence legislation upon mission's arrival in Washington:
 - I. State of confusion regarding Filipino aspirations.
 - II. The attitude of the administration.
 - III. The attitudes of Congress.
 - IV. The attitude of labor organizations.
 - V. The attitude of farm organizations.
 - VI. The attitude of the press.

Chapter—Continued

III. Formulation of independence bill:

House hearings and committee action.
Senate hearings.

Letter of the Secretary of State in executive session.
Hawes-Cutting bill approved in principle.

IV. Passage of Hare bill by the House of Representatives.

V. First debates by the Senate:

The Forbes amendments.
Debates on the bill in June and July.

VI. The Republican and Democratic convention and incidental questions:

1. Philippine Scouts.
2. National party conventions:
 - (a) Republican National Convention.
 - (b) Democratic National Convention.

VII. Congress in recess and Presidential and congressional elections.

1. Commission continues its campaign in Washington.
2. The Presidential elections.
3. After the Presidential elections.

VIII. Arrival of Senator Aquino.

IX. Passage of bill by the Senate.

X. The bill in conference.

XI. Approval of conference report by the Senate and the House.

XII. Important developments while bill awaited Presidential action.

XIII. The veto message:

1. Economic and social consequences.
2. Responsibility without authority.
3. Inability to provide military forces of preservation of internal order or external defense.
4. Present external dangers to independence.
5. Conclusions.

XIV. Passage of bill over President's veto:

1. In the House.
2. In the Senate.

XV. The Independence Act:

1. Basic philosophy.
2. Fixed date for independence.
3. The institutional process.
4. Status of the Commonwealth of the Philippine Islands.
5. The mandatory provisions.
6. The right of intervention.
7. The transition period.
8. The 10-year period.
9. Trade limitations during transition period.
10. The export tax.
11. American products imported to the Philippine Islands.
12. Philippine autonomy under the Commonwealth government.
13. The high commissioner.
14. Filipino immigration to the United States.
15. United States reservations in the Philippines after independence.
16. Transfer of United States property and rights in the Philippine Islands to Philippine Commonwealth.
17. The payment of public debt.
18. The acceptance clause.
19. Origin and purpose of this provision.
20. Effect of acceptance.
21. The vote on independence.

XVI. The stand of the Philippine Commission on important issues and the attitude of the leaders of the legislature in Manila:

1. The Filipino appeal.
2. Amendments to the Hare bill.
3. The House bill.
4. Approval of Hare bill.
5. The Senate bill.
6. Sugar limitation.
7. Senate bill reported by committee.
8. Military and naval reservations.
9. The Forbes amendments.
10. Immigration.
11. Plebiscite.
12. The period of transition.

XVII. Newspaper opinion in the United States.

XVIII. Prospects of independence if Independence Act were rejected.

XIX. Acknowledgments.

XX. Recommendations.

The undersigned, members of the Philippine Independence Commission, created by concurrent resolution of the Philippine Legislature dated November 9, 1931, composed of members of the legislature and the Resident Commissioners of the Philippine Islands in the United States, have the honor to submit the following report:

Chapter I. The independence commission—its creation and membership

The creation of the present independence commission was prompted by a series of important events which occurred in rapid

succession since the year 1928. These events were manifestations of potent political, economic, and social forces formulating in the United States and in the Philippines, which had a bearing on the Philippine problem. Their cumulative effect tended to bring to an issue the many questions involved in that problem, thus compelling a rational and realistic view of the whole subject of American-Philippine relationship, by the Filipino people on the one hand, and, on the other, by those Members of Congress who had assumed the task of securing legislation looking to its solution.

These events were described in detail in the reports submitted to the legislature by the last two missions which were sent to the United States. In the report submitted to the legislature on August 25, 1930, by the legislative commission, created by the resolution of the legislature of October 29, 1929, these events were carefully analyzed and appraised. The report submitted by the Honorable Manuel L. Quezon on November 9, 1931, also called attention to these significant facts. Both reports showed that there was a growing movement in the United States against unrestricted free entry of Philippine laborers and products.

This movement rapidly gained momentum. It was carried to the Congress, where it gradually mustered support. Soon many bills were introduced seeking the curtailment of Filipino immigration to America and proposing either a limitation of free importations of Philippine products, notably sugar and coconut oil, from the islands, or an outright tariff levy on those products. Filipino representatives in America, with the aid of many Senators and Congressmen who realized the injustice of such proposals, successfully forestalled these attempts to discriminate against the Philippines. But those who followed the course of events and dared to read the clear sign of the times, knew that the defeat of the discriminatory measures was a mere temporary set-back and did not mean that the struggle was ended.

The attitude of the Filipinos at the time in relation to these discriminatory proposals was, namely, that, while the Philippine Islands remained under the American flag by the will and purpose of the United States, and while their people were seeking independence, it would be unjust to levy a duty on their products or to deny to Filipinos the right freely to enter American territory. As a consequence, American farmers and laborers having been in sympathy with the independence movement for many years on purely moral and political grounds decided that the most effective means of attaining their objective was actively to cooperate with those who were exerting efforts to achieve independence for the Philippines. Thus there was offered to the Filipinos a rare opportunity to make the Philippine problem a live issue of practical and urgent importance in the United States, and to muster the additional support for independence of important elements.

One incident in the course of the spirited controversy which took place in relation to proposals to limit or tax Philippine sugar imports to the United States merits specific mention. Soon after President Hoover was inducted into office, Congress was convened in special session to revise the tariff in order to relieve agriculture. Proposals to limit free imports of sugar and coconut oil from the Philippine Islands were introduced. The proposed limitation for sugar was 500,000 long tons. Hearings were held before committees of Congress on these measures. There were also hearings on the bills providing restriction of Philippine immigration. All these proposals were rejected by the respective committees, but only after great efforts by official representatives and friends of the Filipinos. When the Hawley-Smoot tariff bill reached the Senate, and during the debate on that bill, Senators King and Broussard submitted amendments, the former to grant independence to the Philippines, and the latter to levy duty on Philippine imports to America even before independence. During the discussion on these amendments, Senator Bingham, Chairman of the Committee on Territories and Insular Affairs of the Senate, stated on the floor of the Senate that it was his purpose as soon as possible to hold hearings on the independence bill pending before his committee and to submit a report to Congress without unnecessary delay.

This was a turning point. The Senate readily voted down both amendments, but all were advised that the Senate would soon have an opportunity to take up the Philippine independence question, together with the incidental problems of tariff and immigration. This, too, was official notice to the Philippine people. Forthwith, a mission was sent to the United States in October 1929. The report of this mission relates the occurrences relative to the independence question during the regular session of Congress which commenced in December of that year. Chief among these was the introduction of the first Hawes-Cutting bill on January 6, 1930, and its favorable report by the Senate committee on May 24, of the same year. Grave national questions in relation to the economic depression, with all its growing acuteness and consequent suffering and distress, engaged the attention of the Congress continuously during that session. The Hawes-Cutting bill remained unacted upon in the Senate Calendar. Neither was the bill considered during the short session following; and the Seventy-first Congress adjourned leaving the Philippine problem without decision.

Concurrently with all these events, close observers of social and political trends in America were noticing daily clearer indications of a growing nationalistic attitude among the American people. This was the result of economic maladies over all the world which were precipitating a tariff war among nations hurtful to international trade and further aggravating the economic situation. Nations persistently turned their efforts in the direction of economic nationalism, endeavoring to maintain the home markets

for the benefit of domestic producers. This nationalistic trend was partly a natural reaction against internationalism, which, it was alleged, had brought to the different nations many of their ailments. Under such conditions, the organized voice of farmers and wage earners, representing as they do the bulk of the people and of political constituencies, gained in strength.

Logically, the thought and the attitude of public men in the United States was that America should devote herself primarily to the cure of her own social and economic maladies, leaving the other nations to take care of themselves as best they could. It was not long before this view gained ground and gripped the mind of the whole American Nation. Tariff schedules, already high, were increased, effectively checking imports. Other nations retaliated, and American exports fell 60 percent. With falling prices and increasing surpluses, unemployment became more acute. This fact gave plausibility to the pleas of anti-immigrationists with the result that immigration was reduced by 70 percent.

This state of popular psychology affected the attitude of the American people toward the Philippine problem. The Filipinos had been constantly demanding independence, saying that they would be happy to achieve it so that for all practical purposes the Philippines would become a territory foreign to the United States. This aspiration of the Filipinos was in accord with the promises of independence given by the United States. No valid reason existed for the continued postponement of the settlement of the Philippine problem. Moreover, the United States was unable to relieve distress among its own population. Many believed that there was no justification to continue promoting the economic development of the Philippines to the injury of American farmers and laborers. No specific solution was advanced but there was manifested a wide-spread desire for an early settlement of the problem.

This psychology favored the view that should the time not be considered propitious for the erection of a Philippine independent state this fact should neither delay nor prevent the protection of American agriculture and labor against Philippine competition. Therefore, many urged an immediate curtailment of Filipino immigration and a progressive tariff levy on Philippine free imports to the United States. Regarding sugar, it was proposed that imports from the Philippines be limited to 500,000 long tons annually.

It was at about this time that Senator Harry B. Hawes and Senator Key Pittman visited the Philippine Islands in July 1931, shortly after Congress adjourned. Senator PITTMAN, ranking Democrat in the Committee on Territories and Insular Affairs, and prominent in the counsels of his party, had been in China studying the silver question. A statesman of long experience and great prestige in America, his interest in the Philippine problem proved a valuable asset to the cause of independence. Sensing that the independence question was being rapidly drawn to an issue which had to be settled, he, like Senator Hawes, visited the Philippine Islands in order to gather first-hand information about conditions here.

Senator Hawes undertook his trip to the Philippines as an essential part of his program to secure passage of independence legislation. Having been designated by his Democratic colleagues in the Committee on Territories and Insular Affairs to take charge of the Philippine independence bill, he considered it his duty personally to investigate certain vital facts. Chief among these was the genuineness of Filipino desire for independence. In the hearings before the committees of Congress and in many newspaper articles assertions had been made that independence was the clamor of self-seeking politicians for purely political effect in the islands and did not represent the informed and sincere aspiration of the Filipino people. Hence, upon his arrival in Manila Senator Hawes issued a statement challenging the Filipino nation to give its answer to the question, "Do you want independence?" The answer that he and Senator PITTMAN received from the memorable popular demonstrations at Manila, in Mindanao, in Cebu, Panay, and other parts of the country, from Christian, Mohammedan, and Pagan Filipinos was, in the language of Senator Hawes himself, "unanimous, nation-wide, truthful, decisive, and determined"—the Filipino people wanted their independence at the earliest date possible. Both Senators Pittman and Hawes informed the Filipino people of conditions obtaining in the United States and of the opportunity that was to present itself in the next regular session of Congress to attempt a consideration of the independence question. While no political party had a working majority in the Congress, there was clear evidence, they intimated, that liberal views would predominate in its deliberations. Comprehending the anxiety of the Filipino people for a settlement of the Philippine problem, they urged, in statements made before joint sessions of the Philippine Legislature, that a representative mission be sent to the United States to submit the petitions of the Philippine people and to work for the approval of independence legislation.

Soon after the departure of Senators Pittman and Hawes from Manila news was received in the Philippines that Secretary of War Patrick J. Hurley would also visit the islands. The immediate reaction to this announcement was that Secretary Hurley's trip was intended to offset the effects of the visit of Senators Pittman and Hawes, both in the Philippines and in the United States. The visit of these Senators would give them the authority to speak on Philippine conditions from personal knowledge of the facts; this could only be successfully met by statements from someone equally qualified.

Secretary Hurley reached the islands early the following September. He was greeted everywhere with signs of friendliness and respect, coupled with popular demonstrations for independence. There being indications that suggestions were being made to induce the Philippine people, temporarily at least, to suspend agitation for independence in exchange for concessions in the line of greater participation in the conduct of their government, the Filipino leaders in the islands promptly and frankly expressed disapproval of such plan, and the Philippine Legislature on September 24, 1931, unanimously passed a memorial clearly outlining the stand of the Filipino people in relation to their independence. The memorial was formally presented to the Secretary of War.

At the time of the departure of Secretary Hurley, sentiment in the Philippines in favor of decisive efforts to achieve independence legislation at the next session of Congress was strong. Members of the legislature were becoming impatient at the delay of action by the legislature authorizing a mission to the United States. The reason for postponement of such action, however, was the fact that the Honorable Manuel L. Quezon, president of the senate and leader of the majority party, was then on his way from the United States to Manila bearing with him the latest information concerning conditions in the United States. It was but natural that the legislature should await his arrival before taking action.

On November 9, 1931, President Quezon submitted his report to the legislature. The report analyzed the political situation in the United States in relation to the issue of Philippine independence, and described the different economic and political influences at work in America which deserved consideration in any plan to secure independence legislation. The report was in no sense optimistic as to the certainty of obtaining such legislation. In fact, it candidly admitted the possibility that no independence legislation might be enacted, but instead a curtailment of Philippine free imports to America and of Filipino immigration to the United States. However, Mr. Quezon's report recognized the probability that the Philippine question would be taken up by Congress and for this reason urged the sending of an independence mission to the United States. Concurring in the suggestion of Senators Pittman and Hawes, he recommended that the mission be headed by responsible leaders of the Filipino people. The report also stated:

"The mission, in my opinion, should formulate and submit its own plan, which should cover in detail all the aspects of the Philippine question—political, economic, and international. This does not mean that the Philippine Legislature should give specific instructions to the mission; on the contrary, I believe that the mission should be given a vote of confidence in order to be able to act with entire freedom and to get the best out of any situation that may arise. In this way, if the plan submitted by the mission should not meet with support in Congress, the mission would be in a position to endorse that bill which would be most beneficial to us."

Acting on the recommendation of President Quezon, concurred in by the other legislative leaders, the Philippine Legislature, on the same day, passed the following concurrent resolution creating the present independence commission:

(Ninth Philippine Legislature, 1st sess. H.Con.Res. 14)

"Concurrent resolution creating a committee of the legislature composed of 3 members of the senate and 3 of the house of representatives to petition the Government and Congress of the United States for the early concession of independence to the Philippines

"Resolved by the house of representatives (the Philippine Senate concurring), That a committee of the Philippine Legislature composed of the president of the senate; the speaker of the house of representatives; the president pro tempore of the senate; the floor leader of the majority in the house, Hon. Pedro Sabido; the floor leader of the minority in the senate, Hon. Ruperto Montinola; and the floor leader of the minority in the house, Hon. Emiliano T. Tirona, be, and the same hereby is, created to petition, jointly with the Resident Commissioners, the Government and Congress of the United States for the early concession of independence to the Philippine Islands, and to submit to them from time to time the views of the legislature on any matter concerning the Philippines under consideration by Washington Government."

Adopted November 9, 1931.

Pursuant to this resolution the following members of the legislature became members of the commission:

For the senate:

Hon. Manuel L. Quezon, president of the senate.

Hon. Sergio Osmeña, president pro tempore of the senate.

Hon. Ruperto Montinola, minority floor leader of the senate.

For the house of representatives:

Hon. Manuel Roxas, speaker of the house.

Hon. Pedro Sabido, majority floor leader of the house.

Hon. Emiliano T. Tirona, minority floor leader of the house.

Hon. Pedro Guevara, Philippine Resident Commissioner.

Hon. Camilo Osias, Philippine Resident Commissioner, members ex officio.

Attached to the commission were Messrs. Maximo M. Kalaw, Marcial P. Lichauco, and Jose Fernandez. Dean Kalaw left the United States for the Philippines after a few months' stay in Washington.

After completing the work of the legislative session and effecting the necessary arrangements and preparations for the campaign in America, the legislative members of the commission, on December 5, 1931, departed for the United States. President Quezon was not able to accompany the mission.

Chapter II. Situation in the United States in regard to independence legislation upon mission's arrival in Washington

Before leaving Manila the joint chairmen of the mission cabled the Resident Commissioners requesting them to forward to the mission en route to America advance information concerning the independence situation in Washington, particularly as to the latest developments resulting from the political complexion of the new Congress that was then about to convene. This request was readily complied with in a communication which the mission received by mail on its arrival at Honolulu, depicting the situation in the United States. This communication, signed by the Resident Commissioners, is appended to this report as confidential document A.

The mission arrived in San Francisco on December 29, 1931, and proceeded to Washington on the same day. They reached Washington on January 2, 1932.

In conformity with the resolution of the legislature (Res. No. 12, Nov. 9, 1931), the mission and the Resident Commissioners resolved to act jointly and as a single unit under the name of "the Philippine Independence Commission."

Shortly after their arrival the commission had an audience with President Hoover. They also held a series of conferences with the Secretary of War. Simultaneously, the commission conferred with proponents of independence legislation in Congress and with leaders of the Republican and Democratic parties. They also conferred with representatives of agricultural organizations, and with the officials of the American Federation of Labor, and other similar organizations. Newspaper opinion was examined and analyzed and the whole situation affecting independence legislation carefully studied and scrutinized.

The findings of the commission may be summarized as follows:

I. STATE OF CONFUSION REGARDING FILIPINO ASPIRATIONS

In press publications, in the minds of prominent officials of the administration, among many Members of Congress, and in the United States at large, there prevailed a state of confusion regarding the true aspirations of the Filipino people. Through a whispering campaign of subtle misrepresentation of the view of Filipino leaders and the continuous propaganda of a powerful anti-independence press, the American people were being gradually led to believe that the Filipinos did not really want independence; that what they expected and desired was mere autonomy, and that even the most rabid independence advocates in the Philippines had changed front and were then favoring a status similar to that of Canada.

This confusion was difficult to dissipate. It engendered suspicion and doubt as to the sincerity of the Philippine independence movement even in the minds of some of its most devoted supporters in America. It created misgivings and discouragement among many friends of independence. To say the least, it obscured the independence movement by depriving it of that element of patriotic vehemence, chivalry, and passionate earnestness so essential to compel respect and sympathy.

To combat this state of confusion and the effective propaganda conducted by opponents of independence, the commission realized the imperative need of adequate publicity through the press, by personal communications and circulars to newspaper editors, writers, Members of Congress, universities, State officials, public libraries, and other entities. Hence a publicity office was immediately organized with an experienced American newspaperman as a member of the staff. As a first step toward clearing up the situation and presenting Filipino aspirations in a true light, the commission on January 2, 1932 issued to the press the following statement:

"Our mission has come to the United States to represent the Philippine Legislature and our political parties for the purpose of once again presenting to the Government and people of the United States our plea for the definite settlement of the Philippine problem through an early grant of independence. While we realize the advantages which we enjoy as a result of the relationship with the United States, we are convinced that our better interest and permanent welfare lie not in the continuation of this relationship but in a separate political existence. The movement which is becoming more persistent in the United States to exclude our products from the American market and our nationals from the continental United States brings home to us the inescapable fact that our present situation lacks stability and can never be the basis for true national progress and contentment. These are the reasons, besides others, which have urged the legislature earnestly to petition the Government and people of the United States to delay no further the settlement of the Philippine problem. Philippine independence has always been the goal of American policy in the Philippines. Its fulfillment will not only satisfy Filipino aspirations but will be a happy culmination of America's generous labors in the guidance and liberation of 13,000,000 Filipinos.

II. THE ATTITUDE OF THE ADMINISTRATION

Conferences with the Secretary of War and other officials of the administration early in January revealed their definite opposition to legislation fixing a date for independence or a grant of independence conditioned upon a favorable vote by the Filipino people at a plebiscite to be held after a prescribed period of time. The reasons alleged by these officials were the unsettled conditions in the Far East, the economic unpreparedness of the Philippines, the inability to provide adequate external defense, and the unfinished discharge by the United States of commitments and obligations to Filipinos, particularly the non-Christians. At

a point during these conferences, an official of the administration suggested approval of independence for the Philippines but with the exception of Mindanao which was to be retained by the United States. Needless to say this suggestion was readily rejected by the commission.

In brief, the administration did not consider the time propitious for the settlement of the independence question. It did not agree to set any date for the recognition of Philippine independence. Administration officials alleged that capacity for independence was not a matter of time but of accomplishment and that no one could with any degree of definiteness determine a priori that certain conditions would be brought about after the lapse of a fixed period of time.

Administration officials, however, realized that the uncertainty of the status of the Philippines required clarification, but the proposal of these officials was not to fix a date for the grant of independence but to determine a period of time—about 25 or 30 years—during which all independence agitation should cease, so that the whole attention and the efforts of the Filipino people could be devoted to economic and social preparation; at the end of the stated period the question of independence could then be submitted to the American Congress. This plan likewise was opposed by the Philippine Commission.

The officials of the administration showed keen appreciation of the strength and, to a certain degree, the justification of the movement to curtail Philippine free imports to America and Filipino immigration to the United States. They intimated that such restriction was essential to permit a sound and statesmanlike solution of the Philippine question. Secretary of War Hurley expressed himself in favor of a plan which would increase Philippine autonomy through administrative action under the Jones Act. In exchange for this concession, the Philippine Legislature, of its own accord, would limit production of Philippine sugar, restrict Filipino immigration to America, and balance Philippine-American trade benefits by a revision of the Philippine tariff, increasing duties on certain products coming from foreign countries such as textiles and dairy products, which were then underselling American products in the Philippines. At first, the Secretary of War impressed the commission as being in favor of the election of the Chief Executive of the Philippine Islands. Later, however, he clearly expressed himself as opposed to this plan.

It was evident, therefore, that the independence movement could find but little encouragement from the administration. The commission, however, did not consider its negotiations with the administration as closed, and subsequently thereto they held conferences with the Secretary of War and other officials of the administration in an effort to avoid a determined and definite opposition to an independence bill.

III. THE ATTITUDE OF CONGRESS

The political complexion of Congress at this time was a peculiar one. The Democratic Party succeeded in electing the Speaker of the House of Representatives and in organizing that body; but its majority, gained not as the result of the regular elections in 1930 but because of new Democratic Members elected in special elections to fill vacancies occurring during the period intervening between the elections and the convening of the new Congress, was very small, varying at times from 2 to 10 Members. This could hardly be considered as a working majority in normal times, and very often the certainty of Democratic control depended on fortuitous circumstances. Actually, however, congressional history records but few instances that could equal the coherence, unity, and effectiveness of a congressional majority than that exhibited by the Democratic Members of the Seventy-second Congress under the able leadership of Speaker Garner majority leader RAINY.

Independence sentiment among Members of the Congress appeared favorable. Our supporters in that body were ready for action. It was admitted by all those who had canvassed opinion in the House of Representatives that an independence bill would receive the support of a majority of the Members.

This situation was most encouraging to the independence cause as an ideal, as an objective, to be accomplished by legislation. The number of those whose support was enlisted in favor of independence had become considerably increased. There were, of course, those who favored independence on grounds of pure principle, that all nations are entitled to self-government; others wished to fulfill the promise of America to grant independence to the Philippines graciously, in good faith, and with generosity; a few favored independence either solely or, in addition to one of the reasons mentioned above, as a means to free American agriculture or labor from Philippine competition; and, lastly, there were those who believed that the United States was gaining no benefits from the possession of the Philippines, that such possession continuously exposed the United States to the danger of war with other nations, that it weakened America's system of national defense, and that freeing the islands was a means of effecting much-needed economy in the Government expenditures.

A large number of the Members of Congress realized that a sudden cessation of free trade between the United States and the Philippines would bring ruin to Philippine industry and trade. For this reason they insisted on provisions which would guard against such a result.

An analysis of the various types of supporters and their varying views makes it easy to understand the difficulties that had to be encountered when the time came for consideration of concrete legislative proposals. There was the danger that conflicting views as to the details of the bill might offer insuperable obstacles. It was, therefore, necessary that very early in the parliamentary

procedure efforts be made to harmonize these divergent opinions as much as possible and formulate a bill which, to a certain degree, might meet the views of a majority of the House.

It was fortunate for the Philippines that the Committee on Insular Affairs, then newly organized, counted among its members some of the ablest, most conscientious and high-minded men of both parties in the House of Representatives. Its chairman was a man of long experience in the committee, familiar with Philippine conditions, of recognized ability and character, and could command the confidence and support of the House Democratic leaders. With such a committee, the commission was confident that a Philippine independence bill would receive careful, thorough, and conscientious consideration.

In the Senate the situation was practically the same as that of the House, but in a sense more complicated and confused. The Senate was nominally Republican by 2 votes, but everyone conceded that the progressive Republicans, while voting with the regular Republicans in the organization of the Senate, could not be depended upon regularly to support the Republican leadership. Fortunately, liberalism was dominant in the Senate. It was, therefore, generally considered that a bill granting independence to the Philippines would receive strong support in that body if it could be brought to a vote. Notwithstanding this fact there were very few political observers who believed that, in view of the rules and practices in the Senate, that body would find the necessary time to discuss the Philippine question, engaged as its attention was at the time in grave domestic and world problems. Everyone knows that a small group of willful Senators can defeat controversial legislation. Likewise it is well known that if the chairman of a committee decides to stall and prevent action on a bill pending in his committee, that chairman is able to prevent a report or discussion by the Senate of such measure unless it is a measure which finds Nation-wide support and is of such direct importance to the country at large that there actually exists a demand by the public opinion for its passage. This fact proved the stumbling block in past efforts in the Senate to pass an independence measure. At this time, however, Senator Bingham, Chairman of the Committee on Territories and Insular Affairs, a man of proven integrity and of high character, had assured the Senate a few months before that his committee would act on the Philippine independence bill, and everybody knew that he would comply with this commitment. That he would do so at the earliest possible opportunity was the added assurance he gave the members of the commission.

Senators Hawes and Cutting, whose unselfish devotion to Philippine independence is well known to the Filipino people, were ever ready to bend every effort to obtain approval of their first bill. However, they informed the commission that a more detailed consideration of the subject, and as a result of Senator Hawes' observations during his visit to the Philippines, certain amendments to the bill would be introduced to safeguard more adequately the interests and the liberties of the Philippine nation. Senator KERRY PITTMAN was disposed to take a more active part in the fight for an independence bill. Senator KING assured the commission of his sustained interest. From leaders of both sides of the Senate the commission also received assurances of abiding sympathy, which gave the members of the commission much reason for hope and confidence. Other members of the Committee on Territories and Insular Affairs had already voted in favor of the original Hawes-Cutting Act during the previous session; there was every reason to expect that they would adopt the same attitude when the question of Philippine independence was again submitted to the committee. But, as in the House, there existed conflicting views as to the time and process of granting independence, which had to be harmonized.

On the whole the situation in the Senate was encouraging to Filipino aspirations. A sympathetic interest was shown by many Senators in the subject. Equally important was the fact that, realizing that the Philippine independence question would soon be discussed by the Senate, many Members took time to acquaint themselves with the history of the independence movement, Philippine conditions, and the problems incident to independence. For these reasons the commission believed the Senate would consider the Philippine independence bill intelligently, with a high purpose, and with justice to both American and Philippine interests.

IV. THE ATTITUDE OF LABOR ORGANIZATIONS

Labor organizations in the United States favored Philippine independence. Agitation for Filipino exclusion from the Pacific coast and in other parts of the country persisted with undiminished vigor. The unemployment situation provided the exclusionists with an added argument on which to base their demand. They claimed not only that it was unjust to American workmen to compel them to compete with Filipino laborers, who accepted lower wages at a time when there was not enough work for American laborers supporting families, but that it would also be helpful to Filipinos themselves to prevent them from going to the United States at a time when a large number of Filipinos residing there were undergoing great suffering and privations because of inability to find work. With the number of unemployed mounting higher and higher every day, the appeal of these exclusion agitators gained considerable support.

It is not to be understood, however, that the support of Philippine independence by labor groups was actuated solely by their desire to exclude Filipino laborers from the United States. In justice to them it should be stated that American labor has con-

sistently favored Philippine independence since the early days of American occupation. In truth, the American Federation of Labor actively opposed the retention of the Philippine Islands at the close of the War with Spain.

The commission conferred with officials of the Federation of Labor and other labor organizations in Washington soon after their arrival. These officials expressed sympathy and readiness to join in the effort to enact independence legislation. While they favored independence in 5 years or at the earliest possible date possible, they realized the necessity of an adjustment period to permit a gradual accommodation of conditions in the Philippines to the changes that would result from independence.

V. THE ATTITUDE OF FARM ORGANIZATIONS

The attitude of farm organizations was found to be the same as that expressed by their representatives at the hearings before the House and Senate committees on the Philippines and in connection with the tariff during the previous session of Congress. They favored independence in 5 years or as soon as possible. While eager to free American agriculture from Philippine competition, their representatives admitted the necessity of prescribing what one of them termed as a "moratorium" in American-Philippine trade relations for a limited period so as to permit a gradual adjustment of such relationship. These organizations favored the process outlined in the first Hawes-Cutting bill, namely, progressive imposition of tariff duties on Philippine imports to the United States.

Agriculture in the United States was prostrate and facing ruin. For this reason there was in evidence an almost feverish desire to come to the rescue of American agriculture, to help place it on an equal footing with American industry, and to give it adequate protection from foreign competition, so as to preserve the home market for the benefit of American farmers. With these facts in mind, the Philippine commission eagerly sought to enlist the support of the representatives of farm organizations in Washington. These they found to be men with an unusual grasp of economic facts and were of high character and ability. While, of course, eager to promote what they candidly admitted to be their selfish interests, they, nevertheless, exhibited commendable willingness to avoid unnecessary injury to Philippine industries and trade.

VI. THE ATTITUDE OF THE PRESS

The Philippine Commission found the American press preponderantly opposed to independence, especially at that particular time. Most of the great metropolitan dailies and periodicals adopted the view of Secretary Stimson and of Secretary Hurley expressed by them during the preceding session of Congress in opposition to the enactment of legislation looking to independence under any terms or conditions. A few liberal publications in the South and in the West favored independence. By and large, however, it can be truthfully said that practically 90 percent of the American press was opposed to independence legislation. This included each and every one of the newspapers published in the city of Washington, the great Republican papers—the New York Herald Tribune, the Chicago Tribune, the Chicago Daily News, and the Philadelphia Public Ledger, and the influential Democratic newspapers—the Baltimore Sun and the New York Times. Small-town papers ordinarily echoed opinions similar to those expressed in the large and influential papers. The power and influence of these publications offered one of the greatest obstacles with which the commission had to contend. Ordinarily, a uniform stand taken by these important newspapers on any controversial issue would have had decisive influence in Congress. The commission discovered very soon that it should do little or nothing to change their attitude. There was only one thing to do: to fight the views of the papers in Congress by furnishing true information regarding Philippine conditions and Filipino aspirations among Congressmen and Senators, by placing before them the true significance and motivating influence behind the independence movement, and by circulating newspaper editorial offices all over the country with facts and figures showing Filipino preparedness for independence and the desirability of an instant settlement of the whole Philippine problem for the benefit of both the Philippine Islands and the United States.

The Philippine Commission transmitted by cable this survey of the situation in the United States to the legislative leaders at Manila. The cables bearing this information are attached to this report as confidential document B.

Chapter III. Formulation of independence bill

Immediately upon their arrival, the members of the Philippine Mission and the Resident Commissioners held numerous conferences with leaders of the Senate and the House of Representatives, more particularly with Congressman Hare, Chairman of the House Committee on Insular Affairs, and with Senators Hawes, Cutting, Bingham, and Pittman. The purpose of these conferences was to outline a program of activities looking to the formulation of a satisfactory measure and the procedure to be followed to insure its consideration and favorable report by the committees of both Houses and its final enactment by Congress. In these conferences, the commission informed the Members of Congress of the instructions of the legislature, and of the resolutions passed by the legislature urging the early grant of independence. The outcome of these conferences was the adoption by the sponsors of independence legislation in Congress of the following program:

First, To immediately reintroduce the original Hawes-Cutting bill both in the House and in the Senate. The alleged advances of this plan were, (1) because it would avoid delay in the prep-

aration of another bill; (2) because it was very valuable to capitalize the publicity already gained in the previous session of Congress by the Hawes-Cutting bill and the support it had received all over the country from labor and agricultural groups; (3) because the bill contained appropriate machinery for the institution of a Philippine independent state and the regulation of commerce and other relations during the transition period, and any modification of its provisions that might be desired would be more readily accomplished through amendments that might be proposed in the course of consideration of the bill.

There was general acceptance of the fact that the original Hawes-Cutting bill contained certain provisions which had to be modified, particularly those referring to trade provisions which everyone admitted would work undue hardship on the Philippines. Moreover, the conclusions which Senator Hawes reached from his observations in the Philippines inclined him to the belief that the transition period had to be slightly increased but not to exceed 10 years. In this respect Senator Hawes was strongly supported by Senator Cutting who insisted that a period of 10 years would be more reasonable and offered better opportunities to the Filipino people to work out their economic preparation for independence. As regards trade provisions, there was practically an agreement that a limitation of the amount of sugar, coconut oil, and cordage which might be imported free of duty to the United States from the Philippine Islands during the transition period, was more satisfactory for the Philippines than a progressive imposition of tariff duties on such imports.

These conclusions as to time and trade arrangement were considered to be in agreement with the views expressed by Senate President Quezon in his latest report to the legislature. In addition to this fact, Senator Hawes called attention to a letter received by him from Mr. Quezon expressing approval of the original Hawes-Cutting bill, with only two amendments, namely, that the period of transition should be extended to 10 years, and a system of the volume of Philippine imports to the United States should be substituted for a progressive imposition of tariff duties. That part of President Quezon's letter referred to is as follows:

"I beg to call your attention to the report enclosed herewith, which I submitted to the Philippine Legislature upon my arrival, with particular reference to pages 12 and 13, paragraphs first, second, and third. You will see that the first plan I advocate is immediate independence with limited free trade for 10 years. The second, independence under the form proposed in your bill with two amendments, namely, that, instead of imposing gradual tariff from the second to the fifth year, I suggest that the trade relations between America and the Philippines be left as it is today, but that the free importation of sugar and oil be limited; and that the time be extended to 10 years."

The full text of the letter is attached to this report as appendix 1.

Second. That hearings should be held at the earliest date possible, simultaneously before the House committee and the Senate committee, to expedite the presentation of evidence and testimonies, and, as soon as possible, obtain a favorable report by both committees.

Third. That while it was not essential to determine beforehand which committee should first submit a report or which branch of Congress should first act on the bill, it was deemed more expedient, having in mind the peculiar circumstances existing in the Senate in relation to the amount of urgent measures already included in its calendar, to attempt passage of the measure by the House of Representatives first.

Fourth. That Congressman Hare would introduce the bill in the House, and Senators Hawes and Cutting would introduce it in the Senate.

Fifth. That the hearings to be held before both the Senate and the House committees should be conducted with the Hare-Hawes-Cutting bill as a basis, and all testimony and evidence should refer to such bill as well as amendments which might be proposed.

Sixth. That the Philippine Commission should have opportunity to propose amendments to the bill during the hearings so as to make its provisions conform as closely as possible to the desires and aspirations of the Filipino people. It was the unanimous opinion of the leaders of Congress who participated in these conferences that it would be futile to insist on an independence bill too radically at variance with the bill used as a basis for the hearings and, besides, that it would be most unwise, for it would prevent effective coordination of efforts, might confuse issues, divide supporters of independence, and necessarily delay or impede action on an independence bill. Moreover, it was urged upon the Commission, confirming observations which the members themselves had made, that an immediate independence measure was considered impractical by a consensus of opinion in Congress and impossible of enactment.

Seventh. That in the obvious necessity of expediting action by the committees so as to be in readiness to take advantage of the earliest opportunity offered in either House in the regular disposition of its legislative business to obtain consideration and passage of the bill, it was deemed important that the sponsors of the bill should bear in mind the necessity, as much as possible, consistent with basic principles underlying the measure, to harmonize the divergent views of its supporters and to avoid as many controversial questions as might be feasible. The theory to be followed was to try to pass through the House of Representatives the best possible measure from the viewpoint of Filipino aspirations and Filipino interests, taking into consideration the views of the members of the committee and the whole Membership of the House of Representatives. As to the Senate, the same rule

of expediency was to be observed for the purpose of meeting the views of many of its Members. It was understood that after passage of the bill by both Houses of Congress, and while the bill was in conference, there would be ample opportunity to improve its provisions to meet the views of the Filipino Commission.

Eighth. That while there was not much hope of obtaining approval of the Philippine bill by both Houses during that first session of Congress, nevertheless an earnest attempt should be made looking to its passage in that session, and in case of failure so to do, to work out a parliamentary situation which would insure a continuation of consideration and final vote on the measure during the succeeding short session.

In conformity with this program of action, the original Hawes-Cutting bill was introduced in the House of Representatives by Congressman Hare on January 8, 1932. Copy of this bill is attached to this report as appendix 2. In the Senate the original Hawes-Cutting bill was introduced by Senators Hawes and Cutting on January 6, 1932, and copy of this bill is attached to this report as appendix 3.

HOUSE HEARINGS AND COMMITTEE ACTION

When the House Committee on Insular Affairs first met on January 22, 1932, the chairman, Representative Hare, formally announced that the committee would take H.R. 7233 (the Hare bill) as a basis for the hearings, but that in executive session all the Philippine bills that had been introduced would be taken up and considered, and that any amendments to any of the bills or the bill agreed upon would be in order at any time.

The hearings continued on January 22, 23, 25, 26, 29, 30, February 1, 2, 5, 6, 9, 10, and 12, 1932, or a total of 13 days. All witnesses interested in the solution of the Philippine problem were granted a hearing, and the evidence presented by them was thorough and exhaustive. Besides the members of the commission and several Congressmen who testified in favor of independence there were representatives from the National Beet Growers Association, the National Grange, the National Cooperative Milk Producers Federation, the National Farmers Union, the National Dairy Union, the Spencer Kellogg & Sons Corporation of Buffalo, the American Federation of Labor, the Hawaiian Sugar Planters Association, the Chambers of Commerce of San Francisco, Portland, and Tacoma, and the Manila Electric and Philippine Railway Cos. Senator Hawes, Senator Broussard, and the Secretary of War, Mr. Hurley, also appeared before the committee.

The Philippine Commission submitted the case for independence at great length. Their combined testimony covers 167 pages in the record of the House hearings. Every phase of the Filipinos' demand for early independence and the readiness and capacity of the Filipino people to maintain a free and stable government was discussed. The stand of the commission and the Filipino people was made plain by Senator Osmeña in his statement, in the course of which he quoted the independence memorial unanimously approved by the Philippine Legislature on September 24, 1931, on the occasion of the visit of the Secretary of War to the Philippine Islands.

For reasons already explained, the commission at first did not commit themselves either in favor of or against the Hare bill, satisfying themselves instead with submitting as convincing a case as possible in favor of the earliest grant of independence. On the fourth day of the hearing the committee requested the commission to submit such amendments to the Hare bill as they might desire to propose.

Consequently, on January 29, when the committee again met, Senator Osmeña submitted, on behalf of the commission, a list of amendments, explaining at the same time, that the commission, in preparing these amendments, had taken into consideration not only the views of the Filipinos but also of those different elements in the United States who are interested in the solution of the Philippine problem. Briefly, these amendments were as follows:

(1) The elimination of the plebiscite following the 5-year period of transition, and instead making the 4th of July following the 5-year period provided in the bill as the date when independence of the Philippines shall be recognized and American sovereignty withdrawn. The commission stated to the committee that in case an economic adjustment was not to be provided, 2 years would be a sufficient time within which the steps leading to the organization of an independent Philippine Government could be undertaken.

(2) Philippine immigration to the United States to be on the same basis as immigration coming from nonquota countries, but limiting said nonquota immigrants to 100 a year, and excluding Hawaii from the provisions of this section.

(3) The maintenance of the present free-trade reciprocity between the United States and the Philippines until final withdrawal of American sovereignty, except that during the period of transition under the Commonwealth government, the free importations of Philippine raw sugar to the United States would be limited to 20 percent of the total sugar imports into the continental United States; refined sugar to 30,000 tons annually; coconut oil to the content of copra that is imported into the United States annually at the ratio of 63 percent of oil to 100 of copra; and cordage to 7,500,000 pounds.

Detailed explanation of these amendments appear on pages 145-148 of the House hearings.

The foregoing amendments were submitted on January 29, 1932, and on February 2, Representative Hare reintroduced his bill as H.R. 8758 substantially embodying the suggestions of the commission.

The views of the farm and labor interests as presented before the House committee may be stated substantially as follows:

(1) The farm organizations favored independence after a 5-year period of transition precisely as provided in the Hare bill with an immediate application of the American tariff on Philippine imports gradually increasing from 20 to 100 percent of the tariff rate.

(2) The labor organizations urged that the doors to the United States, including Hawaii, be closed to Filipino immigration within 60 days of the passage of the Hare bill.

(3) The representatives of the Hawaiian Sugar Planters Association in turn argued that if it should be deemed to be in the interest of the United States to prohibit the entrance of citizens of the Philippine Islands to the United States, a provision be made applying to Hawaii whereby they (the Filipinos) may be admitted thereto in numbers sufficient to meet the agricultural labor requirements of that Territory.

Representatives of American investments in the Philippines called attention to the fact that American investments in the Philippines, particularly in sugar and coconut oil, have been to a large extent encouraged by the American and Philippine Governments, and that it would, consequently, be most unreasonable to cut these products off immediately from the American market without giving them a sufficient time within which to permit the investors to liquidate their investments in those industries without loss. A transition period of not less than 20 or 30 years was urged, during which time the annual duty-free Philippine sugar entering the United States could be limited to 25 percent of that which the United States consumed.

Secretary of War Hurley testified before the committee on February 10. He stated that it was unwise to consider the subject of Philippine independence at the time owing to the unsettled conditions in the Far East. He opposed the fixing of any definite date for independence because of alleged economic unpreparedness of the Filipinos, inability to defend themselves from external aggression, and because America had not yet fully discharged her obligations to the Filipinos, particularly the non-Christians. The Secretary of War favored the idea of restricting Philippine free imports and Filipino immigration to the United States without fixing a date for independence and the revision of the tariff of the Philippines by the legislature for the purpose of balancing what he termed "reciprocal trade advantages" between the two countries.

On March 4 the House committee tentatively came to an agreement regarding the provisions of the Hare bill as they would report it. The bill would grant independence after a transition period of 5 years. During the first year of this transition period raw sugar importations to the United States would be limited to 800,000 tons and refined sugar to 40,000 tons; cordage to 5,000,000 pounds, and coconut oil to 300,000 tons. Beginning with the second year of the transition period there would be a 10-percent yearly reduction in the above quantities. Filipino immigration would be restricted to a quota of 50 annually, this provision becoming effective immediately upon the passage of the act, and no exception being made with Hawaii. Furthermore, the withdrawal of sovereignty by the United States was to be conditioned on the previous agreement on the part of the Philippine government to sell or lease to the United States lands necessary for coaling or naval stations at specified points to be agreed upon with the President of the United States not later than 2 years after his proclamation recognizing the independence of the Philippines.

No sooner had the majority of the committee tentatively come to such an agreement, however, when some of the Members who did not approve of the transition period and the terms of the trade provisions immediately tried to obtain changes through committee amendments. The problem confronting the friends of independence in this committee was to find some formula which would reduce as much as possible the differences existing between the various shades of opinion represented in the committee so as to insure the passage of the measure in the House without prolonged debate and its acceptance by the Senate. These friends felt, and they so informed the commission, that a point had been reached where the preferences of the Filipinos as to the time when independence was to be granted should be subordinated to the exigencies of the situation in Congress if the difference did not involve a great length of time.

Finally on March 15 the committee, by a practically unanimous vote, agreed upon the final form of the bill. The annual duty-free raw-sugar importations from the Philippines to the United States was set at 800,000 tons, refined sugar at 50,000 tons, coconut oil at 200,000 tons, and cordage at 3,000,000 pounds. The 10-percent annual reduction of these amounts previously agreed upon was eliminated, and Hawaii was exempted from the immigration-clause provision. However, the period of transition was increased to 8 years.

SENATE HEARINGS

When the Hawes-Cutting bill as approved by the Senate Committee on Territories and Insular Affairs in the Seventy-first Congress was reintroduced in the Seventy-second Congress early in January as S. 2743, every effort was made by the commission to expedite the holding of the hearings on the same. Thus, on January 25, 1932, while Speaker Roxas was testifying before the House Committee on Insular Affairs, Senator Osmeña appeared before an executive session of the Senate committee and defined the Filipino people's position, urging at the same time prompt and speedy action on the pending bill.

In order to save time, the Senate committee thereupon agreed to incorporate into the records of their committee all the evidence that might be submitted to the House committee. The Senate

committee also agreed to invite the Secretary of War, the Secretary of State, and the Secretary of the Navy to submit any statement they desired to make in regard to the Philippine question, particularly with reference to the Hawes-Cutting bill. When the Senate committee commenced its hearings it had before it not only the Hawes-Cutting bill but also the King bill (S. 23) introduced by Senator King on December 9, 1931. A copy of this bill is attached to this report as appendix 4.

The Secretary of War appeared before the Senate committee on February 11 and 13. It will be recalled that he had testified before the House committee on February 10, and his testimony before the Senate committee was, to a large extent, a repetition of his statement before the committee of the House of Representatives.

Following the statement of the Secretary of War the members of the commission immediately prepared a reply in which they refuted the arguments against independence made by him, and to show that his position was, in the light of uncontroverted facts, untenable. This reply was submitted not only to the chairman of the Senate and House committees and made a part of the records of the hearings, but copies of it were distributed to every Member of the House and the Senate and to the more influential newspapers throughout the United States. A copy of said reply is attached hereto and marked "appendix 5."

The commission also took occasion to send to the Senate committee a separate answer to Secretary Hurley's charge that the Filipino people have never formulated an economic program in the event of independence. A copy of this statement is attached hereto as appendix 6.

On February 11 other witnesses appeared before the Senate committee. They were Messrs. Clyde H. Tavenner and Charles Edward Russell; James Craig, representing Spencer Kellogg & Sons, of New York; and Mr. Edward Bruce, who officially represented the Chambers of Commerce of San Francisco, Portland, and Tacoma. The first two witnesses urged immediate independence, while the other two opined that a transition period of at least 30 years was necessary to permit Philippine industries dependent upon the American market to readjust themselves to the new conditions which they would have to face under an independent regime.

LETTER OF THE SECRETARY OF STATE IN EXECUTIVE SESSION

The Honorable Henry L. Stimson, Secretary of State, unable personally to appear before the Senate committee, on February 15 wrote a letter to the chairman of the committee, Senator Bingham, expressing his views on the Philippine question. This letter was read by Senator Bingham to the members of the committee in executive session only and was not released to the press. However, on April 4, during the debate on the Hare bill in the House, Representative Stafford, who urged disapproval of the bill, made reference to this letter as an argument against the passage of the measure.

Secretary Stimson's letter was as follows:

WASHINGTON, D.C., February 15, 1932.

The Honorable HIRAM BINGHAM,
United States Senate.

DEAR SENATOR BINGHAM: I have received your letter of February 9 inviting me to appear before an executive session of the Committee on Territories and Insular Affairs in order to give my views on the subject of the bills now pending before your committee relating to Philippine independence.

The Secretary of War, whose department exercises jurisdiction over the affairs of the Philippine Islands, has already laid his views before your committee and it is unnecessary for me to add to what he has said in many particulars.

I can, however, give you my views on the effect which the present movement for immediate independence in the Philippines, both in and out of Congress, is having upon our foreign relations. That is a matter within my jurisdiction, and as the stress of my other duties makes it very difficult for me to appear before you in person, I will take the liberty of submitting them in this letter.

Undoubtedly the outstanding development, for good or ill, in the foreign relations of the United States during the remainder of this century, will be that of our relations with the countries on the western side of the Pacific Ocean. The opening of the Panama Canal revolutionized the conditions of our trade with them, and during the 10 years succeeding the Great War that trade more than quadrupled, greatly exceeding the rate of the growth of our trade in any other quarter of the world. Whether we yet realize it or not, we are already a great Pacific power and as such will sustain a constantly increasing interest in the affairs of the Pacific.

By a fortunate coincidence with this development the United States had, on the opening of the century, responded to an opportunity and assumed a responsibility in the Far East by our entry into the Philippine Islands. Under enlightened leadership we framed our policy along no selfish lines of colonial domination but from the beginning undertook the courageous experiment of trying to establish among an oriental people the practices of western economic and social development and the principles of political democracy. Thirty years ago the experiment was scoffed at as chimerical by the colonial powers of Europe. Today its success meets with their profound surprise and respect. Under American guidance the Malay population of the archipelago have in 30 years made a progress in achieving a uniform language, a western system of education, a hitherto unknown national feeling, and American methods of government, which is extremely satisfactory. The Philippines today represent an islet of growing western development and thought surrounded by an ocean of orientalism. They

are the interpreters of American idealism to the Far East. They are on the way to become the base of our economic civilization in that hemisphere.

The Philippine Islands have thus become a physical base for American influence—political, economic, and social—in the Far East. There we demonstrate before the eyes of all far-eastern peoples and of all governments which exercise authority, or influence in the Far East, American ideas, ideals, and methods. We show, and they see, how we organize, and maintain, and administer agencies of government, agencies for establishing and preserving order, agencies for the peaceful solution of the problems of human contact, agencies for regulating, for adjusting, for safeguarding, and for promoting the interests and welfare of the individuals, the groups, and the whole people who make up a Commonwealth.

This progress, however, has depended upon two things: First, the American leadership and guidance which has been constantly and intelligently exercised and without which this progress would have been impossible; and, second, the material assistance of a free market with the United States. If these two agencies should be at present withdrawn, it is the practically unanimous consensus of all responsible observers that economic chaos and political-social anarchy would result, followed ultimately by domination of the Philippines by some foreign power, probably either China or Japan.

It needs no imagination to grasp the effect which such a result would have upon the moral prestige and material influence of the United States in the Far East. To every foreign eye it would be a demonstration of selfish cowardice and futility on our part. No matter under what verbal professions the act of withdrawal were clothed, to the realist observers of that part of the world it would inevitably assume the aspect of abandonment of the wards we had undertaken to protect. In the Orient, far more even than in the Occident, prestige is the measuring rod of success. Such a change would be an irreparable blow to American influence.

Again, our presence in the Philippine Islands has already contributed to the development of a new base of political equilibrium throughout the area of the western Pacific and eastern Asia. At present, or within any definite future, withdrawal of American sovereignty from the Philippines and the termination of American responsibility in and for the islands would profoundly disturb that equilibrium. It would inevitably have an unsettling effect in the relations to political thought of the various races, or nations, in the Far East, and in relation to the contacts of those races, or nations, among themselves and with the rest of the world. It would not be in the interest of world peace, but to the contrary. It would not be to the political, economic, social, or moral advantage of the United States or to that of the people of the Philippine Islands, or to that of any other country or people. It would throw additional burdens upon the stability of practically all other governments in that vicinity; and it would render more difficult the safeguarding of our own interests both in the Far East and throughout the world.

Every consideration which I have enumerated in this letter applies with tenfold force at the present moment when the state of affairs in the Far East is chaotic; when every element of stability is threatened, and when out of the Orient may again come one of those historic movements which will disturb the whole earth. Agitation of a change in the status of the Philippine Islands at this moment can only inflame most dangerous possibilities.

Finally, it is proper to say that I am not advocating a repudiation of any pledges which may have been given to the Filipinos as to their ultimate status being dependent on their own free will. For as Governor General, during my residence in the islands, I formed the sincere conviction that given the requisite patient, disinterested, and intelligent effort by the Representatives of this country, a solution of the Philippine problem could ultimately be achieved with the full consent of the Filipino people, which would not only satisfy their aspirations for self-government, but honorably and justly safeguard their interests of the United States both at home and in the Far East.

Very sincerely yours,

(Signed) HENRY L. STIMSON.

HAWES-CUTTING BILL APPROVED IN PRINCIPLE

It soon became apparent that the Senate committee was disposed to adopt the basic philosophy of the Hawes-Cutting bill; that is, to fix a date for independence after the lapse of a transition period permitting the adjustment of economic and other relations between the two countries. Two questions, however, entailed much difficulty in their solution, namely, the length of the transition period and the nature of the trade relations between the United States and the Philippines during that time.

Opinion as to the length of the transition period varied from 5 to 30 years. There was also the suggestion of the Secretary of War to the effect that the period should not be measured in years, but in accomplishments or objectives. In considering this question the committee found that the period of time was intimately related to economic adjustments, the prevailing world depression, and the unsettled conditions in the Far East.

The provisions as to trade relations offered more difficulties. The commission, of course, exerted every effort to obtain the most favorable economic terms with an as early a date as possible for independence. With regard to sugar and coconut oil, all the data received from Manila, including President Quezon's cable of February 17, 1932, and Secretary Alunan's cable of February 25, 1932, were presented to both committees of Congress, and the subject

matter further discussed personally with individual members of said committees.

The manner in which the committee finally agreed upon the length of the transition period was to put the question to a vote. First a vote was taken to a proposed 3-year period. This was defeated. Only 2 votes were cast in its favor. Then a vote was taken on a 5-year and a 10-year period. These also were rejected. Finally, the committee came to an agreement on a 15-year period and this result was formally announced.

On February 20, 1932, the committee made public the main features of the bill. They were as follows: Free-trade limitations were to be by volume instead of by percentage of consumption or total importation into the United States; beginning with the eleventh year of the transition period and until the fifteenth year a progressive tariff imposition was to be levied on Philippine imports into the United States, after which the full tariff rates were to apply; a plebiscite was to be held at the end of the transition period to determine if the Filipino people at that time desired independence; finally, the provisions of the act were not to take effect until accepted by the Philippine Legislature or by a convention called for the purpose. The provisions of the bill relative to the government to be established in the Philippines during the transition period was left by the committee for consideration at a later session.

As to free imports to the United States the committee subsequently decided to adopt the status quo principle, that is, they would permit the Philippines to export to the United States free of duty during the transition period the amounts of sugar, coconut oil, and cordage which it was estimated the Philippine Islands would export to the United States during the year 1932.

The Philippine Commission immediately cabled to the secretary of agriculture in Manila requesting estimated raw and refined sugar exportations to the United States for 1932 and 1933. The reply of the secretary of agriculture of February 25, already alluded to, estimated the 1932 Philippine sugar crop to be 925,000 long tons, of which amount there would be available for export to the United States 800,000 tons of raw sugar and 50,000 of refined, the balance representing local consumption. This estimate, together with the estimate for 1933 and the present milling capacity of Philippine centrals, was duly submitted to the Senate committee. The committee accepted the estimate made by the secretary of agriculture and natural resources of the 1932 sugar exportations to the United States and adopted said estimate as the basis for the limitation prescribed by the act.

After adopting the agreements referred to above, the Senate committee appointed a subcommittee of five of its Members, composed of Senators Metcalf, Pittman, Johnson, Cutting, and Hawes, to redraft the bill. The subcommittee held several meetings and carefully revised the provisions of the bill in order to make said provisions conform with the basic features agreed upon by the full committee. Among the important changes made by the subcommittee was the conversion of the graduated tariff levy from the eleventh to the fifteenth year into a graduated export tax to be levied and collected in the Philippines and to set aside the proceeds of the tax as a special fund to be added to the regular sinking fund for the redemption of the bonded indebtedness of the Philippine government.

On February 26 the committee formally voted to report the bill in the form as it appears on Senate Report No. 354, a copy of which is attached hereto as appendix 7. It will be noted that the Senate committee reported the Hawes-Cutting bill some 2 weeks before the House committee finally acted on the Hare bill, and the considerations which moved the Senate committee to amend the bill were made known to the House committee. The decision of the House committee to adopt the same trade limitations for the Hare bill were undoubtedly motivated by the same reasons. During the consideration of the independence bill by both committees Senators Hawes, Cutting, and Pittman, of the Senate committee, and Representatives Hare, Williams, and Knutson, of the House committee were constantly in touch with each other and with the commission for the purpose of coordinating the work of both committees.

Chapter IV. Passage of Hare bill by the House of Representatives

After the House committee had favorably reported the Hare bill on March 15, every effort was exerted by the commission and the friends of independence to obtain a rule which would set a date for the consideration of the bill by the House. The commission first conferred with the leaders of the House and the members of the Rules Committee. Pursuant to a practice followed by the Rules Committee, a hearing was held to determine the relative importance of the different bills awaiting action on the calendar. At this hearing Chairman Hare urged early consideration of the independence bill, and his request was supported by Representative Knutson, the ranking Republican, and by Commissioner Osias on behalf of the Philippine Commission. As a result of this hearing the commission received assurances that the independence bill would be taken up by the House soon after it had disposed of the tax bill.

Action on the tax bill by the House drew to a close toward the end of March. In the course of one of the conferences held by members of the commission with the leaders of the House, the feasibility of bringing up the Philippine bill immediately after the tax bill was discussed. The plan was to bring up the measure under a unanimous consent agreement, the vote on the bill to be taken after 2½ hours of general debate. If there should be objection to the unanimous consent, a motion to suspend the rules and pass the bill was to be made by Representative Hare. This

latter motion, however, required a two-thirds vote, and debate had to be limited to 40 minutes. There was some doubt expressed at first whether sufficient votes could be mustered to carry the motion. After a canvass of the Members of the House the commission and the Democratic leaders of the House decided to make the attempt. Accordingly, late on Friday afternoon, April 1, 1932, Speaker Garner announced to the House the action that was proposed to be taken on the Philippine independence bill the following Monday. He said:

"... The Chair intends to submit on Monday a unanimous-consent request that the Philippine bill be taken up at 1 o'clock, with 2½ hours of debate. If this request is granted, we will have 2½ hours of debate; otherwise, it is the present purpose of the Chair to recognize the gentleman from South Carolina for the purpose of moving to suspend the rules and pass the bill with 40 minutes of debate."

On Monday, April 4, Representative Hare requested unanimous consent to proceed with the consideration of the Philippine bill. Objection was made by Representative Bacon, of New York. Thereupon Representative Hare asked unanimous consent that the bill be given a privileged status to be considered under the rules of the House. This request was likewise objected to by Representative Bacon and Representative Chipfield. The Chair then announced that it would recognize the gentleman from South Carolina [Mr. Hare] "not later than 3 o'clock to move to suspend the rules and pass the bill."

At the stated time Chairman Hare moved to suspend the rules and pass the bill. The debate on this motion was, as previously stated, limited to 40 minutes. Thirteen Members of the House participated in the discussion. Representatives Hare, Cross, Hooper, Thurston, Welch, Jenkins, Dyer, Gilbert, and LaGuardia spoke for the bill, and Representatives Knutson, Underhill, Broom, and Stafford against. The two Resident Commissioners also spoke in support of the measure. The final vote was—yeas 308 (of whom 186 were Democrats, 119 Republicans, and 1 Farmer-Laborite) and nays 47 (all of whom were Republicans). And so, two thirds having voted in favor of the motion, the rules of the House were suspended and the bill was passed.

In the morning of April 4, before the House met, a group of Representatives, accompanied by spokesmen of farm organizations in Washington, conferred with Speaker Garner, earnestly requesting him not to carry out his announced program of action in relation to the Hare bill. The farm representatives alleged that the bill did not adequately protect the agricultural interests of the United States, and for this reason they objected to a procedure which would deprive them of the opportunity to amend the measure so as to make its provisions acceptable to the interests which they represented. Their petition was supported, they claimed, by over 140 members of the farm bloc of the House. Speaker Garner, however, informed them that the program had been decided by the House leaders and had to be carried out. This firm attitude of Speaker Garner proved to be a decisive factor not only in insuring consideration of the bill but in avoiding prolonged debate and amendments which would have further restricted Philippine free exports to the United States.

Chapter V. First debates by the Senate

When the Philippine independence bill was favorably reported by the Senate committee on March 1, 1932, it was placed in the regular calendar. Bills in the regular calendar are called up in their order during the first 2 hours of the Senate's meeting following an adjournment. If a bill is not disposed of within those 2 hours, it goes back to the regular calendar again to await its turn.

In order to insure a continuity of debate on the independence bill every effort was exerted to have the bill placed in the privileged calendar. Although the steering committee of the Senate was composed of five Republicans, of whom the chairman was Senator VANDENBERG, this was accomplished, thanks to the untiring efforts of Senator Hawes and other Senators supporting the bill. But ahead of the Philippine bill in the privileged calendar were the naval construction bill, the special road appropriation bill, the resolution authorizing the President to reorganize the Federal departments, the Glass banking bill, and the Muscle Shoals bill. Later the unemployment relief bill and the emergency loan banking bill, the latter of which originated in the House, were also given preference and placed ahead of the Philippine bill. It, therefore, became apparent to the commission and their friends that the Philippine bill might never reach its turn in the privileged calendar before the adjournment of Congress and that other tactics had to be adopted if any progress in the legislation was to be achieved.

On April 29, the Philippine independence bill reached its turn in the regular calendar. By this time two important amendments in the nature of substitutes to it had been introduced in the Senate. One was the King substitute, fashioned after the original King bill introduced in December 1931 and providing for independence within about 3 years, and the other was the Vandenberg substitute, providing for independence after 20 years, during which period the existing government of the Philippines was to continue together with a gradual application of the American tariff on Philippine exports to the United States. Copies of those two substitute bills are appended to this report as appendices 8 and 9.

As previously explained, only 2 hours of debate is given to the Regular Calendar and, on this occasion, the entire 2-hour period was consumed by Senator COPELAND in an evident filibuster against

the bill. At 2 o'clock the Philippine bill went back to the Regular Calendar. It was evident that many weeks would pass before it could again be discussed.

THE FORBES AMENDMENT

In view of the many difficulties encountered in obtaining early consideration of the bill by the Senate mainly due to the opposition of the administration of Republican leaders, Senator Hawes and other friends of the independence bill felt the need of enlisting the support of prominent Republicans who, because of their familiarity with Philippine conditions and the far eastern situation, might in some measure counteract the opposition expressed by spokesmen of the administration. It was at that time that the Honorable W. Cameron Forbes, the former Governor General of the Philippine Islands returned to the United States from his assignment as Ambassador to Japan. Senator Hawes conferred with Governor Forbes early in May and asked him if he had any suggestions concerning the independence bill. Mr. Forbes replied that he would study the bill and that he would submit his recommendations, if any, to Senator WALCOTT, of Connecticut, a Republican and a close personal friend of his. These recommendations Mr. Forbes subsequently sent to Senator WALCOTT in a letter, copy of which is attached to this report as appendix 10. Senator WALCOTT communicated the contents of this letter to Senator Hawes, informing him that it was his intention to insert the letter in the CONGRESSIONAL RECORD. Senator Hawes thereupon, with Senator WALCOTT's consent, discussed the suggestions of Mr. Forbes with the Philippine Commission.

After studying the suggestions offered by Governor Forbes, the commission informed Senator Hawes that they were opposed to them. In view of Senator Hawes' insistence, however, of the need of enlisting Governor Forbes' support of the bill, the Commission, acting on the advice of Senator Hawes directed Senator Osmeña to go to Boston to confer with Governor Forbes and submit to him the objections of the commission.

After hearing Senator Osmeña, Governor Forbes agreed to withdraw some of the changes which he had suggested and to modify others. Notwithstanding these changes the proposed amendments were still objectionable to the commission, and they made it plain to Governor Forbes and Senator Hawes that they reserved the right to oppose the amendments. This attitude of the commission was referred to by Governor Forbes in a letter which he addressed to the then Governor General Roosevelt, copy of which is attached to this report as appendix 11. These revised amendments were embodied by Governor Forbes in another letter to Senator Walcott, copy of which is attached to this report as appendix 12, and it was this letter which was finally inserted in the CONGRESSIONAL RECORD of May 23, 1932.

Briefly, the first of the proposed Forbes amendments would add to subsection 2 of section 2 of the committee draft the following sentence:

"The President shall also have authority to take such action as, in his judgment, may be necessary in pursuance of the right of intervention reserved under paragraph N of section 2 of this act."

The second Forbes proposal dealt with the powers of the high commissioner in the Philippines. In defining his duties the original Senate draft provided that "he (the high commissioner) shall perform such additional duties and functions as may be lawfully delegated to him from time to time by the President." The amendment proposed to strike out the word "lawfully."

The third amendment suggested by Mr. Forbes proposed to add to the assistants of the high commissioner—"a financial expert or comptroller, who shall receive for submission to the high commissioner, a duplicate copy of the reports of the insular auditor and to whom appeals from the decision of the insular auditor may be taken." The views of the authors of the bill on the amendments proposed by Governor Forbes were stated by Senator Hawes in a cablegram to the Tribune in Manila, on May 31, as follows:

"ROMULO, Tribune, Manila:

"Manila press dispatches indicate that there is a misapprehension in the Philippines regarding the effect of the Forbes amendments. After considering these amendments carefully and obtaining the views of the Senate legislative counsel I reached the conclusion that they do not materially change the powers of government granted the Filipino people under the Commonwealth provided in the Hawes-Cutting bill.

"The first amendment is intended to determine by whom the power of intervention is to be exercised. The extent and limitations of the right of intervention as are to be provided in the constitution are left unchanged.

"Although this power of intervention defined in the constitution must be found lodged in the president by necessary implication, the proposed amendment will serve to clarify this provision.

"Before this amendment was suggested I had already proposed myself another amendment for a similar purpose regarding the jurisdiction of the United States Supreme Court, whose jurisdiction recognized in the Philippine constitution shall be specifically defined by the act of Congress itself to avoid possible legal controversies.

"The second Forbes amendment eliminates the word "lawfully" in the last sentence of the second paragraph under subsection 4 of section 7. This word did not appear in the first draft of the bill. Its elimination will not change the effect of the provision. It is mere surplusage. It will not permit a delegation by the president to the high commissioner of authority and functions

not conferred upon the president by the law, nor those which by their nature he must exercise personally, and which, therefore, he could under no circumstances delegate. The powers and functions of the high commissioner are not in any way enlarged by this amendment.

"The third Forbes amendment authorizes an appeal from decisions of the Philippine auditor to the comptroller in the office of the high commissioner. The comptroller has no authority over the financial policies of government. The Hawes-Cutting bill does not define the functions of the Philippine auditor. That matter is left entirely to the Commonwealth legislature. It is assumed that the auditor's authority will be limited to passing upon the question whether expenditures are in accordance with law. The authority of the comptroller on appeal will be limited likewise. I am personally not in complete accord with the necessity of this last amendment, but I have yielded to the argument that its adoption may provide a wholesome check during the 5 years, and will stabilize the credit of the Philippine government in the United States essential to maintain the security demanded by holders of Philippine bonds.

"In the face of the active opposition to independence coming from certain quarters close to the administration and from the big newspapers I consider it most fortunate for the cause of Philippine independence to have received the support for the Hawes-Cutting bill of Governor Forbes, admittedly the foremost authority on Philippine affairs and a former opponent of independence. His stand is significant for another reason. Probably better than any other American, Forbes knows far-eastern conditions, having served until recently as American Ambassador to Japan, and his endorsement of an independence bill at this time must be viewed as drawing weight from the argument that this is not the time to grant independence to the Philippines because of unsettled conditions in the Orient. In my desire to achieve independence for the Filipino people at the earliest date possible, knowing as I do the difficulties and the force of the opposition I have been very much gratified at having satisfied Governor Forbes that the Hawes-Cutting bill with his amendments, provides a fair and just solution of the Philippine problem, assuring the Filipinos their independence at a certain definite date and meantime placing in their hands complete self-government under a constitution approved by them, subject only to those restrictions which are essential to safeguard American sovereignty and responsibility.

"The members of the Philippine Mission in reflecting the popular opinion in the Philippines are not in entire accord with the Forbes amendments. They were not consulted before they were proposed. In fact all the provisions of the Hawes-Cutting bill do not meet with their approval. For instance, they consider the transition period too long and the trade restrictions unduly severe. However, I am confident they do realize that in such a controversial matter as the Philippine problem any solution must take the form of a compromise, especially in this case where so much misinformation and prejudice prevails. It is hard for the people in the Philippines, so far away, to grasp this situation with new complications arising almost daily.

"The fight cannot be won unless the Filipinos maintain their faith in their friends here who are earnestly endeavoring to help them attain freedom and independence.

"HAWES."

As will be seen in a subsequent chapter, these Forbes amendments were radically modified or eliminated by the conference committee.

DEBATES ON THE BILL IN JUNE AND JULY

As previously stated, the Philippine Independence bill reached its turn in the regular calendar on April 29, but owing to Senator COPELAND's dilatory tactics it remained in the calendar to await further action. Attempts were then made to obtain a unanimous agreement for night sessions to discuss the Philippine bill. The Senate was then holding sessions 10 hours daily and hope of securing this agreement was not bright.

Toward the end of May the prevailing sentiment in Congress favored adjournment by June 10 in order to enable its Members to attend the Republican and Democratic Conventions in Chicago. As the days passed and the Senate made little headway in its legislative program, it became apparent that an early adjournment was impossible. However, pressure came from all sides urging adjournment as soon as the appropriation, the economy, and the relief bills were passed, in which case the Glass banking bill, the Muscle Shoals bill, the home-loan bank bill, and the independence bill would remain unacted.

Thus the independence bill reached a most critical situation. Its friends could not press for its consideration ahead of the other bills in the privileged calendar, all of which were of national importance, for fear of causing irritation among the supporters of those measures whose votes were needed to pass the Philippine bill. The only course opened was to continue asking for night sessions for the consideration of the independence bill.

On June 10 Senator Hawes made an impassioned plea on the floor of the Senate urging action on the bill, explaining that it was of prime importance to the Filipinos, who, because of their uncertain economic and political status, were unable to make any progress. He ended by asking unanimous consent of the Senate to set aside 3 or 4 evenings the following week for special sessions for the consideration of the Philippine bill. The request, however, was denied owing to the opposition of Senator DILL, of Washington, who, although in favor of the Philippine bill, did not want to delay adjournment because of the desire of many Senators to attend the national party conventions in Chicago.

On the following day, June 11, Senator Hawes asked for only one night session to be held on the following Monday, June 13, from 7 to 10:30 p.m. This time his request was granted, and the independence bill was given precedence over the other measures pending in the Privileged Calendar.

During the 3½-hour debate on that date, Senators Hawes, Cutting, and Vandenberg addressed the Senate. The first two explained the philosophy and the provisions of their bill, while the latter expounded the provisions of his substitute which he proposed to formally present at the proper time. At 10:27 p.m., the Senate recessed, and the independence bill went back to the Privileged Calendar with no definite date set for the continuation of the debate. The following morning the Senate continued the unfinished business of the day, which was the revenue bill.

On June 18 Senator Hawes made three more attempts to secure unanimous consent for the consideration of the independence bill the following week. First he asked for special night sessions on June 20 and 21. This was objected to by Senator COPELAND. He then asked for a night session on June 20 only. This time the objector was Senator COUZENS, of Michigan. Senator Hawes then asked that the Senate agree to consider the Philippine bill immediately after final vote was taken on the then unfinished business, which happened to be the relief bill, but this was objected to by Senator VANDENBERG. These defeats on June 18 made it clear that no further unanimous-consent agreements could be obtained. The independence bill had again reached an impasse.

Senator Hawes then decided to take the last remaining move, namely, to ask for the consideration of the independence bill immediately following the vote on the unfinished business. Only a majority vote was necessary to carry this motion. But if this plan was to succeed, it was necessary to gain the cooperation of the floor leaders of the two parties in Congress, namely, Senator McNARY and Senator ROBINSON of Arkansas who, although in favor of the passage of the Philippine bill, had in the past been unable to consent to give it precedence over other pressing measures. In this critical stage Senator Hawes succeeded in obtaining the support of both leaders to his proposed motion, and arrangements were made for the Vice President to recognize Senator Hawes as soon as the final vote was taken on the relief bill. This was on Saturday, June 18.

On Thursday, June 23, at 4 p.m., the relief bill was passed. That morning, however, at the suggestion of Senator PITTMAN, it was agreed that instead of having Senator Hawes present the motion, it should be done by Senator ROBINSON, the Democratic floor leader. Accordingly, Senator ROBINSON made the motion to proceed with the consideration of the Philippine bill, and upon approval of this motion, the independence bill became the unfinished business of the Senate.

Although the bill thus became the unfinished business of the Senate, it had to give way temporarily to permit consideration of the conference report on the economy bill and to enable the Senate to pass the independent offices appropriation bill, the Treasury appropriation bill, and the second deficiency bill. It was not until the morning of June 29 that the stage was clear and the bill finally called up. Immediately Senator COPELAND gave indication of his intention to delay action on the measure by insisting that it be read by the clerk, after which he spoke at great length on the constitutional aspects of the pending legislation, insisting that Congress had no authority under the Constitution to grant independence to the Philippine Islands.

In the course of this day's debate however, the three Forbes amendments already mentioned were submitted and agreed to. They were approved by the Senate without much discussion. Senator Hawes also introduced a perfecting amendment suggested by the legislative counsel of the Senate, more properly defining the jurisdiction of the United States Supreme Court over the Philippine appeals, and this was likewise agreed to by the Senate without debate.

Senator Hawes did everything possible to expedite consideration of all amendments in order to pave the way for a final vote to pass the bill at the first convenient opportunity. The strategy that he adopted was not to insist on the elimination of objectionable features of the bill at that stage in order not to delay action but to leave all controversial matters for settlement when the bill reached conference.

On the same day, June 29, Senator Broussard also offered an amendment to reduce the amount of duty-free raw sugar which the Philippines might import to the United States during the transition period, from 800,000 to 600,000 tons, and refined sugar from 50,000 to 30,000. The amendment was received and ordered to be printed.

Finally, Senator VANDENBERG offered two amendments. The first, a perfecting amendment, would identify the peace treaty with Spain mentioned in section 1, by referring to it as that of April 11, 1899 (which was the date when ratifications of the treaty were exchanged) instead of December 10, 1898 (which was the date when the treaty was signed). This amendment was agreed to without debate.

The second Vandenberg amendment would advance the time of the initiation of the export tax on Philippine free exports to the United States from the tenth to the fifth year after the organization of the Commonwealth government. Following a heated discussion, however, participated in by Senators Hawes, Vandenberg, Broussard, and Robinson of Indiana, Senator Vandenberg, at Hawes' suggestion, consented to have the amendment in question printed and laid on the table. The Senate adjourned at 5:40 that afternoon.

During the debate on the following day, June 30, it became apparent that Senators COPELAND and VANDENBERG were determined to block action on the bill before adjournment. Both Senators spoke at great length, and the friends of the measure began to fear that the Senate might decide to displace the Philippine bill in order to give way to other legislation of a less controversial character, such as the home-loan bank bill, which was being pressed for consideration.

On this day action was taken on several amendments offered. The Vandenberg amendment left pending the day previous was rejected, whereupon the Senator in question offered another amendment providing that the bonds and other obligations issued after the enactment of the law and during American sovereignty shall specifically state that there is no obligation, moral or legal, on the part of the United States to meet the interest or principal of such bonds, and, providing further that no such obligations shall be contracted in a foreign country without the prior approval of the President, nor shall the proceeds of such obligations contracted in foreign countries be applied, without the President's approval, to purposes other than the settlement of existing obligations of the Philippine government. At Senator Bingham's suggestion, Senator VANDENBERG struck out the latter part of this proposed amendment and, in its revised form, the amendment was approved.

Finally, Senator VANDENBERG offered another amendment to reserve for the United States such naval and military stations as have already been designated for military and other reservations, and also those which might thereafter be designated by the President for similar purposes. He argued that the United States should not now foreclose the opportunity of acquiring new lands for military and other reservations which she might need in the Far East 17 years hence. During the discussion of this proposed amendment, Senator COPELAND continued his filibuster of the bill yielding only to Senator ROBINSON, who asked for a unanimous consent that after Senator COPELAND had concluded his address no Senator should speak more than once or longer than 10 minutes on the Philippine bill or any of its amendments. Senator COPELAND, however, objected to this request, whereupon Senator McNARY moved for a recess until 10 o'clock of the following morning.

On the third day of the debate, July 1, Senator COPELAND continued to speak at length, refusing to even permit that a vote be taken on the pending Vandenberg amendment. The status of the bill was becoming precarious. Senators interested in passing other measures before adjournment were growing restless. If the independence bill was displaced at this stage of the debate it would lose its status as the unfinished business, and in view of the fact that many important bills then before Senate committees would be ready for debate in December another fight would be necessary to have the independence bill called for consideration during the next session of Congress. The only possible way of bringing the debate to a close was through the application of the cloture rule which required the written petition of 16 Senators and a two-thirds vote to approve it. This rule, however, is very unpopular and it seldom invoked. It has been resorted to only three times during the last 6 years. A careful poll undertaken by the commission and its friends showed that it was impossible to secure the adoption of such a rule in behalf of the independence bill. Many Senators were willing enough to vote for the bill when a vote was reached, but they were unwilling to apply the cloture.

The chances of applying the cloture also became impossible because of the absence of 28 Democratic Senators who were attending the national convention in Chicago. Faced with an evident filibuster and the danger of the Philippine bill losing its privileged status, after a consultation held with the commission, the members of the Senate committee, and the authors and other friends of the bill, Senator ROBINSON, at 12:30 o'clock, interrupted Senator COPELAND and presented a motion asking that the Philippine bill be postponed until December 8 next at 2 p.m. This motion was carried. Its approval was a signal parliamentary victory. Its effect was to insure the continuation of the debate of the Philippine bill early in the second session of the Seventy-second Congress, which time it would again become the unfinished business before the Senate. Because of the parliamentary situation thus created, several Senators predicted the passage of the bill before the following Christmas. But, to insure this result, all agreed that it was necessary for the Commission to continue its publicity work in Washington and its campaign to maintain interest in the Philippine problem, and to win more friends for independence among the Members of the Senate.

Chapter VI. The Republican and Democratic conventions and incidental questions

While the Congress was in session and after the House of Representatives had passed the Hare bill, some important questions arose which demanded the attention of the Commission. Bills affecting immigration restrictions were considered in the House Committee on Immigration and Naturalization. The Resident Commissioners succeeded in blocking those that were discriminatory to Filipinos, stressing the fact that an independence measure was pending in Congress and these questions should be decided as a part of the settlement of the whole Philippine problem. In the discussion of the revenue measure it was found that several sections of the bill affected Philippine interests. The Resident Commissioners took active part in the debates on these provisions on the floor of Congress.

Two other important questions were: (1) The transfer of the cost of the Philippine Scouts to the Philippine government, and (2) the national party convention.

I. PHILIPPINE SCOUTS

Early in the year 1932 the Treasury Department of the United States was confronted with rapidly falling revenues which required frequent revision of estimates of the Government. This situation reached such alarming proportions that both the President and the Members of Congress, irrespective of party affiliations, realized the necessity of cutting down appropriations and exerting every effort to reduce Government expenditures in order to make feasible what was admittedly the cornerstone of the fiscal policy of the Government; namely, the balancing of the Budget. A subcommittee of the House of Representatives was organized under the name of the economy committee, charged with the duty of formulating a bill for paring down Government expenses. Congressman McDUFFIE, of Alabama, present Chairman of the Committee on Insular Affairs of the House of Representatives, was named chairman of the economy committee. This committee drafted a bill proposing economies amounting to several hundred million dollars. Before the bill was submitted to the House, President Hoover called the members of the economy committee to the White House, and during the conference on the bill the President offered to the economy committee suggestions for new items of economy. One of these was the transfer of the cost of the Philippine Scouts to the Philippine government. As reported in the press, this suggestion was tentatively agreed upon by the economy committee. On April 10, 1932, the Commission reported this incident by cable to the presiding officers of the legislature at Manila as follows:

"Among measures tentatively agreed upon for economy program during conference between President and House economy committee yesterday there was included: 'Require transfer cost of supporting Philippine Scouts to Philippine government. Estimated saving, \$5,000,000.' Suggestion originated from administration. Will immediately discuss matter with House committee. Suggest you take it up with Governor General."

The commission immediately conferred with the chairman and members of the economy committee, and with the leaders of the House of Representatives, strongly opposing the proposal. There was, however, a great desire on the part of the House leaders to expedite the consideration and the passage of the economy bill and, for this reason, despite the fact that the majority of the members of the economy committee had expressed themselves to the commission in opposing to the transfer of the burden of supporting the Philippine Scouts to the Philippine government, this item was inserted as a provision in the economy bill on April 24, 1932. On this date the commission sent the following cable to Manila:

"Confidential. Transfer Scouts cost included economy bill. We are informed majority committee opposed but yielded due administration pressure. Received today letter chairman economy committee stating his opposition proposal and expressing belief same will be eliminated on floor."

On April 25, the House Committee on Rules heard the members of the economy committee on the bill H.R. 11597 which included the section affecting the Scouts. One of the Resident Commissioners spoke against the proposal. Members of the commission continued their conferences with the House leaders and the members of the committee insisting on the injustice of foisting upon the Filipino people the cost of the expenditure of a military organization which was a part of the standing Army of the United States. First the Resident Commissioners and then the commission submitted memoranda to the Members of Congress in opposition to the proposed transfer. The memoranda presented by the commission is attached to this report as appendix 13.

When the committee met on April 25, after going into the merits of the item relating to the Philippine Scouts, it was decided to eliminate said item from the economy bill. On the same day the commission wired Manila as follows:

"Mission again held conferences House leaders, members economy committee and submitted memoranda every Member of Congress opposing transfer cost Scouts. After realizing injustice such transfer, economy committee met again today and eliminated provision from economy omnibus bill. While fight may be reproduced on floor due pressure administration, we are confident proposal will be defeated."

The economy bill passed the House of Representatives without the item referring to Philippine Scouts. In the Senate attempts were made to revive the issue, but these attempts failed.

While the proposal to charge the cost of Philippine Scouts to the Philippine government was not interpreted as having any connection with the controversy regarding the independence bill then taking place between its supporters in Congress on the one hand and officials of the administration on the other, the fact that the proposal first came from administration quarters 5 days after the House of Representatives, by an overwhelming vote, passed the Hare bill, which the Secretary of War had persistently and actively opposed, did not escape the attention of many Members of the Congress. Many realized that to compel the Philippine government immediately to defray the cost of the Philippine Scouts might seriously embarrass Philippine finances and make difficult the balancing of the budget precisely at a time when Congress was passing upon the question of Philippine independence.

2. NATIONAL PARTY CONVENTION

(a) Republican National Convention: The national convention of the Republican Party was held in Chicago on June 14. In view of the fact that, as has already been noted in a previous chapter of this report, the Senate was discussing the

Philippine bill during that time, the whole commission could not attend the convention. It was, of course, very important to obtain a declaration in the Republican platform in favor of independence, but this was most improbable because of the traditional stand of the Republican Party on that question and because of the fact that it was publicly known in Washington that Secretary of War Hurley, a member of the platform committee, was to be in Chicago as spokesman for the administration, especially on the Philippine question. But of more immediate importance was the necessity of avoiding a declaration in the Republican platform in opposition to the independence bill then pending before the Senate or to the one which the House had passed on April 4, for the reason that such a declaration might serve to line up the regular Republicans in the Senate against the Hawes-Cutting bill and would necessarily commit President Hoover to a similar policy when the bill should reach him for approval.

On June 10, 1932, the commission confidentially cabled Manila reporting indications of a move among the opponents of the independence bill to obtain such a declaration in the Republican platform. This cable is attached to this report as confidential document C.

When it became definitely known that Secretary Hurley would attend the convention and that he was expected to speak for the President on the Philippine plank, members of the commission held several conferences with him in relation to this subject. The net result of these conferences was the assurance by the Secretary of War that he would exert his influence to avoid any mention of the Philippines or of Philippine independence in the Republican platform. Under the circumstances this was considered by the commission as satisfactory, especially because of the conviction that any mention of Philippine independence in the Republican platform would involve a commitment opposed to independence. On June 13 Representatives Sabido and Tirona and Commissioner Oslas, accompanied by Mr. Lichauco, left Washington to attend the Chicago convention. On the same date the chairman of the commission wired Secretary of War Hurley at Chicago as follows:

"In view Senate discussion Philippine bill this evening, we regret we cannot attend convention. Representatives Sabido and Tirona and Commissioner Oslas left yesterday for Chicago and will confer with you. They are informed of the views you expressed to us regarding platform."

At Chicago the Philippine Commission represented by its members present there submitted a memorandum reiterating Filipino aspirations for independence at an early date and requesting the Republican Party to that policy. The platform committee received the petition of the Philippine Commission.

The platform as reported out by the committee on resolutions and approved by the convention contained no reference to the Philippines or Philippine independence. Immediately after the approval of the platform by the convention the members of the commission then at Chicago returned to Washington.

At the very time when the Senate was debating the independence bill, the commission was confronted with the necessity of taking steps to insure a satisfactory declaration in the Democratic platform. The Democratic Convention was to be held in Chicago on June 27. On June 25 the situation in Washington relative to the debate on the independence bill and the Democratic Convention was described in a cable of that date sent by the commission to Manila. This cable is attached to this report as appendix 14.

The commission, sensing the importance of the Philippine plank in the Democratic platform, because of many indications favorable to Democratic success in the November elections, decided again to send some of its members to Chicago to attend the convention. The delegation was composed of Representative Sabido and Commissioner Oslas. They submitted a petition to the platform committee urging a reiteration of the 1928 plank. The delegation at Chicago enjoyed a cordial and sympathetic reception on the part of the resolutions committee; among those members were many friends of Philippine independence. Senator Cordell Hull, of Tennessee, now Secretary of State, Senator WALSH of Massachusetts, Senator Wheeler, of Montana, and Senator King, of Utah, were prominent among those who favored a definite commitment binding the party to grant Philippine independence. As finally approved by the convention, the Democratic platform contained the following declaration:

"We favor independence for the Philippines."

The wording of this Philippine plank is significant. Undoubtedly it was influenced by the feeling that party victory was in sight, and Democratic leaders who had grappled with the realities of the Philippine problem saw the need of formulating a policy regarding the Philippines with the full weight of the grave responsibility which was to be their privilege and duty to assume.

After the approval of the platform, Representative Sabido and Commissioner Oslas returned to Washington to join the other members of the commission in the task engaging their attention in the Capitol.

Chapter VII. Congress in recess and Presidential and congressional elections

I. COMMISSION CONTINUES ITS CAMPAIGN IN WASHINGTON

Immediately after the Senate agreed (July 1, 1932) to lay aside the Philippine independence bill and to postpone its consideration until December 8 (when it would become the unfinished business of the Senate), the legislative members of the commission consid-

ered the advisability of returning forthwith to the islands. They conferred with leaders of both the House and the Senate, especially with Senators Hawes, Pittman, Cutting, and Representative Hare. After these conferences the commission reached the conclusion that it was imperative that the commission should continue its campaign in the United States until the enactment of the independence bill.

On July 6 the commission wired the leaders of the legislature as follows:

"Referring further our cablegram July 1, after careful survey situation we believe Senate will pass independence bill next session unless unforeseen circumstances develop. But to accomplish this result our campaign here should continue unabated. Metropolitan papers and administration still actively opposing measure and will undoubtedly redouble efforts before Congress convenes to destroy what has been accomplished and create public sentiment against action on independence.

"Support from labor and agricultural organizations proved of great value. Necessary maintain close contact with these groups to conserve their interest and obtain more effective future cooperation. Agricultural organizations hold national conventions before next session Congress and their leaders suggest our representatives attend.

"Active interest for independence developed among Members House and Senate due personal contact with members Philippine delegation has been very important factor in progress made. These contacts must be maintained and enlarged.

"Coming elections, it is believed, will have important bearing on independence. We should be in position immediately to take full advantage of any development.

"Between now and December necessary that we maintain alive interest independence, keeping it constantly before American public. With Presidential campaign concentrating on other issues, diligent publicity work on Philippines imperative.

"Irrespective of membership, an independence mission should be maintained in Washington continuously until independence bill is approved: First, because presence mission here itself constitutes publicity and creates human interest in independence; second, to continue educating public opinion and counteract systematic campaign misinformation of opponent's independence; third, to avoid creating impression we are abandoning campaign. Our friends in Congress strongly urge mission remain.

"Members mission fully realizing responsibility assumed with our people and harm which they believe would result from desertion of post at a critical period when fight is drawing to close deem it their duty to remain here until task is completed."

On the same date the chairman of the commission wired President Quezon as follows:

"Replying your cable July 6, for reasons stated our cable QUAQUAL today we consider our unavoidable duty to remain. Any other course, we are convinced, will be misunderstood here and will set back our campaign. Our friends in Congress have been taking personal interest this fight, placing their prestige at stake, and our departure at this time would be construed by them as running away from fight, leaving them whole burden. We realize financial straits government and country. If no funds are available for mission, we will continue serving here as long as we can, trying to adjust ourselves to circumstances. We trust, however, no sacrifice will be spared to maintain publicity work here."

When the Philippine Legislature convened on July 16, 1932, the following message was sent by the Commission to the leaders of the legislature:

"Rogámosles transmitan miembros legislatura saludos mision juntamente sus deseos, tengan éxito labor legislativa.

"Misión, fiel mandato Legislatura, esta luchando por pronto consecución independencia bajo terminos más favorables Filipinas. Aunque mucho háse adelantado en campaña por independencia, no hemos llegado al final y aún hay mucho que trabajar para asegurar resultado definitivo. Por primera vez despues aprobación Ley Jones háse logrado despartar interés Congreso americano hacia cuestión filipina. Dos bills independencia, uno Cámara y otro Senado, han sido favorablemente informados por comités correspondientes. Bill Cámara aprobóse por la misma y su consideración por Senado ha comenzado. Despues cuatro dias discusión vióse imposibilidad actuación final esta sesión. Sostenedores bill consiguieron continuación discusión sea fijada principios sesión próxima. Misión cree que a menos ocurran circunstancias imprevistas Senado aprobará bill, y forma final será una transacción entre bill Cámara y Senado. Enviamos por correo bills pendientes, enmiendas presentados, informes comites, records 'hearings' y otros documentos."

On July 18, after adjournment of Congress, the following information was cabled to Manila:

"Confidential. Convinced necessity continuing publicity work here, members mission decided contribute campaign funds 15 percent their per diems. This in addition 10 percent voluntary cut since May 30 to conform Government reduction policy. Making arrangements transfer office mission Hotel Roosevelt August 1 for economy.

"While our views regarding work to be done here unchanged, we earnestly desire adjust ourselves what you and legislature may finally decide, consequently would appreciate being advised early as possible your decision."

Immediately thereafter the commission adopted a systematic plan of activities to accomplish the program outlined in its cable of July 16. Speeches, lectures, and radio broadcasts were made from time to time on the subject of Philippine independence for

the purpose of enlightening the people of the United States regarding actual conditions in the Philippines, the true aspirations of the Filipino people, and the veracity of dispatches and news from Manila which continuously appeared in the great metropolitan papers of New York, Chicago, and Washington.

Throughout the recess of Congress there were evident indications of a subtle organized propaganda to defeat the independence measure pending in the Senate by groups and interests well known to have been opposed to Philippine independence under any terms or at any time. Dispatches from Manila correspondents were published in American papers alleging that the Filipino people and their leaders had changed front, were no longer in favor of independence, and were not in sympathy with the stand and the activities of the Philippine Commission in Washington. This news could not but create a great deal of confusion in the minds of the American people and required persistent, continuous, and systematic efforts to offset the damaging effects. Typical of the misleading propaganda was the Manila dispatch published in the New York Times of August 8, coming from Russell Owen, the substance of which was transmitted by the Commission to Mr. Quezon in Manila on the same date, at follows:

"New York Times published Manila dispatch by Russell Owen headlined: 'Filipinos fearful freedom's cost. Leaders see economic trouble with independence. Quezon now wants Commonwealth status under America.' Dispatch states partly. 'This portent of disaster makes men like Quezon speak of freedom being more important than independence. Quezon talks now of Commonwealth status, some sort of political entity with autonomous government under American flag.' This dispatch given wide circulation and made basis Washington Post leading editorial today entitled 'Filipinos Change Plans.' Editorial cites your views as transmitted by Owen and states Filipinos are shocked by evident disposition Congress to grant independence and their leaders now state that it is freedom and not essentially independence that Filipinos seek and are satisfied similar status as Canada."

In this same cable the commission stated what it proposed to do in connection with this article, and informed President Quezon as follows:

"Doing best correct misinformation and counteract organized propaganda to confuse American public opinion regarding our real aspirations. We maintain your stand for independence is unchanged and that your real views appear in your report legislature. Mailing clippings."

This article in the New York Times, as well as other articles in representative newspapers all over the United States, published during this period indicated the extent and intensity of the organized efforts displayed by opponents of independence legislation to mislead American public opinion concerning conditions in the Philippines and the attitude of the Filipino leaders.

All the damaging articles were countered by the Philippine Commission with statements to the press and personal letters and circulars to editors of the different newspapers all over the United States setting forth the correct facts. In this manner the commission sought to place before American editors actual conditions in the Philippines and to interest them in an intelligent, frank, and fair discussion of the independence issue.

It was evident from a reading of the hundreds of editorials of the different newspapers of the United States commenting on the Hare bill and the Hawes-Cutting bill that most of them were misinformed as to their provisions, let alone the reasons which prompted them. This misconception was particularly true with regard to the motives which actuated the proponents and supporters of those measures in Congress. Editors all over the country magnified the hue and cry raised against these bills by arch opponents of independence, such as the New York Times, the New York Herald Tribune, the Washington Post, and other influential papers, charging selfish and sordid motives behind all the efforts to free the Philippines. They repeated the charge until it elicited editorial comments of practically 90 percent of the large and important newspapers of the United States. It was no easy task to reach these editors and to present to them the true purposes and the unselfish motives of the friends of Philippine independence in Congress. The commission, through its publicity office, spared no effort to right this hurtful situation. While the commission does not claim complete success in its endeavors in this regard, it may be affirmed that it succeeded in avoiding a reiteration of like editorial opinions by a large number of those who had formerly expressed themselves in that guise during the crucial period when the Senate was reaching a final vote on the bill and when the House and the Senate debated the conference-committee report and, later, when they voted to pass the independence bill over the President's veto.

The commission never lost sight of the importance of maintaining intimate contact with the representatives of labor and agricultural groups in connection with the independence bill. The fact that agricultural representatives had objections to some of the provisions of the measure was not to be allowed to reach a point where they should be forced to actively oppose the measure. The commission realized the necessity of avoiding as much as possible conflicts with the spokesmen of American labor and agriculture. The fact that there was no complete agreement between the farm representatives and the Philippine Commission regarding the trade provisions of the bill prevented more effective collaboration among them. However, during the recess of Congress it was possible for the farm organizations to cooperate with the commission in circularizing and maintaining contact with the

leaders of farm associations of the different countries and towns of each State of the Union, and in this manner the views of the commission regarding the trade provisions were duly presented to American farmers.

The personal contact between the members of the commission and Members of the Senate to maintain interest in the Philippine bill the better to insure action at the next session of Congress was continued and intensified. In this manner many Senators were supplied with up-to-date information regarding the Philippines and the truth about the articles and news items published by the newspapers.

Conferences with Secretary Hurley were renewed during this interval. All efforts looking to an understanding with him, in a desire to insure approval by the President of the independence measure, met with no success. The Secretary of War was adamant in his opposition to any bill fixing a date for independence or allowing any situation in the Philippines for any length of time in which complete American authority and responsibility, both real and apparent, were not to be recognized and maintained in undiminished measure. The commission could not accept the Secretary's views and for this reason no agreement was reached.

In view of these circumstances and considering that the counsel and cooperation of President Quezon were needed in the United States during that crucial period of the fight for independence, the commission, on September 10, 1932, sent the following cablegram to President Quezon:

"We feel time has come for you seriously to consider advisability your coming for December sessions. Should your health permit, we believe you should come as early as possible. Your presence here would be very helpful."

"OSMEÑA ROXAS."

President Quezon did not accede to the request of the commission.

II. THE PRESIDENTIAL ELECTIONS

During the Presidential campaign the commission took every precaution, which was very important at that crucial time, to avoid injecting the Philippine problem into the controversial issues of the campaign. The commission pursued its labors in the conviction that the Philippine problem should be solved not on a partisan basis but on an American basis. Republican and Democratic votes were indispensable to the passage of the measure in the Senate. The commission also realized that Republican votes in both Houses were needed in case the bill had to be passed over the President's veto.

The responsible leaders of the Republican and Democratic Parties did not indulge in a partisan discussion of Philippine independence during the campaign. However, two very significant incidents occurred which indicated the views of the two Presidential candidates on the independence question. The first of these incidents took place during the early days of the campaign when Gov. Franklin D. Roosevelt toured the West and the Pacific Coast States. In a speech delivered at Salt Lake City, Utah, on September 17, 1932, President Roosevelt incidentally mentioned the Philippines as follows:

"The American people are interested in Philippine independence, which the Democratic platform favorably endorses."

It should be noted that in this statement Mr. Roosevelt does not speak of immediate independence, but, referring to the Democratic platform, commits himself only to Philippine independence.

The other mention of the Philippines during the campaign was made by President Hoover 2 days before the elections. In a statement issued at Denver, Colo., the center of the beet industry in the United States, President Hoover directly referred to the Hawes-Cutting bill as the Democratic proposal, and criticized it for failure to give protection to American sugar producers. He charged that the limitation of 850,000 long tons duty-free sugar authorized under the provisions of the bill was excessive, and declared that the Republican proposal consisted in fixing the limitation at 600,000 tons, with yearly reductions. This statement, issued to the press at Denver, was reiterated by Mr. Hoover in a speech which he delivered the following day at Utah, the home State of Senator King and of Senator Smoot who was then Chairman of the Senate Committee on Finance, and the recognized advocate of protection for the domestic sugar industry. President Hoover's declarations on the Philippines, as published by the press at the time, were as follows:

"I do not need to reiterate that I stand flatly for the protective tariff. I stand for the protective tariff, which means always the preservation of the American markets for the American producer. Further, I stand for the speedy repair of the breaches in its walls which have been made by the depreciation of foreign currencies."

"This morning I issued the following statement, which explains itself:

"My attention has been called to the misrepresentation by Democratic agencies upon the question of the restriction of Philippine sugar. The Democratic Hawes-Hare bill provides for a probation for Philippine independence varying from 9 to 17 years, during which time the quota of sugar which can be imported free is to be increased from the present average of about 600,000 tons to 850,000 tons. At the end of that period a catastrophe will come to the Philippine people through the total break of their duty-free trade relations with us."

"The Republican proposal is for a gradually modified relationship with the Philippines. We say they cannot in their own interest attain political independence until they have secured economic independence. That is the interest of both the Philippines and the American farmer."

"The Democratic proposal continues and makes worse the situation of the American farmer for 9 to 17 years and in the end plunges the Philippines into ruin as the price of their liberty. The Republican proposal gives immediate relief to the beet-sugar grower and brings about a safe basis of Philippine independence."

In relation to this incident, the commission cabled Manila on November 7, 1932, describing the reaction which this statement of President Hoover produced in Washington and the attitude of the commission. This cable is attached to this report as appendix 15.

One other important statement made during the recess of Congress is worthy of specific mention. It was made by Senator BORAH, then Chairman of the Senate Committee on Foreign Affairs. Its importance lies in the fact that Senator BORAH, because of his commanding prestige and recognized ability, enjoys the respect of a large number of people in the United States. The fact also that as Chairman of the Committee on Foreign Affairs of the Senate he was well known to be duly informed of the international situation, particularly in the Orient, necessarily added weight to his statement. On October 20, 1932, Senator BORAH, in the course of a speech delivered at Idaho Falls, Iowa, had occasion to mention Philippine independence and to discuss the alleged Japanese menace to an independent Philippine state. As reported by the Washington Star, Senator BORAH declared that, in his opinion, Japan does not covet the Philippines, because, in his own words, "Japan is facing in the other direction—Manchuria."

This statement of Senator BORAH was of great value to the commission in allaying fears among a large portion of Americans concerning the danger of the Japanese aggression. The commission used this statement against the argument of the so-called "Japanese menace" to independence.

III. AFTER THE PRESIDENTIAL ELECTIONS

With the victory of the Democratic Party at the polls, the Philippine Commission was confronted with the necessity of adopting an important and far-reaching decision. Was it more expedient to push to a conclusion Senate action on the Hawes-Cutting bill and exert every possible effort to obtain its final enactment; or could not a better bill be obtained if action on the Hawes-Cutting bill were suspended in order to seek action by the new Democratic Congress that had been swept into power by the Roosevelt landslide? This question demanded a prompt and peremptory answer. It imposed a great responsibility of decision which the members of the Commission could neither avoid nor evade.

The commission held numerous conferences with Members of the House and the Senate, with the leaders of the Democratic Party in and out of Congress, with the Members of the Senate and of the House of Representatives who were expected to become the members of the respective committees of the House and the Senate that in the new Congress would have to take charge and pass upon Philippine legislation. Efforts were also made to sound the opinion of the group of men who in Washington were considered to be closest to the President-elect and whose advice would naturally be sought by the incoming administration. Prominent among the latter was a distinguished member of the Committee on Territories of the Senate, one of the men who had taken a most active part in the formulation of the Hawes-Cutting bill, who had participated actively in the conduct of the Presidential campaign, and was closely associated with the President-elect. This distinguished Senator had shown great interest in Philippine independence and was considered by the commission as one of their warmest sympathizers. An inquiry as to what the attitude of the incoming administration would be in relation to Philippine independence was made. The information obtained from a reliable source was that his judgment on the subject would have great weight with the next administration.

The sum and substance of the counsel received by the Commission as to what was the best course to take on such an important question was to continue the efforts to obtain Senate action on the Hawes-Cutting bill and seek the final enactment of an independence act during the approaching short session of Congress which would be a compromise between the Senate bill and the House bill.

Among the reasons advanced in support of this opinion were the following:

1. One of the greatest obstacles in the way of achieving independence legislation is the extreme difficulty in developing enough interest in Congress and in the public opinion of America necessary to compel the consideration and passage of a measure which does not have a strong, direct appeal to the interest of the different constituencies of the Membership of Congress. When the further fact is considered that the new Congress was expected to be confronted with many problems of urgent importance requiring preferential attention, the chances of legislation on Philippine independence under the next administration were deemed at best extremely remote.

2. Numerous circumstances intervened to make possible the passage of the House of Representatives of the independence bill and which enabled the Senate to spend many hours of conscientious debate even during the closing days of the preceding session. It was improbable that these circumstances might again occur. The political complexion of Congress with no party in actual and effective control proved helpful to the Philippine cause. The attitude of Senator Bingham, who had found himself in honor bound to report an independence bill, was one of the determining factors. The relationship between the Hoover administration and the Congress, particularly during the year preceding the elections, the weakened leadership of the administration in Congress, the grow-

ing unpopularity of the views of the administration on important questions, all of which required no sacrifice of personal convictions on the part of Republican Members of the House and the Senate for the expediency of party regularity—these peculiar facts also contributed to the result and permitted the consideration by the Congress of the Philippine bill in a nonpartisan way. Republicans, Democrats, and Progressives cooperating in the formulation and enactment of an independence measure which would be fair and just to the Philippines.

The cohesion among Democratic Members of the House because of their very small margin of majority under the strong-arm leadership of Speaker Garner and House Leader Rainey, made possible the consideration and passage of the Hare bill without prolonged debate and without opportunity of amendments being offered on the floor. Were it not for the rule barring amendments, it is conceded by all those who know the practice and workings of the House of Representatives that the Hare bill during its consideration by the House would have been mutilated in a manner which would have destroyed its basic philosophy and which might have made it so unsatisfactory to the Filipino people that no Senate action could subsequently remedy it.

3. Senator Hawes supplied the Philippine fight for independence, a need which had been felt for many years, namely, a Member of either the House or the Senate, of ability, courage, perseverance, and absolute unselfishness, who would forgo practically every other interest or attention in Congress and concentrate his efforts on the passage of an independence legislation. No measure, controversial in nature, could ever pass the Congress without such a champion. The Philippines was fortunate to find such a man in Senator Hawes, who, in addition to his many other high qualities, enjoyed the friendship, the confidence, and the affection of the leaders of his party in the Senate and in the House of Representatives, and also the friendship and affection of many prominent leaders of the Republican Party in both Houses of Congress. It was also fortunate for the Philippines and the cause of Philippine independence that Senator Hawes was able to enlist the support of Senator CUTTING, of New Mexico, a progressive Republican of the highest type, a man of recognized ability and character, who enjoyed the confidence of the liberals of the Senate and the House of Representatives. Equally valuable was the support of Representative Hare, chairman of the Committee on Insular Affairs of the House, who had given 8 years' study to the Philippine problem, a man of tact and ability, and a sincere believer in the cause of Philippine independence. Representative Hare had the confidence of Speaker Garner and the other leaders of the House of Representatives, and his authorship of the independence bill insured for that measure the support of those leaders.

Senator Hawes and Representative Hare were to retire from Congress at the end of the short session about to convene. Were the independence bill to be postponed until the inauguration of the new administration it was most uncertain that Philippine independence could find another Senator Hawes or another Representative Hare who, with the same ability and unselfishness and perseverance, would assume what many Americans consider as a thankless undertaking, that of seeking the freedom of the Filipino people.

4. The economic and social problems of the United States were becoming more and more acute. The ranks of the unemployed were increasing every day, farms and private homes were daily being sold for nonpayment of taxes or in execution of mortgages long overdue, banks were failing in every part of the United States in ever larger numbers, American exports were falling to unprecedented levels, and commodity prices continued their downward trend. International problems, the war debts, disarmament, tariffs, currencies, and many other world problems aggravated the situation and greatly augmented the many difficult questions confronting the new administration.

With all these problems pressing for solution in the immediate future, no well-informed Member of the Senate or the House of Representatives entertained much hope that under such pressing circumstances the new Congress could afford to spend the necessary time in the consideration of an independence bill. No one in a position of responsibility could believe that all these grave, complicated, and interlocking national and international problems could be solved in one or two sessions of Congress, or that national prosperity and normal conditions in the world could be reestablished in a short time. But until these were accomplished, it would be futile to expect that any serious attention or protracted consideration could be given by the Congress or the incoming administration to the problem of Philippine independence.

5. With so many new Members in the incoming House and the Senate it would be very difficult to anticipate what kind of independence bill, were it possible to obtain consideration of such a bill, could pass the new Congress. Of one thing, however, those who dared to make conjectures as to the possibilities in the next Congress were positive, and that was that no bill could pass the new Congress that gave equal or better protection to Philippine interests, economic or otherwise, essential for the preservation of Filipino nationality and Filipino independence, than that granted by the bill then pending in the Senate or by the Hare bill. Moreover, it was most improbable that these new Members, many of whom had not carefully studied the Philippine problem, could devote to it the time necessary to familiarize themselves with its different phases during the next Congress.

6. A compromise between the Senate bill and the House bill would represent the views of the Democratic Members of the Senate and the House of Representatives, more particularly of the Democratic leaders of the House and the Senate of the Seventy-

second Congress. As a matter of fact, as has been already stated, President Hoover described the Hare and Hawes-Cutting bill as the "Democratic proposal." To all intents and purposes, therefore, and with absolute truthfulness, such a compromise measure would be, in effect, a Democratic measure representing the policy and the judgment of the Democracy in Congress. When it is considered that, as far as it could be ascertained, the same Democratic leaders in the House and the Senate that favored the Hare bill and the Hawes-Cutting bill, respectively, were going to be the same leaders of the Democratic Party who would control the organization of both Houses of Congress after the inauguration of the new administration, it is not difficult to realize that, at best, nothing could be gained by postponement of action until the next Congress, except to delay action and risk the independence cause to innumerable contingencies, dangers, and complications, many of which had already been successfully hurdled up to the parliamentary stage reached by the independence bill.

The Democratic Senate leaders were all agreed in advising the commission that if action on the bill were postponed and the Seventy-third Congress had an opportunity, which was in no sense probable, to consider an independence bill, that the best that friends of independence could ever hope to accomplish, in conformity with the Democratic platform, was a measure in no marked degree at variance with the bill that the Seventy-second Congress might finally approve.

Concurring in these views after mature and deliberate study and consideration, the commission, soon after the Presidential elections decided to hold the ground already won, not to expose the cause of Philippine independence to the countless contingencies of the future, to push to final passage during the next short session the best independence measure that could be obtained, and not lose what seemed to them a reasonable certainty of achieving the enactment of an independence bill definitely fixing the date of independence, in exchange for what, at best, could seem mere possibilities.

The commission, therefore, decided not to wait but to continue with all the earnestness and vigor of which they were capable to press the enactment of the independence bill before the Christmas recess of Congress, or, at least, before that time to obtain passage by the Senate. This decision was communicated to the friends of the bill in the Senate and in the House, and was received by them not only with approval but with sincere gratification.

Having adopted this determination, the commission conferred with Senators and officials of farm, labor, and civic organizations, to lay down the foundation for a continuous and conclusive discussion by the Senate of the independence bill beginning December 8, following, as agreed upon at the closing days of the last session of Congress.

Chapter VIII. Arrival of Senator Aquino

On November 13, 1932, the commission received a cablegram from Manila worded as follows:

"Senator Aquino sailing tomorrow to join mission with special instructions.

"QUEZON."

While the commission had no official notice of the documents borne by Senator Aquino, news about them, sometimes of a contradictory nature, appeared from time to time in American newspapers. Versions purporting to be the instructions that Senator Aquino was to bring also appeared in Manila papers which reached Washington before the special envoy arrived. The substance of the news was that the members of the Philippine Legislature were strongly opposed to certain provisions of the Hawes-Cutting bill, particularly the plebiscite, the transition period which was in excess of 10 years, the so-called "Forbes amendments" and the authority granted the United States high commissioner to reside at Malacañang. This reported attitude of the legislature on these provisions was completely in accord with the stand taken by the commission which had already taken steps looking to their modification or complete elimination.

In conformity with the views of the commission themselves and the reported wishes of the Philippine legislature, the commission drafted the following amendments to the bill:

AMENDMENTS

Intended to be proposed by Mr. KING to the bill (H.R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form of government for the Philippine Islands, to provide for the independence of the same, and for other purposes, viz:

(1) On page 24, line 6, after the word "government", strike out all the rest of the paragraph, and in lieu thereof insert the following: "adequate for the protection of life, property, and individual liberty, and for the discharge of its obligations."

(2) On page 28, line 1, after the words "in excess of", strike out "800,000", and insert "1,200,000".

(3) On page 28, line 23, after the word "Islands" strike out the rest of the paragraph to page 29, line 16, inclusive, and in lieu thereof, insert the following: "the government of the Philippine Islands is authorized to adopt the necessary laws and regulations for the allocation among the producers or manufacturers of such articles, the amount or quantity which thereafter they may export free of duty to the United States."

(4) On page 29, strike out lines 17 to 24, all of page 30, and lines 1 to 8, both inclusive, on page 31.

(5) On page 32, lines 7 to 11, strike out "The President shall also have authority to take such action as in his judgment may be necessary in pursuance of the right of intervention reserved

under paragraph (n) of section 2 of this act", and in lieu thereof, insert the following: "The right of intervention reserved under paragraph (n) of section 2 of this act shall be exercised by the President."

(6) On page 33, line 24, after the words "may be", insert the word "lawfully".

(7) On page 34, lines 5 to 9, strike out the words "including a financial expert or comptroller, who shall receive for submission to the High Commissioner a duplicate copy of the reports of the insular auditor, and to whom appeals from decisions of the insular auditor may be taken".

(8) On page 34, lines 10 and 11, strike out the words "Governor General", and insert in lieu thereof, "Commanding General, Philippine Department, United States Army".

(9) On page 37, strike out lines 21 to 24, all of pages 38, 39, and 40, in lieu thereof, insert verbatim section 9 of House bill, which is as follows:

"RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

"SEC. 9. (1) On the 4th of July immediately following the expiration of a period of 8 years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution of the Commonwealth of the Philippine Islands has been previously amended to include the following provisions:

"(2) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

"(3) That the government of the Philippine Islands will cede or grant to the United States land necessary for commercial base, coaling, or naval stations at certain specified points, to be agreed upon with the President of the United States not later than 2 years after his proclamation recognizing the independence of the Philippine Islands.

"(4) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

"(5) That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any province, city, or municipality therein, the Philippine Government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

"(6) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

"(7) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (3)) in a treaty with the United States."

(10) On page 41, in lines 14 to 17, strike out the words "Provided, that within 6 months after the people of the Philippine Islands have voted on the question of Philippine independence, if a majority of the votes cast are in favor of independence", and in lieu thereof insert the following: "Provided, that at least 6 months prior to the withdrawal of American sovereignty as hereinbefore provided."

MEMORANDUM ON THE PROPOSED AMENDMENTS

(1) This amendment, in defining the causes and occasions for intervention, proposes to restore the language used in the original Hawes-Cutting bill which is also that of the Platt amendment in relation to Cuba.

(2) The basis taken by the proponents of the bill in fixing the amount of limitations of free Philippine imports to the United States during the transitional period is the "status quo as represented by estimated importations from existing investments" (p. 2, Committee Report). If this basis is to be accepted, the limit should be fixed at 1,200,000 long tons, for according to the best evidence available, including a statement by the Governor General of the Philippine Islands, that amount is the estimated capacity of sugar mills now in operation in the Islands.

Recent estimates made by Williett and Gray put the Philippine sugar production for the 1932-33 crop of 1,100,000 long tons.

Deducting from this figure about 75,000 long tons, which is the normal annual consumption of the Philippines, there would remain about 1,025,000 long tons estimated export to the United States for next year.

(3) Once the limits fixed by the bill are reached, many difficulties will be encountered in allocating each producer or manufacturer the articles whose free entry into the United States is thus limited. Inasmuch as it is now impossible to foresee all the circumstances and conditions which must be taken into account to bring about a fair and equitable allocation of the quantities which the different producers and manufacturers may export free of duty to the United States, it would seem preferable to leave the entire matter to the determination of the government of the Philippines when the situation calling for such determination should arise.

(4) This amendment strikes out the provisions authorizing the collection by the Philippine government of an export tax on Philippine free exports to the United States after the expiration of the tenth year subsequent to the inauguration of the Commonwealth of the Philippine Islands.

(5) This amendment clarifies the language of the provision which it amends. According to the proponents of the measure, this provision merely confers upon the President of the United States the authority to exercise the right of intervention. The language of the amendment confers that power in clear and positive terms and eliminates possible misconstructions.

(6) The word "lawfully", which appeared in the original draft of the Hawes-Cutting bill, is restored. The purpose of the amendment is to circumscribe the power of delegation within the limits established by law and precedent.

(7) This amendment eliminates the authority given to the financial expert on the staff of the high commissioner to hear appeals from decisions of the insular auditor. This power of review is unnecessary and might be the occasion of much friction and many misunderstandings in the functioning of the government. Whatever responsibility the United States may have in the conduct of the financial affairs of the Philippine government is adequately safeguarded by the power granted to the President and the high commissioner in section 7 of the bill.

Expressing opposition to the provisions of the bill, which the proposed amendment seeks to strike out, a well-informed authority on Philippine government makes the following pertinent statement:

"First, it limits the discretion of the President and the high commissioner. The theory of the bill is that the staff would be provided for by Congress and the President. The inclusion of this so-called 'financial expert or comptroller' does not add to the authority of the President and high commissioner, but makes necessary the appointment of a particular type of official that might be peculiarly unnecessary. It is wholly possible that the high commissioner will be experienced in government economies and will require his limited staff for other purposes.

"Second, the duties of the insular auditor are at present prescribed by the administrative code of the Philippine Islands, as are the methods of appeal from the decision of the insular auditor. Normally, these appeals are to the Governor General, and his decision is final. In certain cases, also, appeals may be taken to the courts of the islands. The quoted provision would inject this financial expert or comptroller into the normal procedure, possibly in a very offensive way.

"To illustrate, a teacher in the Philippine Islands objects to the settlement of his travel accounts by the insular auditor. He would appeal, under this provision, not to an official of the Philippine government, and not even to the high commissioner, but to a financial expert on the staff of the high commissioner.

"The absurdity of this procedure is obvious. A contractor objects to the decision of the auditor in the settlement of his accounts and appeals to the financial expert on the staff of the high commissioner. This expert renders a decision on the appeal. Under the Philippine law this decision would be without effect, and it is not apparent what effect the provision in the impending bill would give to such a decision.

"Furthermore, the Philippine Legislature, under the new government, may modify the duties of the auditor and may modify the present method of appeals.

"This is believed to be a thoroughly impractical provision. It would materially weaken the position of the high commissioner and would tend to bring him in conflict with his own staff and with the government of the islands. Every American having a contract with the Philippine government would be tempted to appeal to this financial expert on the least dissatisfaction with the settlement of his accounts by the Government.

"The amendment further provides that the financial expert or comptroller shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. At present the insular auditor's reports are made annually, are printed, and are available to the public generally. So this provision is practically meaningless.

"Furthermore it is provided elsewhere in this paragraph that the high commissioner 'shall have access to all records of the government or any subdivision thereof, and shall be furnished by the Chief Executive of the Commonwealth of the Philippine Islands with such information as he shall request.'

"Nothing is therefore accomplished by his amendment and it should be stricken from the bill either in the Senate or in conference."

(8) The residence of the Commanding General, Philippine Department, United States Army, is a stately and commodious man-

sion erected by the United States and long identified with the American occupation and government of the Philippines. It stands in the midst of spacious and beautiful grounds overlooking Manila Bay and is one of the impressive buildings of the capital. It would serve most appropriately as the residence of the high commissioner.

The Filipino people would be more gratified if the chief executive of the commonwealth of the Philippines were installed in Malacañang Palace, which is now occupied by the Governor General. Malacañang was for many years the residence of the Spanish governors of the islands. For that reason it is bound up with the traditions of the Filipino nation and especially with their struggle for emancipation from Spain's dominion, symbolized by this palace.

These are some of the sentimental considerations upon which the proposed amendment is predicated. There are also practical grounds to support it. It is of grave importance, for example, that the chief executive of the new Philippine government should be publicly recognized as succeeding to the authority and dignity of the Governor General. Moreover, the staff required by the chief executive of the Commonwealth for the performance of his duties is certain to be more numerous than that needed by the high commissioner. The executive building annexed to Malacañang is a very large structure and is now used by more than a hundred officials and employees. Accordingly it would appear at once equitable and advisable to assign to the chief executive the sort of residence to which the dignity and actual requirements of his office entitled him. On the other hand, it would not seem wise to allot Malacañang to the high commissioner, for this might beget a wrong impression as to the nature and scope of his duties and create the belief that he should maintain a large and expensive corps of assistants and personnel.

(9) This amendment substitutes section 9 of the House bill for section 9 of the Hawes-Cutting bill. The effect of the amendment is: (1) It eliminates the plebiscite; (2) it reduces the transitional period to 8 years; (3) it makes independence certain and designates a definite date when American sovereignty is to be withdrawn and the independence of the Philippines is to be recognized by the United States.

(10) This amendment is a consequence of the change made in section 9.

The commission delivered these proposed amendments to Senator KING. In two conferences held with said Senator, the Commission requested him to consider the amendments and submit them to the Senate. Senator KING agreed to take the matter under advisement.

Several reasons prompted the commission to approach Senator KING concerning these amendments.

1. Senator KING was among the most determined advocates of Philippine independence and had maintained consistently a stand toward the Filipinos of complete justice, no discrimination against them while they remained the wards of America, and the least possible interference by the United States in the local affairs of the Philippine Islands during the transition period.

2. Neither Senator Hawes nor Senator CUTTING, in the parliamentary stage of the bill, could sponsor the amendments without risking the loss of much needed support or antagonizing influential members of the Senate Committee on Territories and Insular Affairs.

The question of eliminating the provision concerning Malacañang Palace was taken up with Senator Hawes, and on December 8 he introduced an amendment to that end.

Concerning the length of the transition period, after consultation with the authors of the bill who were in sympathy with the question, it was left for adjustment either before the bill passed the Senate or when the bill reached conference.

As to the retention by the United States of reservations in the Philippines after independence, the commission was informed by the members of the Senate committee that, as stated in their report, it was their intention to leave that question for future determination.

In relation to the trade provisions of the bill, on December 6 the Philippine Commission addressed a letter to the Chairman of the Committee on Territories and Insular Affairs of the Senate proposing an increase in the amount of sugar limitation. The letter is as follows:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES

WASHINGTON, D.C., December 6, 1932.

Hon. HIRAM BINGHAM,

*Chairman Committee on Territories and Insular Affairs,
United States Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: In view of the latest data as to the actual amount of sugar produced in the Philippines last year (1931-32 crop) and the most authoritative estimates of the year 1932-33, all of which bear on the determination of what should be the limitation on free Philippine sugar imports to the United States in accordance with the underlying principles of the Philippine bill now pending before the Senate, we feel it our duty to invite the attention of your committee to the following facts and considerations:

The Committee on Insular Affairs in reporting to the House the Philippine bill now pending in the Senate, described the salient provisions of the bill and said:

"Pending final relinquishment of American sovereignty the free importation of certain Philippine products into the United States shall not exceed specified limits based upon the status quo as represented by estimated importations from existing investments."

This wording is identical with that used by the Committee on Territories and Insular Affairs in reporting their bill to the Senate.

Both committees felt that in fixing the limitation of the amount of sugar to be brought in from the Philippine Islands free of duty at 800,000 long tons of centrifugal sugar and 50,000 tons of refined sugar they were carrying out the principles enunciated in the House committee's statement quoted above. This view was based on the data available to the committees at the time they made their reports.

The United States Department of Commerce reports the actual importation of sugar into the United States from the Philippine Islands for the 10 months ending October 31, 1932, to be 856,000 long tons, that is to say, the importation for the first 10 months of this year is already in excess of the limit fixed by the bill.

The total production of sugar in the Philippine Islands in the crop year 1931-32 is reported by the Philippine Sugar Association to be 934,000 long tons. It is probable, therefore, since the normal consumption of centrifugal sugar in the Philippine Islands does not exceed 75,000 tons, that the total importation to the United States will reach 900,000 long tons.

The deviation from the principles enunciated will become greater before the bill is enacted and certainly before the limitation would become effective.

The estimate of Willet & Gray and of the Philippine Sugar Association of production from the crop 1932-33, which is now being harvested and in process of milling, is 1,100,000 long tons. There will be exported from this crop to the United States 950,000 tons of centrifugal sugar and 75,000 tons of refined sugar, assuming Philippine consumption to be normal and the distribution between centrifugal and refined sugar to be normal. This is the actual status quo today in the Philippine Islands as to production of sugar and of exportation of sugar duty-free to the United States.

Again, when we view the situation of present investments in the Philippine Islands, the necessity of considering the additional data now available becomes more pressing.

The capacity of the present mills in the Philippine Islands, which represent existing investments there, is 1,200,000 tons of sugar per annum. As this sugar is exported to the United States, with the exception of about 75,000 tons consumed in the islands, the limit, based on present investments, should be 1,025,000 tons of centrifugal sugar and 75,000 tons of refined sugar.

In further justification of these suggested increases in the limit it should be said that the limit is based on the present crop and allows nothing for a normal increase prior to the establishment of the Commonwealth of the Philippines when the limitations become effective.

It is clear from the foregoing that if the specified limits in the bill are to be based on the status quo as represented by estimated importations from existing investments, the limit in the bill should be not less than 1,025,000 tons of centrifugal sugar and 75,000 tons of refined sugar, this allowing 100,000 tons of centrifugal sugar for home consumption.

We hope that in view of these facts and considerations the committee will find it proper and advisable to increase the limitations as herein suggested. This will be in accordance with the principles enunciated in the reports on the bill and which we have every reason to believe the committees intended to carry out.

In the belief that you would not deem it improper, we have mailed a copy of this letter to each member of your committee.

Anticipating with our sincere thanks your attention to this matter, which, as you will see, is of great importance, we are, Very respectfully,

S. OSMEÑA,
MANUEL ROXAS,
For the Philippine Commission.

On December 8, 1932, the Senate resumed consideration of the Philippine bill. During the 3-hour debate two amendments were adopted. These amendments were:

First. The amendment introduced by Senator Hawes eliminating the provision regarding Malacañang Palace.

Second. The amendment introduced by Senator METCALF providing that the allocation of free sugar imports to the United States be based on the average production by the centrals and planters during the years 1931, 1932, and 1933.

During the debate that day Representative Hare's letter to Senator Hawes containing an account of his trip to the Philippines and a recommendation for an increase of the sugar limitation to 1,100,000 long tons was read before the Senate, at the request of Senator Hawes, who at the same time declared his endorsement of Mr. Hare's view. A copy of this letter is attached to this report as appendix 16.

On December 9, the Senate continued consideration of the Philippine bill for 5 hours. The following amendments were approved:

First. The Reed-Hawes amendment authorizing the President to negotiate a treaty for the neutralization of the Philippines.

Second. The Cutting amendment clarifying the provisions on immigration by making their effectiveness dependent on the acceptance of the law by the legislature or a convention called for the purpose.

Third. The Johnson amendment providing for the application of the exclusion laws of the United States against the Philippine Islands as if they were a foreign country, even during the commonwealth government.

Fourth. The Long-Smoot amendment reducing the limitation of raw sugar to 585,000 long tons and refined sugar to 30,000 long

tons. This amendment was strongly opposed by Senators Hawes, Cutting, Pittman, and other members of the Committee on Territories. Upon announcement of the result of the vote, Senator PITTMAN advised the Senate of his purpose to move reconsideration of the vote.

The independence bill was in the parliamentary stage described above when Senator Aquino arrived in Washington shortly before noon on December 12. In a long conference held on the same day of his arrival, Senator Aquino personally transmitted the documents in his possession to the commission and discussed with them the political situation in the Philippines and the views of the members of the legislature concerning certain provisions of the independence bill. The documents referred to are attached to this report as appendix 17. At this conference Senator Aquino was informed by the commission that they were in virtual accord with the views of the members of the legislature concerning certain important provisions of the bill, and had already taken steps to obtain amendments which might bring about the elimination or modification of the objectionable provisions. In this conference it was agreed to continue the efforts to improve the provisions of the bill so as to make them conform as much as possible with the aspirations of the Filipino people and the views of the members of the legislature, and that these efforts were to be made jointly by Senator Aquino and the commission.

The activities of Senator Aquino and his conference with Members of Congress and officials of the administration are not taken up in this report, as they will be the subject of a separate report to be presented by him to the legislature. It should be remarked, however, that in all his earnest, persistent, and able efforts to secure amendments to the bill so as to make it conform as much as possible with the views of the Philippine Legislature, Senator Aquino acted in concert with the members of the commission.

When the bill reached conference Senator Aquino addressed a memorandum to the members of the conference committee transmitting the views of the members of the legislature concerning certain provisions of the bill, and urging modification of said provisions in accordance therewith. This memorandum is attached to this report as appendix 18.

Chapter IX. Passage of bill by the Senate

On December 2, 1932, a few days before the Congress convened, the commission called personally on Vice President Curtis and submitted to him a petition to the Senate asking that that body take up the consideration of the independence bill on December 8 in accordance with the resolution already referred to in a previous chapter of this report. A copy of this petition is attached to this report as appendix 19.

The Congress convened on December 5, and on December 8 the Senate resumed consideration of the Philippine bill. The debate lasted continuously until December 17, when the bill was finally passed without a record vote.

On December 8, Senator VANDENBERG withdrew his amendment which was pending when the Senate adjourned in July, reserving for the United States after independence such naval and military stations as have been designated to date, and also those which may hereafter be designated by the President. Senator COPELAND on the same day inserted in the RECORD a proposed amendment which would grant pensions to American citizens hitherto employed in the Philippine Government. This was immediately opposed by Senator Hawes, who inserted in the RECORD a memorandum prepared by the Philippine Commission opposing the amendment. Senator COPELAND did not press his amendment.

In the preceding chapter mention was made of the action taken by the Senate on certain amendments submitted during the first 4 days' discussion of the bill.

On December 12 two amendments were adopted without much debate. They were (1) the Robinson (Ark.) amendment providing that Filipino immigration to Hawaii shall be regulated by the Department of the Interior on the basis of the needs in Hawaii and (2) the Long amendment reducing the amount of duty-free Philippine coconut oil to the United States from 200,000 to 150,000 tons.

On this day also began a spirited debate regarding the length of the transition period. The issue was precipitated by the submission of an amendment by Senator Broussard, reducing the period of transition from 16 to 8 years. The debate on this proposed amendment lasted several days and numerous Senators participated in the discussion. The amendment was objected to by members of the Senate Committee on Territories and Insular Affairs and other Senators. They argued that a shorter period of transition than that provided in the bill would not permit an adequate adjustment of the economic conditions in the Philippines so as to accommodate Philippine industries to the situation that would obtain after independence.

The attitude of the agricultural interests of the country on the pending legislation was explained to the Senate by Senator CAPPER. He inserted in the RECORD a letter from representatives of the eight leading farm organizations of the United States, in which they urged—

- (1) That complete independence be granted within 5 years.
- (2) The quota of imports during the period of transition be gradually reduced each year.
- (3) That the provisions in the pending bill for trade conferences prior to independence be eliminated.
- (4) That the question of independence be no longer reopened through a plebiscite or otherwise after the Filipino people have adopted their constitution.

Before the vote was taken on the Broussard amendment, Senator DICKINSON, of Iowa, offered an amendment to this amendment fur-

ther reducing the period of transition to 5 years. This proposal was rejected.

The Broussard amendment was then voted upon and the result was, Yeas 40 (of whom 20 were Republicans, 19 Democrats, and 1 Farmer-Laborite) and nays 38 (of whom 18 were Republicans and 20 Democrats).

Shortly after the result of the vote on the Broussard amendment was announced Senator BULOW, who had voted for the amendment, moved for its reconsideration. This was on December 14 and debate on this question continued throughout the 15th and extended into the 16th of December. The Senate approved Senator BULOW's motion by a vote of 42 to 34. When the vote on the Broussard amendment itself was finally taken again a few minutes later the result was, yeas 31 (of whom 16 were Republicans, 14 Democrats, and 1 Farmer-Laborite), and nays 45 (of whom 24 were Republicans and 21 Democrats). Thus, the fight to reduce the period of transition to 8 years was defeated.

Following the rejection of the Broussard amendment Senator CUTTING offered an amendment reducing the period of transition from 15 to 12 years, and further that the plebiscite on final independence shall be held within 1 year after the expiration of the 12-year period of transition. This amendment was agreed to by the Senate without a record vote, whereupon Senator BYRNES offered an amendment striking out the plebiscite provision and inserting in lieu thereof a provision to the effect that independence will ensue on the 4th day of July immediately following the expiration of the 12-year transition period.

A heated discussion followed the presentation of this amendment, in the course of which Senator Bingham intimated to the Senate that he had every reason to believe that if the plebiscite provision was eliminated, the President of the United States would veto the bill.

The yeas and nays were ordered on the vote on this amendment. The vote was—yeas 33 and nays 33. Thereupon, Senator LONG entered a motion for reconsideration and proceeded to speak at great length, saying that he was prepared to delay action for 60 days if necessary rather than see the Philippine bill pass with a plebiscite provision. Thus the Senate recessed that day faced with the possibility of a filibuster which might defeat all attempts to dispose of the Philippine bill.

After the Senate adjourned on December 16, with Senator LONG still holding the floor, members of the Committee on Territories and Insular Affairs held a meeting with the leaders of both parties. At this conference they reached an agreement to give the people of the Philippines an opportunity to vote on the constitution and on the question whether they accept independence under the provisions of the act. They agreed to hold the vote in the same manner that an expression of the people's will is obtained in relation to Territories applying for statehood; that is, at the time of the ratification of the constitution rather than by a direct vote on independence at the end of the transition period.

For this purpose, shortly after the Senate convened the next day, December 17, Senator BYRNES offered an amendment striking out the plebiscite provision in the bill and inserting in lieu thereof a provision stating that if, in the election on the question of the adoption of the constitution, a majority shall ratify said constitution, such ratification shall be deemed an expression of the will of the people in favor of independence. Independence would then automatically ensue on the 4th day of July following the expiration of the 12 years from the date of the inauguration of the commonwealth government.

As thus worded, the amendment was agreed to, the vote being yeas 44, nays 29.

From this point on progress on the bill was rapid. Senator VANDENBERG first announced that instead of offering his substitute bill he would move to recommit the pending bill to the Senate Committee on Territories and Insular Affairs with instructions to change the time for the adoption of the Philippine constitution from the beginning of the preindependence or transition period to the end thereof and with further instructions to said committee to report the bill back not later than December 20. This motion was defeated by a vote of yeas 19, nays 54.

Senator DICKINSON (Republican), of Iowa, then offered three amendments providing greater limitations on Philippine free trade with the United States during the transition period. First, he proposed to limit the amount of duty-free Philippine pearl and shell button blanks. This amendment was defeated by a vote of yeas 21, nays 46.

Senator DICKINSON then proposed that the amount of coconut oil admissible free of duty to the United States during the transition period was to be reduced by 15 percent during the second year, 30 percent the third, 45 percent the fourth, 60 percent the fifth year, 75 percent the sixth, and 90 percent the seventh, so that, beginning with the eighth year and thereafter, full duty would be collected on said product. After a brief debate this amendment was also rejected.

Finally Senator DICKINSON offered his third amendment, providing for a gradual reduction in the amount of duty-free sugars which the Philippines might export to the United States during the transition period at the same rate annually as coconut oil, as stated in the preceding paragraph. This amendment was also rejected by a vote of yeas 20, nays 48.

Following the defeat of the Dickinson amendments, Senator KING offered an amendment authorizing the Philippine government to levy and collect duties upon American articles entering the Philippines whenever there are duties levied and collected on

Philippine articles entering the United States. This amendment was rejected by the Senate without a record vote, whereupon Senator KING called for his amendment in the nature of a substitute providing for independence after a period estimated at from 3 to 5 years after the passage of the act. Senator KING stated to the Senate that his substitute was more in consonance with the wishes of the Filipino people.

Before the vote on the King substitute was taken, Senator HAWES paid tribute to Senator KING's unselfish devotion to the cause of Philippine independence. He stated that, like Senator KING, he also was at first in favor of immediate independence, but that his observations in the Philippines and the exhaustive testimony submitted to the House and Senate committees convinced him and most of the members of said committee that immediate independence was impracticable.

The King amendment put to a vote was rejected without a record vote.

Two perfecting amendments were finally adopted by the Senate on the last day, namely, Senator Broussard's amendment requiring the Commonwealth constitution be submitted to the President of the United States within 2 years of the passage of the act, and Senator PITTMAN's amendment providing that the economic conference between American and Philippine representatives be held at least 1 year prior to the date fixed for independence.

Early in the afternoon of the last day the friends of the bill became confident that a final vote could be secured before the Senate recessed that afternoon. They felt that to bring up the question of the reconsideration of the Long amendment reducing the amount of duty-free sugars during the transition period might result in another protracted fight which would endanger the fate of the whole bill. Hence, the friends of the measure, confident that this matter could be adjusted in conference with the House committee, decided not to press the motion of reconsideration proposed by Senator PITTMAN.

In this manner action on the bill was expedited. The bill was read a third time and passed without a record vote at 4 o'clock that afternoon.

Chapter X. The bill in conference

The Senate passed the independence bill on December 17, 1932. On December 19 the House of Representatives rejected the Senate amendments to the House bill and asked for conference. On the same day the Senate accepted the conference and appointed as conferees Senators Bingham, Johnson, Cutting, Pittman, and Hawes. The House conferees were Representatives Hare, Williams, and Knutson.

With the bill in conference, the time and the occasion long awaited by the commission to press their views on certain provisions of the bill arrived. Therefore, the commission had found it inexpedient to insist on the elimination or modification of certain objectionable features of the bill during its consideration by either House of Congress. There was danger that such a course would have unnecessarily aroused opposition to the bill among elements and groups without whose support it was impossible to obtain passage of the measure by the House or the Senate. For this reason early in the parliamentary proceedings, in common accord with the sponsors of the independence bill and acting on the advice of experienced parliamentarians, the commission carefully and studiously moved toward securing a parliamentary situation, which, when the bill reached conference, would make possible an agreement on a bill which might conform more closely with Philippine aspirations and safeguard Filipino interests.

It was a problem in practical legislation which the commission had to confront. It could only be successfully dealt with in a realistic fashion. The difficulties in the way of a successful execution of the plan were numerous. There was the possibility that the attitude of the commission might be misconstrued, because the exigencies of a given situation might require silence on the part of the commission when plausible reasons seemed to demand a definition of attitude or a protest. That this danger was real is proven by the fact that in some instances the attitude of the commission on certain important phases of the independence bill was actually misconstrued by a few groups, sometimes in the Philippines and at other times in the United States. But this could not be avoided and, despite the risk, the course had to be pursued. It was not mere popular approval of an attitude or of the advocacy of an ideal which the commission felt it was their bounden obligation to seek, but the actual enactment of legislation solving the Philippine problem and setting the earliest possible date for independence, with adequate protection for Filipino economic and social interests. This aim the commission persistently sought to achieve, and when on certain occasions superficial indications seemed to justify the belief that the commission were neglectful of their duty to define or restate Filipino aspirations, thereby exposing themselves to severe criticisms from their own countrymen, the commission willingly suffered these criticisms, confident that after the facts were known they would be vindicated.

Despite the determination of the commission to adhere strictly to the parliamentary strategy outlined above, in a few instances extreme necessity induced them to modify their plan, in view of developments in the Philippines. This was regrettable, for it increased the difficulties in the parliamentary progress of the bill.

As soon as the conference committee was appointed, the commission laid before its members, individually and collectively, their views and petitions concerning important provisions of the bill.

In substance, the views and petitions submitted by the commission were those contained in the documents delivered to the commission by Senator Aquino and which purported to express the consensus of opinion among members of the Philippine Legislature. They received the careful and considerate attention of the members of the conference committee. They were supported by Senator Hawes, Senator Cutting, and Representative Hare and by other members of the committee.

Even before the bill reached conference the commission entertained great hopes that many of the objectionable features of the bill, in fact, all those which did not constitute an indispensable element of the philosophy underlying the measure, would be eliminated or modified before its final passage by Congress. On December 19, after the appointment of the conference committee, the Philippine Commission sent the following cablegram to Manila:

"Actuated by identical purposes as you and our people, mission will continue labor for most satisfactory measure obtainable and endeavor elimination objectionable features. This task will be rendered more difficult by violent critical attitude our part. We consider essential part bill provision requiring acceptance by legislature and throughout Senate debate this thought was paramount in minds of supporters measure and was impliedly accepted by whole Senate, and several amendments were passed tied up with this provision. We shall insist acceptance provision and we have every reason believe same will be retained in conference.

"We shall not commit ourselves a priori in favor bill so that legislature may have absolutely free hand to accept or reject measure.

"Filipino criticisms and accusation as to motives of Congress creating embarrassing situations for us and hampering our efforts in Congress, besides increasing danger Presidential veto."

This message was sent in order to assure the leaders of the legislature that the Philippine Commission would exert every effort looking to the improvement of the bill in conference so that its provisions, as much as possible, at that parliamentary stage, might conform to the views of the legislature. The other purpose of the message was to call attention to the unwisdom of the violent criticisms then being made by certain groups in the Philippines against the Congress itself, including the sponsors of the bill, the members of the committees in charge of Philippine affairs, and the supporters of the independence measure.

While the bill was in conference, Manila dispatches published by the Associated Press and the United Press in the American newspapers gave wide publicity to intemperate criticisms and charges leveled against friends of independence in Congress by Filipinos themselves. Needless to state, this news disillusioned many friends of independence and alienated much-needed sympathy for our cause.

In connection with these criticisms the T.V.T. newspapers wired the commission stating that the Filipino people were anxious to know the stand of the commission on the independence bill and to get an accurate version of the important amendments approved by the Senate. In response to the request for a statement on these subjects, the commission, on December 21, 1932, wired the T.V.T. as follows:

"Senate eliminated plebiscite, reduced period from 17 to 12 years, virtual total exclusion Filipinos, and reduced amount limitations sugar to 615,000 long tons, coconut oil to 150,000 long tons.

"Senate bill provides act will not be operative until accepted by Philippine Legislature or convention called by legislature to decide that question. We are bending every effort to obtain acceptance this provision by House conferees.

"While unable to forecast definitely action of conference committee now considering differences between Senate and House bills, we have every reason to believe that some objectionable features of bill will be eliminated and Senate trade provisions modified to conform as closely as possible to House provisions.

"We feel we are confronted with most critical situation requiring of all our leaders and our people their deliberate and well-considered judgment, after carefully weighing facts and circumstances bearing on our fight for independence and remembering this is first definite action taken by Congress since enactment of Jones law. The question at stake is too precious and vital for our country to permit of hasty conclusions. We feel certain that provision requiring acceptance of bill by legislature will be retained. It is our purpose not to commit ourselves or the legislature definitely to any bill that may be passed, and it is our policy to leave the legislature or a convention that may be called with absolutely free hand to accept fully or with reservations or to reject the bill after being informed of all facts and attending circumstances and keeping in mind the exact range of future possibilities. Our efforts now are directed toward obtaining as good a bill as possible with the least amount of objectionable or hampering provisions. We are sparing no pains in this direction, but our paramount purpose is to obtain a fixed date for independence. Our people at home can be of great assistance to us in this fight. Their views on the fundamental issues will be weighed carefully here, and when expressed, as in many times past, firmly but calmly, deliberately, and dispassionately, as befits the dignity and justice of a great cause, will be of immeasurable help to our friends here. We are convinced that the American people and the American Congress desire to give us our freedom and want to be fair and just to us. It is our duty to aid them find the way. What is needed is more light, or else result may be added confusion and increased obstacles."

On December 21, 1932, the conference committee met at the Capitol in the office of the Committee on Territories and Insular

Affairs and held an executive session lasting over 4 hours to discuss the divergent votes between the two Houses. The result of this first conference was not made public. It was understood, however, that the conferees had reached substantial agreement on practically all important differences between the Senate and the House bills. On the following day, December 22, 1932, the conference committee formally reached an agreement on all provisions of the bill and unanimously agreed on a conference report recommending approval of the bill H.R. 7233, as agreed to in conference.

The bill agreed upon in conference is exactly the Independence Act as it now stands. The important provisions of the bill reported out by the conference committee were communicated to Manila in a cablegram dated December 22, as follows:

"Bill as agreed by conference committee and passed by Senate contains following important changes:

"Requirement acceptance by legislature or convention retained.

"Within 1 year after enactment of act, constitutional convention must meet.

"Within 2 years after enactment, constitution must be submitted to President.

"Johnson amendment providing complete exclusion during Commonwealth eliminated.

"House quota system adopted, to be effective 60 days after Philippine acceptance of act.

"Transition period reduced to 10 years from inauguration Commonwealth, said period to be divided 5 years straight trade limitations and last 5 years progressive Philippine export tariff imposition, increasing annually from 5 to 25 percent of American duty.

"Collections on export tax will be retained by Philippine government and added to sinking funds for payment Philippine bonds.

"Limitation refined sugar 50,000; unrefined, 800,000; coconut oil, 200,000 long tons.

"Cordage limitation unchanged.

"Plebiscite provisions eliminated. People's ratification constitution shall be deemed expression will Filipino people in favor independence.

"Reed neutralization amendment retained.

"First Forbes amendment, paragraph 2, section 7, completely eliminated. First line, subsection (n), section 2, modified as follows: 'The United States may, by Presidential proclamation, exercise the right to intervene, et cetera.'

"Second Forbes amendment eliminating word 'lawfully' modified by adding end of sentence following: 'under the provisions of this act.'

"Third Forbes amendment, regarding comptroller, radically modified and provision reads: 'Commissioner, et cetera, shall have such staff, et cetera, including a financial expert who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States.'

"On July 4 immediately following expiration 10 years from inauguration Commonwealth, Philippine independence shall be recognized without need other congressional action, and United States shall withdraw sovereignty over territory, including military and other reservations, except such land or property reserved under section 5 as may be redesignated by President not later than 2 years after independence.

"Other provisions bill substantially unchanged."

The foregoing communication revealed to the leaders of the legislature in what important particulars the conference committee had accepted the views and approved the suggestions of the members of the Philippine Legislature. An analysis of the action of the conference committee shows that the committee went as far as parliamentary rules and practice permitted to meet the views of the Filipino people. That was the desire and the intention of the majority of the members of the conference committee, and the commission is satisfied that the independence bill as agreed upon in conference was the best measure obtainable under the circumstances with any possibility of final enactment. The commission also felt that the conference report justified the tactical plan which had been adopted.

The conference report is attached to this report as appendix 20.

Chapter XI. Approval of conference report by the Senate and the House

Shortly after the Senate convened on the same day that the conference committee reached an agreement on the independence bill (Dec. 22), Senator Bingham submitted to the Senate the conference report and requested unanimous consent for its immediate consideration. The unanimous consent was granted. The chairman of the committee explained the differences between the House bill and the Senate bill as well as the agreements reached in conference. Several Senators took part in the discussion. After a brief debate the conference report was agreed to that same day (Dec. 22) without a record vote.

On December 23, the House of Representatives adjourned over the Christmas holidays to meet again on December 27. For this reason, the House was unable to take early action on the conference report.

On December 23, in response to a message of congratulations received from the Philippines Herald, the chairman of the commission wired a statement for publication in that newspaper which is attached to this report as appendix 21. This message stated in part as follows:

"Your message of congratulations, the only one we have received from the Islands, comes to us as an encouragement and a ray of hope. We sincerely appreciate your kindness.

"The Philippine bill in its final form makes definite and certain the day of our independence. The road we must travel to reach that goal will doubtless be difficult, demanding of us numerous sacrifices. Nevertheless, let us find consolation in the fact that withal ours will be infinitesimal compared with the price other nations have paid for their liberty. It is our conviction that when the facts and circumstances are known to our people as fully as they are known to us, they will realize that, as heretofore, the United States has earnestly endeavored to be fair and just to the Philippines and to smooth the path which leads to their ultimate independence."

On the same day Senator Hawes received a request from the Philippines Herald for a statement to the Filipino people on the independence bill. In response to that request Senator Hawes wired a statement to the Philippines Herald, copy of which was furnished to the Philippine Commission. The statement follows:

"You have my sincere thanks for the privilege you have given me to greet the Filipino people through your newspaper and to speak to them of the measure by which Congress seeks to grant them their independence.

"This bill has come to the point of enactment as the result of long and earnest endeavors for the well-being of the Filipinos and their free nationhood. It was in this spirit that the bill was conceived. It contains provisions I should prefer to have omitted and lacks others I should have been happy to see included, but it nevertheless puts the feet of the Filipino people on the path that leads to nationhood and the ultimate right to shape their own destiny according to their own standards and by their own handwork. In short, if it does not give them all they crave here and now, it nevertheless insures to them the certainty of having it in the very near future.

"I am sure the Filipino people understand that national independence is to be won solely at the cost of sacrifice. The American colonists gained freedom only after a generation of peaceful efforts and 7 years of war. Ireland struggled 3 centuries to recover her place as a nation, and Poland suffered nearly 200 years of martyrdom between the loss and the restoration of her independence.

"It is my conviction that when the time comes for the Filipino people to decide whether they shall accept or reject the opportunity this bill gives them to be free and independent, they will remember not the lesser things it lacks but the greater things it assures. Their attitude at this critical moment will determine the final enactment of this charter of Philippine freedom. Let us hope that whatever disappointment they may feel because of the measure's omissions shall be forgotten in the pride and happiness of its precious concessions—complete independence.

"I had hoped that this boon of independence could come to your people as a gift on that day when the Christian world commemorates the birth of the author of all good, including human freedom, but failing that I trust they shall have it for the New Year and forever."

In a cablegram dated December 14, 1932, the Philippine Commission received the following congratulatory message from Hon. Francisco Varona, the acting majority leader of the house of representatives:

"Compañeros únense conmigo felicitaciones Pascuas, Año Nuevo y labor pro-patria. Pueblo conserva íntegra fé misión."

In response to this message the commission on the same day wired Mr. Varona as follows:

"Miembros misión profundamente agradecidos usted y compañeros por su bondadosa felicitación nuestra labor, y seguridades que continuamos mereciendo confianza nuestro pueblo. Presente forma bill es resultado neustros mejores esfuerzos, muchos amigos Congreso para asegurar advenimiento independencia bajo terminos más favorables posibles pueblo Filipino. Lucha ha sido larga, penosa. Dificultades encontradas parecieron a veces insuperables por confusiones y malas inteligencias, pero esperamos que muchas dudas hánse disipado, y confiamos que nuestro pueblo, cuando conozca todos hechos y circunstancias, estará mejor situación examinar concienzudamente medida y dictar veredicto final aceptándola o rechazándola según verdaderos méritos. Al expresar nuestra satisfacción por resultados hasta ahora alcanzados, consideramos un deber reconocer sentido justicia y generosidad pueblo Americano. Durante proceso consideración bill, estamos convencidos Congreso fué movido por lo que según juicio colectivo sue miembros parecióles más justo y equitativo y conducente plena realización aspiraciones filipinas. Imposible predecir acción Presidente cuando bill seále sometido; pero como este bill pone en práctica principio propia determinación, actitud madurada de nuestro pueblo no podrá menos tener peso en formación juicio y decisión finales Presidente. Si nuestro pueblo en estas circunstancias directa o indirectamente demuestra oposición o vacilación en aceptar responsabilidad decidir su propia suerte como bill provee, es evidente que Congreso, si volviere ocuparse del problema Filipino, resolverá por sí solo prescindiendo nuestro concurrencia para dar efectividad medida adoptada. Concep-tuamos, por tanto, es deber ineludible de todos Filipinos urgir aprobación bill por Presidente.

"Muy reconocidos, devolvemos a usted y compañeros felicitaciones Pascuas. Año Nuevo."

On December 27, the commission wired Manila as follows:

"QUAQUAL, Manila.

"Manila Associated Press dispatch December 26 published here carry news independence commission will be convened Thursday to consider question as to its attitude on presidential approval bill. If news correct, unless you object, mission desires its views presented to independence commission as follows: Philippine bill, in its final form, makes definite and certain the day of independence. All other provisions refer to government and trade and other relations during transition period and are intended to determine relations and institutional processes leading to complete independence. Differences of opinion may exist as to wisdom, adequacy, or justice of provisions governing transition period, but we feel we are not mistaken in our belief that certainty of independence is first and paramount desire and interest of our people, and that possible untoward effects of transitory provisions have to be weighed not separately but in relation to and in conjunction with the provision making independence an absolute certainty. What the final decision of representatives of our people in legislature or convention will be as to acceptance or rejection of bill is not necessary now to anticipate or determine. It is for those representatives in due time, after the bill is finally enacted, with full knowledge of all attending facts and circumstances, to decide that all-important question. The mission has not sought to bind Filipino people in this respect beforehand nor could it do so under the provisions of the act even if it so desired. The only question, therefore, before us now is whether we should seek, by urging presidential approval of the bill, the opportunity for our people to exercise the right to accept or reject the bill, with a view to accept complete independence, or whether by our indifference of inaction, which is being interpreted here in many newspaper editorials as opposition to independence, we prefer to be deprived of that priceless opportunity which may never come our way.

"The independence of our country is in the balance. With full consciousness of our responsibility to our country and to the members of the legislature who have intrusted us with their confidence, we earnestly appeal for support in our efforts to obtain presidential approval of the bill, with the clear and unmistakable understanding, of course, that after its enactment, the representatives of the Philippine people in legislature or convention assembled will have an absolute free hand, unhampered by any previous commitments made by anyone, definitely and finally to decide whether to accept or reject the measure as is provided in the act."

During the interval when the House of Representatives was in recess, the commission took the necessary steps to insure early consideration of the conference report. This required numerous conferences with Members of the House of Representatives and a systematic canvass of the vote in that body. While engaged in this task and with reasonable certainty of favorable action on the report, the commission commenced to lay the foundation for favorable action by the President.

The conference report was submitted to the House of Representatives on December 28, for printing under the rules of the House. The consideration of the report was set for the following day.

On December 29, 1932, Mr. Hare, the committee chairman, asked consideration of the conference report. Several Representatives and the Resident Commissioners spoke on the subject.

After a debate in accordance with the rules of the House of Representatives, the House approved the conference report. On a division the vote stood, ayes 171, noes 16.

After approval, the bill was duly enrolled, printed, and signed by the Speaker of the House of Representatives and by the Vice President. It was formally transmitted to the President of the United States on January 3, 1933.

Chapter XII. Important developments while bill awaited presidential action

The approval by the House of Representatives of the conference report was the signal for a Nation-wide attack on the independence bill by a large number of newspapers from different parts of the United States, including practically all of the great metropolitan dailies. The barrage of editorial opposition was so widespread and so well timed that it looked as if there existed a concerted plan to bring about a presidential veto and thus defeat the bill.

There was one important fact, however, which seemed to negate this conclusion. This fact was the utter lack of uniformity among the newspaper editors as to the grounds of opposition. Many newspapers attacked the motives of Congress, charging that the passage of the bill had been actuated mainly by selfish motives—a desire to free American agriculture from the alleged injurious competition by Philippine free imports into the United States. On the other hand, another group of newspapers charged Congress with sacrificing vital interests of American agriculture in favor of an ungrateful and unappreciative people. These newspapers claimed that the independence bill, instead of protecting American agriculture from competing Philippine commodities, only made certain the continuance of said protection for at least a period of 12 years, precisely during the time when American agriculture was most in need of the exclusive benefits afforded by the American market.

A different group of newspapers alleged, among other things, that the independence bill was the work of the American Federation of Labor, merely to achieve Filipino exclusion from the United States. Others criticized the bill because under its provisions complete exclusion was not to become operative until after inde-

pendence, since during the transition period Filipinos were to be admitted on a quota basis, and, more important, because restriction of Filipino immigration was to depend on Filipino acceptance of the act.

Some newspapers argued that the Filipinos were entitled to immediate independence, or as soon as the framework of an independent government could be set up; another large group, comprising practically the whole Republican press, asserted either that it was unwise to grant independence at all, or that the transition period provided in the bill was altogether too short to permit the Filipino people adequately to prepare themselves for the changes and responsibilities of independence. The liberal press, on the other hand, attacked the bill because the transition period was too long.

The question of international relations also figured in these discussions. Many opponents of the measure cited with approval Secretary Stimson's opinion against the passage of any independence legislation at that time because of the then unsettled conditions in the Far East. It was advanced that enactment of such legislation would weaken the position of America in her efforts to aid in the stabilization of the Far Eastern situation, that such action would be construed in the Orient as indicating cowardice on the part of the United States, and for this reason would greatly lessen her prestige in that part of the world. A diametrically opposite view, precisely because of the chaotic conditions in the Far East, was advocated by other newspapers. Lastly, there were newspaper editorials which opposed the bill, alleging the unreadiness of the Filipino people for independent nationhood.

These are but the broad lines of difference in editorial comment. As to the reasons which actuated other opponents of the independence bill, they were also contradictory and irreconcilable. The provisions which some approved were the very ones which others condemned. Certain features of the bill which some groups described as selfish, oppressive, and unjust were the ones possessing merit in the eyes of equally numerous groups.

But despite the conflicting grounds of newspaper opposition, these editorials, irrespective of the particular reasons prompting the stand taken by each of them, were all regarded as expressions of opposition to the bill, at least this was the effect that it was believed they would have with the administration. In addition to newspaper opposition to Executive approval of the bill, representatives of national farm organizations in Washington, particularly the American Farm Bureau Federation, publicly expressed their disapproval of the measure, and it was reported that the spokesman of the farm group had formally requested the President to veto the bill. Their opposition was based on the ground that the bill failed to protect the interests of American agriculture.

The Philippine Commission having received information that the Governor General of the Philippine Islands was to be requested by the War Department for an expression of opinion on the bill, communicated the fact to the leaders of the legislature in Manila.

The commission held several conferences with the Secretary of War in relation to the bill. In one of these conferences the Secretary of War informed the commission that the President desired a formal statement by the commission regarding the bill. In response to this request the commission transmitted the following communication to the Secretary of War:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES,
Willard Hotel, Washington, D.C., December 22, 1932.

HON. PATRICK J. HURLEY,
Secretary of War, State, War, and Navy Building,
Washington, D.C.

DEAR MR. SECRETARY: The conference committee of the House and the Senate reached a unanimous agreement on the Philippine bill this morning. Soon after the Senate convened at noon, the conference report was submitted to the Senate and approved. It is our belief that the House of Representatives will soon take similar action on the report of the conference committee.

In our opinion the bill, as agreed upon by the conference committee and passed by the Senate, is a great improvement over the respective bills originally passed by the House and the Senate. The bill harmonizes as fairly as possible the many divergent views on the Philippine independence problem. Its provisions are satisfactory to the Philippine Commission and we earnestly desire that it receive the approval of the President when it is submitted to him.

Knowing your great concern for the welfare of the Philippine people, we make bold to appeal for your valuable support in this regard.

Very respectfully,
SERGIO OSMEÑA,
MANUEL ROXAS,
BENIGNO S. AQUINO,
RUPERTO MONTINOLA,

PEDRO SABIDO,
EMILIANO T. TIRONA,
PEDRO GUEVARA,
CAMILO OSLAS,

The Philippine Commission.

With repeated indications that the President was inclined to veto the bill and with persistent newspaper forecasts that he would take such action, the commission exerted every effort to bring to the attention of the President the views of the Members of the Senate and the House of Representatives and of prominent citizens who possessed the confidence of the administration and personal knowledge of Philippine conditions and the merits of the independence bill. Conferences were held by these men with the

President, but with little, if any, favorable result, for it seemed that the President was inclined to support the stand taken by members of his Cabinet while the bill was being considered by Congress. The commission appealed to different elements for support of the bill, especially to the American Federation of Labor. This organization, which for so many years advocated Philippine independence, willingly gave its aid. Mr. William Green, president of the American Federation of Labor, addressed the following communication to President Hoover:

To the President:

The White House, Washington, D.C.

DEAR MR. PRESIDENT: I am taking the liberty of writing you to advise you of the attitude of the American Federation of Labor toward H.R. 7233, providing for Philippine independence.

When the bill was pending in Congress, the officers of the American Federation of Labor gave special attention to its provisions, and particularly to the section of the act relating to immigration. We have found from an examination of the bill that it is reasonably satisfactory to labor, and for that reason the American Federation of Labor extends to the measure its official approval.

The officers and members of the American Federation of Labor will be pleased if you may find it possible to give to this measure, providing for Philippine independence, your Executive approval.

Very sincerely yours,

WM. GREEN,

President American Federation of Labor.

At the same time that newspapers and powerful organizations were actively opposing Presidential approval of the bill, great prominence was given to news from Manila reporting determined opposition to the bill on the part of the members of the legislature and of the Philippine Commission of Independence. Importance was also accorded to statements made by leaders of the legislature bitterly criticizing the bill and denouncing the National City Bank as the influence which brought about the passage of the measure. These news items from Manila were extensively quoted by American newspapers opposed to independence—under any terms or conditions—and were presented by these newspapers as carrying the implication that the motives of Congress were base and selfish, and that the sponsors and supporters of the bill were mere tools of financial institutions interested in Cuban sugar. These newspaper articles created great surprise and no little resentment among Members of Congress. It produced serious embarrassments for the commission and materially increased the difficulties which they had to meet.

As indications of an impending veto of the independence bill became more definite, the leaders of the legislature in Manila early in January commenced considering plans for a renewal of the campaign to obtain independence legislation immediately upon failure to secure enactment of the pending bill. In a cable dated January 2, President Quezon suggested the necessity that in such a case immediate steps be taken by the commission or by the Resident Commissioners alone to insure passage of independence legislation under the new administration.

In reply to this cable the commission, on January 6, wired President Quezon expressing approval of his suggestion that immediate steps be taken to secure independence legislation by the new Congress if the President should veto the bill. The commission at this time entertained no great hope that sufficient votes could be mustered in the Congress to override the President's veto. Neither were there definite indications that the leaders of Congress would attempt that course. For this reason the commission considered the possibility at that time that a veto might mean failure of the legislation in that session. The message of the commission of January 6 stated in part as follows:

"... Según recientes indicaciones, veto presidencial parece probable. Usted indica en su telegrama que si veto viene trabajos para conseguir un bill deben comenzar inmediatamente. Estamos de acuerdo con usted en este particular, sobre todo con la perspectiva de una sesión extraordinaria bajo la nueva administración. En el curso normal de las cosas, el deber ineludible de miembros presente misión sería continuar el trabajo comenzado a menos que Legislatura disponga otra cosa. Los últimos desenvolvimientos en Manila, sin embargo, parecen indicar que háse quebrantado grandemente unidad de acción necesaria para éxito de esta lucha y han dado lugar a tergiversadas interpretaciones aquí respecto a verdadera actitud pueblo filipino con relación a su independencia. Para subsanar esto inmediatamente es preciso que usted venga para ocupar su puesto en esta misión; y en interés de nuestro país encarecidamente rogámosle así lo haga. Comprendemos sacrificio que usted impondría viniendo ahora, pero creemos que si el frío de Washington no fuese muy conveniente para su salud, usted podría situarse temporalmente en California compartiendo con nosotros trabajo desde allí hasta que venga primavera."

The suggestion made in this cable that President Quezon join the commission in Washington was readily approved by President Quezon. On January 7 the following cable was sent by him to the Commission:

"I reiterate my faith in ability and patriotism of mission and feel sure legislature will keep you there until your purpose accomplished. Although I know you don't need me, I will join you only to show that we are united in our purpose however much we differ in appraising the situation."

On January 8, the commission sent the following message to President Quezon:

"All mission sincerely gratified your telegram and decision to come. We realize your great sacrifice but feel it will be com-

pensated by fruitful achievements for our country. Kindly let us know date your departure."

On January 9 President Quezon replied as follows:

"Immensely happy over your telegram. I hope you all realize now that my stand was prompted by patriotic motives just as I never doubted yours nor the sincerity of friends of independence in Congress.

"I suggest the following plans:

"First. If bill is enacted, don't return and I will join you.

"Second. Let us not submit bill to legislature until we had chance to see whether Democratic administration will enact law similar to King bill.

"The above is proposed because agreeing with you that no better economic terms or more autonomous powers can be secured from Democratic administration, I honestly believe it is our bounden duty to try to work for a much shorter period for the granting of independence since the economic regulations and autonomous powers provided in present bill will not place our country in better position when independence is granted.

"Had Republicans won, we might have had to accept this compromise bill; but with Democratic victory, the least we can do is to try how the party will face the question. If bill is enacted and you come back at once to fight for acceptance of bill and I remain to make sure that the present stand of legislature against bill is not changed and then we submit for acceptance or refusal next regular session legislature, we will bring an issue that will divide the country as it never was divided before, to the possible injury of national cause. I am sure none of us wants this, and, if you approve my suggestion, whether bill approved or not, I will try to stop further discussion in legislature and among the people.

"Third. I propose to pass a law at this coming extra session prohibiting further enlargement of centrals and new contracts for sugar milling. This will have two effects: First, diversification of products and avoidance of greater economic disaster in sugar industry; and, second, would prove the American people that we are reasonable in our demands.

"Fourth. Watch every rider attempting to curtail exportation or immigration in the remaining days of Congress.

"If you approve my plans, will act accordingly and advise you date my departure.

"Best regards to you, members mission, Aquino, and Resident Commissioners."

In a cable dated January 10, the commission communicated to President Quezon their acceptance of his plans as stated in his wire of January 9. The communication of January 10 read as follows:

"Replying your cable January 9, we all sincerely share your happiness and reciprocate your kindest regards.

"Replying to proposed plans, we agree mission remain and not submit bill to legislature until after you have joined mission here and have had opportunity ascertain prospects under new administration.

"Proposed legislation prohibiting further enlargement centrals raises questions which should be fully discussed there. While recognizing importance reasons you mention, we are not clear in our minds as to its effects here. Our first impression is that it may weaken our position. However, will sound opinion friends here if you desire.

"Will continue vigorously fighting attempts restricting exportation or immigration."

While these dispatches between Washington and Manila were being exchanged, the Philippine Commission continued their efforts to secure the signature of the President of the United States to the independence bill. On January 11 the commission held a conference with President Hoover in the course of which the President took occasion to outline his views on the bill. The substance of these views may be gathered from a confidential message which the commission sent to Manila on the same day. The cable reads as follows:

"Whole mission with Commissioner OSIAS, GUEVARA being indisposed, held conference with President today. Secretary of War was present. Hoover received mission cordially and frank exchange of views took place.

"Strictly confidential. During our conference with the President, we informed him of our desire that he approve Philippine bill. Hoover briefly outlined to us his views on Philippine problem. President still giving the bill careful consideration. Message to Congress expected tomorrow or day after. Previous indications that he will veto bill communicated to you seem to be confirmed."

After the conference with the President and with the almost definite certainty of a Presidential veto, the commission held conferences with leaders of Congress to determine the action, if any, that should be taken upon receipt of a veto message. In these conferences the commission discovered a unanimous opinion among the sponsors and supporters of the independence bill in Congress and concurred in by many leaders of that body, that an attempt should be made to override the President's veto. On the same day when the commission conferred with the President, a press dispatch sent to Manila reported Speaker Garner as stating that the House of Representatives would pass the bill over the President's veto, should President Hoover decide to veto the bill. Late in the day, January 11, the commission wired Manila as follows:

"Strictly confidential. In relation to our confidential cable this date, in view of press and other reports that Hoover will veto bill, there is a movement among Members of Congress to

repass bill over Presidential veto. It cannot be determined in advance whether necessary two thirds can be secured in both Houses, and in the Senate whether a vote can be reached, for filibuster may be attempted. We will discuss this matter with leaders Congress."

The next day, while the veto message was being hourly expected in Congress and with publication of the decision of Congressional leaders to override the President's veto, representatives of American farm groups held conferences with leaders of the farm bloc in the House of Representatives and with many other Members of Congress to express their opposition to the bill in the form that it finally passed, and to urge the friends and supporters of American agriculture to sustain the veto of the President.

On January 12, after a canvass of the situation in the House of Representatives, the commission sent the following message to Manila:

"Congressional leaders expected Hoover's message today, but late this afternoon it was learned confidentially that message would be sent tomorrow. American farm representatives very active today trying to muster their forces to sustain vote on the ground that bill does not adequately protect American farm interests, and that they expect they can secure better terms during next administration. Attitude leaders Congress still undecided. It will depend largely on the grounds of veto."

Late in the afternoon of January 12 President Hoover's message vetoing the Philippine bill was confidentially released in advance to newspaper correspondents in Washington for publication after the message actually was delivered to the House of Representatives. Evidently this arrangement was adopted in order that newspapers all over the country might publish and give their support to the position taken by the President at the same time that the message was to be read in the House of Representatives, and thus permit the Members of the House to realize and feel public sentiment supporting the President's action.

Chapter XIII. The veto message

The House of Representatives met at noon on January 13, 1933. Shortly after the House was called to order the House resolved itself into the Committee of the Whole to continue the consideration of the Army appropriation bill. While the discussion of the measure was in progress a message from the White House was sent to the House. The Speaker laid the message before the House. It was the message from the President of the United States vetoing the Philippine independence bill. The full text of the message is attached to this report as appendix 22.

In his veto message the President admitted that the aspiration of the Filipino people for independence is rightful, and that it had been encouraged by every President of the United States and by the Congress. He asserted, however, that in securing independence to the Philippine people the United States had a triple responsibility—a responsibility to the Filipino people themselves, a responsibility to the American people, and a responsibility to the world at large. In determining the method by which independence is to be granted, the President declared it was the duty of the United States to safeguard the Philippines against economic or social chaos and a break-down in government. The duty to the United States was to avoid the danger of future international conflicts or the necessity of having to intervene by military action in the Philippines to suppress internal disorder or to protect that country from encroachment by others. America's responsibility to the world was not to add greater difficulties to an international situation already beset by instability. The President maintained that the independence bill failed to fulfill these responsibilities.

In his summary of the bill the President stated that the bill, after probably about 2 years, establishes an intermediate government, abolishes the office of Governor General, and abrogates all important civil authority of the United States except for certain inconsequential powers which are vested in a high commissioner. The President stated further that "complete independence is automatically established in the eleventh year after the inauguration of the intermediate government." The President's message finally declared that the bill was "subject to most serious objections."

ECONOMIC AND SOCIAL CONSEQUENCES

First of all, he pointed out that the transition period intended to make way for economic and political adjustments was too short; that the changes which would take place would be too violent. The President called attention to the fact that the Philippines has been, and for many years to come will be, dependent in its economic life, upon its favored trade with the United States. Many Philippine products cannot compete in the open market with similar products of other tropical countries. He stated that 80 percent of the exports of the Philippines go to the United States and that this trade would be lost after independence. The economic consequences which will follow abrogation of the present free trade with the United States would endanger the financial system of the islands, undermine the ability of the people to pay taxes, diminish government revenues, and weaken the stability of government. The projection of these events, the President said, will confront the American Government with the necessity of a military occupation of the Philippines in the midst of a degenerating economic and social life.

The message charged that the passage of the bill was motivated in large part by a presumed relief to American agriculture. Americans, he stated, are trustees for the Filipinos and must not let selfish interests dominate that trust, but he called attention to the fact that the bill does not give the American farmer any

protection during the first 2 years, nor does it give effective protection during the next 5 years thereafter, because "the amount of competitive commodities admitted into the United States duty free is in sugar 50 percent larger than that of 1928; vegetable oils 25 percent larger." He warned American farmers that this bill does not give them protection. On the other hand, he regretted that the bill, failing to include, as it does, any positive provisions for reciprocal trade after independence, would necessarily injure "farmers, workers, and business men", particularly upon the Pacific coast, whose livelihood will be largely affected by a termination of American-Philippine trade.

RESPONSIBILITY WITHOUT AUTHORITY

The President objected to the bill because it weakens the civil authority of the United States during the transition period and places the American Government in a position of responsibility without authority. He said that the consequence resulting from such a situation would be that the United States might, during all that time, be faced with a likelihood of having to employ military measures to maintain order and to protect the rights of foreigners.

INABILITY TO PROVIDE MILITARY FORCES FOR PRESERVATION OF INTERNAL ORDER OR EXTERNAL DEFENSE

The President declared that the Philippine Government does not have sufficient resources to meet the expenditures necessary for the protection and assurance of internal order and for the maintenance of the minimum requirements of external defense. He claimed that these expenditures amount to 28 percent of the entire revenues of the Philippines and that were the naval expenditures of the United States in the islands included, the amount would reach 36 percent. The President added that the Philippines cannot be expected to increase its revenues by that amount.

PRESENT EXTERNAL DANGERS TO INDEPENDENCE

The President called attention to the chaotic conditions of the world, especially of the Orient. He cited the fact that the spirit of imperialism and the exploitation of peoples by other races had not departed from the earth, and that after independence the Filipino people alone would be helpless to prevent the peaceful infiltration or the forcible entry of peoples coming from overpopulated neighboring countries. In view of the unsettled conditions of the world, the President declared, this was not the time for the Philippine people to seek separation or for them to determine the wisdom of such a course.

CONCLUSIONS

In conclusion, the President stated that the American people had not yet discharged their responsibilities to the Philippine people. America should undertake further steps toward the liberation of the Philippine Islands, but they should be based upon a plebiscite to be taken 15 or 20 years hence. In the meantime, Filipino officials in the government should be given steadily larger powers through an expansion of the organic act (meaning the present Jones Act) and by extension and enlargement of cabinet responsibility, but with a full reserve of powers to American representatives.

Under this plan, Philippine immigration to the United States is to be restricted at once. As to trade, the United States will co-operate with the Philippine people to bring about their economic independence before the plebiscite is taken, first, by a gradual reduction of their free imports, and, second, by fixing a mutual preference in trade similar to and on a wider scale than that with Cuba.

The reasons stated by the President in his veto message were carefully scrutinized and studied by the leaders of Congress and by the members of the commission. One of the main purposes of this examination was to determine whether there was a means whereby, through an amendment of the bill, with regard to particulars which may be acceptable to the Philippine Commission and the views of Congress, the bill might be re-passed with the concurrence or approval of the administration. It was readily realized, however, that no such course was possible, for the President's objections reached the basic philosophy underlying the bill, and that his stand was fundamentally opposed to a grant of independence at this time, or to the fixing of a date in the future when independence would eventuate.

Taken as a whole, the message of the President was construed as an argument against any and all legislation providing for independence. Members of Congress saw inconsistencies in the position taken by the President. The plan that he proposed was considered impracticable and unsatisfactory and one which would not prepare the Filipinos for independence but, instead, foist upon them unjust restrictions and discriminations of a definite date when it could be granted. The President's plan called for immediate restriction of Philippine immigration. This was to be followed by restrictions on Philippine trade with the United States. Filipino autonomy was to be enlarged not by Congressional legislation but merely by Executive concessions which would have no stability and could be withdrawn at the will of changing administrations in the United States.

It was also realized that the President wished to set up new conditions and requirements impossible of fulfillment before the grant of independence. Of these the leaders of Congress could not approve for they believed that if these conditions were to be imposed upon the Filipino people, it would be tantamount to a denial of independence, a violation of a formal national pledge or, by an indirect method, after 30 years of promise, an attempt to make the discharge of the obligation impossible.

For these reasons, supporters of the bill in Congress, after conferring with leaders of both Houses, decided to make an earnest and determined attempt to pass the bill, the President's veto notwithstanding. A canvass of the situation in the House of Representatives showed indications that the necessary two-thirds majority could be mustered. As to the Senate, the chances were not as favorable. On the other hand, it was not desperate. Senate leaders believed, confirming surveys made by members of the commission, that if during the debate in the Senate the incongruities in the veto message as well as the utter impracticability of the solution of the Philippine question proposed by the President were brought to the attention of the Senate, that there was great possibility that many Republican Senators would decline to follow the President and would vote to override his veto.

With the situation thus analyzed and an agreement as to the course to be pursued reached among supporters of the bill in Congress, it was decided to force a vote in the House of Representatives on the same day that the veto message was received (January 13), and to bring about as early a vote as possible in the Senate, in order to avoid any influence which might be exerted by anti-independence newspapers, officials of the administration, farm elements, and other groups opposed to the measure.

Chapter XIV. Passage of bill over President's veto

IN THE HOUSE

Immediately after receipt of the President's veto message on January 13, 1933, it was read in the House of Representatives. Under the rules of the House, debate on whether the bill shall pass notwithstanding the President's veto, is limited to 1 hour. This period was allotted to Representative Hare as chairman of the committee, and he proceeded to divide it among various Members who desired to speak. Obviously, it was not possible in so short a period of time to discuss the message in detail, and the Members of Congress who spoke limited themselves to stating the main reasons why they proposed to vote for or against the overriding of the veto. Representatives Thurston, Dyer, Welch, Hare, and Commissioner Osias urged the approval of the bill over the President's veto, while Representatives Underhill and Hooper sustained the veto. Representative Hare stated that every suggestion and every question raised in the President's message had been considered by the House committee before reporting the Philippine bill. When the vote was taken the result was—yeas 274 (82 Republicans, 191 Democrats, and 1 Farmer-Laborite); nays 94 (93 Republicans and 1 Democrat).

IN THE SENATE

When the Senate convened on January 14, Senator ROBINSON of Arkansas immediately asked that the President's veto message be laid before the Senate. This was done, after which Senator ROBINSON opened the discussion on the veto, a discussion in which 6 Democratic and 7 Republican Senators participated, and which lasted 3 days.

After stating that all political parties in the United States during the last 30 years have substantially reached the agreement that independence would be given the Philippines as soon as it was practicable and just to do so, Senator ROBINSON called attention to the fact that there was not a single objection raised by the President's message, which had not been previously considered and deliberated upon by the Senate committee which reported the bill. He added that if the veto were sustained, the perplexing problems of Philippine-American relations would be perpetuated, the same issues would be raised again, and their settlement would differ in no material particular from the action which Congress had just taken. In contrast to the attitude of all political parties regarding independence, Senator ROBINSON stated that the President apparently believed that the Filipinos have all the freedom and liberty which they need. This, he said, is an attitude which the Filipino people would never tolerate, devoted as they are to the cause of complete independence. And with regard to the President's insinuation that an independent Philippines might fall victim of external aggression, Senator ROBINSON stated that this was an attempt to arouse the fires and spirit of patriotism on the part of the people of the United States and to put into them the fighting spirit that would prompt them to yield nothing and insist on keeping everything. He concluded by saying that the economic phases of the question would become more and more complicated if allowed to remain as they are today. The present, he said, was the best time in which to settle the independence problem, and that the Philippine bill accomplishes it in as fair a manner as America would be able to do even if Congress should undertake to write out a new bill.

Senator Bingham followed Senator ROBINSON. He stated that the worst thing that could be done to the Filipino people is to continue their present situation of uncertainty for an unlimited period, and that this was exactly what the President proposed to do. The present bill, he said, was a compromise reached after the committee had studied the question more thoroughly and with less partisanship than had ever been done with any other question with which he had ever had anything to do during his service in the Senate. He concluded by referring to what he regarded as inconsistencies and misleading statements contained in the veto message, touching on the economic phases of the bill and the ability of the Philippine Government to maintain the Filipino Scouts.

Senator VANDENBERG followed Senator Bingham and spoke in favor of sustaining the President's veto. Although admitting that the message contained no new objections which had not been previously considered on the floor of the Senate, he said that the

restatement of those objections by the President himself gave them a far greater importance than they had had before. In describing what to him was the principal defect of the bill, Senator VANDENBERG said:

"I say it is the vice of this bill that we would be kept in a continuation of responsibility in the Far East without an authority commensurate to implement that responsibility. * * * Under this pending formula * * * the American flag would be left up in the Orient, but adequate American authority to maintain the destiny of that flag in that perplexed sector of the world would be so diluted and attenuated that we would have ceased to be the captains of our own souls and the masters of our destiny."

Senator ROBINSON of Indiana, also a Republican, spoke briefly and succinctly, saying that he wanted America to get out of the Philippines because it was for her best interests to do so, because the Filipinos themselves desired America to withdraw from the Islands, and because it was perfectly clear to everyone that if America were to remain in the Philippines she could not possibly defend her sovereignty there against an aggressive external foe.

Senator ROBINSON was followed by Senator HAWES. He stated that among the numerous witnesses who testified before the House and Senate committees while the Philippine bill was under consideration, the testimony of only one witness was on all fours with the President's message, and that was the testimony of the Secretary of War. It would seem, therefore, he said, judging from the contents of the President's veto message, that after both Houses had fully weighed all the testimony submitted on the question, and had rejected the War Department's view, the Secretary of that Department had appealed to the President. Imperialism in the United States, he concluded, is concealed, but is not dead.

Senator LONG spoke at great length for the purpose of sidetracking the Glass banking bill which the Senate was to take up at the conclusion of the debate on the Philippine bill. In the course of his speech he favored the over-riding of the veto.

Senator SHORTRIDGE, after reviewing America's solemn promises to grant independence to the Philippines, asked whether the Senate intended to repudiate those promises.

Senator CUTTING who was the last speaker on the second day of the debate made a very careful analysis of the veto message and the letters which four members of the President's cabinet had written him recommending the disapproval of the independence bill. These letters from the Secretaries of State, War, Commerce, and Agriculture, upon which the President apparently had based his veto message were released to the press only on the preceding day, January 15.

The obvious purpose in releasing these letters was to win support for the President's veto, and Senator CUTTING took this occasion to show the inconsistent views expressed in the four letters, particularly between those of the Secretary of Commerce and the Secretary of Agriculture which in many respects were diametrically contrary to each other. As Senator CUTTING succinctly stated it, "the President, in general has combined the inconsistent arguments of his four Cabinet officers into a veto message which in its nature must be as inconsistent as the sources from which he drew it."

In conclusion Senator CUTTING said that, although the bill as a whole was not a perfect one, any other measure which might be submitted for final passage would be at least equally imperfect; and that the members of the Philippine Commission, who were sent to Washington by their people and who had been through the fight from first to last to secure Philippine legislation, knew that the present bill was the best that they could ever get. He concluded, therefore, that the difficulties and the economic hardships which the bill might bring at first was a small price to pay for freedom, and he hoped that the Filipino people would be willing to pay that price.

Senator CUTTING's speech extended into the third day of the debate, but before the Senate recessed on January 16 it agreed to limit further debate to one half hour for each Member desiring to speak. Those who spoke on January 17, therefore—namely, Senators BORAH, LEWIS, PITTMAN, HATFIELD, and LA FOLLETTE—were limited to this period of time.

Senator BORAH first stated that there never would be a time when conditions may not exist which may be considered valid ground for opposing independence by those who do not desire to have independence granted, and that the overpowering and dominating proposition which was presented in the President's message was that the Filipino people were not to have their independence at any time. As to the merits of the bill itself, BORAH admitted that it did not exactly conform with his own views on the subject, but that he was going to support it because it provided for the great ultimate object which he held so vital, namely, the definite granting of independence to the Philippine people. He concluded by saying that if those interested in independence were not willing to compromise, it was proof positive that they were not in favor of independence, because in no other way could the people of the Philippines secure their freedom.

Senator LEWIS, of Illinois, was more brief in expressing his reasons for voting to override the President. In a nutshell he said he would vote against the veto because the bill definitely granted independence, and his main desire was to see the United States withdraw from the Philippines.

Senator PITTMAN said that if the bill were defeated, it would be defeated by the same power that had constantly defeated independence legislation in Congress over a period of many years, namely, the power of imperialism. This power, he said, though

small in the Congress, in the United States, and in the Philippines, was able, by reason of the complexity of the Philippine problem and the wide divergence of opinion surrounding it, to stimulate disagreement between those forces who have sincerely favored independence on various conditions. His last words, which were a direct appeal to the Filipino people, are quoted below in full. The Senator said:

"I make a last appeal to the Filipino people, as I appealed to them before their joint legislature a year and a half ago in the Philippine Islands. I then said to them, 'Appoint the ablest commission you can possibly find; send them to the United States to negotiate with the Congress of the United States; do not suggest that they make demands upon the Congress of the United States, but that they meet the Congress half way, and you will get legislation.' I stated further to that legislature, 'When you have appointed such a commission, trust them.' I am happy to say that the Legislature of the Philippine Islands appointed the ablest and most representative commission that has ever appeared here on behalf of those islands, and I may say the ablest commission representing any people whatsoever, that ever appeared before any committee of which I have been a member. They have been diplomatic, they have been fair, they have been loyal to their own people in fighting for everything they could obtain for their people, and yet their ability and their knowledge of the situation, their natural sense of justice and diplomacy have finally led them unequivocally to assure the President of the United States that, while this bill is not all they would have liked to have had, they consider it honorable, fair, and just, and they begged him to sign it. Today, through the Senator from Missouri, who is soon to leave this body, and whose heart has been so closely wrapped up in this question for many years, there has been placed in the Record a letter addressed to the Congress of the United States signed by every member of that commission pleading with the Congress of the United States, pleading with the Senate of the United States, to consummate this old trust, to carry out the pledges of the Nation by adopting this as it is."

"After we have carried out our pledges and passed this bill I think it would be a tragedy if the forces of imperialism in the Philippine Islands should deceive the Philippine people and cause them to reject this offer, which is the consummation of nearly 2 decades of intensive work, in the hope of something better in the future, because I tell the people of the Philippine Islands that, in my opinion, the exigencies of our own country, the suffering of our own people, the great economic problems that present themselves to us are going to prevent us from considering at the next session and perhaps for session upon session yet to come any such question, and they had better now settle this matter once and for all."

"I shall be happy when in a few minutes the Senate passes this bill finally, and I shall be more than happy when the Filipino people express their confidence in the sincerity of our people, their confidence in our friendship, so that those ties may become stronger as time goes on and may never again be threatened."

Senator HATFIELD, after stating that the United States should not continue governing a people against their consent, said that the formula worked out by Congress in the bill would ultimately give independence to the Philippines, and that although it might not completely satisfy everyone, there was no way of telling when Congress could have another opportunity to vote for a better measure.

Senator LA FOLLETTE, who spoke last, recalled the long and persistent interest which his predecessor, Senator Robert La Follette, had taken in the Philippine problem, and stated that in the 7 years that he had been a Member of the Senate and in the years in which prior to that time he was secretary to his father, he had never seen a committee more exhaustively or fairly work upon an important piece of legislation than was the case with the Senate Committee on Territories and Insular Affairs in connection with the framing of the Philippine independence bill. If the measure were defeated, he said, years would go by before an independence bill could again be presented in a form in which there might be any probability of its being passed by Congress. "In fact", he added, "I am so convinced in my own mind that it is 'now or never' so far as ultimate Philippine independence is concerned that I would have compromised even further concerning the length of time that this intermediate period is to run rather than to see the legislation fall at this session of Congress."

Just before the final vote was taken on the question whether the bill should pass notwithstanding the President's veto, in reply to Senator Vandenberg, who had called attention to a press dispatch from Manila to the effect that at a caucus held by members of the Legislature, a majority of those present voted to oppose the bill then before the Senate. Senator Bingham explained that the opposition to the bill in the Philippines was because it did not grant independence soon enough, in accordance with the well-known desire of the Filipino people for absolute, immediate, and complete independence, and not because these representatives of the Filipino people were against independence.

When the vote was taken shortly after 2 o'clock in the afternoon of January 17, the result was yeas 66, of whom 20 were Republicans, 45 Democrats, and 1 Farmer-Laborite; nays 26, of whom 25 were Republicans and 1 a Democrat. Ninety-two votes were thus recorded. Of the remaining four Senators, Senators Carey and Brookhart, who were for the bill, were paired with Senator Thomas of Idaho. Only Senator King failed to record his opinion on the question. And so more than two thirds having voted in the

affirmative, the bill was passed, the objections of the President to the contrary notwithstanding. This action of the Senate completed the enactment of the passage of the Philippine Independence Act.

Chapter XV. The Independence Act

The Philippine Independence Act is as follows:

(Public, No. 311, 72d Cong.)
(H.R. 7233)

An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes

Be it enacted, etc.

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, within 1 year after the enactment of this act, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December 1898, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November 1900. The Philippine legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

SEC. 2. The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

(b) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(c) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(g) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(h) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

(i) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(j) Foreign affairs shall be under the direct supervision and control of the United States.

(k) All acts by the legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(l) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(m) The decisions of the courts of the Commonwealth of the Philippine Islands shall be subject to review by the Supreme Court of the United States as provided in paragraph (6) of section 7.

(n) The United States may by Presidential proclamation exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of the constitution.

(o) The authority of the United States High Commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this act, shall be recognized.

(p) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof.

SEC. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted within 2 years after the enactment of this act to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this act he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 4 months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast, and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence, and the Governor General shall, within 30 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine Government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property, or rights or interests therein, as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manilla (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the government of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their average annual production for the calendar years 1931, 1932, 1933, and the amount of sugar from each mill which may be so exported shall be allocated in each year between the mill and the planters on the basis of the proportion of sugar to which the mill and the planters are respectively entitled. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

(1) During the sixth year after the inauguration of the new government, the export tax shall be 5 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(2) During the seventh year after the inauguration of the new government the export tax shall be 10 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(3) During the eighth year after the inauguration of the new government the export tax shall be 15 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(4) During the ninth year after the inauguration of the new government the export tax shall be 20 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(5) After the expiration of the ninth year after the inauguration of the new government the export tax shall be 25 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such fund shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the Island of Guam.

SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to disapprove such amendment within 6 months from time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts or to meet its bonded indebtedness and interest thereon, or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The chief executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands, and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States high commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the "United States High Commissioner to the Philippine Islands." He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government, or any subdivision thereof, and shall be furnished by the chief execu-

tive of the Commonwealth of the Philippine Islands with such information as he shall request.

If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due, or to fulfill any of its contracts, the United States high commissioner shall immediately report the facts to the President, who may thereupon direct the high commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States high commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be delegated to him from time to time by the President under the provisions of this act.

The United States high commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress, including a financial expert, who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States. The salaries and expenses of the high commissioner and his staff and assistants shall be paid by the United States.

The first United States High Commissioner appointed under this act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, and shall fix his term of office. He shall be the Representative of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all Departments upon presentation to the President of credentials signed by the chief executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

(6) Review by the Supreme Court of the United States of cases from the Philippine Islands shall be as now provided by law, and such review shall also extend to all cases involving the constitution of the Commonwealth of the Philippine Islands.

SEC. 8. (a) Effective upon the acceptance of this act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except section 13 (c)), this section, and all other laws of the United States relating to the immigration exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of 50. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the Immigration Act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purposes of sections 18 and 20 of the Immigration Act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the Immigration Act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

SEC. 9. There shall be no obligation on the part of the United States to meet the interest or principal of bonds and other obligations of the government of the Philippine Islands or of the provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands: *Provided*, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States.

RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY

SEC. 10. On the 4th day of July, immediately following the expiration of a period of 10 years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such land or property reserved under section 5 as may be redesignated by the President of the United States not later than 2 years after the date of such proclamation), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution has been previously amended to include the following provisions:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(3) That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(4) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(5) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. (2)) in a treaty with the United States.

NEUTRALIZATION OF PHILIPPINE ISLANDS

SEC. 11. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

NOTIFICATION TO FOREIGN GOVERNMENTS

SEC. 12. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

TARIFF DUTIES AFTER INDEPENDENCE

SEC. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this

act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

IMMIGRATION AFTER INDEPENDENCE

SEC. 14. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

CERTAIN STATUTES CONTINUED IN FORCE

SEC. 15. Except as in this act otherwise provided, the laws now or hereafter in force in the Philippine Islands shall continue in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the Legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the Philippines or Philippine Islands shall be construed to mean the government of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

SEC. 16. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

SEC. 17. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

JNO. N. GARNER,
Speaker of the House of Representatives.
CHARLES CURTIS,
*Vice President of the United States
and President of the Senate.*

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES, January 13, 1933.

The House of Representatives having proceeded, in pursuance of the Constitution, to reconsider the bill (H.R. 7233) entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", returned by the President of the United States, with his objections, to the House of Representatives, in which it originated, it was

Resolved, That the said bill pass, two thirds of the House of Representatives agreeing to pass the same.

Attest:

SOUTH TRIMBLE, *Clerk.*

IN THE SENATE OF THE UNITED STATES, January 10 (calendar day, January 17), 1933.

The Senate having proceeded to reconsider the bill (H.R. 7233) entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", returned by the President of the United States to the House of Representatives, in which it originated, with his objections, and passed by the House on a reconsideration of the same, it was

Resolved, That the said bill pass, two thirds of the Senators present having voted in the affirmative.

Attest:

EDWIN P. THAYER, *Secretary.*

I. BASIC PHILOSOPHY

The independence act is not an organic act. It is an enabling act. It does not organize a government but empowers the Filipino people to create a new one. As finally enacted the independence act retains the basic philosophy of the Hare bill and the Hawes-Cutting bill as reported by the House committee and the Senate committee, respectively. This philosophy was described in the report of the Committee on Insular Affairs of the House of Representatives partly as follows:

"In keeping with the principles which have guided our dealings with the Filipino people these last thirty-odd years, we should proceed to liberation in an orderly manner, through an institutional process which will not only provide for the erection of the new national structure but will also insure the safe and satisfactory adjustment of all present political and economic relations of the two nations.

"Any plan for independence should afford a reasonable time for the readjustment of existing trade relations. The backbone of Philippine economic system is the present reciprocal free trade with the United States. Abrupt termination of that relationship would destroy many of the basic industries of the Philippines; it would seriously imperil the future of the free Philippine nation,

and forfeit much of the gains the people have made under the guidance of the United States. This free-trade reciprocity was not of the Filipino people's seeking. It was enacted by American Congress against their wishes. Once in effect, free trade stimulated the production of those commodities that are protected in the American market. It was responsible also for an extraordinary increase in the volume of Philippine-American trade and in a considerable decrease in the trade of the islands with other countries. Obviously a sudden disruption of this relationship will injure both American and Philippine economic interests.

"We cannot justify the termination of this relationship without allowing the interests concerned an opportunity to prepare themselves to meet the new conditions which will obtain after independence, when the Philippine Islands will have been placed outside the tariff wall of the United States. More particularly, we owe a duty to Philippine industries which have been built up on the basis of free trade and to the people who depend for their livelihood on such industries. It is our duty to give them an opportunity to place themselves on a competitive basis before a radical change is forced upon them.

"But while we are thus solicitous for the welfare of the Filipino people, we cannot ignore our duty to the American farmer and the American wage earner. The organizations representing American agriculture plead for protection from free Philippine imports that compete with like products of our soil. American workers, too, call for the exclusion of Filipino immigrants.

"This review of the facts and issues enfolded in the present relationship of the Philippines with the United States serves to illustrate the gravity of the problem and to underline the need for a prompt and permanent solution. There should be no further delay. Our self-interest and our self-respect coincide in demanding action.

"Our purpose in the Philippines has been accomplished. The unity of the people there is a fact. Their readiness and their eagerness for self-government have been abundantly demonstrated. * * * Under our inspiration and tutoring they have come to understand and prize and covet democracy. They recognize their debt of gratitude to the American people.

"On the basis of these facts and considerations, the duty of the United States to grant independence to the Philippine Islands is clear. The only questions to be considered are: First, 'When should independence be granted?' and, second, 'What should be the terms of the grant?'

After describing the essential features of the bill, the Senate committee report said:

"These provisions establish a process for the independence of the Philippine people and the adjustment in an orderly manner of our economic and other relations with them. They provide the erection of the new Philippine national structure and at the same time a safe and satisfactory transition from the present dependent to the future independent status."

The independence act provides a sound, rational, and orderly process for the achievement of independence by the Filipino people under conditions which the American Congress believed were just and fair at once to American and Filipino interests. It solves definitely the Philippine problem. It covers the different phases of American-Filipino relationship—political, social, and economic.

The act passed by Congress is a nonpartisan measure. Democrats and Republicans cooperated in drafting its provisions and in bringing about its final enactment. The terms of the bill represent the fruit of several years of investigation, study, and thoughtful efforts by Members of Congress who had assumed the task of seeking legislation which would accomplish Filipino aspirations. The act, therefore, constitutes a formal, deliberate, and final decision on the question of Philippine independence. In the mind of Congress, the act is a full and honorable consummation of American commitments in the Philippines, at least as far as their commitments could be fulfilled under the circumstances prevailing at the time of the passage of the act.

Only two questions required the decision of Congress. In the language of the Senate committee, these were: First, "When shall the Philippines be granted independence?" and, second, "How should it be granted so as to protect both American and Philippine welfare?"

The independence act answers these questions. It answers them specifically and decisively: (1) The act sets a fixed date for independence; (2) the act provides the process leading to and culminating in the complete withdrawal of American sovereignty.

II. FIXED DATE FOR INDEPENDENCE

It was the purpose of Congress to fix a date for independence. This is evidenced by statements contained in remarks made in the course of the debates on the floor of both Houses of Congress. The intention was to set a date, certain and definite, when complete independence of the Philippine Islands would be formally recognized by the United States.

The provisions of the act accomplish this purpose in as clear, precise, and indubitable manner as any legislative disposition could make it. Independence is to eventuate on the 4th day of July immediately following the expiration of a period of 10 years from the date of the inauguration of the government of the Commonwealth of the Philippine Islands. The day of the inauguration of the Commonwealth government is not left to depend on any contingency which might delay or postpone it; it will depend upon the will of the Filipino people themselves.

The whole machinery leading to independence is placed in the hands of the Filipino people; it will be set in motion by them and

will be under their control. Under the provisions of the act the Filipino people are given an open road to achieve their independence. After acceptance of the independence act and ratification by the Filipino people of the constitution to be formulated and drafted in accordance with its provisions, Philippine independence becomes a certainty at the end of the 10-year period, without need of any further congressional action. This was the interpretation of the proponents of the act in Congress. This also was the interpretation of those who opposed it. President Hoover, in his veto message, stated that "complete independence is automatically established in the eleventh year after the inauguration of the intermediate government."

III. THE INSTITUTIONAL PROCESS

The independence act provides an orderly institutional process for the establishment of a free government which at the end of the transition period will become and shall be recognized as independent. This process is similar to and is in conformity with the long practice adopted in the organization of new governments for territories of the United States leading to their subsequent admission to the Federal Union. The process, subject to unavoidable limitations, secures a free expression of the popular will in the determination of the form of government to be established. It also secures to the Filipino people freedom to determine whether or not they shall accept independence under the terms of the act.

The institutional process for the establishment of the Commonwealth government and the steps leading to independence may be summarized as follows:

(1) The Philippine Legislature shall provide for the election of delegates to a constitutional convention to formulate a constitution for the government of the Commonwealth of the Philippine Islands (subject to the conditions and qualifications prescribed by the act), to be held within 1 year after the enactment of the act (sec. 1).

(2) The constitution so drafted shall be submitted to the President of the United States within 2 years after the enactment of the act (sec. 3).

(3) If the President finds that the proposed constitution conforms substantially to the provisions of the act he shall so certify to the Governor General. Otherwise, he shall inform the constitutional convention of his objections stating wherein the constitution does not so conform and submitting provisions which in his judgment will make the constitution comply with the act. This procedure is to be continued until the President and the convention are in agreement and a certificate is issued (sec. 3).

(4) After the President has certified that the constitution conforms with the act, the Philippine Legislature shall provide for the submission of said constitution to the people of the Philippine Islands for their ratification or rejection to an election to be held within 4 months after the date of such certification (sec. 4).

(5) At such election the qualified voters of the Philippine Islands shall vote directly for or against the constitution and ordinances appended thereto. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression by the Filipino people in favor of independence. If a majority is against the constitution, the present government shall continue without regard to the provisions of the independence act. The returns of the election shall be made to the legislature which by law shall provide for the canvassing of the same. The legislature shall certify the result to the Governor General (sec. 4).

(6) If the constitution is ratified the Governor General shall within 30 days after receipt of the certificates from the legislature, issue a proclamation for the election of officers of the government of the Commonwealth provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after said proclamation. The results of said election shall be certified by the Governor General to the President of the United States (sec. 4).

(7) Upon receipt of such certification the President shall issue a proclamation announcing the results of the election, and thereupon the existing Philippine government shall terminate and the new government of the Commonwealth shall enter upon its rights, privileges, powers, and duties as provided under the constitution (sec. 4).

(8) On the 4th day of July immediately following the expiration of 10 years from the day of the inauguration of the Commonwealth government, the President of the United States shall by proclamation withdraw and surrender all right of possessions, supervision, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippine Islands (except such land or property reserved under section 5 as may be redesignated by the President of the United States not later than 2 years after the date of such proclamation), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation (sec. 10).

(9) Upon the proclamation and recognition of the independence of the Philippine Islands the President shall notify the governments with which the United States is in diplomatic correspondence and invite them to recognize the independence of the Philippine Islands (sec. 12).

IV. STATUS OF THE COMMONWEALTH OF THE PHILIPPINE ISLANDS

Under the Commonwealth government, the Philippines acquires a new status different from its present status under the Jones Act. Its status will be that of a semisovereign state with a personality in international law separate and distinct from the United States. During the Commonwealth the exercise of sovereign rights by the

Filipino people will be limited by the mandatory provisions which will appear in its constitution. However, subject only to such restrictions, their rights of sovereignty and of self-government will be their own, vested in the people themselves, and of which they cannot be deprived. These rights they shall exercise in the manner and in accordance with the dictates of their sovereign will.

Under the Commonwealth government foreign relations will be under the direct supervision and control of the United States, but these foreign relations are to be conducted in the name and on behalf of the Philippine Islands by the officials of the government of the Commonwealth, subject to such control and supervision. The treaty-making power, as a consequence of this fact, will be vested in the Commonwealth government, limited also by a similar control and supervision by the United States.

Under the Commonwealth government the Filipino people will exercise political rights in pursuance of their sovereignty, and not, as at present, merely because of a concession or a delegation of power which may at any time be withdrawn, altered, or nullified by the Congress of the United States.

V. THE MANDATORY PROVISIONS

The relinquishment of sovereignty by the United States over the people and territory of the Philippine Islands is, during the transition period, partial and incomplete. The exact nature and measure of the portion of sovereignty reserved by the United States may be determined from the mandatory provisions of the independence act (sec. 2), which are to be inserted in the constitution of the Commonwealth. Because they are thus to appear in the constitution, the Filipino people acknowledge and assent to these limitations of their sovereignty during the intermediate period. The limitation and restrictions on Philippine sovereignty and government authority are there clearly set out and enumerated. They are the only limitations on the sovereignty of the Filipino people. Those powers of government not expressly mentioned as reserved to the United States are necessarily excluded. Upon recognition of Philippine independence these limitations on the sovereignty of the Philippine nation lapse and become inoperative, and American sovereignty will be completely withdrawn.

The limitation on Philippine sovereignty enumerated in section 2 of the act may be divided into three classes, as follows:

(1) Those which insure the maintenance of the broad, fundamental principles underlying the American concept of ordered liberty and constitutional free government.

(2) Those which insure the exercise by the United States of its rights of partial sovereignty and the authority commensurate with its continuing responsibilities in the Philippine Islands during the transition period.

(3) Those which relate to matters of policy or of administration on subjects inevitably linked with American responsibility during the transition period and the adjustment of trade and other relations necessary to effectuate a gradual and orderly transition of the Philippine Islands from a state of dependence to one of independence.

Differences of opinion may exist as to the need or justice of some of these mandatory provisions in view of the relationships which will exist between the United States and the Philippine Commonwealth. Many Filipinos contend that some of these mandatory provisions unduly restrict their right of self-government during the transition period and unnecessarily cramp their freedom of action in the task of adequately preparing themselves for the changes which independence will entail and the responsibilities that devolve upon them after independence. On the other hand, no feature of the act has been more bitterly assailed by the administration, or has met more determined opposition on the part of some Members of the House and Senate, than that which grants to the Filipino people practically complete control of their government affairs during the transition period. Those opponents maintain that the governmental powers reserved to the United States in the mandatory provisions of the act are insufficient to safeguard American responsibility in the Philippines during that time, and would leave the United States in a position of great danger of being involved in many conflicts and even war.

Senator VANDENBERG, in the course of the Senate debate on December 12, characterized the position of the United States in the Philippine Islands during the transition period as follows:

"My fundamental objection to the bill is the philosophy of its political construction. It simulates independence by at once creating the autonomous Commonwealth of the Philippine Islands. . . . In other words, the Government of the United States retains responsibility for what may happen under this experimental autonomy, but it substantially yields up the authority. . . . In other words, the American flag stays up under the terms of the pending bill, but it stays at sort of half mast. I am bound to submit to the Senate that this is an utterly dangerous and anomalous ritual. For us, for the American Government, it means the continuation of our supreme responsibility without the effective authority to sustain them. . . .

"It is proposed in this bill, that the Philippines shall now adopt a new constitution of their own. . . . It virtually amounts to immediate independence under an American protectorate. . . . It is virtually immediate independence with all its assets inuring to the Philippines but with all its liability still attaching to the United States."

In his veto message, President Hoover described America's position in the Philippines during the intermediate period as one of "practical impotence", and discussed the question of limited American authority as follows:

"The bill weakens our civil authority during the period of intermediate government to a point of practical impotence. The powers which the High Commissioner can exercise on his own initiative are unimportant, and those which can be delegated to him by the President over legislation are doubtful and indirect. During this period, however, the American flag will be flying and our Army will be in occupation. Our Government, with inadequate civil means for exercising its sovereign authority to control the situation but with continued moral responsibility to maintain stable government, will daily, during those years, be faced with the likelihood of having to employ military measures to maintain order in a degenerating social and economic situation, or alternately to expend large sums from our taxpayers in supporting a constantly enfeebled government. Not alone do these difficulties arise from the intermediate situation we create, but the non-Christian population who are as yet bitterly opposed to the controlling group, constituted at the last Philippine census a majority of the combined population of nine provinces, occupying about 40 percent of the total land area of the Philippine Islands. The maintenance or order in this considerable element has presented many difficulties to us in the past, and it is not reasonable to assume that the intermediate government will be as well qualified to handle the situation as the present regime for a long time. Moreover, without real civil authority we can have no assurance that the intermediate government may not find itself in difficulties with citizens of other nationalities which may involve the United States. Such responsibility in these situations, without adequate authority, can lead only to disaster."

In his memorandum to the President of the United States recommending the veto of the independence act, Secretary of War Hurley stated the following on this subject:

"Section 7 prescribes the power of the President and of his representative, the high commissioner, during the interim period. While giving a specious appearance of vesting important powers of American control and supervision, this section provides in fact no adequate means for the effective exercise of any of the essential powers thus nominally delegated to the President and his representative. A marked condition of responsibility without authority is the result."

It is thus evident that this feature of the act was the subject of sharp controversy. The committees of Congress that helped frame the bill from the very start adopted the policy of reserving to the United States only the minimum of sovereignty and government authority commensurate with American responsibilities during the intermediate period. While they showed great concern to safeguard American authority needed for the discharge of American obligations in the islands they exhibited at all time a desire to grant to the Filipino people as large a measure of self-government compatible with these responsibilities of the United States. How far they followed this course may be seen by the attitude of the administration and other opponents of the act with regard to the lack of authority reserved to the United States under the Commonwealth government. As the act now stands, it represents in this respect the result of a very careful study as to the needed balance of American authority commensurate with responsibility, and, in the judgment of the sponsors and supporters of the act, the reserved powers of the United States are as limited as possible consistent with American responsibility and safety during the commonwealth government.

VI. THE RIGHT OF INTERVENTION

Intervention in international law describes any form of external interference with the exercise by any State of its normal rights of sovereignty. In a strict sense it connotes the interference by a state in the domestic or foreign affairs of another in opposition to its will and serving by design or implication to impair its political independence.

The right of independence being so fundamental in international law, interference is recognized as a right only when most unusual and extraordinary circumstances occur. Intervention implies an invasion of sovereignty by a foreign state, and it is lawful or unlawful according to the circumstances and the manner in which it is exercised.

International law sanctions the right of intervention in the following cases:

- (1) In self-defense.
- (2) To prevent unlawful intervention by another state.
- (3) To stop harsh treatment of nationals.
- (4) In case of revolution or civil war.
- (5) When there is chronic disregard of international obligations, which includes the right to protect nationals.

It will thus be seen that intervention is essentially a practice among independent nations. It has no equivalent in domestic law. The right of intervention in the independence act is reserved to the United States substantially for the same purposes and for the same reasons as in the case of Cuba, under the Platt amendment. Briefly, the reason in the case of Cuba was to legalize the right of the United States to intervene on the ground specifically mentioned in the Platt amendment, not only in order to safeguard the existence of Cuban constitutional government, but to safeguard Cuban independence against intervention by other foreign powers.

Paragraph (n) of section 2, while similar in purpose with article III of the Platt amendment, in one important sense is more limited in scope than the latter. While the Platt amendment gives to the President of the United States the right to determine what

theoretically would be a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations undertaken by the Government of Cuba, under subsection (n) of section 2 of the independence act, no such right exists, and the right of intervention is limited to the following cases:

(1) For the preservation of the government of the Commonwealth of the Philippine Islands.

(2) For the maintenance of the government as provided in the constitution.

(3) For the protection of life, property, and individual liberty, in case the Commonwealth government should actually fail to grant such protection.

(4) For the discharge of government obligations under and in accordance with the provisions of their constitution.

In effect, therefore, the independence act authorizes intervention by the United States exclusively for the purpose of preserving the integrity of the Commonwealth and its freedom from external interference and to insure the normal operation of the Commonwealth government precisely in accordance with the provisions of the constitution adopted by the Commonwealth.

In the light of the practice of nations, it may be asserted with truth that the right of intervention reserved by the United States under subsection (n), far from enlarging the extent of the right of intervention recognized in international law, is in effect a qualification and a definition of that right insofar as the United States is concerned. With the right of intervention thus legalized in favor of the United States, the result will be, as in the case of Cuba, to safeguard the Philippines from intervention by other powers.

Secretary of War Elihu Root construed the Platt amendment concerning intervention as follows:

"Clause IIIa does not grant new rights, but it does give to the United States better facilities than those inherent in the Monroe Doctrine for the defense of Cuban independence. The letter to General Wood and the telegram with reference to said clause IIIa indicates that said clause does not signify either interference or intervention of any sort in the Government of Cuba. And with respect to the clause VIa notwithstanding the coaling stations, the United States will be as foreign to the Government of Cuba as it would be without the stations. Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack or when a veritable state of anarchy exists within the Republic. This clause does not diminish Cuban independence; it leaves Cuba independent and sovereign under its own flag. The United States will only come to the rescue in extreme independence, and God grant that this extremity never be presented." (Cuba and the Platt Amendment, For. Pol. Assn. Inf. Serv., vol. V, no. 3, pp. 48 and 49.)

This same interpretation and construction of the Platt amendment is applicable to the right of intervention as defined in subsection (n) of section 2. It should be noted, however, that in the case of the Philippines it could be held that in view of the relationship which would obtain between the United States and the Philippine Islands under the Commonwealth status, the right of intervention in the affairs of the Philippine Islands would exist irrespective of the provisions of subsection (n), in view of the partial continuance of American sovereignty. For this reason, the willingness of the United States to define and, therefore, to limit the right of intervention as it will appear in the Commonwealth constitution is a protection of Philippine self-government and a guaranty to the Filipino people that beyond said limits no interference in Philippine governmental authority will be attempted.

The debate that took place in the Senate on the question of intervention throws light as to its purpose and scope. Together with authoritative declarations in relation to the Platt amendment, it may be stated that intervention will not mean intermeddling in the affairs of the Philippines, and that it will not occur unless a serious collapse of constitutional government actually takes place, or when the Commonwealth government in fact becomes impotent to maintain order and give adequate protection to life, property, and individual liberty. In any of these cases American intervention might prove helpful, and, in any event, would prevent intervention by other powers which would result in great injury and possible loss of sovereignty by the Filipino nation.

In one other important particular is the phraseology of subsection (n) more acceptable than the Platt amendment, namely, because subsection (n) requires a formal Presidential proclamation before any act of intervention can take place. This fact insures against pernicious intermeddling in the affairs of the Commonwealth government by the high commissioner or any other American official.

THE TRANSITION PERIOD

As a result of a careful study of Philippine conditions, Congress reached the conclusion that American-Philippine trade relations could not be abruptly ended or disrupted without serious injury to both American and Philippine interests. Despite the pleas of Filipino representatives for a grant of independence at the earliest possible date, the committees of Congress that drafted the independence bill considered it absolutely necessary that a period of transition should be established before independence

during which time the needed economic adjustments might be made. In addition to this compelling reason, the framers of the legislation believed that the then disturbed conditions in the Orient required great caution to avoid the launching of an independent Philippine state at a time of acute unrest and instability in the Far East. These two facts determined the establishment of the transition period.

Some of the economic considerations that entered into the picture may be briefly pointed out. Reciprocal free trade between the United States and the Philippines had existed for almost 25 years. During this time Philippine industries were organized and had grown up on the basis of this free trade with the United States. Many of the basic industries of the Philippines had become dependent for their very existence on the protection afforded by the American market. To a degree, this was also true with regard to American exports to the islands, where American products find the protection of the Philippine tariff against foreign competition. Congress realized that to terminate this free-trade relationship immediately (which would be the case if immediate independence were granted) would produce a collapse of the Philippine economic system and would also seriously injure American-Philippine trade.

Statistics presented to the committee proved the soundness of this view. About 80 percent of the exports of the Philippines to the United States and 63 percent of all their purchases from abroad come from America. The consequences to the Philippines of such a sudden termination of its free-trade relationship with the United States, as Congress saw it, would not be different from the ruinous results which would ensue to the industries of an American State were it suddenly placed outside the tariff walls of the United States. The committees of Congress believed that if this were done in the case of the Philippines, the inevitable economic dislocation which would occur would be of such proportions as to injure the very existence of an independent Philippine government, should one be undertaken under such conditions. This result they thought would discredit America's stewardship in the islands. The fact that the Philippines is located in the Orient, among countries in which lower standards of living and wages prevail aggravated the situation. The committees believed that the islands would find it extremely difficult immediately to find new markets for their products in view of existing overproduction of those commodities which the islands export, and to enter into competition with their neighbors. Hence, it was felt that Philippine industries required some time before they could be placed on a competitive basis.

The belief entertained by some persons that in case of loss of the American free market the Philippine Islands might readily find new markets for Philippine sugar and coconut oil, where these products could be sold at a profit to Philippine producers, was considered by the committees and quickly laid aside as groundless, affording no satisfactory basis to predicate a decision affecting the life and the freedom of a whole nation. The experience of other nations situated similarly as the Philippines would be, if granted immediate independence, was carefully considered by the committees. They reached the conclusion that Cuba and Java now enjoy freedom to enter into reciprocal treaty arrangements with other countries as to sugar and other products but have failed to find profitable markets for such products. No facts existed which might induce the belief that the Philippines could succeed where these countries had failed.

This was the picture which the committees of Congress had before them when they deliberated on the time for independence. The human side became apparent when they realized that about one third of the total population of the Philippine Islands depended directly or indirectly for their livelihood on the industries that owed their existence to the protection of the American tariff. Concretely, the committees of Congress reached the conclusion that the abrupt termination of free trade between the Philippines and the United States would result in fatal injury to the basic Philippine industries, in reduced returns for sales made abroad, in material decreases in government income, and in a possible acute social problem among large groups of the Philippine population.

These conclusions forced the adoption of the transition period. This was in consonance with public statements made by recognized Filipino leaders. So obvious was the need of a period of economic adjustment that not even the representatives of American farm interests failed to recognize the necessity of a provision to that effect. The only difference between the views of these representatives and those of the committees of Congress related to the method of adjustment and the length of the transition period. The farm representatives advocated a 5-year period and during that time a progressive imposition of the American tariff on dutiable products coming from the Philippine Islands at the rate of 20 percent the first year, with 20 percent added progressively each succeeding year.

THE 10-YEAR PERIOD

Wide differences of opinion prevailed among the members of both the House and the Senate committees relative to the length of the transition period actually needed to bring about the desired economic and other adjustments. Some members of the House Committee were of the opinion that 5 years would be sufficient. Others believed that 8 years would be necessary, while still others held the view that at least 25 years would be required.

Among the members of the Senate committee the same divergence of views existed. Senator King was of the opinion that 3 to 5 years would be ample time; Senator Broussard believed

that a period of 5 years would be all that was needed; Senators Bingham, Metcalf, and Vandenberg believed that at least 20 years would be absolutely necessary; Senator Hawes, Senator Cutting, and Senator Pittman, Senator Tydings, and others preferred to accept the judgment of some Filipino leaders (Quezon and Aguinaldo) as to the length of the transition period, and expressed preference for 10 years. As a result of the deliberations by each committee a bill was recommended to the House of Representatives providing for an 8-year period, and a bill was recommended to the Senate prescribing a 15-year transition period. The Senate amended its bill by reducing the transition period to 12 years. The act, as finally passed, is a compromise between the 8-year period of the House bill and the 12-year period of the Senate bill. The act prescribes a 10-year transition period.

TRADE LIMITATIONS DURING TRANSITION PERIOD

A discussion of the trade provisions of the independence act must necessarily take into account economic conditions obtaining in the United States at the time of the consideration and passage of the act, as well as economic conditions obtaining in the Philippines and in the world at large. Briefly, during that time economic conditions all over the world were in the slough of depression; currencies tumbling down, export trade sharply falling and unemployment daily becoming more and more acute. In the United States the same situation prevailed. The number of unemployed amounted to about twelve or thirteen million. Surpluses of farm commodities continued to grow, and prices of these products fell to unrecorded levels. In an effort to protect domestic markets for the benefit of domestic producers a tariff war was being waged among the different nations of the world, which fact greatly aggravated the world economic situation and tended further to curtail foreign trade thus preventing an outlet for exportable surpluses.

American domestic producers during this time and for several years past had conducted a determined campaign against unlimited free imports of Philippine sugar and coconut oil. Later the same agitation was started against Philippine cordage.

While much may be said against the claim made by American domestic producers that Philippine sugar, coconut oil, and cordage imports to the United States compete in a harmful manner with American production of such articles or American competing commodities, the fact remained that such movement against Philippine unrestricted imports of these products existed and that it commanded the support of a large group of Members of both the House of Representatives and the Senate of the United States.

Desirous of passing legislation granting independence to the Philippines, supporters of independence in the Congress realized the necessity of reaching a reasonable compromise with the agricultural elements for the double reason of making the question of Philippine independence of practical importance to the American people, and in order to win the support of certain elements in the Congress, particularly in the Senate without whose support it was realized no independence legislation could possibly be enacted.

The Philippine Commission strongly objected to the proposal submitted by the farm representatives imposing a gradually increasing tariff levy on Philippine imports to the United States. The commission opposed this proposal on the ground that even the first tariff imposition of 20 percent of the American tariff rate would actually cripple the industries that would be affected thereby, for this imposition would take place during the first year immediately following the enactment of the law. The commission, therefore, took the position that if a restriction on Philippine-free imports into the United States was inevitable, this restriction should take the form of an annual limitation on the amount of such imports rather than a gradual tariff levy. This stand of the commission was in consonance with the opinion of President Quezon as stated in his report to the Philippine Legislature of November 9, 1931, and was also in conformity with the advice of men who could speak with knowledge as to the arrangement most favorable to Philippine interests. The proposition of an annual limitation of the volume of imports into the United States from the Philippines was finally accepted by the committee of Congress.

The next problem was to determine the amount at which the limitations should be set. With regard to sugar, proposals varied from 500,000 to 1,200,000 long tons. As to coconut oil, suggestions differed from 140,000 to 250,000 tons. As to cordage, the figures offered varied from 3,000,000 to 7,500,000 pounds.

The committee of Congress realized the necessity of adopting a principle which could be followed in the determination of these limitations. They agreed to adopt the principle of status quo for the following reason: The purpose of the transition period being to protect existing interests and permit a gradual adjustment of economic conditions, a reasonable and fair measure for the limitations was the maximum annual importation into the United States prior to the passage of the act. In other words, the adjustment should be made on the basis of the amount of imports into the United States from the Philippine Islands during the year immediately preceding the passage of the act if such importation was larger than in previous years; otherwise, to accept the figures of previous years, if existing plants were still capable of such production. On the strength of this theory, the sugar limitation was fixed at 850,000 long tons. This figure was the amount which the Honorable Rafael R. Alunan, secretary of agriculture and natural resources of the Philippine Islands, in a cable sent to the commission on February 25, 1932, estimated as the quantity

of sugar which the Philippine Islands would import into the United States during the year 1932. Copy of this cable is attached to this report as appendix 23.

As to coconut oil, the limitation was fixed at 200,000 long tons. This figure represents in round numbers the maximum importation into the United States from the Philippine Islands which occurred in 1929.

As to cordage, the committees were informed that Philippine imports had reached in 1 year over 7,000,000 pounds. However, the committees were also informed that one of the cordage factories in Manila had then recently been burned and that the capacity of the other factory which was in operation did not exceed 3,000,000 pounds annually. In accordance with the principle of the status quo, the cordage limitation was set at 3,000,000 pounds.

THE EXPORT TAX

The independence act provides a tariff levy beginning with a rate equivalent to 5 percent of the American tariff during the sixth year of the transition period and progressively increasing annually by 5 percent up to 25 percent during the tenth year, on all Philippine imports into the United States which are dutiable under the tariff laws of America. This tariff levy is in the nature of an export tax levied and collected in the Philippines. This provision was adopted as a compromise with those who insisted on a gradually increasing tariff levy in preference to the system of limitation of the volume of free imports.

One other reason which prompted this provision was to compel Philippine producers to feel the necessity of lowering production costs and thereby gradually to place their industries on a competitive basis.

All collections derived from this export tax are to constitute a separate fund to be added to the regular sinking funds already authorized by law for the full redemption of Philippine government bonds on their maturity.

AMERICAN PRODUCTS IMPORTED TO THE PHILIPPINE ISLANDS

Several reasons actuated Congress not to impose restrictions on American exports to the Philippine Islands during the transition period. Among these reasons may be mentioned the following:

(1) The same conditions prevailing in the American market relative to the alleged competition of Philippine imports with American domestic production have no counterpart in the Philippines regarding imports from the United States. In other words, American imports in the islands are not competing to any material degree with Philippine products or manufactures, and for this reason there existed no need of restricting American importations to protect Philippine domestic producers.

(2) An examination of the statistics on the balance of trade between America and the Philippines reveals that since the establishment of free trade between the two countries, with only one or two exceptions, determined by extraordinary capital investments in the islands, the balance of trade has always been in favor of the Philippine Islands. It was deemed unnecessary to impose a restriction on American importation into the Philippines, for the reason that the value of these importations in any case had to depend on the value of the commodities sold by the Philippine Islands in the United States, as the balance of trade in favor of the Philippine Islands is the result of the operation of economic laws which could not be violated in any material degree. In other words, it was considered useless to limit American importations, for it is admitted that the amount of such importations would be governed by the value of exports of the Philippine Islands to the United States, so that, were the value of Philippine exports to decrease, American importations to the Philippines would proportionately decrease. In view of payments which the Philippine Islands must make to the United States annually both on the account of the public debt and to cover the invisible items of trade, a balance of trade favorable to the Philippine Islands in an amount substantially the same as that of previous years may be expected.

(3) It was found practically impossible to determine what articles imported by the United States to the Philippine Islands were to be limited, if the limitation rule was to be applied to such importations. It was found that the United States imported into the Philippines over 500 different articles, and it was difficult to decide which ones of these were to be restricted. It was, therefore, believed that if American importations into the Philippines were to be restricted, the only feasible method was to levy upon them a certain percentage of the Philippine tariff rate collected on similar articles coming from foreign countries. However, this method was considered unsatisfactory on the ground that such tariff levy would actually destroy American trade with the islands, in view of the already low Philippine tariff protecting such articles, and especially because of the then current depreciation of currencies in countries, which, like Japan, were then competing successfully with American importations to the Philippines.

(4) There was also the danger that, if a tariff was imposed on American importations in the Philippines, this fact would strengthen the position of the groups which advocated the immediate imposition of tariff duties on Philippine imports to America.

(5) An examination of the relative benefits which the Philippines and the United States respectively would derive from the trade arrangement established by the act, computed on the basis of present tariff rates applicable to importations from foreign countries, shows that the respective tariff advantages enjoyed by American and Philippine products are greatly in favor of the latter. A comparative study of the amounts of duty waived by each

country on the products to be imported by the other free of duty in accordance with the act, reveals that the amounts waived by the United States on sugar (850,000 long tons) and coconut oil (200,000 long tons) alone, are nearly three times as much as the amounts waived by the Philippine Islands over all present American imports into the Philippines.

The foregoing considerations led to the adoption of the trade provisions and the transition period in the independence act.

PHILIPPINE AUTONOMY UNDER THE COMMONWEALTH GOVERNMENT

Philippine autonomy and self-government during the transition period will be complete and absolute, subject only to the reservations of United States authority to be recognized in the constitution of the Commonwealth. The following may be listed as some of the important advances in autonomy under the Commonwealth government in comparison with that now exercised by the Filipino people under the Jones Act:

(1) Subject to certain limitations, the Philippine people will have the right to form and establish a government for the Philippine Commonwealth. Some of the limitations prescribed by the act involve the adoption of a political philosophy which the Filipino people accept and approve and, therefore are not real limitations on their freedom to form their own government. In other words, if these limitations had not been prescribed and the Filipino people had been left absolutely free to determine their form of government, at any rate they would adopt a government embodying said principles.

(2) The office of the present Governor General is abolished and the chief executive of the Philippine Islands will be chosen by the Filipino people. The authority and duties of the chief executive will be determined by the Filipino people in their constitution.

(3) Legislative power will be vested exclusively in the members of the legislative branch of the government to be elected by the Filipino people. Appointive members may be abolished. At present, Congress may legislate directly for the Philippines. Under the Commonwealth status, no such legislative power will reside either in Congress or any other agency except in the legislature provided by the constitution. The legislature of the Commonwealth will exercise complete legislative power. The limitation now imposed by the Jones Act on the present legislature will no longer exist with the only exception that laws affecting currency, imports, exports, and immigration will not take effect until approved by the President of the United States. The power to legislate over the public lands, forests, and mines now restricted under the Jones Act will be complete under the Commonwealth.

(4) The judicial power will be vested in a supreme court and other inferior courts as may be provided in the constitution approved by the Philippine people. If the justices of the supreme court are to be appointed, the appointment is to be made by the Filipino chief executive and not, as at present, by the President of the United States. The jurisdiction of the different courts of the Philippine Islands will be exclusively within the control of the Commonwealth legislature subject to the limitations prescribed in the constitution. Under the Jones Act the jurisdiction of the supreme court and the courts of first instance cannot be diminished by an act of the present legislature.

(5) Regarding trade relations between the United States and the Philippines, while at present the regulation of this relationship is exclusively within the power of Congress, under the provisions of the Independence Act, this trade relationship is definitely prescribed and its terms defined, and Congress is, at least, under moral obligation to respect such arrangement. At any rate, a modification by Congress of the trade provisions of the act without the consent of the Philippine Commonwealth would be tantamount to a violation of an agreement which partakes of the nature of a treaty, in which case the agreement may be considered abrogated and each party would be left free to take care of its own interests.

(6) Under the Commonwealth government, the educational policy to be followed in the public schools of the Philippines will be defined by the Filipino people. At present the educational system has been conceived and is being conducted under the direction of Americans. Under the Commonwealth government the education of the Filipino youth will be directed by Filipinos and guided by policies determined by them which may best promote the ideals and interests of the Philippine nation.

(7) The Filipino people will have control of the Philippine constabulary and will be able to organize such military or naval forces as the Philippine Commonwealth may consider necessary.

(8) All appointments of public officials now made by the Governor General will under the Commonwealth government be made by the Filipino chief executive.

(9) The laws of the Philippine Commonwealth will not be subject to a legislative veto by the American Congress. This is radically different from the status under the Jones Act, which expressly provides that Congress reserves the power to annul any act passed by the Philippine Legislature.

(10) The government of the Commonwealth will exercise administrative authority over the whole territory of the Philippine Islands and may establish uniform laws for the government of all the sections of the country, including Mindanao, Sulu, and the especially organized provinces.

(11) The treaty-making power will be lodged in the Philippine Commonwealth. The exercise of this power, however, as well as all foreign relations of the Commonwealth, will be subject to the direct control and supervision of the United States. Under the Jones Act the Philippine Government maintains no foreign

relations for it has no personality in international law separate and distinct from that of the United States. Under the Commonwealth government, the Philippine Islands will have a personality in international law separate and distinct from the United States. With the approval of the President of the United States the Philippine Commonwealth may maintain diplomatic representatives in foreign countries. This is a valuable prerogative for it will enable the Philippine Islands to gradually train men for the diplomatic service and foster friendly relations with foreign countries.

THE HIGH COMMISSIONER

The independence act contains no provision granting any power of government, whether direct or supervisory in nature, to the high commissioner. The law merely provides that he shall be the representative of the President of the United States in the Philippine Islands, and shall be recognized as such by the government of the Commonwealth, and by the commanding officers of the United States Army and Navy in the Philippine Islands. This provision, however, gives the high commissioner a diplomatic standing of a high order and surrounds him with prestige as the symbol of American sovereignty. The high commissioner is entitled to obtain any information about the operation of the government he may desire. This information will be furnished him by the chief executive of the Commonwealth. The high commissioner has no authority to deal directly with the different departments or subdivisions of the government of the Commonwealth but he shall have access to their records.

The American power of supervision over the government of the Commonwealth is vested by the independence act upon the President of the United States. The independence act authorizes the exercise by the high commissioner of such duties and functions as may be delegated to him from time to time by the President in accordance with the provisions of the act. An examination of the provisions of the act permits this delegation of power only in one instance, namely, in case the Commonwealth fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, in which case the President may direct the high commissioner to take over the customs offices and the administration of the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. All other powers granted by the act to the President of the United States cannot be delegated by him to the high commissioner, for these powers are judicial in nature, requiring the exercise of discretion by the President himself. After the President has exercised his discretion, however, especially in case of intervention, the high commissioner or any other official may act pursuant to authority conferred by the President and under his immediate direction.

It may be stated, therefore, that the high commissioner will have no participation in the conduct of public affairs of the Commonwealth. His functions and authority are those of an official observer with the right at all times to obtain information from the government as to actual conditions and to submit a report of his findings to the President of the United States.

One of the most important questions which has arisen in the course of American-Philippine relations is that of the immigration of Filipino laborers to the United States. For many years the Pacific Coast States had been agitating against unrestricted Filipino laborers in the United States. The discussion of this subject necessarily produced great concern among the Filipino people and resulted in no little resentment and irritation. The American workingman demanded protection against the competition offered by the Filipino immigrant, especially during the current period of acute unemployment.

The stand of Filipino representatives in the United States on this question has been as follows: The Filipino people desire their independence; after they become independent the United States, if it should so choose, may justly regard the Philippines, for all purposes, as a foreign state, and may apply against its inhabitants the full effect of American immigration laws; but while the Filipinos remain under American sovereignty it would be unjust and inhuman to deprive them of a most elemental right secured to them by their political relationship with the United States, a right which no nation maintaining sovereignty over another had in the past ever withheld from the inhabitants of her colonies.

While Filipino representatives maintained this view, they could not fail to realize the plight of American labor which was growing more acute every day. There were also clear indications that Filipino laborers residing in America were undergoing privation because of their inability to obtain employment. In fact, many cases of utter helplessness and destitution exist among them.

Desirous of obtaining independence legislation the Filipino people could not afford, without potent reasons, to antagonize American organized labor, considering that these organizations since the very beginning of American occupation had supported Filipino independence aspirations. Impelled by this consideration the Philippine Commission decided to take a practical view of the immigration question and, in this manner, reached an understanding with the leaders of the American Federation of Labor and their supporters in Congress. This understanding was as follows:

(1) Filipino representatives would oppose any attempt to restrict or exclude Filipino immigration to the United States unless it were a part of an arrangement definitely solving the Philippine problem on the basis of independence;

(2) In case Congress should enact a law fixing a date for independence Filipino representatives would accept a provision restricting Filipino immigration to the United States during the transition period, provided that the restriction was based not on racial but on economic grounds;

(3) That after the Philippines had become independent and thus foreign to the United States, the Filipino people recognize that it would be the right and privilege of the United States to apply to the islands its immigration laws in force at the time, as it would also be the right and privilege of the Philippine independent state to regulate immigration from the United States and other countries.

The provisions regulating immigration from the Philippine Islands to the United States during the transition period appear in section 8 of the independence act. These provisions carry out the agreement outlined above. It provides substantially:

1. Filipino immigration to the United States shall be limited to a yearly quota of 50. This does not include immigrants in the excepted classes under the United States Immigration Act of 1917, such as students, teachers, merchants, public officials, ministers, and persons traveling for business or pleasure, etc.

2. Filipino immigrants are placed in the same status as immigrants coming from countries of the Western Hemisphere, such as Canada, Cuba, the Argentine Republic, etc.

3. The provisions of the United States immigration laws referring to persons ineligible to citizenship are not applied to immigrants from the Philippine Islands.

4. The quota of 50 granted to the Philippine Islands is in principle identical with the quota granted to European countries, and native laborers of the Philippine Islands may enter the United States within this quota in the same manner as native Englishmen may enter the United States within the quota granted to Great Britain by the immigration act.

5. Under the commonwealth the status of the Philippine Islands is different from that of China or Japan. The immigration laws of the United States prescribe an annual quota of 100 for Japan, but because of the provision relative to "persons ineligible to citizenship" and which is applied to Japan, no person of the Japanese race may enter the United States under the Japanese quota, but only those residents of Japan who are Caucasians and thus are eligible to become citizens of the United States. This distinction is important to prove that the restriction of Filipino immigration established by the act is based not on racial but on economic grounds, the same reasons that dictated the restriction of immigration to the United States from European countries.

After the complete withdrawal of American sovereignty and the recognition of the independence of the Philippines, section 14 of the act provides that Filipino immigrants shall be subject to the full operation of the immigration laws of the United States. What these laws may be after Philippine independence cannot be forecast; but whatever they might be, irrespective of the feelings or the convictions of the Filipino people about the matter, as a matter of right the United States will then have to consider the Philippine Islands as a foreign nation and regard immigrants from the Philippines as coming from a foreign country. In that event, it will also be the privilege and the right of the Philippine independent government to control immigration from the United States and other countries as it may deem most conducive to its own interests and its national honor.

UNITED STATES RESERVATIONS IN THE PHILIPPINES AFTER INDEPENDENCE

The independence act contains no provision expressly granting to the United States authority to maintain military or naval reservations in the Philippines after independence. The provisions of the law concerning these reservations have been the subject of varied interpretations. While many legal authorities hold that the right to maintain these reservations after independence is neither expressly nor impliedly granted in the act, Senator Bingham expressed a contrary view. It is possible, however, that the views of Senator Bingham were based on the belief that the provisions of the Senate bill regarding the United States reservations after independence had been retained in the bill as finally enacted, which was not the case.

The Hare bill, as passed by the House of Representatives, contained three provisions regarding United States reservations, as follows:

(1) In section 2, paragraph (m), the constitution of the Commonwealth was required to contain a provision whereby the Philippine Islands would recognize the right of the United States to maintain military and other reservations and armed forces in the Philippines. This provision applied only during the transition period.

(2) Section 5 of the Hare bill provided the retention by the United States of its right of property over such land as was actually occupied and used by the United States for military and other reservations of the Government of the United States.

(3) Section 9 of the Hare bill provided that the withdrawal of American sovereignty over the Philippines shall include the withdrawal from all military and other reservations of the Government of the United States in the Philippines. However, paragraph (3) of said section provided that the government of the Philippine Islands will cede or grant to the United States land necessary for a commercial base, and coaling or naval stations, at certain specified points to be agreed upon with the President of the United States, not later than 2 years after the recognition of independence. As a further assurance the Hare bill provided that this right of the United States was to be stipulated in a permanent treaty between America and the Philippine Islands.

Paragraph (3) of section 9 of the Hare bill was substantially identical with the corresponding provision of the Platt amendment applicable to Cuba. It should be noted that paragraph (3) does not describe or limit the lands which thus may be reserved or acquired by the United States.

The Hawes-Cutting bill as passed by the Senate contained provisions regarding United States reservations substantially identical with those of the Hare bill, with the following exception:

(1) In section 5 the House bill reserved to the United States ownership over such land or other property as "is now actually occupied and used by" the United States for military and other reservations of the Government of the United States; the Senate bill substituted the clause above quoted with the words, "has heretofore been designated by the President of the United States."

(2) The Senate bill did not expressly state that the withdrawal of American sovereignty at the end of the transition period shall include "all military and other reservations of the Government of the United States in the Philippines."

(3) Paragraph (3) of section 9 of the Hare bill corresponds to paragraph (2) of section 9 of the Hawes-Cutting bill, and the latter is different from the former because it substitutes the words "sell or lease" for the words "cede or grant" in the Hare bill, and does not mention a commercial base among the proposed reservations.

(4) The Senate bill contained a provision requesting the President to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands. This provision had no counterpart in the Hare bill. It appears as section 11 of the independence act.

An examination of the independence act shows the following facts:

(1) That during the transition period the United States has reserved the right to maintain in the Philippine Islands military and other reservations and armed forces.

(2) That under section 5 of the act the United States has retained the ownership of such land or other property as had previously been designated by the President of the United States for military and other reservations of the Government of the United States. This provision deals with property rights and not with rights of sovereignty, and, therefore, cannot be relied upon to authorize the maintenance of reservations after independence.

(3) That section 10 of the act provides, upon the expiration of the transition period, for the withdrawal and surrender of all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the Territory and people of the Philippine Islands, "including all military and other reservations of the Government of the United States in the Philippines." Section 10 mentions one exception to this withdrawal and surrender of American rights, namely, "except such land or property reserved under section 5 as may be redesignated by the President of the United States" not later than 2 years after the date of the proclamation of Philippine independence. This exception appears in parentheses.

It is, therefore, plain that any right which the United States may have to maintain military or other reservations in the Philippines after independence can only be predicated upon the provisions in parentheses found in section 10. A strict interpretation of this exception must lead to the conclusion that it merely refers to the right of ownership over such land or property described under section 5, for the exception does not mention the right to maintain military and other reservations.

If it had been the intention of Congress to reserve the right to maintain military and other reservations in the Philippines after independence, this right, being an important limitation of sovereignty, would have been clearly stated in the law and not left to implication or construction. It cannot be understood why paragraph (2) of section 9 of the Hawes-Cutting bill as passed by the Senate, and paragraph (3) of section 9 of the Hare bill as passed by the House of Representatives, were eliminated by the conference committee and do not now appear in the act, if it had been the intention of Congress to reserve to the United States the right to maintain military or other reservations in the Philippine Islands after independence. Moreover, the fact that the provision referred to appears in parentheses negatives the claim that it can have such far-reaching effect; for if Congress had intended to limit Philippine sovereignty after independence, it would have expressed it in positive and unmistakable terms.

In the case of Cuba, this right was established in the same manner as was originally proposed in the Hare bill and in the Hawes-Cutting bill, namely, by an express provision in the Cuban constitution and in a permanent treaty with the United States. The independence act does not require such a provision in the Philippine constitution nor is there a provision for the conclusion of a permanent treaty between the Philippine Islands and the United States to secure to America the right to maintain military and other reservations.

It should be noted that the right to maintain military and other reservations during the Commonwealth government is required by the law to be recognized in the constitution of the Commonwealth. If, to maintain military and other reservations in the Philippines during the transition period, while American sovereignty continues, it was found necessary to require from the Filipino people an express recognition of that right in the Commonwealth constitution, it is incomprehensible why, at least, a similar provision should not have been required to be inserted in the constitution of the independent Philippines if it really had been the intention of Congress to reserve that right.

Section 11 of the independence act directs the President of the United States at the earliest practicable date to enter into negotiations with foreign powers for the conclusion of a treaty providing for the perpetual neutralization of the Philippine Islands once they have become independent. This provision indicates the purpose of the United States to safeguard the integrity of the Philippines after independence. It is admitted that a neutralization treaty can only be effected if no military or naval reservations are retained by the United States after independence. This consideration forces the following conclusions:

(1) That the redesignation of the lands and property which the President of the United States may make under the clause in parentheses in section 10, merely involves the retention by the United States of the right of ownership in the lands and property redesignated, for a different interpretation would make impossible the conclusion of a neutralization treaty as provided in section 11.

(2) That if the clause in parentheses in section 10 were to be construed as authorizing the maintenance of military and other reservations in the Philippine Islands after independence, it is plain that these reservations would be maintained by the United States not for her own particular interest but to safeguard the independence of the Philippines, which is the same aim of section 11. If the Congress had intended to safeguard American interests and not Philippine interests by this provision, it would undoubtedly have eliminated section 11, for the conclusion of the neutralization treaty would necessarily result in the denial to the United States of the right to maintain military and other reservations after independence.

The consensus of opinion in Congress and among military and naval officials is opposed to the retention of military and other reservations in the Philippines by the United States after independence. Even those who favor the retention of any reservations after independence believe that the only reservations which could be useful to the United States would be a coaling station or a naval base. Military reservations located in the interior, wholly surrounded by Philippine territory could possibly have no utility for America.

When the bill was in conference, the committee eliminated paragraph (3), section 9, of the House bill, and paragraph (2), section 9, of the Senate bill. An important effect of this elimination was to limit the discretion of the President to lands now included in American reservations in the Philippines. The substitute provision contained in section 10 expressed in the clause in parentheses does not expressly authorize the United States to maintain such reservations after independence. If it were to be held that this right may be implied from the exception contained in said clause, it must be conceded that said clause would not permit the United States to maintain in the Philippines after independence other than naval or coaling stations, and these within the limits of the reservations which the United States now possesses and maintains in the Philippines. The conference committee had no authority, and it had no purpose if it possessed the power, at that parliamentary stage, to give to the United States in the law greater privileges than were granted by either the House or Senate bills. Neither one of them authorized the retention of military reservations. A correct interpretation of the provisions of the act must, therefore, exclude military reservations.

TRANSFER OF UNITED STATES PROPERTY AND RIGHTS IN THE PHILIPPINE ISLANDS TO PHILIPPINE COMMONWEALTH

Under the Treaty of Paris, Spain ceded to the United States all her public domain in the Philippines, including "all the buildings, wharves, barracks, ports, structures, public highways, and other immovable property which in conformity with law belonged to the Crown of Spain." Spain also included in this cession all public documents, records, and archives relating to the Philippines and which were then in the possession of the Spanish Government. By virtue of this cession the United States acquired title to all such property and rights.

Under the Organic Act of 1902 these property and rights acquired by the United States from Spain were placed under the control of the government of the Philippine Islands, to be administered for the benefit of the inhabitants of the Philippine Islands; but the title to such property and rights was retained by and remained in the United States (act of Congress, July 1, 1902, sec. 12). The Jones Act contains an identical provision. Section 9 of the Jones Act reads as follows:

"That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain signed December 10, 1898, except such land or other property as has been or shall be designated by the President of the United States for military, and other reservations of the government of the Philippine Islands * * * are hereby placed under the control of the government of the said Islands to be administered or disposed of for the benefit of the inhabitants thereof * * *."

Section 5 of the independence act is as follows:

"All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted

to the government of the Commonwealth of the Philippine Islands when constituted."

Section 5 of the independence act differs from the provision of the Jones Act quoted above in that, under section 5, not only the right of the control and administration is granted to the Philippine government but the title and ownership, which, of course, includes control and administration. It will be seen, moreover, that while in the Jones Act the privilege of control and administration is limited by a provision requiring that all laws affecting public lands and mines shall require the approval of the President of the United States, no such limitation is found in the Independence Act as to the power of the Commonwealth government to administer, control, and dispose of the property and rights thus ceded by the United States.

The transfer of property rights over the public domain of the United States in the Philippine Islands is a most important and significant provision of the act, for thereby the United States divests itself of all rights and title over the public domain in the Philippine Islands (subject to one exception), exactly in the same manner and to the same extent as if sovereignty over the Philippine Islands had been ceded by the United States to a foreign power. The United States retains no part of the public domain in the Philippine Islands, "except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States." Four important considerations should be noted in relation to this exception:

(1) Section 5 appears in the act under the heading, "Transfer of property and rights to Philippine Commonwealth." This fact, together with the phraseology of section 5, shows that this section deals only with the right of ownership and does not embrace rights of sovereignty.

(2) The clause "military and other reservations of the Government of the United States", which appears in section 5 describes the land and other property which are excepted from the transfer and grant of title made to the Commonwealth government, and does not establish or create any right which may be not exercised by virtue of the right of ownership. In other words, section 5, dealing exclusively with property rights, cannot be construed as granting to the United States the right of withdrawing from the sovereignty or jurisdiction of the Philippine Commonwealth such land or other property as has heretofore been designated for military and other reservations, nor as to authorize the United States to maintain military and other reservations on such properties after the Philippine Islands has achieved its independence. Under section 5, the United States may exercise over such "land and other property" only those rights which any individual, by reason of his ownership thereof, may by law be entitled to exercise.

(3) The lands or other property retained by the United States is limited to those which, before the passage of the independence act, had already been designated by the President of the United States for military and other reservations of the Government of the United States.

(4) The retention by the United States of the ownership over the land and other property which had been designated as military and other reservations of the United States, is not definite and conclusive. The relinquishment of the title to all or a part of such properties is left for future determination under section 10 of the act. Final decision over the retention of those properties is deferred until 2 years after independence. Meantime, it may become the subject of negotiation between the United States Government and the government of the Commonwealth.

The military and other reservations of the United States in the Philippine Islands as of the date of the passage of the independence act appear in a list prepared by the Bureau of Insular Affairs, copy of which is attached to this report as appendix 24.

The lands and other property included in these reservations are the only ones withheld by the United States from the grant of property rights to the Philippine Commonwealth. These reservations cannot be increased or enlarged. Unlike the Jones Act, the Independence Act does not authorize the establishment of new reservations. The authority granted to the President of the United States in the Jones Act to create reservations must necessarily be considered repealed.

Section 5 mentions another exception from the grant of property rights over the public domain to the Commonwealth government. The exception refers to "such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law." This exception merely recognizes the legality of all sales, transfers, grants, or cessions heretofore made by the government of the Philippine Islands acting under the authority of Congress of property and rights which formerly formed a part of the public domain.

Upon inauguration of the Commonwealth government, the Filipino people will for the first time achieve the recognition of their property right over the public domain. The transfer made under Section 5 is absolute and irrevocable and proves the good faith of the United States (if evidence of such fact were needed), as to its purpose completely to withdraw its sovereignty over the Philippine Islands and to recognize its independence upon the expiration of the transition period. If the Congress had the least intention of continuing American sovereignty over the Philippine Islands beyond the transition period fixed in the act, it would have refrained from making this outright transfer of dominion over all its property and rights in the Philippines.

This transfer by the United States of the public domain to the Commonwealth government is made gratuitously, absolutely free, without the repayment of even a small portion of the sum which the United States paid Spain under the Treaty of Paris.

According to the reports of the Philippine government the public domain of the United States in the Philippine Islands which is thus transferred to the Commonwealth government covers over 75 percent of the total area of the Philippine Islands.

THE PAYMENT OF THE PUBLIC DEBT

Section 2, paragraph (g), of the independence act provides that the government of the Commonwealth shall assume and pay "the debts, liabilities, and obligations of the present Philippine government, its provinces, municipalities, and instrumentalities valid and subsisting at the time of the adoption of the constitution."

This provision does not change or in any way modify the obligations and liabilities of the present Philippine government. The Commonwealth government will assume those obligations exactly in accordance with their precise terms and conditions. They are to be paid upon their maturity.

In case any of these debts and liabilities remain outstanding upon the expiration of the transition period, this fact will not delay or postpone the complete withdrawal of American sovereignty and the recognition of Philippine independence. This case is provided for in section 10 of the independence act. Paragraph (3) of said section provides that prior to the proclamation of independence the constitution of the Commonwealth should be amended so as to provide as follows:

"(2) That the debts and liabilities of the Philippine Islands, its Provinces, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands."

The independence act does not require, as a condition precedent to independence, that all the debts, liabilities, and obligations of the present Philippine government and its political subdivisions and instrumentalities should be paid during the transition period. If such had been the intention of Congress, the provisions of subsection (3) of section 10 would not have been included in the law. Moreover, the provisions of subsection 4 of section 7 clearly indicate that the obligations assumed by the Commonwealth government are limited to the payment of the indebtedness and liabilities that may fall due during the life of the Commonwealth.

The second paragraph of subsection 4 reads:

"If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States High Commissioner shall immediately report the facts to the President, who may thereupon direct the High Commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. * * *

The wording of this provision plainly reveals the intention of Congress, namely, to provide a remedy in case the Commonwealth government should fail to discharge its obligations that are overdue in accordance with the terms and conditions of the respective contracts. There being no remedy against nonpayment of debts or the fulfillment of obligations which have not fallen due, the conclusion is irresistible that the Commonwealth government is obligated to pay only those which have fallen due or matured.

THE ACCEPTANCE CLAUSE

Section 17 of the independence act reads as follows:

"The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature."

ORIGIN AND PURPOSES OF THIS PROVISION

Practically every enabling act approved by the American Congress to authorize the people of a Territory to institute a government preparatory to its admission as a State of the Union contains a provision substantially identical with section 17. The enabling act for the Territory of Oklahoma, which was the last enabling act passed by Congress, contained the following provision:

"Sec. 2. That the constitutional convention provided for herein shall, by ordinance irrevocable, accept the terms and conditions of this act."

It should be noted that the Oklahoma enabling act provides that the acceptance be made by the constitutional convention while the Philippine Independence Act confers that privilege either upon the legislature or a convention called for that purpose. This difference arises from the fact that under the enabling act of Oklahoma the constitutional convention is the only body elected by the people which participates in the institutional process. The regulatory authority granted to the Philippine Legislature in the independence act is, in the case of Oklahoma, exercised directly by the Congress of the United States.

The Fairfield bill did not contain a provision similar to section 17. Neither did the Johnson bill of 1924, nor the first Hawes-Cutting bill of January 6, 1930. This provision was first sug-

gested during the discussion of the Hawes-Cutting bill by the committee of the Senate. It was urged that, in view of the relatively long institutional process leading to the adoption of the constitution, it was necessary, on the one hand, to impose a moral obligation on the American Congress not to change the provisions of the act while the different institutional steps were being taken; and, on the other hand, to obtain an expression by the representatives of the Filipino people approving these different steps as a proper and satisfactory procedure looking to the adoption of the constitution.

During the course of the formulation and discussion of the Hawes-Cutting bill one capital idea was constantly borne in mind by the members of the Senate committee, namely, that the Independence Act should be a practical application of the principle of self-determination, and that not only should the terms of independence be acceptable to the Filipino people, but that the whole process prescribed for the institution of the government to be established during the transition period and subsequently to be recognized as independent at the end of that period, should also receive the approval of the Filipino people acting through their representatives.

Section 17, together with section 4 and other provisions of the act, inaugurates for the Philippine Islands a new policy, that of mutuality and voluntary relationship. These provisions recognize for the first time the right of the Filipino people to determine by their free choice whether or not they shall accept a relationship proposed by Congress.

EFFECT OF ACCEPTANCE

The acceptance clause does not concern itself directly with the terms and conditions of independence. It refers only to the institutional process leading to and culminating in the vote by the Filipino people on the ratification of the constitution. The provisions of the law may be divided into two groups: (1) Those which refer to the formulation of the constitution up to the point when the constitution is submitted to the people for ratification; and (2) those which concern the grant of independence and the intermediate relationship between America and the Philippine Commonwealth after the constitution is ratified. The acceptance clause concerns itself only with the provisions belonging to the first group, namely, the institutional process, for, as to the second group, the acceptance of these provisions will be decided by the Filipino people when they vote on the constitution.

In effect, therefore, the question that is to be answered under section 17, is the following:

Do you agree to take the steps prescribed in the act leading to the formulation of the constitution and its submission to the people?

To repeat: The terms of independence are not necessarily at issue. That question is left for the people themselves, to be determined by them when they should vote directly on the constitution.

Acceptance means that the institutional process prescribed by the act shall be taken. Rejection means that this process is not satisfactory as preparatory steps leading to the submission of the constitution to the people; it would mean that the Filipino people will not have the opportunity to decide the issue of independence and will have no opportunity to accept independence under the terms and conditions prescribed by the act, even if they should so desire.

TO VOTE ON INDEPENDENCE

Popular ratification of a constitution formulated and drafted by a constitutional convention is a requirement uniformly observed in the process of the adoption of a constitution under American political practice. As the constitution is to be the fundamental law of the land, not to be changed except by the action of the people themselves, it is logical that it be promulgated by direct action of the people. This fact would give to the instrument both prestige and authority in the popular mind and will accord to it that quality of permanence and stability against sudden changes which experience has shown to militate against the strength and firmness of democratic governments.

Hence, section 4 of the independence act requires that the constitution approved by the constitutional convention and certified by the President of the United States as conforming with the provisions of the independence act, shall be submitted by the legislature to the people of the Philippine Islands for their ratification or rejection. If the constitution is ratified, it goes into effect and the Commonwealth government will immediately be organized and inaugurated. Should the constitution be rejected, "the existing government of the Philippine Islands shall continue with regard to the provisions of this act" (sec. 4).

In relation to the election to be held on the ratification of the constitution, section 4 provides:

"If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence. * * *

This provision was inserted in section 4 by way of amendment. The reason and purpose of this amendment, as well as its meaning, may be known by an examination of the parliamentary incidents which led to its adoption.

During the debate in the Senate Senator Broussard, of Louisiana, submitted an amendment to section 9, eliminating the plebiscite, reducing the period of transition from 15 to 8 years, and substantially incorporating in the Senate bill the provisions of section 9 of the House bill. This amendment was strongly opposed by a majority of the members of the Senate committee and

other sponsors of the bill. Senator CUTTING, of New Mexico, was particularly opposed to the elimination of the plebiscite. After a long debate the amendment was voted and agreed to by a vote of 40 to 38 (CONGRESSIONAL RECORD, Dec. 14, 1932, p. 455).

Several members of the committee and other supporters of the bill became greatly disturbed by the passage of the Broussard amendment, and some of them expressed their decision to vote against the bill if the plebiscite should stand eliminated. At the suggestion of Democratic Leader ROBINSON a motion to reconsider the vote on this amendment was offered by Senator BULOW, of South Dakota. Senator CUTTING insisted that the declarations of the different Presidents of the United States contemplated a direct, formal expression of the desire for independence by the Filipino people before they were to be given independence. He quoted President Roosevelt's message to Congress in 1908, which said:

"I trust that within a generation the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 568).

In this connection Senator CUTTING, in one of his many speeches on the plebiscite on the floor of the Senate, said:

"We ought not to force the Philippines from under the flag if they desire to remain. We felt that they were in a better position to judge that desire after they had experienced the detrimental action of the tariffs than they are at the present time.

"My personal view—and I have been supported in that view by practically all the representatives of the Philippines who are here present—is that under any circumstances the Philippine people desire independence and would so vote. I think, however, that they have a right to make that decision for themselves at the proper time and at a time when they have learned the issue at stake. If the 25-percent tariff, which is the maximum which they will experience under the interim government, is too high to enable them to lead their economic life, then it is obvious that they would not be able to stand the 100-percent tariff which would go into effect immediately after they obtained their freedom." (CONGRESSIONAL RECORD, Dec. 1, 1932, p. 563.)

Practically every Senator admitted that, if given an opportunity, there could be no doubt that the Filipinos would vote in favor of independence. The objection to the plebiscite as provided in the Senate bill was that it was to be held at the end of the transition period. Many Senators felt that such a provision would leave the whole question of Philippine independence undecided for many years. They also objected to the arrangement which would leave the decision exclusively to the Filipino people, without leaving the United States any other course than to accept that decision, irrespective of its own interests on the subject. This program was opposed particularly by those few who feared that the Filipino people might be influenced by extraneous elements, eager to preserve and promote their own selfish interests, to vote against independence when the plebiscite were held.

After a heated discussion, the motion to reconsider was adopted by a vote of 42 to 34. (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 563.)

On a new vote on the Broussard amendment itself, the amendment was rejected by 45 to 31 votes. (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 565.)

Immediately afterward Senator CUTTING, on behalf of the committee, proposed certain amendments to section 9 by reducing the transition period from 15 to 12 years and making the other provisions of the bill correspond to that amendment. This amendment was agreed to with the understanding that other amendments would be proposed to section 9, as amended by the committee. Forthwith Senator BYRNES, of South Carolina, offered an amendment to section 9, as amended, in accordance with the Cutting amendment, by striking out the provision referring to the plebiscite. This amendment was rejected by 35 to 33 votes. As soon as the result of the vote was announced, Senator LONG, of Louisiana, who had changed his vote from "yea" to "nay", proposed a motion to reconsider the vote by which the Byrnes amendment was rejected, and immediately proceeded to speak at length on the motion of reconsideration.

After Senator LONG had spoken for several hours, it became evident that, together with other Members of the Senate, he was determined to filibuster against the bill unless the plebiscite were eliminated.

After the Senate adjourned on December 16, with Senator LONG still holding the floor, members of the committee conferred with leaders of both parties in the Senate. They reached an agreement as to the need of obtaining a formal expression of the desire of the Filipino people for independence, but they agreed to seek this expression, not in a plebiscite but in the same manner that an expression of the people's will is obtained in relation to American Territories applying for statehood; that is, at the time of the ratification of the Constitution.

Shortly after the Senate convened the next day, December 17, Senator BYRNES, of South Carolina, offered an amendment to section 9, which amendment had been previously agreed upon in the conference of Senate leaders above referred to. The amendment read as follows:

"SEC. 9. (a) If in the election provided for in section 4, on the question of the adoption of the constitution, a majority of the votes cast are in favor of the ratification of the constitution, such ratification shall be deemed an expression of the will of the people of the Philippine Islands in favor of the Philippine independence, and the result of said election shall be reported to the President of the United States, who shall within 60 days thereafter issue a

proclamation announcing the result of said election, and on the 4th day of July immediately following the expiration of a period of 12 years from the date of the inauguration of the new government under the constitution provided for in this act" (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 634).

Senator ROBINSON of Arkansas expressed his approval of the amendment as follows:

"I believe that the arrangement contemplated by the amendment now offered by the Senator from South Carolina ought to prove satisfactory to almost everyone here. It is provided in the amendment that if, in the election which is contemplated in connection with the adoption of the constitution, a majority vote for the constitution, that action shall be regarded as an expression of the will of the people of the Philippine Islands in favor of independence. That would terminate any question as to their desire in the matter.

"It does seem to me that is the logical and effective way to determine their will. There is in a sense a measure of inconsistency in requiring them to adopt a constitution based without doubt upon the theory that independence is intended, and then require an additional and subsequent expression on the subject in favor of independence. I believe that this constitutes a means by which a conclusion may be reached and the bill brought hastily to final passage" (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 634).

Senator BORAH agreed with this view, and stated that he did not know of any better test of the desire of the people to be independent than that of electing delegates to a constitutional convention, framing a constitution, and ratifying the constitution. He added that those acts should be considered final and conclusive on that question.

Senator PITTMAN, compelled to state the views of some members of the committee, especially in view of the absence of Senator CUTTING, said the following:

"Mr. President, I am sorry that the Senator from New Mexico [Mr. CUTTING] is unable to be here this morning by reason of a severe cold, and his physician would not permit him to come. He is one of the proponents of this measure and one of its authors; but on yesterday afternoon several of us conferred with the Senator from New Mexico and also with the Senator from Arkansas with regard not only to the parliamentary situation but the necessity of promptly getting action on this proposed legislation in some form.

"I do not think that I have at all misrepresented the position of the Senator from New Mexico when I say that he was deeply interested in the question of the plebiscite. The foundation of his desire to provide for one was that we should not cast off these people but should allow them to determine whether they desire to be cast off or not. As the House bill is now framed, there is no opportunity at any time for them to express themselves on that question, nor is there any provision in the bill as it is before the Senate to enable them to give expression to their desire except under the form of the plebiscite that is now provided in the bill. If that provision goes out, then, to satisfy those who think that they should have a chance of expression, there must be something else placed in it, whether it be at the beginning or at the end of the interim period.

"Without the amendment of the Senator from South Carolina, the question is not submitted to the people as to whether they desire separation or not. The sole question under the present language of the bill, eliminating the plebiscite provision, would be whether they approve the constitution or not. They are two separate questions; but, on the other hand, both seem to be covered if by an amendment to this bill we say to them, 'In voting at the constitutional referendum you have two questions to decide: First, are you satisfied with the constitution; and, second, being satisfied with the constitution, are you satisfied at a certain period of time prescribed in the bill, without any further action, to be entirely separated from the United States?' So the two questions are involved in this proposal." (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 635.)

Senator PITTMAN also added that this provision was identical with the procedure adopted in relation to Territories applying for statehood.

Objection was made to the Byrnes amendment by Senator BARKLEY, of Kentucky, and others, on the ground that the amendment as proposed compelled the Filipino people to vote for the constitution even if they were opposed to its form and substance unless they wanted their vote to signify that they were voting against independence. It was therefore suggested that the provision should permit a division of the question put up to the Filipino people, namely, the question on ratification and the question on independence.

Senator BYRNES opposed this suggestion and said:

"It is unnecessary to make any other provision, for the reason that the concluding paragraph of the section to which the Senator refers, section 4, provided:

"If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue, without regard to the provisions of the act."

"That means that we will be right back where we are; and, therefore, provisions will have to be made for ordering another constitutional convention, and whenever that is done we can again provide that the ratification of the constitution by the people of the Philippine Islands shall be regarded as an expression of the views of the people of the Islands as to independence. If the constitution is voted down by the people, the bill provides in the section to which I have referred that the government of the

islands shall continue as before the passage of this bill." (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 637.)

From this statement of Senator BYRNES, author of the amendment, it is clear that a vote against the constitution is not to be interpreted as an expression against independence.

When the amendment was voted it was agreed to by a vote of 44 to 29.

The vote on independence was inserted in section 9 of the Senate bill (sec. 10 of the independence act). When the bill reached conference it was agreed that this provision belonged more properly and logically in section 4 of the bill, and it was inserted, as it now appears in section 4 of the act.

The vote in favor of the constitution is logically to be taken as an expression for independence, as stated by Senators ROBINSON and BORAH, because the constitution itself is the political instrument that will provide the terms, conditions, as well as the time of independence. Its ratification must necessarily mean that the Filipino people accept independence under the terms and conditions provided in the constitution.

To the assertion that the Filipino people might have objections to the constitution, but would be compelled to vote for the constitution in order to express their desire for independence, the reply may be made that such a case would be improbable, for the delegates to the constitutional convention having been elected exclusively for the purpose of drafting a constitution, and upon issues relative to that instrument, shall comply fully and in a satisfactory manner with the mandate of the people. But even if such a case were to occur the Philippine people could well vote for the constitution, for in any event they could provide in the constitution itself a method for its amendment after its ratification, and in that manner will be able to obtain precisely the instrument which the majority of the people may desire. As stated by Senator PITTMAN and others, the procedure prescribed by the law is identical with that provided by Congress in enabling to obtain an expression of the will of the people of territories applying for statehood. If they vote to reject the constitution, that action ends the process of the admission, and it will not be revived until Congress subsequently passes another enabling act. Such is exactly the situation contemplated in the last paragraph of section 4 which provides that in case the constitution is rejected, the status quo continues, and the whole Philippine question will again lie before Congress exactly as if the independence act had not been enacted.

Chapter XVI. The stand of the Philippine commission on important issues and the attitude of the leaders of the legislature in Manila

While the commission, for reasons of orderly procedure and parliamentary expediency, withheld from taking a definite and uncompromising stand on certain incidental questions that arose during the consideration of the independence bills, a definite, well-defined, and open stand was taken by the commission on all the fundamental issues involved in the independence act. This was especially true whenever it became necessary formally and officially to give expression to the desires and aspirations of the Filipino people.

THE FILIPINO APPEAL

Senator Sergio Osmeña submitted to the committees of Congress the petition of the Filipino people for independence at the earliest possible date. Senator Osmeña submitted verbatim the concurrent resolution of the Philippine Legislature dated November 9, 1931, creating the legislature committee, together with the instructions given said committee to "petition the Government and Congress of the United States for the early granting of the independence of the Philippines." Senator Osmeña also submitted to the committees of Congress the resolution approved by the Philippine Legislature dated September 24, 1931, on the occasion of the visit of the Secretary of War to the Philippine Islands.

During the hearings before the House committee Senator Osmeña was asked whether it was the wish of the Filipino people to have independence, no matter what other conditions and requirements may be made. Senator Osmeña replied:

"Mr. Chairman, our plea for independence has been presented many times to this Congress, and I think our attitude is well defined in the record, but if any further statement is needed, I would say we are coming here, as we came here before, for immediate independence." (House hearings, p. 7.)

The definition of the attitude of the Filipino people was reiterated by the other members of the commission who appeared before the committees of Congress.

The same appeal for independence at the earliest possible date was submitted to the commission of the Senate.

On January 25, 1932, the following cable was received by the commission from the leaders of the legislature:

"OSMEÑA,
"ROXAS,

"Washington, D.C.

"Your statement before committee universally approved. . . .

"QUEZON.
"AQUINO.
"ALAS."

AMENDMENTS TO THE HARE BILL

On January 29, in accordance with the request of the House Committee on Insular Affairs, the commission submitted amendments to the Hare bill. These amendments have been described in another part of this report. The amendments proposed by the

commission received the approval of the leaders of the legislature in Manila as evidenced by a cable received the following day. The cable from Manila stated:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"Amendments proposed by mission to Hare bill, in our opinion, meet general approval.

"QUEZON.
"AQUINO.
"ALAS."

THE HOUSE BILL

When the House committee favorably reported the Hare bill, which bill carried precisely the same amount of sugar and coconut-oil limitations prescribed by the independence act, and substantially also the mandatory provisions enumerated in section 2 of the act, a summary of the provisions of the bill was reported to Manila by the commission in a cable dated March 14, 1932, in relation to another cable of February 26, 1932. These two cables are attached to this report as appendix 25.

The commission did not then receive any protest from Manila against any of the provisions of the Hare bill. On the contrary, on March 1, 1932, the commission received the following cable from Manila:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"At a meeting held yesterday by cabinet members, senators, representatives, and Provincial governors of the majority party under the presidency of Senate President Quezon, the president was authorized to convey to the mission hearty congratulations upon the splendid work you are doing and to renew their confidence in your ability to fulfill successfully the mission entrusted to you by our people.

"QUEZON.
"AQUINO.
"ALAS."

APPROVAL OF HARE BILL

On April 4 the House of Representatives passed the Hare bill. On the following day the commission received the following congratulatory message from the legislative leaders:

BAGUIO, April 5, 1932.

OSMEÑA,

ROXAS,

Washington, D.C.:

Hearty congratulations. Our people confidently expect that your labors will be crowned with complete success.

QUEZON.
AQUINO.
ALAS.

On April 6 Senator Montinola and Representative Tirona, members of the commission, received from Gen. Emilio Aguinaldo a cable replying to a message sent by them informing him of the approval of the Hare bill. General Aguinaldo's message of felicitation on the approval of the Hare bill is as follows:

"MONTINOLA TIRONA,

"Washington, D.C.:

"Agradezco cable (punto). Sinceras felicitaciones Misión entera y Comisionados Residentes por éxito.

"EMILIO AGUINALDO."

THE SENATE BILL

On February 18 the commission communicated to Manila a forecast of the main features of the bill to be adopted by the Senate committee in a cable, which follows:

"QUAQUAL,

"Manila:

"Confidential. Senate committee will decide Saturday main features Hawes-Cutting bill, including date independence and trade readjustments. House committee will do likewise this week or next week. As time for decision approaches many new questions continuously arise regarding conflicting economic interests, particularly sugar and coconut oil. Philippine refined sugar interests are supported here by powerful elements and solution their problem difficult. We are endeavoring to meet views of domestic sugar producers to prevent lining up of Broussard, Vandenberg, Smoot, and others against the bill. Date of independence receiving serious consideration and is being intimately related to trade readjustment provisions, present world depression, and unsettled conditions Far East. In view of strong opposition administration to any measure fixing independence date, our friends in Congress are considering advisability of favoring bill which, in their opinion, may pass Congress and will give the President no ground to reject. We are exerting every effort to obtain as early date as possible for independence and most favorable economic readjustments. Impossible forecast decision committees, but we feel that irrespective of our preferences, if the bill contains definite date for independence and reasonable economic readjustments, we will have no choice other than to accept bill agreed to by committees and supported by Hawes, Pittman, Hare, and other friends of independence in both Houses. Please consider advisability taking Manila press editors your confidence to appraise them true situation here.

"OSMEÑA,
"ROXAS."

The commission received an immediate reply from President Quezon, dated February 19, as follows:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"Confidential. I shall talk to editors, but go ahead, anyway. Feel confident people will accept whatever you agree there. Alas, sick; Aquino, absent.

"QUEZON."

On February 20 the following cable was sent to Manila by the commission outlining the main features of the bill adopted by the Senate committee:

"QUAQUAL,

"Manila:

"Senate committee this morning by practically unanimous vote adopted following: 15-year intervening period, with trade limitation by volume Philippine imports to America during first 10 years and progressive tariff imposition for remaining 5 years; plebiscite after intervening period; that act shall not take effect until accepted by Philippine Legislature or popular vote. Secretary Hurley completed his testimony. Secretary Stimson sent letter opposing independence and action this time. Committee will meet again Wednesday to continue consideration details bill. We are withholding statement our position until committee takes final action on bill.

"OSMEÑA,

"ROXAS."

On February 22 President Quezon inquired as to the kind of government the Philippine Islands would have during the intervening period under the provisions of the Senate bill. In the cable he also quoted a statement he made in Manila appealing for popular support of measure. His cable follows:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"What kind of government are we going to have in intervening period?

"Have given out following statement: 'I am expressing no opinion on the action taken by the Senate committee. The legislature has placed the responsibility upon the mission and I propose to accept the decision of the mission and stand by it.'

"Any report regarding my stand or statement published there contrary to this please deny and publish above.

"QUEZON."

In reply to this cable the commission on the same day (Feb. 22) sent the following dispatch:

"QUAQUAL,

"Manila:

"Government during intervening period as yet unacted by Senate committee. No indications so far of objections to plan substantially as proposed Hawes-Cutting bill. House committee meeting tomorrow and Wednesday in executive session to consider House bill.

"ROXAS."

"OSMEÑA,

On February 24 President Quezon, confirming his cable of February 19, already quoted, sent the following message to the commission:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"Tribune, Vanguardia, Taliba, Herald, openly advocating acceptance by your people Senate committee's decision. La Opinion, Debate, leave matter to mission. Our party, of course, and we believe the people in general will stand by mission.

"QUEZON."

SUGAR LIMITATION

On February 22 the commission wired the Honorable Rafael R. Alunan, secretary of agriculture and natural resources, asking an estimate of sugar exports for 1932 and 1933. The cable said:

"SECRETARY AGRICULTURE, Manila:

"Please cable immediately exact estimate 1932 raw and refined sugar exports to United States, and also estimated figures for 1933.

"ROXAS."

"OSMEÑA,

On February 25 Secretary Alunan answered as follows:

"OSMEÑA,

"ROXAS,

"Washington, D.C.:

"Careful estimate present crop based on results to date possible total production 925,000 long tons, of which available for export to United States, raw sugar, 800,000 long tons; refined, 50,000 long tons; balance represents local consumption. Nineteen thirty-three difficult estimate, but assuming expected higher yields from new cane varieties without increasing areas production; may possibly reach 1,000,000 long tons with favorable weather conditions. Of this, available for export to United States, raw sugar would be 850,000 long tons; refined, 70,000 long tons. For your guidance existing milling capacity raw sugar 1,200,000 long tons; refining capacity, 100,000 long tons. Believe any limitation figure should be based on percentage of United States consumption and not on importation.

"ALUNAN."

This cable from Secretary Alunan reached Washington a few hours before the Senate committee took formal action on the bill. Secretary Alunan's cable was submitted to the committee and was the basis for the estimate of 1932 Philippine sugar importations into the United States, namely, 800,000 raw and 50,000 refined. These figures were inserted in the Senate bill and are the same as those which now appear in the independence act.

Before Secretary Alunan's cable was received, the commission displayed every effort to obtain a limitation based on a certain percentage of American sugar consumption, or a percentage of sugar importations into the United States. In view of the opposition to either plan voiced by a majority of the members of both the House and the Senate committees, the commission proposed that the limitation be fixed at no less than 1,000,000 tons. The attitude of the commission on this subject and the steps taken by the commission to obtain as high a tonnage as possible was reported to Manila in the following cable, sent by the commission on February 25:

"QUAQUAL,

"Manila:

"Trade limitations, especially sugar, developing great difficulties. Limitations by percentages unacceptable to committees. Theory of maintaining status quo of volume of exports adopted. Mission doing utmost to obtain as high figures as possible. While we are proposing 1,000,000 tons for sugars, Broussard, Smoot, and others propose 600,000 tons. For coconut oil we propose 250,000 tons, and cordage 4,500,000 pounds. Senate committee meeting tomorrow. Confidential: Will probably conclude action on bill. House committee meeting this morning tentatively agreed 5-year period without plebiscite. Our proposed trade readjustments meeting strong opposition in House committee. Many Members favoring progressive imposition tariff immediately. Mission doing best to fight this proposal.

"OSMEÑA,

"ROXAS."

SENATE BILL REPORTED BY COMMITTEE

On February 26, 1932, the Senate committee formally reported the Hawes-Cutting bill. The provisions of the bill and other important matters were reported to Manila in a cable dated February 26, which cable is as follows:

"QUAQUAL,

"Manila:

"Senate committee by large majority ordered report Hawes-Cutting bill, only King, Vandenberg opposing whole bill. Broussard, McNary announced amendments to further restrict sugar, oil, respectively. Bill reported substantially as follows: Philippine Legislature authorized call convention to formulate constitution for Philippine Commonwealth to be submitted Philippine voters for approval after President has certified constitution complies with provisions this act; if voters disapprove constitution, present status will continue; if constitution approved, Commonwealth inaugurated after election officials. Constitution restrictions substantially same original Hawes-Cutting bill. Commonwealth shall exist 15 years. Within 2 years after period legislature to provide plebiscite independence. If vote against independence, status shall revert to first 10-year period. If vote affirmative, President directed withdraw American sovereignty and recognize independence within 2 years thereafter. Within 6 months after affirmative vote conference American-Philippine representatives will be held formulate recommendations on trade relation after independence.

Trade relations during 15-year period shall remain as now, with following exceptions: Free imports refined sugar, limited annually, 50,000 tons, and refined sugar, 800,000 tons; coconut oil, 200,000 tons; cordage, 3,000,000 pounds, excess amounts to pay full duty. During eleventh year, all free exports to America will pay 5 percent American duty as export tax to Commonwealth; during twelfth year, 10 percent; thirteenth year, 15 percent; fourteenth year, 20 percent; fifteenth year and after until final settlement, 25 percent. Collections export tax for payment Philippine bonds. During intervening period Philippine immigration same basis European, with 100 annual quota. Bill will not take effect until accepted by legislature or convention.

"Confidential: While Senate sentiment favorable to bill as whole, we anticipate strong fight trade provisions; serious movement exists further restrict limited free exports, especially sugar, oil. Doing our best secure protection all interests; but, being handicapped, we realize possible inability to counteract determined opposition influential elements supported by important Members Senate, House, with numerous personnel, efficient publicity, and other means.

"There are now over 50 lawyers, publicity, other agents, such elements working here. Seriousness situation should not be minimized by our sugar, oil, and other interests, who should be duly warned possible adverse decisions under existing circumstances.

"OSMEÑA,

"ROXAS."

The Commission received from Manila no indication at that time of any opposition or objection to the trade provisions of the Senate bill as reported by the committee. On the contrary, on March 1, 1932, the Commission received the cable signed by President Quezon, Senator Aquino, and Speaker Alas, already inserted in this chapter.

On March 22, 1932, the commission received the following inquiry from President Quezon:

"OSMEÑA,
"ROXAS,

"Washington, D.C.:

"What are the provisions in the Senate and House bills regarding naval and military stations?"

The reply of the Commission to that cable was as follows:

WASHINGTON, D.C., March 22, 1932.

QUEZON,

Manila:

Senate bill grants Philippine Commonwealth all property and rights of United States in Philippine Islands except lands or property heretofore designated by President for military and other reservations of United States Government. House bill limits said exception to lands or other property now actually occupied and used for military and other reservation.

Both bills also bind independent Philippines to sell or lease to United States lands necessary for coaling or naval stations at specified points to be agreed upon with President of United States within 2 years after independence proclamation.

Confidential: Widely divergent views exist among Members Congress regarding military and other reservations. Many, like Bingham, will not favor the bill unless reservations provisions included, while others desire complete American withdrawal. To obviate difficulties committee inserted provisions above-mentioned, which in effect postpones final decision for future congressional action.

OSMEÑA.
ROXAS.

On March 28, General Aguinaldo and former Senators Sumulong and Fernandez wired the commission as follows:

"OSMEÑA,
"ROXAS,

"Washington, D.C.:

"Please inform Independent Citizens Federation if retention military posts and other United States reservations as proposed in Senate and House bills will be permanent or only during Commonwealth regime."

The Commission's reply is stated in the following cable:

WASHINGTON, D.C., March 29, 1932.

QUAQUAL,

Manila:

Following for Aguinaldo, Sumulong, Fernandez: Replying your inquiry regarding military and other reservations, full details appear our cable Quezon, March 22. While under said provisions United States may continue maintaining said reservations during Commonwealth, and after independence, provisions in effect leave determination said question for future congressional action.

If you approve, you may transmit this message together with portion cable March 22, unmarked confidential. Substance of latter may also be communicated to them verbally.

OSMEÑA,
ROXAS.

Nothing more was said by leaders in Manila about military and other reservations until long after the bill passed the House.

THE FORBES AMENDMENTS

In another part of this report all the facts bearing on what have been referred to as the Forbes amendments have been noted. The attitude of the commission on these amendments was expressed in a cable sent to the leaders of the legislature in Manila dated May 26, 1932. In that cable the commission stated partly as follows:

"... We of course oppose all amendments curtailing Philippine autonomy, but our main interest is to obtain fixed date independence. Our attitude toward Forbes amendments will depend on what we find imperative to enlist support for consideration and approval bill both in Senate and administration circles."

Supplementing this information, the chairman of the commission, in reply to a request for a statement by the T.V.T. newspapers of Manila, wired the editor of said publications, as follows:

WASHINGTON, D.C., May 30, 1932.

ROMULO,

Care Tribune, Manila:

Forbes amendments were originally proposed in letter to Senator WILCOTT without previously consulting mission or any member. After obtaining Forbes' authority Hawes submitted amendments to Senate laying emphasis on significance Forbes support Hawes-Cutting bill and maintaining amendments do not alter materially powers self-government under Philippine Commonwealth. PITTMAN, speaking Senate, also called attention importance Forbes support independence bill characterizing amendments as minor.

Mission has not endorsed Forbes amendments. Mission's attitude on this or other amendments to pending independence bill will depend on what will best insure consideration and approval this session bill granting independence earliest date possible under terms and conditions most favorable Philippine people.

OSMEÑA.
ROXAS.

In a statement published in the Manila Tribune on May 31, 1932, Senator Hawes was quoted on this subject partly as follows:

"... The members of the Philippine mission in reflecting the popular opinion in the Philippines are not in entire accord with the Forbes amendments. They were not consulted before they were proposed. In fact, all the provisions of the Hawes-Cut-

ting bill do not meet with their approval. For instance, they consider the transition period too long and the trade restrictions unduly severe. However, I am confident they do realize that in such a controversial matter as the Philippine problem any solution must take the form of a compromise, especially in this case, where so much misinformation and prejudice prevails. It is hard for the people in the Philippines so far away to grasp this situation with new complications arising almost daily * * *"

Strong opposition was manifested in the Philippines against the so-called "Forbes amendments." The commission, contrary to its previous plan to withhold active opposition to these and other amendments until the bill reached conference, decided openly to oppose said amendments. The attitude of the commission on this question is described in a cable sent to Manila, dated June 3, 1932, which is as follows:

"QUAQUAL,

Manila.

"Replying telegram Quezon June 2, we also are and have been against granting powers high commissioner. Leading Members of the Senate duly informed our attitude. However, our friends realize they are not always in position to accept our preferences because of necessity to make reasonable concessions in order to insure passage bill. In view of Hurley, Stimson opposition, Hawes saw need winning support conservative Republicans outside, inside Senate, hence on his own initiative he held conferences with Forbes, requesting him to examine his bill and submit suggestions. Letter, original Forbes letter to Wolcott and Forbes amendments are results these conferences. We took no part these conferences nor were consulted about amendments. Original Forbes letter to Wolcott proposed, among others, appointment auditor by the President and President's approval appointment justice. After learning contents letter we expressed opposition to amendments but Forbes only withdrew amendments regarding appointment justices and modified suggestions regarding auditor. Forbes and Hawes clearly understood mission not endorsing amendments. Following our plan of action previously adopted, we were withholding definite stand awaiting developments. However, in view of your telegram, we have formally advised Senator Hawes our opposition. In our efforts to obtain action bill before adjournment, our friends Senate strongly urge us not to give much importance to details which may delay passage measure. They believe details regarding our government and trade relations during intervening period can be left for determination when bill reaches conference, at which stage we could take proper steps to obtain best possible terms.

"OSMEÑA,
"ROXAS."

When the bill reached conference the commission pressed its objections to the Forbes amendments, and practically all of said amendments were eliminated and do not appear in the independence act, with the exception of one amendment retained in a radically modified form, namely, the provision authorizing appeals to the President of the United States from the decisions of the insular auditor. The reason which was advanced by some members of the Senate conference committee in insisting upon this provision was for the purpose of preventing cases involving claims by foreigners against the government of the Commonwealth from becoming the subject of diplomatic controversy, which it was feared would be the case if final decision over those matters were left with the officials of the Commonwealth. The appeal to the President of the United States would prevent such cases from becoming other than purely administrative questions. This view was pressed upon members of the Senate committee on the basis of actual cases which had previously occurred in the Philippines.

IMMIGRATION

The provisions of the act regarding Filipino immigration to the United States were the result of an understanding between the members of the commission and the committees of the House and the Senate. This understanding was duly communicated to the leaders in Manila in relation with the amendment presented by the commission to the Hare bill, and by their reply the legislative leaders expressed their approval of the stand taken by the commission on the subject. Briefly, this stand was to accept a limitation on immigration of Filipino laborers to America in view of the then prevailing unemployment situation, but to base said limitation on economic and not racial grounds.

PLEBISCITE

The commission strongly opposed the plebiscite. Among the amendments proposed by the commission to the Hare bill was the elimination of the plebiscite, and the plebiscite was thus eliminated.

THE PERIOD OF TRANSITION

The commission persistently endeavored to achieve independence at the earliest possible date. However, they could not fail to realize the need of a reasonable period of transition to permit Philippine industries and trade gradually to accommodate themselves to conditions that will obtain after independence. Considering the consensus of opinion among Filipino leaders as well as among members of the legislature, the commission accepted the 10-year period. The commission would have preferred the 8-year period in the House bill, but members of the Senate conference committee refused to yield on this point and only with great reluctance agreed to a shortening of the period from 12 to 10 years. In relation to this question, the commission had in mind particularly the report of President Quezon to the legislature, General Aguinaldo's letter to Senator Hawes published in the ap-

pendix of Senator Hawes' book, and the resolutions of the Philippine Commission of Independence communicated to the commission in Washington in a cable dated December 17, 1932, which is attached to this report as appendix II. In said resolution the Philippine Commission of Independence impliedly expressed approval of a transition period provided it did not exceed 10 years.

The plan to send Senator Aquino to Washington was adopted by the legislature on November 9, 1932. Although he left on the first available transportation for America, the commission feared that to await his arrival might prevent effective action to obtain approval of amendments suggested by members of the legislature. The commission, on the basis of reports published in American newspapers revealing Senator Aquino's instructions, drafted a series of amendments to the Senate bill and submitted them to Senator KING with the request that he introduce them and give them his support. Senator KING graciously agreed to take the amendments under consideration and informed the commission that he would present the amendments which in his judgment he felt justified in supporting. These amendments have been inserted in another part of this report, chapter VIII, pages 2 to 8.

The facts above stated conclusively show:

(1) That the stand of the commission on all fundamental questions was in accordance with the resolution of the legislature.

(2) That the commission at all times endeavored to ascertain the opinion of the legislative leaders in Manila as to the provisions of the independence bills and gave due weight and consideration to their views.

(3) That the provisions of the independence act have been approved or, at least, not objected to by the said legislative leaders.

Chapter XVII. Newspaper opinion in the United States

Fifty-seven percent of the principal daily newspapers in the United States opposed, and only 27 percent of them favored Philippine independence under the terms of the bills considered by Congress in 1932-33. This is disclosed by a careful scrutiny of their editorial expressions during the 14 months from December 1931 to the end of January 1933.

The editorials in question were culled out from a total of 582 (30 percent) of the 1,912 daily newspapers published in the United States in 1931, as listed in the International Year Book of the Editor and Publisher for 1932. These papers speak for the several political parties—Democratic, Republican, and Socialist—and for independent groups. They represent the various geographical sections and industrial interests of the North, South, East, and West. They are powerful influences in forming and directing American public opinion.

It ought to be said at the very beginning that most of the papers which condemned and opposed the Hare-Hawes-Cutting bill were hostile to independence as such, and would not have supported any other measure, providing for independence no matter what its terms might have been. This is true of all the 30 publications of William Randolph Hearst in the States of Massachusetts, New York, Maryland, Georgia, Texas, Illinois, Michigan, Wisconsin, Washington, and California, and the District of Columbia. It is true also of the Boston Transcript, the Providence Journal, the Hartford Courant, the New York Herald Tribune, the New York Times, the New York Evening Post, the Ledger, the Inquirer, and the Bulletin of Philadelphia; the Post of Washington, D.C.; the Buffalo Courier; the Plain Dealer and the Press of Cleveland; the Cincinnati Enquirer, the Detroit Free Press, the Chicago Tribune, and the Chicago Daily News; the St. Louis Globe-Democrat, the Kansas City Journal-Post, and the Portland Oregonian.

This journalistic opposition was by no means confined to Republican newspapers or to those of particular regions of the United States. It was widespread and quite as vigorous in the South, where the Democratic Party is strongest, as it was in the Northeast, where the Republican Party is ordinarily dominant.

Of great significance was the reversal of viewpoint by many papers after the enactment of the independence bill became probable in July 1932. Many journals which had voiced approval of independence before the Hare bill passed the House (by a vote of 306 to 74) subsequently withdrew their support, and a considerable number—in the agricultural West, and elsewhere—not merely deprecated the form in which this measure proposed to grant independence, but questioned the wisdom of American withdrawal from the Philippines. For this change of front these newspapers offered various explanations. Chief among the pretexts by which they sought to justify their volte face were (a) the inability of the Filipinos to achieve economic independence; (b) the danger of Japanese conquest of the islands after their relinquishment by the United States; (c) the seeming lack of unanimity and concert on the part of the Filipino people; (d) the inopportune of severing the Philippines from the United States in the midst of a world-wide economic crisis.

At the end of June 1932 a survey of editorials published by some 372 important newspapers revealed, among other things, that (a) most of them abstained from any commitment, either for or against independence; (b) that those favoring independence, though not so numerous as those opposing it, were more representative geographically; (c) that of the 372 mentioned, no paper theretofore friendly to independence had changed from advocacy to opposition.

The more obvious it became that the Senate would approve some sort of independence bill, the larger grew the number of papers voicing dissent. Accordingly, journalistic antagonism to the pending bill reached its maximum at the moment of its passage by the Senate.

Early in 1932 the 25 Scripps-Howard papers indicated in their editorial commentaries a strong prepossession for Philippine independence. Their support of the cause seemed in keeping with their liberal policy. But not only did they not aid the bill while its passage by the Senate was still problematical, but they bitterly assailed it and left the impression that Philippine independence might well be postponed indefinitely—in the interest of the Filipino people. Certain other newspapers might be included in the same category. Some of the most conspicuous of these were the Morning Sun and the Evening Sun, of Baltimore; the Brooklyn Eagle, the Des Moines Register, and the several dailies in Minneapolis and St. Paul.

The true attitude of numerous large and influential papers which opposed independence is to be found in their editorial estimates of the Hare bill and the Hawes-Cutting bill, respectively. They condemned the former because it contemplated independence in 8 years, that is, too precipitately. A few months later they denounced the Hawes-Cutting bill because it proposed complete independence in 12 years, that is, too procrastinatingly. They called the Hare bill "unfair" and "cruel" to the Philippines because it would sever them from the United States too abruptly; they applied the same epithets to the Hawes-Cutting bill because it delayed separation too long.

Certain newspapers in the Middle West were quite frank in their advocacy of immediate independence as a means of relief to agriculture in their respective regions. They made their motive plain. When it became evident that Congress would not grant independence at once and make Philippine products subject to the American tariff, these papers withdrew their support and—in most cases—demanded a curtailment of free imports from the islands and even a tax on some of these, notably copra and coconut oil. Such was the attitude of the most influential newspapers of Minnesota. By the time the bill passed the Senate, the papers of Minnesota were opposing it in the proportion of 8 to 2. In Wisconsin the proportion was 8 hostile to 5 favorable; in Iowa it was 6 to 3; in Michigan 17 to 7; in Nebraska 5 to 3; in Missouri, 6 to 3; and in Kansas, 6 to 1. These States representative of the agricultural West thereby expressed their opposition to the bill because in their opinion it failed adequately to protect American agriculture.

The Democratic Party has been committed to Philippine independence for more than 30 years, and in its latest platform renewed its commitment advocating independence for the Philippines. Undoubtedly that party's historic policy influenced the votes of many Democratic Senators, and Representatives. But it had little effect on Democratic newspapers, including those in the South. The press of Virginia, the home of the late author of the Jones law, was against the enactment of the Hare bill or the Hawes-Cutting bill in the ratio of 7 to 6. Three of the four most powerful papers in South Carolina, one of whose Representatives in Congress was the author of the House bill, opposed its measure and the Hawes-Cutting proposal as well. At the time the Hare bill passed the House, John N. Garner of Texas was Speaker. When Congress passed the Hare-Hawes-Cutting Act, he was Vice-President-elect. Yet the press of Texas was almost uniformly adverse to Philippine independence according to either formula. The papers there fought both bills in the ratio of 10 to 4. The proportion of hostile to friendly papers in each of the other Southern States follows: Alabama, 3 to 2; Arkansas, 1 to 1; Florida, 3 to 6; Georgia, 2 to 3; Kentucky, 4 to 2; Louisiana, 3 to 1; North Carolina, 8 to 3; Oklahoma, 2 to 2; Tennessee, 5 to 2. Only four Mississippi papers were represented in the survey on which this analysis is predicated. All of them vigorously attacked the bills before Congress in 1932-33.

The papers in certain communities having a large aggregate of votes in Congress were almost unanimous in their opposition to the several proposals for Philippine independence considered by Congress in 1932-33. Nine of the 12 leading dailies in Greater New York were actively hostile; 5 of the 8 in Boston; 5 of the 6 in Chicago; 4 of the 6 in Philadelphia; all 4 of those in Detroit; the 3 in Cleveland; all 4 of those in San Francisco and Oakland; all 4 of those in Los Angeles; 2 of the 3 in St. Louis, and all 5 of those in the District of Columbia opposed the enactment of these bills. It needs to be explained that those papers omitted from the list of those hostile are not therefore to be designated as friendly. Some of them were simply indifferent, or at least silent. For example, 3 of the 8 papers in Boston, and 1 of the 6 in Chicago recorded no editorial opinion respecting independence.

By way of summary these facts may be given: Of the southern papers covered in this canvass, 62½ percent declared themselves against the Hare bill, the Hawes-Cutting bill, and the composite measure finally enacted by Congress. Some of the most important of these papers, including the Atlanta Constitution, the New Orleans Times-Picayune, the Dallas News, the Houston Chronicle, the Houston Post-Dispatch, the Memphis Commercial Appeal, the Nashville Tennessean, the Louisville Courier Journal, the Richmond News-Leader, and the Richmond Times-Dispatch opposed independence itself. Papers expressing editorial views on the subject were most numerous in New York State—58 in all. The number of hostile papers was greater in New York than in any other State—42. In the three States of the Pacific coast, Washington, Oregon, and California, 27 papers opposed and only 6 supported the legislative proposals for independence considered by the Seventy-second Congress.

It is difficult to determine fully and fairly the motives which inspired newspapers to further or to hinder Philippine inde-

pendence. It may justly be asserted that much of the journalistic animus toward independence is traceable to selfish interests which either own or dominate many American publications. Among these interests are (a) banks concerned with their own or their clients' investments in the Philippines—in public utilities, in Philippine bonds, in the securities of private corporations engaged in Philippine industry or commerce, etc.; (b) exporters and importers who wish the present trade relations between the United States and the islands continued; (c) elements which regard the retention of the Philippines as indispensable to American commerce in the Far East and even vital to the prestige of the United States in that quarter of the world; and (d) miscellaneous institutions and individuals, such as those in the Philippine-American Chamber of Commerce. There were, of course, wholly honest and sincere opponents of independence. They founded their opposition on one or more of the following grounds: Fear that the relinquishment of the Philippines at this juncture or in the near future would mean their annexation by Japan; conviction that the Filipino people are not politically or economically prepared for the duties and responsibilities of separate national existence; persuasion (as in the case of the New York Herald Tribune) that Congress is without constitutional power to alienate the Philippines; belief that it is the duty of the United States to retain the islands not only for its own advantage but also for the benefit of the Filipino people.

It is difficult, if not impossible, to explain the relative impotence of a majority of the American press to marshal public opinion and congressional votes against the enactment of any measure granting independence to the Philippines. In times past any such widespread, vigorous, and relentless opposition of American papers to Philippine independence or any other project would have foreordained its defeat. It is quite probable that preoccupation of the average citizen with his own affairs in an era of great stress, and also the solidarity of the labor and agricultural elements which favored Philippine independence, influenced Congress more than did the newspapers. Unquestionably some of the principal correctives to the adverse attitude of the leading American journals was the publicity campaign conducted by the Philippine commission, the presentation of testimony to committees of Congress, the dissemination of information to individual Senators and Representatives, and the publication of books and studies dealing with the Philippine question. Helpful also were the speeches for independence inserted in the CONGRESSIONAL RECORD; the support by important personages of the movement for Philippine nationhood; addresses over the radio and in other public forums; correspondence with editors of newspapers, whether or not these were friendly to the cause. In brief, by keeping the American pledge and the Filipino aspirations constantly before the American people and of their legislators, the adverse opinion of the newspapers was successfully offset.

The opposition of the newspapers which heretofore have resisted Philippine independence has not ceased, though it now finds fewer occasions for expression than formerly while the issue was yet with Congress. These papers still take every opportunity—the appointment of Governor General Roosevelt's successor, his final official report, his departure from the islands, the news of killings by Moros, utterances of Filipino leaders with respect to the independence act, the proposal for allotment of sugar imports, etc.—to renew their attacks. They are quick to allege Filipino dissatisfaction with the independence act as justification for their own hostility to it. The Filipino people, with due regard to their future, can ill afford to allow this hostile propaganda to go on unchecked and unchallenged.

Chapter XVIII. Prospects of independence if the independence act were rejected

It is, of course, impossible to forecast with absolute certainty the prospects of achieving independence legislation during the present administration should the legislature or a convention called for the purpose fail to accept the present independence act. All indications, however, point strongly to the conclusion that a rejection of the independence act would be construed in the United States as an expression of opposition to independence, and for this reason it would be very difficult to obtain consideration by Congress of another independence bill. This interpretation of the failure to accept the act is considered justified in the United States because of the conviction entertained by the Members of the House and the Senate who took part in the formulation of the bill and the deliberations which took place in relation thereto that Congress had actually accomplished in as satisfactory a manner as could be expected, a sound, rational, and realistic solution of the problem of Philippine independence, which fact they think the Filipino people cannot fail to realize. Hence, a rejection of the bill cannot be received in the United States except as a vote against independence.

The remarks of Senator PITTMAN on the floor of the Senate just before the vote was taken to override the President's veto are very significant. Senator PITTMAN said:

"I say to you, Mr. President, that it has been imperialism, small as the minority representing it was, that has delayed for twenty-odd years, since I have been a member of the Committee on Territories and Insular Affairs, every effort not only of the Filipino people but of our own people to carry out our pledges and to consummate and execute our trust. I say now that the same influence moving from this body, moving from this Government to the government of the Philippine Islands and to the Philippine people will make its last stand there. The imperialists appeal to every selfish interest in this country against this legisla-

tion; they appealed to both sides of the question; they appealed to every side of the question. They used every lobbyist in every cause and every policy connected with the problem to the end of bringing about a disagreement and failure of action. We were fortunate in the Congress of the United States this time. We had a committee in the other House and a committee in the Senate that were harmonious before the bills were actually drawn. They themselves participated together in the drafting of the original act, and when it came to the final adoption of the measure in conference every member of those two committees was so imbued with the idea that this was possibly the last chance we would have in years, as has been previously stated, that they surrendered some of their own desires in this matter, some of their own theories, so that they might get together. Thus, we have reached the greatest compromise, the fairest compromise both to the people of the Philippine Islands and to our own people that has ever as yet been suggested, in my opinion, and which ever can be accomplished.

"I wish to appeal to the Philippine people, because I have the deepest affection for them. I was in the Philippine Islands summer before last with the Senator from Missouri [Mr. Hawes], accepting their hospitality everywhere, and I know that they are a hospitable, lovable, peaceful, and loyal people, and I wish them every happiness and every success. I want the friendly relations that have existed during all the years of our possession of the Philippines to continue and to grow, as they should continue and should grow. Yet I can see on the horizon there a cloud that is growing, the cloud of distrust that is being stimulated in the minds of the people of the Philippine Islands. I can see that the old spirit of selfishness is being aroused there by imperialists. They are stimulating in the minds of the Philippine people the hope that they can get something better, they say; the hope that they can get immediate independence or early independence and yet at the same time retain some of their present economic relations with the United States. I want to say that such people in the Philippine Islands do not understand the situation in the United States and in the Congress of the United States; they do not understand the unselfishness of our people, the unselfishness of our Congress, that has been demonstrated by the care we have taken in this act for the future welfare of the Philippine people. I know that every member of our committee was unselfish. Differing, as they may partially have done, with regard to the time for ultimate independence, they were unselfish in that they were looking after the interests of the Filipino people. But I hear today voices coming almost silently, so low that one may hardly hear them, moving across the Pacific from another little group in the Philippine Islands, a little group of politicians, a little group who do not represent the Filipino people. They are whispering that if this legislation shall not be accepted by the Filipino people, then those who are doing the whispering will be able to obtain far better conditions for the Filipino people; that they will probably be able to obtain what Aguinaldo wanted—that is, almost immediate independence, with free trade for 10 years thereafter. That was his proposition. That, however, would not be considered fair by the people of the United States; it would not be considered fair by me, and I would vote against it."

Senator BORAH, than whom the Filipino people could find no greater sympathizer for their aspiration in Congress, in a speech on the veto message expressed confidence that the Philippine people would show willingness to shoulder the burdens and responsibilities which will come to them after independence. To the suggestion that the Filipino people would not be inclined to shoulder those burdens, Senator BORAH replied:

"Unless we are prepared to say to this people, and they are prepared to say to themselves, that they shall take their chances in the competitive conditions which are to arise, we may as well dismiss the question of independence and say to the Filipino people, 'You shall remain a part of the United States. We will no longer discuss the subject.'"

Senator LA FOLLETTE who, like his illustrious predecessor, has championed Philippine freedom, before the passage of the bill over the President's veto made the following statement on the floor of the Senate:

"Furthermore, in view of the long study given this question, in view of the time taken by the legislative bodies at this end of the Capitol and of the other, I venture the assertion that if this measure be defeated here this afternoon years will go by before it is once more presented in a form in which it may hope to receive favorable action by the Congress. In fact, I am so convinced in my own mind that it is 'now or never' so far as ultimate independence is concerned that I would have compromised even further concerning the length of time that this intermediate period is to run rather than to see the legislation fail at this session of Congress."

These statements made by recognized leaders of the United States Senate indicate the views of the Members of Congress. Other evidences exist of a positive and conclusive character. These expressions come directly from the chairmen of the committees of the House and the Senate who, more than any other Member of Congress, will be called upon to deal with any independence legislation, at least during the next 4 years.

Senator TRIMING, Chairman of the Committee on Territories and Insular Affairs of the Senate, in a statement to the Associated Press on April 29, 1933, had the following to say on this subject:

"In my judgment the Philippine independence bill just passed is as favorable a bill to the Filipinos as can be passed through Congress. I was one of those who tried to keep out of the bill every discrimination against the people of the Islands, and having

demonstrated my friendship in this fashion for their cause, let me say that it is not only doubtful if another bill as acceptable to them as this one can be passed, if they reject it, but it is doubtful if any bill dealing with Philippine independence will again be considered—certainly not for a very long time, because the rejection of this bill by the Filipinos will be construed by the people of the United States as indicating they do not want independence."

Congressman McDUFFIE, Chairman of the Committee on Insular Affairs of the House of Representatives, in a statement made to the Associated Press on May 1, 1933, soon after the departure from Washington of the mixed mission headed by President Quezon, said the following:

"Rejection of the Hawes-Cutting Act by the Philippine legislature or a convention would convince the American people that the Filipinos do not really want independence. In this event, it would be inadvisable at any time in the near future for the Filipinos again to petition Congress for freedom."

In an effort to determine the prospects of a reopening by Congress of the question of Philippine independence in case the independence act were rejected, the commission, before their return to the islands, took the necessary steps to sound the opinion of the present administration. The result of the conference which the commission held with officials of the administration convinced them of the correctness of the views expressed by the chairmen of the committees of Congress already referred to.

The commission also found that the prevailing opinion in administration and other circles was that a rejection of the independence act would not only result in the failure to obtain independence legislation for several years but would create a very serious danger of action being taken by Congress imposing restrictions on Filipino imports to America and Filipino immigration to the United States, at least to the same extent, if not in a greater measure, than the restrictions prescribed in the independence act.

Chapter XIX. Acknowledgments

It is with a profound sense of duty that the members of the commission wish to make of record the gratitude which the Filipino people and the commission owe to leaders and members of both the House of Representatives and the Senate of the United States for their generous, unselfish, and painstaking efforts to aid the Filipinos in their quest for independence.

The President of the United States, the Secretary of War, the Chief of the Bureau of Insular Affairs, and other officials of the Hoover administration, while opposed to any independence legislation, have at all times accorded to the commission courteous and considerate attention. Every information in their possession or facility needed by the commission in the performance of their task was readily made available.

The representatives of farm groups and of labor organizations in Washington likewise deserve the thankfulness of the Filipino people. Their support of the principle of independence proved of great value in creating public interest necessary for the consideration and passage of the act. Despite the fact that in many instances the opinion of farm representatives differed from the views of the commission, they always maintained friendly relations. This was particularly true as regards the officials of the American Federation of Labor, especially President Green and Mr. W. C. Hushing, one of the legislative representatives of that organization.

While it may be unnecessary to make special mention of the names of certain Senators and Members of the House of Representatives who, to a greater degree than others have shown interest and sympathy in behalf of Philippine independence, the commission cannot refrain from making of record the special indebtedness of the people of the Philippine Islands to Senator Hawes, Senator Cutting, Representative Hare—authors of the independence act—and to Senator Pittman, Senator Bingham, Senator Robinson of Arkansas, Senator Borah, Senator Tydings, Senator Norris, Senator La Follette, Senator Metcalf, Senator King, and Congressmen Lozier, Milligan, Welch, and Bankhead. The support of Floor Leader Rainey and Speaker Garner were of determining influence. They are entitled to our people's acknowledgment.

When history records the events which took place in the United States in the course of the struggle which resulted in the approval of the independence act, and when, in accordance with the provisions of this law, the Filipino people shall, as they most assuredly will, if they want it, fulfill their century-old aspiration for freedom and independence, the names of these men will be mentioned among those whom the Filipino people will in gratitude treasure with well-deserved praise and obligation as the liberators of their nation.

Among all these and standing above others in the just estimation of all his colleagues in Congress, the commission render their highest tribute to Senator Harry B. Hawes, the devoted leader in Congress in the movement to free the Filipinos. Senator Hawes spared neither time nor efforts in securing the passage of the independence act. He deserves the unbounded and everlasting gratitude of the Filipino people.

Chapter XX. Recommendation

The Philippine Commission, conscious of their duty and responsibility, and with a feeling of the strongest desire to achieve the independence of the Philippine Islands at the earliest date possible and the most favorable conditions obtainable under the present circumstances, earnestly and unanimously recommend the acceptance of the independence act.

In making this recommendation the commission are actuated mainly by the following reasons:

(1) The Independence Act sets a date, fixed and certain, for Philippine independence.

(2) Any independence legislation must necessarily be a compromise of the many conflicting opinions and interests that are involved in the different phases of the problem. With this fact in mind, the commission believe that the independence act, under the circumstances, was the best obtainable for the Filipino people.

(3) The commission are convinced that the Independence Act was passed by the Congress of the United States in a spirit of sincere friendship for the Filipino people and in deep sympathy for their aspirations. This belief convinces the commission that, if in the course of the relationship between the United States and the Philippines resulting from the operation of the Independence Act any of its provisions should prove unjust or unfair or unduly burdensome to the Filipino people, there is every reason to expect that Congress, upon knowledge of such facts, would take steps to do justice to the Philippine nation. The commission likewise believe that if any provisions should require clarification in order to avoid a possible interpretation harmful to Philippine interests or incompatible with the fundamental purposes of the law, said clarification can be secured after acceptance of the law.

(4) As a practical proposition immediate independence commands very little support in Congress. A consideration of all the problems involved in Philippine independence has convinced the majority of the Members of that body that immediate independence will result in the ruin and collapse of the economic system of the Philippines. For this reason, the Members of Congress consider it a sound policy, accepted even by the representatives of farm and labor elements, that the independence of the Philippine Islands be preceded by a transition period to permit the adjustment of economic conditions in the Philippines and of trade relation with the United States. The independence act is regarded by the Members of Congress as fulfilling this policy, and its rejection cannot give way to any expectation that a different law granting independence may be passed in the future.

(5) A rejection of the Independence Act would set back Filipino struggles for independence many years. In the eyes of many Americans, rejection will confirm the insidious propaganda conducted by opponents of independence that the Filipino people do not really desire independence. Rejection would not prevent the imposition of restrictions upon Philippine immigration into the United States, or upon free Philippine exports to America, all these without a settlement of the question of independence.

(6) Acceptance of the law will not prevent the Filipino people from subsequently petitioning Congress for a modification of its provisions, if such modification were desired by them.

(7) The present uncertainty as to the political future of the Filipino people is a great obstacle to their progress and happiness. The duality of responsibility which exists in the Government under the Jones Act is unsatisfactory to them. The continued agitation against the free entry of Philippine products in the United States has checked the economic development of the islands. The movement in the United States against Filipino immigration has caused misgivings and resentments among the Filipino people. The independence act solves all these problems. The act solves them finally and completely. It does away with the present uncertainty and insures the advent of independence on a definite date.

(8) The independence act, viewed in the light of all the circumstances which attended its passage is a fair and just law. It assures the fulfillment of Filipino aspirations. If burdens and hardships result from this grant of independence, these are among those which must be faced by all nations who desire to be free. The Filipino people cannot begrudge such sacrifices. However painful they might be, they will never equal the price other people have paid for liberty and independence.

(9) The Filipino people for centuries have aspired for their freedom. For more than a generation they have been struggling for their independence from America through the instrumentalities of peace and self-government. Independence is now offered them. This offer cannot be rejected by the Filipino people without being untrue to their history. The independence act must be accepted.

Respectfully submitted,

SERGIO OSMEÑA.
RUFERTO MONTINOLA.
EMILIANO TRIONA.
MANUEL ROXAS.
PEDRO SABIDO.
PEDRO GUEVARA.
CAMILO OSIAS.

Mr. CUTTING. Mr. President, I do not desire to take the time of the Senate at this late hour, but as one of the sponsors of the original legislation I feel that perhaps I ought to say a word of concurrence in what has been so well said, both by the Senator from Nevada [Mr. PITTMAN] just now, and by the Senator from Maryland [Mr. TYDINGS] yesterday.

This bill was studied with exceptional care by committees of both Houses of Congress. We had hearings; we had subcommittee and full committee meetings, lasting in all some 18 months. The bill was debated on the floor of the

Senate for something like 1 month. I do not believe that we are ever going to have a chance of getting more adequate Philippine legislation. When I say "more adequate Philippine legislation" I mean legislation which would be more apt to commend itself both to the people of this country and to the people of the Philippine Islands.

I have never maintained that this was an ideal bill. It is very different in some features from the bill which the former Senator from Missouri [Mr. Hawes] and I originally introduced. We had to meet the demands of different sections of public opinion represented, as was entirely proper, through their Representatives in the two Houses of Congress. Yet, after debating it, both Houses decided overwhelmingly to adopt the legislation in its final form.

To my mind the situation has changed in no material respect except that the present bill is a slight improvement over the old one in that it leaves out an objectionable sentence which gave the United States permission to maintain military bases after independence. I think that was an immaterial provision of the old bill, because I do not believe that under any circumstances the United States would have availed itself of that privilege. However, insofar as there is a change, it is a change for the better.

The Senator from Michigan [Mr. VANDENBERG] yesterday in his able argument kept repeating that this is "the same old bill." He said, "It is the same old bill which was vetoed by President Hoover, the same old bill which was pilloried by the American press, the same old bill against which American agriculture protested, and the same bill which was assaulted by those who believe in an estoppel against successful development of American oriental trade."

That is true. I quite agree with what the Senator from Michigan said. I want to emphasize that this is the same old bill which was discussed and studied and worked over by hard-working committees in both Houses of Congress.

It is the same bill which was finally agreed on by such conservatives as the former Senator from Connecticut [Mr. Bingham], at that time chairman of the committee; by such distinguished Democrats as the Senator from Nevada [Mr. PITTMAN], present Chairman of the Foreign Relations Committee; by the Senator from Rhode Island [Mr. METCALF], the Senator from Maryland [Mr. TYDINGS], present chairman of the Committee on Territories and Insular Affairs, and a number of others. The junior Senator from Michigan [Mr. VANDENBERG] himself contributed very largely to the final form of the bill as introduced in the Senate, even though he found it impossible to concur fully in the result of the deliberations of the committee.

This is the same bill, Mr. President, which was debated for a month in this body.

It is the same bill which some agricultural associations opposed on the ground that it gave too much to the Philippine agricultural interests.

It is the same bill which many friends of Philippine independence opposed on the ground that it gave too much consideration to American agricultural interests.

It is the same bill which Secretary Hyde denounced because it was too favorable to the Philippine people at the expense of our farmers.

It is the same bill which Secretary Lamont, on the same day, denounced because it would wipe out Philippine commerce at the behest of the agricultural interests of this country.

It is the same bill which was vetoed by President Hoover and was passed over his veto by considerably more than a two-thirds majority in both Houses of Congress.

It is the same bill which the Philippine delegation, representing at that time all parties in the Philippine Legislature, endorsed on the ground that it was the best legislation that could be obtained.

It is the same bill which at that time Senator Quezon, who was not in Washington during these deliberations, opposed, because he thought the Philippine Islands might conceivably get something better.

It is the same bill which, after coming to Washington, Senator Quezon has decided is the best measure possible to

obtain by agreement between the people of this country and the people whom he represents.

To my mind, the fact that it is the same bill is an overwhelming argument for its passage in substantially this form.

There has been a great deal of discussion about Senator Quezon's attitude and his apparent change of front. I believe that what Senator Quezon says in his letter is in the main true, that at least one of the principal objections which he made to the bill is an objection which now has been removed. But let us grant that Senator Quezon may have changed his mind. That certainly is a privilege which all of us have and a privilege which sometimes is a mark of a high degree of statesmanship.

It is one thing to be thousands of miles from the scene of action and to feel that one can obtain for one's own people something which another political party or another faction has been unable to obtain. It is quite another thing to come on the ground one's self, feel out the situation for one's self, and decide that one had better accept the maximum of what it may be possible to obtain for one's own people.

I do not intend, of course, to speak for Senator Quezon, or to explain what seems to me, I confess, in some respects his change of view; but I cannot think that is a material element in the action which the Senate of the United States should take in this matter, now or at any other time.

One great objection has been removed from the bill. Moreover, if the bill should work out to the detriment of the Philippine people, they have the right, and no one would attempt to deny them the right, to appear before subsequent Congresses and state their point of view; and naturally anyone who favors justice and fair dealing between peoples will concede that Congresses in the future should give them a sympathetic audience and honorable treatment.

Now, however, I want to emphasize the situation which exists. For the first time we not only have a bill which has been essentially endorsed by both Houses of Congress, but we have a bill which is accepted with considerable enthusiasm in the main by all responsible elements of the Philippine people. We may never again have such an opportunity; and it is for that reason more than any other that I appeal to Senators to sink their personal likes and dislikes in favor of the objective of getting a real independence bill across, because to my mind this is essentially a real measure of independence, and it is one under which independence will come within a definite period of years.

If we change the bill as reported here in any material respect, such as is contemplated either by the substitute offered by the Senator from Michigan or by the substitute offered by the Senator from Utah, we shall have something as to which we cannot guarantee whether it will ever produce any definite results, or whether we shall not have the same problem on our hands at this session and at a number of sessions in the future.

I could write a bill which would appeal to me personally better than this one; but if I did so I am quite certain that it would offend more Members of the Senate than it would please. We have tried this one out. It has gone through the test of committee and of Senate debate, and I am confident that it is the only kind of a bill which can pass the Senate of the United States and the House of Representatives and help the Philippine people to as great an extent as they are helped by the pending legislation. Any other bill, in my judgment, will be a bill which will be less fair to the Philippine people, whom it is the original purpose of this act to free.

My whole interest in the matter from the start has been, as I think Senators know, a desire to free a subject people who desire freedom. It might be desirable to do it more briefly. It might be desirable to do it through other methods or through another kind of legislation; but I submit that we are here as practical statesmen and that we have sought to consider not only what is an ideal objective but what is a practical measure of justice and decency.

It is because I want these subject people to be released from a dependence which they do not desire that I beg tha

Members of the Senate to reject all amendments and all substitutes and let us get independence on what I believe to be the best available terms.

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, offered by the Senator from Michigan [Mr. VANDENBERG]. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ADAMS (when his name was called). On this question I have a pair with the senior Senator from Idaho [Mr. BORAH]. If he were present and voting, he would vote "yea"; and if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], which I transfer to the senior Senator from Delaware [Mr. HASTINGS], and vote "yea." I understand that if present the Senator from Virginia would vote "nay."

Mr. CUTTING (when Mr. LA FOLLETTE's name was called). The senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the city. If present, he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Repeating the announcement with reference to my general pair with the junior Senator from Mississippi [Mr. STEPHENS], in his absence, not knowing how he would vote on this amendment, I withhold my vote.

Mr. VAN NUYS (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote on this amendment if present and voting, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea." I am informed that if present and voting the Senator from California would vote "yea."

The roll call was concluded.

Mr. ROBINSON of Arkansas. I desire to announce that the senior Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], the Senator from Montana [Mr. WHEELER], the junior Senator from New York [Mr. WAGNER], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. McADOO], the Senator from Nevada [Mr. McCARRAN], and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. FESS. I desire to announce the following general pairs:

The senior Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The junior Senator from Maine [Mr. WHITE] with the Senator from Indiana [Mr. VAN NUYS];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

I am informed that if present and voting the senior Senator from Maine [Mr. HALE], the Senator from Delaware [Mr. HASTINGS], the junior Senator from Maine [Mr. WHITE], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], and the Senator from Rhode Island [Mr. HEBERT] would vote "yea." I am also informed that the Senator from Montana [Mr. WHEELER], the Senator from Florida [Mr. FLETCHER], and the Senator from Illinois [Mr. LEWIS] would vote "nay" if present and voting.

Mr. ROBINSON of Arkansas (after having voted in the negative). I transfer my general pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Nevada [Mr. McCARRAN], and allow my vote to stand.

The result was announced—yeas 24, nays 49, as follows:

YEAS—24

Austin	Coolidge	Goldsborough	Reynolds
Barbour	Davis	Kean	Schall
Black	Dickinson	King	Shipstead
Bone	Dill	Long	Steinwer
Capper	Fess	Norris	Townsend
Carey	Frazier	Nye	Vandenberg

NAYS—49

Ashurst	Costigan	Keyes	Robinson, Ark.
Bachman	Couzens	Logan	Russell
Bailey	Cutting	Loneragan	Sheppard
Bankhead	Dieterich	McGill	Smith
Barkley	Duffy	McKellar	Thomas, Okla.
Brown	Erickson	McNary	Thomas, Utah
Bulkeley	George	Metcalf	Thompson
Bulow	Gibson	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Harrison	O'Mahoney	Walsh
Caraway	Hatch	Overton	
Clark	Hayden	Pittman	
Connally	Johnson	Pope	

NOT VOTING—23

Adams	Hastings	McCarran	Van Nuys
Borah	Hatfield	Norbeck	Wagner
Copeland	Hebert	Patterson	Walcott
Fletcher	La Follette	Reed	Wheeler
Glass	Lewis	Robinson, Ind.	White
Hale	McAdoo	Stephens	

So Mr. VANDENBERG's amendment in the nature of a substitute was rejected.

Mr. KING. Mr. President, I offer an amendment in the nature of a substitute.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and to insert the following:

That the Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands at such time as the Philippine Legislature may fix, not earlier than 8 months and not later than 1 year after the enactment of this act, to formulate and draft a constitution for a free and independent government of the Philippine Islands. The Philippine Legislature shall provide for the necessary expenses of such convention.

SEC. 2. The constitution formulated and drafted by the constitutional convention shall, either as a part thereof or in an ordinance appended thereto, provide substantially as follows:

(1) That the property rights of the United States in the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the approval of the proposed constitution, shall be assumed by the government established thereunder; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(3) That the officials elected pursuant to the provisions of this act for the Philippine government to be formed under the constitution thereof shall be constitutional officers of said government and qualified to function in all respects as if elected directly pursuant to the provisions of the constitution, and shall serve their full terms of office as prescribed in the constitution.

(4) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. 3) in a permanent treaty with the United States.

SEC. 3. If a constitution is formed in compliance with the provisions of this act, the said constitution shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 6 months after the completion of the constitution, on a date fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution, or for or against any proposition separately submitted. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return, and if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and upon separate propositions, and a copy of said constitution, propositions, and ordinances.

SEC. 4. The Governor General of the Philippine Islands shall, within 6 months after the receipt of such certification, issue a proclamation for the election of the officials provided for in the constitution, such election to take place not earlier than 6 months

nor later than 8 months from the date of the proclamation of the Governor General. The election of such officials shall be held in such manner as may be prescribed by the Philippine Legislature.

Sec. 5. The returns of the election of the officials for the independent government of the Philippine Islands shall be certified by the Governor General of the Philippine Islands to the President of the United States, who shall, within 3 months after the receipt of such certification, issue a proclamation reciting the facts of the formation of the constitution for the Philippine Islands and the election of the officials provided for in such constitution as hereinbefore provided, announcing the results of such election and designating a time, not earlier than 4 months and not later than 6 months after the date of the issuance of such proclamation, when the government of the Philippine Islands will be turned over to the duly elected officers, and such officers will begin to function under the constitution. At the time designated in such proclamation the President of the United States shall withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof.

Sec. 6. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands after Philippine independence shall have been achieved.

Sec. 7. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

Sec. 8. At least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and a committee designated by the Philippine Legislature, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States.

Sec. 9. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

Sec. 10. This act shall take effect upon its passage.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Utah [Mr. KING].

Mr. KING. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BLACK (when his name was called). On this vote I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is absent. If he were present, he would vote "nay." If I were not paired, I would vote "yea."

Mr. FESS (when his name was called). Repeating the announcement as to my pair and its transfer, I feel at liberty to vote. I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, and not knowing how he would vote, if present, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I understand he would vote "nay" if he were present. I therefore am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas (after having voted in the negative). I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the Senator from California [Mr. McADOO], and will let my vote stand.

Mr. FLETCHER. I have a pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the senior Senator from South Carolina [Mr. SMITH], and will vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The result was announced—yeas 28, nays 44, as follows:

YEAS—28

Adams	Dickinson	King	Overton
Austin	Dill	Logan	Schall
Bailey	Fess	Long	Shipstead
Barbour	Frazier	McGill	Thompson
Carey	George	Murphy	Townsend
Clark	Goldsborough	Norris	Vandenberg
Coolidge	Kean	Nye	Walsh

NAYS—44

Ashurst	Costigan	Hatch	Pittman
Bachman	Couzens	Hayden	Pope
Barkley	Cutting	Johnson	Robinson, Ark.
Brown	Davis	Keyes	Russell
Bulkeley	Dieterich	Loneragan	Sheppard
Bulow	Duffy	McCarran	Steiwer
Byrd	Erickson	McKellar	Thomas, Okla.
Byrnes	Fletcher	McNary	Thomas, Utah
Capper	Gibson	Metcalf	Trammell
Caraway	Gore	Neely	Tydings
Connally	Harrison	O'Mahoney	Walcott

NOT VOTING—24

Bankhead	Hale	McAdoo	Smith
Black	Hastings	Norbeck	Stephens
Bone	Hatfield	Patterson	Van Nuys
Borah	Hebert	Reed	Wagner
Copeland	La Follette	Reynolds	Wheeler
Glass	Lewis	Robinson, Ind.	White

So Mr. KING's amendment, in the nature of a substitute, was rejected.

The PRESIDENT pro tempore. The question is on the third reading of the bill.

The bill was read the third time.

The PRESIDENT pro tempore. The question now is, Shall the bill pass?

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). On this question I have a general pair with the senior Senator from Virginia [Mr. GLASS], who, were he present, would vote "yea." I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay."

The roll call was concluded.

Mr. GIBSON. I have a general pair with the senior Senator from Utah [Mr. KING]. Not knowing how he would vote, I withhold my vote.

Mr. FLETCHER (after having voted in the affirmative). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD], who is detained by illness. I am advised that if present he would vote as I have voted, so I will let my vote stand.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). Announcing my general pair with the senior Senator from Pennsylvania [Mr. REED], and transferring my pair, as on the last vote, I will let my vote stand.

Mr. WAGNER (after having voted in the affirmative). I wish to announce that on this question I am paired with the Senator from Missouri [Mr. PATTERSON]. I transfer that paid to the senior Senator from South Carolina [Mr. SMITH], and will allow my vote to stand. I am advised that the Senator from Missouri [Mr. PATTERSON], if present, would vote "nay", and that the Senator from South Carolina, if present, would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The senior Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The junior Senator from Maine [Mr. WHITE] with the Senator from Indiana [Mr. VAN NUYS]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

I am informed that the senior Senator from Maine [Mr. HALE] and the junior Senator from Maine [Mr. WHITE] would vote "nay" if present, and that the Senator from

Montana [Mr. WHEELER] and the Senator from Indiana [Mr. VAN NUYS] would vote "yea" if present.

I have also been requested to announce that the Senator from Idaho [Mr. BORAH] and the Senator from South Dakota [Mr. NORBECK] would vote "yea" if present and voting.

I desire further to announce that the senior Senator from West Virginia [Mr. HATFIELD] is absent on account of illness, and that the senior Senator from Pennsylvania [Mr. REED], the senior Senator from Delaware [Mr. HASTINGS], the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Missouri [Mr. PATTERSON], the senior Senator from Maine [Mr. HALE], and the junior Senator from Maine [Mr. WHITE], and the senior Senator from Idaho [Mr. BORAH] are necessarily absent.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McADOO], the Senator from South Carolina [Mr. SMITH], the Senator from Montana [Mr. WHEELER], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate on official business.

The result was announced—yeas 68, nays 8, as follows:

YEAS—68

Adams	Coolidge	Keyes	Robinson, Ark.
Ashurst	Costigan	Logan	Robinson, Ind.
Bachman	Couzens	Loneragan	Russell
Bailey	Cutting	McCarran	Schall
Bankhead	Davis	McGill	Sheppard
Barkley	Dieterich	McKellar	Shipstead
Black	Dill	McNary	Steiwer
Bone	Duffy	Metcalf	Stephens
Brown	Erickson	Murphy	Thomas, Okla.
Bulkley	Fletcher	Neely	Thomas, Utah
Bulow	Frazier	Norris	Thompson
Byrd	George	Nye	Townsend
Byrnes	Gore	O'Mahoney	Trammell
Capper	Harrison	Overton	Tydings
Caraway	Hatch	Pittman	Wagner
Clark	Hayden	Pope	Walcott
Connally	Johnson	Reynolds	Walsh

NAYS—8

Austin	Carey	Fess	Kean
Barbour	Dickinson	Goldsborough	Vandenberg

NOT VOTING—20

Borah	Hastings	Lewis	Reed
Copeland	Hatfield	Long	Smith
Gibson	Hebert	McAdoo	Van Nuys
Glass	King	Norbeck	Wheeler
Hale	La Follette	Patterson	White

So the bill was passed.

Mr. WAGNER. Mr. President, I desire to state that because of very important official business I was unable to be present when the vote was taken on the two amendments in the nature of substitutes offered to the bill which has just been passed. I was paired upon those votes, but I desire the RECORD to show that had I been present I should have voted in the negative.

On motion of Mr. TYDINGS, the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, was ordered to be indefinitely postponed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934; requested a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. McCORMACK, Mr. WEST of Ohio, and Mr. EVANS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for

the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; that the House further insisted upon its amendments to the amendments of the Senate numbered 14 and 22, and that the House insisted upon its disagreement to the amendment of the Senate numbered 23 to the bill.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932;

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

REGULATION OF COTTON INDUSTRY

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 1974) to place the cotton industry on a sound commercial basis, and so forth, known as the "Bankhead cotton bill." I will state that it is not the intention to debate the bill this afternoon if it be made the unfinished business, but to transact some executive business and then take a recess.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 1974) to place the cotton industry on a sound commercial basis and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Alabama [Mr. BANKHEAD] desires to substitute for the bill which has just been made the unfinished business a similar or identical House bill that is on the calendar.

Mr. BANKHEAD. Mr. President, I ask unanimous consent to substitute for the Senate bill which is now pending the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, and so forth.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Alabama?

There being no objection, the Senate proceeded to consider the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. BANKHEAD. Mr. President, I ask permission to have printed, in connection with the remarks I am now making, an editorial from the New York Herald Tribune, entitled "The Bankhead Bill", and an editorial from the Wall Street Journal, entitled "An Economy Plea", dealing with the principles of the "Bankhead cotton bill", so-called, and commending and approving the principles embodied in it.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Jan. 15, 1934]

THE BANKHEAD BILL

The plan for the voluntary curtailment of cotton production proved in its first season a dismal, and an extremely costly, failure. The A.A.A. paid out almost \$160,000,000 to growers of cotton for reducing their plantings; yet the year's total output actually proved to be substantially higher than that of the previous year.

Now, even this huge item of \$160,000,000 might be charged off to inexperience and to lack of time in which to set up the machinery of curtailment if one could be sure that the first season would mark the end of curtailment "chiseling." But will it mark the end? Judging from evidence that is coming to hand currently, it most assuredly will not. For example, it is reported that there has been an unprecedented demand for mules in the South in recent months. The records of the mule market in Atlanta, Ga., show sales amounting to nearly five times the number sold in the corresponding period a year ago. The only interpretation that can be placed on this boom in the mule market is that many cotton producers, at least, intend to accept a bounty for reducing acreage and then do their utmost to cultivate their remaining acreage so intensively as to make up the deficiency from normal production.

This is, of course, a perfectly human and understandable impulse; but if it is followed to any considerable extent it obviously will frustrate for a second time the Government's efforts to remove the cotton surplus. Such being the case, it seems to us that every consideration should be given in Congress to the bill being sponsored by Senator BANKHEAD, of Alabama, providing not for acreage reduction, but for rigid control of production at the gins.

Under the Bankhead bill the crop would be limited during the coming year to 9,000,000 standard bales of 500 pounds weight. Licenses would be issued to growers, restricting them to quotas which they would be entitled to gin on an apportionment basis. Ginners would be prohibited from ginning cotton for any grower not in possession of a license or to gin more cotton for a grower than the amount called for in his license; and heavy penalties would be provided for evasion of the license terms on the part either of growers or ginners.

Whether artificial control of production is a desirable thing, even in an emergency, is a question on which there is a considerable difference of opinion. But if we are going to have production control, it should be effective control; and the Bankhead proposal appears to be better adapted to assuring such control than the present voluntary arrangement, with its stimulus to bootlegging and chiseling. The Bankhead bill would penalize the cotton farmer for producing more than his quota, instead of merely bribing him to reduce acreage.

[From the Wall Street Journal, Jan. 5, 1934]

AN ECONOMY PLEA

While the Bankhead resolution for restricting the operation of cotton ginneries goes a long way from the idea that every individual may conduct his business exactly as he pleases without regard to the public welfare, yet it has merits that should commend it to Congress and the administration. Among these are greater effectiveness at a saving of over \$100,000,000.

As has been explained in these columns, the plan contemplates licensing ginneries, assigning a quota to each in such proportion that the total for all ginning in the crop season 1934-35 shall not exceed 9,000,000 bales. Nature might interfere with production control effected by limiting acreage, but it could not upset this plan of keeping a surplus from the market.

Acreage control cannot be completely effective unless there is a 100-percent cooperation of the farmers, and even then weather conditions or better cultivation may go far toward nullifying the program. More cotton to the acre is an aim that should be encouraged to the limit, but it should not be permitted to defeat efforts to keep production within the bounds of possible needs.

If a farmer knows that he can have but a certain number of bales ginned this season, he will not strive to produce much more. If he has any business sense, he will try to produce the allotment on less land and thus cut his costs of production, but he certainly will not strive to produce a great excess knowing that he would have to carry it over the season in the seed.

This would seem to be an effective way to hold the crop within a set limit and so reduce the surplus that for five seasons has been on the back of the market like a veritable old man of the sea.

None of the estimates of the cost of administering the Bankhead plan exceed \$3,000,000. This newspaper will not venture an estimate, but it has no hesitation in saying that it should be no more than a small percentage of the cost of present plan of leasing land from the producers and keeping it out of production. The official estimate is that this plan for the 1934 crop will cost approximately \$125,000,000. The Government will advance the money and recoup itself by a processing tax of 4.2 cents a pound, or almost \$21 a bale, on all cotton consumed. In effect, this is a huge consumption tax which probably will amount to more than \$125,000,000 as the domestic mills consumed over 6,000,000 bales last season and the prospects are for a larger total this year.

If figures were vocal, the ones given here would make an eloquent plea for the Bankhead plan.

Mr. HAYDEN. Mr. President, I submit an amendment which I intend to propose to the bill which has just been made the unfinished business. I ask that the amendment may be printed in the usual form, printed in the RECORD, and lie on the table.

There being no objection, the amendment intended to be proposed by Mr. HAYDEN to the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes, was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 6, after line 10, to insert the following:

"(4) Cotton having a staple of 1½ inches in length or longer."

Mr. HAYDEN. Mr. President, in support of the amendment just submitted by me, I present certain statistical data, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the data were ordered to be printed in the RECORD, as follows:

LONG-STAPLE COTTON STATISTICS—DATA FROM THE UNITED STATES TARIFF COMMISSION

RAW-COTTON PRODUCTION IN THE UNITED STATES

TABLE 2.—Production of long-staple cotton, by varieties

Growth year ¹	1½ to 1¾ inches	1¾ inches and over			Total
	Upland ²	American-Egyptian	Sea island	Total	
		Running bales ³	Running bales ³	Running bales ³	
1911			119,293	119,293	
1912		375	73,777	74,152	
1913		2,135	77,563	79,698	
1914		6,187	81,654	87,841	
1915		1,065	91,844	92,939	
1916		3,331	117,559	120,890	
1917		15,968	92,619	108,585	
1918		36,187	52,208	88,395	
1919		40,437	6,916	47,353	
1920		92,561	1,868	94,429	
1921		37,094	3,327	40,421	
1922		32,824	5,125	37,949	
1923		22,426	785	23,211	
1924		4,319	11	4,330	
1925		20,053	18	20,071	
1926		16,232	23	16,255	
1927		24,223	179	24,402	
1928	685,600	28,313	22	28,335	713,935
1929	683,400	28,771	7	28,778	712,178
1930	456,900	23,312	20	23,332	480,232
1931	845,600	13,668	26	13,694	859,294
1932 ⁴	714,800	8,365	15	8,380	723,180
1933					

¹ Year in which the cotton is planted. Cotton of the growth year 1932, for example, is harvested and mainly marketed during the crop year Aug. 1, 1932, to July 31, 1933.

² Not available prior to 1928.

³ Running bales are used in this table because actual weight is not available by varieties. Round bales are counted as half bales. Sea-island bales average slightly less than 400 pounds each, other bales average about 500 pounds each.

⁴ Preliminary.

Sources: Column 1, U.S. Department of Agriculture, Statistical Bulletin No. 40, 1933, p. 55, and preliminary releases; columns 2 and 3, Cotton Production and Distribution, Bureau of the Census; figures checked to latest issues.

NOTE.—See following table for details by staple length, 1928 to 1933, inclusive.

TABLE 3.—Domestic production of long-staple cotton, by staple lengths

RUNNING BALES ¹

Type and staple, in inches	1928	1929	1930	1931	1932
Long-staple upland:					
1½ and 1¾	489,200	556,100	393,300	590,000	623,600
1¾ and 1½	167,900	119,400	60,800	224,600	85,400
1¾ and over	28,500	7,900	2,800	31,000	5,800
Total long-staple upland	685,600	683,400	456,900	845,600	714,800
American-Egyptian (Pima):					
Under 1½	700				1,700
1½ and 1¾	13,400	5,300	2,500	2,400	3,000
1¾ and 1½	12,500	17,100	16,200	8,400	2,500
1½ and 1¾	1,600	6,000	4,600	2,900	1,100
1¾ and over	100	400			
Total American-Egyptian	28,300	28,800	23,300	13,700	8,300
Total long staple	713,900	712,200	480,200	859,300	723,100

¹ Round bales are counted as half bales.

TABLE 3.—Domestic production of long-staple cotton, by staple lengths—Continued

Type and staple, in inches	RATIO TO TOTAL				
	1928	1929	1930	1931	1932
Long-staple upland:					
1½ and 1½	71.35	81.37	88.08	69.77	87.24
1½ and 1½	24.49	17.47	13.31	26.56	11.95
1½ and over	4.16	1.16	.61	3.67	.81
Total long-staple upland	100.0	100.0	100.0	100.0	100.0
American-Egyptian (Pima):					
Under 1½	2.47				20.43
1½ and 1½	47.35	18.40	10.73	17.53	36.15
1½ and 1½	44.17	59.33	69.53	61.31	30.12
1½ and 1½	5.65	20.83	19.74	21.17	13.25
1½ and over	.85	1.39			
Total American-Egyptian	100.0	100.0	100.0	100.0	100.0

Source: U.S. Department of Agriculture, Statistical Bulletin No. 40, 1933, table 5, p. 53, and table 6, p. 55, for 1928 to 1931 and preliminary release of Division of Cotton Marketing for 1932.

RAW COTTON IMPORTS INTO THE UNITED STATES

TABLE 1.—General imports of cotton by countries of origin
[Equivalent 500-pound bales]

Crop year ended July 31	Total	Produced in—					
		Egypt	Mexico	China	Peru	India	All other
1912-13 ¹	227,645	191,075	756	18,341	10,737	4,373	2,383
1913-14	260,988	138,579	80,285	20,772	12,627	7,849	876
1914-15	382,286	252,373	85,180	25,631	10,353	7,845	904
1915-16	437,574	350,796	30,098	35,792	10,909	4,214	5,765
1916-17	291,957	199,892	32,858	36,063	11,069	3,890	8,215
1917-18	221,216	114,580	35,726	38,964	19,692	7,096	5,158
1918-19	201,585	100,006	54,434	10,871	25,230	2,893	8,151
1919-20	700,214	485,004	65,343	57,185	63,426	14,358	14,898
1920-21 ²	226,341	87,168	88,155	14,722	22,597	8,489	5,210
1921-22 ³	363,465	233,729	53,637	15,563	38,733	10,348	11,435
1922-23 ⁴	469,954	329,335	45,679	50,239	21,186	22,124	1,391
1923-24	292,288	164,152	27,062	45,118	19,928	34,419	1,609
1924-25	313,328	190,313	44,384	33,703	13,389	28,147	3,392
1925-26	325,511	238,620	23,553	22,452	16,637	22,143	2,106
1926-27	400,983	231,767	93,272	33,466	20,877	18,892	2,709
1927-28	338,226	201,856	22,843	62,588	23,319	25,063	1,657
1928-29	457,804	296,286	52,000	34,357	17,353	54,424	2,875
1929-30 ⁵	378,107	215,181	30,323	44,034	19,427	58,449	1,693
1930-31	107,529	22,902	15,126	31,177	2,873	34,218	1,733
1931-32	131,569	81,091	20,641	7,191	3,528	17,513	1,605
1932-33 ⁶	130,429	67,800	8	50,788	6,053	4,895	855

¹ Season ended Aug. 31, 1913.

² Emergency Tariff Act, levying a duty of 7 cents a pound on cotton 1½ inches and over, effective during the period May 28, 1921, to Sept. 21, 1922.

³ Tariff Act of 1930, effective beginning June 18, 1930, imposes a duty of 7 cents per pound on cotton having a staple length of 1½ inches or over.

⁴ Preliminary.

Source: Cotton Production and Distribution, Bureau of the Census.

TABLE 3.—Imports for consumption of long-staple cotton, including some short-staple from Egypt and Peru, by crop years
[Equivalent 500-pound bales]

Crop year ended July 31—	Egyptian ¹	Peruvian	Other 1½ inches and over	Total
Staple under 1½ inches: ²				
1930-31	4,911	822		5,733
1931-32	10,711	1,055		11,766
1932-33	47	399		446
Staple 1½ inches up to 1½ inches: ³				
1922-23 ⁴	174,709	16,551		191,260
1923-24	51,773	12,129		63,902
1924-25	88,565	12,126		100,691
1925-26	114,963	14,360		129,323
1926-27	127,170	20,826		147,996
1927-28	100,345	22,653		122,998
1928-29	180,724	16,771		197,495
1929-30 ⁵	115,782	18,785		134,567
1930-31	6,915		38	6,953
1931-32	27,978	484	120	28,582
1932-33	43,781	341	298	44,420
Staple 1½ inches and over:				
1922-23 ⁴	142,714	1,933	6,726	151,373
1923-24	112,838	7,471	1,965	122,274
1924-25	101,931	146	3,324	105,401
1925-26	119,315	780	593	120,688
1926-27	104,597	51	841	105,489

¹ Egypt includes the Anglo-Egyptian Sudan in import classifications of the Department of Commerce.

² Cotton under 1½ inches was not subdivided in import statistics prior to the act of 1930. Egyptian and Peruvian cotton under 1½ inches is here considered 1½ inches or over for the period prior to the act of 1930.

³ Sept. 22, 1922, through July 31, 1923. Statistics not available in this form prior to act of 1922.

⁴ Beginning June 18, 1930, imports of cotton 1½ inches or over are dutiable at 7 cents per pound.

TABLE 3.—Imports for consumption of long-staple cotton, etc.—Con.

Crop year ended July 31—	Egyptian	Peruvian	Other 1½ inches and over	Total
Staple 1½ inches and over—Con.				
1927-28	* 101,407	144	2,229	103,780
1928-29	115,562	532	1,533	117,627
1929-30 ⁴	* 69,377	642	39	100,058
1930-31	2,695		209	2,904
1931-32	12,810		233	13,043
1932-33	30,481		97	30,578
Total:				
1922-23 ³	317,423	18,514	6,726	342,663
1923-24	164,611	19,000	1,965	185,576
1924-25	100,796	12,272	3,324	116,392
1925-26	234,263	15,140	593	250,016
1926-27	231,767	20,877	841	253,485
1927-28	201,752	22,797	2,229	226,778
1928-29	296,286	17,353	1,586	315,225
1929-30 ⁴	215,159	19,427	39	234,625
1930-31	14,521	822	247	15,590
1931-32	51,400	1,539	363	53,302
1932-33	74,309	740	365	75,414

¹ Sept. 22, 1922, through July 31, 1923. Statistics not available in this form prior to act of 1922.

² Beginning June 18, 1930, imports of cotton 1½ inches or over are dutiable at 7 cents per pound.

³ Includes 106 bales, valued at \$10,561 for which Mexico was shown as country of origin and of shipment, and 81 bales, valued at \$7,008, British India as country of origin and of shipment, but included under the classification "Egyptian."

⁴ Includes 139 bales, valued at \$23,986, dutiable.

Source: Compiled by the U.S. Tariff Commission from preliminary unpublished data obtained from the Department of Commerce.

NOTE.—In several years, especially for cotton in the shorter groups, a few bales showing Egypt or Peru as the country of shipment, but showing no country of origin, are included.

RAW COTTON CONSUMPTION IN THE UNITED STATES

TABLE 2.—Domestic consumption of long-staple cotton (exclusive of long-staple upland, except for certain years), crop years

Crop year ended July 31	Sea Island	American Egyptian (Pima)	Imported Egyptian	Peruvian	Total exclusive of upland	Long-staple upland ¹	Total including upland 1½ inch and over
	Running bales	Running bales	Equivalent 500-pound bales	Equivalent 500-pound bales	Bales	Running bales	Approximately 500-pound bales
1912-13	54,778		201,269	10,341	266,388		
1913-14	81,673		151,091	13,003	245,767		
1914-15	79,394		181,211	10,529	271,124		
1915-16	82,645		269,324	10,886	362,855		
1916-17	94,291		259,160	12,800	366,251		
1917-18	85,939		136,401	8,502	230,842		
1918-19	51,183	21,071	126,087	9,128	207,469		
1919-20	42,971	45,867	323,124	36,977	448,939		
1920-21	18,667	16,771	159,196	12,752	207,386		
1921-22	8,967	49,359	236,330	34,776	319,432		
1922-23	6,267	65,235	262,331	22,818	355,651		
1923-24	4,905	35,998	223,649	29,474	294,027		
1924-25	3,970	19,018	191,544	19,561	234,093		
1925-26	2,325	11,740	204,113	19,841	238,019		
1926-27	1,226	19,669	239,768	14,535	275,198		
1927-28	1,251	15,137	217,584	15,273	249,245		
1928-29	795	13,455	232,392	10,831	257,523		
1929-30	372	12,572	205,765	7,747	226,456	* 234,000	460,456
1930-31	410	15,359	104,095	4,276	124,140	* 324,500	448,640
1931-32	327	12,430	79,464	2,233	94,454	* 255,200	349,654
1932-33 ⁴	914	17,808	88,805	1,851	109,378	* 522,200	631,578

¹ Data for calculation not available prior to 1929-30.

² Calculated from production, carry-over, and export statistics.

³ Preliminary report, grade and staple length of American upland cotton consumed in the United States, 1930-31 to 1931-32, Division of Cotton Marketing, U.S. Department of Agriculture.

⁴ Preliminary.

Source: Cotton Production and Distribution, a report issued annually by the Bureau of the Census, except as noted.

TABLE 3.—Estimated quantities of Egyptian cotton consumed in the United States, by staple lengths, crop years ended July 31, 1927-28 to 1930-31¹

Staple length	1927-28	1928-29	1929-30	1930-31
Under 1½ inches				
1½ to 1½ inches	163,100	155,100	117,500	50,400
1½ to 1½ inches	7,400	10,400	15,700	5,400
1½ to 1½ inches	13,300	4,800	4,800	11,100
1½ to 1½ inches	27,700	33,400	50,600	33,200
1½ to 1½ inches	5,700	20,500	13,300	3,500
1½ inches and over	400	100	300	500
Total ²	217,600	232,400	205,800	104,100

¹ Based on data, gathered from cooperating mills, as to the number of bales of each kind of foreign-grown cotton used. The cooperating mills consumed over 75 percent of the Egyptian cotton used in the United States during the period studied. To make these data comparable, the buyers' descriptions of cotton used by mills were compared with official standards for staple length. In arriving at these estimates, the distribution of the staple length of each growth, as determined from that of the cooperating mills, was applied to the total domestic consumption of each growth as reported by the Bureau of the Census.

² As reported by the Bureau of the Census.

Source: Division of Cotton Marketing, Department of Agriculture, Staple Length of Foreign Grown Cottons Consumed in the United States, 1928-31, preliminary report, April 1932.

Summary of statistical data (including various estimates) showing supply and distribution of domestic and of imported cotton in the United States
(Domestic cotton in running bales, foreign cotton in equivalent 500-pound bales)

COTTON 1 1/8 TO 1 3/8 INCHES LONG-STAPLE UPLAND

	Carry-over beginning of season	Production and imports	Supply ¹	Carry-over end of season	Disappear- ance ²	Consumption	Exports	Unac- counted for ³
1928-29	491,000	Production 685,600	1,177,500	302,900	874,600	⁴ 475,000	⁴ 400,000	-----
1929-30	302,900	683,400	986,300	423,500	562,800	⁵ 233,900	328,900	-----
1930-31	423,500	456,900	880,400	374,900	505,500	324,500	178,694	1,200
1931-32	374,900	845,600	1,220,500	753,300	467,200	255,200	198,399	13,600
1932-33	753,300	714,800	1,468,100	732,100	736,000	⁶ 522,210	213,790	-----

EGYPTIAN UPPERS ⁷

		General imports						
1928-29	34,000	180,856	214,800	80,400	134,400	⁷ 134,000	-----	-----
1929-30	80,400	116,718	197,100	69,000	128,100	⁷ 132,000	-----	-----
1930-31	69,000	19,658	88,600	23,900	58,700	⁷ 58,900	-----	-----
1931-32	29,900	54,306	84,200	24,800	59,400	⁷ 65,000	-----	-----
1932-33	24,800	35,733	60,500	24,800	35,700	⁷ 40,000	-----	-----

PERUVIAN ⁸

1928-29	5,400	17,353	22,800	4,600	18,200	10,881	-----	7,000
1929-30	4,600	19,427	24,000	7,100	16,900	7,747	-----	9,000
1930-31	7,100	2,373	9,500	3,200	6,300	4,276	-----	2,000
1931-32	3,200	3,528	6,700	2,600	4,100	2,233	-----	1,800
1932-33	2,600	6,053	8,700	1,600	7,100	1,851	-----	5,000

TOTAL 1 1/8 TO 1 3/8 INCHES

		Production and imports						
1928-29	531,300	883,800	1,415,100	357,900	1,027,200	620,000	-----	-----
1929-30	387,900	819,500	1,207,400	499,600	707,800	374,000	-----	-----
1930-31	499,600	478,900	978,500	408,000	570,500	388,000	-----	-----
1931-32	408,000	903,400	1,311,400	780,700	530,700	322,000	-----	-----
1932-33	780,700	756,600	1,537,300	758,500	778,800	564,000	-----	-----

COTTON 1 3/8 INCHES AND OVER, AMERICAN-EGYPTIAN

		Production						
1928-29	5,800	28,313	34,100	7,200	26,900	13,455	⁹ 13,400	-----
1929-30	7,200	28,771	36,000	8,100	27,900	12,572	⁹ 5,068	10,226
1930-31	8,100	23,312	31,400	16,700	14,700	⁹ 15,359	⁹ 1,131	-----
1931-32	16,700	13,668	30,400	16,500	13,900	12,430	375	1,063
1932-33	16,500	8,298	24,800	9,800	15,000	⁹ 17,808	⁹ 470	-----

EGYPTIAN SAKELLARIDIS

		General imports						
1928-29	31,300	115,562	146,900	48,800	98,100	⁷ 98,000	-----	-----
1929-30	48,800	99,377	148,200	76,400	71,800	⁷ 74,000	-----	-----
1930-31	76,400	3,245	79,700	34,000	45,700	⁷ 45,600	-----	-----
1931-32	34,000	22,327	56,300	43,200	13,100	⁷ 14,000	-----	-----
1932-33	43,200	29,854	73,100	30,000	43,100	⁷ 48,000	-----	-----

TOTAL 1 3/8 INCHES AND OVER

		Production and imports						
1928-29	37,100	143,900	181,000	56,000	125,000	¹⁰ 112,000	-----	-----
1929-30	56,000	128,200	184,200	84,500	99,700	¹⁰ 87,000	-----	-----
1930-31	84,500	26,600	111,100	50,700	60,400	¹⁰ 61,000	-----	-----
1931-32	50,700	36,000	86,700	59,700	27,000	¹⁰ 27,000	-----	-----
1932-33	59,700	38,200	97,900	39,800	58,100	¹⁰ 67,000	-----	-----

GRAND TOTAL LONG STAPLE

1928-29	568,400	1,027,700	1,596,100	443,900	1,152,200	732,000	-----	-----
1929-30	443,900	947,700	1,391,600	584,100	807,500	461,000	-----	-----
1930-31	584,100	505,500	1,089,600	458,700	636,900	449,000	-----	-----
1931-32	458,700	939,400	1,398,100	840,400	557,700	349,000	-----	-----
1932-33	840,400	794,800	1,635,200	798,300	836,900	631,000	-----	-----

¹ Carry-over at beginning of year plus production.

² Supply minus carry-over at end of year.

³ Cotton destroyed, in process, or in transit; for foreign cotton also includes reexports.

⁴ Entirely an estimated subdivision of disappearance.

⁵ Disappearance minus exports.

⁶ A small amount of Egyptian and Peruvian cotton is less than 1 1/4 inches; a small amount of Peruvian is over 1 1/4 inches, but the bulk is 1 1/4 to 1 3/4.

⁷ See explanation in note below.

⁸ Disappearance minus consumption.

⁹ Because of the impossibility of following every bale of cotton statistically, consumption, as reported by manufacturers, sometimes exceeds the calculated disappearance.

¹⁰ Includes a few hundred bales of Sea Island for which details other than consumption are not available. (See table 14.)

NOTE.—General imports of Egyptian uppers and of Egyptian Sakellaridis, representing Egyptian cotton up to 1 1/4 inches and Egyptian cotton 1 1/4 inches and over, respectively were compiled from available unpublished monthly data. The sums of these two in various years do not exactly agree with the total general imports of Egyptian cotton as published by the Bureau of the Census. Consumption of Egyptian cotton as here subdivided was obtained by first calculating consumption on the basis of imports and carry-over and then applying the ratios of the respective staple lengths to the total consumption of Egyptian cotton in each year as published by the Bureau of the Census.

SOURCE: The form of this table is adopted from a report by the Division of Cotton Marketing, U.S. Department of Agriculture. Statistics of production, carry-over, and consumption not obtained by calculation are from the Department of Agriculture; of imports and exports, from the Department of Commerce.

RAW COTTON—DOMESTIC EXPORTS FROM THE UNITED STATES

TABLE 1.—Domestic exports, by crop years
QUANTITY IN RUNNING BALES¹

Crop year ended July 31—	Long staple (1½ inches or over)		Short staple (under 1½ inches)	Total
	Sea island ²	Other ³		
1918-19	4,658	(9)	5,587,728	5,592,386
1919-20	4,737	(9)	6,540,589	6,545,326
1920-21	185	(9)	5,744,562	5,744,698
1921-22	230	(9)	6,183,894	6,184,094
1922-23	946	811,864	4,009,779	4,822,589
1923-24	422	915,010	4,740,424	5,655,856
1924-25	785	1,536,991	6,467,452	8,005,228
1925-26	1,317	1,310,237	6,739,937	8,051,491
1926-27	1,871	1,542,294	9,382,449	10,926,614
1927-28	678	1,100,858	6,440,873	7,542,409
1928-29	689	867,799	7,175,100	8,043,588
AMERICAN-EGYPTIAN ⁴				
1929-30	5,086	328,878	6,355,832	6,689,796
1930-31	1,131	179,694	6,579,102	6,759,927
1931-32	375	198,399	8,506,742	8,705,516
1932-33	470	213,790	8,204,899	8,419,159

VALUE

Crop year ended July 31—	Long staple (1½ inches or over)		Short staple (under 1½ inches)	Total
	Sea island ²	Other ³		
1918-19	\$1,143,441	(9)	\$923,058,278	\$924,201,719
1919-20	1,601,843	(9)	1,332,323,547	1,333,925,390
1920-21	37,129	(9)	591,275,367	591,312,496
1921-22	37,553	(9)	600,062,515	600,130,068
1922-23	148,404	\$110,836,967	523,214,115	639,199,486
1923-24	63,134	148,686,653	757,819,068	906,568,855
1924-25	176,497	209,472,997	839,415,299	1,049,064,793
1925-26	342,443	164,290,968	758,103,115	922,736,526
1926-27	410,848	129,220,799	726,156,534	855,788,181
1927-28	164,850	126,309,043	693,630,998	820,104,891
1928-29	145,391	94,915,857	752,347,462	847,408,710
AMERICAN-EGYPTIAN ⁴				
1929-30	873,454	35,540,626	621,385,898	657,799,978
1930-31	125,685	12,744,304	408,102,123	420,972,112
1931-32	33,152	8,427,403	331,408,159	339,868,713
1932-33	40,734	9,243,403	333,414,644	342,698,781

¹ Running bales used for comparison with production. Sea-island bales average slightly less than 400 pounds each; other bales average about 500 pounds each.

² Exports of sea-island cotton in recent years probably include some Meade, a long-staple upland cotton. See sec. VI, table 1, note 1.

³ Prior to Jan. 1, 1930, the greater part of this cotton is what is known as "commercial 1½ inches" and does not measure 1½ inches according to Government standards. See Production. Beginning Jan. 1, 1930, staple length according to United States official standards.

⁴ Included with short staple.

⁵ August through December 1928.

⁶ Includes sea-island beginning January 1929. Exports of Pima cotton here included, first separately stated in January 1929, amounted to 1,862 bales, valued at \$398,649 for the 8 months January to August, inclusive. Exports are normally largest from October to December.

⁷ Sea-island no longer separately recorded.

Source: Monthly Summary of Foreign Commerce of the United States, pt. I. Figures corrected to latest issues.

AMERICAN-EGYPTIAN (PIMA) COTTON: ACREAGE, YIELD, AND PRODUCTION IN THE UNITED STATES

Growth year	Acreage harvested			Yield of lint per acre		Production, total
	Arizona	California	Total	Arizona	California	
	Acres	Acres	Acres	Pounds	Pounds	Bales ¹
1911		30	30		500	30
1912	400	150	550	300	387	375
1913	4,000	62	4,062	275	315	2,135
1914	12,000	1,550	12,550	258	100	6,187
1915	2,000		2,000	222		1,095
1916	7,300		7,300	226		3,331
1917	33,000	2,400	35,400	230	206	15,966
1918	72,000	6,600	78,600	238	228	36,187
1919	87,000	1,500	88,500	229	225	40,437
1920	200,000	43,000	243,000	205	112	92,561
1921	75,000	9,100	84,100	224	181	37,094
1922	77,000	100	77,100	220	325	32,824
1923	40,000		40,000	287		22,426
1924	8,000		8,000	274		4,319
1925	40,000		40,000	257		20,053
1926	28,000		28,000	277		16,232
1927	44,000		44,000	275		24,223
1928	50,000		50,000	284		28,313
1929	67,000		67,000	211		28,771
1930	46,000		46,000	251		23,312
1931	30,000		30,000	225		13,668
1932	22,000		22,000	186		8,365

¹ Running bales of approximately 500 pounds gross weight.

² Includes 100 acres of American-Egyptian grown in Lower California, Mexico, which yielded 250 pounds per acre, equal to 50 bales. All ginned in California.

Source: Acreage harvested and yield from Bureau of Agricultural Economics; production from Census Bureau.

Particularly unfavorable weather conditions, causing much boll shedding, contributed to the reduced yields in 1932 and 1933.

CARRIAGE OF AIR MAIL BY THE ARMY—CONFERENCE REPORT
(S.DOC. NO. 160)

Mr. McKELLAR submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "pension at the rate prescribed in part 1, Veterans' Regulation No. 1 (a), and amendments thereto: *Provided*, That in the event of injury of any such officer or enlisted man the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by Veterans' Regulation No. 3 (a): *Provided further*, That choice shall be made of the benefits provided in sections 4 and 5 of this act"; and the Senate agree to the same.

KENNETH MCKELLAR,

CARL HAYDEN,

THOMAS D. SCHALL,

Managers on the part of the Senate.

M. A. ROMJUE,

FRANK H. FOSS,

CLYDE KELLY,

W. F. BRUNNER,

HARRY L. HAINES,

Managers on the part of the House.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE CALENDAR

The PRESIDENT pro tempore. There being no reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

CIVIL SERVICE COMMISSION

The legislative clerk read the nomination of L. D. White, of Illinois, to be Civil Service Commissioner.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask that nominations of postmasters may be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, it is so ordered, and the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate took a recess until tomorrow, Friday, March 23, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 22 (legislative day of Mar. 20), 1934

MEMBER OF THE CIVIL SERVICE COMMISSION

L. D. White to be a member of the Civil Service Commission.

POSTMASTERS

ALABAMA

Roy L. Nolen, Montgomery.

IDAHO

Frederick J. Rodgers, Midvale.

NEBRASKA

George L. Jordan, Clarks.
George M. Ponton, Elgin.
Arnold A. Irmer, Gresham.
Michael R. Sullivan, O'Neill.
Oscar A. Pilger, Pilger.
James M. Strahan, Wayne.
John Q. Kirkman, Wood Lake.

NEW YORK

Thomas M. Townsend, Carmel.
Horace G. Shepard, Chaumont.
Henry M. Bintz, Constableville.
Louis Grenier, Faust.
William P. Degenaar, Slingerlands.

PENNSYLVANIA

George E. Diehl, Chambersburg.
Flora E. Falter, Glassmere.
James F. Gibbons, Pittston.
Howard O. Boyer, Rural Valley.
Swiler M. Zeigler, Wellsville.
Chester L. Boal, West Middlesex.

SOUTH DAKOTA

George L. Kemper, Aberdeen.
Harold L. Fetherhuff, Herreid.
Kathryn H. Speirs, Ree Heights.
Joseph A. Crowley, Sioux Falls.
Helen L. Kieffer, White Lake.

VIRGINIA

Otho W. Miller, Bridgewater.
Clarence M. Sale, Falls Church.

WISCONSIN

Clinton B. Immell, Blair.
James R. Alexander, Hayward.
Frank N. Scherer, Kohler.
Thomas F. McDonald, Marshfield.
Cora J. Sorenson, Mount Horeb.
Thomas M. Crawford, Readstown.
Ida Melchert, Saxon.
William J. Corry, South Milwaukee.
Miles Colligan, Wautoma.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 22, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Immortal Love, we wait on Thee with open hearts. Thou, who art the inspiration of all truth and the wellspring of power, do Thou minister to this Congress. O show us the Prophet of the Golden Rule, sitting in holy meditation on the beautiful shore of Galilee; rule our conduct by His wonderful teaching. Heavenly Father, deepen the serenity of our souls, and may it drive bigotry out of minds and selfishness out of hearts. When the strain and stress of labor are most severe, enable us to reach the highest accents of faith. O give our aims the highest possible elevation. At the close of the day, having been held by the fetters of care, may we seek some sanctuary that shall soothe the feverish pulse which the day has excited. Let the day be a sweet memory and tomorrow a radiant hope. In the holy name of Jesus our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE CAUSE OF THE TAX BURDEN

Mr. GRAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a radio speech delivered by myself last Friday night over the N.B.C. network on the cause of the tax burden, in which I have enumerated State legislatures and charged responsibility upon Congress.

The SPEAKER. Is there objection?

There was no objection.

The address is as follows:

Gentlemen and ladies of the radio audience, in justice and fairness to State legislatures struggling with the tax problem, and for the proper information of the people, it must be realized and understood that the crushing tax burden includes more than the amount of taxes assessed and collected from the people, measured in money, dollars and cents, more than appropriations and expenditures from the tax funds for the payment of governmental costs and expenses in the administration of State affairs; that the cause of the tax burden involves an economic or industrial problem, a failure of earnings and income, the inability of the people to pay taxes, high taxes, low taxes, or any taxes; that a greater part of the tax burden results from the failure or the destruction of the tax-paying power of the people, the same as the failure of the interest-, debt-, and mortgage-paying power, the same as the failure of the buying and consuming power of the people.

And it must be further realized and understood that under our dual form of government, that is, our division and separation of jurisdictions, with certain powers exercised only by Congress and other powers exclusively reserved to the States, State legislatures are without power to act, without power to mitigate the evils, to eradicate the wrongs, to remedy the cause; State legislatures are without power to relieve from the tax burden, even from the burden of direct taxes levied and assessed upon the people.

The people have long suffered from unequal and unjust taxes, from burdensome and oppressive taxes. But today we are facing a different tax condition, an unusual, an extraordinary tax condition. Under these present-day tax conditions, the people of the country, to meet the tax demands upon them, are being drained of their income. They are being exhausted of their earnings. They are surrendering the whole of the fruits of their toil and labor. And after exhausting their present income and earnings, they are giving up their savings of former years to pay and satisfy the tax demands upon them. They are borrowing money to pay taxes. They are mortgaging their property to pay taxes. They are selling their property at sacrifice sales to meet and pay the taxes assessed upon them.

But this is not all of the tax problem. This is only a part of the tax burden. Even with the complete exhaustion of the people in sacrificing their property, earnings, and income to pay, satisfy, and discharge the taxes against them; even with the people giving up their all, the last cent and farthing of their savings, all they can raise from loans and mortgages and from sacrifice sale of their property, the taxes collected are not enough, not enough to pay and satisfy the tax demands upon the people. With these amounts the people are sacrificing to pay, the taxes are not sufficient to meet the costs of government. New forms of taxes are being devised. New sources of taxes are being planned or invented to reach further tax resources, to take and exact even more taxes, even still greater taxes from the people.

It is true that there has been waste and extravagance in the administration of State affairs. It is true that there has been useless duplication and overlapping service in the State. It is true that salaries have been in disproportion to the earnings and income of the people and their means and ability to pay. It is true that the burden of taxation has not been evenly laid upon the people; that intangible wealth and property has not been made to bear its just portion of taxes; that the principle of ability to pay has not been observed and adhered to in the levy and assessment of taxes upon the property of the people.

But while all these many tax abuses and evils complained of today are in a measure, part, and in portion true, yet they have long been true, true long before this tax crisis, and if remedied and relieved today this tax burden would remain tomorrow. And while there can be no full, adequate tax relief until these tax evils and abuses are remedied and lifted from the people, yet no one of these evils or abuses separately, nor all of them operating together, have brought this sudden, intolerable tax burden to fall in crushing weight upon the people of the country like a withering blight in the nighttime, or coming like a grim tax monster devouring and swallowing up the earnings, income, and substance of the people still unsatisfied and grasping for more. There is something more than the amount of taxes involved here. There is something more than waste and extravagance, there is something more than useless duplication of service, there is something more than salaries of public officials, there is something more than the pay roll of public employees, there is something more than increasing governmental costs involved in this impossible, intolerable tax burden. We must look further and deeper for the cause, for the remedy, for the relief from the burden of exhausting taxes.

While these evils and abuses of public waste and extravagance and increasing governmental costs and expenses are responsible for some part of this rising, crushing, multiplying tax burden, the

greater part of the tax burden results from the fall of values, the price level, and the wage scale, from the failure of earnings and income, from the destruction of the taxpaying power.

Under these economic and industrial conditions with the tax rate remaining the same, with the tax valuations remaining the same, with the tax levy remaining unchanged, the burden of tax payments, measured in labor and the products of labor, in farm crops, stock and farm products, in which and from which taxes are paid, taxes have been doubled and tripled upon the people, have been raised, increased, and multiplied upon the people of the country; and today call for double and triple and fivefold the amount of labor and labor products to pay and satisfy the same taxes, for double, triple, and fivefold the amount of farm crops, stock and farm products to pay and satisfy the same taxes. Taxes are not paid in money, but, in fact, are paid in labor and the products of labor, in farm crops, stock and farm products, and only measured in money. The money measure for the payment of taxes has been changed, increased, and enlarged, doubling, tripling, and multiplying the burden of taxes to pay.

Under these abnormal tax conditions, the evils and abuses of waste and extravagance, of increasing governmental costs and expenses, are a mere incident of the tax burden and fade away as trifling, as the little things, as the small things, as the trivial things, as the inconsequential things, in creating and maintaining the tax burden upon the people, and as compared with the far greater cause of falling values and the price level, of diminishing earnings and income over which State legislatures are without jurisdiction and are powerless to remedy and relieve.

To realize and understand the cause of this oppressive tax burden, we must read the story of cruel, frenzied finance, the story of a secret "gentlemen's agreement" entered into with deliberate intent, in wanton disregard to human welfare, to contract and withdraw from circulation the money and credits of the country, the object and purpose of which was to double, triple, and multiply the value of World War obligations, World War debts and bonds, owned, held, or controlled by certain international financiers and manipulating bankers.

I refer to the secret bankers' meeting held May 18, 1920, in Washington, D.C., under the very shadows of the National Capitol, and the secret resolution passed in the name and style of "the orderly deflation committee of the American Bankers' Association", calling upon the Federal Reserve Board to contract and withdraw from circulation the money and credits of the country; and to the servient action taken following this secret bankers' meeting by the Federal Reserve officers led as puppets, dupes, and tools to raise the discount rate and sell bonds and securities under the open-market operations, all to withdraw money and credits from circulation, contracting the volume and supply of money, forcing down values and the price level, destroying the taxpaying power, as well as the interest-, debt-, and mortgage-paying power and the buying and consuming power of the people, and creating an economic and industrial condition which, for want of understanding, or to prevent an understanding, is called a panic or depression.

The people, struggling, writhing, gasping under the multiplied tax burdens and the failure and destruction of the taxpaying power, and mistaking the abuse of money, forcing down values and the price level for public waste and extravagance in the administration of state affairs, have been driving State legislatures back to convene in special session; and, smarting under the lash of criticism, denunciation, and complaint, members of the State legislatures are slashing to reduce their own salaries, which, as compared with the tax burden and the fall of values and the price level, is a mere grain of sand to the weary wastes of the seashore.

And further mistaking the cause of the greater part of the tax burden as resulting from the abuses of the taxing power under the laws and constitutions of the States, and laboring under the erroneous impression that all can be remedied and the burden relieved by reducing the amount of taxes measured in money and cutting down appropriations to a bare, scant tax minimum, many public charities of the States, many worthy public services performed, many public enterprises contributing to the welfare, happiness, and the progress and advancement of the people will be dwarfed, impoverished, and suspended, will be discontinued, retarded, and thrown back, but all in vain and without relief to the people from the tax burden.

State legislatures may call a halt to the building, upkeep, and maintenance of our good-roads system, which has come with the automobile to revolutionize travel and transportation. State legislatures may dwarf and impoverish the sacred common-school system, the pride of the States and the hope of the future. State legislatures may withhold appropriations from our charitable and benevolent institutions, serving to alleviate suffering or to make up for the uneven race of life. State legislatures may withhold funds for the support of the penal and reformatory institutions struggling with the abnormal, the perverted, and criminal insane. State legislatures may carry economy to stifle all the services of the State, and to dwarf all the charities that soothe, heal, and bless and which go hand in hand with the higher considerations of humanity and with human progress and advancement.

But all will be futile and in vain. The sacrifice and denial will be of no avail. The humiliation and retreat will not relieve, and the crushing tax burden will remain; because without a rise of values and the price level, taxes will still exhaust the people of their earnings, income, and property and leave them without means with which to provide themselves with the necessities and comforts to live.

But we need our system of good roads for travel and transportation, which has come to be a vital necessity and as a part of production in our economic and industrial life. We need our advanced-school systems to prepare and qualify the youth of the land to meet and solve the greater problems of the future, to discharge the higher duties, and assume the greater responsibilities coming to and devolving upon the human race and the generations as they come. We need our benevolent institutions to meet the higher conceptions of humanity and considerations for those left groping in the shadows of a blighted life. We need our reformatories and penal institutions to deal with the abnormal, the perverted, and criminal mind, to assure greater safety for property and life, and as means and measures for reform. We need all these services and institutions of the State which have come to be indispensable as a part of our lives and beings and to keep pace in the march of progress to the plains of a higher and more exalted civilization.

And the people can realize and enjoy all these improved facilities, and all these worthy services of the State, and all these benign institutions dispensing charity and benevolence, providing for relief and reformation and safeguarding property and human life, and which can only be provided and maintained by the people acting as a collective body, organized and cooperating under the forms, by means, and through the agencies of the States, without strain or burden upon the taxpayers, when there is a restoration of values, of earnings and income, and the taxpaying power. And the people will bear these burdens cheerfully, grateful for the opportunity to pay, and will claim credit and will take just pride in the glory and renown of State achievements, when there is a restoration of the tax-paying power.

Under the fall of values and the price level, the failure of earnings and income and the destruction of the taxpaying power, we are facing an emergency and crisis in the alternative to be met promptly, without hesitation or delay. The people cannot both pay taxes and live. If they use their earnings and income to provide the necessities to live, they are left without means or money to pay taxes. If they use their earnings and income with which to pay and satisfy taxes, they are left without means to live. Facing this emergency and crisis, it must be realized and understood that the impulse of men to live and provide for those who by nature are dependent upon them is higher and more controlling than the obligation to pay taxes; that under the natural impulse to live, the law of peace, order, and property must give way to the higher law of life, and will give way to the higher law of life when men are forced to choose between the right to live and the obligation to pay taxes.

But unmindful of this crisis and disregarding the higher law to live, with the strong arm of the law, under the taxing power, in the collection of taxes, we are taking bread and meat from the hungry; we are taking clothing and fuel from the cold and shivering; we are driving men, women, and children out from the walls and roofs of shelter and protection into the cold, storm, and exposure; we are coercing men to choose between the impulse to live and the obligation to pay taxes. And when men are compelled to choose under the higher law of life, they will choose to live; they will renounce the tax obligation; they will resist the tax demands upon them; they will challenge the sovereignty of the State. This imperative alternate is that the power to pay taxes over earnings and income to live must either be restored back to the people or the assessment and collection of taxes must be reduced, stopped, or suspended until the power to pay taxes over earnings and income to live is recovered and restored back to them.

Facing this tax crisis and the right of men to live, it is the duty of State legislative assemblies and every individual member of State legislatures, under the oath and obligations of office, to enter at once, without hesitation or delay, upon a strenuous and drastic policy of tax economy and retrenchment; first, to eliminate waste and extravagance and every service of the State which can be reduced or suspended without irreparable loss or damage, suspending highway and all new construction and even, to prevent a greater tragedy, the institutions of higher education should be touched with the hand of strenuous, drastic economy, leaving only the primary and common grades and the benevolent and penal institutions last to be reached and reduced in the course of tax reduction, not as a permanent policy of taxation but as a temporary expedient to continue until, and only until, there is a restoration of the tax-paying power over earnings and income to live.

And in the meantime, without waiting, State legislatures should take the initiative to demand of and memorialize Congress to lift the blight of money contraction, to bring a rise of values and the price level, and restore the power to pay taxes over earnings and income to live. And should charge the responsibility and fix the responsibility and leave the responsibility for this crushing tax burden where it rightfully belongs, on the steps of the National Capitol, at the door of the Federal Congress, alone vested with jurisdiction and power to remedy and relieve. And on refusal or failure of the Federal Congress, alone vested under the Constitution with the power to coin money and regulate the value thereof and thereby to raise commodity values and the price level and restore the tax-paying power of the people, failure to realize responsibility for the cause and relieve from the tax burden, then leave the Federal Congress chargeable and to face the burdened, exhausted taxpayers and the wrath of a wronged and outraged people instead of helpless State legislatures without power or jurisdiction to relieve from the crushing burden of taxes.

INCREASE OF THE NAVY—CONFERENCE REPORT

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report upon the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Georgia calls up a conference report upon the bill H.R. 6604, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing paragraph is subject to the following conditions:

"(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the

Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

"(2) The President is also authorized to employ Government establishments in any case where—

"(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

"(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

"The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft are hereby authorized to be appropriated."

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3, and in lieu of the matter inserted by amendment numbered 4, insert the following:

"*Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

"(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

"(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

"(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$10,000 shall be subject to the conditions herein prescribed.

"(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

"(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

"The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income tax returns of the contractor for the taxable year or years concerned.

"The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the

Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

"The contract or subcontracts referred to herein are limited to those where the award exceeds \$10,000."

And the Senate agree to the same.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMBRILL,
FRED A. BRITTEN,
GEORGE P. DARROW,

Managers on the part of the House.

PARK TRAMMELL,
MILLARD E. TYDINGS,
FREDERICK HALE,
JESSE H. METCALF,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two House on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Restores the proposal of the House requiring that the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, be built in a Government establishment, and the manufacture of the main engines, armor, and armament for such vessels in Government establishments to the extent that it was customary so to do prior to February 13, 1929, amended so as to give the President the right to depart from such a division or assignment of work in any year if in the public interest, in lieu of the Senate proposal that, subject to determination by the President as to the course best suited to the public interests, construction be undertaken in Government establishments of half of the total tonnage authorized and as much more as might be undertaken with existing facilities or such additional facilities as might be hereafter provided, continuing to except the 15,000-ton aircraft carrier, and, in addition, for the manufacture of materials and parts for such vessels in Government establishments as it was customary so to do prior to February 13, 1929, subject to the existence at the time of the work being undertaken of requisite manufacturing facilities.

On amendment no. 2: Provides as to aircraft procured in consequence of the authorization contained in the bill, including engines therefor—

(1) That not less than 10 percent thereof, including the engines therefor, shall be constructed and/or manufactured in Government establishments, subject to determination by the President of the capacity of existing establishments to accomplish the work. In the event they should be found inadequate, at the discretion of the President they may be expanded to the extent necessary to enable the construction and/or manufacture therein of such percent of such aircraft and engines as the President may find to be practicable; and

(2) For the employment of Government establishments exclusively in any case where bids indicate collusion or should be in excess of cost of production plus a reasonable profit, as provided in the action agreed upon with respect to Senate amendments nos. 3 and 4, all in lieu of the Senate proposal that 25 percent of such aircraft and engines be constructed or manufactured in Government-owned and operated establishments, subject to determination by the President of the capacity of existing establishments to ac-

complish the work. In the event they should be found inadequate, the Senate amendment authorized and required the provision of adequate facilities, including the construction and equipment of additional facilities or the acquirement by purchase or condemnation of privately owned facilities adequate to the performance of 25 percent of the work of constructing, manufacturing, and repairing naval aircraft.

Both under the amendment as agreed to and under the original proposal of the Senate, expansion would be subject to the appropriation of necessary funds, which are authorized to be appropriated.

On amendments nos. 3 and 4: The House proposed to limit net profits on all contracts with commercial establishments for supplying steel or aircraft or building vessels, pursuant to authorization contained in the bill, to 10 percent of the gross of the contract. In lieu thereof, by amendment no. 3, the Senate proposed as to contracts and subcontracts of \$10,000 or more for building vessels, whenever authorized, but not contracted for at the time of the approval of the bill, or for supplying aircraft, that the net profit to the contractor or subcontractor should not exceed 10 percent of the performance cost, any excess to become the property of the United States, to be collected by the Secretary of the Treasury, by suit, if necessary, and deposited in the Treasury of the United States. Ascertainment of profits and amounts payable to the United States were to be determined from sworn reports filed with the Secretary of the Treasury in the form and manner prescribed by him and, by amendment no. 4, from examinations and audits, if need be, by the Bureau of the Budget or by any duly authorized representative of either House of Congress.

In lieu of the House and Senate proposals as to amendment no. 3 and the Senate proposal as to amendment no. 4, the action agreed upon requires that no contract, subcontract, or subdivision of any subcontract shall be entered into involving an award in excess of \$10,000, for the construction and/or manufacture of any portion or of a complete naval vessel or aircraft, whenever authorized, unless the contractor shall agree to report under oath upon completion of the contract the amount of profit and percent it bears to the cost of performance, such report to be in form and detail as prescribed by the Secretary of the Navy, who shall file a copy thereof with the Secretary of the Treasury for income-tax purposes. Should such report disclose a profit in excess of 10 percent of the total contract price, reckoned in accordance with such formula as may be prescribed by the Secretary of the Treasury, such excess becomes the property of the United States, which, if not voluntarily paid as agreed, the Secretary of the Treasury shall collect in accordance with the usual methods under the internal revenue laws. As a further check upon contractors' costs, it is required that the manufacturing plant and books of any contractor shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress. Contractors are to be allowed credit for any Federal income taxes paid or remaining to be paid upon any excess profit found to be owing to the United States under the terms of the bill.

On amendments nos. 5, 6, and 7, relating to suspension of construction in the event of an international agreement further limiting naval armament: Extends such authority to vessels otherwise authorized, and, as to vessels actually under construction, exempts from suspension only those in that status on the date of the approval of the bill, as proposed by the Senate, instead of limiting suspension to vessels authorized by the bill and of those only such as may not actually be under construction, as proposed by the House.

As agreed upon by the committee of conference on the disagreeing votes of the two Houses, the bill, including the title, reads as follows:

To establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes

Be it enacted, etc., That the composition of the United States Navy with respect to the categories of vessels limited by the

treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties.

Sec. 2. That subject to the provisions of the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, the President of the United States is hereby authorized to undertake prior to December 31, 1936, or as soon thereafter as he may deem it advisable (in addition to the six cruisers not yet constructed under the act approved February 13, 1929 (45 Stat. 1165), and in addition to the vessels being constructed pursuant to Executive order numbered 6174 of June 16, 1933), the construction of: (a) One aircraft carrier of approximately 15,000 tons standard displacement, to replace the experimental aircraft carrier *Langley*; (b) 99,200 tons aggregate of destroyers to replace over-age destroyers; (c) 35,530 tons aggregate of submarines to replace over-age submarines: *Provided*, That the President of the United States is hereby authorized to replace by vessels of modern design and construction, vessels in the Navy in the categories limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, when their replacement is permitted by the said treaties: *Provided further*, That the President is hereby authorized to procure the necessary naval aircraft for vessels and other naval purposes in numbers commensurate with a treaty navy: *Provided further*, That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct.

That not less than 10 percent of the aircraft, including the engines therefor, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

The foregoing paragraph is subject to the following conditions:

(1) That if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, then at his discretion the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

(2) The President is also authorized to employ Government establishments in any case where—

(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated.

Sec. 3. The Secretary of the Navy is hereby directed to submit annually to the Bureau of the Budget estimates for the construction of the foregoing vessels and aircraft; and there is hereby authorized to be appropriated such sums as may be necessary to carry into effect the provisions of this act: *Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid, the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$10,000 shall be subject to the conditions herein prescribed.

(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income-tax returns of the contractor for the taxable year or years concerned.

The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

The contract or subcontracts referred to herein are limited to those where the award exceeds \$10,000.

Sec. 4. That in the event of international agreement for the further limitations of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend so much of its naval construction as has been authorized as may be necessary to bring the naval armament of the United States within the limitation so agreed upon, except that such suspension shall not apply to vessels actually under construction on the date of the passage of this act.

CARL VINSON,
P. H. DREWRY,
STEPHEN W. GAMBRILL,
FRED A. BRITTON,
GEORGE P. DARROW,

Managers on the part of the House.

Mr. VINSON of Georgia. Mr. Speaker, that part of the House bill originally reported by the Naval Affairs Committee remains unchanged in any essential respect in the measure which has been agreed upon by the conference committee. Neither the House nor the Senate modified the text originally proposed, except as to section 4, where the House changed the committee's language with respect to the suspension of construction by reason of any agreement further limiting naval armament by exempting any vessels that actually may be under construction. The Senate changed this provision to make it apply to vessels authorized by the bill or otherwise and to limit the authority to suspend as to vessels under construction only to those vessels that may be under construction on the date of the approval of the bill. Your conferees have agreed to those modifications. Discretion as to any suspension, whether vessels be under construction or not, is left with the President.

The House added to the bill:

First. Authority to procure aircraft in numbers commensurate with a treaty navy.

Second. A requirement that the first and each succeeding alternate vessel of each category, as well as such material or parts therefor as it was customary to manufacture in Government plants prior to February 13, 1929, be manufactured in Government establishments.

Third. That no appropriation should be used for any contract with steel or aircraft or shipbuilding firms or corporations unless such firms or corporations agree to limit their net profit to 10 percent of the gross of the contract.

The Senate amendments apply to the second and third of those propositions and embrace an additional proposition, namely, building aircraft and engines therefor in Government plants.

Except as indicated at the outset of my statement with respect to amendments numbered 5, 6, and 7, the action agreed upon is confined to the subjects embraced by the Senate amendments, which I shall again enumerate for the sake of clarity, namely:

First. Division of shipbuilding work between Government and private plants.

Second. Building a percentage of aircraft and engines in Government plants.

Third. Profit on contracts for building complete ships and aircraft.

As to the first proposition, the Senate proposed that division of shipbuilding work should be based upon tonnage, instead of units, and that Government establishments should be assigned not less than half of the tonnage authorized by the bill and such additional amount as might be accommodated by existing facilities at the time any construction might be undertaken.

A division on the basis of tonnage is not practicable. Let me illustrate. The immediate construction contemplated by the bill is 10,000-ton cruisers, destroyers of 1,500 or 1,850 tons, and submarines of around 1,000 tons, let us say. A Government establishment may be equipped to build one or two cruisers, but it may not have the ways or other facilities for building an equivalent tonnage of destroyers or submarines. An almost impossible arrangement is presented by the tonnage principle.

The Senate conferees receded from their position and adopted the House principle of building alternate units in Government establishments, and the Conference Committee agreed and have provided that if inconsistent with the public interest in any year so to divide ship construction work, the President might order construction to be performed at such establishments, Government or private, as he might direct.

As to the second proposition—that is, building a percentage of aircraft and engines in Government establishments—the Senate had proposed that 25 percent of each succeeding lot of aircraft, including engines therefor, be constructed or manufactured in Government owned and operated establishments, which, if found of insufficient capacity to accomplish such proportion, the Senate proposed should be expanded, and, if need be, privately owned establishments acquired by purchase or condemnation.

Manifestly, the Senate's proposal is impractical and would be costly. A requirement that a fixed proportion of each lot of planes purchased be built or manufactured in a Government establishment, especially so large a proportion, might entail building a limited number of several different types in a Government plant or plants, occasioning the provision of special forms, tools and appliances and a prohibitory overhead, to say nothing of finding the necessary skilled artisans. Moreover, it might entail really harmful delay in the procurement of planes of types which it might be important quickly to acquire.

The real purpose of the sponsors of the Senate amendment, I am sure, and I think the real purpose of all of us is not to hurt the airplane manufacturing industry but to help such industry from hurting itself. We do not want to embark upon Government manufacture if we can get airplanes—the best that science and industry can produce—from private manufacturers at a reasonable price.

I think it is perfectly appropriate and logical for the Government to build a few planes, either experimental or current types, not only better to inform itself regarding costs but that it may have the nucleus of an organization to go into production on a large scale should that course become desirable or necessary at any time in the future.

Therefore, we have worked out with the Senate conferees and bring here for your approval a provision as nearly along those lines as we were able to prevail upon the Senate conferees to agree to.

The provision here presented, amendment no. 2, provides that not less than 10 percent of the total number, not each succeeding lot, of aircraft procured in consequence of the authorization contained in the bill, including the engines therefor, shall be constructed or manufactured in Government establishments, subject, however, to determination by the President of the capacity of existing Government-owned plants to accomplish the work. The provision does not provide for the acquisition of private plants. It does provide, if the President should see fit, for the expansion of existing

Government plants, subject, however, to requisite funds being appropriated.

Then we go further, and I think this part of our proposal will meet with popular favor, and provide that in any case where bids indicate collusion or should be in excess of cost of production plus a reasonable profit, that construction or manufacture shall proceed in Government establishments exclusively.

Now, as to profits: The House provision was designed to limit profits on account of building ships and airplanes authorized by the bill to 10 percent of the gross of any contract.

The Senate proposed to bring in vessels or aircraft whenever authorized and to exempt contracts of less than \$10,000, and to limit the profit to 10 percent of the performance cost. It then provided for the method of ascertaining the profit in excess of 10 percent of the performance cost and for the collection thereof.

The provision which we bring to you is not essentially different from the Senate proposal except that it exempts contracts, subcontracts, and subdivisions of subcontracts of \$10,000 or less. The provision as agreed to states the matter in what is believed to be a more orderly and clearer way, and it amplifies, for the protection of both the Government and a contractor, upon the method to be followed in the ascertainment of profit in excess of the cost of performance—a method to be determined upon jointly and equitably and fairly by the Secretary of the Treasury and the Secretary of the Navy, and provides that contractors shall be apprised of such method in advance of bidding.

I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. VINSON of Georgia. Mr. Speaker, I move to reconsider the vote by which the conference report was agreed to and lay that on the table.

The motion was agreed to.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I call up the conference report upon the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, and ask that the statement of the conferees be read in lieu of the report.

The SPEAKER. The gentleman from Virginia calls up the conference report upon the independent offices appropriation bill, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, and 21, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Subsection (a) of section 24 of the Trading with the Enemy Act, as amended, is amended by adding at the end thereof the following:

"No claim shall be filed with the Alien Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law, by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended, and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder for the general or administrative expenses of the office of the Alien Property Custodian, which deduction or deductions on the collection of any income do not exceed the sum of 2 percent of such income, or which, on the return of any moneys or properties or income therefrom, do not exceed the sum of 2 percent of the aggregate value thereof at the time or times as nearly as may be of such deduction or deductions, or for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties or income therefrom held by him or by the Treasurer of the United States hereunder for any and all necessary expenses incurred and actually disbursed by the Alien Property Custodian or by any depositary for him in securing the possession, collection, or control of any such money or properties or income therefrom, or in protecting or administering the same, as said general or administrative and other expenses and said aggregate value of returned money or properties or income therefrom have been heretofore or shall be hereafter determined by said Alien Property Custodian."

And the Senate agree to the same.

The committee of conference have been unable to agree on the amendments of the Senate numbered 14 and 22 and the House amendments thereto, and on Senate amendment numbered 23.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
WILLIAM J. GRANFIELD,
R. B. WIGGLESWORTH,
E. W. GOSS,

Managers on the part of the House.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL, Jr.,
FREDERICK HALE,
FREDERICK STEIWER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

AMENDMENTS CORRECTING TOTALS, SECTION NUMBERS, ETC.

The following amendments are in correction of totals and section numbers and to make other textual corrections: Nos. 4, 6, 11, 12, 13, 16, 18, and 21.

MATERIAL AMENDMENTS

The following amendments relate to the substance of the matters in the bill affected by Senate action:

On amendment no. 1, Alien Property Custodian: Inserts a substitute for the amendment of the Senate relating to administrative expenses in connection with alien property, which provides that no claim shall be filed with the Alien

Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law, by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended, and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions, heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder, for the general or administrative expenses of the office of the Alien Property Custodian, which deduction or deductions on the collection of any income do not exceed the sum of 2 percent of such income or which on the return of any moneys or properties or income therefrom, do not exceed the sum of 2 percent of the aggregate value thereof at the time or times as nearly as may be, of such deduction or deductions, or, for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties or income therefrom held by him or by the Treasurer of the United States hereunder, for any and all necessary expenses incurred and actually disbursed by the Alien Property Custodian or by any depositary for him in securing the possession, collection, or control of any such money or properties or income therefrom, or in protecting or administering the same, as said general or administrative and other expenses and said aggregate value of returned money or properties or income therefrom have been heretofore or shall be hereafter determined by said Alien Property Custodian.

On amendment no. 2, payment to heirs of Frank P. Glass: Authorizes, as provided by the Senate, the payment of \$4,250 to the heirs at law of Frank P. Glass, deceased, who served without compensation as a member of the Board of Mediation from July 14, 1933, to January 10, 1934.

On amendment no. 3, Civil Service Commission: Appropriates an additional amount of \$46,816, as provided by the Senate, for expenses of conducting examinations for storekeeper-gagers.

On amendment no. 5, Federal Trade Commission: Appropriates an additional amount of \$500,000, as proposed by the Senate, for carrying into effect the provisions of the Securities Act of 1933.

On amendment no. 7, Puerto Rican Hurricane Relief Commission: Strikes out the words included by the House, "incident to the refinancing of old loans and collecting of loans."

On amendment no. 8, Veterans' Administration, administration, medical, hospital, and domiciliary services: Appropriates an additional sum of \$9,590,192, as provided by the Senate, for increased expenses incident to Executive Orders Nos. 6565, 6566, 6567, and 6568, amending certain veterans' regulations.

On amendment no. 9, same: Authorizes, as proposed by the Senate, the expenditure of not to exceed \$10,000 "for experimental purposes to determine the value of certain types of treatment."

On amendment no. 10, same, pensions: Appropriates an additional amount of \$11,502,013, as provided by the Senate, for increased pension payments incident to Executive Orders Nos. 6565, 6566, 6567, and 6568, amending certain veterans' regulations.

On amendment no. 15, weekly compensation fixed by wage boards: Retains the Senate provision that weekly compensation fixed by wage boards or other wage-fixing authorities shall be reestablished and maintained on the full weekly earning basis under the rate schedules in effect on June 1, 1932, subject, however, to any general percentage reduction prescribed by act of Congress. The amendment further provides that the regular hours of labor shall not be more than 40 per week, and that all overtime shall be compensated for at the rate of not more than time and one half.

On amendment no. 17, adjustment of charges for quarters, etc.: Retains the Senate provision that adjustments of charges for quarters, subsistence or laundry, or other sim-

ilar charges, shall not be interpreted as constituting administrative promotions.

On amendment no. 19, automatic promotions: Strikes the House provision that section 201 of the original economy act, as continued, which prohibited all automatic increases in compensation should not prevent increases by reason of advancement in rank under the Pay Adjustment Act of June 10, 1922, and inserts in lieu thereof the Senate provision that section 201 shall apply during the fiscal year 1935 only to the extent that it suspends the longevity increases for the services mentioned in the Pay Adjustment Act—that is, the 5-percent increase over the base pay for each 3 years of service, the effect of the action being to restore on July 1, 1934, all automatic-promotion privileges except in the one instance noted.

On amendment no. 20, administrative promotions: Retains the Senate provision that during the fiscal year 1935 administrative promotions may be made to the extent that funds are available therefor, on an annual basis, from savings made in the amounts apportioned for personal services from the applicable appropriations for the fiscal year 1935.

AMENDMENTS IN DISAGREEMENT

The committee of conference have been unable to agree on the following amendments:

On amendment no. 14: Relating to salary cuts of Federal employees.

On amendment no. 22: Relating to veterans' provisions, and including the so-called "Borah amendment", pertaining to pay cut of employees whose base pay is in excess of \$6,000 per annum.

On amendment no. 23: Correcting a section number.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
WILLIAM J. GRANFIELD,
R. B. WIGGLESWORTH,
E. W. GOSS,

Managers on the part of the House.

Mr. WOODRUM. Mr. Speaker, the conference report disposes of all of the amendments with the exception of no. 14, which is the pay-cut amendment, and amendment no. 22, which is the amendment relating to the various veterans provisions, and amendment no. 23, which merely corrects the section numbers, and which will, of course, be dependent on whatever action is taken on the other two amendments. Unless someone wants to ask me some questions about the amendments that have been agreed to, aside from nos. 14 and 22, I shall move the previous question on the conference report.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SABATH. Amendment no. 1 provides that no enemy or ally of an enemy has a right to commence any action or file any claim. The gentleman may recollect that there are many people who were subjects of Austria-Hungary, and some of Germany, but who obtained their independence, and who were not in accord with the views of Germany or Austria-Hungary. Would these people be precluded from filing their claims, or would the right be given them to maintain their actions. They never have been enemies.

Mr. WOODRUM. Mr. Speaker, this amendment affecting the Alien Property Custodian's Office does not in any way affect the fundamental rights of nationals of other countries to assert their claims. It merely has to do with the right of the Alien Property Custodian to make a 2 percent reduction in the amounts, for administrative purposes, and it prevents any one from suing him on account of that reduction. It does not affect their fundamental right to file their claim.

Mr. SABATH. The gentleman understands my question? We have many thousands of people who have been the subjects of Germany and Austria-Hungary, the enemy countries, while as a matter of fact these people were citizens of countries that were part and parcel of these monarchies,

but they in effect were not enemies. Perhaps by force they were compelled even to serve in the armies of Germany and Austria-Hungary. I feel it would be manifestly unfair for people like the Polish people and other people who were not really enemies to be foreclosed from prosecuting these just claims that they may have.

Mr. WOODRUM. This does not preclude them from prosecuting any just claim.

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. If I understand the gentleman correctly, he proposes to move the previous question on the motion to further insist on the House amendment?

Mr. WOODRUM. We have not gotten to that yet. This is the other amendments not involved in amendments 14 and 22.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. SNELL. In amendment no. 5, pertaining to the Federal Trade Commission, I notice the House has agreed to raise that appropriation \$500,000. What new information was before the Senate committee that was not before the House committee when it passed on this bill?

Mr. WOODRUM. An estimate from the Bureau of the Budget and a request from the President of the United States that the appropriation be made.

Mr. SNELL. There has been no new law creating any additional duties, as far as the Federal Trade Commission is concerned, since the time it passed the House, has there?

Mr. WOODRUM. My understanding is that most of the fund is to be used in the work put on the Federal Trade Commission on account of the N.R.A. and the Securities Act.

Mr. SNELL. Well, those acts have been in existence for some time. There were certainly no more duties when this was before the Senate than when it was before the House?

Mr. WOODRUM. The duties were there, but they had not gotten organized to carry out those duties. It has been understood all the time that the passage of the National Securities Act was eventually going to require the Federal Trade Commission to have some personnel to carry it into effect. This simply does that.

Mr. SNELL. I appreciate the fact that those two acts have increased the work of that commission, but I am wondering if it is going to be a purely partisan commission from this time on, and this money is to make more jobs. Of course, as far as I am able, I should like to stop this appropriation. Judging from the acts so far, as expressed by the attitude of the administration, it is very evident it is going to be a purely partisan commission. If it is, I can not see any reason why we should increase the appropriation for the purpose of creating new jobs.

Mr. WOODRUM. I do not think it will be any more partisan than it has been in the past, I will say to the gentleman.

Mr. SNELL. Does the gentleman ever know of it having been as partisan as it was when Commissioner Humphreys was dismissed, when he had a letter from the President himself saying that he had performed the duties of commissioner in an exceptionally able manner.

Mr. WOODRUM. I think the personnel of the commission has been vastly improved, if the gentleman wants my opinion.

Mr. SNELL. How could one get any higher recommendation than the recommendation which the President himself gave to Mr. Humphreys?

Mr. COX. Will the gentleman yield to me to answer the gentleman?

Mr. WOODRUM. I yield to the gentleman from Georgia.

Mr. COX. Is the gentleman from New York complaining of the consideration that his party has received at the hands of the President in respect to the distribution of patronage?

Mr. SNELL. If any of it has ever come to this side of the House, I do not know where it is; I have never known of any.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Moved that the House agree to the amendment of the Senate no. 14 of said bill, with the following amendment: In lieu of the matter proposed to be inserted by said Senate amendment, insert:

"Sec. 21. (a) Title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended as follows:

"(1) Section 2 is amended by inserting after '1934' the following: 'and the fiscal year ending June 30, 1935'; and

"(2) Section 3 (b) is amended by striking out '15 percent' and inserting in lieu thereof the following: '10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, and shall not exceed 5 percent during the fiscal year ending June 30, 1935.'

"(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident Commissioners, and persons on the rolls of the Senate or House of Representatives) of the Legislative Appropriation Act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures '1933' shall be read as '1935'; except that in the application of such section with respect to the fiscal year ending June 30, 1935, subsection (a) is amended by striking out '15 percent' wherever it appears and inserting in lieu thereof 'the percentage of reduction applicable to officers and employees of the Federal Government generally.' In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"(c) Section 107 (except par.(5) of subsec. (a) thereof and subsec. (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of insular possessions), section 13 (relating to the retired pay of certain judges), section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures "1933" (except in such secs. 13, 14, and 15) shall be read as "1935"; and the figures "1934" shall be read as "1935"; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally. In the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"(d) Notwithstanding the provisions of the antideficiency acts, deficiencies in their respective appropriations made during the second session of the Seventy-third Congress and available for obligation during the fiscal year ending June 30, 1935, may be incurred during such fiscal year by any executive department or independent establishment and the municipal government of the District of Columbia, upon written order of the President specifying the amount of the deficiency which may be incurred, and by the legislative branch of the Government and the agencies customarily considered a part of such branch; but such deficiencies may be incurred only to the extent necessary to enable the payment to officers and employees of such activities of sums for which the available appropriation is inadequate by reason of a diminution in the percentage of reduction of compensation in pursuance of action of the President under the provisions of section 3 of title II of such act of March 20, 1933, as continued for the fiscal year 1935.

"(e) There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this subsection. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia

and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Mr. WOODRUM. Mr. Speaker, I move that the House further insist on its amendment to the Senate amendment.

Mr. CONNERY. Mr. Speaker, I offer a preferential motion, which is at the Clerk's desk.

The Clerk read as follows:

By Mr. CONNERY: I move that the House recede from its disagreement to Senate amendment no. 14 and concur in the Senate amendment.

Mr. RANKIN. Mr. Speaker, I demand a division of that question.

The SPEAKER. The gentleman from Mississippi demands a division of the motion.

Mr. WOODRUM. Mr. Speaker, there has been so much debate and discussion of the matters involved in this bill that I want to ask the cooperation of the House in disposing of both of these amendments as speedily as possible, but without any intention whatever of cutting off any person who may desire to speak.

I should like to say, simply to make plain the parliamentary situation, the conferees met the conferees of the Senate, of course, with rigid instructions from the House. The House had definitely stated its position on the pay cut by the adoption of the Vinson amendment. The conferees of the House, of course, have no alternative to go below the provisions of that amendment, even if they were inclined to do so. The House had also, by its own vote, specifically refused to concur in the Senate amendment, so the conferees of the House could not go below the Vinson amendment on the pay cut, nor did they have a right to accede to the Senate amendment on the pay cut.

So we were virtually foreordained to bring back in this respect a disagreement.

Now, the Senate conferees were not willing to accept the House amendments, so the only parliamentary way in which the matter could come back again for consideration here was for the House to take the matter up and either concur in the Senate amendments or insist on its own action.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. If the House insists on its amendments and the bill again goes back to conference, then before a further disagreement can be reported it must be acted upon by the Senate?

Mr. WOODRUM. If the House insists on its amendments then the papers go to the Senate and the Senate considers the matter, and if the Senate further insists upon its amendments it again goes to conference.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BRITTEN. Can the gentleman, without violating any confidences, indicate to the House what the attitude of the administration will be on both these questions?

Mr. WOODRUM. The gentleman cannot.

Mr. BRITTEN. There are many Members on the floor of the House right now who undoubtedly would like to vote for the McCarran amendment restoring to the veterans 90 percent of their benefits; but, on the other hand, if it could be made known that the President will definitely veto that amendment, but would accept a 75-percent restoration, I think it would be of intense interest to the Membership of the House. That is the reason I asked the question.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. O'CONNOR. Amendment no. 14, the pay-cut amendment, was adopted in the Senate by a vote of 41 to 40, as I recall. Since that time it has not been voted upon in the Senate, although the House has twice voted upon it. I say this, suggesting that we should insist that the Senate vote upon that amendment again. We have voted on it twice but the Senate has not voted upon it since it has been in conference.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SNELL. I want to emphasize the statement made by the gentleman from New York [Mr. O'CONNOR]; and it was in that connection I took the floor to ask the gentleman a question. It seems to me it is only fair that the House insist on its action and that the Senate vote on these two propositions.

Mr. WOODRUM. I think both amendments ought to go over for definite action by the Senate. [Applause.]

Mr. SNELL. That is my position.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. COX. The statement the gentleman has just made takes care of the question I wanted to ask. Without intending to reflect upon anyone, there prevails a feeling that the conferees make this motion to further insist upon the position of the House in a half-hearted manner. I make this statement in order to get a disclaimer from the gentleman from Virginia.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Not right now; I want to make the disclaimer.

The gentleman from Georgia, my good friend and colleague, suggests that the conferees of the House make the motion that the House further insist upon the amendments of the House half-heartedly. I do not know what purpose the gentleman has in suggesting it; but I can show my record and the record of the Appropriations Committee of the House from the beginning. Whatever may be the ultimate fate of this legislation, we have appeared here time and time again begging the House and pleading with the House to permit the bill to go to conference in order that we might work out something. I did not vote for amendments nos. 14 and 22 for reasons I have stated many times, and which I do not think it necessary now to repeat. But, as the chairman of the House conferees, I, and every one of my colleagues in the conference, insisted upon the amendments of the House. We are here today expecting to vote to sustain the position of the House; and I ask what else we could do as an evidence of our sincerity and good intention? [Applause.]

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LEHLBACH. In the event the House should insist on its amendments to Senate amendments nos. 14 and 22, from what has occurred in the conference and knowing the attitude of the Senate conferees, does the gentleman think a further insistence on the part of the House will have any effect upon the Senate's action?

Mr. WOODRUM. If the gentleman is asking me to prophesy as to what might be done in another legislative body, he is attributing to me powers I appreciate but which I do not possess.

Mr. LEHLBACH. I thought the gentleman might have information that the rest of the Membership did not have.

Mr. WOODRUM. The gentleman has not. Mr. Speaker, I now yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Mr. Speaker, does not the gentleman feel in the event the President should veto this bill that the World War Veterans' Committee would hold hearings? The administration thus far has apparently not allowed the World War veterans to hold hearings. The World War Veterans' Committee could hold hearings and we would report out a bill. I feel very sure the Members will not go back to their districts without doing something for the veterans.

Mr. WOODRUM. Do I understand the lady to say that the administration is not permitting the World War Veterans' Committee to hold hearings?

Mrs. ROGERS of Massachusetts. I say the committee has not held hearings.

Mr. WOODRUM. That is quite a different situation. The chairman of that committee can answer that question.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. As Chairman of the World War Veterans' Committee I desire to say to the lady from Massachusetts [Mrs. ROGERS] that since this legislation has been before the House we have felt that this was the best opportunity we had to help get back for these disabled veterans a part of what the lady from Massachusetts helped take away from them last year. [Applause.]

Mrs. ROGERS of Massachusetts. I think the gentleman will remember that when I discovered the TB's and NP's and others were taken from the rolls I voted for the Steiwer-Cutting amendment to put them back.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. Mr. Speaker, formerly I received numerous appeals from the veterans of my State insisting that I vote to recede and concur in the Senate amendment, and not send the bill to conference. I thought it was a mistake to do this, that we could get the most for them by adhering to the position of this House; therefore, from the first I voted to send the bill to conference. Now I get telegrams from the same people asking me to stand by the House. Is there not a suspicion here that the friends of the veterans on this floor have overplayed their hand? [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY]. I then propose to yield to the gentleman from New York, after which I shall move the previous question.

Mr. CONNERY. Mr. Speaker, we are back practically to the same parliamentary situation that we were in last Thursday. The gentleman from Virginia [Mr. WOODRUM] has moved to insist on the House amendment. I have moved to concur in the Senate amendment. The gentleman from Mississippi has asked for a division on that motion.

If you want the McCarran-Steiwer Senate amendment, which I favor, your vote is "aye." That is all I will say on that matter.

Some Members have been getting telegrams from State commanders of the Legion back home telling them to stand by the Taber amendment and vote to send this to conference and to insist on the House amendment. And last week you got a letter from John Thomas Taylor, legislative representative of the American Legion, telling you to stand by the Steiwer-McCarran amendment. You are in a sort of dilemma. You want to know what is the best thing for the veterans of the United States, and I am going to tell you what I think is best for them. All I can do is to tell you how I feel about going back to my own particular district. You gentlemen know your own districts. When I go back to my district and stand up before 2,000 veterans I do not want any man in the meeting to stand up and say: "Mr. CONNERY, the Senate passed legislation which would give back to the disabled veterans 90 percent of their compensation. You voted in the House of Representatives to cut that to 75 percent. Why did you do so?" If I should say "Well, I was afraid of a veto", they would come back and say: "Is there not a legislative branch in the Government? Are you supposed to predict vetoes ahead of time, or are you supposed to be a Representative of the American people in the Congress of the United States and do your legislative duty?"

Mr. Speaker, I will be glad to say in that situation that I voted for the McCarran-Steiwer amendment, and it does not make any difference to me whether the national commander of the American Legion or the legislative representative of the American Legion, John Thomas Taylor, ran out on the veterans at the last minute, because I have seen American Legion national commanders run out on the veterans before.

The ones I am interested in are the rank and file of the American Legion in the 11,000 posts of the United States who sent delegates to a national convention of the American Legion, and in that convention voted for a four-point plan, three of which are incorporated in the Steiwer-Mc-

Carran amendment and are not in the House amendment. [Applause.]

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. The gentleman spoke of Mr. Taylor. I have no command from Taylor. He has never given me commands, but I have orders from my American Legion post in the State of Oregon to stand by the House amendment. How am I going to square myself?

Mr. CONNERY. Go back and talk to the men for a change. Do not talk to the generals and the big fellows. Talk to the men. [Applause.]

Mr. MARTIN of Oregon. I am acting according to my best judgment and conscience.

Mr. CONNERY. I have the highest respect for the gentleman from Oregon, but may I say to the gentleman from Oregon that he should talk to the men out there who have had their compensation taken away from them and not to the State commanders or the brass hats.

Mr. MARTIN of Oregon. I believed in the House position in the first place, and I believe in it now, so I am going along with your man Taylor and with the Legion men of my own State.

Mr. CONNERY. You are going along with the State commander of the Legion and the legislative representative of the Legion, but the veterans of your State want the Steiwer-McCarran amendment.

Mr. MARTIN of Oregon. Have they broken away from their leadership?

Mr. CONNERY. I do not care to yield further. We are on amendment no. 14.

Mr. TREADWAY. Will the gentleman yield?

Mr. CONNERY. I yield to my friend and colleague from Massachusetts.

Mr. TREADWAY. On what is the general opinion based that the 90-percent amendment which the gentleman is advocating will bring about a veto of the existing bill?

Mr. CONNERY. I have not the slightest idea.

Mr. TREADWAY. It is general talk.

Mr. CONNERY. Yes. I have heard a lot of general talk in the last 11 years and then suddenly the talk veers in another direction. So I do not take these things seriously until I have the absolute facts.

Mr. TREADWAY. Nothing has been definitely or concretely reported along that line?

Mr. CONNERY. Not that I know of. I do not know what the President's mind is on this legislation.

Mr. TREADWAY. I thank my colleague. Let me now ask the other question which I have in mind. Of course, the members of the American Legion or the World War veterans are not the only ones involved in this amendment. What effect will the different amendments have on the Spanish War veterans?

Mr. CONNERY. The 90 percent provided in the McCarran amendment pushes them up, while the House amendment cuts them down.

Mr. TREADWAY. It has the same effect on both the Spanish War veterans and the World War veterans?

Mr. CONNERY. There is a little difference, but the House amendment cuts them both.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CONNERY. May I make this statement before I yield to my friend from Wisconsin?

This motion involves amendment no. 14, which has to do with the restoration of the pay of Government employees. In the movies lately you have seen big demonstrations of postal employees carrying banners saying "We must have milk for our children" and "We must live." This has reference to the furloughs and pay cuts of the postal employees, including substitute letter carriers; but there are some 700,000 or 800,000 Government employees in the country, and only 60,000 or 65,000 of them are here in Washington. The rest of the Government employees are

scattered throughout the United States, and when you cut their pay you are taking away the buying power of a great number of these 600,000 or 700,000 American citizens who buy in your home town or in your home city. You are taking away their buying power, and for that reason I hope you will vote "yea" on this motion, which will restore full pay to Government employees.

I now yield to the gentleman from Wisconsin.

Mr. O'MALLEY. We have heard some statements to the effect the bill would be vetoed if the Senate amendments were agreed to, and I have also been told that there is no assurance the bill will not be vetoed if the House amendment is passed. As a practical friend of the veterans and the Government workers, rather than a sentimental friend, what does the gentleman think we ought to do with respect to the Senate amendments?

Mr. CONNERY. I think we ought to go straight through. The President is the President of the United States, and let him use his veto power if he wishes. If the House wants to sustain his veto, that is the business of the House and the Senate; and if it is vetoed and the veto is sustained, let us ask the distinguished gentleman from Mississippi [Mr. RANKIN], Chairman of the Veterans' Committee, to call hearings on the Rankin bill, which contains the four-point Legion plan, bring it before the House, and pass it.

Mr. O'MALLEY. And we will not know whether either proposition will be vetoed until we get a veto message.

Mr. CONNERY. We will not know about that until the measure is on the President's desk.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BLANTON. Every Member of this House has deep, lasting affection for our friend from Massachusetts. He is sincere, honest, earnest, and conscientious in every stand he takes here, and I am sorry I cannot follow him today. But I am afraid he will injure rather than help his friends. Was it the workers or the Legion men who said, "We can take care of our enemies, but, O God, protect us from our friends"?

Mr. CONNERY. That may be so. I do not know whether or not it was a legionnaire who said that. I suppose my friend from Texas figures I am hurting the veterans by being a friend to them today, but I am willing to take my chances with the veterans. I feel sure that they see clearly what I am doing today.

I hope the House will vote to concur in Senate amendment no. 14. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the question before the House is amendment no. 14, relating to pay. The House position calls for restoration as of February 1 of 5 percent of the pay and of 10 percent on July 1.

The House has voted decisively in accordance with its conscience twice on this amendment. Never in the time that I have been in Congress have I known it to be necessary for the House to go on record three times before we would get any action on the part of the Senate. I think it is now time for the House to assert its dignity and let the Senate know that when the House says something it means it. [Applause.]

Our position on this question has been fair to the employees, and I think we should vote today just as we voted the other day and let the Senate accept our amendment; and when we have voted in this way, we should send a message to the Senate asking for a conference, so that the papers will be over there and they will have to vote on what we have submitted to them. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, last summer when the House adjourned, I went back to my district and took a very active part in the campaign which was waged there to get the people and the business interests of the country to back up the national recovery program and to sign the President's reemployment agreement. I asked the people in my dis-

trict, including the owners and operators of business establishments and the employers of workers, to join the President of the United States in reemploying people, in increasing their wages, and in promoting prosperity through an increase in purchasing power.

I have no criticism to make of any Member who sees the matter differently; but I cannot, for myself, go back to the people of my district and say I have supported a different policy for our own government as compared with the policy the Government has been asking them to follow with respect to their employees and their own business. For this reason I feel it is imperative that the United States Government adopt this policy of national recovery in the administration of its own affairs—that it put back the salaries of Federal employees to what they were prior to the Economy Act and increase their purchasing power so that they may spend this money with the business men who have followed the policy which the Government has been advocating.

Mr. KENNEY. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. KENNEY. If we were to restore the full 15 percent to Federal employees, there is nothing that would prevent the President, under the Economy Act, from taking away 5 percent of the restoration by a furlough system.

Mr. RAMSPECK. That may be true; but, as stated last week, I am not in sympathy with the furlough system.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I am very much interested in the pay-cut provisions of this bill, and I may say for the information of the House that the conferees have agreed to all amendments with the exception of amendment no. 14, which is the pay-cut amendment.

The House and Senate are in disagreement as to whether the restoration shall be 10 percent or 15 percent on July 1, while both agree we shall grant a 5-percent increase as of February 1.

Now, above and beyond all that, both Houses are in agreement as to the restoration of automatic promotions and the restoration of administrative promotions. I feel, in view of the fact that there is but a difference of 5 percent between the House and the Senate bill, and that there is so much more in the bill to which we have already agreed, and because of the further fact that the President has the right to add the additional 5 percent when the cost of living advances, that there is too much involved to take chances on its defeat.

I should like to see the House and the Senate unite in restoring automatic and administrative promotions immediately, and 5-percent pay restoration as of February 1 and 5 or 10 percent additional on July 1.

I should hate to have this splendid program wrecked, because I believe there is another question that merits our consideration, that is the relief for postal substitute employees. I want something done for the substitutes who are not mentioned in this bill. We hope next week to hold hearings in regard to the furloughing of postal employees, and I trust our committee will take some action in that connection. Our committee has reported out a bill to aid postal substitutes, and I hope that measure will be acted upon by the other body. With this program in mind, I trust Members will vote for the benefits in this bill. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, I am for sending this bill to conference in all sincerity and all honesty, because I believe we shall be able to do something for these employees if this course is followed.

I resent most earnestly the imputation that the conferees appointed by you did not work zealously and assiduously to carry out your instructions.

I can add but very little to the statement made by the distinguished chairman of the House conferees. I have always been consistently for the Federal employees. I am

for sending this amendment to the Senate again because I want to help them. I do not want to go back empty handed and say we did all we could but were not successful.

I am not in favor of going through, as has been suggested to you, if when you do go through you are up against a stone wall. That will not do any good; no one will be helped by that course. We want to bring some measure of relief, and the only way we can do that is to send the conference report back to the Senate and let them vote on it.

As has been stated, the Senate has not declared itself on it since the amendment was voted into the bill.

I have received thousands of communications from leaders of various unions saying that they are in hearty sympathy with the House amendments. They believe that 10 percent is a substantial increase, and they are willing to take that rather than get nothing.

I am not one of those who believe in following a definite and particular line that would lead you on to destruction. I am practical, my experience has taught me to be practical, and I want to go back and say to the Federal employees, "I am giving you something."

Mr. CONNERY. Will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. CONNERY. In regard to the gentleman's statement about going along a particular line and up against a stone wall, if the gentleman's idea should prevail, Senator NORRIS would have stopped, and we would still have had a lame-duck session.

Mr. BOYLAN. I say to the gentleman again, I will not lead in a line of endeavor that winds up against a stone wall and return to the Federal employees with empty hands. [Applause.]

Mr. WOODRUM. Mr. Speaker, as I understand it, the first vote will come upon the preferential motion to recede and concur. There has been a division of that question, so that we shall vote first on the motion to recede.

The SPEAKER. That is correct.

Mr. WOODRUM. Those Members who desire to sustain the House action and further insist upon the House amendment to the Senate amendment will vote "nay."

The SPEAKER. That is correct.

Mr. WOODRUM. And those desiring to accept the Senate amendment will vote "yea."

The SPEAKER. That is correct.

Mr. WOODRUM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts that the House recede from its amendment to Senate amendment numbered 14.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 98, noes 146.

Mr. CONNERY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 164, nays 229, not voting 39, as follows:

[Roll No. 113]

YEAS—164

Andrew, Mass.	Cochran, Pa.	Eaton	Healey
Arens	Collins, Calif.	Edmonds	Hess
Auf der Heide	Condon	Ellenbogen	Higgins
Ayers, Mont.	Connery	Eltsch, Calif.	Hildebrandt
Bacharach	Connolly	Englebright	Hill, Knute
Bakewell	Cooper, Ohio	Evans	Hill, Samuel B.
Black	Crosser, Ohio	Fernandez	Hoepfel
Blanchard	Crump	Fish	Hollister
Bloom	Cullen	Fitzgibbons	Holmes
Bolleau	Darrow	Fitzpatrick	Hope
Bolton	Dear	Fletcher	Howard
Britten	Delaney	Ford	James
Brunner	De Priest	Foss	Jenckes, Ind.
Burke, Calif.	Dickstein	Frear	Jenkins, Ohio
Burnham	Dingell	Gasque	Johnson, Minn.
Carpenter, Nebr.	Ditter	Gavagan	Kahn
Carter, Calif.	Dockweiler	Gilchrist	Kelly, Pa.
Carter, Wyo.	Dondero	Gillespie	Kennedy, N.Y.
Castellow	Douglass	Goss	Kinzer
Cavichia	Doutrich	Granfield	Knutson
Chase	Dowell	Greenway	Kopplemann
Chavez	Dunn	Griswold	Kramer
Clarke, N.Y.	Eagle	Hartley	Kurtz

Kvale	Monaghan, Mont.	Seger	Traeger
Lambertson	Mott	Shoemaker	Treadway
Lanzetta	Moynihan, Ill.	Sinclair	Truax
Lehibach	Murdock	Sirovich	Turpin
Lemke	Nesbit	Smith, Wash.	Waldron
Lindsay	O'Malley	Snell	Wallgren
Lundeen	Peavey	Somers, N.Y.	Weideman
McCormack	Powers	Stalker	Welch
McFadden	Ramspeck	Strong, Pa.	Werner
McGrath	Randolph	Strong, Tex.	Whitley
McLean	Ransley	Stubbs	Wigglesworth
McLeod	Reece	Studley	Withrow
Maloney, Conn.	Reed, N.Y.	Sutphin	Wolcott
Maloney, La.	Rogers, Mass.	Sweeney	Wolfenden
Mapes	Rogers, N.H.	Swick	Wolverton
Marshall	Rudd	Taylor, Tenn.	Wood, Mo.
Martin, Mass.	Sadowski	Thurston	Woodruff
Millard	Scrugham	Tobey	Zioncheck

NAYS—229

Allgood	Disney	Lambeth	Richardson
Andrews, N.Y.	Dobbins	Lamneck	Robertson
Arnold	Doughton	Lanham	Robinson
Ayres, Kans.	Doxey	Larrabee	Rogers, Okla.
Bailey	Drewry	Lea, Calif.	Romjue
Bankhead	Driver	Lee, Mo.	Ruffin
Beam	Duncan, Mo.	Lewis, Colo.	Sabath
Beck	Durgan, Ind.	Lewis, Md.	Sanders
Beiter	Edmiston	Lloyd	Sandlin
Biermann	Elcher	Lozier	Schaefer
Bland	Ellzey, Miss.	Luce	Schuetz
Blanton	Faddis	Ludlow	Sears
Boehne	Farley	McCarthy	Secrest
Boland	Fiesinger	McClintic	Shallenberger
Boylan	Flannagan	McFarlane	Sisson
Brennan	Focht	McGugin	Smith, Va.
Brown, Ga.	Frey	McReynolds	Smith, W.Va.
Brown, Ky.	Fuller	McSwain	Snyder
Brown, Mich.	Fulmer	Mansfield	Spence
Browning	Gambrill	Mariand	Steagall
Buchanan	Gifford	Martin, Colo.	Stokes
Buck	Gillette	Martin, Oreg.	Summers, Tex.
Bulwinkle	Glover	May	Swank
Burch	Goldsborough	Mead	Taber
Burke, Nebr.	Goodwin	Meeks	Tarver
Busby	Gray	Merritt	Taylor, Colo.
Byrns	Green	Miller	Taylor, S.C.
Cady	Gregory	Milligan	Terrell, Tex.
Caldwell	Griffin	Mitchell	Terry, Ark.
Cannon, Mo.	Haines	Montague	Thom
Carden, Ky.	Hancock, N.C.	Montet	Thomas
Carmichael	Hancock, N.Y.	Moran	Thomason
Carpenter, Kans.	Harlan	Morehead	Thompson, Ill.
Cartwright	Hart	Musselwhite	Thompson, Tex.
Celler	Harter	O'Brien	Tinkham
Christianson	Hastings	O'Connell	Turner
Church	Henney	O'Connor	Umstead
Clark, N.C.	Hill, Ala.	Oliver, Ala.	Vinson, Ga.
Cochran, Mo.	Holdale	Oliver, N.Y.	Vinson, Ky.
Coffin	Huddleston	Owen	Wadsworth
Colden	Hughes	Palmsano	Walter
Cole	Imhoff	Parker	Warren
Collins, Miss.	Jacobson	Parks	Wearin
Colmer	Jeffers	Parsons	Weaver
Cooper, Tenn.	Johnson, Okla.	Patman	West, Ohio
Corning	Johnson, Tex.	Peterson	West, Tex.
Cox	Johnson, W.Va.	Pettengill	White
Cravens	Jones	Peyster	Whittington
Crosby	Kee	Pierce	Wilcox
Cross, Tex.	Keller	Plumley	Willford
Crowe	Kelly, Ill.	Polk	Wilson
Culkin	Kennedy, Md.	Prall	Wood, Ga.
Cummings	Kenney	Ramsay	Woodrum
Darden	Kerr	Rankin	Young
Deen	Kleberg	Rayburn	The Speaker
DeRouen	Kloeb	Reilly	
Dickinson	Kniffin	Rich	
Dies	Kocialkowski	Richards	

NOT VOTING—39

Abernethy	Cannon, Wis.	Guyer	Pou
Adair	Carley, N.Y.	Hamilton	Reid, Ill.
Adams	Cary	Lehr	Schulte
Allen	Chapman	Lesinski	Shannon
Bacon	Claiborne	McDuffie	Simpson
Beedy	Crowther	McKeown	Sullivan
Berlin	Dirksen	McMillan	Underwood
Brooks	Duffey	Muldowney	Utterback
Brumm	Foulkes	Norton	Williams
Buckbee	Greenwood	Perkins	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "nay."

So the motion to recede was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Guyer (for) with Mr. Perkins (against).
 Mr. Buckbee (for) with Mr. Abernethy (against).
 Mr. Dirksen (for) with Mr. Claiborne (against).
 Mr. Muldowney (for) with Mrs. Norton (against).
 Mr. Sullivan (for) with Mr. Simpson (against).
 Mr. Beedy (for) with Mr. Brooks (against).

Mr. Schulte (for) with Mr. Pou (against).
 Mr. Allen (for) with Mr. Hamilton (against).
 Mr. Crowther (for) with Mr. McDuffie (against).

General pairs:

Mr. Greenwood with Mr. Bacon.
 Mr. McMillan with Mr. Reid of Illinois.
 Mr. Chapman with Mr. Brumm.
 Mr. Underwood with Mr. Duffey.
 Mr. Shannon with Mr. Lehr.
 Mr. Utterback with Mr. Adams.
 Mr. Cannon of Wisconsin with Mr. Adair.
 Mr. Williams with Mr. Berlin.
 Mr. Lesinski with Mr. Foulkes.
 Mr. Cary with Mr. Carley of New York.

Mrs. JENCKES of Indiana and Mr. DICKSTEIN changed their vote from "nay" to "yea."

Mr. GOODWIN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question now recurs upon the motion of the gentleman from Virginia [Mr. WOODRUM] that the House further insist upon its amendment to Senate amendment no. 14.

The question was taken, and the motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

That the House agree to the amendment of the Senate no. 22 to said bill with the following amendment:

In lieu of the matter proposed to be inserted by said Senate amendment insert:

"TITLE III—VETERANS PROVISIONS"

"SEC. 26. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases.

"SEC. 27. Where service connection for a disease, injury, or disability not caused by his own willful misconduct was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided*, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933.

"SEC. 28. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or

after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.

"Sec. 29. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: '*Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses.'

"Sec. 30. Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow as long as she remains unmarried and/or dependents of any such veteran, shall be reduced by more than 25 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases and except where his disability is the result of his own willful misconduct: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax: *Provided, however*, That a veteran in Federal employ shall not receive more than \$6 per month if his salary if single exceeds \$1,000 and if married \$2,500: *Provided further*, That this section shall not apply to any person who enlisted after August 12, 1898, and who did not serve in either the Boxer rebellion or the Philippine insurrection.

"All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

"Sec. 31. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"Sec. 32. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"Sec. 33. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pensions.'

"Sec. 34. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

"Sec. 35. That notwithstanding the provisions of section 17 of title I of an act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, and section 20 of an act entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes', approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws."

Mr. WOODRUM. Mr. Speaker, I move that the House further insist upon its amendment to Senate amendment no. 22.

Mr. CONNERY. Mr. Speaker, I offer a preferential motion, which I send to the desk.

The Clerk read as follows:

Mr. CONNERY moves that the House recede from its amendment to Senate amendment no. 22 and concur in the same.

Mr. WHITTINGTON. Mr. Speaker, I demand a division of the motion.

The SPEAKER. The gentleman from Mississippi demands a division.

Mr. WOODRUM. Mr. Speaker, we have just received a message from the Senate which seems to come at a psychological moment, because the message indicates that the Senate seems to be in an amiable mood and has agreed to something that the House has done. It seems to me an encouraging sign and should encourage the House to find out whether or not they will not concur in the House amendment to Senate amendment no. 22.

Mr. Speaker, the parliamentary situation on this amendment is the same as on amendment numbered 14. If the House further insists upon its amendment to Senate amendment numbered 22, the bill will then go to the Senate for its action. Whether or not it will concur in the House amendment or further insist on its own amendment, of course, we do not know. If it concurs in the House amendment, that is the end, so far as that amendment is concerned. If it further insists, then we are back in conference, and I do not know where we will go from there. I think the House ought to insist upon its amendment to Senate amendment numbered 22 so that the Senate may take the matter up and consider whether or not it will agree to this action of the House.

I am anxious to dispose of the debate on this matter as early as possible, but several of our colleagues want a few minutes' time, and I shall ask the indulgence of the House to permit me to yield them time.

Mr. McCLINTIC. Is it not true that this is the only way by which we can force the Senate to go on record—that is, by sending it back?

Mr. WOODRUM. It is the only way that we can force the Senate to act, but we cannot force them to go on record.

Mr. McCLINTIC. I meant to act.

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I do not desire to take up the time of the House, but I simply want to say to the Members if you are in favor of the Senate amendment you will vote "aye" when this question comes up to concur with the Senate amendment no. 22.

We have covered the entire situation as far as the American Legion is concerned in the previous debate. The Members may not know that the Veterans of Foreign Wars, who had to be overseas men, have not gone back one inch on the

McCarran-Steiwer amendment. They are standing pat. They have not changed at all.

Mr. GAVAGAN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GAVAGAN. Of course, the gentleman does not mean to infer that some American Legionnaires were not overseas?

Mr. CONNERY. Oh, no; of course not. A great many of the American Legion members were overseas, but every member of the Veterans of Foreign Wars had to be overseas or he could not be a member of the organization.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. JOHNSON of Oklahoma. I will say that I am a member of both organizations.

Mr. CONNERY. And so am I.

Mr. JOHNSON of Oklahoma. With reference to the gentleman's statement, does he not think the Veterans of Foreign Wars would much prefer to have what the House proposes to give them than to have what he is asking for, the Senate amendment, and run the risk of a veto?

Mr. CONNERY. I do not subscribe at all to the question that because there might be a veto we should not vote for the Senate amendment. If you believe in the Senate amendment, regardless of the political situation, I do not believe you should throw away your vote in the House of Representatives simply because somebody tells you that the bill is going to be vetoed. Suppose the bill is vetoed, you still have your right as a Member of this House to override the veto. If you do not see fit to do that, if you see fit to sustain the veto, you still have an opportunity, before the Congress adjourns, to vote for the Rankin bill or any other veterans' legislation which the Committee on Veterans' Legislation or the Committee on Appropriations should see fit to bring to the floor of the House.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. Was it not said when this bill was brought into the House originally under gag rule, that if we dotted an "i" or crossed a "t" the bill would be vetoed? If those insinuations that were made in order to pass the gag rule on the original bill are true, we can only gather that neither one of these amendments is satisfactory to the President.

Mr. CONNERY. I do not remember whether those statements were made at that time, but I will say that I have not heard anybody on the floor of this House say yet that the House amendment would not be vetoed by the President, just the same as the Senate amendment.

Mr. O'MALLEY. I want to get something for the veteran. I am willing to take either one.

Mr. BLANCHARD. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BLANCHARD. In other words, we have no more assurance if we take the House amendment than we have in case we take the Senate amendment that the President will not veto the bill?

Mr. CONNERY. We have no more assurance that the House amendment will not be vetoed than we have that the Senate amendment will not be vetoed.

Mr. TRUAX. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. TRUAX. When we vote for the gentleman's motion they cannot say we are voting against the President this time?

Mr. CONNERY. No.

Mr. TRUAX. Because the President has no program that is before the House on veterans' legislation.

Mr. CONNERY. No. And he has not given any public statement that he will veto anything that the Congress passes in this legislation.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BLANTON. On the question of the President's position, did not Senator BYRNES, at the time these Senate

amendments were passed, state emphatically in the Senate that the President would veto those amendments?

Mr. CONNERY. Which amendments?

Mr. BLANTON. Senate amendment no. 14 and also this particular amendment that we are voting on now, Senate amendment no. 22.

Mr. CONNERY. I do not know what Senator BYRNES said, but the President has not said anything.

Mr. BLANTON. But is not Senator BYRNES the official spokesman of the President in the Senate?

Mr. CONNERY. That is something the gentleman from Texas may know. I do not know who is the official spokesman of the President in the Senate.

Mr. COX. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COX. Is it the gentleman's conviction that the President would veto the bill, from the information he already has?

Mr. CONNERY. I would not say so; no, sir.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CARPENTER of Kansas. If we are voting against the Senate amendment we are voting to cut the veterans down to 75 percent, whereas we are voting to raise our own salaries up to 95 percent?

Mr. CONNERY. That is absolutely correct.

Mr. JOHNSON of Oklahoma. The gentleman from Massachusetts is mistaken. That is not correct.

Mr. CONNERY. The gentleman from Oklahoma says that is not correct?

Mr. JOHNSON of Oklahoma. No; the veterans are getting nothing now, so it is not stating the facts to say this House is voting to cut veterans today. Please bear in mind that the veteran is not getting anything now. If the House amendment prevails these veterans would receive 75 percent. If the amendment of the gentleman from Massachusetts prevails it is well understood the veteran gets absolutely nothing.

Mr. CONNERY. In other words, the gentleman from Oklahoma wants to give the veteran 75 percent because he is getting nothing, and we want to give him 90 percent because he is getting nothing.

Mr. KELLER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. KELLER. Which, in the opinion of the gentleman, would the President most likely accept, the Senate amendment or the House amendment?

Mr. CONNERY. I do not know what the President will accept or will not accept.

Mr. LAMBERTSON. Have we not a right to presume that the President will sign this bill with the 90 percent in it, since he told the world that he would veto the bonus bill and he has not told us he would veto this? Have we not the right to presume that he will sign it?

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 additional minutes to the gentleman from Massachusetts.

Mr. CONNERY. I cannot prophecy the President's stand until the bill reaches him at his desk.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DUNN. Is it not a fact that many Spanish-American War veterans receive but \$15 a month?

Mr. CONNERY. Yes.

Mr. DUNN. What does 90 percent of that mean? It means nothing.

Mr. CONNERY. The Senate amendment does not mean that such a veteran would receive 90 percent of the \$15 a month; it means he would receive 90 percent of what he was getting before the economy bill passed.

Mr. DUNN. I still maintain that that is not enough.

Mr. CONNERY. It took the Spanish War veteran 25 years to get what the House provided for him unanimously a short while before the economy bill passed. Then they cut him down to \$15.

Mr. DUNN. I think the House ought to make a restoration of 100 percent in the benefits for the veterans.

Mr. CONNERY. Mr. Speaker, I thank the Members for their courtesy, and hope they will go along with me on my motion to concur in the Senate amendment no. 22. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Speaker, I believe I have the right to claim I am a friend to the disabled veterans. I believe my record in the past year or so sustains this claim.

I do not impugn the motives of anybody who may differ with me on what I think we should do; but my mind is perfectly clear as to what my duty is. I am not willing to act on any political expediency or consideration. I think the first consideration we should have is what is best for the disabled veterans that are now being made a football of in some quarters, and a political football at that.

As a practical proposition, we know that when the economy bill was passed—and I opposed it just as vigorously as I could—we then placed in the hands of the Executive the power to control any increases to veterans which might be given unless two thirds of each branch of Congress should differ with him of record. I believe we know that we acted wisely before when we added \$100,000,000 to the benefits for disabled men before the last session adjourned, although that was not all that many of us wanted. Many of the real friends of the veterans, however, felt they were doing a service when we got that, as it was all we could get.

Now we come to this proposition. I have a right to rely on information that has been given to me that the President will veto the Senate amendments; and I believe that when he does it he is going to headline misconduct cases which the Senate amendment put back on the rolls; that he is going to headline peace-time service which the Senate amendment puts back; that he is going to headline remarried widows of the Spanish War veterans, which the Senate amendment puts on.

For the sake of the 15-percent difference, or the 25-percent difference with the presumptives, I am not willing to run the disabled men, regardless of what political effect it may have on me, against a vigorous veto of that kind; and I do not believe any friend of the veteran here who understands it is willing to do such a thing. [Applause.]

I do not know whether the President will sign the House provision or not, the Taber amendment; but I do know that there can be no justified sting in a veto that could be written against the poor old Spanish War men getting 75 percent of their former benefits. [Applause.] And I do know that there can be no sting in any veto of the provisions for the men who have been connected by law, the presumptives, 29,000 of them, who now have tuberculosis or nervous troubles, because nobody can work up any enthusiasm for attacking sick men under those conditions.

I for one am willing to go straight through from now until the end on the Taber amendment; and I do hope this House will hold the provisions at that point where they can be amply justified.

I believe that if you run the disabled ex-service men of this country against a veto by a strong and popular President at this time with the vulnerable provisions in the Senate amendment that you will set their cause back 10 years before the country. [Applause.]

Now, Mr. Speaker, I want to beg of the Members of this House not to do a thing that would put into the hands of anybody who wants to use it material that would be ample justification for an assault on disabled veterans. I do not want a veto of any kind. I want to beg of the Members not to do something that can not become an accomplished fact, but to insist on provisions that we hope will become law if passed through the House and the Senate. I do not believe any veto can be sustained against the House provision.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 additional minutes to the gentleman from Tennessee.

Mr. CONNERY. Mr. Speaker, will the gentleman yield? Mr. BROWNING. I yield.

Mr. CONNERY. Is the gentleman in favor of removing misconduct cases from the rolls?

Mr. BROWNING. No; some of them I think ought to be left on; but I am talking about the psychology of permitting a headline to go to the country as justification for a veto that willful-misconduct cases have been put back; to allow a headline to go to the country as justification for a veto that peace-time cases have been put back on war-time rates. I am talking in behalf of the Spanish War men and the presumptives, and I am not willing for the sake of having the privilege of standing before my veterans and saying that I voted for the maximum offered for them, because it might be politically expedient to me, when I know it is a fact that they cannot get what I am voting for.

Mr. OLIVER of New York. Mr. Speaker, will the gentleman yield?

Mr. BROWNING. I yield.

Mr. OLIVER of New York. If we give them 75 percent, are we foreclosed from further legislation to bring them back to 90 percent?

Mr. BROWNING. Absolutely not. Look at the position many of us were placed in last session. We wanted more for the disabled than we got when trying to smooth out the roughest results of the economy bill.

In collaboration with Watson Miller, of the American Legion, I drafted the Steiwer-Cutting amendment word for word. We brought it in and submitted it to the steering committee and found it would meet with a veto. That is the reason it was not accepted. The fact I voted against that was no sign I was not for the measure. I was, because with Miller's assistance I drafted the thing, and I ought to have been for the proposed legislation. I would not have done so if I had not thought I was justified by the possibility of getting nothing. There is an old colored philosophy that has been existing a long time in my part of the country which says, "I would rather have a part of something than all of nothing any time", and that is what I am here asking. [Laughter.]

Mr. CONNERY. Will the gentleman yield?

Mr. BROWNING. I yield to the gentleman from Massachusetts.

Mr. CONNERY. If the gentleman feels that 90 percent will be vetoed and that 75 percent will be vetoed, why not go after the 90 percent?

Mr. BROWNING. I did not so state. I do not feel the 75 percent will be vetoed, but I think we can pass that over a veto and we cannot pass the other. I want to get something for the crippled and sick man and not just something we can go home and brag about having voted for. I do not see any object in that at all.

Mr. TRUAX. Will the gentleman yield?

Mr. BROWNING. I yield to the gentleman from Ohio.

Mr. TRUAX. Can the gentleman tell us how much money is involved in the difference between 75 percent and 90 percent?

Mr. BROWNING. I cannot give the gentleman that information. I am sorry. I should have it, and apologize.

Mr. TRUAX. I understand it is about \$21,000,000.

Mr. BROWNING. That sounds like about the proper amount.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. BROWNING. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. If the 90 percent is vetoed, does not the gentleman know that the 75 percent will be passed this session?

Mr. BROWNING. No. I do not know that, and we have no assurance that it will be considered again if this bill fails because of a veto.

Mr. LAMBERTSON. We are giving them the chance to get the 90.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BROWNING. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Will the gentleman vote to pass the House amendment over a Presidential veto?

Mr. BROWNING. Yes; I am ready to do that any time. But I hope it will not be necessary for any Member to do that, as I believe the Taber amendment can stand the test.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Speaker, much has been said about the sting that the Members of this House will be the recipients of if we concur in the Senate amendment. As far as I am concerned, I was sent here for just one purpose, and that is to legislate as I think my people want, without any regard for exterior influences, and if the sting of anybody is going to retire me from public life I will probably have a lot of company and will probably have the company of some of the gentlemen who do not think they will be with me if that is true. I will not be disappointed, because I always expect the worst. However, I do not think that will happen to me, as I have kept my promises to my people.

Much has been said about the misconduct cases. That is good ballyhoo; but let me tell you that during the war when we drafted boys 18, 19, 20, and 21 years old and took them away from good homes and environment and put them on their own in a strange world we did not think so much of their safety or morals. Then we put them in the trenches until they got filthy, lousy, and shell-shocked. These boys were at war, being used for cannon fodder, and did not expect to return home, and they went to Paris for their weekend furloughs and did not know whether or not they would ever see Paris or any other town again; these boys were depressed and did things they normally would not do. Those are some of the misconduct cases that some of you gentlemen would make light of and be ashamed of. The fault lies not with the boys who were made into soldiers, but the blame rests upon those men who inflamed this country into the war to save the world for democracy. They are the guilty ones. Most of them never saw service. This Government never should be ashamed of those cases. Let us do like the Master when they all wanted to stone the lady as she stood upon the shore, and He came upon them and said: John 8:7, "He that is without sin among you, let him first cast a stone at her." And no one cast a stone. Still some of you are throwing stones at the victims of these misconduct cases which most of you would be victims of were you not so lucky in your affairs. [Applause.]

There are two sides to this matter. I am willing to help the fellow who is down and out, the fellow who has been the victim of a thing that we missed. Many of you have been making the most of the situation. There are but very few angels born these days. The Government of the United States is the only Nation in the world that has a misconduct clause in its pension laws. All other nations assume entire responsibility for their soldiers.

The gentleman said we are not foreclosed from fighting for the 90 percent after we pass the 75 percent. I am for fighting for the 90 percent right now. If the President vetoes it, that is all right with me, and I am willing to carry my vote to its logical conclusion. I am responsible for my vote alone and will bear the consequences of it. I care for no political action or reaction, but I want to be able to go home and justify my vote on the ground of my own conscience, reason, and merit. In this day, when we are constantly saying, "Raise the price level", I want to put the veterans back into the same category they were. I am not willing to go along with the international bankers and reduce the standard of American living to the standard of Europe. I am in favor of bringing the American workmen and the American soldier back to the decent level that they had before Great Britain and London started to manipulate the markets of the world. [Applause.]

[Here the gavel fell.]

Mr. HASTINGS. Mr. Speaker, as one of the conferees and as a servant of the House, I did everything that was possible to cooperate with the other House conferees to represent the views of the House in the conference held with the Senate conferees.

With reference to amendment no. 14, affecting the salaries of Federal employees, I expressed my views several days ago when this amendment was up for consideration, and shall not detain the House to reiterate them here further than to again suggest, that in my judgment, the Federal employees should be paid the full amount of their salaries as provided by law and that if there is to be any change or reduction in salaries, that this should be done by legislation considered by a committee, rather than by a reduction in an appropriation bill. For this reason, if I were free to cast my vote, I would vote to restore the full amount of salaries authorized by law. As one of the House conferees, I am instructed to vote for a restoration of 5 percent beginning February 1, 1934, and an additional 5 percent beginning July 1, 1934, and the remaining 5 percent within the discretion of the President.

With reference to amendment no. 22, known as the "veterans' amendments", everyone in the House knows that if the Senate amendments are adopted, this bill will meet with Executive disapproval. Members have been advised of this in the cloakrooms, on the floor of the House, and on the floor of the Senate. Everyone here understands it. No Member here today believes that this bill will pass over the President's veto. The practical thing to do then is to consider how those who are sincerely interested in restoring the maximum benefits to the soldiers can best do that. Shall we vote for the House amendment, which restores very substantial benefits to the soldiers, or vote for the Senate amendments, incur a veto, and secure no benefits for them? The question has been asked, What will become of this bill if the House passes it with the Senate amendments and it is vetoed? Everyone appreciates that the veto will be sustained, and the bill certainly cannot pass the Senate by two-thirds vote.

That will necessitate then, the bringing in of a new independent offices appropriation bill.

This bill was reported under a special rule making in order certain legislative provisions found in this bill. If a new bill is prepared, everyone recognizes that under the state of feeling which now exists in the House no new rule can be procured and that any legislative provisions, such as are carried in this bill, restoring benefits to the soldiers, will be subject to a point of order and cannot therefore be considered.

Therefore, let me warn the Members of the House that if we do not succeed in restoring substantial soldier benefits in this bill, no opportunity will be afforded in another bill which may be reported.

It is then suggested that the Committee on World War Veterans' Legislation of the House can consider and bring in a bill restoring soldier benefits. The answer is that if we cannot enact such legislation in the present bill, and the present bill is vetoed because of the provisions incorporated therein, certainly any legislative bill containing these provisions would be vetoed for the same reasons, and we would not be able to pass that bill over the veto of the President.

The only chance, therefore, of restoring any substantial benefits for the veterans of all wars, and everyone here knows it, is to vote for the House amendment and vote against concurring in the Senate amendments. Every sincere friend of the soldiers should vote to sustain the position of the House.

The legislative representative of the American Legion, Col. John Thomas Taylor, in a letter which I hold in my hand, dated March 21, 1934, advises that we support the House amendment, because by voting for it we secure some substantial benefits to the soldiers of the country, and by voting against it we run the risk of incurring a Presidential veto, which will result in securing no benefits for the soldiers. He states as follows:

MARCH 21, 1934.

MY DEAR CONGRESSMAN: Tomorrow, Thursday, you will again vote on the question of sustaining the House amendments to the independent offices bill, or concurring in the Senate amendments thereto.

It is our opinion that if the House recedes and concurs in the Senate amendments relative to World War veterans, the bill that will go to the President will be vetoed. In which event the veterans will obtain nothing by way of legislation.

The House amendments contain substantially three points of the American Legion four-point program. A vote for them would at least be an effort to provide relief for the World War disabled which is the object of the American Legion.

We respectfully request that you lend your aid and assistance in seeing that the House insists upon its own amendments relative to World War veterans. We are convinced that if the bill goes to the President with the House amendments it will be signed.

Very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

Everyone in the House knows this to be the true situation here and the Members of the House who want to help the soldiers should not be deceived. The soldiers throughout the country are informed and understand the situation.

I also have a telegram from Milt Phillips, department adjutant of the American Legion of Oklahoma, in which he states as follows:

American Legion of Oklahoma wants your active support for House action on veterans' sections of independent offices appropriation bill along general lines of the Taber amendment. What will you gain veteran by getting this bill vetoed with no chance to pass it over veto. Support Legion legislative committee.

This is the only sensible and practical thing to do. Those who want to restore substantial benefits to the soldiers will vote for the House amendment and vote against concurring in the Senate amendments. I prefer to follow the leadership of GORDON BROWNING, WRIGHT PATMAN, JOHN E. RANKIN, and others, who saw distinguished service in both the Spanish-American and World Wars. They are in sympathy with the soldiers and want to secure for them the best possible terms.

Everybody on the floor of this House knows that the only way to gain any substantial benefits for the soldiers of the country is to vote not to recede, but to vote for the House amendment. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am getting tired of listening to speeches on the floor of the House about what the President of the United States is going to do—whether he is going to veto this measure or whether he is going to sign it. In the first place, it is none of our business. The President has the constitutional right to veto any legislation he desires to veto. We have the constitutional duty to legislate, and nothing else, and yet everyone who has spoken this morning has been wondering what the President is going to do. If he vetoes the bill, it will come back and we will have the right to try to pass it over his veto. If we fail, of course, compromise legislation will be brought in, as has always been done in the past.

I think I can speak with some little authority on this question of overriding vetoes. I voted on two occasions on the floor of the House to override the vetoes of Republican Presidents on veteran legislation, and my constituents did not hold it particularly against me. They do not want rubber stamps here in Congress. They want you to legislate on the merits of any bill before you. [Applause.]

I want to take you back a year ago to the economy bill. I was one of those who voted for the economy bill. When I voted for it I had not the slightest idea that the administration was going to take one penny from any veteran with war-service-connected disabilities. I have not time to discuss that issue now. It would take at least 10 minutes to discuss that alone, but I want to point out to you a fact that is overlooked by the people back home, particularly by the press, and sometimes even by the Members of the House. Under the economy bill we struck off the rolls, and we knew it when we voted for the bill, 400,000 veterans with non-service-connected disabilities. They are off today and nobody is trying to put them back. We are dealing today with war-service-connected veterans, Spanish War veterans, and presumptives.

I have risen simply to emphasize the fact that we cannot present alibis here in the House for our votes and hide behind the President and say, "Oh, we were fearful he would veto it." These alibi telegrams that Members have been inserting in the RECORD are just so many scraps of paper

and avoid the real issue as to the merits of the proposal. We should vote our convictions and let the President vote his.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. FISH. That is his right and his privilege. We have certain duties to perform, and all I am asking you to do is to vote on the merits of the proposition. If you are for the bill, vote the bill through; if you are against it, vote it down. Also, do not forget that we are giving these veterans rubber dollars—59-cent dollars—to buy necessities of life, food and clothing, which have increased 15 percent in the last year, and the cost of living is bound to go up further due to governmental restriction of cotton and wheat and the birth control of pigs.

I am reminded, in conclusion, of a story told about General Grant during the Battle of the Wilderness. During that terrific fighting the commander of a Union corps rushed up on horseback and said, "General Grant, General Lee is advancing; he is going to cut us off", and General Grant said, "I am tired of hearing what General Lee is going to try to do; go back to your command and try to do something yourself."

This is my message to the Members of this House. Let us legislate ourselves and let the President veto the bill, or not, as he wants. [Applause.]

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, the gentleman from New York [Mr. FISH] has just said that we ought not to hide behind the President whenever it comes to legislating. I agree with that statement. And he ought not to hide behind the President when it comes to giving an excuse for his vote for the economy bill. [Laughter and applause.]

The gentleman from New York cannot plead that he did not know what was in the economy bill. He knew that it was going to cut off from the benefits of the veterans \$400,000,000 a year.

Another thing, he was plainly told on the floor of the House what was going to be done under the economy bill. The gentleman from New York [Mr. FISH] cannot hide behind the President and unload onto the President of the United States the responsibility for what took place under the Economy Act, for which the gentleman from New York voted. He reminds me of Mr. Wingo's snake railroad, which—

Wobbled in and wobbled out,
And left the people all in doubt,
Whether in its zig-zag track,
It was going west or coming back.

[Laughter.]

Now, Mr. Speaker, I have asked no quarter, and I do not think I have given any. I have taken my part of the criticism—and it has been abundant—for my vote against the economy bill. I had on my mind these disabled men for whom I am fighting today.

Now, there is one group that has not been mentioned here who would be benefited by this measure and that is the widows and orphans of these men with presumptive disabilities. They would be taken care of under this House amendment.

You can say what you please about the American Legion. It is one of the greatest organizations in America. Every man in this House, or nearly every man, has heard from the Legion in his own State.

Mr. CONNERY. But you have not heard anything from Massachusetts in favor of the House amendment.

Mr. RANKIN. Now, I want to read a letter from the vice chairman of the national legislative committee. Mr. Speaker, I ask unanimous consent to print this letter in the RECORD.

The SPEAKER. Without objection, it is so ordered.

The letter is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D.C., March 21, 1934.

MY DEAR CONGRESSMAN: Tomorrow, Thursday, you will again vote on the question of sustaining the House amendments to the

independent offices bill, or concurring in the Senate amendments thereto.

It is our opinion that if the House recedes and concurs in the Senate amendments relative to World War veterans, the bill that will go to the President will be vetoed, in which event the veterans will obtain nothing by way of legislation.

The House amendments contain substantially three points of the American legion four-point program. A vote for them would at least be an effort to provide relief for the World War disabled which is the object of the American Legion.

We respectfully request that you lend your aid and assistance in seeing that the House insists upon its own amendments relative to World War veterans. We are convinced that if the bill goes to the President with the House amendments, it will be signed.

Very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

Mr. RANKIN. I believe that if we send the bill to the President with this House amendment in it, it will become a law; and I fear if we send it with the Senate amendment it will be vetoed and we will lose for the veterans, both World War and Spanish War veterans, what benefits are carried in the House amendment and prevent them from getting anything at all. I trust the House amendment will be sustained. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Speaker, I am going to vote for the House amendment because I believe it is fair to the House, fair to the Senate, fair to the soldiers, fair to the taxpayers, and fair to the President of the United States, and that it will result in a compromise.

I am for it because I have heard from the soldiers back home. We, all of us, or nearly all of us, have telegrams from soldiers. Here is one sent to the gentleman from Alabama [Mr. HILL] asking the Alabama delegation to stand by the House amendment. The telegram is from Trotter Jones, adjutant of the American Legion, Department of Alabama. I also have a letter from the American Legion national legislative committee favoring the House amendment.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN] and other speakers have referred to the letter that we received this morning from John Thomas Taylor, of the American Legion, in which he says:

We are convinced that if the bill goes to the President with the House amendment, it will be signed.

He must have had some reason for making that statement. There has been a great deal of rumor the last week or so with reference to the President's attitude on the House amendment. I assume that Mr. Taylor had some good reason for making the statement that the President would sign the bill with the House amendment incorporated. If so, it seems to me to be conclusive evidence of the fact that the President approves of the principles of the Taber amendment. If that is the case, he can give us the principles of the Taber amendment by regulation, even if he does veto this bill. I, for one, believe that we should pass this bill here today with the Senate amendment, because it reflects our opinion as to how we should deal with the veterans; and possibly the President could, with good grace, take the opinion of a vast majority of both Houses of Congress in reference to this legislation. I believe it will be helpful to him, and will let him know that the Congress of the United States is in favor of giving more adequate compensation for our disabled veterans. I do not feel that we should take the position of anticipating a veto when there has been no definite statement that he would veto the bill. And if he does veto it, that does not mean that the veterans are not to be taken care of, because if he is in favor of the Taber amendment he can give them those benefits by regulation. It is his responsibility if he vetoes the bill, and it will be his responsibility to deal fairly with the veterans.

Then if it does not appear there is any intention on his part to deal fairly with the veterans, there is nothing to prevent us from bringing a bill in here the day after his

veto, if we are not able to override the veto, that will give the veterans what we believe they should have. I do not take the position that a Presidential veto means that this legislation is all to go by default. I believe the veterans will get substantial and just treatment from the Congress before we adjourn, and there is not a man or woman in this House who would dare go home at the end of this session of Congress without having made some substantial improvement over the damnable provisions of the Economy Act.

Mr. HASTINGS. Mr. Speaker, the gentleman says that we could bring in a bill after this was vetoed.

Mr. BOILEAU. Yes.

Mr. HASTINGS. How could we pass a second bill if we could not pass this one?

Mr. BOILEAU. I say to you that we are going to have some legislation. I do not believe that we will ever get less for the veteran than the Taber amendment, but I hope that we will get more.

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

DIFFERENCES BETWEEN HOUSE AND SENATE

Mr. PATMAN. Mr. Speaker, the main differences between the House and the Senate have not been discussed. In this bill under plank 1 of the American Legion more than 300,000 cases are restored to what they were receiving prior to March 1933. The House and Senate are together on that, and if this goes to conference it will not affect that group. Hospitalization for service-connected and non-service-connected cases and transportation to and from hospital there is no conflict on, whether this bill goes to conference or not. On presumptive cases there are only 29,000 of them, and there is no material difference between the House and the Senate on them. Therefore, you have little if anything to lose if it goes to conference or back to the Senate, but there are differences between the two Houses, and those differences are very material ones.

CANNOT DEFEND SENATE AMENDMENTS

If this bill goes to the President of the United States and is vetoed, then we want a bill vetoed on which we can defend our vote. There is no reason why we should send a bill up there on which, if vetoed, we cannot defend our vote. Let me tell you why we cannot defend the Senate amendment. The President will say, and the country will approve of it, Congress actually put men back on the pension roll as war-time veterans who did not even enlist until after the war was over; a Congress that actually put men back on the pension roll who were guilty of willful-misconduct disease that was not contracted until 10 or 20 years after the war was over; a Congress that actually put back on the pension rolls remarried widows of war veterans; that actually put back on the pension roll at the rate of \$106 a month to \$416 a month retired emergency officers who were stricken off and who should remain stricken off the pension rolls. They should receive the same pension and allowances as enlisted men. We should not recognize rank in peace time under such conditions. The main differences you are voting for, if you are voting for the Senate amendments, are those cases that I have just mentioned. That is the principal difference between the House and the Senate.

SHOULD INSIST UPON HOUSE PROVISIONS

Therefore, which do you want to do? Do you want to go with the Senate and add the obnoxious provisions, the provisions that you cannot possibly defend here on the floor, before your veterans or before the country, or would you rather present a bill to the President of the United States on which, if he vetoes, and you vote to override his veto, you can defend and justify your vote in doing so? That is the question we have before us today, and I say to you that the one who votes to send this bill back to the Senate is voting in the interest of the veterans of this country. If you send a bill to the President such as I have discussed and that bill is vetoed, do you not know that that bill is not

going to be passed over the President's veto, because it has too many obvious objectionable provisions in it?

Therefore, you are destroying the veterans' rights, and you are destroying their cause. You are not helping them. You are harming them. I know there is a group of Federal employees in Washington who are also veterans. It will not likely jeopardize their interests as Federal employees if it is loaded down. Why? If it is vetoed, they are assured of getting back their 15-percent reduction. This reduction expires by law June 30, 1934, so if no legislation is passed, a continuing resolution will be passed before July 1, and they will get 100-percent restoration. The veterans will be left out in the cold.

Mr. CONNERY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CONNERY. In justice to the Federal employees, I have not heard any Federal employee make the statement which the gentleman refers to. In fact, I have found them worrying about not getting the 5 percent.

Mr. PATMAN. I do not charge them with it, but I say that that is the effect of it. One who is a veteran and who is a Federal employee, if he were to lose out as a veteran, would gain more as a Federal employee if this bill were vetoed and a continuing resolution were passed. However, I do not claim that Federal employees who are veterans are working to that end. I am merely telling you what will happen and what will be the effect of it.

AMERICAN LEGION COMMENDED

I have not always agreed with John Thomas Taylor, legislative representative for the American Legion, and I have expressed disapproval of his acts here on the floor of the House. In this matter I commend him for manifesting courage, leadership, and good judgment at a time when it requires courage to act. I have not heard from any of the other veteran organizations, but I am in accord with the American Legion on this proposal. The American Legion is right and the American Legion is trying to do what will be in the interest of the veterans of this country.

I hope you send this bill back to the Senate.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. WOODRUM. Mr. Speaker, I yield one half minute to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a telegram from the commander of the Iowa department of the American Legion in favor of the Taber amendment.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BIERMANN. This telegram is addressed to Hon. GUY M. GILLETTE, House Office Building:

Urge you to support House Taber amendments to independent offices bill. Please contact and request your Democratic colleagues to do likewise. Doubt if Senate amendments can be passed over certain Presidential veto.

LEO J. DUSTER,

Commander Iowa Department, The American Legion.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. MOTT. Will the gentleman yield?

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I impugn the motives of no one, but sometimes our own personal wishes in a matter becloud the issues. We quote the American Legion when their figures and quotations suit us. We are against them when their so-called "leaders' statements" do not suit us. That has frequently been shown on the floor of this House.

The American Legion, it will be recalled, in the last session, through National Commander Johnson, before the President signed the bill, sent word to the effect that they were for the economy bill, and the Legion was for the economy bill, yet the gentleman from Mississippi did not follow the American Legion leadership at that time, did he?

Mr. PATMAN. Will the gentleman yield?

Mr. McFARLANE. Yes; I yield.

Mr. PATMAN. The gentleman is mistaken, I think. That did not occur; I am quite sure it did not.

Mr. McFARLANE. In answer to the gentleman, the Members of this House will know whether or not Louis Johnson did indicate to this House before the final passage of the economy bill, whether or not he favored it. Is that not right, Mr. CONNERY?

Mr. CONNERY. My understanding is that after the bill passed the House and the Senate and before it was signed by the President, Mr. Johnson said that the Legion was O.K. on the economy bill.

Mr. McFARLANE. That is just the proposition we are confronted with at this time.

Mr. RANKIN. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. RANKIN. I want to say to the gentleman from Texas that Commander Johnson did not send any telegram here in favor of the economy bill before it was passed.

Mr. McFARLANE. I meant before the bill became law. He did duck his tail and run before the economy bill became law, and he and the other Legion leaders at the time knew they were double crossing the friends of the veterans in Congress when they so changed their position.

Mr. RANKIN. But he did not send any telegram here before it was passed.

Mr. McFARLANE. I only yielded for a question. Now, my friends, on this four-point Legion program you are getting very little, if anything, under the House amendment that the President has not already given by Executive order. You are not getting a single, solitary thing under the original four-point Legion program that the President would not be willing to give them. The fourth point of the Legion program—that is, the taking care of the widows and dependents of disabled veterans has been forgotten by John Thomas Taylor and other representatives of the Legion. Why? I suppose for the same reason that he has congratulated Members for voting against the payment of the adjusted-service certificates.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 additional minutes to the gentleman.

Mr. PATMAN. Will the gentleman yield?

Mr. McFARLANE. I decline to yield. I only have 2 minutes. Bear in mind, the Democratic Party platform does not justify the House amendment. No one was allowed to say in the last campaign that any service-connected veterans would be cut any amount, and under the vote here a vote "aye" is to raise the amounts for the veterans and cut the pay of the Members of Congress, and no doubt that makes a big difference with many of you, while a vote "no" is, in effect, a vote to raise your own pay and reduce the amount the veterans will receive under the Senate amendments.

Mr. BULWINKLE. Will the gentleman yield?

Mr. McFARLANE. I decline to yield; my time is short. It is true a consolidation has been made between the leadership of both parties, and the gentleman from New York [Mr. TABER], on the Republican side, is writing this legislation.

Mr. BULWINKLE. Will the gentleman yield?

Mr. McFARLANE. I am sorry; I cannot yield. The Republican Party has been on record constantly as favoring veterans' legislation and the Democratic Party has always fought for the rights of the veterans. [Applause.] Is the Democratic Party now going to turn its back on the rights of the soldier? [Applause.]

I decline to yield. I only have half a minute.

That is the position you are putting the Democratic Party in at this time under the House amendment if you turn your back on the soldier and vote against the Senate amendments. You are even letting the Republicans write the coalition agreement, and the vote shows it.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield for a brief observation?

Mr. McFARLANE. I yield.

Mr. WEIDEMAN. Mr. Taylor was congratulating the Members who voted against the payment of the adjusted-service certificates. I sent word back to my home town and they had a vote on it. Twenty-five hundred wanted the adjusted-service certificates paid now. Only 19 legionaires were against it. [Applause.]

Mr. McFARLANE. That is very definite. I believe it fairly shows the sentiment of the people. I thank the gentleman for his contribution.

In closing let me say that if the Members of the House will stand in their places and vote their honest convictions, take care of their own constitutional duties, and let the other branches of the Government take care of theirs; if they will stand in their places and vote their convictions, we will get something substantial for the soldier. Who has been responsible for what the soldier has gotten so far? It has been those who have stood and fought for something. You do not get anything by giving ground. The fight last session on the Steiwer-Cutting amendment clearly showed that, and when the Senate fought on, the President made additional concessions. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Speaker, I do not know whether I ought to take these 2 minutes or not because I am a good deal in the position of the colored brother who went to sleep one night in the back of the church. The man in the pulpit began discoursing about that great day when they would separate the sheep from the goats and he began to shout: "Who will be the goat? Who will be the goat?" This woke the colored man and he said, "Well, brother, rather than see this darned thing bust up, I will be the goat." [Laughter.]

If there are any Members who have been won over to the House amendment, I think it is about time they were showing up. As for myself, I feel real regret at having to show up A.W.O.L. this morning on the roll call on the Senate amendment. I part company with my beloved commander from Massachusetts with very great regret.

Down to this time my record on the veterans' legislation in this bill has been 100 percent on one side of the question. Beginning with three votes against the gag rule, votes in two caucuses, and down to and including the last vote on this bill on last Friday, those votes have been entirely on one side of the question. I have maintained my position at no little expense to myself including, perhaps, the earning of three or four demerit marks on a certain list. [Laughter and applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 1 additional minute to the gentleman from Colorado.

Mr. MARTIN of Colorado. There is a doctrine in the law of liability familiar to all lawyers. It is called the "doctrine of the last clear chance." When a man has the last clear chance and does not avail himself of it, he is held liable for what happens. Now, my friends, this situation looks to me like the last clear chance to vote for a proposition that holds out any hope of meeting with Executive approval. In my judgment, concurring in the Senate amendments will be, as the gentleman from Tennessee [Mr. BROWNING] well said, sending to the Executive a proposition loaded down with objections which will justify a strong message of disapproval to the country. [Applause.] A veto of the House amendment may find much less support both in the country and in Congress.

What is your answer to the question presented by this situation? If you can find it nowhere else, you ought to be able to find it in the development that certain leaders at the other end of the Capitol who are not even in favor of what the House amendment gives the veterans, are now pressing for the Senate amendment.

My answer is that I shall not be responsible for sending this whole bill to defeat and I shall therefore vote against the motion to recede and concur.

Let us send this bill back to conference with a strong endorsement of the House amendment and give the representatives of the veterans more time to decide whether they want something or nothing. There is an old saying that half a loaf is better than no bread, and in my opinion the House amendment is considerably more than a half loaf. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I have never presumed to be responsible for any vote in this House except my own. That is a responsibility I cannot fairly delegate to anybody else. I assume that those men who voted for the Senate amendments did so because they believed it was the fair and the just thing to do. Those men who voted for the House amendments undoubtedly did so for the same reason. If I thought for a moment that all the men who voted for the House amendments would add their votes to those who voted for the Senate amendments, if the question of overriding a veto came before us on the House amendments, then the record would be clear that we had all voted in accord with our consciences, and at the same time the veterans would be assured of obtaining not less than those provisions in the House amendments.

There are said to be certain objectionable features in the Senate amendment. One objectionable feature that was not mentioned by anyone here today is the Borah amendment, which concerns the salaries of those in the higher income brackets of the Government. The House amendment removes the limitation of this salary question, but no one has objected to this change. I do not know whether that is objectionable to any Member. I frankly admit I should like to see the Borah amendment thrown out, but I am willing to see it stay in the bill if we can get for the disabled American veterans what the Senate amendment will get for them in the way of disability compensations.

I do not know what the President will do with this bill, because I have not seen him; I do not know who has seen him, because no one seems able to agree as to what he will or will not accept. I do know that if the Senate amendments are passed, and if they are vetoed, I shall know positively, through the orderly channels of legislative procedure, just what the President wants to give the veterans, and know it not by hearsay evidence or in any other second-handed way.

So I shall cast my vote today the way I have always endeavored to cast it—on the basis of facts in hand and because I alone am responsible for what I do with my vote and must cast it for what I believe right and fair.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker, Members of the House, in my estimation the dignity of the House is at stake. It seems to me as though we should stay with our former position and seek to uphold the vote of this House and put the question up to the Senate for a formal vote. I do not believe that we should be guided in our votes by our own political welfare. One who is big enough to be a Representative in the Halls of Congress ought to try to forget his personal welfare and vote for the greatest good to the greatest number of the entire Nation. The House amendments are not all that I would desire, but matters of general legislation are the results of compromise. Those who only have one idea and who will not give and take never accomplish anything as legislators or as business men. My interest, as should be the interest of every Member of this House, is to get the best results for these deserving war veterans. I think some of the Members of the Democratic side of the House are doing nothing more or less than lending aid, assistance, and comfort to their Republican brothers when they vote "yea" on this question. Of course, the Republicans want to put every Democratic Member on the spot in order to help his Republican opponent this fall. They

want to load this bill down with amendments so the President cannot afford to sign it, believing that his veto will draw the wrath and alienate from him many veterans. A man who votes wholly and entirely for his own ideas and what he calls "principle" will find he does not get far in obtaining results. Legislation means cooperation, give and take, on all principles.

Of course, you cannot blame our good friend from Massachusetts [Mr. CONNERY], who said he was voting for his own political welfare, or rather for the purpose of satisfying the veterans of his own district. He is always making the statement he is not a "yes man" and his record shows that he is not a "yes man" as far as assisting in the management and responsibility of the Democratic House; and we also know that is not a "yes man" when it comes to voting for Democratic measures and upholding the hands of our President and the credit and responsibility of the Democratic Party. He is not very much of an administration man, although he owes his position as Chairman of the Labor Committee to a Democratic House and a Democratic organization, with which he fails to function. There is one time when everyone knows he can be designated as a "yes man", and that is when Mr. William Green, of the labor union, speaks. I believe in cooperating with the organization or getting out of it. It takes organization to legislate.

No one can successfully challenge my standing and untiring efforts in the interest of the veterans. I have always done my utmost for them and still believe the Taber House amendment should be adopted, as it will grant relief to many who are entitled to relief.

When this matter was up for consideration a meeting of the Spanish-American War veterans was held in my district and I sent them a telegram stating that I believed it best to compromise and endeavor to get 75-percent restoration at this time. Without exception, as far as I could learn, they were unanimously in favor of this, and wrote and wired me asking me to vote for the 75 percent, saying they would be willing to accept the 75 percent now if it looked as though that was all they could get and depend upon the future for the other 25 percent.

I hold in my hand a letter from John Thomas Taylor, national legislative representative for the American Legion, in which he asks this House to vote for the House amendment, as it substantially contains three points of the American Legion four-point program. I have received a telegram from Charles Q. Kelley, commander of the American Legion of Arkansas, and endorsed by R. W. Sisson, adjutant, and Sam Rorex, legislative representative, endorsing the House amendment, as follows:

We urgently request your continued support of Taber amendment to independent offices appropriation bill. Anxious to avoid veto; we also believe Taber amendments eliminating after-war and willful-misconduct veterans and remarried widows of veterans are better for our cause and can and will be fully justified. Thanks.

Every Democrat is convinced that the President will veto this measure with the Senate amendments. We are hopeful, by the elimination of the more vicious objectionable features of these amendments, as has been done in the House amendment, that he will approve the bill. In my opinion, 95 percent of the Membership of this House are strongly for the House amendments if they realize and know the Senate amendments cannot be enacted into law. There is no use for the Spanish-American War veterans to seek to get pensions by service connection for the reason the war has been over for 35 years; there were no hospitals, no records kept, and in most instances it is a physical impossibility to show their disabilities are due to service. In my opinion, the people of this Nation are ready, willing, and anxious to restore to a pension status the 29,000 veterans who are service connected by presumption. This includes mostly tubercular and mental cases. Personally I would much prefer to take care of these deserving World War veterans than to have a restoration of the pay cut. I would be willing to collect a little more taxes, which would hardly be felt, in

order to lighten the burden of these deserving and diseased World War veterans in their short journey through life.

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Speaker, pensions are a form of deferred payments for special services rendered.

The soldiers are not paid at the time for their services rendered in war. Thirty dollars a month is not payment for the services of soldiers. One dollar a day is a mere paltry pittance, is not compensation, is not pay.

Other men, who remained at home in the security of peace and civil life, were paid full values for their services at the time. But the soldiers were never paid for their greater services rendered.

The soldiers were not paid for leaving their business and employment and their own most important affairs. [Applause.] The soldiers were not paid for leaving their homes, their families, and their friends. [Applause.] The soldiers were not paid for leaving all these without assurance of return. [Applause.]

The soldiers were not paid for training in the diseased infectious camps. The soldiers were not paid for waiting in suspense for orders coming to march, to where, for what unknown, or whether to death, on land or sea. [Applause.]

The soldiers were not paid for charging up San Juan Hill, in the face of shrapnel, shot, and shell, to free Cuba from the rule of Weyler, from the iron heel of Spain. [Applause.]

The soldiers were not paid for braving the lurking dangers of a submarine sea. [Applause.] The soldiers were not paid for crouching in and fighting from the shell-swept trenches in France. [Applause.] The soldiers were not paid for going over the top in the face of fire to claim victory in the very jaws of death. [Applause.]

The soldiers were not paid for fighting at the Marne, at Chateau Thierry, for groping their way through the Argonne woods in quest of victory following their command, for resisting, withstanding fire in the shell-torn and shaken fortress of Verdun and along the battle fronts of Europe.

The soldiers were not paid for stopping the mad, onrushing armies of Von Hindenburg, Ludendorff, and Moltke, advancing in an avalanche of fire and steel, behind a cloud of death-dealing fumes and gas, following in the wake of havoc and destruction, driving, surging on to the gates of Paris, to conquer France and the allied world.

Other men were paid full and ample for their services rendered during the wars, in security at home, and I am voting here to pay the soldiers. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Speaker, I have requested this time to read a telegram that I received today from the American Legion commander of Arkansas. The telegram reads as follows:

LITTLE ROCK, ARK., March 21, 1934.

Hon. D. D. GLOVER,

House Office Building, Washington, D.C.:

We urgently request your continued support of Taber amendments to independent offices appropriation bill. Anxious to avoid veto. We also believe Taber amendments, eliminating after-war and willful-misconduct veterans and remarried widows of veterans are better for our cause and can and will be fully justified. Thanks.

CHARLES Q. KELLEY,

Commander the American Legion.

R. W. SISSON,

Adjutant.

SAM RORER,

Vice Chairman Legislation.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HOEPEL].

Mr. HOEPEL. Mr. Speaker, it is my observation that if the Congress of the United States would pay more attention to the interests of the taxpayers and the worthy veterans instead of the political aspects of the veteran ques-

tion we would get somewhere. Both of these amendments contain certain objectionable features. The Senate amendment is unfair in some respects and the Taber amendment is also unfair in many respects. What we should do, in the interest of the taxpayers and the veterans as a whole, and in full justice to the people at large is substitute and bring before this Congress a uniform pension bill predicated upon justice, service, and the necessity of pension award according to degree of disability and inability to earn a living. If the distinguished chairman will give me time, I will state some pertinent facts. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Speaker, I rise not for the purpose of making a speech, for it is action our disabled veterans need now, rather than much speechmaking. [Applause.]

I desire to ask unanimous consent to insert in the Record a telegram received by the Oklahoma delegation today from Hon. Milt Phillips, State adjutant of the American Legion; also a part of another telegram sent me from this same official of the Legion endorsing my stand for the House amendment.

Mr. WEIDEMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman has communicated with the Veterans of Foreign Wars, with the Spanish War veterans, and the disabled veterans to get orders to the contrary. If the gentleman is going to read telegrams we might secure this information.

Mr. JOHNSON of Oklahoma. I will state to my good friend, the able and distinguished gentleman from Michigan, that I do not communicate with any person or organization in order to get orders how to vote on legislation coming before this House. On the other hand, I have received many communications from Spanish War veterans, as well as members of the Veterans of Foreign Wars, of which latter organization I am proud to be a member, and almost without exception they endorse my stand on veterans' legislation.

Mr. WEIDEMAN. And they want the gentleman to stay put.

Mr. JOHNSON of Oklahoma. Just what the gentleman means by "stay put" I am sure I do not know, but I do know that the veterans of the Sixth District of Oklahoma, whether they be members of the American Legion, Veterans of Foreign Wars, or Spanish War Veterans, would much prefer to accept 75 percent than to run the risk of a Presidential veto. I am not doubting anyone's sincerity of purpose, but I do seriously doubt their judgment. Should this House follow the gentleman from Michigan [Mr. WEIDEMAN] and the gentleman from Massachusetts [Mr. CONNERY], the disabled veterans of the country would get nothing. I am sure no true friend of our disabled veterans wants that to happen. [Applause.]

Following is the telegram received today by members of the Oklahoma delegation from the department adjutant of the American Legion of Oklahoma:

American Legion of Oklahoma wants your active support for House action on veterans' sections of independent offices appropriation bill along general lines of Taber amendment. What will you gain veterans by getting this bill vetoed with no chance to pass over veto? Support Legion legislative committee.

MILT PHILLIPS.

In another message to me the State adjutant of the American Legion of Oklahoma says:

Approve your stand. Stay in there and fight for justice for acknowledged war-incurred disabilities.

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am not as fortunate as some of the gentlemen. I have not received a telegram from my district since this amendment was adopted last week, therefore, I am free to be guided by my own conscience and what I think is right. [Applause.]

I want the Members to know what the House position does, although I am not so presumptuous as to believe that

they do not understand. The House position gives to the World War veterans, in addition to what the regulations now provide, 75 percent of what was paid to 29,000 presumptives on March 19, 1933, excepting the misconduct cases. They do not get this now. It gives to direct service-connected World War veterans, and there are 300,000 of them, the ratings that they used to have on March 19, 1933. This is the big item insofar as the World War veterans are concerned.

It gives to the Spanish War veterans, who have become service connected, the same as the World War veterans get, and 75 percent in any event, where they are totally disabled, of what they were receiving on March 19, 1933, excepting misconduct cases.

It seems to me that this proposition is fair and reasonable. It does not leave any loophole, in my opinion, and there can be no legitimate objection raised.

We ought to legislate on what we believe is fair and right and we ought to vote down the motion to recede and concur, and send this bill over to the Senate with a request for a conference, so that after we have voted three times on one thing the Senate will at least vote once. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. WOODRUM. If a Member desires to vote to further insist on the House amendment, the vote is "no", and if it is desired to concur in the Senate amendment, the vote is "yea."

The SPEAKER. The gentleman's statement is correct.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on this bill.

Mr. FISH and Mr. RICH rose.

Mr. BURKE of California. Mr. Speaker, I object.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion of the gentleman from Massachusetts.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts [Mr. CONNERY] that the House recede on its disagreement to the Senate amendment.

Mr. CONNERY and Mr. YOUNG asked for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 174, nays 220, not voting 38, as follows:

[Roll No. 114]

YEAS—174

Arens	Douglass	Imhoff	Nesbit
Auf der Helde	Doutrich	James	O'Malley
Ayers, Mont.	Dowell	Jenckes, Ind.	Peavey
Bacharach	Dunn	Jenkins, Ohio	Polk
Bakewell	Durgan, Ind.	Johnson, Minn.	Powers
Black	Eagle	Kahn	Ramspeck
Blanchard	Eaton	Kelly, Pa.	Randolph
Bloom	Edmonds	Kenney	Ransley
Bolleau	Ellenbogen	Kinzer	Reece
Bolton	Eltse, Calif.	Kloeb	Reed, N.Y.
Brown, Ga.	Englebright	Kniffin	Rich
Brunner	Evans	Knutson	Rogers, Mass.
Burke, Calif.	Fernandez	Kopplemann	Rogers, N.H.
Carpenter, Kans.	Fish	Kramer	Rogers, Okla.
Carpenter, Nebr.	Fitzgibbons	Kurtz	Rudd
Carter, Calif.	Fitzpatrick	Kvale	Sadowski
Carter, Wyo.	Focht	Lambertson	Scrugham
Castellow	Foss	Lanzetta	Secrest
Cavicchia	Frear	Lemke	Seger
Chase	Gavagan	Lesinski	Shoemaker
Chavez	Gilchrist	Lindsay	Sinclair
Church	Gillespie	Ludlow	Sirovich
Clarke, N.Y.	Gillette	Lundeen	Smith, Wash.
Cochran, Pa.	Goss	McCormack	Somers, N.Y.
Collins, Calif.	Granfield	McFadden	Strong, Pa.
Condon	Gray	McFarlane	Strong, Tex.
Connery	Greenway	McGrath	Stubbs
Connolly	Griswold	McGugin	Studley
Cooper, Ohio	Hartley	McLeod	Sutphin
Crosser, Ohio	Healey	Maloney, Conn.	Sweeney
Crump	Hess	Maloney, La.	Swick
Cullen	Higgins	Mapes	Taylor, Tenn.
Darrow	Hildebrandt	Marshall	Thurston
Dear	Hill, Knute	Martin, Mass.	Tobey
Deen	Hill, Samuel B.	May	Traeger
Delaney	Hoeppel	Monaghan, Mont.	Treadway
De Priest	Hollister	Mott	Truax
Dingell	Holmes	Moynihan, Ill.	Turpin
Ditter	Hope	Muldowney	Vinson, Ky.
Dondero	Howard	Murdock	Waldron

Wallgren
Weideman
Welch
Werner

White
Whitley
Wigglesworth
Withrow

Wolcott
Wolfenden
Wolverton
Wood, Mo.

Woodruff
Zioncheck

NAYS—220

Allgood
Andrew, Mass.
Andrews, N.Y.
Arnold
Ayres, Kans.
Bailey
Bankhead
Beam
Beck
Beiter
Biermann
Bland
Blanton
Boehne
Boland
Boylan
Brennan
Britten
Brown, Ky.
Brown, Mich.
Browning
Buchanan
Buck
Bulwinkle
Burch
Burke, Nebr.
Burnham
Busby
Byrns
Cady
Caldwell
Cannon, Mo.
Carden, Ky.
Carmichael
Cartwright
Cary
Celler
Christianson
Clark, N.C.
Cochran, Mo.
Coffin
Colden
Cole
Collins, Miss.
Colmer
Cooper, Tenn.
Corning
Cox
Cravens
Crosby
Cross, Tex.
Crowe
Culkin
Cummings
Darden

DeRouen
Dickinson
Dickstein
Dies
Disney
Dobbins
Dockweiler
Doughton
Doxey
Drewry
Driver
Duncan, Mo.
Edmiston
Eicher
Ellzey, Miss.
Faddis
Farley
Fiesinger
Fletcher
Ford
Frey
Fuller
Fulmer
Gambrell
Gasque
Gifford
Glover
Goldsborough
Goodwin
Green
Gregory
Griffin
Haines
Hancock, N.C.
Hancock, N.Y.
Harlan
Hart
Harter
Hastings
Henney
Hill, Ala.
Hoidale
Huddleston
Hughes
Jacobsen
Jeffers
Johnson, Okla.
Johnson, Tex.
Johnson, W. Va.
Jones
Kee
Keller
Kelly, Ill.
Kennedy, Md.
Kennedy, N.Y.

Kerr
Kleberg
Kocialkowski
Lambeth
Lamneck
Lanham
Larrabee
Lea, Calif.
Lee, Mo.
Lehlbach
Lewis, Colo.
Lewis, Md.
Lloyd
Lozier
Luce
McCarthy
McClintic
McLean
McReynolds
McSwain
Mansfield
Marland
Martin, Colo.
Martin, Oreg.
Mead
Meeks
Merritt
Millard
Miller
Milligan
Mitchell
Montague
Montet
Moran
Morehead
Musselwhite
O'Brien
O'Connell
O'Connor
Oliver, Ala.
Oliver, N.Y.
Owen
Palmisano
Parker
Parks
Parsons
Patman
Peterson
Pettengill
Peyser
Pierce
Plumley
Prall
Ramsay
Rankin

Rayburn
Reilly
Richards
Richardson
Robertson
Robinson
Romjue
Ruffin
Sabath
Sanders
Sandlin
Schaefer
Schuetz
Sears
Shallenberger
Sisson
Smith, Va.
Smith, W. Va.
Snell
Snyder
Spence
Stalker
Steagall
Stokes
Summers, Tex.
Swank
Taber
Tarver
Taylor, S.C.
Terrell, Tex.
Terry, Ark.
Thom
Thomas
Thomason
Thompson, Ill.
Thompson, Tex.
Tinkham
Turner
Umstead
Vinson, Ga.
Wadsworth
Walter
Warren
Wearin
Weaver
West, Ohio
West, Tex.
Whittington
Wilcox
Willford
Wilson
Wood, Ga.
Woodrum
Young
The Speaker

NOT VOTING—38

Abernethy
Adair
Adams
Allen
Bacon
Beedy
Berlin
Brooks
Brumm
Buckbee

Cannon, Wis.
Carley, N.Y.
Chapman
Clalborne
Crowther
Dirksen
Duffey
Flannagan
Foulkes
Greenwood

Guyer
Hamilton
Lehr
McDuffie
McKeown
McMillan
Norton
Perkins
Pou
Reid, Ill.

Schulte
Shannon
Simpson
Sullivan
Taylor, Colo.
Underwood
Utterback
Williams

So the motion was rejected.

The Clerk announced the following additional pairs:
On this vote:

Mr. Allen (for) with Mr. Flannagan (against).
Mr. Guyer (for) with Mr. Perkins (against).
Mr. Buckbee (for) with Mr. Abernethy (against).
Mr. Dirksen (for) with Mr. Clalborne (against).
Mr. Brumm (for) with Mrs. Norton (against).
Mr. Sullivan (for) with Mr. Simpson (against).
Mr. Crowther (for) with Mr. McDuffie (against).
Mr. Beedy (for) with Mr. Brooks (against).
Mr. Hamilton (for) with Mr. McKeown (against).
Mr. Schulte (for) with Mr. Pou (against).
Mr. Carley of New York (for) with Mr. Taylor of Colorado (against).

Until further notice:

Mr. Greenwood with Mr. Bacon.
Mr. McMillan with Mr. Reid of Illinois.
Mr. Underwood with Mr. Duffey.
Mr. Shannon with Mr. Lehr.
Mr. Utterback with Mr. Adams.
Mr. Cannon of Wisconsin with Mr. Adair.
Mr. Williams with Mr. Berlin.
Mr. Chapman with Mr. Foulkes.

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name, and he voted "no."

Mr. TAYLOR of Colorado. Mr. Speaker, I desire to vote "no."

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. TAYLOR of Colorado. I do not believe I was during the last roll call.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

The SPEAKER. The question now recurs on the motion of the gentleman from Virginia that the House further insist on its amendment to Senate amendment no. 22.

The motion was agreed to.

Mr. WOODRUM. Mr. Speaker, I move that the House further insist on its disagreement to Senate amendment no. 23.

The motion was agreed to.

EXTENSION OF REMARKS

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill may have the right to revise and extend their remarks in the RECORD.

Mr. BLANTON. Mr. Speaker, I object. The request ought to apply to all Members and not to the few who had a chance to speak on the motion. The request should either apply to all Members or none of them.

A motion to reconsider the votes by which the several motions were acted upon was laid on the table.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their own remarks on the bill.

Mr. FISH and Mr. RICH reserved the right to object.

Mr. COCHRAN of Missouri demanded the regular order.

Mr. SABATH. Mr. Speaker, I object.

Mr. RICH. Mr. Speaker, I shall object to anybody who wants to make further speeches on this matter of veterans' benefits.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

CORRECTION

Mr. BYRNS. Mr. Speaker, on yesterday my colleague from Illinois, Mr. DE PRIEST, delivered a speech on the floor of the House, in the course of which he read a letter from my colleague from Texas, Mr. TERRELL. At the end of that letter, which appears on page 5049 of the RECORD, these words are printed in parenthesis, "Applause from the southern Members."

Mr. Speaker, this is the first occasion during all my service here when I read a statement in the RECORD showing applause from any particular individual Members of the House or section of the country. I have seen the words "Applause on the Democratic side" and "Applause on the Republican side."

I have information from the reporter who officially reported this speech that it did not appear in his transcript. I do not know who inserted the words "from the southern Members." Of course, the remarks were referred to the maker of the speech, as they always are, for correction. I do not know whether he inserted this language or not, but certainly the Official Reporter did not, and I ask unanimous consent that the words "from the southern Members" be stricken from the RECORD.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. I think, perhaps, the original statement the gentleman made is correct. The statement is generally put in as applause on the Democratic or Republican side. This is very often done. But as I remember the situation which arose yesterday, what applause there was came from the Democratic side.

Mr. BYRNS. I do not think the gentleman can say that. I was on the floor and heard laughter and applause, and it occurred to me it came from every side; but the point I am making is that no man ought to make such an addition to his speech; or, if he wishes to show applause, state that it comes from any particular section of the country or any particular group of Members.

Mr. SNELL. That is what I agreed with the gentleman about. I said that as I heard the applause here it came from the Democratic side.

Mr. BYRNS. And I say, just as emphatically, that I heard applause from the Republican side.

Mr. SNELL. There were probably some Democrats sitting over here.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EMERGENCY AID FOR DAMAGE BY EARTHQUAKE, ETC.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table H.R. 7599, to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, disagree to the Senate amendment, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection; and the Chair appointed as conferees on the part of the House Mr. McCORMACK, Mr. WEST of Ohio, and Mr. EVANS of California.

Mr. McGRATH. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD letters and telegrams received in regard to amendment 22 to the independent offices appropriation bill, relating to veterans' legislation.

The SPEAKER. Is there objection?

Mr. RICH. I object.

CHARLES W. ELIOT

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to make a brief announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, on March 20 was observed the one hundredth anniversary of the birth of Harvard's famous president, Charles W. Eliot. A brief but notable tribute was paid this great man by the Honorable Charles E. Hughes, Chief Justice of the Supreme Court of the United States.

No man in private life ever rendered more conspicuous public service than President Eliot, and few men in public life have ever surpassed that service. The emancipating conceptions of this leader of opinion of one and two generations ago are the supreme need of today. His spirit could not be confined to the cloister nor chained to the past. Under its compulsion he carried arms into the arena and there did battle, his face to the future. His life was an excuse for education and a reason for colleges.

The man who paid him tribute—now doing notable service on the Supreme Bench of the United States—is a child of his free and liberal spirit.

I ask, as a son of Yale, that Justice Hughes' eulogy may be printed in the RECORD for a wider circle of readers.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Mr. Chairman, alumni of Harvard University, ladies, and gentlemen: In closing this commemorative review of the career of Charles W. Eliot, it is fitting that we should emphasize his distinctive service to the Nation in relation to public affairs. The

quality of that service was the more significant because it was not service rendered in public office.

Public office he might have had, but he did not desire it. We recall, for instance, that he declined the most important diplomatic posts. In appraising his administrative talent, we cannot fail to take account of the contribution which his exceptional qualifications would have made possible in the higher realms of governmental responsibility. He had the rare capacity to make exact and comprehensive knowledge of details, and of routine, a source of emancipating conceptions. He was ever an originator of new methods, a master of systems.

If, in the expansion of governmental activities, we are to be saved from the blight of bureaucracy, we must have administrative leaders with Eliot's zest, liberating vision, and creative force.

Eliot's national influence was not lessened by the lack of official authority. He did not need the support of public office to give weight to his utterances. And he preserved an unhampered independence and an undisturbed harmony of congenial activities.

FINEST TYPE OF CITIZEN

His contribution to our public life was not merely the vitally important, though indirect, service of the scholar, or of the manager and fructifier of educational processes. Eliot gave that service in preeminent degree, but he attained a far higher distinction. He stands out in vivid memory as the exemplar of the finest type of citizen of the Republic—a keen, well-trained intellect, with all the resources of culture, seeking every opportunity to aid in forming intelligent views of public affairs, constantly and courageously striving for the public good.

In emphasizing education as the savior of democracy, we should have no illusion that increase of knowledge will produce uniformity of opinion.

The educational process is training in discrimination and does not tend to conformity. Education clears away many obstructions of superstition and tradition. It sets bounds to the sway of prejudice and limits self-deception. It prepares the way for the sportsmanlike contests of emancipated minds.

"The source of the power of educated men," said Eliot, "is that they have refined and strengthened their minds and their souls." But this refinement and strengthening are for the inevitable and never-ending struggle.

It was Eliot's distinction that, despite the preoccupations of the university and the enticements of cultural pursuits, he was eager for the strife which make progress possible.

He was wise enough to see that the hope of the Republic is not in submission, but in controversy—in the triumphs won through high and free debate.

Said he to Lord Bryce—a true companion of his spirit—"You say that what is generally needed is to get people to think of realities. Is not the most effective mode of making people think to get them involved in controversy?"

ZEAL UNDIMINISHED BY AGE

Nothing could dishearten him or diminish his zeal. At the age of 84, recapitulating hopes and expectations of progress which seemed to be threatened or forgotten, he exclaimed: "For these sorrows and trials I see no consolation except active participation in further fighting. That is what I have tried to do all my life."

And again: "When a good cause has been defeated, the only question that its advocates need ask is, When do we fight again?"

But it is not simply or chiefly because of his dauntless spirit, his unceasing devotion to the causes which he had at heart, that he serves as an exemplar.

The contribution of the educated citizen of the Republic—the leader par excellence—is not in energy or persistence in the contest over policies and ideals, but in the quality of the standards which he maintains in that contest and which are fortified by his illuminating example, the standards of intellectual integrity, of moral responsibility, of self-restraint, of moderation, of sympathy, and tolerance.

We do not lack and are not likely to lack energetic contenders, but we need contenders of Eliot's type. And on this occasion it is not Eliot's particular views, not the special incidents of his striving, but it is Eliot's character as a leader of opinion that we commemorate and hold forth to the youth of our land as worthy of their emulation.

All that Eliot did was motivated by the love of freedom. His life was dedicated to freedom. Said he at Harvard: "The winnowing breeze of freedom must blow through all its chambers." He was the apostle of freedom in education, in religion, in political activities. As he wrote in one of his famous inscriptions: "Freedom, O fairest of all the daughters of Time and Thought."

HELD LEARNING REPUBLICAN

And his continued confidence in democracy found its support in his unshaken belief that "liberty is the vital air of strong human character."

But, in his view, the citizens of the Republic should prove themselves worthy of freedom by their discipline in self-control. That self-control, as has well been said, was the "shaping quality" of his own life and work. It gave him the serenity—the "quiet manner that is born of strength."

Eliot was thus naturally a leader in the advocacy of student self-government. The real object in character education, said he, is to cultivate "a capacity for self-control, or self-government; not a habit of submission to an overwhelming, arbitrary, external power, but a habit of obeying the dictates of honor and duty, as enforced by active will power within."

The freedom he cherished was the freedom of the scientific spirit, exploring, searching, testing, finding in the pursuit of truth the supreme pleasure.

The free citizen, thus self-disciplined, was, in Eliot's view, to maintain himself, to the utmost extent possible, by self-help. He thought that doctrine to be the foundation of public liberty.

Said he, "Abject dependence on the government is an accursed inheritance from the days of the divine right of kings."

Freedom, responsibility, self-reliance—these were his watchwords. Education was to give the needed stimulus.

"Learning", he observed, "is always republican. It has idols, but no masters."

EVER TRIED TO BE CONSTRUCTIVE

Eliot, in his leadership of opinion, ever sought to be constructive. He gave this epitome of the method of his endeavor: "I have tried ever since I began to use such energy and capacity as I possessed to push things in this world up a bit, never to describe evils without making a strong effort to describe the remedies for these evils."

If he knew discouragement, he did not show it. In drawing up the statement of public profit and loss, he found that the balance was clearly to the credit side of the account. He allowed himself the full enjoyment of all that was implied in that conclusion. He felt that he needed that belief to keep his spirit wholesome.

In his ceaseless contest against intolerance, against lawlessness, against influences debauching or rendering inefficient the civil service, in striving to promote domestic improvement and international peace, he held an unquenchable faith in the future of our country.

"I believe", said he, "that the right way for guides of American opinion is never to question or entertain a doubt about the future of the United States."

Brave, unconquerable spirit, true and enlightened patriot, intelligent and faithful servant of free institutions—among the foremost of those good citizens who, as he put it, are "filled with the noble ambition to deserve well of the Republic"—high in the order of merit conferred by public appreciation and gratitude, stands Charles W. Eliot.

LEGISLATIVE APPROPRIATION BILL, 1934-35

Mr. LUDLOW. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. O'CONNOR in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title.

The Clerk read the title.

Proceeding with the reading of the bill, the Clerk read as follows:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate, under the supervision of the Committee on Rules, United States Senate, \$37,288.

Mr. BUCHANAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 10, strike out lines 7 to 12, inclusive, and insert the following: "No part of any appropriation contained in this act shall be used for the operation of any restaurant."

The amendment was agreed to.

The Clerk read as follows:

Salaries: Postmaster, \$5,000; assistant postmaster, \$2,880; registry and money-order clerk, \$2,100; 41 messengers (including one to superintend transportation of mails) at \$1,740 each; substitute messengers and extra services of regular employees, when required, at the rate of not to exceed \$145 per month each, \$1,240; laborer, \$1,260; in all, not to exceed \$75,438.

Mr. LUDLOW. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: Page 18, line 17, strike out "1,240" and insert in lieu thereof "1,740", and in line 18, strike out "75,438" and insert in lieu thereof "75,938."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

For clerk hire necessarily employed by each Member, Delegate, and Resident Commissioner, in the discharge of his official and representative duties, in accordance with the act entitled "An act to fix the compensation of officers and employees of the legislative branch of the Government", approved June 20, 1929, \$1,980,000.

Mr. COLLINS of Mississippi. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 19, after line 14, insert the following new paragraph:

"To provide an additional clerk for each Member, Delegate, and Resident Commissioner, at the rate of \$1,800 per annum, for the period from April 1, 1934, to January 2, 1935, both dates inclusive, on account of the increased volume of correspondence and other duties arising from the present emergency, \$598,400: *Provided*, That the names of the persons designated under this paragraph by Members, Delegates, and Resident Commissioners shall be placed upon the roll of employees of the House of Representatives and such persons shall be subject to removal at any time, with or without cause, by the Member, Delegate, or Resident Commissioner by whom such person was designated."

Mr. LUDLOW. Mr. Chairman, I reserve the point of order on the amendment.

Mr. COLLINS of Mississippi. Mr. Chairman, I doubt the propriety of any Member of this House making a point of order against this amendment. It has the same appeal to one Member of the House that it has to another. The fact that I may or may not be a member of the Committee on Appropriations does not carry with it the duty to make a point of order on legislation that affects, as this does, this amendment, the proper administration of the offices of Members.

Members of Congress are the persons to whom constituents generally must appeal at all times. During this emergency these appeals are more numerous and varied. The Government is engaged in activities larger and more extensive than ever in its history. The result is that our correspondence has doubled and trebled. Duties never heard of before are on us, and our constituents expect performance from us. Most of us, therefore, are forced to make expenditures from \$1,500 to \$3,000 per year in excess of our clerk-hire allowances. Those others who are not making expenditures in excess of allowances are not rendering to their constituents the kind of service that they should give to them.

This amendment carries an extra clerk at the rate of \$1,800 per year, or upon that basis, from April 1 of this year to January 2, 1935. I recognize that period as an emergency period, and therefore I have covered that period alone in this amendment. I hope, because of the real need that exists, and because of the emergency, that the gentleman from Indiana [Mr. Ludlow], in charge of this bill, will permit the membership of this House to vote upon it; will permit the Membership of this House to determine for themselves whether there exists an emergency that should be cared for. The entire proposal is in the interest of our constituents.

The President of the United States does not exercise any jurisdiction whatever over our budget, because it is recognized that the legislative branch of the Government should determine its own budget needs; and recognizing that as a policy, the committees of this House, in their dealings with the membership of the House, ought to let the House itself decide such questions as this. I appeal to my colleagues on the Committee on Appropriations not to make the point of order.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. BUCHANAN. My colleague recognizes that it is the regular order of business, when we wish to provide for these positions, to introduce a simple resolution and let it go to the proper committee.

Mr. COLLINS of Mississippi. I recognize that which the gentleman well knows, that this bill as written now is subject, in not less than 25 instances, to points of order. Why make a point of order against this amendment and give no notice to those other paragraphs of this bill which are equally subject to points of order?

The CHAIRMAN. The Chair is ready to rule. Does the gentleman from Indiana press his point of order?

Mr. BUCHANAN. Mr. Chairman, I shall make the point of order if my colleague does not.

Mr. LUDLOW. Mr. Chairman, I make the point of order.

The CHAIRMAN. The amendment offered by the gentleman from Mississippi is clearly legislation on an appropriation bill. The subject matter of clerk hire for each Member is covered by the act of June 20, 1929. The point of order, therefore, is sustained, and the Clerk will read.

The Clerk read as follows:

For miscellaneous items, exclusive of salaries and labor unless specifically ordered by the House of Representatives, including reimbursement to the official stenographers to committees for the amounts actually and necessarily paid out by them for transcribing hearings, and including materials for folding, \$55,000.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 19, strike out lines 20 to 25, inclusive, and insert in lieu thereof the following: "For miscellaneous items exclusive of salaries unless specifically ordered by the House of Representatives, including reimbursement to the official stenographers to committees for the amounts actually paid out by them for transcribing hearings, and including materials for folding, \$43,000: *Provided*, That no part of any appropriation contained in this act shall be used for the operation of any restaurant."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The Clerk read as follows:

For medical supplies, equipment, and contingent expenses for the emergency room and for the attending physician and his assistants, including an allowance of not to exceed \$30 per month each to three assistants as provided by the House resolutions adopted July 1, 1930, and January 20, 1932, \$2,500.

Mr. BYRNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BYRNS: On page 21, line 6, add the following: "That the present incumbent as attending physician be advanced two grades as an extra number: *Provided*, That this shall not be considered as affecting the opportunity for advancement of any other person."

Mr. TABER. Mr. Chairman, will the gentleman explain the amendment?

Mr. BYRNS. This amendment simply provides for the advancement, two grades, of the House physician.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. BYRNS].

The amendment was agreed to.

Mr. DE PRIEST. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to thank my colleagues on the Democratic side of the House today for abolishing that restaurant. That is the proper thing to do. When a place in this House gets to the point where all American citizens cannot be treated alike it ought to be abolished. I expect them to go to the Senate and get it put back in. I think I understand it very well.

I thank you very much, indeed.

Mr. SNELL. Mr. Chairman, I move to strike out the last two words.

I intended to say something on page 20, on lines between 8 and 19, relative to the funeral committees.

I am never in favor of spending too much money, but I honestly think that sending a committee of four to attend the funeral of a deceased Member of this House is beneath the dignity of the House. Some Members have served in this House 15 or 20 or 30 years. To send to the home of such a Member a delegation of only 4 Members from the House of Representatives, composed of 435 Members, is to my mind not a proper recognition of the memory of the man. I think that it should be left, to a certain extent, to the discretion of the Speaker himself. I do not want to send a whole carload of people clear across the continent every time a Member dies, but I really think it is a serious mistake to put a limitation upon the number of the funeral committee.

Mr. LUDLOW. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. LUDLOW. Does not the gentleman think that the sentiment of the House can be expressed just as well by a small committee as by a large committee?

Mr. SNELL. If we are going to send any committee at all, I would send a committee of reasonable size, or I would not send the committee. That is the way I feel about it personally. I do not think a committee of four is any committee at all from the House of Representatives, especially when that Member comes from a large State. Furthermore, I think I can venture the assertion that the Senate will never agree to send a committee of only two Members from that body.

Mr. LUDLOW. Will the gentleman permit me to interrupt to say that I might advise him that the Senate now sends only two Members to any Senate funeral?

Mr. SNELL. But if a Member of their own body should die, they send just as many as they want to.

Mr. LUDLOW. I beg the gentleman's pardon. They only send two. If the gentleman will check up on that he will find that is true.

Mr. SNELL. I have checked up a great many times, but not lately. I do not want to dispute the gentleman, but I never knew of the Senate sending a funeral committee of only two Members.

Mr. LUDLOW. Since Mr. Garner became Vice President there has never been a funeral committee larger than two Members of the Senate, to attend a Senator's funeral.

Mr. SNELL. That may be since Mr. Garner has become Vice President, but as a matter of custom I think that is too small, and it should be cut out entirely rather than to send a committee of only four or two Members. As far as I am individually concerned, I do not care; but as a matter of custom and as a matter of dignity of the House, if we are going to send any committee at all, we should send a committee of reasonable size. I would leave it in the discretion of the Speaker of the House to select that committee and say how many should go.

Mr. LUDLOW. If we were to enlarge this to make it a larger committee, we would be in the rather incongruous position of a large representation from the House of Representatives and only two Members of the Senate.

Mr. SNELL. I do not worry about that end of it. I have watched them for several years, but I have not noticed since the present Vice President has taken that position. Before that time they have always sent a large-size delegation.

In my judgment, it is just belittling the House of Representatives to send a committee of any such size.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Certainly.

Mr. BYRNS. I do not want to appear in the attitude of offering the slightest criticism of the Committee on Appropriations, but I do feel that I possibly should say that I agree with the gentleman from New York in this particular matter.

I do not want to see large funeral parties, and I know the gentleman from New York does not want to see them either.

Mr. SNELL. In fact, I have been on only one.

Mr. BYRNS. I feel it is a matter which should be left with the House at the time the committee is appointed. I can see some reasons, in the case of the death of a Member from a State which has a large delegation, where it may possibly be desired that Members from his delegation shall attend.

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BYRNS. For instance, I think a larger delegation should be appointed in the case of the death of a Member from the gentleman's State, which has 45 Members, than should be appointed in the case of the death of a Member from my own State or other States of similar size. I would have preferred to have seen nothing said upon the subject

but to have had it left to the judgment of the House at the time the committee was appointed.

Mr. SNELL. It is a matter which I think should be left entirely to the House to decide.

Mr. BYRNS. I know I express the views of the gentleman from New York when I speak in opposition to any lavish display or expenditure in the sending of funeral delegations. To that I am as much opposed as any Member of this House.

Mr. SNELL. That is exactly my position. That is a matter all of us want to guard against, but it seems to me it should be left entirely to the discretion of the Speaker; that such limitation should not be carried in an appropriation bill.

Mr. LUDLOW. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this legislation originated in an honest and sincere desire to curb what had really become a great abuse. The gentleman from New York has been here a good many years, but my experience as a member of the press gallery upstairs and as a close observer of congressional proceedings antedates his experience many, many years. I recall, of my own memory, many things that occurred in the way of violation of this really ancient and beautiful custom.

I remember very distinctly one Member of this House who made it a practice years ago of going to the Speaker and getting assigned to every funeral committee, no matter who the deceased might be; and by the time that Member himself had entered the pearly gates he had had a very good bird's-eye view of the whole United States at the expense of the taxpayers of the country.

Mr. SNELL. The gentleman must admit that that is the exception and not the rule. That does not fairly represent the attitude of the Membership in this regard, and the gentleman knows it does not.

Mr. LUDLOW. I do not yield to the gentleman or anyone else in my respect for this great legislative body, and that is why I want to see these practices abolished that reflected upon the honor of the House. I can cite other instances of abuse and other facts that may convince the gentleman.

Mr. SNELL. I should be glad to hear them.

Mr. LUDLOW. I know of one instance where a very large committee was appointed to attend a funeral in one of the far Southwestern States. As I recall, over 30 Members were assigned to the committee to attend the funeral. On the day of the funeral but two Members attended the body of the deceased, the others having dropped out on the way going to their homes and on various missions at the expense of the taxpayers.

I have here statistics showing the costs of many of these funerals. In one instance the taxpayers of the United States paid over \$21,322.55 funeral expenses in the case of the funeral of a Member of another body whose home was on the western coast. Just such instances as these have brought the whole custom into reproach and disrepute. Now we have cleaned up that situation, let us keep it clean; let us not go back to it.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. SNELL. The gentleman has cited two or three exceptional cases where probably the custom was abused; but during the 20 years I have been a Member of this body there has been no abuse in connection with these expenditures. As far as I personally am concerned, and I am speaking for one Member of this body only, I feel it is beneath the dignity of the House to carry any such provision in an appropriation bill; but if the committee want to keep the provisions in the bill, I shall not object to it.

Mr. LUDLOW. Often it would happen that the congressional mourners would detour, and the cost of these deviations from a straight line would fall on a patient and fatherly Government. One mourner sent in the following among other itemized expenditures:

For one ticket with seat from New York to Washington via New Haven, Conn., \$17.34.

Now, if any inquisitive person would look at the map of the United States, he would have difficulty convincing himself that the mourner took the short and direct cut when he traveled from New York to Washington, D.C., via New Haven, Conn.

Mr. SNELL. I know there are exceptions, and cases where Members have taken advantage of the law; but that is not the general rule. I, for one, never asked to go on a funeral committee and never went on more than one. In the case of the others which I have attended I paid my own expenses.

Mr. LUDLOW. I have here a list of funerals of 46 Members of another body that cost \$226,542.54. The average price per funeral, largely on account of traveling expenses, was \$5,000. Five thousand dollars can purchase a mighty good farm in these days in any one of our great Midwestern agricultural States. It was testified by the Sergeant at Arms that in one instance \$7,500 was paid for the casket. In another instance items allowed were as follows: Glasses, \$18; Pullman service and commissary supplies, \$492.51; floral decorations, \$75; soloist and male quartet, \$35; four clergymen's fees, \$40; surpliced choir and organist, \$40. I say we should not go back to this abuse, and the way to keep from going back to it is to preserve intact this provision in the bill before the House.

Mr. SINCLAIR. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from North Dakota.

Mr. SINCLAIR. Is it not a fact that the present law provides for only two Members of this House being appointed to attend a funeral?

Mr. LUDLOW. The gentleman is correct. That is the present law. We have recognized the fact that there is an honest difference of opinion on the part of some Members, who are sincere in their convictions, as is the gentleman from New York [Mr. SNELL], that there are too few Members under the present law. We have doubled the existing number and we have provided for the traveling expenses of the widow and the minor children of the deceased. I hope the provision will not be disturbed. As I said before, we have cleaned up this situation, until there is no longer the slightest trace of scandal or disgrace connected with congressional funerals. Let us keep it clean.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Tennessee.

The amendment was agreed to.

The Clerk read as follows:

For folding speeches and pamphlets, at a rate not exceeding \$1 per thousand, \$20,000.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not want the occasion to pass without having an opportunity to say that I believe not only the people in the district of Indiana, so ably represented by our colleague, Mr. Ludlow, appreciate and approve his action in this matter of cutting the expense of funerals, but that the entire population of his State approves of it, and I believe that the population of the 48 States in the Union will approve of it. Last year he limited the House representation to two Members, but an attempt has been made to do away with such limitation, and go back to the old system of appointing large funeral parties. He has held the number to four Members. He and his committee have taken the matter seriously in hand and put a provision in this bill that will properly limit these expenses.

I wish every Member of this House could see the convincing testimony that he has on this question. And may I say that he not only deserves special commendation on this particular matter, but on all the hard work he and his subcommittee have done on this entire bill. He has brought in a good bill and I think that it will have the approval of the people of the United States.

Mr. McLEOD. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Michigan.

Mr. McLEOD. I call the gentleman's attention to the existing law, which provides for two Members, and this increases the number to four.

Mr. BLANTON. That was the limitation reached by compromise. That is because the powers that be were going to put in anywhere from 10 to 20, and this is a sane compromise. There were some others here besides our minority leader who wanted to have big funerals.

Mr. SNELL. I have not said anything about big funerals. The gentleman should confine himself to the facts. I said we ought to have a reasonably dignified committee if we are going to send any at all. I think four is too small. If the gentleman does not think there ought to be any, why that is all right, too.

Mr. BLANTON. There are several distinguished Members of this House who do advocate large funeral delegations, and who have taken the matter up with the Committee on Appropriations, and insisted that we take off the limitation entirely. To pacify them and to prevent a fight on this floor, this compromise was arranged.

I deny that it will dignify this House to send a big funeral committee. Affection exists in the breasts of the Membership. It is no credit either to the House or to the deceased, to spend a lot of public money wastefully. I want to say there was a time when many mourners were hired by people to make show and pretense. That day is passed.

My friend from Indiana [Mr. LUDLOW] knows that there has been funeral committee after funeral committee sent clear across the United States where the flowers that were given at public expense cost an enormous sum, where the entertainment en route both ways, going and coming, and all sorts of entertainment it was, cost a huge sum of money, and there was great merriment at great expense to the people. And, as the gentleman just stated, when you finally got to the graveyard there would be about two Congressmen there to do honor to the deceased. And the local friends who had read in the press about the appointment of the large funeral committee were disgusted. That is ridiculous. Instead of doing credit to the House of Representatives it brings this House into discredit every time it has occurred. Instead of adding dignity to the House of Representatives it has made it look small and ridiculous.

Mr. BUCHANAN. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Texas, the chairman of our committee who has done valuable work in keeping this expense down and this limitation in the bill.

Mr. BUCHANAN. Cannot the appreciation of this House to the services of a deceased Member be conveyed as well by 4 Members as by 40?

Mr. BLANTON. Certainly, it can, and even better, because the people do not want us to leave our work in a body, and waste money foolishly. They realize that we are busy. They realize that there is important work here to be done. It is much more dignified and creditable, I will say to our minority leader from New York, to have a few close friends go who really feel the matter deeply at heart. When our distinguished friend from Michigan [Mr. MAPES], the other day had to announce the death of his colleague, he could hardly do it for the emotion possessing him, based on long friendship, and when our reading clerk, Mr. Chaffee, was reading the resolution, he could hardly read it for the emotion he felt on account of the friendship for the man who had gone. That is what means most, after all.

Mr. ARENS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Minnesota.

Mr. ARENS. Do you not think that before a Member's expenses are paid he should produce evidence that he has attended the funeral?

Mr. BLANTON. That would reflect discreditably upon the entire House. I think that we are doing good work in carrying this provision in this bill limiting the committee to four Members and cutting down wasteful expense.

[Here the gavel fell.]

Mr. BOYLAN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I was called away from the Chamber when this provision in the bill was reached. I contended last year in the Appropriations Committee, and I contended this year against this miserable provision providing for the attendance of only two Members at a funeral. Surely it would be very difficult to be any cheaper than that. It would be better, in my opinion, to have none attend the funerals than to have only two Members attend. I think it is the last straw to take away any chance or opportunity we have of showing our esteem, respect, and affection for those who have passed on while in active service. A man must certainly have achieved some prominence in his district to be chosen to represent it in the Congress. How cold it must seem to his friends if only two Members are designated as a committee to attend the funeral services.

I do not believe in naming a large delegation but I do believe we should have at least six or eight men from the Senate and the House to attend the services for our deceased Members. When the House, consisting of 435 Members can only afford to send two Members to attend such services, it seems to me to be a reflection on the services rendered by our departed colleague.

Surely, the finer things in life are the things of sentiment and sentiment can only be expressed or shown by a personal tribute and this personal tribute is shown by attendance at these funerals. Attendance alone frequently speaks volumes.

The distinguished gentleman from New Jersey [Mr. EATON] and the gentleman from New York [Mr. BOYLAN] attended the funeral services of a man who worked here for 25 years in the capacity of head waiter. His death was noted in the RECORD by the gentleman from Georgia [Mr. COX]. These were tributes paid to a loyal worker and friend.

These are some of the little things in life that make us all the better for having practiced them. Surely we should honor the memory of our passing brothers by sending a respectable sized committee to attend their services. Some of the finest characters and splendid workers who have done the greatest work in the House are today, perhaps, unremembered and forgotten all too quickly.

So this little human tribute, to my mind, is the least we can do for any of our Members who pass over while in actual service, and I shall ask unanimous consent to return to page 20 in order to offer an amendment.

Mr. BLANTON. I object.

Mr. BOYLAN. Well, I will say it is pretty small business to cut down to almost nothing our representation to attend the funeral of a deceased Member. It is the cheapest kind of economy. It is an economy I never want to be guilty of, and I regret that any man in this House should be a party to such a small practice. [Applause.]

Mr. LUDLOW. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, as my friend from New York [Mr. BOYLAN] says, there is a very beautiful sentiment surrounding this ancient custom. There is no doubt about that. I assure the gentleman from New York, for whom I have affectionate regard, that his sentimental appeal finds an echo in my heart. There is no idea on our part to thwart or abridge this sentiment in any manner whatever. We contend, however, that the purposes to be achieved can be achieved just as well by a small committee as by a large and expensive committee, involving a tremendous amount of travel expense.

Mr. Chairman, the official who has direct charge of all of these congressional funerals is Mr. Romney, the Sergeant at Arms of the House, and when he was before our committee we interrogated him in a very sincere way to ascertain whether there had been any ill effects as a result of the appointment of a committee of only two Members. I want to read just a few sentences from his testimony, as he supervises all of these congressional funerals. Mr. Romney said:

The conduct of funerals for Members of the House and Senate is no longer the subject of the slightest criticism.

He further says:

You will recall that when this matter was up, I advocated the appointment of three Members from each body and I am still inclined to think that should be done, because, frequently, it is impossible to include even the chairman and the ranking minority member of the Committee on which the deceased served together with his closest friend. I think it has been reduced drastically and, possibly too drastically and that three Members ought to go.

We have increased the number suggested by Mr. Romney by adding a fourth Member. We will now have four Members and we have also provided for the widow and minor children of the deceased.

In concluding his testimony, Mr. Romney said:

The purpose of Congress to show respect for the deceased Member is carried out just as fully and just as satisfactorily under the present system as it was under the old system.

The Clerk read as follows:

For furniture, including partitions, screens, shelving, and electrical work pertaining thereto and repairs thereof, \$13,965.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 27, line 21, after the period, insert a new paragraph, as follows:

"Provided, That during the fiscal year 1935 no salary shall be paid to any Senator, Representative, or Delegate in Congress exceeding 85 percent of the basic salary of such Senator, Representative, or Delegate in Congress, and for such year said salaries are reduced to 85 percent of such basic salaries."

Mr. LUDLOW. Mr. Chairman, I reserve a point of order on the amendment.

Mr. TABER. Mr. Chairman, it has seemed to me that in this situation Members of Congress should not take action to increase their own salaries at this time and that we should pass something which will have the effect of actually accomplishing a reduction. The language which I have offered, I believe, will actually accomplish this purpose, and I hope the amendment will be adopted.

Mr. TERRY of Arkansas. Mr. Chairman, I move to strike out the last word.

Mr. DOWELL. Mr. Chairman, the amendment is not subject to a point of order, because it is a limitation.

The CHAIRMAN. A point of order has been reserved and will be passed on later.

Mr. TERRY of Arkansas. Mr. Chairman, I rise in support of this amendment.

Mr. LUDLOW. The point of order is that the amendment is not germane to the paragraph of the bill.

Mr. TERRY of Arkansas. Mr. Chairman, there are a great many Members of the House who were in favor of the 75 percent for the veterans but did not wish in that amendment to vote to increase their own salaries.

Mr. LUDLOW. Mr. Chairman, I do not want to interfere with the gentleman, but how does the gentleman obtain the floor when there has been a point of order reserved?

The CHAIRMAN. The Chair understood the gentleman to move to strike out the last word, and the gentleman has been recognized with a point of order pending.

Mr. TERRY of Arkansas. Mr. Chairman, I think the adoption of this amendment is the only way this matter can be reached.

It was rather embarrassing for some Members of the House, including myself, to be in the attitude of being forced to vote against the so-called "Borah amendment" and to increase our own salaries in order to vote for the Taber amendment, which provides the 75 percent for the veterans. I feel that in this day and time, when the people of the United States, in every walk of life, are going on reduced pay and reduced salaries, and business is struggling along to keep its head above the water, that Members of Congress should also contribute their bit toward aiding the Government and taxpayers by continuing the 15-percent cut in their own salaries. I therefore wish to add my voice in support of this amendment.

Mr. LUDLOW. Mr. Chairman, I make the point of order that the amendment is not germane to the paragraph of the bill which has just been read. I wish to add that I did not vote for the Taber amendment.

Mr. DOWELL. Mr. Chairman, this is a limitation to the entire appropriation in the bill; it is a limitation to the entire bill. It is in order because it refers to the appropriations made in this bill for the next fiscal year. I think the point of order is not well taken, and I hope the amendment will be adopted.

Mr. LUDLOW. Mr. Chairman, the amendment might be relevant if it was offered at the right place, but it has no relevancy to this paragraph.

Mr. DOWELL. A limitation on the appropriation in the bill can be placed anywhere. It could be placed in another section of the bill. This is not a limitation upon this appropriation in this paragraph, but this is a limitation to the entire appropriations for the year. I think it is in order, and I hope the amendment will be adopted. The Borah amendment was placed in another section of the independent offices appropriation bill.

The CHAIRMAN. The Chair is ready to rule. Subdivision 2 of rule XXI provides in part:

Nor shall any provision in any such bill or amendment thereto changing existing law be in order except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States.

And so forth.

In the Seventy-first Congress, on December 10, 1929, Mr. Chindblom, chairman, held that an amendment to an appropriation bill must be germane to the paragraph to which it is offered.

This amendment has been offered to a paragraph dealing with the appropriation for the Library Building of Congress. The Chair is not passing on the point whether it might have been in order if offered at a point in the bill on page 11, where there is an appropriation for salaries and mileage of Members of \$3,864,500.

Mr. TABER. Will the Chair hear me at that point?

The CHAIRMAN. Gladly.

Mr. TABER. This amendment was offered as an additional paragraph. It not only relates to page 11 but to all other items. Therefore, it can be offered to cover the whole situation at one time, if it was going to be offered as indicated by the Chair. Now, inasmuch as it is inserted as an additional paragraph and is in order on the bill, it does not have to be germane to the paragraph it follows. It is not an addition to the paragraph; it is a new paragraph.

The CHAIRMAN. It seems to be an addition. It begins with the word "Provided", and it must refer to something preceding it.

The gentleman has not yet raised the question of whether at the end of the bill he might offer it as a new paragraph or a new section of the bill, and that is not before the Chair at the present time. It is offered as a proviso and, necessarily, must refer to the matter in the bill preceding it at that point, which pertains to the Library.

Mr. DOWELL. Mr. Chairman, will the Chair indulge me for a moment?

The CHAIRMAN. Gladly.

Mr. DOWELL. The observation of the Chair that this might be in order at the close of the bill certainly would not apply. There is no rule, to my knowledge, that a paragraph inserted which is a limitation—and this is clearly a limitation—has to be placed at any definite point in the bill. If it is contained in the bill and it is a proviso, it carries everything in front of it and is a limitation upon all of the bill up to that paragraph. I believe this is in order, because it is a separate paragraph. It relates to this entire appropriation; but there is no provision anywhere in the rules, to my knowledge, that requires a limitation to be placed at any particular point in the bill. I think it is in order.

The CHAIRMAN. In the decision of the Seventy-first Congress, to which the Chair has just referred, the point was made by the gentleman from Michigan, Mr. Cramton. The Chairman of the Committee of the Whole House at that time was the gentleman from Illinois, Mr. Chindblom. Both of those gentlemen were considered to be parliamentarians of considerable ability. The Chairman of the Com-

mittee held there must be some orderly procedure in the consideration of appropriation bills as in the consideration of other bills, and that proper amendments, whether in the nature of limitations or otherwise, should be offered at the appropriate place in the bill. The Chair sustains the point of order, and the Clerk will read.

The Clerk read as follows:

BOTANIC GARDEN

Salaries: For the Director and other personal services, \$82,870; all under the direction of the Joint Committee on the Library: *Provided*, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the Director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation notwithstanding the provisions of section 3 of the act of March 5, 1928 (U.S.C., supp. VI, title 5, sec. 75a), or any other law.

Mr. DOWELL. Mr. Chairman, I reserve the point of order upon the paragraph. The chairman of the subcommittee in charge of the bill has indicated a desire for economy. I am wondering if we cannot have some economy in this particular paragraph. There is a proviso in this paragraph which reads as follows:

Provided, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the Director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation.

May I inquire what reason this committee has for furnishing the quarters, heat, light, and telephone service in the private residence of this Government employee? I would like to hear from the gentleman from Indiana on the question of economy now.

Mr. LUDLOW. Mr. Chairman, we have inherited that language. That language has been in the bill for years. Some previous committee in some previous Congress thought it was equity and justice to give this official his quarters, light, and heat in addition to the salary that he is paid.

Mr. DOWELL. What salary is he receiving at the present time?

Mr. LUDLOW. It has been assumed that he is not overpaid.

Mr. DOWELL. What salary does he receive?

Mr. LUDLOW. His salary is \$5,200 a year, I am informed.

Mr. DOWELL. And then he is furnished with a residence?

Mr. LUDLOW. It is a part of the establishment. He has to live on the grounds.

Mr. DOWELL. Has not the Congress provided a residence there for him separate from the plant of the Botanic Garden?

Mr. LUDLOW. His residence is a part of the plant. I am informed that unless this language is carried, his pay would be cut the equivalent of this allowance. It is a question of the amount of pay he ought to receive in the aggregate. This is in addition to his statutory salary.

Mr. DOWELL. He has been allowed by the gentleman's committee \$5,200 a year.

Mr. LUDLOW. That is the pay fixed by law, not by the committee.

Mr. DOWELL. That is the amount that he is paid?

Mr. LUDLOW. Yes.

Mr. DOWELL. Does the gentleman's committee find heat and light and residence for other employees of the Government? Is there anybody else that the Congress is giving residences and heat and light to? Just what has he done and what does he do that warrants his getting this addition?

Mr. LUDLOW. Army officers and Navy officers are furnished quarters and heat and light. This is an exceptional case because he has to live on the grounds. It is part of the establishment at the foot of the hill here.

Mr. DOWELL. Does it cost him any more for his telephone because he lives on the ground than if he lived somewhere else and paid his rent?

Mr. LUDLOW. In comparative costs, I cannot tell the gentleman.

Mr. DOWELL. Does the gentleman know how much it costs to furnish these extras that the committee are giving him?

Mr. LUDLOW. I cannot give the gentleman the figures in detail. The gentleman can guess as well as I can about what it would cost to furnish these utility services for one household. It cannot be a large amount.

Mr. DOWELL. Does the gentleman find that it is absolutely necessary to give him this addition to his salary?

Mr. LUDLOW. I say, as I said before, that this has come down through the years. It has been the practice ever since the Botanic Garden was established.

Mr. DOWELL. The gentleman has found a lot of other expenses he is trying to cut out. Why cannot we cut this out now?

Mr. LUDLOW. As far as I am informed on the subject it is not unjust the way it stands. We have tried to be just, as well as economical.

Mr. DOWELL. What purpose does he serve here, that he is entitled to these additional emoluments?

Mr. LUDLOW. It is probable that in fixing his official salary these services were considered.

Mr. DOWELL. Does the gentleman think he ought to have more salary?

Mr. LUDLOW. I do not know whether he ought to or not, but I think he is not being excessively overpaid. I think in comparison with other officials, in view of the fact that he is the head of the institution known as the "Botanic Garden", and is responsible for it, that, with these allowances he receives, he is not an overpaid official. Compared with other officials with like responsibilities, I think his pay, with these emoluments included, is quite moderate.

Mr. DOWELL. Has the gentleman any basic law for this allowance? I know of none.

Mr. LUDLOW. I think in that respect the gentleman is right. I do not believe there is any basic law. It has been carried for years and years and is supposed to be just and equitable. If the gentleman wants to attack it, he is at liberty to do so. It is just a question of whether this man is getting, in the aggregate, too much compensation or not. I do not believe he is.

Mr. DOWELL. Mr. Chairman, I want to say that if this salary is not large enough it should be increased by the Congress, but it occurs to me that we are entering into a very questionable appropriation when we allow heat, light, and other expenditures for the employees of the Government. I think this ought to be stopped. I do not believe it ought to be carried, and I think the gentleman ought to see to it that it is stopped. As far as I am concerned, if the gentleman will assure the House that this will not be carried any further, without at least ascertaining the absolute necessity for it, I am willing to pass it for the present; but it will not be passed any further.

Mr. LUDLOW. Let me submit this observation: The gentleman asked me why I did not stop it. I am a comparatively new Member of Congress. I will ask the gentleman, whose service here far antedates mine, if he thinks this appropriation is wrong, why he has not stopped it?

Mr. DOWELL. I have just found it in this appropriation bill, and I did not find any legislation that warranted it, and I did not find any reason for this appropriation. That is the reason I am making the inquiry. I have not been able to get any information that warranted me in believing that it was necessary. I do not believe it is necessary. I think it should be cut out, and unless the committee is willing to do so, I am going to do my part to cut it out.

Mr. LUDLOW. This is a Government-owned house. The Government owns the property. It is a part of the plant.

Mr. DOWELL. How much has the committee appropriated to build this home for him?

Mr. LUDLOW. That provision was made years before I became attached to the committee.

Mr. DOWELL. It has not been so many years. It is a new home, as I understand it.

Mr. LUDLOW. It was while the gentleman's party was in control. I do not know when it was.

Mr. DOWELL. I just want to say that as far as my side of the House is concerned, it has nothing to do with this

present appropriation; and if the gentleman has not investigated it, he should have done so.

Mr. Chairman, I desire to make the point of order against the proviso in this paragraph.

The CHAIRMAN (Mr. O'CONNOR). The Chair is ready to rule. The proviso is clearly legislation on an appropriation bill and was so held and ruled out on a point of order by Chairman BULWINKLE on February 4, 1933. The Chair sustains the point of order.

The Clerk read as follows:

For the Librarian, Chief Assistant Librarian, and other personal services, \$777,025, of which amount \$1,670, or so much thereof as may be necessary, shall be immediately available for the salaries of additional assistants in the rare-book room.

Mr. LUDLOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: Page 29, line 17, strike out "\$777,025" and insert in lieu thereof "\$774,341."

Mr. LUDLOW. Mr. Chairman, that is simply to correct a computation.

The amendment was agreed to.

The Clerk read as follows:

For paper, chemicals, and miscellaneous supplies necessary for the operation of the photoduplicating machines of the Library and the making of photoduplicate prints, \$5,000.

Mr. McLEOD. Mr. Chairman, I move to strike out the last word. I take this time, Mr. Chairman, to call to the attention of the House a question that has been raised several times relative to the fact that the expenses of the Government would have been increased if it had come within the jurisdiction of the National Recovery Act. The Government Printing Office, the largest printing office in the world, if operating under the N.R.A., would be obliged to employ 450 additional employees. The additional cost to the Government would be \$990,000 a year.

I asked Mr. Carter during the hearings on this bill the question in order to bring out the facts:

Your not being under the N.R.A. is a saving of a considerable amount of money to the Government?

Mr. CARTER. Yes. If the N.R.A. were to apply to the Government Printing Office it would undoubtedly increase the cost to that extent.

The other point I had in mind that I believe should be of interest to the House at this time is further testimony by Mr. Carter relative to the prices being paid for paper, which is the largest item used by that bureau.

Mr. Carter testified that the present prices of paper are 70 percent above the contract price of paper; that the price is so high it is equal to the 1929 abnormal high-price levels. Book cloth and buckrams, bindery book cloth, for instance, have increased 129 percent. And the price being so high, in the language of the Public Printer, Mr. Carter, when the question was asked:

Do you feel, yourself, that it is risky to buy too much paper now in advance under those prices?

Mr. CARTER. I will quote the Comptroller General in reply. He advised the Department not long ago to make contracts for no longer periods than 3 or 4 months.

Mr. McLEOD. What is the reason for this?

Mr. CARTER. Uncertainty as to what the market conditions might bring forth.

Mr. McLEOD. Anticipating that the market would go down and items would get cheaper?

Mr. CARTER. Yes; either go down or go up.

Mr. McLEOD. Well, if they were going down he would advise you to buy more, would he not?

Mr. CARTER. Well, I think so.

I just bring those facts to the attention of the House at this time in order that they may be familiar with the price of paper, which, as far as the Government is concerned in the Washington bureaus, is a big item.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. McLEOD. Certainly.

Mr. SNELL. Under the regulations of the N.R.A. what else could be expected other than the paper manufacturers submitting exactly the same bids?

Mr. McLEOD. We could not expect them to do anything different.

Mr. SNELL. I do not see how they could have if they complied with the law.

The Clerk concluded the reading of the bill.

Mr. LUDLOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: Page 41, insert as a new section the following:

"Sec. 4. This act may be cited as the 'Legislative Branch Appropriation Act 1935.'"

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. LUDLOW. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. O'CONNOR, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 8617, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. LUDLOW. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. LUDLOW, a motion to reconsider the vote by which the bill was passed was laid on the table.

DAIRY INDUSTRY

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein an address by Mr. Chester C. Davis, Administrator of the Agricultural Adjustment Act, made over the radio last evening.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. KOPPLEMANN. Mr. Speaker, yesterday afternoon the Agricultural Adjustment Administration announced a tentative program for the Nation's dairy industry. This plan aims to increase the income of that portion of the farmers in this country who depend largely upon dairying for their livelihood. It was developed after several months of careful study and sifting of proposals submitted by the dairy industry.

The Agricultural Adjustment Administration offers the proposed plan to the Nation's dairy industry for consideration. The plan itself will be taken to the milk producers for frank discussion.

The Nation's dairy industry is going through a critical period. Since 1928 the total cash income of milk producers has been cut in two. The effects of this loss in income have been wide-spread in our cities and industrial centers.

Within the next few weeks, dairymen themselves will be asked to decide whether they are willing to cooperate in a program which seeks to restore their lost purchasing power. I am confident that they will respond in the affirmative to a sound program. As Chester C. Davis, Administrator of the Agricultural Adjustment Act said last night in a radio address which I am asking to be incorporated with my remarks—

From the standpoint of public policy, few farm recovery measures could be of greater significance than the successful employment of a sound program for the benefit of the dairy industry.

The address is as follows:

A PROGRAM FOR DAIRY FARMERS

The Agricultural Adjustment Administration today is submitting to the dairy farmers of America an adjustment program for the dairy industry. The program is in the nature of an offer which, should it be accepted, would be the seventh put into effect under the Agricultural Adjustment Act. Dairy products are the only basic commodities listed in the act as passed which have not been covered by an adjustment program already under way.

Before describing the details of this program, I wish to tell you the story of milk as I know it and to sketch the conditions in the industry which caused this program to be devised. For years the dairy industry enjoyed comparative prosperity in this country. Under the impetus of fair prices, aided by tariff protection, and helped by growing purchasing power of consumers in the cities, production of dairy products grew steadily. The annual production of milk increased from 87,000,000,000 pounds in 1924 to nearly 102,000,000,000 pounds in 1932. The increase from 1930 to 1932 alone was 2,000,000,000 pounds.

With the growing understanding of the great nutritive values of dairy products and an increasing ability to buy, the American consumer used greater and greater quantities. Production of milk per capita increased from 768 pounds in 1924 to 812 pounds in 1932.

When the depression came, the purchasing power of the American consumer declined drastically. But the cow population did not decline. It has gone on increasing in accordance with a 12-year cycle, until it has now reached a total of more than 26 million cows, the highest on record.

Under the double influence of the collapse of consumer purchasing power and the growth in milk production, the dairy industry in the last 2 years has undergone the severest kind of punishment.

Prices of dairy products have fallen until the index of dairy prices for 1933 was 69 compared to 140 in 1928. The total cash income of dairy producers declined from \$1,847,000,000 in 1929 to \$985,000,000 in 1932, or almost half.

Now, I hope that you will appreciate the magnitude of such a calamity, not only to the men who milk the cows, but to the whole country.

The dairy industry is the largest of all segments of American agriculture. More than one fourth of the entire gross farm income in the United States is attributed to dairy cows, including milk production and the value of dairy animals used for beef. Purchasing power of the dairy farmers is of the utmost importance to cities and industries engaged in production of things that farmers buy. From the standpoint of public policy, few farm-recovery measures could be of greater significance than the successful employment of sound program for the benefit of the dairy industry.

That, briefly, is the story of milk, of the conditions faced by the dairy industry, and of the urgent need for improvement. Until the last 3 months when an alarm of milk farmers was allayed somewhat by a sharp but seasonal reduction in supply and consequent price recovery, which was helped by Government buying of butter, I doubt whether any major farming group has been more prolific than the dairy industry in ideas for a planned recovery. Lately hundreds of suggestions have been made to the Agricultural Adjustment Administration. From the standpoint of the dairy industry, the problem is unprecedented. While producers of wheat, cotton, tobacco, and pork have struggled with the problem of the surplus since the World War and are familiar with it, the dairy industry has been at liberty until the last 2 years to think entirely in terms of expanding domestic markets and of more bountiful and cheaper methods of production.

During the past several months the Adjustment Administration has canvassed the suggestions submitted by the dairy industry. These have been analyzed by the score. They have been sifted carefully and the best elements of the numerous proposals have been selected, studied, and developed.

The underlying fact to be faced now is that when consumer purchasing power is down and production is at or near the peak, prices cannot be maintained at levels which are fair to dairymen.

The method of improvement afforded by the Agricultural Adjustment Act is clear. The policy defined in the act is to establish and maintain such a balance between production and consumption as will reestablish farm buying power. The volume of consumption is dependent upon factors which are beyond our control, such as factory pay rolls and employment in the cities. Therefore, pending improvement in these factors, it seems evident that farmers must place some check upon production if they are to restore a balance of supply with effective demand.

Now, let me make one point clear: We are not suggesting that dairymen curtail production of milk because we like the idea. We should like to see this Nation consume much more milk and butter than it is now consuming and at a fair price to the farmer. We have studied every alternative plan that has been proposed.

One popular suggestion coming from outside the administration is that restriction be confined to the culling of low-producer cows. But we find on analysis that normally four to four and one half million cows are culled from herds in a year by the farmers. To rely entirely on a culling campaign might mean merely Government buying of cows which otherwise would be eliminated by the farmers themselves with no real effect on production. In fact, to secure any effective degree of production control by this method might require acquisition of perhaps 2,000,000 cows in

addition to normal culling. The problem of Government disposal of the large number of carcasses without complete ruin to the beef market would be involved.

Another proposal has been that efforts be confined to eradication of tubercular cows. Our studies show that while this would be of great importance as a public-health measure, it would not be a sufficient means of production control, as it also would replace normal culling to a considerable extent, and would help butter and milk prices but little.

With a processing-tax plan, the administration prefers to place its greatest emphasis upon methods for the benefit of dairy farmers everywhere, including those whose herds already have been freed of disease. Our plan, we feel, should have the most wide-spread application as to the farmers themselves, and should not confine its aid to producers in those particular localities having diseased herds.

I have outlined the dairy problem, some of the suggestions made to us for solution, and the reasons we thought these alone insufficient. Bear in mind the underlying fact that the cow population is higher than ever, and still growing. All the 26,000,000 producing units are on the farms. The flush season of production is ahead, and with spring comes the possibility that good pastures will increase the dairy output. So we have to face the prospect of a flood of milk which might beat down dairy prices.

The program we are now submitting to the dairy farmers for their consideration is designed to hold dairy production at or near the seasonally low levels of recent months. The plan provides benefit payments to farmers who agree to cooperate. It would set aside at least \$5,000,000 to finance relief distribution of surplus milk to undernourished children in cities. Five million dollars more would be allocated to finance transfer of healthy cows from surplus dairy areas to needy farm families which have no cows. These cows could not be used for commercial milk production.

A fund of at least \$5,000,000 more would be established to finance a speeding-up of bovine-tuberculosis eradication. This would launch what we hope would be the beginning of a final drive to complete the elimination of that disease.

These additional supplementary features, combining the best elements of suggestions which are outside of strict production adjustment measures, can be extended if Congress provides funds proposed in legislation now pending.

The main dairy-production adjustment program would be based on contracts between individual producers and Department of Agriculture. Farmers who sign contracts would be encouraged to reduce production and would be assisted by the Department in making their own choice for the best paying methods, but they will be eligible for benefit payments if they agree to restrict sales. This curb would be utilized pending an increase in consumer purchasing power. The effect of the proposed restriction would be to put a check-rein on production at or about the level of the past 3 months' production. But this would be a reduction below the high average sales volume of 1932-33 base period.

In addition to higher prices resulting from balanced production and besides saving on feeding costs, cooperating farmers would be paid benefit payments. These benefits would be at the rate of about 40 cents for each pound of butterfat which they reduce below their 1932-33 sales quota. Or they would be about \$1.50 on each 100 pounds of surplus fluid milk which they reduce below their 1932-33 milk sales quota within the prescribed percentage limits. For individual farmers these limits would be 10 to 20 percent, with a 10-percent average reduction below the 1932-33 volume as the general objective for the industry.

The first benefit payment would be made on the acceptance of the contract, with a second payment after 6 months. The processing tax would start when the program goes into effect, at 1 cent per pound on butterfat content, and under the plan proposed would be gradually advanced to 5 cents per pound as supply comes under control. The plan calls for a compensatory tax on oleomargarine.

There is time only to touch upon the relationship between the production-control program and the fluid-milk marketing agreements which we have endeavored to work out for farmers producing milk for the big consuming centers. Many of you already know much about our difficulties with these licenses and agreements, which have taken more of our time and serious effort than any other single operation.

We have found after much experiment that these licenses and agreements are of help in maintaining stable prices to farmers and also in eliminating certain abuses and overcharges against them. But we have also discovered limitations upon the possibilities of accomplishment under fluid-milk licenses.

These limitations are greatly emphasized when the supply of milk is uncontrolled. Try as we might, the adjustment administration simply could not lift the price of fluid milk to fixed high levels when all around the country a flood of milk was available at prices nearly as cheap as water. Facilities for quick and refrigerated transportation and the ease of conversion into canned milk are among factors which help to make such unrelated price-pegging impossible. The fluid-milk price must bear some sound relationship with the butterfat price. Therefore to the fluid-milk producers we wish to say that our efforts to help them get higher returns will be greatly strengthened if we can support schedules of farm prices in marketing agreements and licenses by control of supply.

The plan is estimated to be a \$165,000,000 program with a possible extension to over \$300,000,000, contingent upon congressional approval of the pending legislation to aid the beef and dairy industries.

Intended for 1 year, the program can be continued for an additional year at the discretion of the Secretary of Agriculture. The plan is open to all dairymen, with eligibility to be established by base period delivery records or other adequate sales figures. Supervision will be by county production control associations and local committees.

The plan is to have sufficient flexibility to permit future expansion of production in step with any substantial recovery that may later develop in consumer buying power.

There, in a few words, you have the plan. You know its objective. That is to avert a reverse back to lower prices, to improve the buying power of dairy farmers, to eliminate extreme fluctuations in production and prices, and to establish a sound basis for recovery of the dairy industry.

We are going to take the program to the dairy farmers in a series of major regional meetings in the next 2 weeks. We want the frankest kind of criticism and suggestions for revision. We are conscious that the dairy industry up to the present has been far from agreement upon any one plan. It is not our policy to impose any program upon any major group of producers, nor have we placed any of our major adjustment plans in effect without support of a majority of the farmers.

We know that if no action is taken, ultimately some kind of a balance, at some price levels, will be restored under the impact of cold economic forces. But we do not wish to see the dairy industry take this punishment if it can be avoided. Therefore we submit our program. We invite discussion. We want to do what the dairy farmers of America want us to do. Adoption of the plan is up to them.

PERMISSION TO ADDRESS THE HOUSE

Mr. WARREN. Mr. Speaker, I ask unanimous consent that tomorrow, immediately after the reading of the Journal, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

RESTORATION OF VETERANS' RIGHTS AND BENEFITS AND FEDERAL EMPLOYEES' SALARIES

Mr. WELCH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks with reference to the independent offices appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, I favor both Senate amendments to the independent offices appropriation bill restoring the rights and benefits to our veterans and full pay to Federal employees. When the Economy Act of 1933 was under consideration in the House of Representatives I opposed it because of the unjust and unfair inequalities it placed upon veterans' rights and benefits and because of the proposal to withhold 15 percent of the pay of Federal employees as an economy measure.

RESTORATION OF VETERANS' RIGHTS AND BENEFITS

The problems of our veterans are worthy of the most sincere thought and constructive legislation we can devise. Thousands of them are destitute and in want; other thousands who have been partially or totally incapacitated physically are in need. While economy in government is commendable, we should not have placed a burden upon a large part of our people who had every right to expect the Federal Government to maintain a policy established after many years of careful study and thoughtful consideration. It is unfair and unreasonable to expect them to bear that burden.

I have devoted many years of study to the problems of our veterans and as a result of this study have continuously supported their position as sound and just.

Municipal and State governments do not have the authority to proclaim war. This is properly a function of the Federal Government. The expenses incident to war are, therefore, a problem of the Federal Government. For the Federal Government to withdraw its support from thousands of our veterans at a time when municipal and State governments cannot meet the expenses of relief, due to unemployment, is wrong. There can be no justification for it. The obligation rests more heavily on the Federal Government to care for its veterans now, many of whom require medical attention, than it did in the days of prosperity.

The Congress of the United States established certain definite policies with reference to all our veterans only after many years of study. While it is admitted these policies were not perfect, they did accept the obligations of the

Federal Government toward these men and their dependents. By the enactment of the Economy Act of 1933 we, in effect, denied these obligations. By this action we destroyed years of studied effort in assisting the veterans to meet the obligations of life, and established inequalities that are unfair to the men themselves.

By way of illustration, let us observe some of the effects of the Economy Act upon veterans of the Spanish-American War. These veterans, who volunteered for service, are now advancing in years. Their average age is 60 years. On March 19, 1933, there were approximately 197,000 of them on the pension rolls, at least 70 percent of whom were totally dependent upon their pension from the Federal Government. Under the provisions of the Economy Act, 67,995 of these veterans were removed from the pension rolls before November 30, 1933.

They were not young men; they were men past their maturity, men who during the most prosperous times were not able to meet the competition of youth in securing positions. Others of them have impaired health due to tropical campaigning, and are not now in a position to prove service connection for their disabilities. These thousands have been thrown upon local charity. It was a mistake for us in the name of economy to withdraw their support and cause them to look to charity for the bare necessities of life.

RESTORATION OF FEDERAL EMPLOYEES' SALARIES

When the Economy Act of 1933 was under consideration in the House I did not, and I do not now, believe that true economy in governmental expenditures is effected by the reduction of salaries.

Economy in government can best be effected by efficiency in government. Efficiency in government ultimately rests upon the civil employee. Administrations may change policies, but it is the civil employee who carries the policy into effect. No government in the world has more efficient civil employees than does the Government of the United States. The enactment of legislation reducing salaries at a time when supreme efforts were being made to lift us from the depression was short-sighted.

The first efforts made to ascertain the average wage of all civil employees of the Federal Government were undertaken in 1912 when it was found to be \$1,252 per annum. By 1924, largely through the enactment of the Reclassification Act, this average salary was increased to \$1,360. In 1927, I introduced the Welch Act which further raised the average salary to \$1,440 per annum.

The cost of living more than doubled from the pre-war year of 1912 to the post-war year of 1930, yet the average wage paid to Federal employees increased less than \$200 per annum. I will not take the time to translate these salaries into an index figure correlated with the purchasing power of the dollar, for it would reduce the actual value of governmental salaries to a shameful figure. By the terms of the Economy Act, however, we did reduce the salary of our Government workers 15 percent from this average of \$1,440, or to approximately \$1,224 per annum, which is lower than the average salary received as long ago as 1912.

Much has been said of the higher-salaried employees when the question of governmental salaries is discussed. We must not lose sight of the fact that the bulk of our Federal employees are in the lower-salaried classes. In 1932, out of a total of about 700,000 employees in the Federal civil executive service, 124,678 received less than \$1,000 per annum and 433,356 received between \$1,000 and \$2,200 per annum. Of the 125,931 who received between \$2,200 and \$5,000 per annum, over 70 percent received less than \$2,700.

If we compare this data with the minimum costs of maintaining a home as established years ago by the Department of Labor's studies of the matter we find that less than 25 percent of the employees of the Federal establishment are paid wages sufficiently high to maintain the American standard of living. This is what accounts for the doubling up of families in homes, for the employment of husband and wife to keep their home.

Thousands upon thousands of Government employees have obligated themselves over long periods of time in the pur-

chase of homes. Being assured from past experience that their positions and wages were secure, these obligations naturally have been greater than where such assurance is not felt. The inevitable result of the 15-percent reduction in their salaries has been the loss of years of savings and in some cases the homes they were striving to own.

With the coming of the depression other demands have been made upon Federal employees for contributions to charity. Demands have been made upon them for the relief of relatives. They have had to render assistance to whole families of relatives who could not find employment. One young woman, almost within the shadow of the Capitol, receiving a salary of \$1,440 per annum, with 3½ percent deducted for retirement, had to send a minimum of \$40 per month to support her mother, father, brother, and sisters who could find no employment over a period of 18 months. Her case could be multiplied many times over. The imposition of a 15 percent reduction in wages on such people certainly is not good economic policy.

Industry is being requested to maintain the highest standards of living possible by increasing wages and reducing the hours of labor. This is proper, but I insist that this same policy should be maintained by the Federal Government. The Government of the United States should set an example for private industry to follow.

Now is the time Federal salaries should be completely restored. The Bureau of Labor Statistics has just issued a release indicating that the wholesale commodity prices have increased 24 percent over a year ago. Retail prices must inevitably follow this upward trend. The Federal employee should not be made to suffer further.

Congress must take action at once to relieve the burdens it has imposed upon both the veterans of the United States and the employees of our Federal Government.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. ADAMS, for today, on account of important business.

To Mr. BACON, indefinitely, on account of illness in his family.

To Mr. BOEHNE, for 10 days, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2002. An act for the relief of R. S. Howard Co., Inc.; to the Committee on War Claims.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction; and

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law" approved April 1, 1932;

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes," approved February 14, 1917, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 2743. An act for the relief of William M. Stoddard;

H.R. 3072. An act for the relief of Seth B. Simmons;

H.R. 3554. An act for the relief of Pinkie Osborne;

H.R. 5163. An act for the relief of Calvin M. Head;

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes;

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes;

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased; and

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Friday, March 23, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, Mar. 23, 10 a.m.)

Continuation of the hearings on stock-exchange regulation.

SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE ON PERMANENT LEGISLATION

(Friday, Mar. 23, 1:30 p.m.)

EXECUTIVE COMMUNICATIONS, ETC.

388. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations for the Department of Justice for the fiscal year 1934 and prior fiscal years, amounting to \$66,771.37 (H.Doc. No. 289), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FULMER: Committee on Agriculture. H.R. 6851. A bill to make peanuts a basic agricultural commodity for the purposes of the Agricultural Adjustment Act; without amendment (Rept. No. 1034). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 8281. A bill to amend the act entitled "An act providing for the removal of snow and ice from the paved

sidewalks of the District of Columbia"; with amendment (Rept. No. 1035). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. S. 2660. An act to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162); with amendment (Rept. No. 1037). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. Senate Joint Resolution 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920; with amendment (Rept. No. 1038). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WERNER: Committee on Indian Affairs. H.R. 7121. A bill authorizing the Secretary of the Treasury to pay Dr. A. W. Pearson, of Peever, S.Dak., and the Peabody Hospital, at Webster, S.Dak., for medical services and supplies furnished to Indians; with amendment (Rept. No. 1036). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS: A bill (H.R. 8778) to establish and promote the use of standards of classification for tobacco, to provide and maintain an official inspection service for tobacco, and for other purposes; to the Committee on Agriculture.

By Mr. WEAVER: A bill (H.R. 8779) to authorize the Secretary of Agriculture to adjust claims to so-called "Olmstead lands" in the State of North Carolina; to the Committee on the Public Lands.

By Mr. GOLDSBOROUGH: A bill (H.R. 8780) to establish the Federal monetary authority and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. CARTWRIGHT: A bill (H.R. 8781) to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes; to the Committee on Roads.

By Mr. BUCK: A bill (H.R. 8782) to prevent the shipment and sale (whether filled or unfilled) of other than sterilized used packages in interstate commerce which are intended for use or used in the shipment and sale of fresh fruits and fresh vegetables in their natural state, whether or not transported by railroad, boat, or motor vehicle, or by common, contract, or private carrier; to the Committee on Agriculture.

By Mr. BOEHNE: A bill (H.R. 8783) authorizing the Spencer County Bridge Commission of Spencer County, Ind., or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky., and permitting the Spencer County Bridge Commission of Spencer County, Ind., to act jointly with the State Highway Commission of the State of Kentucky, and the State Highway Commission of the State of Indiana in the construction, maintenance, and operation of said bridge; to the Committee on Interstate and Foreign Commerce.

By Mr. LANZETTA: A bill (H.R. 8784) to amend sections 21 and 27 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the island of Puerto Rico, United States; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SABATH: Resolution (H.Res. 310) to investigate bondholders' committees; to the Committee on Rules.

By Mr. COLLINS of Mississippi: Resolution (H.Res. 311) to provide additional clerical services for Members, Dele-

gates, and Resident Commissioners on account of the present emergency; to the Committee on Accounts.

By Mr. DIRKSEN: Joint resolution (H.J.Res. 304) to establish the Peace Division in the Department of State, with an Assistant Secretary of State for Peace at the head thereof, and for other purposes; to the Committee on Foreign Affairs.

By Mr. OLIVER of New York: Joint resolution (H.J.Res. 305) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY: A bill (H.R. 8785) granting a pension to Mattie Phillips; to the Committee on Pensions.

By Mr. ALLGOOD: A bill (H.R. 8786) for the relief of J. E. Johnson; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 8787) for the relief of George William Henning; to the Committee on Claims.

By Mr. CARY: A bill (H.R. 8788) for the relief of the heirs of Edmund P. Lee; to the Committee on War Claims.

By Mr. GIFFORD: A bill (H.R. 8789) granting a pension to Fannie L. Leonard; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H.R. 8790) for the relief of M. F. Brown; to the Committee on Claims.

By Mr. KELLY of Pennsylvania: A bill (H.R. 8791) to correct the naval record of John Charles Rosepiller; to the Committee on Naval Affairs.

Also, a bill (H.R. 8792) to correct the military record of Ernest J. McCusker; to the Committee on Military Affairs.

Also, a bill (H.R. 8793) to reimburse the borough of East Pittsburgh, Pa., for moneys expended in the damage claim of Florence McCune; to the Committee on Claims.

By Mr. MARLAND: A bill (H.R. 8794) for the relief of Eddie French; to the Committee on Military Affairs.

By Mr. PEAVEY: A bill (H.R. 8795) granting an increase of pension to Sarah Beede; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 8796) for the relief of N. N. Self; to the Committee on Claims.

By Mr. ROMJUE: A bill (H.R. 8797) granting a pension to Margaret Malinda Saunders; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8798) for the relief of Charles Edward Poole; to the Committee on Naval Affairs.

By Mr. SCHUETZ: A bill (H.R. 8799) for the relief of Walter C. Paplow; to the Committee on Naval Affairs.

Also, a bill (H.R. 8800) for the relief of Harold L. Goslin; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 8801) for the relief of the heirs of Julius Nowak; to the Committee on Claims.

By Mr. TRAEGER: A bill (H.R. 8802) granting a pension to Mary L. Head; to the Committee on Invalid Pensions.

By Mr. TURNER: A bill (H.R. 8803) for the relief of Wheeler Marvin Beasley; to the Committee on Military Affairs.

By Mr. WHITTINGTON: A bill (H.R. 8804) for the relief of D. R. Alexander; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3167. By Mr. BOYLAN: Resolutions adopted by the executive council of the American Association of Railroad Superintendents, regarding House bill 8100, known as the Pettengill bill; to the Committee on Interstate and Foreign Commerce.

3168. By Mr. CULLEN: Resolution adopted at mass meeting of Affiliated Postal Employees held at Haaren High School, Tenth Avenue and Fifty-ninth Street, New York City, on March 18, 1934, urging Congress to restore all pay cuts in full and to repeal the unjust provisions of the Economy Act, prohibiting the filling of vacancies and authoriz-

ing the heads of the several departments to invoke payless furloughs at pleasure; to the Committee on Appropriations.

3169. By Mr. DE PRIEST: Petition from the meeting of colored citizens of Cambridge, Mass., under auspices of the Isaac Wilson Taylor Post, No. 2443, Veterans of Foreign Wars, Robert H. Elam, commander, and Julian H. Lawrence, adjutant; to the Committee on Rules.

3170. By Mr. FORD: Resolution of Los Angeles County District Council Carpenters, approving the Central Valley water project in California; to the Committee on Appropriations.

3171. By Mr. GUEVARA: Resolution No. 85 of the Provincial Board of Antique, P.I., adhering to the protest submitted to Congress by His Excellency the Governor General of the Philippine Islands, against the excise of 5 cents per pound of coconut oil exported to the United States, and voicing the sentiment of the coconut growers of the Province of Antique in the belief that if said tariff will take effect the coconut planters in the Philippines will be ruined. The above resolution was passed on motion of Angel Salazar, Acting Governor, seconded by Alejandro T. Lim, member, on February 13, 1934; to the Committee on Ways and Means.

3172. By Mr. KENNEY: Petition in the nature of a resolution of the mayor and council of the borough of Little Ferry, N.J., unequivocally and without restriction approving House bill 3082, a bill to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation, introduced in the House of Representatives by Congressman EDWARD A. KENNEY; to the Committee on Banking and Currency.

3173. Also, petition in the nature of a resolution of the mayor and council of the town of Guttenberg, N.J., going on record as favoring the passage of House bill 3082, a bill to amend the Reconstruction Finance Corporation Act, so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation, introduced in the House of Representatives by Congressman EDWARD A. KENNEY; to the Committee on Banking and Currency.

3174. Also, petition in the nature of a resolution of the board of directors of the Chamber of Commerce of the City of Newark, N.J., opposing the passage of the National Securities Exchange Act of 1934, at least unless amended to confine its provisions to securities exchanges and transactions thereon; to the Committee on Interstate and Foreign Commerce.

3175. By Mr. LEHR: Petition of the Woman's Home Missionary Society of the Methodist Episcopal Church of Manchester, Mich., urging favorable action on the Patman motion-picture bill; to the Committee on Interstate and Foreign Commerce.

3176. By Mr. LINDSAY: Petition of the Home Market Club, Boston, Mass., opposing House bill 8430; to the Committee on Ways and Means.

3177. Also, petition of Camp Dewey, No. 41, United Spanish War Veterans, Kenosha, Wis., urging favorable consideration of House bill 7135; to the Committee on Pensions.

3178. Also, petition of the Atlantic Service Co., Brooklyn, N.Y., opposing the Wagner-Connery bill; to the Committee on Labor.

3179. Also, telegram from Eberhard Faber Pencil Co., opposing the Wagner-Connery bill; to the Committee on Labor.

3180. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the passage of the Wagner labor bill; to the Committee on Labor.

3181. Also, petition of the Homestead Laundry Corporation, Brooklyn, N.Y., opposing Senate bill 2926 and House bill 8423; to the Committee on Labor.

3182. Also, petition of the New York State Vocational Association, Rochester, N.Y., urging support of House bill 7059; to the Committee on Education.

3183. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the Wagner-Connery bill; to the Committee on Labor.

3184. By Mr. MERRITT: Petition of sundry citizens of Stamford, in the Fourth Congressional District of the State of Connecticut, protesting against racial discrimination in the public restaurants of the United States Senate and House of Representatives; to the Committee on Accounts.

3185. By Mr. PEAVEY: Petition of several hundred citizens of the Tenth Wisconsin District, urging Federal aid for the public schools of the country; to the Committee on Education.

3186. By Mr. PEYSER: Petition on behalf of certain married women formerly employed in the New York City post office; to the Committee on the Civil Service.

3187. By Mr. RUDD: Petition of the Homestead Laundry Corporation, Brooklyn, N.Y., opposing the passage of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3188. Also, petition of the New York State Vocational Association, favoring the passage of House bill 7059, the vocational bill; to the Committee on Education.

3189. Also, petition of the Collins & Aikman Corporation, New York City, opposing the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3190. Also, petition of Franklin M. Warner, 120 Broadway, New York City, favoring further amendments to the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3191. Also, petition of the Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3192. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3193. Also, petition of Gray Mac W. Bryan, 48 Wall Street, New York City, favoring certain amendments to the Rayburn-Fletcher stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3194. Also, petition of Eberhard Faber Pencil Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3195. Also, petition of Lloyd B. Martin, president Atlantic Service Co., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3196. By Mr. SADOWSKI: Petition of the common council of the city of Detroit, Mich.; to the Committee on Foreign Affairs.

3197. Also, petition of the Detroit Federation of Post Office Clerks, asking for amendment to the Economy Act to eliminate furloughs; to the Committee on the Post Offices and Post Roads.

SENATE

FRIDAY, MARCH 23, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Fletcher	La Follette
Ashurst	Caraway	Frazier	Logan
Austin	Carey	George	Loneragan
Bachman	Clark	Gibson	Long
Bailey	Connally	Glass	McAdoo
Bankhead	Coolidge	Goldsborough	McCarran
Barbour	Costigan	Gore	McGill
Barkley	Couzens	Harrison	McKellar
Black	Cutting	Hastings	McNary
Bone	Davis	Hatch	Metcalf
Borah	Dickinson	Hayden	Murphy
Brown	Dieterich	Hebert	Neely
Bulkeley	Dill	Johnson	Norris
Bulow	Duffy	Kean	Nye
Byrd	Erickson	Keyes	O'Mahoney
Byrnes	Fess	King	Overton

Pittman	Schall	Thomas, Utah	Wagner
Pope	Sheppard	Thompson	Walcott
Reed	Shipstead	Townsend	Walsh
Reynolds	Smith	Trammell	Wheeler
Robinson, Ark.	Stelwer	Tydings	
Robinson, Ind.	Stephens	Vandenberg	
Russell	Thomas, Okla.	Van Nuys	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is absent on account of illness, and that the senior Senator from Maine [Mr. HALE], the junior Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had passed a bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the bill (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases, reported it with amendments and submitted a report (No. 539) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1557. An act for the relief of Harry Lee Shaw (Rept. No. 540);

H.R. 305. An act for the relief of Ernest B. Butte (Rept. No. 541); and

H.R. 6822. An act for the relief of Warren F. Avery (Rept. No. 542).

Mr. KING (for Mr. GORE), from the Committee on the District of Columbia, to which was referred the bill (S. 1932) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title, reported it without amendment and submitted a report (No. 543) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to whom were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2096. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States (Rept. No. 544); and

S. 2924. An act to include within the Deschutes National Forest, in the State of Oregon, certain public lands within the exchange boundaries thereof (Rept. No. 545).

REPORT OF CONVENTION OF AMERICAN INSTRUCTORS OF THE DEAF (S.DOC. NO. 163)

Mr. HAYDEN, from the Committee on Printing, to which was referred the manuscript of the proceedings of the Twenty-seventh Meeting of the Convention of American Instructors of the Deaf held at Winnipeg, Manitoba, June 22 to June 26, 1931, reported favorably thereon with the

recommendation that it be printed with illustrations as a document; and

On motion by Mr. HAYDEN, it was

Ordered, That the report of the proceedings of the Twenty-seventh Meeting of the Convention of American Instructors of the Deaf held at Winnipeg, Manitoba, June 22 to June 26, 1931, be printed with illustrations as a Senate document.

EMPLOYEES OF NATIONAL RECOVERY ADMINISTRATION (S.DOC. NO. 164)

Mr. HAYDEN, from the Committee on Printing, to which was referred the letter from the Administrator of National Recovery, transmitting certain information concerning employees and codes of the National Recovery Administration, reported favorably thereon with the recommendation that it be printed as a document; and

On motion by Mr. HAYDEN, it was

Ordered, That the letter of the Administrator of National Recovery dated March 20, 1934, transmitting a statement showing a list of the names of all persons now employed by the Recovery Administration in the District of Columbia and the various States; the compensation, residence address, and designation of the position held by each; also the present and past business connections of each person who has held or is now holding a position (other than stenographer, clerk, or messenger) on any National Recovery Administration department or board, together with a list of all codes, either pending or approved, with which each such person has been connected in any capacity, be printed as a Senate document.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 3151) to cancel certain Government liens on lands within the King Hill Irrigation District, State of Idaho; to the Committee on Irrigation and Reclamation.

By Mr. VANDENBERG:

A bill (S. 3152) to amend the Agricultural Adjustment Act, as amended, by making beans a basic agricultural commodity; to the Committee on Agriculture and Forestry.

By Mr. BAILEY:

A bill (S. 3153) for the relief of L. E. Baumgarten (with accompanying papers); to the Committee on Claims.

By Mr. LOGAN:

A bill (S. 3154) for the relief of the Barlow-Moore Tobacco Co.;

A bill (S. 3155) for the relief of B. H. Hall;

A bill (S. 3156) for the relief of Mary Angela Moert;

A bill (S. 3157) for the relief of the heirs of G. W. Roberts;

A bill (S. 3158) for the relief of Robert Rodes;

A bill (S. 3159) for the relief of J. U. Schickli & Brothers; and

A bill (S. 3160) for the relief of Charles E. Secord; to the Committee on Claims.

A bill (S. 3161) for the relief of Mary Seeley Watson; to the Committee on Foreign Relations.

A bill (S. 3162) granting a pension to Alzurah Long; to the Committee on Pensions.

By Mr. GIBSON:

A bill (S. 3163) granting a pension to Lottie Rumrill; to the Committee on Pensions.

By Mr. MCGILL:

A bill (S. 3164) granting a pension to William H. Owen; to the Committee on Pensions.

A bill (S. 3165) for the relief of Earl DuBois; to the Committee on Military Affairs.

By Mr. NYE:

A bill (S. 3166) to amend the law relating to design patents to provide for the registration of designs, and for other purposes; to the Committee on Patents.

By Mr. TOWNSEND:

A bill (S. 3167) authorizing the appropriation of \$600,000 or so much thereof as may be necessary to refund payments made to the Collector of Taxes of the District of Columbia for illegally assessed taxes for paving roadways or laying curbs or gutters in the District of Columbia, including

penalties charged and paid, as may on the date of approval of this act be legally due Paving Tax Refund Corporation of the District of Columbia, a corporation organized under the laws of the State of Arizona; to the Committee on the District of Columbia.

By Mr. McADOO:

A bill (S. 3168) to effectuate certain provisions of the International Convention for the Protection of Industrial Property, as revised at The Hague on November 6, 1925; to the Committee on Patents.

By Mr. GOLDSBOROUGH:

A bill (S. 3169) for the relief of Southern Overall Co.; to the Committee on Claims.

Mr. McKELLAR. On behalf of myself and the Senator from Alabama [Mr. BLACK], I introduce a revised air mail bill, and ask that it may be printed and lie on the table.

The VICE PRESIDENT. The bill will be printed and lie on the table.

By Mr. McKELLAR and Mr. BLACK:

A bill (S. 3170) to revise air mail laws; ordered to lie on the table.

By Mr. COSTIGAN:

A joint resolution (S.J.Res. 91) to supplement the authority of the Federal Trade Commission to obtain information relating to the salaries of officers and directors of certain corporations whose securities are listed on the New York stock exchanges; to the Committee on Banking and Currency.

REGULATION OF TRANSPORTATION BY MOTOR AND WATER CARRIERS

Mr. DILL. I ask unanimous consent to introduce two bills prepared by Mr. Joseph B. Eastman, Federal Coordinator of Transportation. One of the bills proposes regulation of the bus- and motor-freight business in this country, and the other proposes the regulation of water transportation.

The VICE PRESIDENT. Without objection, the bills will be received and appropriately referred.

By Mr. DILL (by request):

A bill (S. 3171) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes; and

A bill (S. 3172) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating between points in the United States in interstate commerce, and for other purposes; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

ASSISTANT CLERK TO COMMERCE COMMITTEE

Mr. STEPHENS submitted the following resolution (S.Res. 214), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Commerce hereby is authorized to employ for the remainder of the session of the Senate an assistant clerk, to be paid from the contingent fund of the Senate at the rate of \$2,000 per annum.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

THE COMMUNICATIONS PROBLEM

Mr. LONERGAN. Mr. President, I ask unanimous consent to have inserted in the RECORD copy of a letter and copy of an address by Col. David Sarnoff on the subject of the communications problem in the United States.

There being no objection, the letter and address were ordered to be printed in the RECORD, as follows:

LETTER TO THE HONORABLE DANIEL C. ROPER, SECRETARY OF COMMERCE, FROM DAVID SARNOFF, PRESIDENT RADIO CORPORATION OF AMERICA

RADIO CORPORATION OF AMERICA,
Washington, D.C., January 24, 1934.

Hon. DANIEL C. ROPER,

Secretary of Commerce, Washington, D.C.

MY DEAR MR. SECRETARY: This morning, in our conversation concerning the communications problems of the United States, you suggested that during the day I present to you my views in written form. As I did not anticipate this suggestion, I do not have with me my files relating to this subject. The time is short, and my statement must therefore be general.

NEED FOR COMMUNICATIONS POLICY

In May of last year, during a tour of active duty in the War Department as a Signal Corps Reserve officer, the subject of Communications Control in War was assigned to me, and I was directed to prepare a paper upon that subject for the Army Industrial College. In that paper I dealt extensively with the various aspects of the subject of communications, and in particular with the importance to our country of international communications. The conclusions I stated in that paper are as follows:

"1. The fund of information collected by Army and Navy authorities on a matter of such high importance to the national defense and to the economic stability of one of the Nation's largest industries demonstrates the need for consideration by our Government of the establishment of a definite American communications policy;

"2. A change in conditions is urgently required in the domestic record communications field, where great waste results from duplication and intensive sales effort;

"3. A change is also imperative in the field of international communications, where competition is equally intense on this side, and therefore American companies are not on a parity with foreign monopolies in negotiations affecting communications rates and services.

"4. Existing conditions make difficult the formation of a satisfactory plan for coordination and prompt and efficient transfer of our communications facilities from a peace to war basis."

As a solution for the foregoing problems, I suggested that:

1. Voice communication by telephone be maintained as a separate unified system, using wires, cables, or radio.

2. Internal and external communication of record be merged into a unified system, using wires, cables, or radio.

3. A single governmental agency should be established, with sufficient power to regulate American communication companies in the public interest.

A copy of the paper referred to is annexed hereto. It was delivered on May 4, 1933. Developments since that date, and further studies of the subject, have confirmed my belief in the views and the conclusions then stated.

COMMUNICATIONS PROBLEM UNDER CONSIDERATION BY GOVERNMENT

Recent newspaper dispatches indicate that consideration is now being given in Washington to the problem of communications. It has been suggested that:

1. A comprehensive American communications policy be established by our Government.

2. There be created by law a suitable single Government agency having regulatory power over all communication companies, both wire and wireless—telephone, telegraph, and broadcasting.

3. Legislation be enacted which would permit consolidations in the field of telegraph communications under the same terms as such consolidations are now permitted by existing law in the field of telephone communications.

With respect to suggestions nos. 1 and 2, I am in complete agreement, both as to their necessity and their wisdom.

With respect to no. 3, I am likewise in accord, provided, however, that suitable safeguards are set up whereby:

(a) The public interest will be adequately protected as to rates and services.

(b) The important and promising developments of the new art of radio communications are not subordinated to the interests of the older industry of wires and cables.

Both of these requirements must be met by any plan that may be made for the consolidation of existing companies or facilities, as well as the requirement that such plan be feasible from an economic and financial standpoint.

SUMMARY OF DIFFERENT PLANS PROPOSED

Four different plans for a regrouping or consolidation of wire and wireless telegraph companies in the domestic and foreign fields have been advanced by those who are recommending the establishment of an American communications policy. These plans may be summarized as follows:

1. Two-company plan (one wire, the other wireless): Unifying domestic and foreign telegraph services by wire and cable, in one company, and unifying domestic and foreign services by wireless in a separate, competing company.

2. Two-company plan (one domestic, the other foreign): Unifying domestic telegraph services by wire and wireless in one company, and unifying foreign telegraph services by cable and wireless in a second company; the two companies to be distinct from each other and separately owned and operated.

3. Three-company plan: Unifying domestic telegraph services by wire and wireless in one company; foreign telegraph service

by cable in a second company; and foreign telegraph service by wireless in a third company; the three companies to be distinct from each other and to be separately owned and operated.

4. One-company plan: Unifying in a single company domestic and foreign telegraph services by wire, cable, and wireless.

It should be borne in mind that radiobroadcasting and wireless telegraphic communications are two entirely different and unrelated industries. The subject of broadcasting is therefore not involved in the discussions of these plans, which relate solely to telegraphic communications.

DANGER OF UNSOUND CONSOLIDATION

The first of these proposals would consolidate all cable and wire telegraph companies into one organization for domestic and international telegraph communications, and at the same time consolidate the radio telegraph companies into another but separate, competing company for radio telegraph communications. That proposal is economically and financially unsound. It would doom cables to extinction by law. Even if the present statutes were modified to permit such a regrouping of companies, it is not likely to result in the consolidations suggested, or to accomplish the purpose which such permissive legislation would seek.

The second proposal that has been advanced is to consolidate all domestic telegraph communications—wire and radio—into a single organization whose territory of operations would be confined to the United States, and that all international telegraph communication companies—cable and radio—be consolidated into another separate and distinct organization, with no corporate relationships between the companies. This proposal is likewise unsound. It is contrary to the lessons of all previous experience, both at home and abroad. It has never worked well in the past. It is unlikely to do so in the future.

Wireless telegraphy in the United States has been severely handicapped since its inception by being stopped at the Atlantic and Pacific coasts, and compelled to depend upon other and unrelated agencies for service to and from the interior. This has limited the scope of wireless telegraph service to the American public. The Western Union Telegraph Co. found it necessary to operate cables, as well, and landlines. Any international communications company is dependent for success upon its ability to deliver promptly telegrams received from abroad, and to pick up and transmit promptly telegrams addressed to points abroad.

CABLES CANNOT SURVIVE ALONE

The importance of this situation was clearly stated by Mr. Newcomb Carlton, formerly president and now chairman of the board of directors of the Western Union Telegraph Co., in his testimony during the hearing on the Cable Landing License Act in 1921. Mr. Carlton then said:

"We believe that none of the companies that have only cable systems can survive. Our thought is that cables are auxiliaries to great landline terminals; that where you have a system like the Western Union, represented practically everywhere in the United States, this great collecting and distributing system should work in close and sympathetic harmony with the operation of cables, in order that there may be proper operation of the whole. The companies who lay a cable on the beach and then expect you to supply terminal facilities must eventually become a part of a large system of landlines and cables."

Any international wireless system is like an international cable system. Both transmit telegrams to and from the point of entry into and out of the United States. To and from the point of entry, the messages are handled by the domestic telegraph company. What Mr. Carlton said about cable companies applies with equal force to all international telegraph companies, to wireless as well as cable.

The Commercial Cable Co. found it necessary to organize the Postal Telegraph system of landlines in the United States in order satisfactorily to handle its international business. When the International Telephone & Telegraph Co. bought the All-American Cable Co., it consolidated the facilities of that cable company with the Postal Telegraph Co.

EXPERIENCE OF OTHER NATIONS

In Germany, Norway, Sweden, Denmark, Czechoslovakia, Holland, Belgium, Russia, Poland, and Japan, domestic and international telegraph services are operated under the control of the same administrations. In Great Britain, where international cable and radio telegraph facilities were recently consolidated, with the help of the British Government, into an organization known as "Imperial and International Communications, Ltd.," that organization found it impracticable to depend upon the government-owned domestic landline system. This was particularly true with respect to the principal cities in England with which a large volume of international telegraph correspondence is exchanged. Accordingly, direct wires from the international circuits operated by the Imperial Communications Co. were extended into the interior of Great Britain to the cities of Birmingham, Bradford, Dundee, Edinburgh, Glasgow, Hull, Leeds, Leith, Liverpool, Manchester, Newcastle-on-Tyne, Sheffield, and Southampton, and to 17 telegraph offices in the city of London. All these facilities duplicate the existing separate domestic wire system in Great Britain.

SITUATION IN THE UNITED STATES

The geography of the United States would logically forbid a separation of domestic and international communication services. Montreal, Winnipeg, and Mexico City are much nearer to New York than San Francisco. The present domestic telegraph rate structure applies between the United States and Canada and

Mexico. Moreover, the rapid development of radio communications, and especially the increasing usefulness of short and ultra-short waves, bring into view early possibilities of direct communication by wireless between the principal cities of the United States and the important cities of other countries of the world.

There is no scientific or technical reason why it should be impossible to communicate directly between Washington, New Orleans, Chicago, Kansas City, Boston, or Philadelphia, and London, Paris, Berlin, or Rome, or the other capitals and business centers of the world. Unlike cables, radio does not terminate at the seaboard. There is no good reason why New York City and San Francisco should for all time enjoy the marked commercial advantages over other American cities which they now have because of their direct international telegraphic contacts.

If the theory of a separate domestic organization divorced from international communications should prevail, it would subordinate forever the communications of every other place in the United States to the prerogatives of these two cities.

Wireless messages can go, unrelayed, through space, from point of origin to point of destination. It is entirely conceivable that every State in our Union will be able to communicate directly with every other important State in the world. For these reasons the line between domestic and foreign communications is an imaginary and not a real one.

CHALLENGE OF UNIFIED FOREIGN COMMUNICATION SYSTEMS

It should also be pointed out that American companies engaged in the field of international telegraph transmission—and this is especially true of wireless—are required to deal with unified organizations abroad, either private or government monopolies. If a monopoly of domestic telegraph communication is likewise established in the United States, the organization in this country responsible for handling international messages would find itself sandwiched between a foreign monopoly abroad and a domestic monopoly at home. The volume of business, financial strength, and trading opportunity of the American organization in the international field would be greatly limited in comparison with those held by an American domestic telegraph monopoly or the communication monopolies of the principal foreign countries, such as England, France, Germany, Italy, and Japan. Such a circumscribed American international telegraph company could not possess the prestige or the power necessary to deal on terms of equality with these foreign organizations.

THE THREE-COMPANY PLAN

The third plan which has been advanced would permit a monopoly of domestic telegraph communications within the United States, both wire and wireless, but preserve competition between cables and wireless in the international field. This plan is subject to all the objections heretofore stated. The foreign companies would still be able to trade one American company against the other, always to the advantage of the foreigner, and, in addition, the domestic telegraph monopoly would have that same opportunity, so that the American companies engaged in the international telegraph field would be caught between two monopolies, each trading one off against the other for the advantage of its monopoly. This plan also would isolate all of the cities of America except New York and San Francisco from direct telegraph communication with the world.

The need for consolidation is of greatest importance in the international field, in order that the independence of America in world communications may be preserved. Such need for consolidation as there may be in the domestic telegraph field in the United States, is based purely upon the economic situation—certainly a matter of less importance than the national need for a vigorous and thriving American international communication system.

FOR A SINGLE UNIFIED SYSTEM

All these advantages can be secured by the fourth plan, which would consolidate all telegraphic communications, both wire and wireless, domestic and foreign, into a single, complete, and comprehensive organization. This plan is financially and economically sound.

It incorporates the basic principles of a truly American communications policy. Under adequate Government regulation of rates and services it would assure to American business—domestic and foreign—the best and cheapest telegraphic service in the world.

It would guarantee for that service the limitless possibilities of radio.

It would create, for the purpose of national defense, a complete communications unit that would require no regrouping or reorganizing should a national emergency arise.

It should, in the near future, provide direct international telegraphic communication for inland cities of the United States, even as the present unified telephone system of wire and wireless makes possible direct telephonic communication between all parts of the United States and the rest of the world.

It would end wasteful competition, stabilize an essential industry, extend its services to sections of our country now without telegraphic facilities, lower rates, and make secure America's independent position in the field of world communications.

No partial consolidation or divided set-up could secure such results.

This recommendation for a consolidation in the telegraphic field merely seeks to provide for the telegraph-using public the same privileges which the law now gives to the users of telephone services by permitting telephone companies to consolidate and to utilize for their services wires, cables, and wireless. Without that

permission the present high state of efficiency and world-wide telephonic service could never have been attained.

THE INTERESTS OF LABOR

In any plan of consolidation of telegraphic service the Radio Corporation of America is ready to assist in devising means whereby the interests of the workers in this industry will be suitably safeguarded, so that the economies to be secured by such a plan shall not be at the expense of labor.

R.C.A. READY TO COOPERATE

While the Radio Corporation of America is the youngest and smallest of the four major communication companies in the United States, it is nevertheless the organization which has developed wireless telegraphic communication to its present state of public usefulness and has given to the United States its leadership in this field. It has established and maintains direct communications with 47 countries in all parts of the world.

The Radio Corporation of America will be pleased to respond to any opportunity to cooperate in the establishment of a comprehensive American communications policy. It is ready to place at the disposal of your department and of the Congress the experience and the information at its command.

Respectfully submitted.

DAVID SARNOFF,

President Radio Corporation of America.

COMMUNICATIONS CONTROL IN WAR

(Address by Col. David Sarnoff, Signal Corps Reserve, president Radio Corporation of America, May 4, 1933, at the Army Industrial College, Washington, D.C.)

Among the assignments specified for my tour of active duty in the War Department it was stated that the Chief Signal Officer desired me to make a study of American commercial communications systems for the purpose of providing a peace-time set-up that would be advantageous to national defense. At the same time the director of the Army Industrial College requested me to address the college on the subject of Communications Control in War. As these two subjects are interrelated, they may be dealt with in the same discussion in sequence.

I

EXTENSIVE BIBLIOGRAPHY NOW IN GOVERNMENT'S HANDS

An extensive bibliography exists in the Signal Corps and the naval communications offices on the communications situation in this and other countries. Special reference may be made in this connection to the paper by Gen. Irving J. Carr, Chief Signal Officer of the Army, entitled "The Influence of the Control of International Communications on the Conduct of War", published in the Signal Corps Bulletin of January-February 1933. Reference is also made to the committee report on problem no. 14, under the subject of "Communications Control", submitted February 18, 1933, to the Army Industrial College by Lt. Col. C. W. Baird, Maj. J. L. Guion, Capt. W. C. Ellis, and Lt. J. M. Worthington, and also communications control problem no. 53, submitted to the Army Industrial College, April 23, 1932, by Lt. Homer W. Jones, Comdr. J. T. Alexander, and Maj. L. B. Bender. Reference is also made to a comprehensive address delivered on April 20, 1933, by Capt. S. C. Hooper, director of naval communications, at the Naval War College, Newport, R.I., on the subject of "World Communications."

I wish to take this opportunity to pay tribute to the officers of the Army and Navy who have performed this very important work. I have gone over it carefully and formed a high opinion of it, not only because of the exhaustive nature of the investigation of our national and international communications but also because of the thorough comprehension of our communication problems evidenced by the conclusions reached.

It has not yet been possible for me to correlate all of the information I have obtained in Washington on some of the questions of communications as they relate specifically to the national defense. I have an appreciation of the magnitude of this problem because of this tour of duty and the former assignments I have had with the Army and Navy. Out of an experience of more than 25 years in the communications business, during which time I have witnessed the development and upbuilding of our great American systems, it is natural that I should have formed some rather definite views about the present status and future development of our communications. I shall touch upon them in the course of this discussion.

EXISTING MANUFACTURING AND COMMUNICATION FACILITIES IN THE UNITED STATES

With the principal findings in the documents that have been at my disposal, I am in full accord. There is reasonable agreement that existing facilities are, in the main, adequate to meet the Nation's requirements in peace as well as in war. Nevertheless it is true, as will be indicated later in this discussion, that there are still many points in this country not served by any telegraph service and that the newer system of radio depends upon its older rivals, the wire companies, for the necessary collection and delivery of traffic.

The major problems, therefore, are, first, how the Nation's communications may be made economically sound in peace time, rendering the maximum service to the public; second, how they may be transferred promptly and efficiently from a peace-time to a war-time basis; and third, how they may be best coordinated and controlled during war. Obviously, if the Nation is to rely in

war on the use of facilities existing in peace, we must be certain that the peace-time situation is such as to provide quickly what will be needed during war. Time in an exceedingly important element when war comes.

Much thought has been given in the papers previously mentioned to the advisability of rebuilding certain parts of our communications structure so that the whole will be stable, efficient, and capable of withstanding unusual stress. After an analysis of these papers, one may obtain a much clearer view as to what steps are desirable, feasible and, perhaps, imperative in order that our communications may be placed on a sound, national-defense basis. Our communications system must be economically strong in time of peace if it is to meet the greater needs of war.

Before proceeding to discuss the development of any new communications program, it is first necessary to examine frankly our present situation and the extent and direction of our communications growth.

II

COMMUNICATIONS DIVIDED INTO THREE GENERAL GROUPS

Our facilities for rapid communication, as distinguished from the slower medium of the post, fall into three general groups. Although these are closely related in certain aspects, they remain inherently different.

The first is voice communication. Such communication may be accomplished either over wires or by radio. Except through the employment of specialized equipment, it leaves no record. It is distinguished from other means of communication in that for a brief time distant and disconnected terminals are temporarily joined, either automatically or manually, and those who desire to communicate are given control of the circuit, to use it at will and to disconnect it at the conclusion of their two-way conversation.

The second is record communication. This may employ also either wires or radio. The user of this method of communication need not be present when his message is transmitted, but relies on specialists conversant with a telegraphic code.

The third is one-way mass communication. This is accomplished through radio broadcasting, by which an entire nation may be reached with an important message instantly and simultaneously.

In the new era of electrical achievements, to which the modern research laboratory has made profound contributions, a fourth method of communication, distinctly individual from all others, is promised. This is sight communication or television.

VOICE COMMUNICATION A VIRTUAL MONOPOLY

Any comprehensive plan of communication control in time of war must give first consideration to the telephone, which is among the Nation's most outstanding utilities. In the United States telephone service has been developed by private enterprise to a high degree of efficiency. During the last 5 years it has been extended, with the aid of radio, to virtually all parts of the world. The resident of any remote hamlet of the inland States may now call an individual on the opposite side of the globe with remarkable ease and converse as readily as though the two were seated in adjacent apartments. In transoceanic conversations, such as between the United States and the Philippine Islands or the hinterlands of Europe, the user of the circuit cannot determine where the voice leaves the domestic wire line and goes into the air channels on radio waves. Transfer of the voice from one medium to another is automatic while the conversation lasts.

Originally composed of many isolated units, our service of voice communication long since was organized into a virtual monopoly, to the very distinct advantage of the subscriber, the investor, and the country at large. Because of the intimate and personal use of the services made available the public soon refused to tolerate an expensive duplication of facilities which was obviously wasteful of capital and unsound economically, in addition to being of pronounced inconvenience to the user. In capital invested, terminal stations and wire network, and quality of telephone service, the system of the American Telephone & Telegraph Co. stands preeminent. It is a complete unit, adequate to meet the needs of peace and the strain of war.

The advantages which have followed unified control in the field of voice communication are significant. Ample capital has been attracted for the full employment of American resourcefulness and inventive genius. Research and development have been pressed forward rapidly, and our telephone wire lines have been extended not only to every hamlet of the country, but also to isolated farms and cottages. Although one can never say that perfection has been reached, it seems that only the assurance of wise and sympathetic regulation remains necessary to give the American people the utmost in a voice-communication service.

COMPETITION HAS BEEN KEYNOTE IN RECORD COMMUNICATION

Passing from the voice-transmission industry to that of record communication, the situation is vastly different. Here Government policy has adhered to the principle of competition as the incentive for providing the people with an adequate telegraphic service, and although competitive effort and enterprise have exercised their full stimulating force, many economic barriers have remained.

At the head of the domestic service of record communication stands the great system of the Western Union with its 22,487 offices scattered throughout the country. This company represents a grouping of many smaller organizations that sprang up in different sections in the earlier days of the telegraph. Other smaller companies were formed during this period of consolidation into the Postal Telegraph Co., which now maintains approxi-

mately 2,500 offices. The Postal offices are located in the important cities of the country and for that reason duplicate an equal number of Western Union offices.

To these two important systems must be added a number of other companies which emphasize the competitive nature of record communication in the domestic field. The Mackay Radio & Telegraph Co., operates a local radiotelegraph system on the Pacific coast from Seattle to Los Angeles, with a transcontinental circuit from San Francisco to New York. Press Wireless, Inc., a newcomer in domestic communication, maintains radiotelegraph stations at New York, Chicago, San Francisco, Los Angeles, and Honolulu. The Tropical Radio Telegraph Co., while primarily engaged in Central American communications, is licensed to communicate between New Orleans, Miami, and New York. R.C.A. Communications, Inc., although not as yet an important factor in the domestic telegraph field, operates a service between both coasts.

The public records of the Federal Radio Commission show that numerous aviation, oil, and cinema companies have been licensed to carry on limited domestic record communication services by radio. The existence of duplicate and overlapping facilities in the case of this particular utility means a multiplicity of operating agencies and a lack of coordinated effort. Aside from the economic waste resulting from this large duplication of facilities in peace time, these conditions present a serious problem of coordination and control in times of war.

EFFECTS OF UNRESTRICTED COMPETITION

Although it is generally recognized that, since the development of voice communication, the telegraph has never received such universal use in the United States as the telephone, it is interesting to note the bearing of the competitive situation on this subject. To serve the public interest to the greatest advantage, the telegraph must extend beyond the urban communities and be accessible to less populous districts. With a population only one half as large as that of the United States, Germany, with a unified service, has nearly twice as many telegraph offices. Similarly, with a population only one third as large as that of the United States, France has one and a half as many telegraph offices.

Thus it may be perceived that despite the extent of our internal system of record communications, and despite the impressive number of feeder offices and the approximately 2,000,000 miles of telegraph wires that knit the country together, the concentration of competitive effort in the larger markets has deprived the villages and outlying districts of telegraphic facilities such as are possessed by similar small communities in European countries. The recent years of economic depression have witnessed, in fact, a reduction in the number of domestic telegraph offices. It is evident that under the system of open competition many small towns could not support telegraph offices on a full-time basis. It is clear, however, that their establishment would impose no impossible strain on a unified organization.

In American cities competition between the leading telegraph companies is now so keen that a substantial portion of effort and expense that should be devoted to service must be expended in soliciting and obtaining the message. Duplicate and competitive telegraph offices are located side by side. These require 2 managers, 2 groups of messengers, 2 sets of clerks and operators, 2 outfits of equipment, 2 systems of call boxes in nearby office buildings, and many miles of duplicating wire circuits. In virtually any important hotel there may be seen, usually adjacent to each other, the offices of our two telegraph systems, and it is apparent there is far from a sufficient amount of business to warrant this obvious duplication of effort.

In New York City alone 300 telegraph offices carry Western Union signs and 150 others Postal Telegraph signs. As a consequence of such wide-spread duplication, of which the New York City situation is but a single example, the public must pay higher rates than would otherwise be necessary for its record communication services.

BENEFITS OF UNIFICATION

Material savings could be made by a program of unification in this field of public service. From the large economies which would result from the elimination of costly duplicate executive management, duplicate offices, duplicate maintenance, accounting, operating, clerical, messenger, and engineering departments one could safely predict a substantial reduction in present telegraph rates by at least 20 percent, and probably even more.

If the economies mentioned should be effected, a program of service expansion then could be undertaken in order that thousands of small communities might enjoy a telegraph office in their home town for the first time. Such an expansion program would largely absorb the operating personnel transferred from closed duplicate offices in the cities. It would call for new construction work, including new pole lines penetrating the more remote sections of the country. The logical development of this program would mean that employees taken from telegraph companies' pay rolls during the past 3 years would return to familiar jobs. Naturally such expansion must be economically sound. It could not be undertaken overnight on an elaborate scale. Another important factor in unification would be its stabilizing value. When an industry is stabilized employment in that industry is stabilized. Any surplus personnel remaining after the program came into effect might be absorbed by the introduction of shorter working hours for all employees.

INTENSE COMPETITION IN INTERNATIONAL FIELD

Dealing with another phase of record communication, attention is directed to the international field, where American organizations and services meet those of foreign nations.

In international record communication services we find not only competition and duplication between different American companies but we also find them existing to an aggravated degree.

In point of mileage of submarine cables employed, the subsidiaries of the International Telegraph & Telephone Co. occupy first place in our cable communications. Six of the 21 cables crossing the North Atlantic are owned and operated by its subsidiary, the Commercial Cable Co., which also owns and operates two cables to Cuba. The Commercial Pacific Cable Co. operates the single submarine cable connecting the United States with Hawaii, Midway, Guam, Japan, China, and the Philippines. The All-America Cable Co., another International Telegraph & Telephone subsidiary, owns and operates cables in the Latin American field.

Western Union, operating the second largest American cable system, works 10 cables across the North Atlantic, 4 of which are leased from British owners, and in addition employs cables to the West Indies and Central America. The French Cable Co. owns and operates three cables from New York to France and Great Britain. It is important to observe that practically all the North American cables which terminate in New York City are landed en route at either Nova Scotia or Newfoundland, and that consequently the strategic control of these important channels of communication is not in our hands. They cannot be relied upon fully in considering our plans for national defense.

NEW FREEDOM IN COMMUNICATIONS FOR UNITED STATES

As we know, the United States was for a long time largely dependent on the cable facilities of foreign nations. In order to gain communications freedom radio came forward, as a major factor in our overseas correspondence. Its development and rapid expansion have occurred almost entirely since the World War. R.C.A. Communications, Inc., has set up from our two major communication centers—New York and San Francisco—an extensive system of overseas radio circuits connecting with 41 other nations and insular possessions. Manila furnishes an auxiliary system of 11 additional circuits.

As a result of the speed, dependability, and directness of its service, radio has added immeasurably to the facilities of world communication. It has accomplished its original purpose of liberating the United States from complete reliance on submarine cables that might be interrupted by a single stroke at the outset of hostilities. It has also given us a highly efficient marine service capable of maintaining contact with ships on any sea.

In addition to the R.C.A. system, external communications are augmented by the overseas radio system of the Army and Navy; by the facilities of Press Wireless, Inc., devoting its efforts toward the greater distribution of American and foreign news; by the radio subsidiary of the International Telegraph & Telephone Co., the Mackay Radio Co., which operates transoceanic radiotelegraph circuits; by the Tropical Radiotelegraph Co., with its comprehensive system between the Central American Republics and the United States, and by a number of private radiotelegraph systems. Intensive and destructive competition prevails between various American companies, each seeking to obtain for itself as large a share as possible of the available international traffic. The intense rivalry which exists in the field of international communication is fully as unsound as that which exists in the domestic field. Under a unified system of external record communication, economies, and rate reductions could likewise be effected.

COMMUNICATIONS POLICY OF OTHER NATIONS

To comprehend the full significance of national policies in international communications, however, we must glance at the trend in foreign countries. Virtually every important foreign nation has unified its external communications into a single system, either as a private monopoly under governmental auspices or as a monopoly under governmental operation and control.

Great Britain: Until 1929, the cable and radio communication companies of Great Britain were also numerous. They were engaged in what appeared to be a struggle to the death. The great communications systems that had been the pride of the British Empire seemed threatened with economic extinction. Recognizing the enormous waste in resources and effort under the regime of wholesale and bitter competition, the British Government itself stepped in and assisted in the creation of a radio and cable merger for all external record communications services. Into this merger, now known as the Imperial and International Communications, Ltd., went the world encircling Eastern Telegraph Co., the Eastern Extension Telegraph Co., the Western Telegraph Co., the British Pacific Cable Board, with its two cables connecting Canada and Australia, several other important British cable companies, and the British Marconi Wireless Telegraph Co. This gigantic consolidation included also substantial holdings in the Canadian Marconi Co., the Amalgamated Wireless Telegraph Co., of Australia, an Indian Marconi company, and a South African Marconi company, as well as substantial radio-communication interests in Brazil, the Argentine, Chile, Peru, and Colombia.

Thus constituted, the Imperial British system is by far the strongest and most comprehensive international communication organization operating in the world today. From London its vast web of cables binds together the British Empire, reaches into the West Indies, extends to all of South America, and touches all countries in the Mediterranean, as well as India, Africa, Austral-

asia, Java, China, Japan, and the Philippines. Its radio circuits connect not only the units of the British commonwealth of nations, but also the United States and the important countries of South America. Great Britain has given to the world a demonstration of complete coordination and effective governmental control of a nation's vital international communication system, supported in all of its foreign arrangements by the full power of the British Empire. Members of the Government sit in the councils of the Imperial Co. In peace time the Government promotes communications development. In war time, it naturally can have the closest control.

France, Germany, and Italy present international communication pictures much after the British pattern, although these countries never have possessed cable systems comparable in extent or importance with those of their cross-channel neighbor.

Germany: During the war the new German cable system was taken over by Great Britain, France, and Japan, and except for a cable laid between Germany and the Azores, connecting with an American cable, Germany's post-war communication development has been almost entirely in the field of radio. For many years Germany encouraged the private Telefunken Co. to develop and build radio stations throughout the world. Radio services were established with most other European nations and with countries of the New World and the Orient. A year ago, after carefully studying the effect of the British merger, the German Government took over this complete system. Today, the German Government operates a monopoly of internal communication of voice and record and of international radiotelegraph and radio-telephone services, thus presenting another significant example of unified control.

France: France's principal cable undertaking comprises the three submarine cables to the United States, one of which formerly belonged to Germany. The Compagnie Telegraphique Sans Fil, the great French radio communication company, was granted permission 12 years ago to exploit international radio communication and to establish quickly a number of important circuits. Three years ago the French Government required the French cable and radio companies to merge their interests, and today these complementary services present a unified and solid front to the world.

Italy and other nations: In Italy, the Government several years ago merged the competing Italian cable and radio companies for the more effective exploitation of international communications. Austria and Switzerland have consolidated their foreign communication services. In Holland, Belgium, Denmark, Norway, Sweden, Poland, Russia, Turkey, Czechoslovakia, Hungary, Japan, China, Java, French Indo-China, and certain other countries, a governmental monopoly in communication has been maintained. Efficient and economical service for their own nations, particularly in the development of foreign commerce, rather than expensive competition, is the policy that dominates the external communications of most foreign countries.

FOREIGN NATIONS POSSESS STRATEGIC ADVANTAGE

From the foregoing situation it may be seen that in transactions where the international communications organizations of the United States meet foreign interests, we are compelled to deal with a single agency representative of the foreign government itself or supported and endorsed by governmental sanction. The foreign communications organization, on the other hand, may be selective in its dealings with competitive American interests. Inasmuch as nearly all international communications services must be operated in conjunction with a foreign monopoly, the practical result is that the foreign monopoly has a most effective control in any situation. New rules and regulations may be made abroad at will, and the American company must comply with them or cease working. Competing American companies, anxious for opportunities in new territories, may accept these demands or conditions. The strategic advantage rests with the nation overseas. One or more American companies and consequently our American system of communication, suffer from any arrangement thus reluctantly but necessarily entered into.

Advantage of Japan as an example: For example, in the case of Japan, where all communications, both domestic and international, are handled exclusively by the Japanese Government, our American communications position is unimpaired until a time when two or more American companies offer additional circuits between Japan and the United States. At that moment the control of our trans-Pacific communication would immediately pass to the Japanese. Competing American companies would have to accept the terms and conditions of service laid down by Japan or do no business.

These situations in the international field may appear to be largely of commercial significance, but it must be emphasized that they also have an acute bearing on our problems of national defense. It is impossible to have an international communications structure of the desired strength for peace or war, when foreign nations are in a position to dictate communications rates and conditions. It is impossible to have an economically strong American international communications structure with the waste, overlapping effort, and intensive competition that now mark our situation in this field. It is impossible to prepare suitably our international communications for quick response in a national emergency when they are wholly lacking in coordination in times of peace. Instead of consisting of a number of scattered companies they should form a part of a clean-cut segment that could be promptly fitted into our national defense plan developed by our military and naval authorities.

MASS COMMUNICATION BY RADIO BROADCASTING

In the foregoing I have discussed the position and resources of this Nation in the fields of voice and record communications and have indicated the trend among other nations toward the unification of external record communication companies. In order to complete our communications picture it is necessary to review briefly some of the essential points of the new development of mass communication conducted by radio broadcasting.

Our broadcasting system in the United States has grown up largely under local auspices and through private initiative. Of approximately 600 radio broadcasting stations in the country, by far the preponderant number are independently owned and operated. Two important and competitive networks, the National Broadcasting Co., which is a wholly owned subsidiary of the Radio Corporation of America and the Columbia Broadcasting Co., supply broadcasting material for their own and subscribing stations.

Public policy has dictated against a generally united control of broadcasting activities, just as it would dictate against unified control of all the newspapers of the land. As broadcasting deals with the forces of information and education that affect public opinion, it has been deemed most advantageous in this country to leave this type of communication in private hands, under governmental regulation, and under the directing principle that stations shall be operated in the public interest, convenience, and necessity. The inherent nature of this new art and the public demand for certain types of programs of unusual interest or moment, such as the political conventions and election returns, as well as programs of outstanding entertainment value, require facilities for the prompt and efficient linking of numerous stations throughout the country, such as would be demanded by the exigencies of a national emergency.

III

TECHNICAL ASPECTS OF COMMUNICATIONS DEVELOPMENT

Prior to the consideration of a solution for the problems affecting American communications, examination must be made of some of the technical aspects of our communications development. These are important from the standpoint of national defense and the economics of the industry.

It is appropriate to consider in this connection whether any superior properties are possessed by one or another of the mediums of communication now in use. It must be determined also whether the research laboratory, as far as it can forecast its work, has important disclosures that will tend to make obsolete our present equipment or our established methods.

CABLE VERSUS RADIO

In the matter of speed, which is of the greatest importance in both military and commercial work, radio already has demonstrated its advantage over the cable. In the matter of capacity radio lends itself to faster automatic operation than cables in use. Ninety-five percent of the world's long-distance cables are operating at speeds of only 100 to 200 letters—not words—per minute. It would be a poor commercial radio circuit which could not exceed this performance. In addition, technical developments in progress give promise of much higher communication speeds through space than are likely to be attained by cables. In the matter of economy, radio has lower capital and maintenance costs. In the matter of directness, it is not limited, like the cable, by the shore lines, and does not require additional manual retransmissions over wire lines to get from office of origin to office of ultimate destination. In matter of secrecy, whether by cable or radio, complete secrecy depends largely upon the ingenuity exercised in cipher construction and manipulation.

Considering the substantial difference in capital and maintenance cost as between a long-distance radio circuit and a long-distance submarine cable, and having regard, further, to the ease with which a submarine cable can be cut in times of war, the question may well be asked, both from an economical and military standpoint, whether the long-distance submarine cables are likely to be laid in the future and whether such cables would be considered at all had the radio developed first and the cable afterward.

In the matter of communications progress, radio has obtained advantage from the great amount of research which has been directed toward the exploration of related fields. Communication engineers and research men developed broadcasting, effective talking pictures, and home receivers. While these developments have been in progress, radio communication has been pressed ahead to the place where our country's radio-communication system is regarded as the technical standard for the world. From radio-communication research came electrical entertainment, and from electrical-entertainment research has come vastly improved telephone communication, both by wire and radio. Television, primarily a product of the entertainment field, now promises to make vital contributions to the communications field. Diversification of activities and coordination of research have proved stimulating, not only to the general development of the radio, but they have also advanced each individual phase of radio service. This is evident from the rapidity with which the entire industry has moved forward.

TELEVISION AND FACSIMILE IN COMMUNICATIONS

In considering whether our present communication methods are likely to become obsolete the possibilities of television and facsimile transmission should be considered fully.

Television experimental work has been carried on in close coordination with similar research in the field of facsimile transmission. Both developments seem destined to have revolutionary

effect in our present methods of communication. Television is the art of converting light variations in such a way that they are able to modulate radio-frequency energy. Thus images may be reproduced in clarity and detail at some remote receiving station. Radio facsimile, which has already had wide-spread commercial application, is the rapid transmission of exact copies or smaller reproductions of printed pages, documents, maps, drawings, photographs, or other printed or written data.

Much progress has been made with these two developments since ultra-short radio waves, in the band below 5 meters, came under intensive study and exploitation within the last 2 or 3 years. These waves, it may be explained, appear to have many properties of light waves in that they do not tend to follow the curvature of the earth and consequently are not suitable at this stage for long-range communication. At a transmitting elevation of 1,200 feet they are serviceable within a horizon of 20 miles and, therefore, provide coverage of an area about 40 miles in diameter, or of a correspondingly smaller area at a lower elevation. Quite recently we have placed in successful operation an automatic radio two-way duplex repeater station for ultra-short waves that has doubled their service range, thereby clearly indicating the possibility of definitely overcoming the disadvantages of their inherent limitations.

Both television and facsimile transmission may have the most vital bearing on our future communication methods and should be studied carefully in relation to communications and the national defense.

With equipment that has been in use on transoceanic facsimile circuits for some years, approximately 50 words of normal size may be transmitted per minute. The later carbon-recorder type of facsimile equipment with which we are now experimenting in our communications work has a speed capability of 400 words per minute. This is approximately 12 times the speed of the hand key in telegraphic work and greatly in excess of any automatic transmission employing the telegraphic code.

However, an entirely different line of facsimile development now in progress, based on the principles of television, appears more likely to cause a fundamental change in communications work. This method consists of recording, by specialized equipment, a 240-line television picture. By this method, a facsimile transmission capacity up to 14,000 words per minute may be possible of ultimate attainment. Such transmission would accomplish what is at present done by 250 teletype machines or 450 telegraph operators typing messages from the Morse code. Experimental transmission of two newspaper pages, or about 14,000 words, may now be accomplished in 5 minutes. This time includes preparation, scanning, and recording.

STUDY OF COMMUNICATIONS PROGRESS ESSENTIAL

Television and facsimile are of major significance, but they do not represent the full scope of present-day research in communications or its associated enterprises. Experimental work and engineering are being pressed forward along many different lines. It would be of much benefit to the cause of adequate preparedness in communications, it seems to me, if the War and Navy Departments from time to time would assign capable communications engineers to the research laboratories of the American communication companies which maintain such facilities. I can state that so far as the Radio Corporation of America is concerned, it would welcome the opportunity to cooperate in this manner with the Military and Naval Establishments of our country. There would be a double value from such assignments. Not only would our military services keep pace with prospective changes in communication practices, from the very inception of the research work, but also the work itself could be so directed as to develop, in the most practicable manner, the type of communication equipment best adapted to military communications needs. It is important, of course, that the military branches of the services not only be familiar with developments in the United States, but that they also be au courant with developmental work in progress in foreign countries.

We have seen from a review of the existing communications situation in the United States that:

1. In the field of voice communication, unified control has developed a strong, efficient company rendering good public service.
2. In the field of record communications, our domestic and international companies are weakened by the waste and strife of unrestrained competition and our companies engaged in international communications are at a pronounced disadvantage, because of their intense competition, in transactions with the unified record communications organizations abroad.
3. The high importance of technical developments at present in the laboratory.

We may now consider how the Nation's communications may be placed on a sound economic and strategic basis in time of peace and made quickly adaptable to the needs of war.

IV

AMERICAN COMMUNICATIONS POLICY REQUIRED

The initial requirement is the development of an American communications policy. The three points in an American communications policy, as I conceive it, should be:

1. Maintenance of voice communication under a single organization, conducting its telephone service with wires, radio, or cables, as conditions may dictate.
2. Unification of internal and external communications of record under a single company conducting telegraph service with wires, radio, or cable, as conditions may dictate.

3. Establishment of a single governmental agency empowered to regulate American communications in the public interest; its authority to extend over voice, record and mass communications, irrespective of the mediums employed, whether they be cable, wire, or radio.

Such an arrangement would eliminate duplication and overlapping. It would join in one unified company all phases of record communication; and leave, as at present, in a single company all phases of voice communication. It would simplify the problems of regulation now exercised by the Federal Government, which places wire lines and cables under the jurisdiction of the Interstate Commerce Commission and radio under the jurisdiction of the Federal Radio Commission.

To put the foregoing program into practical effect, changes would be necessary in existing laws.

VIEWS OF ARMY AND NAVY

It was interesting to me to find that my conclusions on the necessity for unification in the field of record communications, arrived at independently and based on my own experience with the communications industry, are the same in principle as those advanced by officers of the Army and Navy, whose reports I have studied during my present tour of duty with the Signal Corps.

From the paper on communication control by Major General Carr, dated January 1933, I read as follows:

"The extension of American world-wide radio service has seriously threatened the supremacy that Great Britain has enjoyed for so long in the field of world communication. To meet this threat Great Britain has taken steps to effect a unification of her cable and radio interests, so that each of these methods supplements and strengthens the other in one great common system. In America we have a contrary policy, which separates these methods into competing corporate entities and forbids by law their combination. This policy is economically extravagant and technically restrictive and unsound. Not until these restrictions are removed can America hope to build communication systems that can compete on even terms with such unification as that which has been effected by Great Britain."

In the Army Industrial College study on "Communications Control", committee report on problem 53, dated April 23, 1932, conclusion no. 5 states clearly:

"That the restrictive provisions of the Radio Act of 1927, which forbids the merger of wire and radio companies is detrimental to the interest of American-owned companies engaged in international communications service. It is the opinion of the committee that the interests of the Nation could be better served by permitting the existing American companies to pool their resources in their competitive struggle with unified foreign systems."

Recommendation no. 3 of the report of this same committee suggests:

"That the War and Navy Departments lend their support toward modification of the present restrictive legislation which forbids unification of American companies dealing in international communications * * *"

From the recent address made by Captain Hooper at the Naval War College, at Newport, R.I., on April 20, 1933, I read:

"It appears purely from an economic point of view that it would be greatly to the advantage of the commercial communications companies to amalgamate parts of their systems. As pointed out above, the domestic landwire companies are hard pressed by other types of communication facilities, by the general depression of business in the world, and by the necessity of high-pressure competition one with the other. If these two domestic landwire companies were permitted to combine, there would be a gradual reduction in operating and administrative expenses. There is little question that such a move would find opposition from those who would say that any amalgamation of commercial companies which would reduce the number of personnel employed is not to the best interests of the United States. If such a step is not taken, however, and the depression continues over a period of years (and even the most optimistic reports indicate that business will not return to its 1928 level for many years), these landwire companies will find themselves in an untenable position, analogous to that of the railroads."

It is to be hoped that when the question of modernizing our present laws affecting our world standing in communications is the subject of consideration by Congress, these views by officers of the Army and Navy, which are unquestionably sound and constructive, will come to the attention of our legislators. Congress alone has power to deal with this matter so vital to the Nation's welfare and security.

In his address just referred to, Captain Hooper proposes a three-way grouping of our voice and record communication organization, as contrasted with the two-way grouping I have suggested. Captain Hooper would reallocate communication activities into the following divisions:

1. A merger of all wire and cable record communication companies.
2. A merger of all radio record communication companies.
3. Leave unchanged the present wire and radiotelephone monopoly.

This appears like a very simple set-up. There are, however, technical, financial, and economic points to be considered.

I do not feel that communication organizations should be artificially restricted because of the nature of the medium employed. To do so would compel cable companies to depend perpetually upon frail pieces of copper on the bed of the oceans, when further technical progress may make them entirely obso-

lete. Enough cables already have been abandoned because of the competition offered by radio. Moreover, such division of record communications would ultimately require the radio company to provide its own pick-up and delivery facilities, resulting in an unnecessary duplication of expense and effort. Such restrictions upon the separate wire and radio organizations would give the telephone monopoly—which would be free to utilize both wires and radio—a tremendous competitive advantage and its telegraph rivals a corresponding disadvantage. The American communications policy I favor is one which would permit a consolidation of radio, cable, and wire, so that each medium may have the benefit of all technical advances. This would safeguard investments and at the same time permit competition between two entirely different forms of communications—record and voice.

ADVANTAGES FROM NATIONAL DEFENSE STANDPOINT

From the standpoint of national defense, where the call for a program of unification is urgent, two communication companies, voice and record, obviously would be more advantageous than three. The problem of coordination of all communication services in time of war would thus be greatly simplified. With two unified systems, voice and record, it would be a simple matter under the provisions of the National Defense Act relating to industrial mobilization, for a national director of communications to coordinate these privately owned systems with the communications of the Army and Navy.

An American communications policy such as I recommend would give to the United States the most powerful and comprehensive communication system in the world. It would substitute a strong, effective organization for a series of companies which, individually and in competition with each other, are weak when opposed to foreign rivals, and which must inevitably grow much weaker as competition is prolonged.

From the standpoint of public policy, there should be no hesitancy in extending to the field of record communication the same type of unified operation that has proved so successful in the field of voice communication. To a generation that has witnessed the devastating consequences of an era of uncontrolled production, competition no longer remains the graven image to be worshipped under any and all conditions. In certain lines of enterprise regulated monopoly under proper governmental supervision would seem to be more in the public interest.

COORDINATION OF COMMUNICATIONS

As a result of my studies here it is my belief that greater coordination is needed between the Army and Navy communication services even in time of peace.

My contact with this problem has been all too brief to justify any effort to be concrete, but I understand that this matter has been receiving careful consideration from the communications officers of the Army and Navy, and is now the subject of study by a committee appointed by the joint board of the Army and Navy. While I recognize the need for independent systems of communications by the Army and Navy to meet the peculiar and distinctive requirements of each service, it seems that there is still an area in which joint operation and service could be developed for the mutual benefit of both establishments in time of peace as well as war. If effective coordination is obtained in peace, this problem will not remain open at the outbreak of war, when time is precious and energy vital for operations in the field and on the seas.

It is important also that the closest possible coordination be obtained with the private commercial communications companies. Before any emergency is reached careful plans must be laid and a communications personnel trained to military requirements must be available. One would naturally hope that with a unified record communication system virtually all officers and important employees of the organization would form a part of the reserve forces of the United States Army or Navy, where they could be instructed in duties that would be required in an emergency. They should be periodically drilled in peace time for the tasks they would be called upon to perform in war. The management of our own communications companies, in fact, has sensed the importance of a peace-time organization which might be converted overnight to accommodate the needs of an emergency and has encouraged its principal officers and engineers, as well as its operating staff, to enlist in the Army and Navy Reserves.

Should the present highly competitive situation in our record communications continue, it is doubtful if Government control can go much farther in a future emergency than it did in the World War. It might be limited to matters of policy, general supervision, and censorship by some Federal agency. Naturally the element of competition would be removed and traffic loads would be distributed by a central agency. Nevertheless, the Government would receive into its hands something of a hodge-podge of overlapping facilities and duplicating personnel, and only after a great deal of time could it build from this a single efficient organization fashioned to our commercial requirements and military needs.

V

USE OF BROADCASTING IN NATIONAL EMERGENCY

After consideration of the plan for two unified communication services—voice and record—there remains the important problem of the third system of communications—radio broadcasting.

The potentialities of broadcasting must be given careful study in our national defense plans. Propaganda methods of the last war, where aviators scattered handbills behind enemy lines, seem ineffectual and highly primitive when compared to a high-powered

broadcasting station, either fixed or mobile, booming forth reports on the justice of a nation's contentions and the success of its arms on the battle line. Wars are sometimes won not only by military or naval engagements but by the stability, courage, and temper of the noncombatants in the homeland. Certainly the last great conflict disclosed that a nation may be vanquished without any important invasion of its territory and with its army still active in the theater of operations. The first break of the Central Powers came in their morale.

Broadcasting should be under the close supervision of the Government in war time. The Federal coordinator should have authority to keep open those broadcasting stations that best serve the interests of the country and to close down, if it be necessary, those that are not required. The country at all times should be adequately served. Broadcasting is now maintained on a competitive basis. In warfare it should be maintained on a national basis. The circumstances of the war and the type and position of the enemy should be the determining factors as to whether those broadcasting stations which are continued in operation should remain in private hands or be taken over by the Government. Studies of this problem, and of the number and location of stations necessary to give adequate war-time coverage of the country, may be made in connection with the general communications planning work conducted in time of peace.

Our broadcasting policy in warfare should be designed, first, for the protection of our civilian population against attempts certain to be made by enemy propagandists. Prompt steps must be taken to counteract a deluge of misleading information. It would be neither desirable nor practicable to strip down the 20 or 30 million broadcast receiving sets that may then be in the possession of the American public. To do so would be to deprive our Government of all the advantages that can come from radio in a period of great national stress, and might in addition seriously undermine our own public morale. Nor does it seem certain that our stations by generating interference could altogether block such propaganda attempts. Efforts to "blast out" radio programs originating outside our territory undoubtedly would start rumors of calamities more harmful than a barrage of enemy words.

Our efforts, it seems to me, should be directed primarily toward offsetting propaganda through the proper use of our own facilities in close cooperation with governmental agencies. Emphasis may be placed on the importance of speed in matters of public information. Radio is a medium of instantaneous contact. Its general adoption in America may call for the issuance of more numerous bulletins from our armies in the field, and reports filed with the very least delay after important attacks or engagements. There is sometimes marked advantage for the individual or nation that first brings the news. Germany rushed to the world the first accounts of Jutland, and temporarily persuaded many that British naval supremacy was at an end.

Our ability to reach the neutral world or the homeland of an enemy nation is enhanced by the power and scope of our broadcasting systems. These are such, in fact, that in the unlikely eventuality of an invasion which would cripple our ordinary channels of communication, our hundreds of broadcasting stations could be organized for momentary conversion to radiotelegraph or telephone use.

Such is but a glance at radio broadcasting in warfare. Many broadcasting problems may be answered and some new problems may be raised by the coming of television, which will fortify sound with sight, and leave little to the public imagination. Japan already has brought to its island empire the battle sounds on the Manchurian front. If war be long delayed our concern over matters of hostile propaganda may be laid to rest by the research laboratory, which is burning its light into the night seeking to annihilate time and distance in our communications. Inventive resourcefulness may bring the full panorama of war to the instrument at our fireside.

VI

RÉSUMÉ

As a résumé of the foregoing, it may be stated that—

1. The fund of information collected by Army and Navy authorities on a matter of such high importance to the national defense and to the economic stability of one of the Nation's largest industries demonstrates the need for consideration by our Government of the establishment of a definite American communications policy.

2. A change in conditions is urgently required in the domestic record communication field, where great waste results from duplication and intensive sales effort.

3. A change is also imperative in the field of international communications, where competition is equally intense on this side and therefore American companies are not on a parity with foreign monopolies in negotiations affecting communications rates and services.

4. Existing conditions make difficult the formation of a satisfactory plan for coordination and prompt and efficient transfer of our communications facilities from a peace to war basis.

As a solution for these problems, it is suggested that—

1. Voice communication by telephone be maintained as a separate unified system using wires, cables, or radio.

2. Internal and external communication of record be merged into a unified system using wires, cable, or radio.

3. A single governmental agency should be established with sufficient power to regulate American communication companies, in the public interest.

This program is suggested as economically sound in times of peace, practicable for prompt and effective transition for use in war, and one which will give the United States the strongest communications organization in the world.

MOTOR TRANSPORTATION—ARTICLE BY SENATOR REYNOLDS

Mr. WHEELER. Mr. President, I present an article by the Senator from North Carolina [Mr. REYNOLDS] on new conditions brought about by automotive transportation, which was published in the New York Herald Tribune of Sunday, March 18, 1934. I ask that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Mar. 18, 1934]

NEW CONDITIONS EVOLVED IN UNITED STATES BY MOTOR-TRANSPORT GROWTH OUTLINED BY SENATOR REYNOLDS—COOPERATIVE AND COORDINATED PLANNING OF HIGHWAYS, WITH CONTROL AND REGULATION OF VEHICLES AND OPERATORS TO OBTAIN BEST RESULTS FOR ALL, REGARDED AS LEADING PROBLEMS TO BE CONSIDERED

(By ROBERT R. REYNOLDS, United States Senator from North Carolina)

(The following article on new conditions brought about by automotive transportation is the second of a series of three by Senator ROBERT R. REYNOLDS, of North Carolina. Senator REYNOLDS is a vice president of the American Automobile Association.)

Near the end of the last century the Sunday stroll was a popular pastime for the great mass of our people. Ownership of a horse and carriage was a symbol of class distinction. For example, in a thriving young American city with its 1890 population of 11,000, only 125 families owned a horse and buggy. Demonstration of a "steam wagon" on the streets of that same city startled the community.

Four years later a road race was won by a "horseless carriage" at the then astounding speed of 10 miles an hour. In the following year a pioneer in the motor industry was advised by a police officer mounted on a bicycle to remove his new-fangled contraption from the streets of Chicago. Thus a new means of transportation began to attract attention.

The turn of the century found some 8,000 "horseless carriages" in use, owned principally by leading citizens in widely scattered communities, who used them almost entirely for pleasure. By 1913 the number of the new vehicles in operation had jumped to 1,250,000, and between that year and 1931 had increased twenty-fold. Today the masses ride, and only a few go for a walk.

IMPORTANT UTILITY CREATED

Thus in less than a single generation motor transportation has emerged from a means of pleasure for a wealthy few to an important utility for mass travel and the speedy distribution of the products of farm and factory. It has gone forward at a rate never anticipated by those who conceived and built the first automobiles.

This rapid development, as might be expected, brought about new conditions and with them new problems. Chief among these has been the effort to reap the greatest benefits from this new form of transportation without sacrificing the advantages of the older forms. The ideal situation, of course, would have been the simultaneous development of our rail and highway facilities, so that each might fill its proper place in our economic scheme. But the railroad antedated the motor vehicle by more than half a century, and the latter won popular favor on the basis of its economy and flexibility.

Another complication has been the fact that the railroads are so closely linked with the vast network of our national banking and investment structure that they are in a sense repositories of public wealth. Billions of dollars have been invested in rail securities. This situation has raised the question as to whether the railroads are entitled to special consideration instead of being treated simply as a transportation agency subject to free competition.

On this point the national committee on transportation, headed by the late President Coolidge, wisely said:

"Automotive transportation is an advance in the march of progress. It is here to stay. We can only apply such regulation and assess such taxes as would be necessary if there were no railroads and let the effects be what they may."

PRESSING NATIONAL PROBLEM

The whole problem of rail-highway coordination, however, is now being considered by the Federal Coordinator of Transportation, one of the ablest transportation experts in the country. That it is a pressing national problem is obvious. And here I might say that in my capacity as a Member of the United States Senate I have no lack of sympathy and understanding for rail executives in their untrusting efforts to solve their manifold problems in the light of modern conditions. Yet I feel that they have sometimes underestimated the benefits that have accrued to the railroads from the motor vehicle. We must not lose sight of the fact that rail lines annually move a heavy volume of automotive freight, and depend upon the highways for the movement of both freight and passengers to and from terminals. In addition, some rail companies are running busses, offering de luxe motor service in metropolitan areas.

In the first of this series of articles I attempted to discuss some of the effects that motor transportation has had on the economic

and social life of the country. It is now in order to mention some of the problems that press for solution if we are to continue to enjoy the benefits gained, and if highway transportation is to be further developed in an orderly fashion. So much is at stake that failure to eliminate the things that threaten to retard free use of the highways would be nothing short of national folly.

And in considering our highway problems we must keep in mind that motor transportation is predominantly private in character and thereby differs from any other form of communication. It is by and large individual and personal as indicated by the fact that our some 20,000,000 passenger cars are owned by almost as many individuals. Of the 3,000,000 trucks, around 2,500,000 are in the hands of owners who possess but one truck. The ownership of 26 percent of all trucks by farmers would tend to indicate that that percentage, at least, is engaged chiefly in farm-to-market hauling. No one seems to have a definite knowledge of the exact number of trucks in interstate service. Busses are, of course, operated over long routes, in some instances running from coast to coast.

FACTORS TO BE CONSIDERED

Now what are the problems that must be solved? For the sake of brevity, they may be classified under two separate headings: First, those relating to the need of centralized, cooperative, and coordinated planning of highways; second, those involving the control and regulation of both vehicles and operators, using the highways, with particular attention to vehicles of a commercial character.

At the outset of our motor era the pressing need was for more and better roads. Use of the automobile was handicapped by the lack of floor space over which the "horseless carriages" could move. It was, therefore, easy to mold sentiment favorable to highway construction. In fact, many States joined the scramble to become known as "good road States", my home State of North Carolina being among the leaders.

However, there were almost 10,000,000 vehicles in operation before there was anything like an attempt to unify a system of roads connecting at State borders. This was in 1921, when Congress enacted the Federal Aid Highway Act to assure the completion of an adequate system of highways interstate in character. In this system are some 200,000 miles of the more important highways, and it is rapidly nearing completion. Thus the Nation as a whole has a vested interest in highways everywhere.

It is now apparent that the obligation of the Federal Government to assist in the construction of highways will not end with the completion of the designated Federal-aid system. If anything, the Federal Highway Act must be liberalized and broadened to take in additional mileage so that the States may direct more effort toward the building of strictly local roads. The \$400,000,000 road fund provided in the National Industrial Recovery Act was a step in that direction. Federal assistance is justified for more reasons than one. It is only necessary to mention our Rural Free Delivery Mail Service and our national defense. Motorization of the Army has increased the demand for roads and it is only fitting and proper that the Federal Government should bear a fair share of the cost of building and maintaining them.

ROAD BUILDING ANALYZED

In connection with road building, we must also consider grade-crossing elimination, not only as a means of promoting safety but also as a means of eliminating delay, especially within city limits. Finally, the wear on highways carrying a heavy volume of traffic makes durability necessary in any plans for new construction. These durable roads must be built without regard for the personal preference of those who have private ends to gain but in the interest of motor transportation as a whole.

While political boundaries largely have been wiped out from the standpoint of traffic, they remain as mythical lines for creating new hazards for motorists in unfamiliar territory. The farther the motorist travels from the section where he has been accustomed to driving, the more confusing become the rules and regulations under which he must operate his car. This variance in the methods of controlling traffic is a breeder of accidents. In their wake has followed a staggering toll of deaths, millions of injuries, and a tremendous economic loss, conservatively estimated at \$2,000,000,000 a year. All this has focused public attention on the crying need for uniformity in the basic principles of motor-vehicle laws, covering such things as the rules of the road, uniform requirements for operators, registrations, and so on.

RULES FOR COMMERCIAL VEHICLES

In addition to the plan for regulating all vehicles, particular emphasis must be laid on the regulations governing commercial vehicles. They must be of a size, width, height, length, and weight that will enable them to use safely the highways along with private vehicles. Motor vehicles, or combinations of motor vehicles, of such a character as tend to endanger other users have no right whatsoever on the public highways. Fortunately, there has been developed a code for commercial vehicles which is the result of many years of consideration on the part of the United States Bureau of Public Roads and other agencies concerned with highway progress. It would fix a uniform gross weight, dimensions, and speed for vehicles operating on the highways. Its acceptance by the States would do much to help solve one of the most crucial highway problems of the hour.

Perhaps one way out of the dilemma at the outset might have been for the Federal Government to have assumed control over all motor vehicles, somewhat in the manner of foreign govern-

ments. But under our system of government, with policy powers reserved to the States by the tenth amendment to the Constitution, such a plan was not seriously considered. Now the problem is so large and has so many aspects that a single Nation-wide control over all motor vehicles, with millions of unrelated operations, would be an impossibility.

However, intelligent collaboration of engineers, economists, business men, safety experts, and officials of Government will provide the ultimate solution to the problem of motor-vehicle regulation. The individual motorist can assist most by lending his support to those organizations which are taking the leadership in the drive for better motoring conditions.

TRAFFIC UNIFORMITY SOUGHT

What can be expected of uniformity in traffic administration and regulation? No one need indulge in the assumption that uniform laws in every State will solve our highway transport problem overnight. It is not so easy as that. However, uniformity will afford a great advance toward an ultimate solution and toward eliminating the tremendous economic losses that are incident to them today.

Uniformity would tend to reduce the loss of life and the toll of accidents. It would remove the mental strain and hazard in congested areas that is recognized as a fruitful cause of accidents. It would facilitate the movement of traffic and permit more advantageous use of highway surfaces, which bears upon the congestion problem.

It would encourage and facilitate motor touring, with its wide distribution of travel expenditures. It would encourage the use of the automobile and increase the advantages and profits from automobile ownership. It would make easier the enforcement of traffic laws, almost impossible under existing conditions. And it would mean a more orderly flow of traffic. It is unthinkable that our people will permit present conditions to continue.

In conclusion, let me say that it is obviously impossible to mention other of our highway problems in the brief space of this article. So I have touched upon only those of a more pressing nature. In the third and final article of this series I propose to discuss some phases of travel by automobile in foreign lands and its effects on our international relations.

ANSWER OF RAILROAD LABOR EXECUTIVES TO WAGE DEMANDS OF CARRIERS

Mr. COSTIGAN. Mr. President, issues of large public consequence are involved in the controversy between rail managements and the chief executives of the 21 standard railroad labor organizations now holding the attention of the country. The fate and fortunes of our national-recovery program may largely depend on the wise solution of the pending dispute, final action on which was happily postponed yesterday by intervention of President Roosevelt. In any event, the problem is of far-reaching importance to us and our common country. For future use and reference I ask unanimous consent to have incorporated in the RECORD the self-explanatory letter of March 17, 1934, of the railroad labor executives to the carriers. Regardless of the immediate crisis, it is a valuable statement on contemporaneous economic conditions. The letter is from the edition of March 20, 1934, of the national weekly Labor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Letter is from Labor, Mar. 20, 1934]

ANSWER OF RAILROAD LABOR EXECUTIVES TO WAGE DEMANDS OF CARRIERS—REFUSAL TO FOLLOW OTHER INDUSTRIES IN RAISING RATES AND SHORTENING HOURS DECLARED BLOW AT RECOVERY; ROADS USING OBSOLETE COST OF LIVING FIGURES THEY REJECTED WHEN UP TO DATE; SWEATSHOP WAGES NOW BEING PAID; NO ROOM FOR COMPROMISE

Below is printed in full the reply of the chief executives of the 21 standard railroad labor organizations to the carriers' demand that the existing 10-percent wage-deduction agreement be continued until April 30, 1935.

WASHINGTON, D.C., March 17, 1934.

Mr. W. F. THIEHOFF,
Chairman Conference Committee of Managers,
Willard Hotel, Washington, D.C.

DEAR MR. THIEHOFF: We have given your statement, submitted to us on March 15, careful and serious consideration.

We must say, at the outset, that we are amazed by the spirit of pessimism, defeat, and despair which pervades the statement of the conference committee of managers. The revival of the characteristic American feeling of confidence in our economic future and in the ability of our country to meet and solve its problems, which animates our people and their leaders today, finds no echo in the dismal tones of the management's statement. While the whole Nation moves resolutely forward to renewed industrial health, you offer us but one more stanza of the dirge to which we have listened for 4 years. It is not surprising in view of such an attitude by the railway managements, that so many people in the United States mistakenly believe the railway industry to be upon its deathbed.

WHAT FACTS SHOW

But the facts show the situation to be exactly the reverse. Not only is general industrial recovery well under way throughout the Nation, but the railway industry itself very definitely reflects that general recovery. You have told us again the distressing story of 1932 and the early months of 1933. We ask you rather to consider what has happened during the late months of 1933 and the first 2 months of 1934. In that record we believe you may find the courage and confidence to place our industry where it belongs, in the front line of our economic advance, rather than to keep it halting and stumbling in the rear guard.

RAIL PROFITS GROW

Beginning with May 1933, every month in the latter part of last year showed a distinct improvement in gross operating revenues over the corresponding month of 1932—with the exception of October, which was one third of 1 percent under 1932. The last 8 months of 1933 showed operating revenue of \$2,314,000,000, as compared with \$2,039,000,000 for the same months of 1932. Net railway operating income for these months of 1933 was \$419,000,000—against \$241,000,000 for the same months of 1932. Surely an increase of 74 percent in net railway operating income ought to be enough to convince railway managements that the industry is emerging from the depression.

TRAFFIC RAPIDLY RISING

But if that is not enough, we ask you to consider the results to date in 1934. Your statement conservatively says that carloadings exceeded 1933, approximated 1932, but were 20 percent below 1931. For the month of January, carloadings this year were above 1933, but below 1932, and 25 percent below 1931. For the month of February, carloadings were above 1933, 3 percent above 1932, and 19 percent below 1931. For the latest week in 1934, carloadings were above 1933, 8 percent above 1932, and only 16 percent below 1931. No one can fail to see in these figures the fact that railway traffic is rapidly rising toward substantially higher levels.

ONLY PART OF STORY

Carloadings, however, are only a part of the story. A more significant change is that in the net railway operating income of the carriers. So far, only the figures for the month of January are available. But net railway operating income for January 1934 is 127.7 percent greater than it was for January 1933, 177 percent greater than in January 1932, and only 8 percent below 1931. Later months will certainly show 1934 net railway operating income passing that of 1931. The railway industry is regaining, has in fact already regained, a large part of the ground lost during the depression.

THINKING OF THE PRESENT

It is in the light of these conditions of the present and the future, rather than with our eyes fixed upon the long-past low point of the depression, that we must consider the problem of railway wages. We here are discussing wages for the year 1934, not for 1932, nor for 1933.

Railway managements understand, as well as railway employees do, that the foundation of railway activity is in the general economic condition of the country. You may perhaps not have realized the extent to which the United States has recovered from the low levels of 1932 and 1933. If so, we would call your attention to the fact that industrial production in January of this year is 16 percent higher than in January 1932 and 34 percent higher than at the low point of the depression.

ALL INDUSTRY GAINING

Output of the steel industry in January was 31 percent above January 1932 and 114 percent above the low point of the depression. Automobile production had risen 20 percent above January 1932 and had more than tripled the month of lowest production. Building contracts awarded in January were 124 percent higher in value than in January of 1932. The outlook for increased railway traffic, as indicated by these figures, is very different indeed from what it was when we met in January 1932 to consider the request of the railway managements for reduction in the wages of the men we represent.

SURPRISED AT LACK OF FAITH

We are very much surprised that the representatives of the management seem not to know about the change in our industry and in business conditions generally. We feel sure that, if you will consider the facts to which we have referred, you will come to share with the railway employees their confidence in our industry and that you will recover from the despondency which seems to have inspired the statement submitted to us.

But while we would emphasize current developments on the railways, there is one grave abuse surviving from the depression period which demands drastic action. This abuse was a legacy from the days of festive finance which ended in 1929, but its heavy cost has come to be understood only as a result of the last 4 years. We refer to the hopelessly topheavy capital structure of the railway industry.

DEFICITS ARE FICTIONS

In the management statement there is reference to the deficits of 1932 and 1933. Technically and from the standpoint of I.C.C. accounting regulations, the term was correctly used; but actually the railways were operated in 1932 and 1933 not at a deficit, but with a very large return to the owners of the industry.

Other industries consider they have earned a net income if the investors who have supplied their capital have any return what-

ever above operating expenses. The railway capital structure, with its overload of bonded indebtedness, is such that more than half of the actual capitalization is represented by bonds. No other industry earning a net of 1.8 percent on investment, at the bottom of the depression would have reported a deficit.

TERM IS MISLEADING

But the railroads report their earnings in a manner that makes return to the owners largely a fixed charge, and net income is calculated only after a half billion dollars has been paid to the owners of the industry. The word "deficit", therefore, is misleading; in 1932, when the carriers reported a deficit of \$139,000,000 there was actually a profit from railway operations of \$326,000,000. In 1933, when the class I roads reported a deficit of \$14,000,000, there was in fact a profit on operations of \$474,000,000.

Even viewing the term "deficit" in its technical sense, we must take issue with your statement that "the slight improvement since the spring of 1933 has resulted only in decreasing the deficit for that year."

CAPITAL COLLECTS WAGES

While reports published by the Interstate Commerce Commission show that there was a deficiency in so-called "net income" for class I railroads of \$13,800,000 for the year of 1933, they also show that for the year of 1932 this deficiency had been \$139,204,000. This means that the 1933 technical deficit amounted to only approximately 10 percent of that for 1932, and such improvements certainly cannot be classified as "slight."

The net result for 1933 was attained notwithstanding an increase of \$8,000,000 in payments to security holders in 1933 as compared with 1932.

BIG GAIN IN EARNINGS

Twenty-three railroads, representing 25 percent of the mileage represented in this conference, and which showed a net income for both the years 1932 and 1933, realized an increase in net income of approximately \$19,500,000, or 18.9 percent, in 1933, as compared with 1932. Fourteen roads, comprising 14.5 percent of the mileage, which reported a technical deficit totaling approximately \$21,500,000 in 1932, realized a net income of approximately \$17,500,000 in 1933, an improvement of approximately \$39,000,000. The remaining lines and their subsidiaries which showed a technical deficit in net income in each of the years, approximating \$220,000,000 in 1932 and approximating \$151,500,000 in 1933, were able to improve their position by nearly \$69,000,000 in the later year or approximately 31 percent.

COLLAPSE UNDER DEBT

Most of the \$1,500,000,000 of railroad bonds listed on the New York Stock Exchange upon which interest is not being paid are naturally those of railroads now in receivership. Many of these roads are notorious for their topheavy bonded capital structure. You are aware of the fact, of course, that for some of these lines receivership is not a new or unusual experience. It might not be out of place to remind you that of the total capitalization of the Rock Island, 68 percent is funded debt; of the Missouri Pacific, 72.6 percent; of the I. & G. N., 81.5 percent; of the M. & O., 86.3 percent; of the Frisco, 71.9 percent; of the Central of Georgia, 73.3 percent; of the Florida East Coast, 62.2 percent; of the Seaboard Air Line, 64.8 percent. No such structure can be maintained without a continued era of abundant prosperity. Some of the other lines with a lower ratio of funded debt to capital stock are in receivership for reasons entirely independent of the depression in business.

WASTED SYMPATHY

Despite the statement that railway bonds are not now all paying interest, we are not moved to any great sympathy for the bondholder, who has been taking most of this net railway income during the depression. We invite you to consider—and we believe the people and the Government of the United States should consider—the conduct of these bondholders in the years since 1929. No previous national calamity, neither war, nor disease, nor economic decline, has taken such toll from the American people as have these years of suffering. The scars left by the depression will never be effaced.

The misery of the working people of the country cannot be measured nor described.

SMALL BUSINESS ALSO PAYS

Small business interests, too, paid heavily in losses and complete failures. But the railway bondholder has been above the storm. Class I railways paid to these bondholders, in 1929, \$511,000,000; in 1930, \$509,000,000; in 1931, \$518,000,000; in 1932, \$525,000,000; and in 1933, \$533,000,000. We have been told that these last 2 years have been the worst in railroad history, the only 2 when so-called "deficits" were incurred. But these very 2 years were the harvest period of the bondholder; never before have they taken such toll of the railway industry. And it is more than a coincidence that the worst years in net railway returns were the fattest years for the coupon clippers.

If these increased returns to railway bondholders had come without the active effort of their beneficiaries, it might still be said that the industry could justly have expected the bondholders to have volunteered a reduction in the interest burden upon the carriers. But so far from making any such reduction, so far from making any contribution during this period of economic distress, the bondholders have organized themselves for the purpose of forcing all other groups to shoulder the entire cost of the depression. These organizations have put pressure upon the railways to reduce employment and to lower wages; they have sought

Government aid to bolster the crazy-quilt railway capital structure; they have filled the newspapers of the country with lamentations about the trials of the bondholders. And the interest bill has been paid!

MONEY BEFORE MEN

Railway employees of long service have been turned out to accept charity or to starve; hundreds of thousands have gone on part time, and have brought home the diminished earnings which meant drastic curtailments in their living standards, and painful privations for their families. But the interest bill has been paid—\$34,000,000 more in 1933 than in 1929! If the men who collected that interest bill know the havoc they have wrought in the homes of these railway workers and if they have acted in that knowledge, no condemnation could adequately characterize the inhuman greed which such action would have evidenced. But we know these bondholders are ignorant of the harm they do. They are the absentee owners of our industry, whose pressure is felt by the public, by the management, and most of all by the railway worker. Their ignorance excuses their avarice, but it does not justify a continuance of the suffering they have imposed upon the railway employees we represent.

WHAT OTHERS SAID

If our condemnation of the railway bondholders seems severe, we ask you to consider what has been said of them by men whose authority even the bondholders themselves must accept. The Coolidge Commission, financed by the owners of railroad securities, said that "there is a need to reform the topheavy structures" of railway capitalization. Mr. Alfred E. Smith, a member of the Commission, said:

"There must be a scaling-down of many railroad securities. I believe that the banks, trust companies, insurance companies, and other holders of railroad securities must be realistic about this phase of the problem. The public will not stand for making them a preferred class of investors."

Federal Coordinator Joseph B. Eastman, in his report of January 20, 1934, said:

ROOSEVELT'S PROMISE

"Many railroads are overcapitalized, whatever test be applied. * * * Important in this connection are the amount and character of the railroad funded debt. It aggregates 56 percent of the outstanding capitalization. This is a high percentage."

President Roosevelt, during his campaign for election, in 1932, indicated in his Salt Lake City address that the Government should condition its assistance to the railways "upon acceptance of such requirements as may in individual cases be found necessary to readjust topheavy financial structures through appropriate scaling-down of fixed charges." Newspaper reports of February 9, 1934, indicate that the President is still of the opinion that interest charges on railway securities must be reduced.

In recognition of this situation, and following out the pronouncements of 1932, the Congress of the United States included in the Emergency Railroad Transportation Act provisions for the reorganization of unsound railroads, looking to the rationalizing of the railway capital structure.

It is for the purpose of continuing these still-untouched interest rates and debt totals that railway managements are now asking railway employees to continue their depression sacrifices. We believe the request to be indefensible.

BLOW AT RECOVERY

In your statement presented us on March 15, you stated in part that "recognizing the seriousness of the situation the representatives of the railroads and the employees agreed upon the 10-percent deduction which has been effective since that time", namely, February 1, 1932. We did agree to accept the 10-percent deduction for 1 year at the insistence of the management, but we did not agree then nor since that this procedure would lead to industrial recovery.

On the contrary, we insisted that the policy then being pursued by big employers, including the railroads, of throwing men out of jobs, of extending part-time employment, of lowering wage rates and of considering only dividend and interest payments could only bring about further decreases in the purchasing power of the masses of the people, and thereby intensify the evils of the depression.

POSITION SUSTAINED

Our position has now been sustained. We find other industries making an effort to whip the depression by raising wages, shortening hours, and employing additional men. But the railroads are still clinging to the economic fallacy that business can be improved by destroying the foundation of business; that is to say, by lowering the purchasing power upon which business depends.

When the original 10-percent deduction was made, the representatives of the carriers strongly emphasized the hope that this contribution by railway workers would prove to be the turning point in this depression, a thought with which we did not agree. Now, after 2 years, you come before us representing the same carriers and admit that the emergency has continued during the 2 years since the original deduction agreement was made.

In other words, you sustain the position that we took 2 years ago; you concede that your own economic predictions or hopes were poorly founded, and you advance the evil consequences of your own unsound economics of 2 years ago as justifying the continuance of this same industrial suicide for a still longer period. To put it frankly, your faith and hope in this unsound and antisocial economic policy has only led to the necessity of charity for hundreds of thousands of railroad workers.

FIGURES NOT CONVINCING

Your reference to the cost-of-living figures is neither convincing nor impressive. We do not accept the current changes in living costs as being the proper yardstick for the measurement of wages. Moreover, the index figures published by the United States Department of Labor were never intended for any such purpose. These figures are predicated upon living standards that are acknowledged to be out of date by those who were originally responsible for their establishment. Ethelbert Stewart, a noted economist, who was in the service of the United States Government in various capacities for 45 years and who dealt directly with this subject as Commissioner of Labor Statistics from August 1, 1920, until his retirement in the middle of 1932, has publicly stated that—

"The use of the cost-of-living figures of the Bureau of Labor Statistics (for 1918), now 15 years old, is a crime, a fraud, and an outrage when used as an argument, or as a basis of reducing wages, in the year of 1933."

Isadore Lubin, the present United States Commissioner of Labor Statistics, has likewise condemned this use of the Bureau's figures and three successive Secretaries of Labor—James J. Davis, William N. Doak, and Frances Perkins—have also voiced their dissatisfaction with, and their disapproval of such use of, this index.

We respectfully submit, further, that your references to changes in the cost of living are glaringly inconsistent. We recall vividly that in 1919 and 1920, when the cost of living was increasing by leaps and bounds, the same carriers you now represent appeared before Federal wage tribunals in vigorous opposition to wage increases.

Following the depression of 1921, when we sought the restoration of wages that had been taken from us by a board that has since been discredited and abolished, your roads persisted in this opposition to wage increases, notwithstanding the current increase in living costs. You now seek to justify a further extension of the 10-percent deduction and a continued restriction of the purchasing power of your employees by referring to the same cost of living records that you have persistently refused to accept when the figures were on the upward trend. In the same breath, however, you admit that the cost of living is now rising.

PRICES WILL GO HIGHER

Nor is it necessary that we possess the qualifications or wisdom of a prophet to see with reasonable certainty that prices will continue to increase at an accelerated rate. The devaluation of the dollar, the codes providing for higher wages and shorter hours in other industries, the fair-competition regulations, the destroying of surpluses of wheat, cotton, and hogs, and in fact the President's entire industrial recovery program has for one of its major purposes the increasing of prices. The increase so far experienced is but the beginning. If changes in living costs are to be the criterion for wage determination, substantially higher rates of pay should be established immediately.

RAIL WORKERS' STANDARDS

However, since you have introduced the question of living costs, we now desire to invite your attention to the present living standards of railway workers. As a result of total unemployment for nearly a million of these workers, part-time employment for about 400,000 others, the low basic wages and the 10-percent deduction, living standards for both the unemployed and the so-called "employed" railroad workers have been dangerously reduced.

An investigation conducted a year ago revealed that at that time the homes of railway men were being lost, savings exhausted, and necessary household equipment was being taken from them because of their inability to meet installment payments. Life insurance was being dropped or greatly reduced, debts were increasing, necessary medical and dental care was being deferred, and families were undernourished, improperly clothed, and enduring unreasonable hardships.

Naturally enough, these vicious conditions are more marked in the case of the railway workers falling in the lower wage brackets. Since you desire to continue the 10-percent deduction for all railway employees, including those in the lower wage brackets, we feel impelled to direct your attention to some of the sweatshop wages now being paid and as a result of which the living standards of certain railway classes have been reduced to the level of Chinese coolies.

Let us be specific on this point: On the Southern Railway, track and roadway section men are being paid as low as 25 cents an hour and in February worked 3 days per week. This provides a weekly wage of \$6 from which you deduct 10 percent or 60 cents, leaving these workers \$5.40 a week with which to care for their families and make their contribution to national industrial recovery. We understand you desire to continue this deduction, but no assurance has been given that part-time work will be reduced. If these men on the Southern were given 6 days per week, they would make \$12, which, after the 10-percent deduction, would leave them \$10.80.

OTHER EXAMPLES

On the Atlantic Coast Line, section men are paid \$1.70 per day. We understand that you desire to continue a 10-percent deduction from this totally inadequate wage for a period to expire in April 1935.

On the New York Central, section men receive a basic wage of 43 cents an hour and are working as little as 10 days per month

or an average of 2½ days a week. This gives them \$8.60 per week from which 10 percent or 86 cents is deducted, leaving \$7.74 a week in a territory where the P.W.A. minimum is \$15.

In Detroit, on the Michigan Central, section men are paid 46 cents an hour and work about 2½ days a week. Their weekly earnings are \$9.20, from which 10 percent, or 92 cents, is taken by the management, leaving these workers \$8.28 a week in a city where the relief basis for a totally unemployed man with a family of five is \$11.40 a week.

HOW CAN FAMILIES LIVE?

In Chicago, section men on the Chicago Junction and the Chicago River & Indiana receive 41 cents an hour, work 3 days a week, earn \$9.84 a week, give 10 percent or 98 cents of this back to the railroad and then try to maintain their families in that great industrial center on the remaining \$8.86.

The Florida East Coast pays a basic wage of 20 cents an hour to section men and is one of the roads represented by you in your request for a continuation of the 10-percent deduction.

The Illinois Central pays section men as little as 25 cents an hour, works them as little as 2 days a week, enabling them to make \$4 per week.

ALL CLASSES SUFFER

These specific cases could be dealt with in greater detail, but they are sufficient to illustrate the earnings prevailing on individual roads and to show the totally inadequate living standards prevailing for some railway classes on roads represented by your committee. We have referred to section men, but conditions are equally bad for some other railway classes. Almost all railway workers have suffered reductions in living standards, and so far they have shared in none of the effects of the recovery program excepting to pay the increased prices of the necessities of life that have arisen from this program.

WHAT OFFICIAL FIGURES SHOW

Still further evidence of the inadequate earnings of railway employees is to be found in the average earnings as reported by the Interstate Commerce Commission. For the year 1932 there were 140,000 railway employees whose earnings were approximately \$50 a month, or less—which means about \$12 a week. This number embraces about 13 percent of all railway employees. Approximately 266,000 railway employees, over 25 percent of the total number, earned \$75 a month or less. There were over 434,000 railway employees, 42 percent of the total, who earned less than \$100 a month. The railway employees who earned \$125 a month or less numbered 749,000, and this group embraced about 72 percent of all railway employees. Less than 7 percent of those engaged by the class 1 roads earned \$175 a month or more. This 7 percent included the entire official family but embraced relatively few of those commonly referred to as employees.

SLOW STARVATION

In 1929 the average earnings of more than 200,000 track and roadway section men were \$883 a year—declining to \$621 in 1932, representing a loss of \$260, or 29.5 percent. We direct this to your attention in view of your statement that since 1929 the cost of living had decreased 21.2 percent, and in order that you might see that this one big group of railway workers, who because of their low earnings are least able to meet additional burdens, have seen their earnings drop much more than has the cost of living.

In the light of these earnings and circumstances we hold that the current changes in the prices of the necessities of life from month to month mean but little to thousands of the railway employees involved in these negotiations. The price changes merely reflect the degree with which these workers will proceed with their gradual starvation.

SYMPATHY IN PRACTICAL MANNER

You advised us on March 15 that you had addressed a letter to President Roosevelt under date of February 19, stating in part that "the conference committee of managers is most sympathetic to the important considerations of national welfare, etc. * * *". We are greatly pleased with this expression relative to the national welfare, and we sincerely hope that the carriers represented by your committee will now demonstrate this sympathy by making your long-deferred contribution to the national welfare. The President on March 5 indicated precisely how this sympathy might be given practical application when he said:

"The immediate task of industry is to reemploy more people at purchasing wages and to do it now. Reductions in hours, coupled with a decrease in weekly wages, will do no good, for it amounts to a forced contribution to unemployment relief by the classes least able to bear it."

WHAT PRESIDENT SAID

The President, in further emphasizing the manner in which you can demonstrate the sincerity of your sympathetic interest in the national welfare stated:

"In working out the plans on a national scale, of which I have spoken before, we can list certain immediate objectives. I spoke last June of the fact that wage increases will eventually raise costs, but I asked that management give first consideration to increasing the purchasing power of the public. I said that is good economics and good business."

"The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. What I said was true in June and it is true now. The first task of industry today, as it was then, is to create consuming power."

HUMANITY BEFORE PROFITS

"We must remember that the bulk of the market for American industry is among the 90 percent of our people who live on wages and salaries and only 10 percent of that market is among the people who live on profits alone. No one is opposed to sensible and reasonable profits, but the morality of the case is that a great segment of our people are in actual distress and that as between profits first and humanity afterward and humanity first and profits afterward, we have no room for hesitation."

What confronts us, then, when we consider your proposal for an extension of the 10-percent wage deduction may be summarized thus:

CONDITIONS RADICALLY CHANGED

In response to what we then considered an unjustified demand by railway managements, we consented in January 1932 to this 10-percent deduction from the earnings of the men and women we represent. What shadow of justification there was for this deduction at the low point of the depression has now disappeared, and rising railway traffic, increasing gross and net revenues, together with rising prices at once require and permit the restoration of basic rates of pay.

Your request would, in effect, continue this deduction in the interest of strengthening the position of the railway bondholders.

But the lean years of the depression found interest payments to these bondholders steadily increasing, rising in the worst years of the slump to the highest level ever attained. The record shows an increase in interest payments from \$511,000,000 in 1929 to \$533,000,000 in 1933, while compensation of employees dropped from \$2,941,000,000 in 1929 to \$1,404,000,000 in 1933.

PRIVATION OF RAIL WORKERS

The figures of decreased compensation only indicate the terrific privations forced upon these railway employees; men earning as low as \$5 or \$6 per week are among those being asked to continue their sacrifices from their pitiful wages to permit improved conditions for the railway bondholders. The managements here are asking us to agree with them in a policy which contradicts, and must to a very large extent nullify, the national industrial recovery program. We are asked to confirm a program of restricted wage payments and of reduced employee purchasing power.

In plain language you ask us to obstruct and retard American economic recovery, and to support you in your refusal to contribute anything at all to the national rehabilitation. We cannot and will not acquiesce.

DEMAND WAGE RESTORATION

Therefore we most respectfully but definitely reject your proposal for a 15-percent reduction in basic rates of pay and decline to agree to your proposal for an extension of the existing 10-percent wage-deduction agreement for a period of 10 months beyond its present expiration date, June 30, 1934. We insist that basic rates shall be restored on July 1, 1934, in keeping with the terms of the existing agreement.

A. Johnston, grand chief engineer Brotherhood of Locomotive Engineers; D. B. Robertson, president Brotherhood of Locomotive Firemen and Enginemen; S. N. Berry, president Order of Railway Conductors of America; A. F. Whitney, president Brotherhood of Railroad Trainmen; T. C. Cashen, president Switchmen's Union of North America; E. J. Manion, president Order of Railroad Telegraphers; J. G. Luhrs, president American Train Dispatchers' Association; B. M. Jewell, president Railway Employees' Department, American Federation of Labor; A. O. Wharton, president International Association of Machinists; J. A. Franklin, president International Brotherhood of Boilermakers, Iron Shipbuilders, and Helpers of America; Roy Horn, president International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; Martin Francis Ryan, president Brotherhood Railway Carmen of America; J. J. Hynes, president Sheet Metal Workers' International Association; C. J. McGlogan, vice president International Brotherhood of Electrical Workers; John F. McNamara, president International Brotherhood of Firemen and Oilers; G. M. Harrison, president Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express, and Station Employees; F. H. Fljozdal, president Brotherhood of Maintenance of Way Employees; D. W. Helt, president Brotherhood of Railroad Signalmen of America; M. S. Warfield, president Order of Sleeping Car Conductors; Fred C. Boyer, president National Organization Masters, Mates, and Pilots of America; Chas. M. Sheplar, president National Marine Engineers' Beneficial Association; A. F. Whitney, chairman Railway Labor Executives' Association.

SOME PHASES OF THE AGRICULTURAL PROBLEM—ADDRESS BY SENATOR BORAH

Mr. BORAH. Mr. President, I ask permission to have printed in the RECORD the address which I delivered last night over the radio on a subject which I think is of some interest to the public.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The strain upon governments, upon established institutions, upon policies, and upon personal character during the last quarter of a century has exceeded in breadth and intensity anything, so

far as I know, in recorded history. It would be impossible to portray in words the consequences or the results of this strain. It has been demoralizing, destructive, remorseless. First came the World War, with its million of maimed and murdered and its billions of property destroyed. This was followed by treaties which left Europe in a state of bitter distrust, impoverished, but still spending from 75 percent to 80 percent of her budgets for war. Political unrest and economic chaos followed. Then came inevitably the break-down of the monetary systems. In our own country we experienced the evils which flow from a defective banking system and the consequent evils of a wild, mad era of credit inflation. These and other things which I shall mention later have brought to the people of the world—and none have escaped—a period of financial and economic distress, of sacrifice and suffering, the like of which has never been known, certainly not in this country. The acute and pressing problem is, What course shall we adopt, what policies shall we pursue, in order that we may escape from these appalling conditions?

In considering these problems I start with the belief and in the faith that, notwithstanding all these things, these frightful experiences of recent years, human nature is fundamentally the same, the same appetites and passions, the same hopes and aspirations, the same desire to own and possess, the same love of liberty, and, above all, the same instinctive determination to carry on. You may impose upon a tired, worried, and distressed people almost any policy for a time. But a permanent policy must conform to those deep-seated impulses and desires of men and women everywhere as 30 centuries of struggle have revealed them to be. The reserve energy, the reserve power, the capacity of a people to recover and regain after great catastrophes, is one of the marvels, as well as one of the mysteries, of history. To adopt a policy, therefore, based upon the theory that the height of production and advancement has been reached is to accept the gospel of pessimism and despair. There is still advancement, and great advancement, ahead. The world is not satiated. The human family is not in retreat, neither is it at a standstill. It will in time move on and upward. I venture to believe the advancement of the next 50 years will exceed the advancement of the last 50 years. If I did not entertain this view I would not be interested to discuss these questions. I never could become interested in a policy of retreat or restriction. Under sound policies, under just and equal laws, the people will come back; and when they do, they will reassert that independence of judgment, that freedom of action, that love of liberty which in the past have made our country progressive and powerful.

The view has often been advanced that one of the great contributing causes of our present trouble is overproduction. I have never been able from the beginning to accept this view. I feel that so long as this view prevails and we shape our policies under that theory, we shall encounter greater and still greater troubles, economically and politically. As a result of this view, it has been thought necessary to engage in a policy of destruction, of restraint, upon initiative, upon energy, and upon production. Carried to its logical results, this will end, it seems to me, in a great detriment to our Nation as a whole and long retard recovery.

Our able Secretary of State has recently declared that 80 percent of the world's population of 2,000,000,000 persons are today living below the poverty line. Stated in another way, 1,600,000,000 people are living in poverty—a startling, a menacing, but unfortunately a true statement. Does not this present the problem of distribution rather than overproduction? In our own country there are no less than 40,000,000 people living below the poverty line. Shall we destroy food and the stuff of which clothes are made until we have taken care of our 40,000,000? And shall the world engage in such a program with 1,600,000,000 living on the verge of destitution? Is it sound to say there are millions and millions of people in our country and in the world in want of food and illy clad, so let us destroy food, let us destroy the stuff of which the clothes are made? The less able the people are to buy, the more difficult we will make it for them to buy. We know the purchasing power of the people is at a very low level, perhaps the lowest in history; and shall we reduce acreage, destroy food, thus compelling less and less consumption because purchasing power is not there to take care of the higher prices? Shall we freeze production at a point which leaves out of consideration the proper clothing and adequate sustenance of one third of our own people and 80 percent of the people of the world? Finding the world hungry and distressed, shall we set about to conform our economic system to a people thus hungry and distressed, a system which, if successful, would stabilize production on the basis of starvation? It is not overproduction, it is underconsumption. Our task is not that of destruction but of distribution. Even in normal times we had in this country over 75,000,000 people living on an income of less than \$600 a year. Like creeping paralysis, this fall of purchasing power has long indicated an economic cataclysm. The average workman, with his family of five, in normal times must live on an income of from \$1,200 to \$1,800 a year. There are a million children in the United States out of school because of want of food and clothing. I repeat, there is no overproduction unless you are going upon the theory that a large portion of the people of the world and in our own country are to go through life under the circumstances of cruel privation.

One of the best-known business men in England, known to all the world and doing a business in three continents, was quoted in the London Times on February 20 last as follows: "Everywhere one hears people talking about overproduction, while, after taking only a little bit of trouble in examining facts, it is more

than clear that what is considered to be overproduction is not only underconsumption, but a manufactured underconsumption." This states a great truth with which we must wrestle before we escape from our present trouble. If we cannot raise purchasing power, build up consumption, then our system of economics and our capitalistic system, as a whole, are doomed. I am not contemplating a revolution, but it may be well to remember that in France they taxed and taxed the producer and curtailed and curtailed the purchasing power of the people until they were driven from their homes into the cellars and hiding places of Paris where the French Revolution was born.

It was believed that this policy of reduction would aid the producers. In practice, it strikes first at the consumer; and his purchasing power being such that the consumer cannot take care of the rise, it falls upon the producer. Take our experience with hogs. Pigs were destroyed, the farmer was induced to curtail production, a processing tax was laid. But in the effort of the processor to compel the consumer to take care of this tax it was found that the consumer did not and could not do so. He bought less meat. Therefore the packer passed the tax back to the producer in the form of lower prices for his hogs. There is just so much purchasing power in the country; and when you increase the price prior to increasing the purchasing power, the consumer must deny himself and eat less or eat not at all. When you levy a tax, somebody must pay the tax. The inevitable tendency is to pass the tax to the low man in the economic set-up, and, therefore, the incident of the tax is at last with those who cannot pass it on. First, it is passed to the consumer who refuses to buy, then it is passed to the producer who cannot pass it on and must absorb the tax. He has nobody to whom he can transfer it.

No better illustration could be had as to the way in which the processing tax reaches the producer and by him must be paid than is found in the jute tax. This processing tax is not being paid by those who sell jute bags but is being paid by the farmers. It will take literally millions of dollars out of the pockets of the already distressed wheat, potato, beans, and onion, and other producers. In some instances it comes near to being a ruinous tax, and yet it is supposed to be laid in the interest of agriculture. It ought to be removed in the interest of agriculture. Agriculture everywhere should petition for its removal.

It has been proposed in this plan of reduction to reduce the acreage of corn by 20,000,000 acres, cotton 15,000,000 acres, wheat 7,500,000 acres, and tobacco 500,000 acres. That is 43,000,000 acres, or about one eighth of the crop-bearing lands of the United States. But it has been demonstrated lately that you cannot stop there. The reduction of cotton acreage is about to increase peanut acreage. Thus peanuts and flax and rye must all be considered, and logically reduction will have to be had in these crops. A reduction of crop acreage to the extent of 60,000,000 acres means a decrease of farm population of 5,000,000. A reduction of 43,000,000 acres means a decrease of farm population of about 3,250,000. What are you going to do with these people? How are they going to make a living? Where are we going to place them. Industry is crowded. Indeed, at this very time it is proposed to send some 2,000,000 from the crowded industrial centers back to the farm. Thus the heira from the farm going out will meet the heira to the farm coming in. The people who understand these farms, know the land, who have made these farms, are going away and those who know nothing of the tillage of the soil are going out to the farms. The plan will inevitably give us more idle and dependent people, more people to feed and to clothe. It will inevitably lower the purchasing power of the people generally. My contention is we should leave these people on the lands and do everything we can to keep them on the land. They may have to endure great hardship, as must all, for a time. But they are better off, infinitely better off mentally, morally, physically, on the lands than they would be drifting here and there, either dependent upon charity or crowded into the congested centers to fight in strange surroundings for a miserable existence.

It has been claimed that there is a great acreage of marginal lands where people cannot make a satisfactory living; therefore, these marginal lands should be bought up and taken out of cultivation. The fact is that nearly 50 percent of American farms produce less than \$1,000 worth of products a year, including what the farm family eats. These families are on what would be called "marginal lands." But, sad as is their condition at the present time, they are to be envied compared with the millions who have no marginal lands upon which to live and no home to call their own. These people are better off on marginal lands than they would be on the highway. Better to spend money in assisting them in the cultivation and care of marginal lands than in removing them from these lands.

It has been suggested that this restriction program would require the shifting of large numbers of people from one part of the country to the other. That task would not be easy of execution, and it is a thing horrible to contemplate. The breaking of old friendships and serving of old ties, possibly the breaking-up of families, and lifetime associations, would all have to be taken into consideration in such a program. That hideous crime has never been committed on this continent, except once, and its brutal results all the world knows. What impossible, unnatural, inhuman results flow when you undertake to hedge about and chain down the energy and worthy ambitions of a progressive people.

I wish we had millions of acres of new lands. I am sorry the day of the pioneer is over. He was an empire builder. The saddest song I know is the Last Round-up. It will not be many

years until the question of lands, more farms, will be one of the great problems of our Nation. The question of overproduction will at no distant future seem absurd. It will be recalled that President Dwight, of Yale, at one time denounced the acquisition and settlement of new lands in the West. We had enough lands, said the great professor. When railroad building to the great Northwest began, there was consternation all through the East among the producers. It was thought we had lands to last us for centuries without occupying these new lands. It will be recalled that the great Webster marveled at what we should do with these vast possessions, these vast possessions where now dwell millions and rest great cities. Within the next few years we shall hear nothing about marginal lands or reduction of acreage. The very lands which are now spoken of as marginal lands, or lands which some would have withdrawn, will in the near future become scenes of high productivity, of contentment, of prosperous communities. Let us make our policies and build our programs, not for the day but for the years. That is what all other leading nations are doing. They are building for tomorrow, and, therefore, they are keeping their people on the lands.

Turning away from reduction, from destruction, our hope lies in expansion, in production, in distribution. Whether in periods of depression or in periods of prosperity, the fundamental principles of progress are the same. We cannot afford to abandon the grand spirit of growth and development. Serious as is the present situation, the world's problems, and particularly in our own country, are to adjust our policies and so construct our laws that all who do their part shall have an equitable share in the world's wealth.

A policy of expansion invites our thoughts first to the question of foreign markets. We should make every reasonable effort to build up our foreign trade. It cannot be a wise policy to forgo intelligent effort in this direction. If we forgo or abandon these markets, someone else will enjoy them to our great and permanent injury—for channels of trade once established are not easily changed. Instead of reducing acreage, we should enlarge our markets. I am not advocating the impairment or in any sense the abandonment in any respect to our domestic market—the most valuable market in the world. But after we have afforded all reasonable protection to our home market and to the preservation of our standard of living, there is still a large field in the way of foreign trade. Our mechanical skill or productive genius counts much in a contest for foreign trade. This field we should cultivate arduously. It must be remembered that during a period of ample protection to our home market, we still exported 55 percent of our cotton, 18 percent of our wheat, 41 percent of our tobacco, 36 percent of our copper, 21 percent of our rye, 33½ percent of our condensed milk, 51 percent of our sardines, 55 percent of our resin, 45 percent of our turpentine, 34 percent of our kerosene, 31 percent of our lubricating oil, 21 percent of our locomotives, 25 percent of our sewing machines, 40 percent of our typewriters, 25 percent of our agricultural machinery, 33 percent of our lard, 14 percent of our passenger automobiles. There are other items which might be noted. Of course, when we come to building up our foreign trade, we shall meet up again with that tormenting problem, the decreased purchasing power of the people. That is the problem with reference to our domestic market, that is the problem as to the foreign market. But nevertheless, sound policy invites us to make every reasonable effort to build up our foreign trade.

When we come to search the world for our foreign trade, we shall come face to face with another question, the solution of which is indispensable to permanent prosperity. That is the money question. The great potential markets in the world for the United States are in the Orient and in Russia. There, as we well know, the purchasing power of the people has been reduced to the vanishing point because, in addition to general causes, they have been robbed—I use the word deliberately—of their medium of exchange, their measure of values. If we are to strive in sincerity to build up our foreign trade as well as our domestic trade, we must restore purchasing power, and one of the great items in that effort is the restoration to one half the world the money which they have been using for 2,000 years, the only money they can use, the only money they can secure, the only medium of exchange it is possible for them to possess. This problem is stated better than I can possibly state it by the governor of the Imperial Bank of India, who has lately declared: "The economists throughout the world are agreed that maldistribution of gold and overproduction of goods are two of the fundamental causes of the depression."

"If we consider the fact that the great masses of the Orient are half-starved and less than half-clad, one cannot say that there is overproduction in terms of requirements, but rather that there is overproduction in terms of purchasing power. Our job, then, is to recreate purchasing power, and we have the instrument at hand in silver, of which these masses are possessed. The remonetization of silver will furnish us with a needed purchasing power and will cause to disappear, through consumption, the world overproduction of goods." Yes, cause it to disappear through consumption of overproduction, and it is the only way under heaven or among men that you can cause it to disappear without starving to death millions of the human family. It does not make any difference in what direction we turn or what policy we adopt or what system we choose, this question of the destroyed purchasing power of the masses confronts us.

It is impossible at this time, of course, to go into details. I cannot argue the question I can only state it. But rather than

destroy food and clothing, we should seek to establish a monetary system which will give the peoples of the world a system commensurate with their needs.

If the nations of the world, particularly our own, refuse to join in a program to restore to these 800,000,000 people the only medium of exchange available to them, then these nations will not only be guilty of great injustice to millions of people, but economically they will hang a millstone about the neck of world recovery. It may be possible by temporary methods and by short selling economically to escape to some extent from the present depression. But without these more fundamental things being achieved, the masses will continue to drudge out their existence far below the poverty line. Without restoration of purchasing power to this 1,600,000,000 people, all efforts looking to recovery will be in vain and illusory, and none more so than the policy of restriction.

The complete answer to crop reduction is the restoration of purchasing power, the restoration to the people the power to purchase what they need. An effort is now being made to increase wages and shorten hours. It has for its primary purpose the increase of purchasing power. Will the workers be permitted to enjoy the raise? If the future is to be judged by the past, the raise will be charged back to the workman in increased prices. He will not be in a position to buy more food, more clothes, or the general necessities of life. The purchasing power of the people is being constantly undermined and decreased by the power of monopolies to fix prices. So long as that continues, there will be overproduction and there will be hungry people.

On the 14th of this month a person who worked in a furniture-manufacturing establishment came to my office. His wages, he said, had been increased about 20 percent or 25 percent. He thought, therefore, he would be justified in buying a home on the installment plan and furnishing it in a modest way. When he investigated relative to the prices of furniture, he discovered the prices which he, as a workman, would have to pay, had increased over 65 percent. Knowing something of the business, he determined to find out the why and wherefore. Taking the price of the materials which go into the manufacture of furniture, he found that upholstering leather had increased in price 56 percent, cotton felt 104 percent, curled hair 83 percent, burlap 80 percent, muslin 114 percent, kraft paper 73 percent, jute twine 60 percent, orange shellac 122 percent, white shellac 87 percent, lumber at the mill 90 percent, linseed oil 75 percent. I need not go further into details. In the matter of preparing a home or providing his family with food and clothes, in getting from under the poverty line, the workman realized that there was no hope under such a program.

Monopoly is working through and under cover of the code and sapping the very foundation upon which recovery rests. These combines and monopolies, now practically unleashed, weave in and out, around and about, with their price-fixing methods throughout the whole system of recovery. The people generally are finding it more and more difficult to buy the things they so greatly stand in need of. It is passing strange to me how anyone can entertain the hope of recovery so long as this constant drain from the pockets of the great body of the people continues.

If we are unable, which I do not admit, or unwilling to restrain those who exact for everything which the people must have unreasonable prices, the conditions will continue to grow worse, as they have been doing, particularly for the last 50 years. This diminishing purchasing power is not a thing of recent date.

Let us look at this economic structure with which we are now wrestling. Eighty percent of the people of the world are below the poverty line. Ten percent, we will say, of the balance enjoy a modest competency. The other 10 percent own the world—literally own the world—its mines, its oil fields, its railroads, its securities; they own the great body of the wealth of the world. Are they to be bridled and restrained? Are they to be prevented from continuing their practices until the poverty line is extended to the point of revolution? In our own country, a new country when measured by the life of nations, it is now estimated that 2 percent of the people own 60 percent of its wealth. A few days ago the research division of the Tax Commission of Ohio reported that 5 percent of the people of that great State owned 80 percent of its productive income. Cecil Rhodes once said: "I expect to look down upon this earth in a few years and find it has passed into the hands of financiers."

This disparity of wealth, this inequality of distribution is the basis of all this talk about overproduction. This is the problem compared with which all other problems are comparatively insignificant. It may be difficult to know just what the solution is, but certainly restriction is not one of them. That policy will revert and react upon the farmer in a very short time as disastrously as it is reacting upon the other sectors of the community. He cannot possibly succeed or be prosperous in the midst of a hungry, impoverished, unemployed world.

I have said to this radio audience before, I declare to this radio audience now, that if the recovery program is to succeed it is absolutely necessary, as stated by General Johnson at the meeting recently held in Washington, to provide assurance that the advance in prices will not outrun increase in wages. And he might have added, to provide assurance of the advance in prices will not impoverish consumers generally. In order to accomplish this, the power to fix prices, monopolistic control over prices, must be taken away from those who now wield that powerful force. It is my contention, therefore, as I have made it to you before, that in connection with the National Recovery Act the antitrust laws should be restored and fearlessly and courageously enforced.

In conclusion, I cannot believe it is in the interest of the American farmer or in the interest of the American people as a whole to curtail production. It does not seem to me that it adds permanently to the material welfare of the farmer or to his standing and influence in national life to urge upon him a policy which discourages that initiative, that industry and enterprise which have made the American farmer the rock foundation of America's economic power and which in the time of peril, when civilization hung in the balance, enabled America to meet its supreme task with superb effect. My information is to the effect that every leading nation in the world is enlarging its agricultural production and mobilizing its agricultural forces. I do not feel that we should give to agriculture a less proud or less dominant place in our international life. Certainly this policy is not required, because there is no need of the things which come from the farm. There is need, great need, right here at home in our own country. If our millions were eating and being clothed in accord with their actual wants of good healthy citizens, there would be no occasion for such a policy. It is our distributing system which has broken down. It is not at the farm where the trouble is. It is elsewhere that our task is to be found. It is up to us as a nation to rehabilitate our monetary and banking and credit system, to break the stranglehold of monopoly which holds the purchasing power of the people down to the lowest point and consumption, in many respects, to a starvation level. These are our problems. They are difficult enough. But in their proper solution is to be found our permanent recovery.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. BYRNES. I submit a conference report on the independent offices appropriation bill and ask for its consideration.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What would be the effect of now taking up the conference report for consideration on the unanimous-consent agreement for an executive session at 2 o'clock?

The VICE PRESIDENT. At 2 o'clock the special order would displace any other business then before the Senate.

The Senator from South Carolina submits a conference report which will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, and 21, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Subsection (a) of section 24 of the Trading with the Enemy Act, as amended, is amended by adding at the end thereof the following:

"No claim shall be filed with the Alien Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law, by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended, and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder for the general or administrative expenses of the office of the Alien Property Custodian, which deduction or deductions on the collection of any income do not exceed the sum of 2 percent of such income or which on the return of any moneys or properties or income therefrom do not exceed the sum of 2 percent of the aggregate value

thereof at the time or times, as nearly as may be, of such deduction or deductions, or, for the recovery of any deduction or deductions heretofore or hereafter made by the Alien Property Custodian from money or properties or income therefrom held by him or by the Treasurer of the United States hereunder, for any and all necessary expenses incurred and actually disbursed by the Alien Property Custodian or by any depository for him in securing the possession, collection, or control of any such money or properties or income therefrom, or in protecting or administering the same, as said general or administrative and other expenses and said aggregate value of returned money or properties or income therefrom have been heretofore or shall be hereafter determined by said Alien Property Custodian."

And the Senate agree to the same.

The committee of conference have been unable to agree on the amendments of the Senate numbered 14 and 22 and the House amendments thereto, and on Senate amendment numbered 23.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL, Jr.,
FREDERICK HALE,
FREDERICK STEIWER,
Managers on the part of the Senate.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
WILLIAM J. GRANFIELD,
R. B. WIGGLESWORTH,
E. W. GOSS,
Managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the report.

Mr. BORAH. Mr. President—

Mr. LONG. Mr. President, if the Senator from South Carolina [Mr. BYRNES] wishes to speak—

Mr. BYRNES. I do not.

Mr. LONG. Then, I just want to say a word.

The VICE PRESIDENT. The Senator from Idaho was seeking recognition at the moment and is now recognized.

Mr. BORAH. I was going to ask if the Senator from South Carolina would explain the conference report. I should like to know what are the issues involved.

Mr. BYRNES. Mr. President, the report, which is a unanimous one, does not include the legislative proposal affecting the so-called "pay cut" or the veterans' provision. It is a report as to appropriations for the expenses of the Federal Trade Commission, as to which there was a difference in amount between the Houses; also the appropriation for the Interstate Commerce Commission and two or three other matters.

Mr. BORAH. This, then, is only a partial report?

Mr. BYRNES. It is a partial report, and, when the conference report shall have been adopted, action will be had upon the two amendments as to which the Houses are not in agreement.

Mr. BORAH. Very well.

Mr. HASTINGS and Mr. KING addressed the Chair.

The VICE PRESIDENT. The Senator from Delaware.

Mr. HASTINGS. Mr. President, on yesterday the senior Senator from Mississippi—

Mr. BYRNES. Mr. President, will the Senator from Delaware yield?

Mr. HASTINGS. I yield.

Mr. BYRNES. Will the Senator permit us to vote on the adoption of the conference report, which represents a partial agreement? I think we can dispose of the matter in a very few minutes.

Mr. HASTINGS. Mr. President, I understand from some Senators on this side that it will probably require a great deal of time and quite a bit of discussion.

Mr. BYRNES. If that be true, I will not ask the Senator to yield.

Mr. GLASS. Mr. President, is not the Senator from Delaware under a misapprehension? The Senator from South Carolina is simply asking to dispose of the conference report, which was unanimously agreed to by all the conferees, and which contains no controversial matters.

Mr. HASTINGS. I did misunderstand the Senator.

Mr. GLASS. That is all that has been asked.

Mr. HASTINGS. If that is all that has been asked, I yield to the Senator.

The VICE PRESIDENT. The parliamentary situation is that the Senator from South Carolina moves that the Senate agree to the conference report. Then, as the Chair understands, there are certain other disagreements between the Houses that will be brought up later on.

Mr. GLASS. That is correct.

The VICE PRESIDENT. Does the Senator from Delaware yield for that purpose?

Mr. HASTINGS. I yield for that purpose.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina to agree to the conference report.

The report was agreed to.

The VICE PRESIDENT. The Chair lays before the Senate the further action of the House of Representatives, which will be stated.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,

March 22, 1934.

Resolved, That the House further insists upon its amendments to the amendments of the Senate numbered 14 and 22 to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes; and

That the House insists upon its disagreement to the amendment of the Senate numbered 23.

Mr. BYRNES. Mr. President, will the Senator yield to enable me to make a motion?

The VICE PRESIDENT. Does the Senator from Delaware yield to the Senator from South Carolina to submit a motion?

Mr. HASTINGS. I yield for the purpose indicated.

Mr. BYRNES. I move that the Senate further disagree to the House amendments to the Senate amendments numbered 14 and 22, further insist upon its amendment numbered 23, ask for a conference with the House, and that the Chair appoint conferees on the part of the Senate.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Carolina.

Mr. STEIWER. Mr. President—

The VICE PRESIDENT. The Chair, in good faith, has recognized the Senator from Delaware, and he is entitled to the floor at this juncture in preference to any other Senator. He yielded for the purpose of enabling the Senator from South Carolina to make the motion. The Senator from Delaware has the floor.

A REPLY TO POSTMASTER GENERAL FARLEY

Mr. HASTINGS. Mr. President, on yesterday the senior Senator from Mississippi [Mr. HARRISON] asked unanimous consent to have inserted in the RECORD—

A very able and eloquent address on the new deal delivered by the Postmaster General at the annual Delaware Jacksonian Day dinner at Wilmington, Del., on March 20, 1934.

The request was granted, and there appears in this morning's RECORD the address of the Postmaster General.

However, I have secured a mimeographed copy of that address under the heading "Bureau of Publicity of the Democratic National Committee, located in Washington, D.C. For release to the morning papers of March 21, 1934."

The statement with respect to it is this:

Address of Hon. James A. Farley, chairman Democratic National Committee, at the annual Delaware Jacksonian Day dinner, to be held at the Hotel du Pont, Wilmington, March 20, 1934, at 7 o'clock p.m., under the auspices of the Democratic State committee.

Of course under normal conditions and probably without any exception a speech made by a member of the Presi-

dent's Cabinet would always be permitted to be published in the CONGRESSIONAL RECORD without objection. Frequently objection has been made to admission into the RECORD of speeches which were political in their nature. The request of the Senator from Mississippi, however, was to insert a speech of the Postmaster General, while the mimeographed copy of the speech describes Mr. Farley as being "chairman of the Democratic National Committee."

I suppose the Senator from Mississippi was afraid someone would overlook the fact that the chairman of the Democratic National Committee was also Postmaster General, and that probably explains his statement, when he asked to have the speech printed in the RECORD, that he requested that the Postmaster General's speech be inserted in the RECORD.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Delaware yield to the Senator from Mississippi?

Mr. HASTINGS. I yield.

Mr. HARRISON. If it will satisfy the curiosity and appetite of the Senator from Delaware, I should be glad to amend by saying that General Farley is also chairman of the Democratic National Committee.

Mr. HASTINGS. I have just done that myself for fear the Senator from Mississippi might have overlooked that fact. [Laughter.]

Mr. President, ever since March a year ago I have been endeavoring to interest this administration in the State of Delaware. Prior to that time there had been set aside \$1,500,000 for the purpose of erecting a new post-office building in the city of Wilmington. Five hundred thousand dollars of Government money had been expended to buy a site for that building. Architects had been engaged to draw the plans. The money on March 4, 1933, was available, but we were told that in order to carry out some new plans and some new scheme of the new deal it would be necessary to take that appropriated money and use it for the purpose of placing young men in the C.C.C. camps where they could plant trees and do other things which the administration believed would be to the advantage of the Government.

I did not particularly complain of that because I supposed it merely involved a delay. When the Congress appropriated \$3,300,000,000 for public works I was assured that it included this building in the city of Wilmington. But time went on, the Congress adjourned, and I could learn nothing definite about what had happened to the proposed new post-office building.

Sometime in the summer of last year I came to Washington to learn what I could about the situation. I went to Mr. Ickes' office but unfortunately found him engaged, and I was informed that he did not have the time to see me. I was referred, however, to one of the many assistants having this kind of business under their control. I went to see the assistant, but I could get no satisfaction as to when action was to be taken on this particular project.

I went to the office of Mr. Douglas, the Director of the Budget, and unfortunately found him out of his office. In that office I was referred to an assistant, and he very kindly sent for the files, and in my presence he examined the files. They showed conclusively that there was necessity for a post office in Wilmington, but it had been held up because the plans provided more space for the Department of Justice than was necessary.

I went from there to the Office of the Assistant Secretary of the Treasury, Mr. Robert, and I was informed by him that he agreed with me thoroughly that the Government having purchased this property, having taken it out of a position where it could be taxed by the local authorities, it was incumbent upon the Government to construct this new building which was so badly needed. It was particularly important to construct it now because of the unemployment in that particular city, and the great help that it would be if that building could be started now and could

be constructed during the depression. The only sympathy I got was from Mr. Robert; and unfortunately Mr. Robert now is out of the Department, and I know not where to go.

In November 1933 I addressed a letter to Mr. Ickes, complaining about this situation, and received a reply assuring me that within the very near future a decision would be reached upon it. That letter was dated November 15. On November 23 I addressed another letter to Mr. Ickes, to which I have received no reply. My information now is that the \$3,300,000,000 has all been expended, but the new post office in Wilmington has not been built.

During this week Mr. Farley made a visit to Wilmington, but the only satisfaction I get out of that visit is a political speech. I desire to take a few moments' time to call the attention of the Senate to that speech, for fear Senators will not all read it. I desire to call attention to some important points in it.

I call attention, first, to this language:

The new deal involves party management no less than it promises honesty, justice, and efficiency in the direction of public affairs. Our sweeping victory in 1932 was the direct result of the Republican Party's failure to live up to this cardinal tenet of political faith and its effort to continue a policy of favoritism to special interests, which, while it brought vast profit to those special interests, ignored the general public interest and so finally brought about a collapse of the whole economic structure of our country. You cannot have prosperity on top and poverty at the bottom without insuring ultimate disaster.

I know, as all of you know, that winning elections is an intensely practical enterprise; that organization is the basis of success, and I likewise know that such success can only be continued by showing the people that campaign promises must be kept.

Mr. President, in the first place, I doubt whether the people generally realize that the new deal involves party management. Some of us on this side have been bitterly criticized because we have intimated that the new deal had any politics at all in it. We have been assured time and again that the new deal was solely for the benefit of the country; that it had no politics in it; and that Republicans, therefore, ought whole-heartedly to support it. But now comes along the one man in the administration who speaks with authority and informs us that the new deal involves party management. Of course, he might have added that the new deal involves Democratic Party management, because no one would suspect that he intended to imply that the new deal and party management applied to any other party than the Democratic Party. So that hereafter, whenever the new deal is being impressed upon us as being one of the patriotic things that we must whole-heartedly support, I think it very proper to inquire how much that new deal enters into Democratic Party management as described by Mr. Farley.

But, Mr. President, that is not the particular thing in the speech that holds my attention. The thing that strikes me as being an extraordinary statement made by the chairman of the Democratic National Committee, the dispenser of the patronage of this administration, and I think I might say the spokesman for the administration upon all political matters, is that 1 year and 17 days after this administration came into power he makes the solemn declaration—

And I likewise know that such success can only be continued by showing the people that campaign promises must be kept.

I do not know whether by this language Mr. Farley intended to indict the Democratic Party or whether he tried to give the impression that the Democratic Party had kept its platform promises. I think it safe to assume that he did not intend to indict his own party, and that he did intend to give to my people in Delaware the impression that his party had kept the promises which they had made. If my interpretation of what he intended is correct, I cannot permit that false impression to remain with the people of my State. I must call to their attention some parts of the platform which Mr. Farley overlooked. I shall not take the time to go into full details and to cover all parts of that platform, but I should like to call attention to 12 major promises made, none of which has been kept. Of course, with Mr. Farley it may not be serious at all to avoid 12 promises in a short platform.

Mr. Farley evidently had in mind, when he emphasized the importance of a party keeping its campaign promises, the part of the Democratic platform which says:

We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power.

That is beautiful language, whether it is in a platform or in a speech. I assume, too, that the importance of the platform pledges depends somewhat upon the order in which they appear. The first to which I desire to call Mr. Farley's attention is:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government.

What a high-sounding declaration this is. What a consolation it was to the great mass of voters of this country to know at least that there was an opportunity to elect to office a man who would make a drastic reduction in governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance. To a distressed people who were tired of paying taxes, and who were in the midst of a depression, struggling from day to day to make both ends meet, how helpful it was to know that there was to be at least a 25-percent reduction in the cost of the Federal Government, or a reduction of more than a billion dollars in the annual expenses.

I can understand how patriotic Democrats who knew nothing about it could make this promise and hope that it might be fulfilled. It is difficult, however, to understand how honest Democrats who did know something about it could afford to make such a promise.

Neither of these things, however, is anything like so surprising as to have the all-wise Postmaster General, the chairman of the National Democratic Committee, and chairman of the Democratic Committee of the State of New York, 1 year and 17 days after induction into office, say in a speech to unsuspecting Democrats of my State that a promise like this must be kept. It seems to me that the chairman of the Democratic National Committee ought to keep himself a little better informed, and ought to have read the President's Budget message, in which the President shocked the country by telling the people that the deficit for 1934 would be more than \$7,309,000,000.

I wish some of my friends in that Wilmington audience had asked him to name the commissions and offices that had been abolished and the departments and bureaus that had been consolidated and the extravagances that had been eliminated; and when he had replied to that question, I wish somebody had asked him if he could name the various bureaus that had been created since March 4, 1933. I am quite certain Mr. Farley could not have answered that question. Indeed, I doubt whether there is a single person in or out of the Congress, or in or out of the administration, who can give an accurate list of all of the bureaus that have been created during that time.

My understanding is that a new bureau has just been created for the purpose of making a study of the names of the new bureaus and their respective purposes. This new bureau is to be known as the "U.S.I.S.", the United States Information Service.

I should suppose that Mr. Farley, as the dispenser of patronage in this administration, would come as near to knowing the names and the number of employees of these various bureaus as any other person. Every emergency measure passed during this administration, so far as my recollection goes, distinctly provides that the employees shall be secured without any reference to the civil-service lists. Just a few days ago the Senator from Kentucky [Mr. BARKLEY] and the Senator from West Virginia [Mr. NEELY] spent a long time in trying to defeat an innocent amendment proposed by the Senator from Nebraska which dealt with this provision, and which applied to only one of these various departments.

It is true that in the beginning of this administration there was a gesture toward keeping this particular part of

the Democratic platform. On March 10 the President pretty nearly frightened the life out of us all by calling our attention to the fact that the Budget for 1934 would be out of balance by a billion dollars unless we passed the Economy Act and gave to him the authority to reduce the payments to the veterans, and reduce the salaries of the Federal employees by 15 percent. Over the protest of some Members of this body, by a large vote we gave him that authority. We gave it to him upon the assurance that he would be just to the soldier, and his first Executive order shocked every person who knew anything about the facts with respect to the soldier.

But let us pass to the next important promise:

Maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues.

For a time an effort was made to live up to this plank by carrying the extraordinary expenses in a separate Budget, but when the President was compelled to face the facts, as he did in his Budget message, he called our attention to the huge deficit for 1934, and expressed the hope that the total indebtedness of the Nation might be kept within the limits of the huge sum of \$32,000,000,000.

Let us pass on to the third important provision of the platform to which I desire to advert, that which the distinguished senior Senator from Virginia [Mr. GLASS] says that he wrote with his own hand:

A sound currency to be preserved at all hazards.

I think it must be admitted that when the people of this country read this provision of the Democratic platform, it had to them a definite meaning. It meant the kind of currency which had been in use in this country for many generations. Long before March 4, however, we heard many rumors about what the new President might advocate with respect to the currency. There was great confusion among the people of the land. There was great uncertainty. The President's inaugural address was not quite satisfactory, but people, generally, saw nothing in it that was alarming. Then what followed?

This administration sold to the citizens of this Nation bonds redeemable in gold coin of a certain weight and fineness. The last of these issues was enunciated but a short time before we abandoned the gold standard. Then came the Thomas amendment, giving the President authority to fix the gold content of the dollar by decreasing its content by 50 percent; to inflate the currency by \$6,000,000,000, three billions of which might be in the form of greenbacks; and then came the reduction of the gold content of the dollar to 59 cents, with the authority still left with the President to shift it back and forth between 50 and 60 cents as he might see fit, and the authority still left in him to issue the three billions of paper dollars whenever he so desired or found necessary.

It is this sort of a record of the Democratic Party with respect to a sound currency that caused the distinguished Senator from Virginia [Mr. GLASS] to apologize to the Nation for having on November 1, before the election, assured the people against tampering with the currency and with repudiation.

Let us call Mr. Farley's attention to the fourth provision in the platform. I wish to notice:

Competitive tariff for revenue, with a fact-finding tariff commission free from Executive interference.

What does Mr. Farley have to say with respect to keeping this promise? Have we heard anything in either House of Congress on the Democratic side about a competitive tariff for revenue? And what have we heard about a fact-finding commission free from Executive interference? We have had just one message from the White House with respect to this subject, and, so far as I know, there was not a single speech made in either House by the Democrats upon the subject until after the receipt of this message. Does the President follow the platform with respect to the message? Does he recommend a competitive tariff for revenue, and does he urge upon us a fact-finding commission free from Executive interference?

I suggest to Mr. Farley that he read the President's message before making any other political speech, and that he find out what this Democratic President proposes with respect to the tariff. If he will follow the current political events in Washington, he will observe that his Chief has sent to the Congress a message, not a message urging a competitive tariff for revenue but a message urging the Congress to give to him the authority to increase or decrease any and all present tariff rates within a range of 50 percent. Mr. Farley and his Democratic friends in and out of Congress have for many years been condemning the Republican Party for the flexible provision contained in the Republican tariff law. In the 1932 platform the Hawley-Smoot tariff law was condemned, and the platform alleges that that tariff law has—

Destroyed international trade, driven our factories into foreign countries, robbed the American farmer of his foreign markets, and increased the cost of production.

The President does not complain in his message to Congress about this tariff law; he does not say that it is too high. On the other hand, he asks for permission to increase the present rates by 50 percent. He does not ask for this authority based upon any recommendations of the Tariff Commission or based upon any rule which now controls the Tariff Commission. He just says, "Give it to me; pass your authority over to me and let me judge for the Congress what ought to be done; let me destroy where I will and build up where I may desire."

I wonder if Mr. Farley knows about this, and if he does know of it, is it not rather strange that he should emphasize with my people in Delaware the importance of keeping campaign promises? We shall have enough of the tariff debate, however, without taking up the time now. Let me pass on to another promise:

The extension of Federal credit to the States to provide unemployment relief wherever the diminishing resources of the States make it impossible for them to provide for the needy.

I think it may be said that during the 1932 campaign we all appreciated that something would have to be done by the Federal Government to provide unemployment relief. The Republican platform approved the act of the former President, who had urged the Congress to create an emergency relief fund out of which temporary loans might be made to any State on a showing of actual need and temporary failure of its financial resources; so that there was not very much difference in the two platforms with respect to this subject.

What has been done by this administration? It did not limit itself to extension of Federal credit to the States, but in a bold and sensational announcement the President demanded that the people of the Nation be taken off the various relief rolls and put on Government pay rolls, and he insisted that 4,000,000 of them should be placed on the rolls within a period, my recollection is, of 2 weeks. Of course, this resulted in graft, corruption, and political favoritism entering into the serious problem of the relief of the needy of the Nation. This now is to be abandoned, and some new scheme has been devised transferring people from one locality to another and doing a lot of other impractical things, the result of which will be that the Nation will ultimately relieve the States and their various subdivisions of all of their responsibility.

Let us look at the next paragraph:

The spreading of employment by a substantial reduction in the hours of labor, the encouragement of the shorter week by applying the principle in Government service.

Is it not true that every Government employee reading this platform and supporting the Democratic Party had a right to assume that his hours were to be shortened and his pay to remain the same?

What has been done with this? Why, everybody knows, of course, that the N.R.A. has been organized and the whole business of the country placed in a strait-jacket, the result of which is that capital and labor are at each other's throats all over the Nation. The small business man has been placed in bankruptcy in many instances, or is fast approaching it,

and the consumer is paying more for everything than he used to.

While the administration has insisted upon industries' paying increased wages while reducing the hours of labor, it has taken the inconsistent position of long hours and less wages for the Government employee.

We learn from newspaper accounts that in Mr. Farley's own Department extended furloughs are being forced upon extra postal mail carriers, many of whom do not now get sufficient to keep body and soul together.

Under an order issued by Mr. Farley early this month postal employees are to be furloughed 1 day a month until the end of the fiscal year, July 1, 1934. Vacations have been postponed also until after July 1. Mr. Farley asserted this to be necessary because of budgetary requirements that he save between six and nine millions of dollars by July 1, and yet in spite of that recommendation of his, he urges that his party has kept its platform promise and lived up to its promises to the people of the Nation.

The platform and performances with respect to agriculture are a series of inconsistencies. While many millions of people are in need of food and clothes, the administration has followed the policy of destroying cotton, wheat, corn, and pigs in order to increase the price of farm commodities. It has placed a processing tax upon these commodities which in effect places a high sales tax upon the necessities of life.

The last and the most outrageous of all, is to be a processing tax upon the milk that feeds the babies, the children, and the undernourished of the land.

It is at one and the same time spending hundreds of millions of dollars on irrigation projects in order that thousands of acres of land may become productive, and spending huge sums to purchase land in order that it may be taken out of cultivation.

Let us go on to the next promise:

Strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

I wonder if Mr. Farley believes that the Democratic Party has kept this particular promise. Complaint has been made of the Republicans for years, and it is renewed and emphasized in Mr. Farley's speech, that the Republican Party has been used for special interests, and not for the good of the whole people. If we get down to details, the Democrats will insist that the Republicans have protected these special interests by means of the high tariff, and by failure to enforce the antitrust laws, but shortly after this administration got under way, we find it urging legislation that will permit the President to suspend the antitrust laws and, as I have pointed out, to do nothing with respect to the high tariff they complain about, except to give the President the necessary authority to do as he pleases with it within a range of 50 percent. They have not only not kept this platform promise, but we have seen the small producer and distributor shamefully treated by an autocratic and dictatorial administrator of the N.R.A.

But let us look at the next promise and see what has happened to that:

The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interests.

It seems to me the mere reading of this provision of the platform is sufficient to indict Mr. Farley and all he said in his speech at Wilmington. There never was such an outrageous interference with private business as there has been under this administration. The authority given by the Congress to the President because of the emergency, is now about to be made permanent, in order that a demonstration may be made that the new deal is to become a permanent deal for all the people of the Nation.

The platform recommended legislation affecting the sale of securities, and this resulted in the enactment of a Securities Act that is so drastic in character as to practically paralyze the financing of new industries, as well as the re-

organization of old industries that are in financial difficulty because of the depression.)

In the first part of Mr. Farley's speech we discover two things that are new. One is that the new deal involves party management, and the second is that Mr. Farley insists that the campaign promises must be kept.

After dealing with these generalities he proceeds to discuss the cancelation of the air-mail contracts. The criticism that has followed the cancelation of the air-mail contracts seems to be the first thing that has distressed Mr. Farley. In this speech he undertakes to justify this action. He refers to great monopolies that have been built up by Government subsidy; that a few favored companies obtained many millions of dollars out of the Public Treasury, and that it became his duty under the law to annul the contracts. One other excuse given was that—

We had promised economy in government; we had promised an honest departure from the practice of giving illegal or improper advantage to special interests.

He also says:

There was no thought or suggestion of politics in connection with the cancelation of the contracts. Notwithstanding, some of the spokesmen for the opposition party are diligently endeavoring to make it appear that there was.

I did not know when I annulled the contracts and I do not know now whether the men most involved are Republicans or Democrats, and I am not concerned as to that.

But on the very day which Mr. Farley said that there was no thought or suggestion of politics in the cancelation of the contracts and that he did not know whether they were Republicans or Democrats involved, the majority leader, the distinguished Senator from Arkansas, was making a speech in which he undertook to demonstrate that at least one of these companies was a strong political factor in Pennsylvania and was controlled by the Mellon family. This appears on page 4903 of the CONGRESSIONAL RECORD.

Mr. Farley says that representatives of a number of the companies have admitted that the air-mail contracts were obtained by collusion and fraud, and the law requiring competitive bidding was evaded and violated.

Mr. President, I now desire to take a few minutes to discuss this particular part of Mr. Farley's speech. It will be observed by a careful reading of it that he gives several excuses. I also want to call the Senate's attention to the fact that in his letter to the distinguished Senator from Alabama [Mr. BLACK], the chairman of the special committee, under date of February 14, he makes this statement:

These contracts were annulled only after a most thorough investigation covering a period of several months.

I remember when I read that statement I was a little surprised to know that Mr. Farley had been investigating for several months.

I now want to call the Senate's attention to Mr. Farley's statement before the Special Committee Investigating Air Mail and Ocean Mail Contracts, on January 30, 1934, just a week before it was decided to annul the air-mail contracts.

Senator AUSTIN. I would like to ask you a little about your practice relating to certificates for carriage of mail by air. Have you since coming into the office promulgated any new rules with respect to the granting of certificates?

The granting of certificates, it will be remembered, is specially provided for under the law. Where a contract has been awarded, and the contractor has lived up to his obligation satisfactorily to the Postmaster General for a period of 2 years, he can then get a certificate for a period of 10 years, which puts him in absolute control of the Postmaster General. Mr. Farley's answer was:

For your information—

Bear in mind the date, because it is important, and I want my people in Delaware to know how important it is when they remember what he said to that distinguished audience.

Mr. Farley said:

For your information nothing has been done since the 4th of March regarding any additional certificates of any kind. The contracts or certificates that were in operation at the time I assumed the duties of the position are still in vogue, and no changes have been made.

Senator AUSTIN. No modifications of the contracts themselves? Mr. FARLEY. No; I am quite sure as to that statement. If there have been any changes they have been of a minor nature, and the Second Assistant could be more specific than I on that question.

Senator AUSTIN. The fact I am interested in is whether you as Postmaster General have discovered something that you regarded as fundamentally wrong about these contracts which you tried to correct.

Mr. FARLEY. I have not made any move in that direction.

Senator AUSTIN. And is it true that the practice which obtained when you came into office; that is, the practice which had been set up or continued by Mr. Brown and his predecessors still continues under your administration?

Mr. FARLEY. What particular practice now are you referring to, Senator?

Senator AUSTIN. With reference to these certificates for Air Mail Service.

Mr. FARLEY. Let me explain it this way. They are still in operation. No change has been made. At the moment I am not in position to say whether or not we approve the system in vogue or whether I would recommend a change.

Senator AUSTIN. Yet, of course, in an investigation of this character it would be important to consider whether you as Postmaster General in the time that you have been in office; that is, since March 4, 1933, had disapproved or approved.

Mr. FARLEY. I have not disapproved any, and I would assume the fact that I have not made any change might be considered an approval up to the present day, if that is what you have in mind.

Yet in his letter he says these contracts were annulled only after a most thorough investigation, covering a period of several weeks.

In his speech in Delaware he emphasized the fact—

If this administration was going to keep faith with the people, these fraudulent contracts had to be wiped out. We had promised economy in government, we had promised an honest departure from the practice of giving illegal or improper advantage to special interests.

The cancelation of the air-mail contracts was just as much a part of the "new deal" as any other action taken with a view to eliminating waste and extravagance in public expenditures. Certainly fraud and collusion in the letting and obtaining of Government contracts could not, under the new deal, be condoned.

And yet he reaches that conclusion within a period of 6 days after he virtually said that he approved of what had been done.

Let us take it a step further and see whether or not that is the only evidence as to the attitude of the administration with respect to this question.

I quote from page 249 of the hearings before the subcommittee of the House Committee on Appropriations under the heading "Domestic Air Mail":

Mr. ARNOLD. We now come to domestic air mail. Also a change in language is suggested.

The amount appropriated for 1934 was \$15,000,000. The amount estimated for 1935 is \$14,994,627. The amount available for 1934, after deducting \$1,000,000 reservations and impoundings, is \$14,000,000. This seems to be an increase of \$994,627 over and above the amount the Budget allotted to you for use in 1934. Can you explain that increase?

Mr. HOWES—

Representing the Department—

The annual rate of payment to contractors for domestic air-mail service for the fiscal year 1934 is \$13,950,000. To provide for payment for service now performed without charge, restore suspended service, and for new service needed, the following will be necessary—

And he gives the list, and the total is \$14,998,933.

The bulk of that increase is taken up in that list of routes, relative to restoration and of some of the service that has been taken off.

Mr. President, my recollection is that this testimony was given on December 14, 1933. The present administration had then been in power since March 4, 1933; and so it appears that this very administration was coming to Congress as late as December 14, 1933, urging that a million dollars be added to the appropriation in order that they might properly take care of the Air Mail Service; yet, when Mr. Farley, in order to justify what he knows he cannot justify with the American people, namely, the cancelation of these contracts, goes to Wilmington and undertakes to justify that action, what does he do? He undertakes to make his audience believe that this country has lost great sums of money because of the huge appropriations for the Air Mail Service

while at the same time his very assistants were appearing before Congress as late as December 14, 1933, urging that a million dollars be added to the appropriation.

What excuse does Mr. Farley give for canceling the air-mail contracts? Somewhere in the testimony it will be seen that the reason is that a meeting was held and that that meeting was illegal. When, on January 30, 1934, he gave the testimony I have read to the Senate he did not even know that his own Department had had a similar meeting with the very same contractors.

What was the purpose of that meeting? The purpose of that meeting was in order to distribute the appropriation made by the Congress for the Air Mail Service, and, in order to do that effectively, it was necessary for him to limit the service and to reduce the amount of pay therefor. He had it in his own hands on January 30; and if, Mr. President, you will read his testimony you will observe that he did not know enough about his own job to realize what power he actually did have. He was depending then, as he depends most of the time when he is out making political speeches, upon some of his assistants.

I want to read a portion of his testimony in order that the Senate may get an idea what an important member of the Cabinet Mr. Farley is. He was interrogated by Senator Austin. I will not take time to read the testimony, but I ask all persons who are interested in the matter to read it. It will be found that Mr. Farley did not even know that there were two ways of making contracts legally in the Air Mail Service. It developed that he did not know anything about the right to extend contracts. In his letter to the Senator from Alabama [Mr. BLACK] he complains about five contracts having been extended for periods of 6 months. He did not even know that under the law governing the Postal Service, section 1808, specifically grants authority to do that very thing.

I will tell you what happened, Mr. President. He says there is no politics in it. I do not say that he canceled the contracts in order that he might award them to some of his friends; there is no evidence of that; I would not make such a charge; but I will state what was happening. It was desired to add to the prestige of the new deal. It had been developed during the investigation that somebody, for some reason, destroyed some papers or had hidden them where the committee could not get possession of them. What happens to the public mind when it is intimated that someone has destroyed papers which some governmental authority wants? It occurs to the mind of every reasonable person that there was some ulterior motive in the destruction; it appears to every person, who thinks about it, that there must have been something in those papers which would convict someone of some kind of a crime or some kind of a fraud, and that that is the reason the papers were destroyed. We brought the individuals here, and we had a proceeding in the form of a trial. The people of the whole country were exercised about it; they were very much interested as to what was going to happen. Their attention centered upon the air-mail contracts. "Ah," those in authority said, "this is the time to clinch it and to do one more great thing of which the people of the country will approve by canceling, not the contracts that are under suspicion, but canceling them all, so that it will be said that in order to punish the rich, in order to punish those who had made profits out of Government contracts the 'new dealers' wiped out the whole system and started anew. That will show to the people of the Nation how anxious the 'new dealers' are to take care of the taxes and expenditures of the Government."

They went a step too far and they stepped a little too fast. I do not care how much it may be argued here as to whether there was fraud or whether there was not fraud. It is undoubtedly true that in the minds of some, fraud has been established, and it is just as certain that in the minds of many others, and in the judgment of a majority of the people of this country, there was no fraud. But, after all, Mr. President, that is not what we are complaining about; that is not the issue here. We cannot ever get away from this

one act that the present administration has done for which it will be condemned as long as it exists, and that is it canceled contracts made with individuals or corporations in this country without giving them an opportunity to be heard. That is what the American people are complaining about today, and that is the charge from which the party in power cannot escape.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Delaware yield to the Senator from Alabama?

Mr. HASTINGS. I yield.

Mr. BLACK. Which one failed to testify before the committee through its officers?

Mr. HASTINGS. Which one of what?

Mr. BLACK. Which one of the aviation companies which the Senator said did not have a chance to be heard has failed to testify before the committee?

Mr. HASTINGS. I am not sufficiently familiar with the proceedings before the committee to know, but I have understood from a member of the committee on this side that he is going to insist before the committee shall end that they be heard. But that is not the way to hear the contractor, before a special committee created for some other purpose. The way to hear a contractor, and the way to give a man his rights before his contract is canceled, is for the Postmaster General to serve notice upon him that the contract which he now enjoys has had some suspicion of fraud thrown around it and that the contractor therefore is requested to appear before the Postmaster General at a certain fixed time, with counsel, if he so desires, in order to hear the charges that are being made against him. That is the American way of proceeding, and not through some special committee such as that which the distinguished Senator from Alabama heads and which was created for an entirely different purpose.

Mr. BLACK. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Delaware yield again to the Senator from Alabama?

Mr. HASTINGS. I yield.

Mr. BLACK. I felt that the Senator was making a statement referring to the committee based on facts with which he was not familiar for the reason that 91 percent of all the contracts were held by three companies and their officers have testified under oath before the committee.

Mr. HASTINGS. When were they heard before the committee? Were they heard before the committee prior to the time the contracts were canceled?

Mr. BLACK. Oh, yes. The president of the Aviation Corporation of Delaware, who participated in the conference, the man who was president at the time the contracts were awarded, and his executive assistant, swore under oath as to what the meeting was and its purpose, the purpose being to divide up the air-mail map. The evidence is in the record.

Mr. HASTINGS. That reminds me. I want to read to the Senator from Alabama in particular what Mr. Farley said about that meeting.

Mr. BLACK. May I ask the Senator another question as a lawyer? Does he understand it to be the law of the United States, the law of the State of Delaware, or any State of the Union, that if there has been a fraudulent contract made and it is desired to repudiate the fraudulent contract, it is the duty of the contractor to go and see the person who is suspected of fraud and say, "I believe you defrauded me; I want to have you present evidence to show me that you did not"? Or, is it not true, according to the laws of the United States and of every State in the Union, that immediately upon the discovery of fraud in the making of a contract it is a legal duty to repudiate the contract?

Mr. HASTINGS. I should say generally that what the Senator has said may be correct. I did not follow him exactly. But let me ask the Senator a question.

Mr. BLACK. I know the Senator from Delaware is a lawyer of experience and ability. Let us take a contract

made between the Senator and a merchant or a contract between whomsoever it may be made. The Senator discovers that the merchant has defrauded him in the sale of a suit of clothes. Is it not the law of the country that immediately upon discovering the fraud it is the Senator's duty to repudiate that contract or he waives the right to repudiate it at all?

Mr. HASTINGS. Of course, when a man discovers that he has been defrauded in the making of a contract he may either repudiate it or ratify it, whichever he desires.

Mr. BLACK. That is correct.

Mr. HASTINGS. Let me invite the Senator's attention to this fact, which is a fact that evidently he does not appreciate. These people were dealing with the United States Government, which they cannot sue without the consent of the Government. It is the duty of the Government to be careful about repudiating its contracts, because the persons holding those contracts are not in the same position as the ordinary contracting person; in other words, they cannot go to court as readily as the other persons. For that reason the Government ought to be exceedingly careful.

Mr. BLACK. I am not so sure that they cannot go into the Court of Claims. I am perfectly willing to admit that the proceeding started by the Transcontinental & Western, which the court has held was improperly filed, was within their right, although likely the holding of the court is a correct one. I should like to suggest to the Senator that it is my belief that they have a perfect right to go into the Court of Claims. I should like to state further that if there be any question about it, I would favor the extending of that right by legislation. If the legislation does not already extend the right to sue, then in order that the Transcontinental & Western may get into court I favor the Government filing a suit against them for damages for fraud in order that they may set up a plea of recoupment. I do not agree that they cannot now sue in the Court of Claims, but if they cannot, I would want them to have that right, and I regret they have not already sued in the Court of Claims.

Mr. HASTINGS. Mr. President, with respect to the basis upon which Mr. Farley canceled this contract for fraud, I want to invite the attention of the Senate to this question that was answered on page 6475 of the hearings:

I want to ask you whether you observed, upon reading those memoranda, that what was transacted at the meeting of May 19 and the day following, up to June 4, was under one certain feature of the McNary-Watres Act?

Postmaster General FARLEY. It all depends on how you would interpret it. We thought it was wrong.

I am wondering whether the Postmaster General, upon admitting that something in his judgment was subject to two constructions, by saying that "it all depends on how you would interpret it, and we thought it was wrong", thinks he was justified upon that basis in canceling contracts with the corporations of this country.

Mr. President, I desire at this point to have read by the clerk in my time an editorial appearing in the Washington Herald of this morning.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the Washington Herald, Mar. 23, 1934]

JUSTICE—OR TYRANNY IN AIR-MAIL-CONTRACT CANCELATION

Ever since the cancellation of all domestic air-mail contracts was announced, on February 9, upon the ground that they were obtained by "collusion and fraud", the American people have patiently awaited the presentation in the Congress or the courts of the proof of these allegations.

Since that time they have seen the Federal air mail suspended, American air transport crippled, 11 officers of the Army Air Corps sent to an unnecessary death.

Since that time they have been surfeited with various and sundry proposals dealing with the future organization and control of military, naval, and commercial aviation.

But what the American people have yet to see presented in Congress or the courts is convincing proof that the contracts canceled more than a month ago were obtained by either "collusion or fraud."

In his letter to Senator BLACK, of Alabama, written under date of February 14, Postmaster General Farley offered what purported to be the reasons why these contracts were canceled. These reasons, upon examination, appear to be only criticisms or allegations.

But neither criticisms nor allegations, unsupported by competent evidence, can justify the cancellation of these contracts without a hearing, without ample notice, without due process of law.

Neither Senator McKellar, of Tennessee, nor Senator BLACK, of Alabama, upon whose allegations that these contracts were obtained by "collusion and fraud" the order of cancellation appears to have been issued, have yet supported their charges with convincing proof.

No convincing reasons have yet been offered in either House of Congress why the American citizens holding these contracts should have been condemned, convicted, and punished without their day in court, without a hearing, without due process of law.

Instead of producing the proof, the Senators, at whose instigation these contracts appear to have been canceled, have produced a bill which provides that any company pressing a claim against the Government for cancellation of an old contract shall be barred from bidding for a new contract under the McKellar-Black bill for the return of the Federal air mail to commercial operation.

In other words, if any aviation company truly or falsely accused in the unsupported allegation of fraud by the Government dares to deny or dispute this true or false accusation, it will lose the right to bid for contracts.

This means that the companies must subserviently bow to any statement of Government, no matter how unjustified, or lose their equal rights as citizens and their equal opportunities as American business men.

This is autocracy in the raw—despotism in its most offensive form.

Furthermore, Senator BAILEY, of North Carolina, an able lawyer and a lifelong Democrat, demands the elimination of this provision upon the ground that its enactment "would be a confession" that those responsible for ordering the cancellation of these contracts were wrong and could not afford to have their egregious error exposed.

This position of Senator BAILEY in this regard is supported by Senators O'MAHONEY, of Wyoming; LOGAN, of Kentucky; MCGILL, of Kansas. All of these Senators are Democrats, and Senator LOGAN was chief justice of his State when elected to the Senate.

If the Federal air mail is to be returned to the operation of air transport companies, it should be returned under conditions that are fair to all concerned and in accord with the policies established by law and with American principles of justice and liberty.

The only way to do this would seem to be to return the Federal air mail to the control of those companies that contracted to carry it and let them continue to carry it until they are proved guilty of collusion and fraud and proved guilty by due process of law.

It has long been the pride of the American people that under the Government of the Constitution the humblest citizen shares with every other citizen the right to his day in court, the right to be heard before he is condemned, convicted, and punished.

This is the issue raised by the cancellation of all domestic air-mail contracts more than a month ago.

This issue is a challenge to every American who looks to the Government of the Constitution to protect him in that equality before the law which is the birthright of every citizen under the flag.

Mr. HASTINGS. I call attention to the fact that that editorial is from one of Mr. Hearst's papers, and I think it expresses pretty generally the views of the newspapers of this country; and certainly this administration cannot complain that Mr. Hearst's newspapers and other newspapers of the country have not given the administration full support.

I call attention now to another paragraph of Mr. Farley's speech in which he still complains that we ought not to criticize. He states:

With such a satisfactory improvement and with prospects for the return of normal prosperity so bright, it is nothing short of reprehensible for politicians, with only a political purpose in mind, to undertake to break down the harmonious cooperation which the people have given and are giving to the President in his efforts to bring about our national recovery. If this national recovery is to be achieved without costly delay, then the President must continue to receive the whole-hearted support of the people. Otherwise, what has been accomplished will be jeopardized and the processes of recovery will be slowed up if not destroyed.

It seems to me this administration is composed of two distinct kinds of people, people having two distinct philosophies. One is commonly called the "brain trust", and is largely responsible for a lot of the new ideas that we are now experiencing. The other is of the type of Mr. Farley, who represents the political end of it. I submit that no country can be in a more dangerous condition than to have men like the "brain trust" urging new experiments on the one side, and trained politicians on the other side, combining the two to get a hold upon the country which they expect not to be shaken off for generations to come.

In the very last part of this speech Mr. Farley pays this tribute to his predecessors:

Before I close let me acknowledge the splendid service rendered to the Democratic Party by one of the former citizens of this State, Mr. John J. Raskob, who preceded me as chairman of the Democratic National Committee.

I think that is a tribute that was due Mr. Raskob. I think he did do more for the Democratic Party than any other individual in many years past, but I wonder if Mr. Farley knows Mr. John J. Raskob as I know him. I wonder if he knows his life history as I know it. I wonder if he knows what his philosophy of government is as I know it. If he does, I doubt whether he would be paying even this well-deserved tribute to Mr. Raskob, because I state to Mr. Farley now, without having any facts upon which to base the statement except my knowledge of the character of the man, that I am quite certain that it will not be possible for Mr. Farley to approach Mr. Raskob and get him to agree to 5 percent of the new things that have happened during this administration. Indeed, Mr. Raskob is among the class of people that Mr. Farley, throughout his whole speech, condemns.

Mr. Farley undertakes in this speech to create the impression that the wealthy people of the Nation are imposing upon the poor, and certainly Mr. Raskob is in the position of a wealthy man. I desire to say, however, in order that I may demonstrate a lot of the ideas that members of the Democratic Party have with respect to wealthy men, that I have known Mr. Raskob from his boyhood, and I have known him since he occupied the position of secretary to a wealthy man, at a time when he did not have more than \$10,000 to his credit and perhaps much less. It is that kind of a man that this administration would strangle by putting him and his ability in a strait-jacket.

So far as I know, and I am quite certain it is true, Mr. Raskob never got a dollar illegally in his life. He is known to be a financial wizard. He has improved the opportunities that have been offered to him in the position he occupied with a great corporation; but other men have been in that position too. Merely because there have been discovered a few who have gone wrong, a few who have taken advantage of other people of the Nation, we find the Democratic Party, through its national chairman, its Postmaster General, going all over the land condemning that kind of a man, and insisting that we must do something to prevent him from getting more, and compel him to give up that which he has.

So I say that, notwithstanding Mr. Farley's tribute to Mr. Raskob's character as chairman of the Democratic National Committee, he at the same time, in other parts of his speech, has made such references to men of that class that I am sure Mr. Raskob will not appreciate what was said about him in that connection.

Mr. President, I ask unanimous consent to have printed in the RECORD at the end of my remarks an editorial from the Chicago Daily News under date of March 17, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A TISSUE OF INCONSISTENCIES

Does not the administration sometimes wonder why doubts are spreading? Why so many of its projects go awry? Why the sails of business back and fill? Why Congress rebels? Why the public mind is confused and uncertain? Why confidence wavers?

In case the administration does wonder why, here, we suggest, are a few of the reasons:

The Government in its own offices is keeping up the 44-hour week, but in private business is insisting on the 36-hour week.

The Government has cut the pay of its own employees but is urging wage increases in industry.

The Government has cut payments to veterans for reasons of economy but at the same time, to spread purchasing power, it is handing out money to farmers and C.W.A. workers.

The Government has condemned the previous administration in the strongest terms for having accumulated, over a period of years, a \$5,000,000,000 deficit, but it has itself in 1 year accumulated a much greater deficit.

The Government has one Budget which it boasts is balanced but it has another, an "emergency" Budget, which is completely unbalanced.

The Government, under N.R.A., encourages business to get together, arrange prices, and eliminate unfair competition, yet it cancels the air-mail contracts because, it alleges, business, under the former administration, did precisely that. And in letting Government contracts it still demands, despite N.R.A., that bidding be competitive.

The Government is setting up complicated machinery to settle labor disputes peaceably, yet by its policies under N.R.A. it appears to be causing labor disputes.

The Government went off gold and deliberately depreciated the dollar, but at the time the United States had the biggest gold reserve in the world.

The Government did this ostensibly to raise prices and stimulate business so that the burden of debt would be lightened, yet the burden of debt has been so little lightened—it has been, in fact, so much increased—that the Government now proposes, in addition, a general scaling down of debts, thus giving us inflation and deflation simultaneously.

The Government sought to restore confidence by a de facto stabilization of the dollar at 59 cents, yet at the same time it shook confidence by the formal warning that there may be further fluctuations or devaluations.

The Government opposes high tariffs, yet it has not only left the tariff as high as it was before but, by depreciating the dollar, has, in effect, lifted it much higher.

The Government sought under N.R.A. to spread work and make more jobs, yet its methods, by raising prices faster than purchasing power, tend to slow up production; that is, the possibility of making more jobs.

The Government sought, by forcing wage increases and by handing out money, to stimulate business; yet its own policies under N.R.A., by increasing costs and interfering with management, tend to slow up business.

The Government urges the banks to lend more freely; yet, under its new banking legislation, it holds them more strictly accountable for each loan made.

The Government, to hasten recovery in the capital-goods industries, urges banks and investors to lend; yet at the same moment, by the securities act and the stock exchange bill, it discourages lending and investing.

The Government, under A.A.A. restricts crops and kills little pigs in one region; but under P.W.A. irrigation projects, in another region, it is bringing new land under cultivation.

In short, the Government's emergency measures, taken together, are a tissue of inconsistencies. They get in their own way, one jostling or blocking another.

Appropriately enough, the man who has at last pronounced the judgment of common sense on this jumble is himself a university man, Frederick A. Bradford of Lehigh. On March 7 Mr. Bradford said in the New York Times:

"We do not like to see the Government performing like the knight of old who sprang into the saddle and dashed madly off in all directions. To sit back and cheer such action is the most destructive of all criticism."

Mr. FESS. Mr. President, yesterday, when the senior Senator from Mississippi [Mr. HARRISON] asked unanimous consent to insert in the RECORD the eloquent address of the Postmaster General, there was no objection, of course; and I immediately asked unanimous consent to insert in the RECORD following the address of the Postmaster General an article written by Mr. Frank R. Kent. The reason of my request was that the article dealt with the Postmaster General's speech.

I have never, as long as I have been in the Senate or the House, been able to charge anyone, in the make-up of the RECORD, with not following the order of the Senate; but it is very unusual that my suggestion, and the unanimous consent to it, were not followed by those who have charge of the RECORD; just for what purpose, I do not know. I am the last man on this floor who would charge any of the employees of the Senate or those who have to do with the RECORD with doing what has here been done.

My request was:

I ask unanimous consent to have printed in the RECORD, immediately after the address of the Postmaster General, an article appearing in the Baltimore Sun of this morning by Frank R. Kent.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

That comes before the insertion of the speech of the Postmaster General. In other words, my request was that this comment upon what the Postmaster General said should immediately follow the address of the Postmaster General; but it has been placed before the address of the Postmaster General.

I should like to read at this point two or three paragraphs which will indicate why I wanted this article to come after Mr. Farley's address.

The article says:

Since his elevation to the Cabinet, Mr. Farley has become the most loquacious and ubiquitous of Postmasters General. Hardly a week passes but he speaks in some part of the country at least once. He attends more banquets than any other, exudes more new-deal eulogies and dishes out more happy prophecies to the citizens.

Mr. Farley's speeches these days fairly reek with righteousness. He denounces selfishness and greed; he is against sin and sordidness. He is for the true and the pure and the beautiful. His addresses are more like lectures or sermons than mere administration propaganda. The impression one gets from reading or listening to Mr. Farley is that he is the personal representative of a holy cause; that all the really good people are either members of the administration or supporters of it; that those who criticize are inspired by sinister purposes and should be ignored. Such was the general purport of his speech in Wilmington last night.

Mr. Kent closes his article with this statement:

To those who see the wide gap between what he does and what he says, it is painful to read him. There is some speculation as to how long before the country as a whole gets on to Mr. Farley. The trouble is that his stock of nobility is out of balance. If he could shift half the amount he uses for his words over to his deeds, he would have more than enough for both.

It was these rather cryptic comments which I wanted to have follow the eloquent address of the Senator from Mississippi, for fear the public would not appreciate as they should the eloquence of the Postmaster General. I have taken the time to read these statements so that people who heretofore have not read what Mr. Farley has said will have an opportunity to do so.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the following bill and joint resolution of the House:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army; and

H.J.Res. 207. Joint resolution requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products.

STATE, JUSTICE, ETC., DEPARTMENTS APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR. I submit a conference report on House bill 7513, the appropriation bill for the Departments of State, Justice, and Labor, and, if I may, I ask unanimous consent for its immediate consideration.

Mr. HARRISON. Mr. President, in view of the special order set for 2 o'clock I hope there will be no unanimous-consent request made to interfere with that order.

Mr. McKELLAR. Very well, Mr. President; on objection, I will let the consideration of the report go over until later in the day.

The report submitted by Mr. McKELLAR is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 9, 17, 20, 28, 33, 35, and 36.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 10, 11, 12, 13, 14, 16, 18, 22, 23, 25, 26, 27, 29, 30, 31, 32, 34, 37, 39, and 43, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Provided further, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light, in an amount exceeding \$3,000 for an ambassador or a minister, and not exceeding \$1,700 for any other Foreign Service officer"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: At the

end of the matter inserted by said amendment insert the following: " : *Provided further*, That no part of the appropriation made herein shall be expended for the purchase of old buildings"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and not to exceed \$1,700 for any one person,"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: " : *Provided*, That the maximum allowance to any officer shall not exceed \$1,700"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: " , not to exceed \$1,700 for any person "; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed, insert "\$165,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,700,000, of which not less than \$200,000 shall be expended for veterans' placement service and"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,775,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 5, 8, 19, and 21.

KENNETH McKELLAR,
RICHARD B. RUSSELL, JR.,
KEY PITTMAN,
GERALD P. NYE,

Managers on the part of the Senate.

W. B. OLIVER,
ANTHONY J. GRIFFIN,
C. A. WOODRUM,
ROBERT L. BACON,
FLORENCE P. KAHN,

Managers on the part of the House.

THE TARIFF

Mr. METCALF. Mr. President, in the House of Representatives is a bill to amend the Tariff Act of 1930, which goes so far toward the bestowal of taxing powers upon the President that it should cause the constitutional idealists of the Senate to wonder whether or not we are headed toward a complete abdication of legislative powers to the Executive. This bill retains the flexible provisions of the tariff of 1930, which the Democrats of this body denounced as an un-American abdication of legislative powers, but also goes to such unheard-of lengths as to give the President not only the power to raise and lower tariff by proclamation but as well the power to remove completely all excise taxes, processing taxes, and restrictions which have for their purpose of the regulation of imports into the United States.

Under this bill the President of the United States can, by simple proclamation, increase the tariff by 50 percent or lower it by 50 percent. He can, by a single stroke of his pen, eliminate excise taxes levied by the Congress of the United States. He can remove restrictions on the importation of diseased plants and animals; he can waive embargoes on agricultural plants which, for various reasons, might

be barred from the United States. He can exempt foreign products from the payment of processing taxes insofar as they may be levied for the regulation of these imports. In fine, he has complete power to remove all importation restrictions, in addition to the power to raise or lower tariff within the specified limits.

If ever a bill was introduced in Congress carrying such a drastic abdication of the powers of Congress, I should like to know of it. I have always believed that the tariff should be flexible. Conditions may arise where the raising or lowering of a duty might become advisable, but the exercise of such powers should take place only after a bipartisan, fact-finding body has carefully studied the need for specific changes in tariff rates.

As a consequence of Republican championship of this principle, the flexible provisions are now in the tariff laws of the United States. In 1929 the Democrats of the Senate and House denounced these provisions, with all their safeguards, as a violation of the Constitution and as un-American in their very nature. The majority took issue with them on this matter, and we still hold that the flexibility of the tariff within reasonable limits is desirable. However, the extension of these powers as proposed by the administration are so drastic that we cannot fail to protest most vigorously against the act. During the debate on the flexible provisions of the tariff on September 25, 1929, the able Senator from Wisconsin [Mr. LA FOLLETTE] urged their repeal in strong language. He said:

I appeal to Senators who still have any faith in the broad policies upon which this Government was founded; I appeal to Senators in this body who believe that there should be an equal balance between the three branches of our Government; I appeal to them to repeal the flexible provision and to restore to the Congress the responsibility which the framers of our Constitution placed upon Members of Congress to deal with tariff and revenue legislation.

I have long had the utmost respect for the sound judgment of the Senator from Georgia [Mr. GEORGE], who on the same day opposed the granting of simple powers to the Tariff Commission and the President in the following words:

I am not unmindful of the fact that the Chief Executive of this Nation is elected by the people as Members of the Congress are elected by the people. I am not unmindful of the fact that the Chief Executive is responsible to the people just as Members of the Congress are responsible to the people. I am not discussing the matter upon that basis but upon the broad basis that the unnecessary concentration of power in the executive branch of the Government is a step toward monarchy, whatever be the form of government under which the monarch exists.

The Senator from Maryland [Mr. TYDINGS], 2 days later, with his usual vigor and colorful choice of words, characterized the flexibility of the tariff as illogical and unreasonable in the following language:

I can see the logic and the force and the wisdom of having some agency set up between that may take care of injustices and inequalities which may develop in any tariff law, the passage of one bill and the enactment of another, but we can do that without surrendering the legislative power to the Executive of this country. If such a measure shall be offered, drawn along fair and proper lines, I will be inclined to support it, but I am unalterably opposed not to the flexible provision itself so much as I am placing the power to exercise that flexibility in the Executive, who is not the law-making branch of the Government and has no more right to lay taxes than has the Chief Justice of the Supreme Court, who heads the judicial department of the Government. Why not transfer the authority under the flexible provision to the Supreme Court and have judicial determination of questions arising under it, rather than transferring the power to the Executive? It would be just as logical and just as reasonable.

The report of the Ways and Means Committee of the House at some length quotes precedents for this act in an effort to clothe it with the respectability of constitutional sanction. The eloquent junior Senator from New York [Mr. WAGNER], on October 1, 1929, spoke of such precedents in the following vital words:

Mr. President, one of the most disquieting facts about this controversy is the frequency with which the advocates of this transfer of legislative power to the Executive have pointed to precedents. Precedents do not make a thing right. They may only prove that we have been wrong before. At the present time we are on the crest of the wave of Presidential encroachments upon legislative territory. What at first seemed like a harmless dele-

gation of an inconsequential power has, through accretion and addition, so multiplied the power and authority of one individual of this Government that the system of a functional balance among the three great divisions of government is wellnigh upset.

During the course of the same address Senator WAGNER admonished the Congress for its proposal to place in the hands of the President what he calls "incomparable power to enrich or impoverish." He said:

Let us not forget that this incomparable power to enrich or impoverish, to build an industry or cut it down, to remake the economic geography of our country—all this power is placed in the hands of a man who is not only President but the head of a political party.

The eloquence of the effective orator from California, Senator JOHNSON, was brought into play in a most virile denunciation of the principle of a flexible tariff, during which he declared that we must have the strength and the courage to stand here for a principle which must be maintained if American liberty is to live in this Nation. He denounced the abdication of the power to raise or lower the tariff on October 2, 1929, in the following words:

Here is an immutable principle of whether we retain this Government in its present form or whether we surrender unto the Executive branch the most powerful prerogative that belongs to the people. That we surrender it in a small degree and in a little way is of no consequence, because when we surrender it in a little way and in a small degree we leave open the ability subsequently to have the way widened, and we will find we have surrendered it in many other ways as well. Here is a contest today for one of the immutable principles of the American people. It is for us to resist the pressure that is put upon us. We must have the strength and the courage to stand here for a principle that must be maintained if American liberty is to live in this Nation.

That is the contest today, Mr. President. It transcends in importance any rates upon any commodities or any tariff levied for any industry. It transcends in importance any individual's future, political or otherwise. It transcends in importance any man's word or any man's command, no matter who he is or whence he comes. Today, sir, we stand at the parting of the ways, so far as the Congress is concerned, and we solemnly insist that this policy established in the Nation in the days gone by, the policy that enables the people themselves to govern, be not impaired or destroyed. You must not take that power from the peoples' representatives and apportion it in either small degree or large to any other department of the Government.

The discussion of the principles of the Democratic Party, insofar as the tariff-making powers of a commission and a President are concerned, was not confined to the floor of the Senate. The able and powerful leader of the majority spoke to the people of the United States over a national radio network on September 27, 1929, and said:

One of the most important constitutional functions of the Congress is to levy duties, imposts, and excises. Prior to 1922 the legislative department had been jealous of this prerogative. It had previously invoked the assistance of experts and commissions in the performance of its duties, but had never abdicated them by conferring rate-making powers on the President.

The Senator from Arkansas [Mr. ROBINSON] gave three very good reasons why he believed such abdication of powers to be unwarranted and unwise. He declared that there was not only doubt as to the constitutionality of the flexible tariff, but that:

- (1) It tends to break down the wholesome distinction between the executive and legislative departments.
- (2) The taxing power is so vital to the life of the Nation and to the liberties of the people that it should be kept within the control of those chosen by the people to make laws.
- (3) It has not proved a satisfactory method for removing inequality and injustice from our tariff system.

I feel that by adopting this act the Congress would be making a mistake which it would be long in correcting. We should pause for serious reflection before we drift on toward the creation of a complete dictatorship. The fight should transcend party lines. I can find no better words in which to express my feelings on the matter than to quote from the address of the effective Senator from Kentucky [Mr. BARKLEY], made over the radio on October 11, 1929. He said:

Not only do we insist that Congress has no right to confer upon the President the power to tax the people, but we insist that it is unwise to do it, no matter who the President may be or what party he may belong to. This fight is not a fight over personalities. It has no more reference to Mr. Hoover than to Mr. Coolidge or Mr. Wilson, or any President who may be elected in the future. It is no answer to our objection to say that the power will not be

abused by any particular President. We think it has been abused in several instances in the past, and we have no assurance that it may not be abused at some time in the future.

He, like the Senator from Arkansas, reduced his objections to the flexibility clause of the Smoot-Hawley tariff to five concise reasons. These reasons, given to the people of the United States as the objection on the part of the Democratic Party as a whole, I quote:

Because it is a violation of the Constitution.
Because it is unwise as a matter of policy.
Because taxes levied by Congress are levied in the open.
Because taxes levied by the Executive are levied in secret.
Because the extension of this power, even if in part legal or wise, would lead to its illegal and unwise expansion in the future.

This act places in the hands of the President the power to auction off to foreign countries any American industry which is in any manner dependent upon a tariff for its existence. He can say to Cuba: "I will put the American beet farmers and the American sugar refiners out of business if you will agree to our exporting beeswax to Cuba." He can say to any foreign country: "Here is an industry which I should like to get rid of. What will you bid for it?" In effect, he can say, "Here are a group of American workers whom I will throw out of jobs, whose families I will make destitute, whose homes I will destroy, and whose very existence I will jeopardize. What will you give me to do this?" How can we consent to such dictatorship? Why, Soviet Russia could quite easily use our law books as textbooks on radical craftsmanship.

Sitting in this body today are seven members of the Finance Committee who issued on September 30, 1929, a statement in opposition to the flexible provisions of the tariff. They included the able Chairman of the Finance Committee, Mr. HARRISON, and Senators KING, GEORGE, WALSH, BARKLEY, THOMAS of Oklahoma, and CONNALLY. This document stands out as a vigorous declaration of principle—not only the philosophy of the minority members of the Finance Committee in 1929, who are now the majority members of the committee, but likewise a declaration of the principle of the Democratic Party. I can think of no more effective arguments against this act than those propounded by the seven ranking Democratic members of the Senate Finance Committee, which I ask to have read at the desk.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, the document will be read.

The Chief Clerk read as follows:

A question of far-reaching consequences, transcending considerations of party, prompts us to issue a public statement in relation to the so-called "flexible" provisions of the tariff bill now pending before the Senate.

The question involved is one that in our opinion strikes at the very roots of constitutional government. It concerns the preservation unimpaired or the abandonment of the power of levying taxes by that branch of the Government which the forefathers agreed should alone be charged with that duty and responsibility.

Whatever argument could be advanced during the war and immediately following for delegation to a degree of the taxing power to the Executive unquestionably no longer exists. To incorporate now in the law any recognition of a right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

Authority in the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government, for which the independence of the country was attained and which was secured permanently in the Constitution.

There is no issue here as to the integrity of any Executive who has had or may have extended to him the exercise of this power. The issue is one of taxation by one official, be he President or monarch, in contrast to taxation by the representatives of the people elected, intrusted exclusively with the power to seize the property of the citizen through taxation. If proof be needed that the danger which the forefathers foresaw is inherent in this issue, a mere casual inquiry into the methods employed, selfish influences used, sinister schemes and contrivances brought to bear, one need but examine the record.

The principle is: Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible representatives of the people in the Congress, where public debate is held and a public record made of each official's conduct?

The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

An issue of this importance should not be associated with the opinions or necessities of those interests, States, or sections that directly profit by some rate schedule in the body of the tariff act. With respect to the principle here at stake any trading or log-rolling is especially unjustifiable and indefensible. Neither should we be unduly influenced by the attempt to divert attention from this momentous issue by condemnation of and emphasis upon the dilatory and unsatisfactory results of congressional procedure.

No one seeks to prevent or in any way to interfere with the investigations and reports of the Tariff Commission in connection with emergency tariff legislation. The point is, we emphatically insist that final action and responsibility based on Tariff Commission reports shall be taken by the Congress.

For the purpose of preventing apprehended congressional delay an amendment has been made providing for the submission of the reports to the Congress by the President, and furthermore, an amendment will be presented strictly limiting action by the Congress to matters germane to the particular subject matter or rates recommended by the President after investigation by the Tariff Commission.

We do not hesitate to say that if this extraordinary and what we believe to be unconstitutional authority passes now from the Congress, it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.

It is our solemn judgment that hereafter all taxation through the tariff and regulation of commerce thereby will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it. So also it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.

In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his Government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.

In the hope of arousing the people, regardless of party, to take a broad and public view of this important public question, we make this appeal.

FURNIFOLD M. SIMMONS, of North Carolina.

PAT HARRISON, of Mississippi.

WILLIAM H. KING, of Utah.

WALTER F. GEORGE, of Georgia.

DAVID I. WALSH, of Massachusetts.

ALBEN W. BARKLEY, of Kentucky.

ELMER THOMAS, of Oklahoma.

TOM CONNALLY, of Texas.

Mr. LONG. Mr. President, I wish to say on behalf of my great State and the great State university that, while the first signer of that document, Mr. Simmons, was from North Carolina, the present ranking member of that committee, Mr. HARRISON, was educated in our great Louisiana State University; and I wish to say that, as I heard read today this immortal document, I recognized the language as having come from the pen of one who had been educated in my State, and who has become permeated with the liberty and civilization of my State.

My heart is swelled with pride, Mr. President, when I contemplate upon the fact that it is the brilliant product of our university, the Senator from the State of Mississippi [Mr. HARRISON], who is one of the authors of those ringing words of warning against tyrannical action by taking away from the law-making branch of the Government functions which inherently belong to that branch of the Government.

Mr. President, I wish to ask on this occasion that my State be remembered for having contributed, through the distinguished Senator, a product of our great university, so memorable, so potent, and so important a document, as a contribution from the liberty-loving Chairman of the Senate Finance Committee.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, under the unanimous-consent agreement, the Senate will proceed to the consideration of executive business, to consider the nomination of Daniel D. Moore. The clerk will read the unanimous-consent agreement.

The Chief Clerk read the agreement entered into on March 8 instant, as follows:

Ordered, by unanimous consent, That at 2 o'clock p.m., Friday, March 23, 1934, the Senate go into executive session to consider the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

The Senate proceeded to the consideration of executive business.

Mr. BYRNES. Mr. President, I suggest the absence of a quorum.

Mr. HARRISON. Mr. President, I hope the Senator will withhold that suggestion for just a moment.

Mr. BYRNES. I withhold it.

Mr. HARRISON. Mr. President, I merely desire to say that I am not now going to take up any time of the Senate. I had expected to make some remarks following the Senator from Delaware [Mr. HASTINGS], who took occasion to criticize the Postmaster General for making a speech in Delaware. I shall have to forego doing that because of the special order that is set for today. I should also like to take occasion, if I might, to reiterate the fine principles enunciated in the document to which my friend from Louisiana [Mr. LONG] pays tribute and in connection with which he incidentally pays some compliment to me—the first he has ever paid to me on the floor of the Senate [laughter]—but I shall not now occupy the time of the Senate to do so because there is an important matter before the body, which is the nomination of Mr. Moore to be collector of internal revenue in Louisiana. I hope that we may hasten this matter along and we may come to a vote upon it. For that reason I shall forego at this time the pleasure of speaking to the Senate about these other matters.

DELEGATION OF TARIFF POWERS TO THE PRESIDENT

Mr. LONG. Mr. President, I do not want to prevent other Senators from completing their remarks relative to the subject that was being discussed, but I cannot let this opportunity pass, since it has been brought before the Senate, without bringing this immortal document a little closer to the minds of Senators on this side of the Chamber.

There are some Senators now here who were not present when the clerk read this document, and, while I do not intend to read it all, there are some 15 or 20 lines of it which I wish to have go into the Record and to be heard particularly by those on this side of the Chamber.

This is the last appeal made by members of the Democratic Party to the people of the United States against encroachments calculated to take away a republican form of government. This document is a Democratic one. It bears the signature, Mr. President, of seven Democrats who were Members of the Senate Finance Committee. This is one of the documents that helped to defeat the Republican Party in the last campaign. We carried it on our banner to the people. The salient point in it is this one paragraph:

No one seeks to prevent or in any way to interfere with the investigations and reports of the Tariff Commission in connection with emergency tariff legislation. The point is, we emphatically insist, that final action and responsibility based on Tariff Commission reports shall be taken by Congress.

The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

An issue of this importance should not be associated with the opinions or necessities of those interests.

Then the document goes on to say, in effect, if not in words and in literal terms, that it is a betrayal of American rights, it is tyranny, it is forsaking a republican form of Government to empower the President of the United States to levy taxes, or even with the help of a commission subject to certain restraints, to fix tariffs; and it condemns that practice, Mr. President, in terms which I think were justified at that time and are justified at this time.

It is now, Mr. President, going to be up to this side of the Chamber to tell the people of the United States if we are going to go back on a declaration of this kind.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield to the Senator from Missouri.

Mr. CLARK. Does the Senator say that the proposal provided in the House bill, which is to come before us very shortly, involves a greater grant of power to the President from Congress than the President now has under the existing law?

Mr. LONG. Oh, far beyond what he now has.

Mr. CLARK. Will the Senator elucidate that proposition and explain the extension of power?

Mr. LONG. The present Tariff Commission may recommend, after finding certain facts, changes in tariffs not to exceed 50 percent. That may be done by the present Tariff Commission, which is set up as a court to determine certain facts. After it has adduced the evidence, and has found out what the cost of producing a commodity is in a foreign country and what the cost of production is here, it may recommend such adjustments of the tariff as will equalize the difference in the respective costs of production. That is no. 1.

Mr. CLARK. Of course, I am thoroughly familiar with the provisions of section 336 of the existing act, to which the Senator is now referring, but under section 338 of the existing law the President has the power to propose or initiate increases of 50 percent without any finding of fact by the Tariff Commission or anybody else.

Mr. LONG. Suppose the Senator from Missouri get that statute and read it. I do not so understand, Mr. President; but what the pending proposal does is to give authority to the President far beyond anything we have ever heard of.

Mr. CLARK. Of course, the reason the Senator does not understand it is that he has never taken the trouble to read the statute.

Mr. LONG. Probably I have not read it as lately as has the Senator from Missouri, but I have read it.

We in Louisiana have a concern with the tariff question and we do not need to look through a glass to see what it means. The Senator from Missouri has such a tariff perspective that he does not know when he has read it sometimes as well as we do. That is one more trouble about free traders. They are so wild about free trade that they never can see just exactly what the purpose of tariff rates is and what their effect is.

Mr. CLARK. If the Senator will yield there, I will say to him—

Mr. LONG. I yield to my friend.

Mr. CLARK. Of course, so far as the Senator from Missouri is concerned, he will never be willing to hold the American people up for an uneconomic industry that never ought to have been in the Senator's State in the first place.

Mr. LONG. There are many things in my State that, perhaps, ought not to have been there in the first place, and there are probably some things in Missouri that ought not to have been there in the first place.

Mr. CLARK. The Senator from Missouri is not going to tax the American people to benefit a little industry of that sort in Missouri.

Mr. LONG. The only way Missouri could get into the American Union was in order they could get Louisiana into it. They did not want Missouri. [Laughter.]

Mr. CLARK. As a matter of fact, Mr. President, the Nation took the best part of the Louisiana Purchase and constituted the State of Missouri from it.

Mr. LONG. I did not know that; I think there is some question as to the facts. However, we were very glad to have Missouri come in, but if I had been alive in that day and time I would have tried to have persuaded Mr. Jefferson and the American Congress that they might have got some good out of Missouri.

Mr. CLARK. I am not inclined to think that the Senator from Louisiana would have had great persuasive powers with the great Jefferson.

Mr. LONG. I might not have had much with Mr. Jefferson, but Mr. Jefferson would have had some with me. I am now standing for the Jefferson principle that Congress ought to make the law, while the Senator from Missouri stands with Hamilton on the theory that the President should make the law.

Mr. CLARK. It is perfectly apparent that the Senator from Louisiana is as ignorant of the teachings of Hamilton as he is of the teachings of Jefferson. [Laughter.]

Mr. LONG. Yes; there is but one smart man in the United States Senate, and we all know where to go to find him, so I am not going to debate that point. [Laughter.] What I was trying to tell my friend from Missouri—but he

did not listen to that any more than he listens to other reasons and figures as to why we have the tariff—was that when we got Missouri into this country it was by accident.

Mr. CLARK. It was the luckiest accident that ever happened to the United States. [Laughter.]

Mr. LONG. Sometimes those things happen. That all remains to be seen. However, provided we can keep the Senator from Missouri from having his way in this body on the tariff question, it will not do any harm. At least that much can be said for it. But Missouri came into the Union by way of accident, and they have been complaining ever since about Louisiana being in the Union. The only way in the world they got Missouri in was that they wanted Louisiana so badly that they took the objectionable part of the territory with it anyway. [Laughter.] Jefferson's representatives said, "We want the Isle of Orleans." That is the present boundary limit, practically, of the State of Louisiana. "We want the Isle of Orleans."

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. LONG. Oh, certainly.

Mr. CLARK. As I understand it, that is the territory which very recently repudiated the doctrines and program of the Senator from Louisiana. [Laughter.]

Mr. LONG. Oh, no; that is where the Senator from Missouri is wrong again. [Laughter.] The Senator from Missouri does not know any more about geography than he does about Jefferson. We are going to have to go to school again. [Laughter.]

Mr. CLARK. I might amend that and say the city of New Orleans.

Mr. LONG. I never carried the city of New Orleans in my life any more than the Senator from Missouri carried Kansas City. [Laughter.]

Mr. CLARK. I will say, at least, I had the discretion never to try to carry the city of Kansas City in a city election.

Mr. LONG. That is because the Senator from Missouri does not know how to do it. [Laughter.]

Mr. CLARK. The returns would indicate that the Senator from Louisiana did not know any more about it than I did. [Laughter.]

Mr. LONG. Oh, quite the contrary. When they get 5,000 or 10,000 majority against me they are doing well, but 100,000 majority against the Senator from Missouri in Kansas City is not bad. The Senator and I understand these matters. [Laughter.] The Senator and I ought to meet some afternoon when we can have more time. The remainder of the Senators do not need these instructions. Most of the Senators here understand these questions. I would like to talk to the Senator from Missouri individually some afternoon and get down to the first reader, put these code letters back into it that they took out of it, and discuss things in general with him. I am satisfied we would be in harmony.

Mr. CLARK. I have no desire to assist the Senator from Louisiana in a filibuster against a nomination submitted to the Senate of the United States by the President. Therefore I shall not pursue the matter further at this time, but I shall be glad to discuss the first reader or any other reader with the Senator from Louisiana at any time he desires.

Mr. LONG. I am talking about the first reader of Jeffersonism, as the Senator understands, the first reader of Jeffersonism and the first reader of Hamilton. I did not know the Senator from Missouri was filibustering. I did not make any accusation and I do not make it now.

The point I am making, though I was not permitted to continue because of the interruption—I was glad to yield to my friend, because he is my friend—is that we people down in Louisiana are tired of this claptrap being put out that the United States is sacrificing something for us. We certainly do not want the people who were lugged into the Union on our heels because we were brought in here, to be misinformed on the question. Jefferson said he only wanted the territory that was Louisiana proper. That got me.

[Laughter.] Napoleon said, "No, you have to take the balance of them if I let any of them go."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. CLARK. If Jefferson could have foreseen the result, probably the Louisiana Purchase would never have been a part of the United States. [Laughter.]

Mr. LONG. That is probably true. [Laughter.] No doubt if Jefferson could have foreseen all the results of this day and time, if Jefferson had known that he was taking in territory from which the people were going to send men to the United States Senate who were going to advocate taking all the power out of the hands of Congress that was created to represent the people and placing it in the hands of some board, in the hands of various and sundry persons, to be exercised on the ipse dixit and under the control and subject to the fancy and whims of one man, I would guarantee that Jefferson would not have wanted them in the Union if he had known that among the other objections which were urged at the time.

Mr. President, we have been propagating this doctrine of Jeffersonism in Louisiana. We taught it in the Louisiana State University. The Louisiana State University sought and accepted into that institution the distinguished Senator from Mississippi [Mr. HARRISON], who is not in the Chamber at the moment. He came from that university headed right straight for the Congress of the United States, and as a result of the teachings which he received there he helped to plan and write this immortal document that is now supposed to be scrapped, this document which said that the Democratic Party is not going to stand for a tyranny by placing the lawmaking rights of the United States Government in the hands of anybody except the Congress.

Yet the Democratic Party now finds itself confronted with the document which it published as an appeal to the American people, and with another document which says we are not only to scrap this one but we are going back and give the power into the hands of someone else to negotiate what are supposed to be reciprocal-tariff agreements. With whom are they going to negotiate them? They can negotiate them with Cuba, Guatemala, and Honduras. Just as long as they can get some other country that will sign up so it can be called a reciprocal agreement for a tariff, they can fix any kind of tariff they want to and wipe out any tariff overnight. The free-trade advocates have been trying to wipe out the Louisiana sugar tariff ever since we have been down there. That is the first thing they tried to wipe out. They have been trying to do that ever since we have been a State.

There have been times in the history of the country when the country would have been tremendously embarrassed if it had not been for the domestic-sugar business. The domestic-sugar business of Louisiana cannot be wiped out without wiping out the domestic-sugar business of the Middle West. The sugar business is not confined to Louisiana any longer. We only raised about 200,000 tons down there last year, while 1,700,000 tons were raised in the Middle West of beet sugar. Eight pounds of sugar were raised in the Middle West to one pound of sugar raised in the State of Louisiana. But if it had not been for the State of Louisiana standing at the bridge and fighting to maintain the tariff on sugar, there would not have been a domestic-sugar business for the beet farmer of the West.

It had to be done by the people of Louisiana. Our Senators have had to stand here and vote with the Republican Party time after time to keep the Democratic Party from wiping the sugar industry out of business. We at least thought we were safe in depending upon Congress, that at least we could depend upon the Congress of the United States. Now we have a Congress that would not by direct action undertake to kill the independent industry of sugar producing in this country. That could not be done by a direct vote of Congress. There are men here who will vote for it, but it is safe because there are enough who will not so vote. There is going to be a tariff world and we are going to leave

the cane farm and the beet farm in that tariff world. It is proposed now to hand that power over to the President of the United States, and if the President thinks differently, then the will of Congress will amount to nothing. It will mean nothing whatever. The President will have a right to wipe out the sugar industry if he wants to do it. There is another thing the Senator from Missouri failed to note. A tariff agreement is one thing. A ruling of the Tariff Commission or the President is something else. When we make a treaty, that is something that can be done away with only by consent of both nations.

Mr. CLARK. Mr. President, if the Senator will yield, I still insist that the Senator is talking about one section of the present law and I am talking about another. The Senator has not taken the trouble to read all the powers that the President is given under existing law.

Mr. LONG. I am now trying to tell the Senator that at least Congress can undo what the President does under the present law.

Mr. CLARK. With the President's consent; and the same thing will be true under this proposed law.

Mr. LONG. No, sir. When we enter into a treaty with Spain we have to have the consent of Spain to break it. When we enter into a treaty with Japan we have to have the consent of Japan to break it. It is a different thing if the President and the Tariff Commission have power to make these rulings themselves.

Mr. CLARK. The Senator is as ignorant of the proposed law as he is of the existing law.

Mr. LONG. Well, all right; why not?

Mr. CLARK. The existing law provides that the trade agreements to be made under it shall be terminable in 3 years.

Mr. LONG. In 3 years? Well, we will be out of business in 1 year. [Laughter] We do not need 3 years. Three years! Three years! How long can a fish live out of water? [Laughter.]

Mr. CLARK. The Senator calls himself "Kingfish." He ought to know that. [Laughter.]

Mr. LONG. Well, the Senator from Missouri can get right once in a while, if he is from Missouri.

Three years! Three years' time! Why, we have to have a crop down there every year. You practically destroyed Louisiana when you took off half the tariff at one time. Within a year or 2 years' time, under Wilson's administration, you ruined south Louisiana. In days of national prosperity you practically laid waste the entire southern part of the State of Louisiana. You told the people there they could find something else to do, but they could not.

Are we going to take what this thing says or not? If we take what this thing says, we will not only refuse to go any further but we will undo what has been done—and it ought to be undone. We would abolish the Tariff Commission; that is, that part of the authority that lets the President, on its recommendation, fix a tariff. We would take away that authority. Instead of going further, we would at least undo that.

I have discussed this matter a great deal longer than I intended to, Mr. President, because I wanted to confine myself to the nomination that is before the Senate.

I am going to ask to have reprinted as a part of my remarks, Mr. President—because I want to be certain that it is read in the *Record*—the document sent up to the desk by the Senator from Rhode Island [Mr. METCALF]. I ask that it may be printed at this point in my remarks.

There being no objection, the matter referred to was ordered to be printed in the *Record*, as follows:

A question of far-reaching consequences transcending considerations of party prompts us to issue a public statement in relation to the so-called "flexible provisions" of the tariff bill now pending before the Senate.

The question involved is one that in our opinion strikes at the very roots of constitutional government. It concerns the preservation unimpaired or the abandonment of the power of levying taxes by that branch of the Government which the forefathers agreed should alone be charged with that duty and responsibility.

Whatever argument could be advanced during the war and immediately following for delegation to a degree of the taxing

power to the Executive unquestionably no longer exists. To incorporate now in the law any recognition of a right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

Authority in the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government, for which the independence of the country was attained and which was secured permanently in the Constitution.

There is no issue here as to the integrity of any Executive who has had or may have extended to him the exercise of this power. The issue is one of taxation by one official, be he president or monarch, in contrast to taxation by the representatives of the people elected, intrusted exclusively with the power to seize the property of the citizen through taxation. If proof be needed that the danger which the forefathers foresaw is inherent in this issue, a mere casual inquiry into the methods employed, selfish influences used, sinister schemes and contrivances brought to bear, one need but examine the record.

PROCESS HELD VIRTUALLY SECRET

The principle is: Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible representatives of the people in the Congress, where public debate is held and a public record made of each official's conduct?

The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

An issue of this importance should not be associated with the opinions or necessities of those interests, States, or sections that directly profit by some rate schedule in the body of the tariff act. With respect to the principle here at stake, any trading or log-rolling is especially unjustifiable and indefensible. Neither should we be unduly influenced by the attempt to divert attention from this momentous issue by condemnation of and emphasis upon the dilatory and unsatisfactory results of congressional procedure.

POINT TO AMENDMENTS

No one seeks to prevent or in any way to interfere with the investigations and reports of the Tariff Commission in connection with emergency tariff legislation. The point is, we emphatically insist that final action and responsibility based on Tariff Commission reports shall be taken by the Congress.

For the purpose of preventing apprehended congressional delay an amendment has been made providing for the submission of the reports to the Congress by the President, and, furthermore, an amendment will be presented strictly limiting action by the Congress to matters germane to the particular subject matter or rates recommended by the President after investigation by the Tariff Commission.

We do not hesitate to say that if this extraordinary and what we believe to be unconstitutional authority passes now from the Congress, it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.

It is our solemn judgment that hereafter all taxation through the tariff and regulation of commerce thereby will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it. So also it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.

In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his Government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.

In the hope of arousing the people, regardless of party, to take a broad and public view of this important public question, we make this appeal.

FURNIFOLD M. SIMMONS, of North Carolina.
PAT HARRISON, of Mississippi.
WILLIAM H. KING, of Utah.
WALTER F. GEORGE, of Georgia.
DAVID I. WALSH, of Massachusetts.
ALBEN W. BARKLEY, of Kentucky.
ELMER THOMAS, of Oklahoma.
TOM CONNALLY, of Texas.

NOMINATION OF DANIEL D. MOORE

The PRESIDING OFFICER (Mr. POPE in the chair). The question is, Shall the Senate advise and consent to the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. LONG. Mr. President, the matter that is under discussion is the confirmation of Mr. Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

I present the opposition which I make to this nomination personally. I first state to the Senate that this nomination is offensive to me personally. Heretofore that has been regarded as sufficient in the Senate. In days past, unless it could be shown that a Senator was estopped from urging

that objection, under the rules that have prevailed here I presume that would be sufficient. However, in deference to what I have been requested to do by Members of this body, I will present further data relating to this nomination.

I have never held the duty to be imposed upon any Member of the Senate to justify his reasons for stating that a nomination was personally obnoxious to him. I have held, as has been the majority of the thought in this body, that no Member of the Senate was called upon to justify his statement that a nominee was personally objectionable to him, but that when a State sent its ambassadors to the Senate, under the great doctrine of States' rights which my part of this country has held and upheld from the time the memory of man runneth not to the contrary, no Senator would have to present anything except his own objection and his own proposal that a nomination should not be confirmed by the Senate.

I am not one who is going to take the lead in destroying the prerogatives of the United States Senate. I am not one who is going to take part in destroying the prerogatives that existed here under Hoover and under Wilson and under every other President as far back as we know about. I urged personal objections to a nominee under Mr. Hoover, and the Republican Members of the Senate—who at that time were in the majority—voted to recommit the nomination. I urged personal objections to the appointment of Marcel Garsaud here as a Member of the Power Commission. I not only urged my personal objections, but I brought further evidence before the committee to show that Mr. Garsaud ought not to have been nominated and confirmed as a member of the Power Commission, and the committee refused to report out the nomination of Marcel Garsaud.

We took the same position when a nomination came in here for United States attorney for the district of North Carolina, and the objection then made was upheld here in the Senate. Uniformly has that objection been upheld, except in a case where it was shown by the letters of a Senator, by the fixed evidence of his own handwriting, that he had taken an entirely different view of the proposition of a man being personally objectionable, as in the case of Senator Ransdell in the Cohen case, where letters produced showed that he was sharing the patronage with Cohen, and as in the case of Mr. Luke Lea, who was contesting the nomination of a postmaster appointed for the city of Memphis, where he had written letters to this man saying that he would be glad to have him appointed to that position. In cases of that kind only has the Senate ever refused to sustain the personal objection of the Senator made on this floor.

I do not have to quote the private conferences I have had with the leaders of the last administration, and of administrations before that, and of Senators before that, nor do I have to quote their public remarks. The records here are full of them. Nor do I have to quote statements made on this floor by Members here now. The fact is that it has been the view of this body that the personal objection of a Senator was sufficient to defeat a confirmation.

Since it is said, however, that I ought to show some reason why this man ought not to be confirmed, I will give the reasons beyond my own personal objection. I do so after first stating that I do not conceive it to be my responsibility to justify my statement that this man is obnoxious to me.

Mr. President, unless the Supreme Court of Louisiana has committed a fraud, this man is not worthy to hold a public office.

Unless the American Federation of Labor has committed a fraud, this man is not worthy to hold a public office.

Unless the authorities of the State of Louisiana have committed a fraud, this man is not fit to hold this office.

Unless the International Typographical Union has committed a fraud, this man is not fit to hold this office.

In the opinion of the two United States Senators from Louisiana, this man ought not to be confirmed.

In the opinion of the Governor of Louisiana, this man ought not to be confirmed.

In the opinion of the American Federation of Labor, it would be an injustice to the workingmen of the country to confirm this nomination.

In the opinion of every organized union in this country, it would be an injustice to confirm this nomination.

In the opinion of the Louisiana State Federation of Labor, it would be an injustice to confirm it.

In the opinion of the Supreme Court of Louisiana, this man has not one scintilla of the kind of manhood that would qualify him to fill this job.

Mr. President, back in the year 1915 or 1916 this man, D. D. Moore, was before the court of Louisiana making certain pretenses under oath which the court said were flimsy and perjury on their face. He was there before that court, how?

In the first place, I shall read you excerpts from a 103-page decision of the Supreme Court of Louisiana—103 pages! That court was in existence long before I was heard of in the politics of that State. Old Chief Justice Monroe, one of the greatest jurists who ever sat on any court in America, was the mouthpiece of that court. You can ask any of the men who have been at the bar of this country for the past 25 or 30 years, and any one of them will tell you that Chief Justice Monroe was one of the greatest jurists who ever sat on any court. He could have been on Federal courts time after time if he had wanted to be, and probably could have been in the United States Senate, and perhaps could have been on the United States Supreme Court as a result of it if he had wanted to be.

He had this gentleman, D. D. Moore, before him in the Supreme Court of Louisiana. It was not an ordinary libel suit. It was a case in which this man Moore had framed up a conspiracy to wreck and to ruin one of the finest public men and civic workers the Southern States had ever had. It was a case in which they undertook to frame up and to wreck and to ruin and to destroy this man by the most nefarious combinations, councils, misrepresentations, frauds, and devices that have ever been pictured by a court in any decision.

The whole matter was organized by D. D. Moore, who at that time was the managing editor of the Times-Picayune newspaper. It was conceived by him; it was prosecuted by him; it was carried out by him in a designing manner. He was indicted by the grand jurors of the State of Louisiana. I think two or three indictments were returned. He was indicted, but he escaped trial by pleading that he could not be indicted in the State court at any place except at the domicile where the newspaper was printed. In order to show to the Senate that the supreme court was in no manner prejudiced against this particular man, I may say that the Supreme Court of Louisiana sustained his demurrer to one of the indictments on the ground that he could not be indicted in a jurisdiction different from that in which the newspaper was published. So Mr. Moore went clear of those indictments, as was held in the case of *State v. Moore* (140 La. Rep. 281). But the authorities could not get this man indicted at the point where he was publishing the newspaper. He carried on this conspiracy, he carried on this fraud, and he perpetrated this outrage to the limit.

Finally, unable to get any criminal action against him on account of the influence he had with the State authorities at the time, they filed a civil suit, and that is the suit which brought forth the opinion, a few excerpts from which I intend to read. I will state to those Members of the Senate who will do me the favor and do our court the honor to read this decision, that it will be found in one hundred and forty-eight Louisiana Reports, at page 818, and in eighty-eight Southern Reports, at page 77. I will read some of the remarks of the court appearing in the decision.

In the first place, I do not believe the Senate is going to want to confirm a man whom the Supreme Court said built his defense around perjury. I believe the Senate will refuse to confirm on the bare ground alone that this Court showed, by the documents copied from the records of this man, that his testimony was perjured from top to bottom,

and that he not only built a defense around perjury, but that he built a conspiracy around fraud.

I do not mean to try to give the Senate the impression that every man who calls himself an anti-Long man in Louisiana is necessarily a crook and a thief, but every time a crook and a thief is found down there he is an anti-Long man. [Laughter.] I do not mean to say that there are not some good men who are against us.

Mr. President, I cannot half state the case by reading excerpts from the decision. The Senate must have the whole picture as these documents are transcribed in this decision, in order to see the justification for the court's remarks. Reading a short excerpt found on page 835, we find the court said:

In the spring of 1915, also, and, as we conclude, following the disclosure of plaintiff's candidacy—

This plaintiff was a man by the name of Clarence Pierson—

the editors and managers of the Times-Picayune decided—

Mr. Moore was the managing editor, and as this decision shows, he was the gentleman in charge and the particular negotiator carrying it all out.

the editors and managers of the Times-Picayune decided that it was the duty of that paper to investigate the condition of the insane, it is said, in Louisiana, Mississippi, and Alabama, but the evidence and lack of evidence, to which we shall refer, show that no serious investigation for publication was actually prosecuted elsewhere than in the asylum of which the plaintiff was the superintendent, and that the purpose of the investigator employed by defendant was not to make a thorough and fair investigation and a report showing the good as well as the imperfect conditions found by him, but to find anything which of itself, by distortion or by the aid of lurid word pictures, might be published to the injury of plaintiff.

It is for that reason that we refer to the investigation as "pretended" or "alleged," since the work of ascertaining and reporting only that which was prejudicial, or could be made so, involved an "investigation" only of a sort. The investigator in the case was Mr. W. J. Leppert, and he was selected by Mr. D. D. Moore—

This party here—

one of defendant's editors and managers, who testifies that he had known Leppert long and considered him well equipped for such work. At what time exactly the selection was made is a matter which the evidence leaves in some doubt. We, however, consider it established with reasonable certainty that the collection of information and misinformation on which the investigation was subsequently predicated would have been entered upon with a view of defeating plaintiff's nomination, and in good time for that purpose, if it had not been that plaintiff withdrew his name from public consideration as a candidate on, say, October 15, 1915.

This decision goes on to show that when this man Pierson became a candidate for public office he was literally wrecked as a result of what was done by the conspiracy this paper framed up.

It is shown how they put persons into the institution, and how they distorted the evidence. Then the decision shows that when Mr. Moore came into that court after having been indicted by the grand jury, and set up a perjured defense, a defense made up out of the whole cloth, stating that he had simply started out on a general investigation to determine what were the conditions in the insane asylums in Louisiana, Mississippi, and Alabama, the court held that was a fraud, a perjured defense; that, on the contrary, he had not done any such thing, that they had started out with only one design, and that was to wreck Clarence Pierson, and that Moore and his associates, appointed by him, had done everything in their power through the use of that newspaper, to accomplish that purpose.

Mr. President, I shall read from this decision very liberally shortly. However, I want to give more of this man's record, then go back and give it in more detail.

This decision in itself will show to any Senator who will read it that no honest man, no man who is qualified to be internal revenue collector of a State, could possibly be approved by the Senate without the Senate holding that not a line of this court decision could be accepted at its face value. The court said:

That the repeated statement that said alleged investigation was but part of a general inquiry into the condition of the insane in

the three States of Louisiana, Mississippi, and Alabama was false, the facts being that no inquiry was undertaken in either of these States last mentioned, and that the alleged investigation in Louisiana, whatever may have been the instructions of defendant's editor and manager, was leveled, by the investigator, employed and instructed by him, at the plaintiff, with the intention of discrediting him and driving him from his position, rather than of rendering any service to the insane, and thereby of furthering the interest of the investigator, whose dominant purpose it was to make a pretended investigation which should not be a "failure" in the sense (as attributed by him to that word) that "failure" in such case means "failure to get your man", but should be a success in the sense (contemplated by him) that by getting his man his pretended investigation would be justified.

I will now pass from this decision for a moment. Who was it brought this man into the hearing room of the subcommittee of the Committee on Finance? Mr. President, I was busy that morning in a hearing being held by the Committee on the Judiciary. Some exception was taken to the fact that I had not appeared in the meeting of the subcommittee of the Committee on Finance that morning. I had heard that the Senator from Kentucky [Mr. BARKLEY] had inquired why it was I had not appeared. As I said, I was busy in a special meeting being held by the Judiciary Committee, and I had been most specifically urged to be there that morning, but when I heard that the Senator from Kentucky had taken exception to my not being in the other committee meeting, and feeling that possibly I owed that courtesy, I asked to be excused from the meeting of the Judiciary Committee for a few moments, and I ran over to the other committee.

Who did I find standing up there with Mr. D. D. Moore? I walked into the meeting of the Senate Finance Committee, and I saw a couple of labor representatives seated on one side, and standing up before these gentlemen was Mr. D. D. Moore, and standing there with Mr. Moore who did I find but John P. Sullivan, of New Orleans, at whose instance the public press says Mr. Moore was appointed. If that statement is questioned, and if anyone desires the proof of it, I will say that it was printed in every paper in the city of New Orleans that I know anything about, that Mr. D. D. Moore's appointment was made at the suggestion and at the instance of Col. John P. Sullivan.

On the morning I walked into the Senate Finance Committee room who did I find there with Mr. Moore, standing up, but Col. John P. Sullivan. Who is Col. John P. Sullivan?

I have here the record, Mr. President, not of my own words, but I have it from the columns of the two newspaper syndicates operating in New Orleans—the Item-Tribune Newspaper Syndicate and from the Times-Picayune and the Daily State Syndicate—that Mr. John P. Sullivan is a gambling king and gangster of the lowest dive element that that country knows anything about. He was the proper man to walk in there with this conspirator on that occasion to secure his confirmation. They did not make any pretense about it. They brought that gangster, that gambler, at whose instance, according to the public press, this man D. D. Moore's nomination was made, right into the Finance Committee, and his was to be the presenting of the candidate, which was to overweigh the words of two United States Senators, the American Federation of Labor, and every labor union in this country, as well as the Supreme Court of Louisiana.

It is not upon my word, Mr. President, that I tell the Senate that Sullivan is a gambling king and a gangster of the highest order and type, or rather the lowest order and type. It is upon the very word of the publications I have referred to, which are existing today under the banner of anti-Longism. What I say can be verified by anyone who wishes to do so. Anyone who wishes to do so can refer to the Times-Picayune, in which newspaper I have been attacked. In an article by Mr. Harvey E. Ellis, appearing in that newspaper, the statement was made that Sullivan stood for three things: Vice, gambling, and liquor.

The Times-Picayune went further to quote the words of Mr. Walter Elder, a State senator, who was at one time a Member of Congress, praising Congressman RILEY WILSON, as follows:

RILEY WILSON was not running into the back doors of the offices of John P. Sullivan. He was not hobnobbing with these gamblers in New Orleans.

That is under the date of July 9, 1927, at page 4.

The Times-Picayune glowingly quoted, Mr. President, on October 5, 1927, the remarks of Governor Simpson, who said, referring to John P. Sullivan:

Most men try to prove that their business is legitimate, but here we have a case where the business and its money is admitted by its own head—

Col. John P. Sullivan—

to be too rotten for decent purposes.

That was put on the Times-Picayune front page, Mr. President, being the words of Governor Simpson, that, according to Mr. John P. Sullivan's own words, his business was too rotten to be used for legitimate purposes. Yet he comes here and stands up before the Senate committee and, according to the public press, he is there to sponsor a man who was condemned by the supreme court of the State, who is disavowed by both Senators from his State, a man concerning whom the American Federation of Labor has seen it necessary to go out of its way to ask the Senate not to honor by confirmation, for reasons that I will give to the Senate in a moment. That man, Mr. President, is the one who comes here to whitewash D. D. Moore.

God knows, if the United States Senate desires to whitewash this man, do not do it upon the urging of this gangster, this crook, this gambler, John P. Sullivan. Do not do it under his sponsorship. Get someone besides that kind of a dive scoundrel, according to the words of the papers I have read from. If the Senate desires someone to appoint people on the ground that they are not friends of mine, get someone besides a gang chief to do it. Nothing that our people in Louisiana have done justifies such treatment of them. Louisiana has been as loyal a State as any State in the Union. Louisiana has been loyal to every cause.

We will now take up the other newspaper syndicate down there to see if there is any difference of opinion and to see whether they have any scruples about describing what Mr. Sullivan is.

I shall quote from an editorial in the Item, urging the old New Orleans ring to get rid of Sullivan. The New Orleans Item was a part of the New Orleans ring machinery at that time; that is, it supported its candidates. I do not mean it was owned by them, but it was frequently with them. In a political sense they were friends. This newspaper, that was a part of the Choctaw Club, in the councils of which Mr. John P. Sullivan was sitting, saw it to be necessary to save that ring. God knows it had enough sense. That paper said in an editorial:

As a result of a subsurface dicker, John P. Sullivan got back into the organization, thus burdening it with the load which the balloting on Tuesday showed Sullivan to be. No organization can prosper by loading itself with dead weight. It cannot gain anything but disrespect, obloquy, and defeat by going into the lower depths to find leaders.

That quotation, Mr. President, is from their own paper, their own organ, in which they are urging the ring to throw that gangster out of there, telling them that they should not go into those lower depths to find leaders without becoming subject to obloquy and disrespect. That is the patronage leader who has the internal-revenue income collector sitting in his office half the time, calling up decent citizens to be investigated about their income taxes, and holding himself out for employment. He can fix anything down there with a change by Sullivan's pen. He does not even do it with a pen. Yet this man, this character, was bold enough to send the other day a telegram to the United States Senate and asked to have it read, in which he stated that his integrity had never been questioned. He did not deny that he was the man handling everything connected with Moore's appointment, but he asserted himself to be the kind of a man that ought to be held out as respectable.

I do not want to offend my friend from Kentucky. Over in Kentucky, a great State, they have a gentleman by the name of Colonel Bradley. He is supposed to be interested

in fine stock. He is Colonel Bradley, the gentleman horse breeder in Kentucky; but he is a dive keeper in the South. His name is Col. E. R. Bradley. He operates the Casino in Palm Beach. That is the "dress" part of the gambling business. I understand that in order to get into the Casino in Bradley's place in Palm Beach and play the roulette wheel one has to have on a full-dress suit.

Then he operates the other kind of gambling contrivance, to catch them from the top down to the bottom. May I have the attention of the Senator from Kentucky, Mr. President. I want my friend from Kentucky to hear this.

I was talking about a Kentucky citizen, and I wanted my friend from Kentucky to know that I only bring him into the discussion in an incidental way. I certainly have enough to talk about in Louisiana so as not to have to go outside of the State, but I have to do it in order that the Senator from Kentucky may have brought to his attention the information I desire him to have.

Over in Kentucky there is a gentleman by the name of E. R. Bradley. He is a "gentleman" in Kentucky. He is a breeder of fine livestock. He, I think, had some horses that won the Kentucky Derby two or three times. He is "Gentleman" Bradley in Kentucky, but in the South he is a dive keeper. He is the partner of John P. Sullivan in New Orleans and in Florida, I understand, in various gambling contraptions. He runs the Casino gambling house, to go into which one has to have on a full-dress suit. It is located at Palm Beach, Fla. Then he has run as low dives as ever have been known. This man Sullivan has become the business partner of Mr. Bradley. I think Mr. Bradley lost by the partnership, because I know there is bound to be good in Mr. Bradley, at least in some of his pursuits in Kentucky; but they have chained that section down with gambling dives extending from Florida clear on up through to New Orleans and other parts of the country.

Mr. President, the statements I make are matters of public knowledge. There is a wire service that runs into the race track by which the names of the winners are flashed to handbooks and gambling houses that operate in violation of the law. The partners of this outfit are interwoven with that business throughout our country. That is not a matter that will be disputed. The business partner and brother of this man Sullivan, connected with Bradley and Sullivan, is their official representative in our section.

In addition to their gambling houses and their dives, Mr. President, they have a race track. I have it from the columns of a newspaper that this combination operated in such a way—operating many times illegally and some times legally, some of their activities being shunned by the law, some of them condemned by the law, and some permitted by the law—that while during the season when the other man's race track is running and theirs is not the wire services go out to the handbook joints and a man can go in and make a bet in these handbook places all over town, yet, according to the newspaper which I have here right now and which I will show to any Senator who may desire to see it, when the season comes for the dives of Bradley and Sullivan to open up they close up the handbooks with the aid of the police so that bettors will have to go out to Sullivan and Bradley's gambling contrivance to place their bets. I have that here in the columns of a newspaper, and it has been done in the last few months.

This is the element that has run State governments, that is now bringing appointments to the Senate, that has extended its influence as far as they could, with Moore as one of their henchmen all the time; and this man Sullivan walks into the Finance Committee not only to prove what the public press quoted him as saying, not only to prove the public press spoke the truth when they said that he had had Moore appointed, but he came in that he might boast of the fact that he was the medium for handing out patronage appointments—this man who was frowned upon by Senators and by the Governor and by the American Federation of Labor and pronounced as unworthy by the supreme court of our State. What kind of appointments are we going to have down there if they cannot get anybody

any better to recommend patronage in that State? Everybody cannot be wrong about this man.

I send an article to the desk, and ask the clerk to read the portion that is indicated by red-pencil marks.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

Labor fights naming enemy to United States post.

Ask Senate to block Moore for revenue collector in Louisiana.

The American Federation of Labor has joined the International Typographical Union in urging the Senate to refuse to confirm Daniel C. Moore, named by President Roosevelt as collector of internal revenue for the district of Louisiana.

Years ago Moore was a union printer and for a time he served as president of the typos' union in New Orleans. Then he secured a supervisory position with one of the New Orleans daily papers, and apparently his views on labor problems underwent a radical change.

It is alleged that he locked out the union printers and endeavored to "rat" every office in the city. It is charged that he went so far as to assist similar antiunion movements in other cities.

Moore was recommended by the anti-Long forces in Louisiana. Senator HUEY P. LONG and his colleague, Senator JOHN H. OVERTON, have joined organized labor in opposing confirmation. A few days ago while Long was out of the Senate Chamber, Moore's name was rushed through, but in a few minutes Huey returned and forced a reconsideration.

Mr. LONG. Mr. President, I have here a letter from the American Federation of Labor which some days ago I placed in the RECORD. I want to say that there are men in the Senate who are for union labor and men in the Senate who are against union labor, and both classes are just as honest as they can be in their convictions and opinions in the matter; I do not make any exception as to that. I have held one view that I know is not held by other people. I do not believe, however, that any of them would undertake to support any man who has bitten the hand that has fed him. I am going to show from documents of responsible men before I get through that this man Moore came to New Orleans as a tramp printer needing help, and that he went to the union printers, who took him up and fed him; they got him a job and took care of him; that after that, when he had ascended to the position of being a public dictator in the newspaper world he locked out the very union with whom the newspaper had a contract and that had fed him when he tramped into that city.

Here is a letter from the American Federation of Labor, written for Mr. William Green, in his absence by Mr. W. C. Robert, chairman of the legislative committee of the American Federation of Labor:

WASHINGTON, D.C., February 23, 1934.

To all Members of the United States Senate, greetings:

The American Federation of Labor is unalterably opposed to the confirmation of the appointment of Mr. D. D. Moore as revenue collector.

The entire labor movement of Louisiana is unanimously opposed to the confirmation, and President Green has authorized me to inform you of this fact.

When Mr. Moore first arrived in New Orleans he was what was known as a "tramp printer." He was taken up by the typographical union and eventually made president. Then he obtained a position on the New Orleans Picayune and carried on one of the worst assaults against the union printers ever known in this country.

According to the New Orleans Typographical Union he established the "yellow dog" contract. The printing trades were locked out from all the newspapers in New Orleans, and they are still locked out. President Green has received telegrams from typographical unions in various cities appealing to him to oppose the confirmation of his appointment.

I wish to state that the American Federation of Labor joins with the labor movement of Louisiana in urging you to vote against the appointment.

Yours very truly,

W. C. ROBERTS,
Chairman Legislative Committee,
American Federation of Labor.

It seems, Mr. President, that the American Federation of Labor wanted to appear and make opposition to this man. They wanted to appear before the subcommittee of the Senate Committee on Finance. Through some misunderstanding, however, they did not get the notice and never were able to appear and make out their case.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. Yes; I yield.

Mr. BARKLEY. I desire to say to the Senator, which I am sure he himself knows, that this nomination was pending before the subcommittee for nearly 2 months. From time to time it was postponed at the request of the Senator from Louisiana; first, in order that he might go to New Orleans to participate in a mayoralty election. After he came back it was again postponed because of the state of Mr. Moore's health. He did not feel justified in coming here in a snowstorm on account of a case of "flu" which he had. So the hearing was postponed again.

The Senator from Louisiana for 2 weeks knew on what date the hearing would be held, and everybody else who had been interested in the nomination, including both Senators and the Members of the House of Representatives from Louisiana, knew when that hearing would be held. The newspapers had stated when it would be held; and, up to the time it was held, I never received any request from the American Federation of Labor or anybody representing it, and have not until now received any request from that organization to be heard before the subcommittee.

The Senator published this letter 2 or 3 weeks ago, and I do not even know to whom it was addressed. It is not addressed to me. There is no communication addressed to me or to any other member of the Finance Committee requesting any such hearing.

Mr. LONG. I will ask the Senator if he did not communicate with these people by telephone?

Mr. BARKLEY. I did not, and they did not communicate with me by telephone.

Mr. LONG. There has been a misunderstanding, and I am sure it is an honest misunderstanding. I will read what they say about it.

Mr. BARKLEY. Of course the Senator knows, and so does the American Federation of Labor, that it has not a better friend on the floor of the Senate than I am, and have been, and any request it would have made of me for a hearing would have been acceded to.

Mr. LONG. There has merely been an honest misunderstanding; I know the Senator is absolutely honest; but I am going to show that there certainly has been a misunderstanding, and I am sure that both parties are honest about it.

Mr. REED. Mr. President, will the Senator permit me to ask him a question?

Mr. LONG. Yes, sir.

Mr. REED. Did the Senator ever make it known to the national officials of the Federation of Labor that the Texas union with which this man worked last had adopted a resolution in his favor that is just as strong as the resolution from New Orleans against him?

Mr. LONG. It is not a Texas union at all; it is a little local union at Fort Worth where Moore went and worked on a Hearst paper; and he did slip around and get an endorsement from the little local at Fort Worth, which very likely they have rescinded by this time, although as to that I am not sure.

Mr. BARKLEY. Did the Senator from Louisiana ever state to the officers of the American Federation of Labor that on the night after Mr. Moore severed his connection with the paper in Fort Worth the local typographical union passed resolutions commending him for his fairness to labor, long before he was ever considered for this appointment?

Mr. LONG. I mean when he went over to Fort Worth and worked for the Hearst paper. I do not know anything about what he did over in Fort Worth, Tex., because he was not in charge there. The Hearst papers run the Hearst papers, and we all know that.

Mr. BARKLEY. They employ union labor.

Mr. LONG. Hearst employs union labor; and Mr. Moore was not in any position to dictate the Hearst policies, and anyone who knows anything about the Hearst policies knows that. Mr. Moore did go over to Fort Worth, and evidently, knowing of the slimy career he had behind him, he got some

kind of a resolution from that little local in a subordinated capacity.

Mr. BARKLEY. Mr. President—

Mr. LONG. I do not want to be distracted.

Mr. BARKLEY. I am not going to distract the Senator.

Mr. LONG. I want to read this letter to show there has been a misunderstanding.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. No; not until I read this letter.

The PRESIDING OFFICER. The Senator from Louisiana declines to yield.

Mr. LONG. I will yield when I get through reading this letter to show that the American Federation of Labor wants to be heard about this man sponsored by New Orleans gambling life and Colonel Bradley's international partner in vice.

Mr. BARKLEY. The Senator from Louisiana will not go to either Kentucky or Florida and make that statement to the face of Colonel Bradley.

Mr. LONG. I have made the statement all over Louisiana and in New Orleans. He is the operator of the Casino dives in Palm Beach; and if the Senator from Kentucky does not know it, he is the only man in the South who does not know it. If anybody disputes with me that E. R. Bradley is the owner of the Casino and wants to be shown that he is the owner of it, I can take him down there and prove it to him.

Mr. BARKLEY. I would not dare go into it with the Senator from Louisiana if it is a dive. [Laughter.]

Mr. LONG. The Senator from Louisiana has never been in it. I hope the Senator from Kentucky never has to go into worse places than I have been in.

I am going to read the letter, if I am permitted to do so. The Senator cannot make parlors out of these gambling dives. Let the Senator wire Colonel Bradley and ask if he denies that he runs the Casino. I know he cannot deny it, because he is running it right now. I do not care if he does live in Kentucky. I like Kentucky as well as any State in the Union and as well as my own State.

But there must not be sent down there a man who is a gambler and a divekeeper, with a political combination behind him, to put this kind of rule over on my people. It cannot be done without the world knowing all about it. Let him run his gambling dives in Kentucky instead of Louisiana and Florida. If the Senator from Kentucky wants him, let him pick up all of his business and take it back to Kentucky. I honor the Senator from Kentucky everywhere. Evidently Colonel Bradley is his friend. I do not blame him for defending his friend. He has done me no harm.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. I am not even personally acquainted with Colonel Bradley.

Mr. LONG. I did not know.

Mr. BARKLEY. He owns a very large bluegrass stock farm in central Kentucky, outside of Lexington. He raises thoroughbred race horses. He is known all over Kentucky as a man of honor and as a man of charity. Once each year, on the farm which he operates, he holds a race for the benefit of the crippled children of my State.

I do not know anything about the Casino in Florida. I never heard of it and do not know what sort of an institution it is. But if it is the rottenest dive ever conducted in the United States, I cannot see any connection between that and the qualifications of Daniel D. Moore for the office to which he has been named.

Mr. LONG. The Senator cannot see that the Bradley-Sullivan combination is controlling the public press, and yet Mr. Sullivan put in his appearance in the room where the Senator's committee was considering the nomination of this man Moore.

Something else in the way of information has just come to my hand. In the office of the Collector of Internal Revenue, under Mr. Merrigan, there were 50 employees. Today, under D. D. Moore, there are 85 employees, all of whom had to have the O.K. of John P. Sullivan before they could get the job. Pearl Maretsky, private secretary to John P. Sulli-

van, and Evelyn Flattery, who was John P. Sullivan's stenographer, both now work in the office of D. D. Moore, as collector of internal revenue. Sullivan did not mince any words about this thing. He took his own office organization and made them the organization of the collector of internal revenue.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. I do not know Mr. Sullivan. There were two gentlemen in the committee room at the time this hearing was held on the nomination of Mr. Moore. I was not introduced to either of them by Mr. Moore or by anybody else. But if one of them was Mr. Sullivan, as the Senator said, and if he saw Mr. Sullivan in the committee room when we were holding our hearings—

Mr. LONG. Yes, sir.

Mr. BARKLEY. Then the Senator, in the presence of Mr. Sullivan, had an opportunity to say and to put in the hearings all that he has said here today on the floor of the Senate. Why did not the Senator face Mr. Sullivan with that sort of charge at that time? Why did he not put into the record of the hearings of the committee what he has said here today about Mr. Sullivan? Why did not the Senator say, "Here is a man named Sullivan who is backing this man Moore; and because of his even being present here, Moore ought not to be considered"?

But the Senator did not open his mouth about Sullivan. He did not make any attack upon Sullivan. He did not make any attack upon Moore. He did not even apprise the committee of the fact that Mr. Sullivan was there. But now he comes in the Senate of the United States and tells us that Mr. Sullivan was there and undertakes to tell us what sort of a man Mr. Sullivan is. If the Senator wanted to get that into the record as a part of the hearings to be considered by the subcommittee, why did he not make before us the statements he is now making before the United States Senate, in order that we might have considered them?

Mr. LONG. Had I known the Senator from Kentucky is as innocent as he is, I probably would have done so.

Mr. BARKLEY. I realize the Senator from Louisiana is a poor judge of innocence.

Mr. LONG. Let me get through. The facts I am stating are matters of judicial public knowledge that are known by practically every man, woman, and child in 10 States.

Mr. BARKLEY. The Senator will admit that he was in the committee room?

Mr. LONG. I admit I went over there.

Mr. BARKLEY. And he did not call our attention to Mr. Sullivan's presence and did not even mention Mr. Sullivan's name. The name of Mr. Sullivan is not in the hearings we had on the nomination of this man Moore.

Mr. LONG. All right; his name is here now.

These two women, the private secretary and stenographer of Sullivan, were just transferred over into the office of the collector of internal revenue. Sullivan is an attorney who has never been to court. He is a peculiar lawyer. He has never tried a lawsuit in court in his life, but he gets fees to fix tax matters.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. Is it true that Mr. Sullivan, about whom the Senator is now talking, was one of the Senator's most active and vociferous supporters when he ran for Governor of Louisiana?

Mr. LONG. Sullivan has fought me for Governor and supported me for Governor.

Mr. BARKLEY. When did the Senator fall out with him?

Mr. LONG. He supported me for Governor. I never did fall out with him, and I never fell in with him. He fought me for Governor in 1924 and supported me for Governor in 1928, when I could not have been beaten.

Mr. BARKLEY. That was the time the Senator was elected Governor?

Mr. LONG. Yes. At the time I was elected he supported me in New Orleans, where I lost the city by 23,000 majority. [Laughter.]

Mr. BARKLEY. Does the Senator repudiate that kind of support?

Mr. LONG. I never repudiated the support of a man in my life. I will take the vote of every man qualified to vote, whether he is pickpocket or priest.

Mr. BARKLEY. And make equal cause with both?

Mr. LONG. No, sir. I will let any man vote for me who is qualified under the law to vote. Everyone in the Senate will do that, too. [Laughter in the galleries.] There is no one here who ever keeps a man from voting for him.

The PRESIDING OFFICER. The Chair must warn the occupants of the galleries that it is against the rules of the Senate to make any demonstrations of approval or disapproval. If the rule is not to be observed, the galleries will have to be cleared.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. Yes, sir.

Mr. CLARK. As I understand the Senator's argument, it amounts to this—

Mr. LONG. No; the Senator does not understand what my argument is.

Mr. CLARK (continuing). That Mr. Moore ought to be denied confirmation as collector of internal revenue at New Orleans for accepting the support in his candidacy for that office of a man who, the Senator from Louisiana says, is a rascal, which, from my knowledge of the situation, I am perfectly willing to agree to.

Mr. LONG. I am glad the Senator agrees with that much of it.

Mr. CLARK. The Senator from Louisiana says that Mr. Moore ought to be denied confirmation because he has the support of John Sullivan—

Mr. LONG. I did not say that.

Mr. CLARK. Yet the Senator from Louisiana was himself very glad to accept the governorship of Louisiana with the support of John Sullivan.

Mr. LONG. That is not what the Senator from Louisiana said at all, and the Senator from Missouri has misunderstood the whole thing if he has understood any such thing.

Mr. CLARK. I understand exactly what the Senator from Louisiana is driving at.

Mr. LONG. All right; then the Senator understands differently from what I am driving at. I have stated that Mr. John P. Sullivan is the man who had Mr. Moore appointed.

Mr. CLARK rose.

Mr. LONG. Just a moment. Let me get through. I do not want to yield now.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. LONG. I have stated that Mr. Sullivan has moved his own office organization over into Mr. Moore's organization, and is today running the office. I have stated what Mr. Sullivan's connections are, with one part of his organization running his office and the other part collecting fees for representing people to fix up tax matters.

The Senator asked me if Mr. Sullivan ever supported me. Yes, he did; and now you are going to get the answer. You have required it, and I am going to give it to you.

When I was running for Governor in 1924 I was defeated in New Orleans. In 1928 I did not have a newspaper with me in the State. I was told by my campaign manager that if John P. Sullivan announced for me it would beat me for Governor of the State. I was told by Col. Robert Ewing, who owned the Shreveport Times and the Daily States, that he would not support me unless Sullivan supported me; and we held a caucus in the home of Harvey Ellis—and it is a matter of public record—as to whether we would gain more by taking Ewing and his two newspapers, or whether we would lose more by taking Sullivan with Ewing.

The mistake of my life was in not telling Colonel Ewing that I would rather not have the two newspapers than to

have him lug Sullivan into the camp, because I lost the city of New Orleans by 23,000 votes, and I lost the parish of Caddo, which I had carried 4 years before by a monstrous majority.

Now, hear the truth. This came out in Louisiana, and it has been substantiated. I am sorry the Senator from Pennsylvania [Mr. REED] is leaving, because he is on the subcommittee, and I want him to hear this:

Sullivan had no more than got in there until I went before the people of Louisiana and asked them to vote a bond issue of \$30,000,000 to build public roads. They had spent \$61,000,000 already to build public roads, and only had 26 miles of no. 1 road in the State for \$61,000,000. When I had got the people to vote the \$30,000,000, Sullivan walked into my bedroom and served notice that his company was going to build all the roads in that State and spend that money. That is when Sullivan left the Long camp, when I went before the people of Louisiana and told them that that gangster and divekeeper would not be allowed to steal the \$30,000,000 as he had stolen the \$61,000,000 in that State; and when I charged that in the impeachment, I gave the name of the partner that he said he was going to have in the business, Mr. E. V. Benjamin. Sullivan denied there had been a conversation of any kind, and Benjamin said there had been. Sullivan has never been in the Long camp since.

I accepted his vote and whatever support he could give. I never yet turned my hand and refused to accept anybody's vote; neither has anybody else to amount to anything. But that is one time when I made a mistake in not going clear out on the rim and refusing it. Then he came to me, along about the same time, and told me that a man by the name of F. P. Crist was his partner and Bradley's partner and was going to open up a gambling dive on Metairie Ridge, and I told him not to dare to open up the gambling dive; and he opened it up, and I raided it, and burned up the roulette wheels, and threw \$3,000 in money of the State treasury out of it, and that is the last we have seen of Sullivan around the Long camp.

If that kind of support never contaminates you any worse than it contaminated me, you are running a pretty good government.

Now, however, this man is brought here. The Senator from Missouri [Mr. CLARK], says that from what he knows about him, he is willing to say that Sullivan is all that I have represented him to be here, and he has some personal knowledge down on the ground in Louisiana. At least I have that much confirmation. The Senator from Mississippi [Mr. HARRISON], was sitting in that hearing, and he knows John P. Sullivan, and he knows that John P. Sullivan was there.

Now this report that has been telephoned to me—and I know it is reliable; I had understood these facts, and I only telephoned down there to verify them—says that Mr. Sullivan has just put these two secretaries of his out of his office over into the subdivision that is collecting the internal revenue. In other words, he has the racetrack running over here, and he has the gambling house running over here, and he has the law-fixing office over here, and he has the internal-revenue collector over here; and he just switches the roulette-wheel operator over here one day, and a stenographer over here the next day, and the man who fixes the dice the next day, and just runs the thing according to Hoyle, and we are told that that is all right because Colonel Bradley raised a good horse up in Kentucky [laughter]; and they do not make any bones about it.

In the evening, says this statement telephoned to me—and I know this to be true—when these two secretaries finish their work over in the revenue office, Moore's office, they go to Sullivan's office to complete their day's work. It is one little business, you know, just a small business. Wires are running into all the dives and the handbooks over here, and the dice game over here that is for the low rats—and a full-dress-suit outfit over here for the other ones, and a Kentucky derby stable over here for the others. They are running a real business—just a real, genuine, full business. Oh,

yes; they got them a brewery, too, and they have been raiding all the little places that do not sell Regal beer.

I am not stating anything that is not public knowledge—that this appointment was made by Sullivan; that Sullivan has practically taken charge of that office with his assistants, even to putting in his relatives that he had in his own office. Joe Gardiner, one of Sullivan's relatives that he has had around his office, he has put over there in the internal-revenue office.

Now I am going to prove to you that the American Federation of Labor did understand that they were going to be heard. There is just a misunderstanding and an honest difference:

JANUARY 31, 1934.

Memorandum for Mr. Green.

The labor movement of New Orleans has united against the appointment of D. D. Moore as internal-revenue collector for that district. We have letters and affidavits showing that Moore, who was at one time president of the printers' union in New Orleans, turned traitor and carried out the program of the Times-Picayune to destroy the printers' union. He originated the "yellow dog" contract in that city.

I have informed Senator LONG and representatives of labor who have come here from New Orleans that we would help defeat Moore. Moore telegraphed requesting the hearing to be postponed until February 20.

Senator BARKLEY is chairman of the subcommittee and will hear the case. I have notified BARKLEY that we were opposed to the confirmation of the appointment.

This is the first time in New Orleans that all labor was solidly united.

W. C. ROBERTS,
*Chairman Legislative Committee,
American Federation of Labor.*

Senator LONG:

I phoned Senator BARKLEY's office and asked when the hearing was to be held re confirmation of Mr. D. D. Moore as internal-revenue collector for the New Orleans district.

I was advised the hearings had not been set, so I requested that I be notified when they were set, in order that I might appear in behalf of the American Federation of Labor in opposition to Mr. Moore's appointment. I was not so notified.

Sincerely,

W. C. HUSHING,
*National Legislative Representative and General
Organizer, American Federation of Labor.*

There are two letters from these men. There are two letters from these organizations; and it is not too late to hear them now.

If a word I have said on the floor of the Senate is doubted by any Member of the Senate, then do the American Federation of Labor the courtesy of granting them a hearing at which the facts may be brought out. Even though this bad man Sullivan is there and this bad man Bradley is there, meek and humble as I am, possessed of a limited amount of courage, I will do the unfortunate thing and bare my breast and go in there with these gamblers and highjackers if you will open up the hearing.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. Yes, sir.

Mr. HARRISON. So that there may be no misunderstanding as to whether or not Mr. Green knew about this hearing, I beg to submit to the Senator that at page 10 of the hearings he will find that Mr. Smith, the representative of the labor organizations of Louisiana who was here, appeared before the committee and stated that he had been in conference with Mr. Green, but that he did not make any request of Mr. Green to be heard, and did not think any request should be made; but he said that he had talked to the president of the International Typographical Union, and that we would hear from them. We did not, however, hear from the president of the Typographical Union.

Mr. LONG. Mr. President, Mr. Smith, who was here from Louisiana, stated that he had talked to Mr. Green. He did not state that he was making any request for Mr. Green or representing Mr. Green's office at all.

Mr. HARRISON. I understand. I say that Mr. Smith said that he did not think any request ought to go to Mr. Green to be heard, but that he had talked to him about the matter, and that Mr. Green—

Mr. LONG. That was Mr. Smith's idea. Mr. Smith was just a citizen down there in Louisiana.

Mr. BARKLEY. Mr. President, if the Senator will yield further, I think the record will show that Mr. Smith said that he did not think Mr. Green ought to be dragged into this matter; that it was a local controversy that the American Federation of Labor should not be dragged into. I think the Senator will find in the record that statement by Mr. Smith.

Mr. LONG. I do not know what this witness, Mr. Smith, thought ought to be done by Mr. Green. He might have had an idea that Mr. Green did not care to come, or he might not; but I have the word of Mr. Green's organization that they did want to come, and did want to intervene, and did want to make their presentation. Since the Senator appears to doubt some of this matter, the best thing he can do is to let us hear Mr. Green, and at the same time let us give him the proof about these facts regarding Sullivan that he does not know about, and this combination of Sullivan and Moore running that office.

Let us have the hearing. I had always been given to understand that my personal objection to this man would be enough. My personal objection ought to have been enough.

Mr. BARKLEY. If that is so, why did the Senator have Mr. Smith up here from New Orleans?

Mr. LONG. Mr. Smith did not come for me.

Mr. BARKLEY. He had conferred with the Senator, and he went through the files in the Senator's office and produced letters that had been written to the Senator.

Mr. LONG. He came to my office. He was up here to oppose this man.

Mr. BARKLEY. The Senator turned over his files to Mr. Smith and authorized him to make use of them.

Mr. LONG. Yes, sir; I gave him what I had. I was at the Judiciary Committee and gave him every courtesy that I could. He came here with letters from the Louisiana State Federation of Labor and the Central Trade and Labor Council of New Orleans. He came here with letters from every labor leader, Long and anti-Long, ring and anti-ring, in Louisiana, as their official spokesman, and as their chaplain. He is a minister of the gospel and was sent here by them to oppose this man.

He came and asked me whether I was going to oppose him, and I told him I was. He asked the junior Senator from Louisiana [Mr. OVERTON] whether he was going to oppose him, and I understand my colleague told him he was not going to vote for his confirmation. I told him I was against him, and there were some letters I had thought he wanted to read to the Finance Committee. He went there, and I did not go; I was not going until my secretary, or clerk, or somebody, ran into the room where the Judiciary Committee were meeting and said to me that the Senator from Kentucky [Mr. BARKLEY] had complained because I was not at the subcommittee hearing. I ran over there for a minute or two, such time as I could spare from the Judiciary Committee hearing.

Mr. President, that was Mr. Smith's presentation. Here is the letter he had.

Mr. OVERTON. Mr. President, will my colleague yield?

Mr. LONG. I yield to my colleague.

Mr. OVERTON. The statement made by Mr. Smith with reference to my attitude toward the confirmation of this nomination is a correct one. I know very little about Mr. Moore personally. I recall some 10 or 15 years ago having had rather an extended conversation with him, and I have occasionally been thrown into his society when he was connected with the Times-Picayune.

When I ascertained, however, that Mr. Moore's appointment was personally obnoxious to my colleague the senior Senator from Louisiana, I considered that that would be sufficient ground for my voting against the confirmation of his nomination. I did not consider it necessary for me to make any further inquiry into the matter. I understand that his confirmation is also opposed by the American Federation of Labor and by other organizations representing labor.

Mr. President, I did not appear before the committee to make a protest or fight against the confirmation. I think I rest my attitude with respect to this confirmation on firm ground, and upon ground that appears to be the position I ought to take, when I say that when it was brought to my attention that my colleague the senior Senator from Louisiana was opposed to the nomination, and that Mr. Moore's appointment to this office was personally obnoxious to him, I felt it my duty to vote against the confirmation, and I expect to vote against the confirmation.

Mr. GLASS and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I yield first to the Senator from Virginia. Then I will yield to the Senator from Kentucky.

Mr. BARKLEY. I wish to ask the Senator's colleague a question.

Mr. LONG. I do not want to yield the floor. I yield first to the Senator from Virginia; then I will yield to the Senator from Kentucky.

Mr. GLASS. Mr. President, I can readily understand the very dignified attitude of the junior Senator from Louisiana, which has been the attitude of Senators generally, with few exceptions. What I should like to know, however, is whether the United States Senate has resolved itself into a union, and is to determine these matters at the dictation of union officials, rather than upon the judgment of the Senators. What has the fact that this man is either union or nonunion to do with collecting internal revenue in New Orleans and Louisiana?

Mr. LONG. Mr. President, that is not my attitude. The Senator has not been here all through my remarks. I presented first, I will say to the Senator from Virginia, the contention that it ought to be sufficient, and that I wanted to rest my case upon the fact, that I had objected to this man as being personally obnoxious.

Mr. GLASS. I can understand that; but have the unions which oppose this man impugned his character?

Mr. LONG. Yes.

Mr. GLASS. Have they assailed his integrity in any way?

Mr. LONG. Yes; they have. They do not oppose him on the sole ground of unionism; they do it on the ground that this man was their officer, later became a printer, and entered into a signed contract with it, signed and sealed his name to it.

Mr. GLASS. I do not find anything in the hearings to that effect.

Mr. LONG. It is in the hearings. That is their ground, that he locked them out; that it was not a strike; that after having been their officer, helping them to negotiate certain contracts that were similar to what everyone did throughout the United States, at a time when they were making up their paper in New Orleans at much less cost per sheet than was being done in any other newspaper office in the United States, he locked them out, this man they had brought into the city as a "tramp." They state that this union brought this man in there as a "tramp."

Mr. BARKLEY. Mr. President, in that connection I think it ought to be said that Mr. Moore denied that he came into New Orleans as a "tramp." I do not know that it has anything to do with his present qualifications if he did, but he said in his testimony that he was not a "tramp" printer; that he came to New Orleans as a printer, but not a "tramp" printer. He also stated that he never raised a penny through local typographical unions, either in money or in any other thing, that was for his benefit. I think it will be admitted by all the members of the subcommittee that he assumed a very dignified bearing before our committee, and stated that he had never become a "tramp" printer, and that the appellation of "tramp" printer was entirely out of place as far as it applied to him.

Mr. LONG. Mr. President, I should like to say one word, so that the Senator from Virginia may understand what the testimony of these men is. I have read their statements and letters. Mr. Moore may dispute some of these facts,

but the statements are that they took this man up when he was down and out, gave him money, and paid him; that he became an officer of their union, and while an officer of their union that they negotiated contracts, as I understand, with the newspapers. Mr. Moore became elevated to the position of managing editor, and locked out his own unions from a contract he had helped them to make. That is what they say about it, and that is not all.

Mr. GLASS. Mr. Moore denies that in detail.

Mr. LONG. Mr. Moore makes a denial of that, I understand; I was not at the hearing. Then they say further that this man Moore, having personal knowledge of the union workings—having gained that knowledge as a union officer—was in a position to furnish strike breakers at other places.

By reason of the intimate contact he had gained in the union organization, he knew the field well enough so that he could furnish strike breakers at other places where he was undertaking to assist them in locking out, as he had done in New Orleans, and that they sent other men into these other cities out of Mr. Moore's shop to help them carry out their successful fomentations in those areas.

Mr. President, those are the representations of these union men. When I am asked whether I know of it, I answer that I know nothing except what the union men, in numbers, themselves say. But if those representations are true, they present a picture of a man who came and was helped, and was lifted up, who was placed in the newspaper world, who used his contacts with the union to lock out the members of the union against a contract he had helped them make when he was a member of the union, and who used his contact with the union, the knowledge he had gained there, to send strike breakers even into other cities. I do not care whether he is a union man or not; I know that no man sitting in the United States Senate would approve that conduct.

As to whether Mr. Moore is a man to be believed, or whether the men opposing him are to be believed, I will say to the Senator from Virginia that, according to the Supreme Court of Louisiana, if we have to decide between the credibility of the union officials and the credibility of D. D. Moore, the Supreme Court of Louisiana says enough so that one would not believe him on oath if he believed what the Supreme Court of Louisiana said. We have the word of numerous union officials on the one side, we have the word of the Supreme Court of Louisiana on the same side, and we have the word of D. D. Moore on the other side, as to who is telling the truth about it.

Mr. GLASS. Mr. President, I fail to understand what unionism has to do with the question of the appointment or confirmation of a collector of internal revenue. Since I have been hearing the Senator, his attitude seems to have been that nobody is entitled to confirmation to public office who happens to be a "tramp" printer.

Mr. LONG. I was one myself.

Mr. GLASS. I never was one. I am a printer. I have served in every position in a newspaper office from carrying papers to ownership. I have no prejudice against unions. When there was a union in my town, and if there is one there now, every officer of it has been or is an employee of my office. But if the Senator is assuming that Senators are afraid to vote their convictions upon evidence because some union officials object to the appointment of a man, I want to say to him that there is one Senator here who is not afraid to vote his convictions, regardless of that sort of a statement.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, before I yield to the Senator from Montana, I want to say to the Senator from Virginia that I am not making any such representation at all. I will say to him, however, that I do not believe that he would himself favor any man becoming a member of a union and using his knowledge and the benefits he had derived from that union to destroy it. The Senator would not approve that, and I do not believe there is any organization on earth

that would approve it. I think what I have said would indicate to the Senator that I am not saying he should vote on this question because a man was or was not a union man.

Mr. GLASS. That has been the whole tendency of the Senator's speech.

Mr. LONG. I yield to the Senator from Montana.

Mr. WHEELER. As I gather the argument of the Senator from Louisiana, his position is not that in occupying the office he has occupied Mr. Moore was unfriendly to labor, but, in effect, that while he was holding a position of trust with the union he got them to sign a certain contract, and afterward he took advantage of his position of trust to betray the union.

I do not care whether he did it in a union or whether he did it in any other organization; a man who would do that, whether it was to a union, whether it was to a fraternal organization, or to any other organization, in my judgment, would not be fit to hold the position for which Mr. Moore has been nominated.

Permit me to interrupt the Senator further by saying that it seems to me we are presented with a very peculiar situation. Not only do we have one Senator from the State objecting to the confirmation, but both Senators from the State are objecting to the appointment and confirmation of the nominee to the position of collector.

The Senate has on numerous occasions voted against confirming a man when he was stated to be personally obnoxious to one of the Senators and the other Senator from the same State favored him. I recall distinctly that in this body some years ago the late Senator Cummins, of Iowa, favored the confirmation of a certain man from the State of Iowa. Senator Brookhart took the position that the man was personally obnoxious to him; and by reason of the fact that Senator Brookhart took that position, and stated his ground, the Senate, notwithstanding the pleas of Senator Cummins, voted not to confirm the man's nomination.

Mr. President, I know nothing about the present controversy. I wish, however, to make the statement that if a Republican Senator were to state that the President had appointed someone from his State who was personally obnoxious to him, I would vote against his confirmation; and I am going to do the same thing with respect to Democratic Senators who protest and say that a certain nomination is personally obnoxious to them.

I should expect Senators to do the same with me if I rose in the Senate and asked them to vote against a man who was personally obnoxious and offensive to me. I never have had occasion to do it, and I hope I never shall have occasion to do it; but if I were to do so I should certainly expect the Members of this body to have the courage to vote against confirmation under those circumstances.

In view of the fact that both Senators from the State say they do not want this man confirmed, that he is offensive to them personally, and that he is not fit for the position, I think the Senate of the United States owes it to itself, to its own dignity, not to confirm such a nomination.

Mr. GLASS. Mr. President, I can readily understand the position stated by the Senator from Montana [Mr. WHEELER] in respect to any Senator who may observe that rule. That is not what I am talking about at all. Had the Senator from Louisiana contented himself with making that statement, it would have been one thing; but the whole tenor of his remarks in the Senate, as it seems to me, has been that the Senate of the United States should subordinate its judgment on the qualifications of a man to certain union officials because they write letters against him.

There are letters against this nominee, and there are letters in favor of him. If they asperse his character, if they exhibit the man as unfit for the position, no Senator ought to vote for him; but unless they do that, every Senator ought to exercise his own independent judgment about the matter.

Mr. WHEELER. Mr. President, I agree entirely with the Senator from Virginia. I do not think we ought to turn down the nomination of someone simply because someone else writes in and says that he thinks the candidate is not

fit for the position. In addition to what has been stated, however, with reference to the labor officials saying that in their opinion the candidate is unfit by reason of certain acts, which to my mind show that the man is not the kind of a man who ought to hold public office, both Senators from the State say they are opposed to his confirmation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, I do not have time to yield further. I desire to complete my speech.

Mr. COUZENS. Mr. President, will the Senator from Louisiana yield to me for a suggestion?

Mr. LONG. I yield.

Mr. COUZENS. Being a member of the Finance Committee who voted to report this name favorably, I am disturbed about the statements that have been made on the floor about this man Moore's associations with Sullivan and other men of that type in New Orleans. Furthermore, I am disturbed by the charges made on the floor of the Senate about transferring employees from one office to the other, and participating in conducting business connected with the office of the collector of internal revenue in New Orleans. I am wondering if the Senator from Kentucky, who was chairman of the subcommittee, will not agree to have this name go back to the subcommittee in order to give the subcommittee an opportunity to verify or disprove those statements.

Mr. BARKLEY. Mr. President, I think the Senate ought to understand exactly the course that was pursued by the subcommittee with reference to this hearing.

The nomination was sent to the Senate the first week in January, if I recall correctly. When it came before the full Finance Committee, the Senator from Louisiana [Mr. LONG] appeared and objected to the confirmation of Mr. Moore. Thereupon a subcommittee was appointed, composed of the Senator from Pennsylvania [Mr. REED], the Senator from Virginia [Mr. BYRD], and myself. I was named as chairman of the subcommittee.

Diligent efforts were made to set a time for a hearing. Of course it was assumed that the Senator from Louisiana, having objected to the nomination, would assume the responsibility of showing the subcommittee why it ought not to be favorably reported. I think some 2 or 3 weeks' notice was given of the date fixed for the hearing. The Senator from Louisiana told me in private conversation that he would have numerous witnesses to sustain his objection, and that he had them ready in Washington.

When the hearing was had, and we met in the committee—

Mr. LONG. Mr. President, I must ask the Senator if I may correct a statement he made. I think I told the Senator that there were witnesses who desire to appear; not that I had witnesses. I had been asked to make appointments for witnesses.

Mr. BARKLEY. I think the Senator told me that they were in town at that time.

Mr. LONG. No, Mr. President; that is not correct.

Mr. BARKLEY. If I am mistaken about that, it is not material.

On the day when the subcommittee met to hear the Senator from Louisiana, instead of his being there in person, after 2 months of negotiations in an effort to fix the date, and after all the strenuous objections he had made to the nomination, the Senator himself did not appear, but sent a letter of about three lines stating that he, personally, objected to the nomination.

I did indicate, as the record will show, that in view of all the Senator's activity, the request for hearings, and postponements, and the statements of what he intended to prove and how vigorous he was against the nomination, he lacked consideration for the subcommittee in sending a letter instead of coming himself. I felt that way about it then, and I feel that way about it now.

The subcommittee went ahead and heard the witnesses who appeared. The subcommittee heard Mr. Smith, who is a sort of an honorary member of some Louisiana labor organization, and, I doubt not, has done yeoman service in behalf of organized labor. Just as we were about to com-

plete the hearings, a little after 12 o'clock, after having been in session for 2 hours, the Senator from Louisiana showed up in the room where we were deliberating. He did not make any statement to the subcommittee; he did not produce any witnesses, but he cross-examined Mr. Moore, undertaking to prove by Mr. Moore that he did not speak to him. He could not prove that Mr. Moore did not speak to him, however, because in the presence of the subcommittee Moore not only spoke to the Senator from Louisiana but told him that the last time he saw him was in a hotel in New Orleans, and that the Senator from Louisiana then patted him on the back and said, "Hello, Dan!"

Mr. LONG. And I said that was false.

Mr. BARKLEY. The Senator said that was false.

Mr. LONG. Of course, Moore is telling the truth, when the supreme court says he is not worthy of belief.

Mr. BARKLEY. That is all that the Senator from Louisiana did with respect to the hearing before the subcommittee. He did not produce any witnesses. I did not know, until the Senator made his speech today, that there was some man there with Mr. Moore. The Senator from Louisiana did not ask Mr. Sullivan concerning any of the things he has been speaking about today. He did not tell the subcommittee about any of those things. He said that he knew Sullivan when he supported the Senator from Louisiana for governor, and yet he did not present this evidence to the subcommittee, but waited to do it on the floor of the Senate, where it is not a part of the record of the committee.

Mr. President, I am not willing to agree to returning this nomination to the Committee on Finance. If the Committee on Finance wants to have it returned, it can be done, but without my consent. If the Senate wants to send the nomination back to the Committee on Finance, it can do so; but under the circumstances I shall not agree to any further delay, so far as I am concerned, in the consideration of this nomination.

Mr. COUZENS. Mr. President, will the Senator from Louisiana yield to me to make a motion to return the nomination to the Finance Committee?

Mr. LONG. I yield.

Mr. HARRISON. Mr. President, before the Senator does that, permit me to say one word. I was called to a conference, and did not hear all the proceedings. Was any suggestion made to send the case back to the committee?

Mr. BARKLEY. Yes; the Senator from Michigan [Mr. COUZENS] has risen in his place and asked the Senator from Louisiana to yield to him while he propounded to me an interrogatory asking if I am willing to have the nomination sent back to the Finance Committee. My answer is that I am not.

Mr. HARRISON. Mr. President, I hope the Senator from Michigan will make no such motion. He has heard the Senator from Louisiana speak in the Senate since 2 o'clock. There are others of us who desire to express ourselves touching this matter; and I am sure that after all the argument is made the Senate will not conclude that the case ought to go back to the committee. Everyone has had ample opportunity to be heard before the subcommittee, and it would be perfectly useless for the case to go back.

Mr. COUZENS. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. I yield.

Mr. COUZENS. While the Senator from Mississippi was out of the Chamber I made the suggestion that the Senator from Louisiana had made a great many charges with respect to the connection of Mr. Moore with a Mr. Sullivan, who, the Senator from Missouri himself admits, is a gambler and a bad man. The Senator from Louisiana has read into the record messages from Louisiana to the effect that Sullivan's office staff has been transferred to the office of the collector of internal revenue, and that the same staff is working in both places.

When the Senator from Kentucky and the subcommittee submitted this matter to the full Committee on Finance I joined with the Senator from Kentucky and the Senator from Mississippi in voting to report the nomination favor-

ably; but I submit that the members of the Senate committee who voted favorably on the nomination are entitled to have the facts with respect to the charges made by the Senator from Louisiana and not to have it go by default on the floor of the Senate.

Mr. BARKLEY. Mr. President, the Senator, I think, will agree that the charges referred to are anonymous; that they have come to the Senator from Louisiana while he has been speaking since 2 o'clock; that they came to him over the telephone from some anonymous source.

Mr. LONG. No, sir.

Mr. BARKLEY. Are we to send back the nomination to the committee upon the basis of charges made by a Senator long after the hearings are concluded, long after the time set for the hearings, when he did not open his mouth when the hearings were in progress?

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. LONG. Mr. President, the charges are not anonymous.

Mr. COUZENS. Mr. President, I should like to say to the Senator from Kentucky that if the Senator from Kentucky would have the nomination recommitted for lack of evidence or on account of some new evidence that seems to have been injected into the controversy, I would not resist having it go back to the committee.

Mr. BARKLEY. I will say to the Senator if I, in my capacity as a Senator, were to make the statement that the nomination was objectionable to me personally or for any other reason, and a subcommittee were appointed or the full committee were designated to hold a hearing upon my objection, I would feel it my duty to the Senate, out of respect to the subcommittee, and out of respect to the committee, and out of respect to the Senate, to register my objections at the hearing, so that the Senate might read them; and I would not wait until the nomination came on to the floor of the Senate, when, acting under the cloak of immunity here, all sorts of charges may be made, and when the man against whom they are made has not any voice on the floor of the Senate or anywhere else and cannot refute those charges.

Mr. WHEELER. Mr. President, let me call the attention of the Senator to the fact—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. Let me call the Senator's attention to the fact that never, to my knowledge, has a Senator ever been required to specify his objections in the Senate. As a matter of fact, as I said when the controversy was pending here between former Senators Brookhart and Cummins, all that Senator Brookhart did was to get up and say that the man who was nominated was personally objectionable to him, and Democrats on this side and Republicans on the other stood up and turned the nomination down.

Mr. BARKLEY. Mr. President—

Mr. WHEELER. I will ask the Senator to allow me to finish my statement. The Senator from Louisiana, under the rules of the Senate, had a perfect right, as a matter of fact, in my judgment, to feel, when he filed a statement saying that the nominee was personally objectionable to him, that it would not be necessary for him to go before the committee and disclose all the facts and circumstances as to why he objected to him. The Senator from Kentucky has been in politics long enough to know that many times a man may be absolutely objectionable to him for many reasons and yet he would dislike to stand upon the floor of the Senate and go into details as to why the man was personally objectionable to him.

Mr. BARKLEY. The Senator, I will say—

Mr. LONG. Mr. President, just a minute. I am not going to yield just now; I am going to answer one or two of these statements before I again yield the floor.

Mr. GLASS. Mr. President—

Mr. LONG. I will yield a little later.

The PRESIDING OFFICER. The Senator from Louisiana declines to yield.

Mr. LONG. I want to state, in reply to the remarks of the Senator from Kentucky [Mr. BARKLEY], that the Senator has forgotten his facts. If the Senator will inquire, he will find that another committee had engaged my attention at the time the Judiciary Committee met. The Senator from Utah [Mr. KING] had specifically demanded that I be at the Judiciary Committee meeting on that morning. I had been there time after time trying to get some disposition made of a matter upon which a report was submitted to the Senate in my absence the other day.

Furthermore, I must say I was astounded at the attitude of the Senator from Kentucky. I had heard the Senator from Pennsylvania [Mr. REED] stand on the floor of the Senate and say, when the Senator from North Carolina [Mr. BAILEY] objected to the confirmation of a nomination for United States attorney in North Carolina, that if a Senator would take the personal responsibility of saying that the nomination was personally objectionable, that ended the matter. I went before that committee and tried to put my objection in those words, since I knew that the Senator from Pennsylvania, one of the members of the committee, and the Senator from Kentucky [Mr. BARKLEY] had voted with me to reject the other nomination last year, I thought that that would be the end of the matter.

So far as the statement is concerned that the charges against Mr. Sullivan are made under immunity, let me say that they are not half what I have said about him on every stump in the State of Louisiana, and they are not worse than the charges the newspapers have printed about him, as to which the Senator from Missouri has been kind enough to step up and say that from his knowledge of him he agrees with what I have said; and he has been down there.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. LONG. Just a moment. I want to have a little time. I have the floor.

The PRESIDING OFFICER. The Senator from Louisiana declines to yield.

Mr. LONG. Let me talk awhile; just give me half a chance.

Mr. BARKLEY. In view of the fact that the Senator hardly ever gets a chance, I will let him have one.

Mr. LONG. Very well; I thank the Senator.

There has been no advantage taken of Mr. Sullivan. I tried to do the very thing the Senator from Kentucky has suggested. I tried to bring nothing into this Record that would be offensive. I did not want to bring my position out and bring Sullivan in at all. I tried to take the responsibility. I knew I had justifiable grounds. I know the man. I have had Sullivan tell me that he wrote the ticket for Moore when Moore was running the Times-Picayune; that the Times-Picayune broke every precedent and put out this ticket as Sullivan handed it to Moore when he was on the Times-Picayune. Sullivan has told me that. I knew what this man was. I knew what Sullivan tried to have me make Moore when I was Governor of that State. I knew how he controlled him, and I knew Sullivan. I was willing to take the responsibility, and I did take the responsibility under the precedents of the Senate; but, to my surprise, the Senator from Kentucky and the Senator from Pennsylvania thought otherwise. One or two of the members of the committee thought I should have made some showing about the matter.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield to the Senator.

Mr. BARKLEY. In view of the fact that the Senator now says he knew of this stuff about Sullivan at the time the hearing was in progress, and in view of the fact that the Senator knew that there was to be a hearing as to this man's qualifications, and knew that Mr. Sullivan was there, and in view of the fact that the Senator knew that Mr. Smith was going to testify before us as to this man's activities 20 years ago in connection with a strike in New Orleans,

does not the Senator think that he owed it, as a matter of courtesy, to the subcommittee to present to it any facts that had any bearing or might have any bearing upon this nomination, and not leave the committee to come here with a report, a unanimous report not only from the subcommittee but from the full Finance Committee—and it is here—without bringing to its attention so that it might inform the Senate what he knew at the time we had the hearing?

Mr. LONG. I will take either ruling the Senate wants to make, if the Senate will just tell me which one. First, if the Senate says I should take the responsibility and not try to justify my position, then I will stand on that ruling; and, second, if the Senate will tell me I must justify it, I will stand on that ruling; but do not try to catch me between the two horns of the dilemma, with the Senator from Pennsylvania saying, "If you attempt to justify it, then, that makes me a judge of the matter"; and another Senator saying, "If you do not justify it, then, there is no ground for rejecting the nomination." I will take either one that is desired.

If I am told to justify the charges, there is not any question about it. I have read from the newspapers, and another Senator on this floor tells what he knows about it. The charges are not anonymous. I knew these facts before I left New Orleans; I telephoned down there and had them checked up by many good, responsible, reliable citizens of that city.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. LONG. Yes, sir.

Mr. BARKLEY. I am sure the Senator will give me a frank reply to this inquiry—

Mr. LONG. I will try to do so.

Mr. BARKLEY. Is it not true that the Senator stated that he proposes to make objection to every nomination made by President Roosevelt for office in Louisiana in connection with which he was not consulted?

Mr. LONG. I have not made any such statement, and I do not make any such statement now.

Mr. GLASS. Mr. President—

Mr. LONG. Let me complete the answer; then I will yield to the Senator from Virginia. I have not made such a statement. Unfortunately, Mr. President, the President has sent in two appointments that no white politician or black politician could fail to call attention to in the Senate. Unfortunately, most unfortunately, in connection with this appointment there was another appointment sent here for United States attorney whose name appears on a prospectus in a swindling scheme throughout the United States, through which \$6,000,000 were filched, largely from poor people, who were robbed of everything they had, under a representation that they were building a bridge connecting a United States highway when, as a matter of fact, they were building one to compete with a bridge on a United States highway. I had to oppose that appointment.

I am sorry the Senator brings in anything about the Roosevelt matter. This question cannot be settled on that basis, because this man Sullivan was a member of the delegation opposing Roosevelt at the Chicago convention. Sullivan got up a rump convention; it was his crowd that was at Chicago to unseat me and all other Roosevelt delegates. So let us not drag that issue into the question at all. I do not urge that as a point. Of course, we gave our money and have not got any left and Sullivan gets the jobs. But that is not the point. I am just presenting the facts in whatever light the Senate may want to view them.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Virginia?

Mr. LONG. Yes, sir; I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I quite agree with the Senator from Kentucky [Mr. BARKLEY], and appreciate his feeling that his subcommittee was not treated courteously or fairly in this matter. I also agree with the Senator from Michigan [Mr. COUZENS], now that grave charges have been

made, without, however, any adequate testimony to sustain them so far, in my judgment, the nomination ought to go back to the committee and let the Senator from Louisiana appear before the committee and substantiate his charges. The charges he has made so far do not appeal to me at all. The idea of talking about defeating the confirmation of a nomination for collector of internal revenue because he was a "tramp" printer is most astonishing to me. Benjamin Franklin was a "tramp" printer.

Mr. LONG. I have not objected to the nomination on that ground.

Mr. GLASS. And if I could not have gotten work in my town, I would have been a "tramp" printer, because tramp printers go up and down, getting work wherever they may. That is not an adequate charge to lodge against the confirmation of a man nominated to be collector of internal revenue in New Orleans or anywhere else.

If the Senator from Louisiana can substantiate his charges that this man is an intimate associate of gamblers and that gamblers have placed in this office unworthy men, I think the Senate ought to know that. If the Senator from Louisiana can go before the committee and substantiate that charge, I think the committee ought to hear him. But I think the Senator from Louisiana ought to have gone before the committee long ago and substantiated that charge if he could prove it.

Mr. HARRISON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. In just a moment. I want to say that I agree with all the Senator from Virginia has said. We are prepared to make proof on any notice. I want to state to the Senator from Virginia that I am not objecting to the man because he was a "tramp" printer. I was once a real tramp printer. I walked from Oklahoma City to Norman, 18 long miles, with the thermometer hanging at zero, without a nickel in my pocket, when I was a "tramp" printer.

Mr. GLASS. Then why does the Senator keep on deriding tramp printers?

Mr. LONG. God knows I never used the term or referred to them in any but a proper way. I have stood by the men who helped me in those days, but here this rascal has turned on them and used the knowledge he gained to destroy them after he was in a position to do so.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. I hope that Senators here present will not conclude from what the Senator from Louisiana has just stated, or from anything he has said about Mr. Moore in this connection, that there is not another side to this question. I should like to have Senators hear the other side. I do not desire to present that side to the Senators if they want to send the nomination back to the committee. But whether it is sent back or whether it is not sent back, I ask Senators to be fair-minded enough not to conclude from what the Senator from Louisiana has said that this man is anything like as black as he has been painted by the Senator from Louisiana.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. COUZENS. I desire to make a motion, in view of the uncertainty that is in many minds, that the nomination be sent back to the Finance Committee for further hearings. I now make that motion.

Mr. HARRISON. Mr. President, the motion is debatable, of course.

Mr. COUZENS. Oh, yes; it is debatable.

Mr. GLASS. Mr. President will the Senator yield?

Mr. LONG. I yield.

Mr. GLASS. I quite agree with the Senator from Kentucky. If he is prepared here on the floor of the Senate to controvert the charges made by the Senator from Louisiana, then I think the Senate ought to hear him.

Mr. BARKLEY. I am not prepared to controvert the statement that this man Moore is an associate of Mr. Sullivan or that Mr. Sullivan is a divekeeper. I know nothing about it. There never was any intimation until today that any such charge would be brought forward. Of course I cannot answer a charge I never heard of before about a man I never saw but once and did not know him then. I was not informed by the Senator from Louisiana who he was.

Mr. HARRISON. Mr. President will the Senator from Louisiana yield to me now?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. If there ever was a committee that showed consideration and patience in the matter of a nomination, it was the Finance Committee with reference to this question. We tried to be agreeable. We tried to suit the convenience of the Senator and to comply with his wishes with reference to the hearing. The Senator from Kentucky [Mr. BARKLEY] has already stated how the Senator from Louisiana came in at the eleventh hour. There was nothing in the evidence that showed any connection between Mr. Sullivan and Mr. Moore with reference to race tracks and all that kind of business, of which I know nothing.

Here are some of the questions which the Senator from Louisiana asked of Mr. Moore when the Senator came in at the eleventh hour:

Senator LONG. You were appointed there through Colonel Sullivan, weren't you?

Mr. MOORE. No, sir.

Senator LONG. You were not?

Mr. MOORE. No, sir; had nothing to do with it.

Senator LONG. Were you ever affiliated with Colonel Sullivan in any of his race tracks down there?

Mr. MOORE. No, sir.

Senator LONG. You never were?

Mr. MOORE. No, sir.

Senator LONG. You were not on any of his boards?

Mr. MOORE. No, sir.

Senator LONG. You were not connected with any of the clubs he ran there in connection with his race tracks?

Mr. MOORE. No, sir.

Senator LONG. When your appointment was made, it was given out in statements that you were appointed as an anti-Long man there, wasn't it?

Mr. MOORE. Here?

Senator LONG. No; in New Orleans.

Mr. MOORE. You mean to this office?

Senator LONG. I mean, it was heralded out to the public press, with your knowledge, consent, and sanction, that you were appointed as an anti-Long man?

Mr. MOORE. I am not responsible for what the press says, Senators, because I had no connection whatever with the press.

Senator LONG. You knew that, though? It was given out in the statements that you were appointed there, on the ground that you were persona non grata to HUEY P. LONG?

Mr. MOORE. That was not the reason. It was because I was persona grata to the administration.

Senator LONG. You say it was not given out, and you did not help give that out?

Mr. MOORE. I did not give that out.

Senator LONG. Of course, you know that you are a personal enemy of mine, and have been for many years?

Mr. MOORE. No, sir; I do not know that.

Senator LONG. You know that we do not even speak—that is true, isn't it?

Mr. MOORE. No, sir; no, sir. The last time I met you I spoke to you. I was in Baton Rouge, when the legislature was in session. I stopped you and introduced my son to you, and you spoke to me very pleasantly.

Senator LONG. How long ago has that been?

Mr. MOORE. That is about a year and a half ago.

Senator LONG. Why go back a year and a half ago? Why not refer to the time you were in the Roosevelt dining room, when Mr. Charles Hamilton was there, when Mr. Hamilton spoke, and you did not speak to me and I did not speak to you?

Mr. MOORE. No; I spoke to you, Senator.

Senator LONG. You did?

Mr. MOORE. On all occasions. The last time the Senator addressed me, he slapped me on the back and called me "Dan", and said, "Hello."

Senator LONG. That is false.

Mr. MOORE. I did not stand up and shake hands with him, as the gentleman next to me did, but I spoke to him.

Senator LONG. I deny that. That is absolutely false.

Mr. MOORE. I can prove that.

Senator LONG. That is positively untrue.

[Laughter.]

Mr. Moore was asked questions about it, as what I have just read discloses. We went into it as fully as we could. I submit to Senators that they ought not to make up their minds without hearing the other side. The junior Senator from Virginia [Mr. BYRD] was a member of the subcommittee which heard this matter. The Senator from Pennsylvania [Mr. REED] and the Senator from Kentucky [Mr. BARKLEY] were members of the subcommittee. I sat in with the subcommittee.

Why refer the nomination back to the committee? Let us settle it here. If the Senate does not want to confirm him, all right, but let us hear the matter through. Let us not make up our minds simply because a Senator is argumentative and in his speech here for the first time brings out these charges. Let us have the other side. Senators do not know that the Typographical Union of Fort Worth, where Mr. Moore worked on the Fort Worth Star for 2½ years, endorsed him.

Mr. LONG. The Senator has read a little statement. There was no discourtesy shown the committee. On the other hand, the Senator from Mississippi knows a good deal more about this, I am afraid, than he is saying on the floor. I do not believe the Senator from Mississippi doubts for a moment that I will prove everything by sworn testimony that I have said on the floor here today.

Mr. HARRISON. The Senator had every opportunity to prove it before the committee.

Mr. LONG. Does not the Senator from Mississippi know John P. Sullivan?

Mr. HARRISON. I know him.

Mr. LONG. Does not the Senator know that he is a gambler down there and always has been?

Mr. HARRISON. No; I do not.

Mr. LONG. Then the Senator from Mississippi is the most ignorant man that ever lived 20 miles from New Orleans. [Laughter.]

Mr. HARRISON. I may be very ignorant, but I do not know all the gamblers around New Orleans.

Mr. LONG. Does the Senator read the newspapers?

Mr. HARRISON. I know the charges the Senator has made.

Mr. LONG. They are in the newspapers. Let the Senator look at the newspapers. I have read from both of the newspapers here, and they both say he is a low-diver. It has never been questioned down there.

Mr. HARRISON. May I say to the Senator—

Mr. LONG. Let me tell the Senator about this matter.

Mr. HARRISON. Mr. Sullivan is not on trial here, is he?

Mr. LONG. I have shown here that Sullivan has transplanted his office into the Office of the Collector of Internal Revenue, and the office force work part of the day in his office and part of the day in the Office of the Collector of Internal Revenue. No; the Senator does not want sworn testimony. He knows it will come out if I ever get this matter back to the committee.

Mr. HARRISON. The Senator had every opportunity before the committee.

Mr. LONG. Talk about not being able to prove anything! The Senator from Kentucky [Mr. BARKLEY] said he does not know that Bradley is a gambler. Whenever the committee goes into this thing in the right way, I will prove that he is Sullivan's partner and runs the Casino and dives from one end of the country to the other, and that he is running this office with it all.

Mr. BARKLEY. Will the Senator prove it by his own personal knowledge?

Mr. LONG. I will prove it with evidence that is just as good as it can be. I have not been in there myself. However, I will go down there and go into it, if the Senator wants me to do so. Send me down there, and I will go there tonight. Let the Senate tell me to do it, and I will go down there and place a bet tonight; and I will lose the bet, too. [Laughter.]

Mr. COUZENS. Mr. President—

Mr. LONG. I yield to the Senator from Michigan.

Mr. COUZENS. The trouble with the Senator from Mississippi [Mr. HARRISON] is that the Senator from Mississippi did not stay in here and hear the charges. Those of us who stayed here and heard all the charges and the statements read by the Senator from Louisiana may have been entirely differently impressed than was the Senator from Mississippi.

The Senator from Mississippi comes in here and opposes a motion for recommitment after not having been here and heard all the charges that were made. I think the charges are serious. If it be true that the Senator from Louisiana has been as negligent and as disrespectful as is charged—and I am not here to defend the Senator from Louisiana—that does not excuse this body from getting all the facts charged here this afternoon. The fact that the Senator from Louisiana may have been negligent or discourteous to the subcommittee will not excuse this body for confirming a man in the face of these charges.

Mr. LONG. I was not negligent, I will say to the Senator.

Mr. COUZENS. Well, let us admit that the Senator was; and I think he was.

Mr. LONG. I was not.

Mr. COUZENS. Nevertheless, that does not excuse this body for confirming the nominee under these circumstances.

Mr. LONG. I will ask the senior Senator from Utah [Mr. KING] if I was negligent. He knows where I was. The Chairman of the Judiciary Committee [Mr. ASHURST] knows where I was.

Mr. BARKLEY. Mr. President, did the Senator apprise the Senator from Utah that he had for 2 months been negotiating for a date upon which he should make personal protest against the nomination and ask the Senator from Utah to postpone the Judiciary Committee meeting in order that he might appear before the other committee; or did the Senator's presence before the Judiciary Committee indicate that he thought that hearing was more important than the hearing we were holding on a matter in which he was personally interested?

Mr. LONG. That statement is not correct, and the Senator will agree with me that he did not postpone this hearing 2 months for me. He postponed it more than 1 month for Moore.

Mr. BARKLEY. I postponed it 1 month for the Senator from Louisiana.

Mr. LONG. Once for me and once for Moore. I protested against Moore having his month, but the Senator gave Moore the other month. They did postpone it for me 3 or 4 weeks, and I thank the Senator for doing so. It was not an unusual thing; but the Senator from Utah had a matter that he had been trying to get the committee together on for a year, and he finally got them together. I am not responsible for the failure of a quorum to appear. I attended every time the Senator from Utah called his committee together. I showed up every time, but he never could get his quorum. Instead of talking about my being negligent, if everybody attended as many of these committee hearings as I did there would not be many people charged with negligence. I show up, I think, at more of these committee meetings than the majority of Members of the Senate do.

I said to the committee—the Senator from Kentucky has forgotten it—"I am sorry I had to attend the meeting of the Judiciary Committee." Here it is, in my statement to the committee. I said, "I have done the best I could. I addressed you a letter. That is all I could do."

Mr. WHEELER. Mr. President, regardless of whether the Senator from Louisiana was negligent or whether the statement made by the Senator from Kentucky is correct—and I am inclined to agree with the Senator from Michigan [Mr. COUZENS] that probably the Senator from Louisiana was negligent in not being there—it seems to me that is beside the issue. If these charges are true, then the man ought not to be confirmed as collector of internal revenue. If they are not true, and both Senators from the State object to him on the ground that he is obnoxious to them, in my judg-

ment he ought not to be confirmed. But the very least the Senate can do in the face of these charges, it seems to me, is to hear the evidence and ascertain whether or not the charges can be substantiated by evidence.

Mr. LONG. I am willing to have the nomination recommitted.

Mr. COUZENS. Let us have the question put on recommitment.

Mr. HARRISON. No, Mr. President; before we do that the other side should be heard. I will ask the Senator from Michigan if he is not willing to have that done.

Mr. COUZENS. Of course, I have no objection to the Senator from Mississippi being heard; but he was out of the Chamber when all this testimony was submitted, and now he walks in here and opposes the recommitment without hearing the facts.

Mr. HARRISON. No; I am sorry that the Senator's eyes have become dim.

Mr. LONG. I want the Senator from Mississippi to defend John P. Sullivan—

Mr. HARRISON. Just a moment. I have the floor. The Senator took the floor away—

Mr. LONG. I want to answer the Senator from Michigan.

Mr. HARRISON. Just a moment, and I will give the floor to the Senator from Louisiana.

Mr. LONG. I want the Senator from Mississippi to defend John P. Sullivan here if he can.

Mr. CLARK. Mr. President, a point of order.

The PRESIDENT pro tempore. The Senator from Missouri will state it.

Mr. CLARK. The point of order is that the Senator from Louisiana yielded the floor to the Senator from Michigan for the purpose of making a motion, which the Senator from Michigan made. That motion is debatable. The Senator from Mississippi claimed the floor in his own right, and now has the floor.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. LONG. That is not a correct statement of the facts, Mr. President. I yielded for an interruption in my remarks.

Mr. HARRISON. I want the chairman of the subcommittee, who made the unanimous report on this nomination, to tell the committee and the Senate what happened.

Mr. LONG. Go ahead and take the floor.

Mr. HARRISON. May I say to the Senator before I finish, however, that I have made no attempt to defend Mr. John P. Sullivan. I know nothing about Mr. John P. Sullivan. I heard it stated here that he and the Senator from Louisiana were the "gold-dust twins" in the campaign for Governor down in Louisiana, but that now they have been weaned apart. I do not know anything at all about Mr. Sullivan, but I do think the Senate ought to know what the facts are with reference to this nomination.

Mr. LONG. All right.

Mr. HARRISON. Nothing has appeared in the hearing that connects Mr. Moore and Mr. John P. Sullivan. It is quite true that Mr. Sullivan today, because he supported the Democratic ticket down there, and he was opposed to the Long ticket, I think stands in some favor with the administration. I do not suppose there is any doubt about that.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. He did not support either Roosevelt or the Democratic administration.

Mr. HARRISON. Well, I do not know.

Mr. LONG. That shows just how little the Senator from Mississippi knows about it.

Mr. HARRISON. I accept what the Senator says about the matter. I do not know. I imagined that he was a Democrat, because I did not know there were many Republicans in Louisiana. At least I have been led to believe that he was a Democrat. I do not know; but we ought to have all the facts before this matter goes back to the committee.

Mr. COUZENS. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. Yes; I yield.

Mr. COUZENS. The Senator from Kentucky [Mr. BARKLEY] explained at all of the hearings the negligence of the Senator from Louisiana. That is all in the record. I think the Senator from Kentucky will agree that he has said everything that is to be said on the subject, and I think the Senate will agree that the Senator from Louisiana was discourteous, or, at least negligent, in not appearing before the Committee on Finance.

Mr. LONG. Please do not convict me of that yet.

Mr. COUZENS. I still insist, however, that that is not the issue. The issue is that the Senator from Louisiana, one of our colleagues, whether you like him or not, has made serious charges about the connection of this nominee with an alleged gambler and an alleged crook. It is alleged that he stacked his office; and the Senate is asked to confirm a man in the face of those charges, when the charges never have been investigated.

I submit that this nomination ought to go back to the committee for a proper hearing of the charges.

Mr. BARKLEY. Mr. President, I have no desire to make any statement that I do not think ought to be made at this time in justice to Mr. Moore.

Very wild and very extravagant charges have been made here today by the Senator from Louisiana [Mr. Long], who, after 2 months of delay, did not make them before the subcommittee appointed to consider this nomination. I think the real Mr. Moore ought to be stood up here for just a moment, in order that the Senate may not be prejudiced against him because of what the Senator from Louisiana has said; and after I have made a brief statement about Mr. Moore the Senate can do as it pleases with reference to the motion to send this nomination back to the Finance Committee. I am not concerned one way or the other, as to whether the Senate sends the nomination back or does not send it back, because I have no personal interest in the nomination; and it is not a very pleasant duty for a Member of this body to have to stand up here and oppose the effort of another Member of this body to defeat a nomination for an office when he, either in good faith or without good faith, makes the statement that it is personally obnoxious and objectionable to him.

Mr. Moore was appointed collector of internal revenue for the district of Louisiana some 6 or 8 months ago, while Congress was in recess. I do not know what efforts the Senator from Louisiana made to induce the President to appoint somebody else. I have no information whatever about that. I have not conferred with the President about the matter, and I have not been given any information with respect to that phase of it; but I am informed that Mr. Moore was appointed as collector of internal revenue after the Treasury had made a minute investigation of his character and his qualifications in Louisiana and in the city of New Orleans.

I am informed that while Mr. Moore's appointment was under consideration by the President it became known, of course, as it always becomes known that some outstanding man is under consideration for an appointment so important as that of collector of internal revenue. The newspapers have a way of finding out who is under consideration, and when it became generally known that Mr. Moore was under consideration for appointment to this position in Louisiana, an effort was made to build up a bad reputation or bad political connections on the part of Mr. Moore. Every item of his experience for 25 or 30 years was gone into and, with a fine-toothed comb, dragged out before the public.

What are the facts about this man Moore?

Years and years ago he went to New Orleans as a printer and obtained employment on the New Orleans Times-Picayune. By reason of his efficiency and his character he was promoted from time to time until he became managing editor of the New Orleans Times-Picayune. Most of that time,

during these promotions, he has been a member of the typographical union. He had been at one time an officer of the Typographical Union. I believe he had been president of the Louisiana State Typographical Union.

When Mr. Moore became city editor or managing editor of this paper all three of the newspapers in Louisiana became involved in a controversy over whether the foreman should be a member of the union or should not be. They had negotiations. Mr. Moore, according to all the testimony, was a hired man of the board of directors and operated under the direct control of the board of directors; but as a former member of the Typographical Union and as a friend of the Typographical Union he tried in every way he could, representing the ownership of the paper as managing editor, to compose the differences between these papers and the labor organizations. He was unable to do it. The members of the organizations went out on strike, and then these three newspapers took the matter entirely out of Mr. Moore's hands and appointed a referee, who was to carry on the negotiations between the three newspapers and the labor organizations.

The three newspapers entered into an agreement that none of them would accept any compromise that did not suit all of them, and that the referee who had been selected by them should have no authority to compromise the differences except in the presence of the representatives of all three of the New Orleans newspapers. The strike went on. It was never settled, and from that day until this the newspapers of New Orleans have been what are called "open-shop" newspapers.

Subsequently, Mr. Moore left the New Orleans Times-Picayune and went to Texas, and for nearly 3 years he was the managing editor of the Fort Worth Star. When he went to Texas he carried with him some of the very men who had worked under him in New Orleans, and who had been on strike, some of these union printers.

All of the employees in the composing rooms and in the pressrooms of the Fort Worth Star, working under Mr. Moore, were members of the Typographical Union, and when he severed his connection with that paper, and was about to leave, late one afternoon the head of the union in the composition room came in and told him they wanted to have him out in the chapel for a few minutes, and, without knowing what they wanted, he went out there, where, in the presence of every union printer on the Fort Worth Star, they passed resolutions of commendation and appreciation for the services of Mr. Moore while he was in charge of the Fort Worth paper. Since this controversy has arisen, that Typographical Union has passed a resolution endorsing him, and commending his service and his association with the union in Fort Worth.

Mr. Moore came back to New Orleans in 1925, and since that time he has had no connection with any newspaper of any sort. After he came back, because of his former association with the Typographical Union of New Orleans and because of his former association with the New Orleans Times-Picayune, he tried again to compose the difference between the newspapers and the Typographical Union and get the union printers back into all three of these papers in the city of New Orleans. He was unsuccessful in that effort, which he made voluntarily, because he was under no obligation to either side, for he had no connection any longer with either the newspapers or the Typographical Union.

Mr. LONG. Mr. President, is that the testimony of Mr. Moore?

Mr. BARKLEY. Yes; that is the testimony of Mr. Moore, and it is uncontroverted. It is also stated in a letter—

Mr. LONG. Will the Senator let me call attention to the fact that he is relying an awful lot on the contradicted testimony of a man on whom the Supreme Court of Louisiana commented for 103 pages?

Mr. BARKLEY. Yes; for 103 pages. I wish to say, in reference to that voluminous lawsuit to which the Senator has referred, that I am not familiar with all the facts. This thing happened nearly 20 years ago, and what little I have

learned about it is from hastily glancing through the decision, which it would take one a very long time to read.

It seems that a man named Dr. Pierson was the head of an asylum for the insane somewhere in Louisiana; I believe it was called the Jackson Insane Asylum. The New Orleans Times-Picayune, through one of its reporters, began the publication of articles undertaking to show mistreatment of the inmates of that asylum, and they made public a series of articles criticizing the management of that insane asylum by Dr. Pierson.

Dr. Pierson did have the New Orleans Picayune indicted for criminal libel, but the court held it had no jurisdiction. Then later he tried to get an indictment in the city of New Orleans, and was unable to do so. He then brought a civil libel suit, not against Mr. Moore but against the newspaper, and the style of the case is Pierson against the Times-Picayune, the defendant a newspaper, as everybody knows, in the city of New Orleans.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LONG. I am glad the Senator states that he does not remember the facts very well. It was not a reporter who started the investigation. The decision says that Mr. D. D. Moore, naming him, formed the conspiracy. That is stated in the decision.

Mr. BARKLEY. I do not know what the facts are.

Mr. LONG. Not only that, if the Senator will pardon me a step further, but they did everything they could to reach Moore. They indicted him, but he slipped out of the indictment on the question of jurisdiction. He was too strong an influence with the ring politicians in New Orleans for them to get him indicted, but he was condemned in every term a court could apply to a man. They said that his defense was perjury, and everything else that could be said about the whole outfit was stated in this decision.

Mr. BARKLEY. I do not know whether Mr. Moore, as managing editor, was trying to "get" Mr. Pierson or trying to crush him, and I do not know the facts about the management of the insane asylum; but we all know that newspapers very frequently perform a public service by sending their reporters to institutions as to which there are complaints, where there is mismanagement, and where there is mistreatment, and it may be that this reporter, whose name is given in the lawsuit as Mr. Leppert, may have overdrawn the picture.

I believe that as a result of that publication this man Pierson brought a suit against the Times-Picayune, and finally obtained a judgment of some \$2,500 for libel. But, be that as it may, that was 20 years ago, and the Senator from Louisiana did not even present the matter to the subcommittee that had this nomination under consideration.

Mr. LONG. Mr. President, I beg the Senator's pardon. I handed the decision to the Senate Finance Committee, told them what those holdings were, and I was astounded when the Senator from Kentucky had this nomination confirmed before those Senators could read the decision.

Mr. BARKLEY. I could not vote the nomination out. It was voted out unanimously, by all the members of the Finance Committee, Democrats and Republicans, and the Senator did not bring this matter to the attention of the subcommittee. He brought it in after the subcommittee had made its report and the full committee was about to vote. He came in again at the eleventh hour and called attention to this 103-page decision in a case involving criminal libel against a newspaper in New Orleans, and relied upon that to defeat the report of the subcommittee.

Mr. LONG. I had forgotten that this decision was in the books. I had personal knowledge of the suit. I had no idea that this decision, not having read it particularly, had all these things in it until I was wired from Louisiana and told about it. Then I hurriedly glanced through it, and I saw what it contained.

Mr. BARKLEY. So much for that lawsuit, and so much for the objection against Mr. Moore on account of his connection with the union.

The only man, really, who came before the subcommittee to testify with reference to this matter was a man by the name of Smith. I do not know Mr. Smith. I take it for granted that he is a good citizen of the city of New Orleans, or of the State of Louisiana; I do not know whether he lives in New Orleans or Shreveport or somewhere else. Three or four weeks ago, when the mayor of New Orleans was in Washington, and the newspapers were talking about how badly one or the other, the senior Senator from Louisiana or the mayor, was going to get licked as soon as they could reach each other, the newspapers described this Mr. Smith as the bodyguard of the Senator from Louisiana. He afterward denied that in a letter sent here and read, and I take it for granted that his denial was correct.

Mr. Smith came before the committee, and in the testimony there he said that 20 years ago, in 1914, Mr. Moore had put over on the printers of New Orleans a "yellow dog" contract. We all understand what a "yellow dog" contract is. There was not a scintilla of evidence before the subcommittee and there is not even now before the Senate any evidence that all during the time of Mr. Moore's connection with the New Orleans Times-Picayune there was ever such a thing as a "yellow dog" contract under consideration. That was not the controversy out of which the strike grew in New Orleans. The controversy was as to whether the foremen themselves should be members of the union or whether the newspapers might be allowed to employ foremen who were not members of any union.

Mr. Moore said he opposed vigorously any "yellow dog" contracts there or anywhere else. Then the effort was made to show that he carried a "yellow dog" contract to Texas with him and tried to put it over on the printers in Fort Worth. That is denied not only by Mr. Moore, but the resolution of commendation and of appreciation unanimously adopted in a letter given to him to carry away with him when he left Fort Worth in 1925, contradicts, I think beyond any discussion, the charge that Mr. Moore ever had anything to do with a "yellow dog" contract.

Mr. Moore testified before the subcommittee that he not only made every effort possible to compose the differences between the papers and the printers during the strike, but after it was over, when he had no connection with either, he said, "I am the friend of union labor, and I believe in it."

Mr. President, who is this man Moore? He has been back in New Orleans for something like 10 years. During a part of that time he has been in charge of the public library in the city of New Orleans, the public library, where women and children go for reading, where students out of school go in order to get books which they may take home and study in an atmosphere of refinement and education and enlightenment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LONG. Sullivan put him in there, and I had him kicked out of there. [Laughter.]

Mr. BARKLEY. I think, if that is true, that ought to be chalked up to Sullivan's credit.

Mr. LONG. I am the man who had him fired out. Sullivan put him in there.

Mr. BARKLEY. The Senator has been against him all the time.

Mr. LONG. I knew Sullivan's crowd was not fit to be with women and children, and I had him kicked out of there.

Mr. BARKLEY. The Senator was a mighty man in New Orleans!

Mr. LONG. Yes; when I had the power, that kind of a man did not "go" there.

Mr. BARKLEY. If the Senator had him put out, it was because of the power the Senator exercised as the Governor of Louisiana and not necessarily because Mr. Moore was not qualified to do the work of a librarian in the library of the city of New Orleans.

Mr. LONG. No; the way I had him put out was that when I was asked, as Governor, to help raise funds for that city,

I told them that until they kicked Sullivan and his crowd out I could not afford to have my administration identified with it.

Mr. BARKLEY. Was that before or after Mr. Sullivan gave a big banquet in New Orleans at which the Senator was the honor guest?

Mr. LONG. He never did that.

Mr. BARKLEY. I have been informed to that effect.

Mr. LONG. The Senator has been informed about a good many things.

Mr. CLARK. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. CLARK. Is it not a fact that 2 or 3 weeks after the Senator's nomination for Governor, in the spring of 1928, Mr. John P. Sullivan and Col. Robert Ewing got up a large banquet in New Orleans at which the Senator was the guest of honor?

Mr. LONG. That is not true; it was gotten up by Mr. James P. Butler and Mr. William P. Dillon and Col. Robert Ewing, and Sullivan was not even at the banquet, so far as I remember. But had he been, it would have been all right.

Mr. CLARK. I am not prepared to say whether or not Mr. Sullivan was at the banquet, but I happened to be in New Orleans at the time, and I happen to know that he was assisting in getting up the banquet.

Mr. LONG. Mr. President, the Senator from Missouri happens to know nothing about it, because his side was at that time fighting me. He was not at that banquet. His was the only crowd that did not get in on it.

Mr. CLARK. That, Mr. President, is perfectly true. There is no question about that.

Mr. LONG. Everyone else in Louisiana was in on that banquet, except that party.

Mr. BARKLEY. Mr. President, the Senator from Louisiana said that he had Mr. Moore kicked out of the library. I believe he is still the head of the crippled children's organization in New Orleans. Is that true?

Mr. LONG. I do not think that is true.

Mr. BARKLEY. Mr. President, I think it is.

Mr. LONG. I do not think so. How did he get that position?

Mr. BARKLEY. I do not know how he got it, but I suppose the politics of the State of Louisiana is not so corrupt and so crooked that an honest man cannot get a job now and then. I do not know who selected Mr. Moore as the head of the crippled children's organization of the city of New Orleans, but I do know that the testimony before the committee shows that for years he has been connected with that organization; that he has given of his time and of his money, without compensation, for the benefit of the crippled children in New Orleans. I do not think he ought to be impaled in the Senate because of the Senator's personal opposition, and a move made to brand him as a crook and as an associate of denizens of haunts of vice and of crooks simply because the Senator from New Orleans does not desire to have his nomination confirmed.

Mr. LONG. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I do not desire further to take the time of the Senate. I merely desired to present the side of Mr. Moore to the Members of this body. I know nothing about Colonel Bradley, except that he is a distinguished Kentuckian, with a large bluegrass farm, engaged in breeding race horses, and I never heard his integrity or his character questioned until the Senator did so today.

I do not know anything about the Casino in Florida, because that is the only State of the Union I have never been in. I do not know whether the Casino is a dive, or a place where men bet on horse races, or whether it is a place where they have pari-mutuel machines, or what it is. I will say to the Senator from Louisiana, however, that if he had done as much for unfortunate men in Louisiana, for unfortunate children and crippled children in that State, as Col. E. R. Bradley has done for them in Kentucky, he would have more to his credit than he has at this time.

Mr. LONG. Mr. President, I will say to the Senator from Kentucky that I have done more for the poor people in Louisiana than 40 Bradleys, and I have never caused the suicides that Bradley has caused. I have heard of many men who blew out their brains after coming out of Bradley's dive.

Mr. BARKLEY. Probably not all those who ought to, have blown out their brains in Louisiana.

Mr. LONG. I have bought coffins for those who blew out their brains after coming out of Bradley's dive.

Mr. BARKLEY. I do not know Mr. Sullivan, either. I do not know whether he is a partner of Mr. Moore or not; but I know that on the day when the Senator from Louisiana blew into the committee meeting when we were about to adjourn the meeting of the subcommittee, he saw Mr. Sullivan, if it was Sullivan. He saw Mr. Moore, who was testifying in his own behalf. He saw a third man sitting by the side of Mr. Moore; and the Senator from Louisiana marched down in front and proceeded to cross-examine Mr. Moore as to whether he had not been his enemy.

He never said to the subcommittee, "He has been backed by Sullivan." He never said to the subcommittee, "Here is a gambler and a dive-keeper who has brought this man in here and is now backing him." All that he did was to ask Mr. Moore a question or two as to whether he had not refused to speak to him; and Mr. Moore, in reply to that, said that it was not true. He also said that when the Senator from Louisiana was a candidate for Governor in Louisiana, he voted for him, but that he voted for Senator Ransdell against him when he was a candidate for the Senate. He also said in that testimony that he voted for the junior Senator from Louisiana [Mr. OVERTON] when he ran against the then Senator from Louisiana, Mr. Broussard, 2 years ago.

Mr. President, the junior Senator from Louisiana [Mr. OVERTON] enjoys the respect of us all. I desire to say that no new Senator who has come into this body has made a more favorable and a more profound impression upon the Senate for his dignity, for his poise, for his intellect, and for his character than has the junior Senator from Louisiana. I am glad to pay him that tribute, because I think he is entitled to it. I recall that after the hearing had been set before the subcommittee, I went to the junior Senator from Louisiana and asked him if he desired to be heard upon the nomination of Mr. Moore, and in the fair and dignified way which characterizes all his communications he said, "I am taking no hand in this controversy." I made that statement in the subcommittee, and it is in the record. I call on the Senator to say whether I am correct about that.

Mr. OVERTON. Mr. President, I certainly would be less than human if I did not appreciate the very kind and complimentary references that have been made to me by the Senator from Kentucky. I am very much pleased indeed to know that I enjoy his esteem, and that my course of conduct has met with his approval while I have been in the Senate, and I hope it will continue to meet with the approval of himself and other Senators.

Of course we may differ from time to time in our views of public matters. We may enter into heated debates with one another, but I hope I shall always conduct myself toward the Senator from Kentucky and toward the other Senators in this Chamber so as to command their respect and their esteem.

It is true, as the Senator from Kentucky has stated, that when he brought this matter to my attention, I told him that I was making no fight against Mr. Moore, or in substance made that statement, and that I was taking no hand in it.

Mr. President, let me make the additional statement that I understood that whenever a Senator from a State made an objection to the appointment of someone who was to discharge the duties of an office that was wholly intrastate, and based that objection upon the ground that the person named was personally obnoxious to him, the Senate respected that objection. Certainly, so far as I was concerned, as the junior Senator from Louisiana, out of courtesy to the

senior Senator from Louisiana, if for no other reason, I expected to respect his objection. Therefore I had an additional reason for not taking any part whatsoever in the controversy that arose in respect to this appointment.

I may go further and state that so far as Mr. Moore is concerned he is not personally obnoxious to me. I have had very little intercourse and association with Mr. Moore. As I stated a while ago when I was on the floor, I recall having some extended conversation with him some 10 or 15 years ago, and have occasionally met him from time to time since then. We are neither particularly friendly nor are we enemies. He has made the statement that he voted for me when I was a candidate. I have no reason to doubt it. I do not know what his attitude was. I do not know whether he was for me or against me during the campaign, but I do not question his statement as to what he did.

If the Senator from Kentucky will bear with me for just a moment, while I am on my feet—

Mr. BARKLEY. Yes.

Mr. OVERTON. This is a matter that rather vitally concerns the people of the State of Louisiana. It is a very controversial matter in that State. It appears to be a very controversial matter upon the floor of the Senate.

The senior Senator from Louisiana has made some very grave and serious charges in connection with this appointment, not only as affecting Mr. Moore, but as affecting others who, he states, were associated with him in undertaking to obtain his appointment to this office. With equal fervor, the Senator from Kentucky [Mr. BARKLEY] defends Mr. Moore. I think—and I should like my wishes known, as a Senator from Louisiana—that on the whole it would be best to refer the question back to the Committee on Finance, in order that the committee may go into this matter. I think it is a duty they owe not only to the State of Louisiana but more especially to the Senate itself.

It may be that the senior Senator from Louisiana will not be able to support his charge, either in whole or in part. It may be that he will. Certainly, however, the public interest is not going to suffer by reason of having a fair and an impartial and a thorough investigation of charges made upon the floor of this Chamber by one of our colleagues against an appointee to an office so important as that of collector of internal revenue in the State of Louisiana.

I hope, therefore, that the Senator from Kentucky will come to the conclusion I have reached. My position in the matter is not one of partisanship or bias one way or the other, nor do I suggest that the Senator from Kentucky is biased or prejudiced. I am sure he has no personal interest at all in the matter. He has simply in his usual clear, strong, and vehement manner given expression to his views upon the subject as they came to him as a member of the subcommittee that had this question under investigation. I hope, however, that the Senators will come to the conclusion that in the end it will be best to refer the whole matter back to the Committee on Finance, and let that committee make an investigation, and report back at this session.

Mr. BARKLEY. Mr. President, I thank the Senator from Louisiana for his statement. I respect his sincerity.

I desire to state one thing further. I realize that from time immemorial, where a Senator objects to a nomination or appointment of a citizen of his State to a local office, and states that the appointment is personally objectionable and obnoxious to him, the Senate heretofore, almost as a universal rule—which does not have the force of law, but is the result of courtesy—has respected that objection, and has refused to confirm the nominee. In recent years, I think it ought to be said, there has been some modification of that unwritten rule to the extent of asking or expecting the Senator who makes the objection on personal grounds to present some reason for the objection. Otherwise its arbitrary exercise would make it impossible for an Executive ever to appoint anybody in the State who could be confirmed.

The subcommittee discussed that matter, I will say, very frankly and very sincerely before it made its report to the full committee. It was discussed in the full committee before

the nomination was reported. It was felt by the subcommittee and by the members of the Finance Committee as a whole, without regard to party, that there were peculiar circumstances connected with the Louisiana situation which justified us in reporting out the nomination and having it brought out on its merits on the floor of the Senate. We have done that.

I have said all I want to say about it. I want to ask the Senator from Louisiana [Mr. Long] a question before I submit a request which I have in mind. If this nomination is returned to the Finance Committee, will the Senator from Louisiana go before that committee, either before the full committee or a subcommittee? Will he go before it himself? Will he bring such witnesses as he may be able to bring before the committee to substantiate the charges he has made here on the floor of the Senate this afternoon if we send the nomination back to the committee?

Mr. LONG. Yes, sir; I will.

Mr. BARKLEY. Then, Mr. President—

Mr. HARRISON. Mr. President, before the Senator from Kentucky submits his request may I ask the Senator from Louisiana a question? I hope the Senator from Kentucky will make the suggestion that the nomination be recommitted to the committee. It is the intention of the Chairman of the Finance Committee to call the committee together on Thursday morning of next week in order that a hearing may be held. In other words, the matter is not going to be put off and postponed indefinitely.

Mr. LONG. The Senator said Thursday next?

Mr. HARRISON. Thursday morning.

Mr. LONG. That is a very short time. I have made some sweeping charges about this man and about his gang. I want to have the opportunity to substantiate those charges from Dan to Beersheba. Give me 10 days and I will run him out of here on them.

Mr. HARRISON. Very well; we will give the Senator 10 days. The committee will proceed at the end of 10 days to take some action.

Mr. LONG. All right.

Mr. BARKLEY. Mr. President, as chairman of the subcommittee I ask unanimous consent that the nomination be recommitted to the Committee on Finance under the circumstances, and with the understanding we have just reached relative to the matter.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR from the Committee on Post Offices and Post Roads reported favorably the nominations of sundry postmasters which were ordered to be placed on the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President I move that the Senate resume legislative session.

The motion was agreed to; and the Senate resumed legislative session.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army;

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption

of a constitution and a form of government for the Philippine Islands, and for other purposes; and

H.J.Res. 207. Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products.

The PRESIDENT pro tempore announced his signature to the enrolled bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

STATE, JUSTICE, ETC., DEPARTMENTS' APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of the conference report on the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes. It is a unanimous report of the committee, and I think will occasion no debate of any kind.

The motion was agreed to; and the President pro tempore laid before the Senate the conference report on House bill 7513, which had been submitted previously today by Mr. McKELLAR.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

Mr. NORRIS. Mr. President, what is the conference report?

Mr. McKELLAR. It is the conference report on the bill making appropriations for the Departments of Labor, Justice, Commerce, and State. It is a unanimous report.

Mr. NORRIS. Very well.

Mr. GEORGE. Mr. President, before the conference report is agreed to, I wish to make a statement with reference to an amendment which I offered and which was adopted restricting the use of the prison capital operating fund for Federal prisons.

The committee has agreed to the elimination of that amendment, after a conference between Mr. Sanford Bates, the superintendent of prisons, and myself. The superintendent of prisons has submitted to me a letter in which he states that voluntary limitation will be placed during the next fiscal year upon white duck and other textiles made in the Federal prison at Atlanta, which will accomplish the same purposes the amendment would have accomplished.

I desired to have this statement appear in the Record.

Mr. McKELLAR. It was upon that statement that the committee acted.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate took a recess until tomorrow, Saturday, March 24, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 23 (legislative day of Mar. 20), 1934

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Austria.

PUBLIC HEALTH SERVICE

The following-named assistant surgeons to be passed assistant surgeons in the United States Public Health

Service, to rank as such from the dates set opposite their names:

Mason V. Hargett, February 16, 1934.

Cassius J. Van Slyke, March 3, 1934.

Erwin W. Blatter, April 4, 1934.

Russell Thomas, April 6, 1934.

The above-named officers have passed the examination required by law and the regulations of the Service.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. John Marston to be a lieutenant colonel in the Marine Corps from the 20th day of March 1934.

Capt. William B. Croka to be a major in the Marine Corps from the 20th day of March 1934.

First Lt. George L. Hollett to be a captain in the Marine Corps from the 12th day of March 1934.

First Lt. Herbert S. Keimling to be a captain in the Marine Corps from the 20th day of March 1934.

Second Lt. Frank H. Wirsig to be a first lieutenant in the Marine Corps from the 12th day of March 1934.

Second Lt. John S. Letcher to be a first lieutenant in the Marine Corps from the 20th day of March 1934.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 23, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Infinite and eternal God, Thou who didst call the universe into being, ordered its forces, and started its creations, bear with our infirmities. As Thou art the source of all wisdom, the inspiration of all good thoughts and noble endeavor, nurture in us willing minds and understanding hearts. We praise Thee that it is Thy goodness that calls us to rejoice rather than to complain, to accept humbly and to use righteously Thy unspeakable blessings; lift us, gracious Lord, to that high level from which our hearts shall move irresistibly toward righteousness. O God, grant that we may never be caught in the uncontrolled eddies of unrighteousness. Almighty God, expand and enrich our national ideals, direct our country in the solution of its unsolved problems, and dispel all earth-born clouds wherever they cast a shadow. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, a bill of the House of the following title:

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

EXPORTATION OF AGRICULTURAL PRODUCTS

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk House Joint Resolution 207, requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products, with Senate amendments, and concur in the Senate amendments.

May I say that this has been considered by the Committee on Merchant Marine, Radio, and Fisheries.

The Clerk read the title of the bill with the following Senate amendments:

Line 4, after "Corporation", insert "or any other instrumentality of the Government."

Line 5, after "agricultural", insert "or other."

Line 8, strike out "United States Shipping Board" and insert "Shipping Board Bureau."

Line 9, after "Corporation", insert "or other instrumentality of the Government."

Amend the title so as to read: "Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products."

Mr. SNELL. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from New York.

Mr. SNELL. As I understand from the gentleman's statement, these amendments are entirely agreeable to the gentleman from New Jersey [Mr. LEHLBACH] and the other members of the minority on the committee?

Mr. BLAND. At a meeting that was held, at which a quorum was present, Mr. LEHLBACH, Mr. GIFFORD, and Mr. EDMONDS were there, and possibly some other members, but I remember distinctly these three gentlemen were present and voted to concur in the amendments.

Mr. SNELL. It is a unanimous report?

Mr. BLAND. It is a unanimous report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendments were agreed to.

SETTLEMENT FOR PROFESSIONAL SERVICES

Mr. BOYLAN. Mr. Speaker, by direction of the Chairman of the Committee on Claims, I ask unanimous consent to take from the Speaker's table the bill (H.R. 257) to authorize full settlement for professional services rendered to an officer of the United States Army, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill, with the following Senate amendments:

Line 3, strike out "Secretary of War" and insert "Secretary of the Treasury."

Lines 5 and 6, strike out "the appropriation 'Medical and Hospital Department, 1929'", and insert "any money in the Treasury not otherwise appropriated."

Mr. SNELL. Will the gentleman yield?

Mr. BOYLAN. I yield to the gentleman from New York.

Mr. SNELL. Will the gentleman explain what this bill is and where it came from?

Mr. BOYLAN. This is a bill that we passed for the relief of a major in the Regular Army who was suffering from a rare disease which incapacitated him from active service. After being treated in all the Army hospitals, including the Walter Reed Hospital, with the permission of the War Department he underwent an operation at the hands of a private surgeon which cost \$1,000. The result of this operation was to restore his usual health, and he is now in active service performing his duties.

Mr. SNELL. This is a claims bill that has been considered by the Senate?

Mr. BOYLAN. Yes; and it has come back with a Senate amendment.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this involves the payment of \$1,000 to an outside surgeon for this private operation?

Mr. BOYLAN. Yes.

Mr. BLANTON. Does it involve anything else?

Mr. BOYLAN. No. That is all.

Mr. BLANTON. What did the Senate do with the bill? Did they enlarge upon the matter?

Mr. BOYLAN. No. The bill provided that this was to be paid out of the hospital allowance for the year 1929.

Mr. BLANTON. It is immaterial which fund this comes out of, because, after all, it comes out of the Treasury of the United States.

Mr. BOYLAN. Exactly, but the Senate saw fit to amend the bill in that respect.

Mr. BLANTON. It does not affect the rights of any other person except the one officer?

Mr. BOYLAN. Absolutely no one else.

Mr. SNELL. There is no precedent established by this bill?

Mr. BOYLAN. No, indeed; in fact, I may say that the bill was approved by the War Department, which is very unusual.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendments were agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. MAY. Mr. Speaker, I ask unanimous consent that immediately following the completion of the business on the Speaker's desk tomorrow morning I may be permitted to address the House for 10 minutes.

Mr. GOSS. Are we going to be in session tomorrow?

Mr. BYRNS. Yes.

Mr. MAPES. Mr. Speaker, reserving the right to object, I think the House should know what the gentleman is going to talk about.

Mr. MAY. I expect to talk about one of two things. I shall talk about cotton and tobacco or I shall present to the House a few remarks on the subject of a bill which I introduced at the last session of the Congress providing for subsistence homesteads.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. DOUGHTON. Mr. Speaker, I object.

Mr. BANKHEAD. Mr. Speaker, I do not often make a point of no quorum, but the gentleman from North Carolina [Mr. WARREN] desires to make a statement about a controversial matter in which all Members are interested. I think the gentleman is entitled to have a quorum present to hear him, and I make the point of order, Mr. Speaker, there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 115]

Abernethy	De Priest	Kurtz	Schulte
Adair	Dickstein	Kvale	Shannon
Adams	Dingell	Lamneck	Shoemaker
Allen	Dirksen	Lanzetta	Simpson
Allgood	Disney	Lehlbach	Sirovich
Auf der Heide	Doutrich	Lehr	Sisson
Ayers, Mont.	Duffey	Lesinski	Snyder
Beam	Eagle	Lewis, Md.	Steagall
Beedy	Ellenbogen	Lozier	Stokes
Berlin	Englebright	McClintic	Strong, Tex.
Black	Fitzgibbons	McDuffie	Sullivan
Boehne	Foulkes	McKeown	Thomas
Britten	Frear	McMillan	Truax
Brooks	Gasque	Montague	Turpin
Browning	Gillespie	Norton	Underwood
Brumm	Goldsborough	Oliver, N.Y.	Utterback
Buckbee	Greenway	Palmisano	Waldron
Cannon, Wis.	Greenwood	Perkins	Walter
Carley	Guyer	Peyser	Weaver
Chapman	Hamilton	Pou	White
Church	Hancock, N.C.	Rayburn	Williams
Claiborne	Imhoff	Reed, N.Y.	Wood, Ga.
Clarke, N.Y.	Kelly, Pa.	Reid, Ill.	Wood, Mo.
Crowther	Kennedy, N.Y.	Richardson	Woodrum
Culkin	Kenney	Sadowski	Young

The SPEAKER. Three hundred and thirty-one Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

The SPEAKER. Under the special order of the House, the gentleman from North Carolina [Mr. WARREN] is recognized for 15 minutes.

Mr. WARREN. Mr. Speaker, the Committee on Accounts is one of the oldest committees of the House. It has supervision and control over the contingent fund and all House expenditures. Its work is always arduous and at times most disagreeable and unpleasant. It is the "no" committee of the House.

For 10 years I have been a member of this committee. During no part of this time have I ever seen the slightest partisanship exhibited in the committee. We are practically always unanimous on every question, and I here and now wish to pay full tribute to the members of the committee for their splendid support.

In the natural course of things, when the Democratic Party came into power, I became chairman of the committee, and the same conditions existing there when I was

in the minority to a large extent now exist. We think we have made a record of achievement. We do not come up here on the floor of the House and prate about it, but it is sufficient to say that we have saved the taxpayers of this Nation thousands and thousands of dollars by careful scrutiny and investigation of the matters that come before us.

Among its many duties, the committee has jurisdiction over the House restaurant. On June 2, 1921, 4 years before I entered Congress, Mr. Clifford Ireland, Republican chairman of the Committee, from the State of Illinois, introduced a resolution in the House, which was unanimously passed, placing the House restaurant under the Committee on Accounts. Prior to this time it had been operated as a very unsatisfactory concession. For the last 12 fiscal years this restaurant has been operated at an average net annual deficit of \$25,961.72. There are many reasons why there should be a loss. The entire set-up is practically for one meal, and naturally the overhead expenses are large. Since April 15, 1933, and up to this hour, we have operated this restaurant without a loss and with a profit of approximately \$50. [Applause.]

In testifying before the Appropriations Committee, I said the following:

To summarize, we have been able to make this record with the House restaurant since April 15, 1933, by putting into effect many economies, by strict supervision over buying and expenditures, by an almost perfect checking system which has been finely reflected in our receipts, by elimination of much waste, and by the fine work of the restaurant staff under its capable manager, Mr. P. H. Johnson.

I ask unanimous consent, Mr. Speaker, that I may insert in my remarks this record of operation for the last 12 fiscal years.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The matter referred to follows:

Statement of expenditures from the contingent fund, miscellaneous items, and repayments thereto, on account of House restaurant since operated under the supervision of the Committee on Accounts

Fiscal years	Expenditures		Refunds	
	Pay rolls	Equipment and other expenses	Amount	Date deposited
1922	\$20,307.57	\$19,887.38		
1923	25,618.98	4,235.86	\$891.72	July 14, 1922
1924	25,855.58		1,689.83	Mar. 15, 1923
1925	13,780.72		203.09	Mar. 27, 1924
1926	27,388.05	570.00	2,505.29	Aug. 4, 1924
1927	16,514.90	2,826.33	4,000.00	July 8, 1927
1928	24,614.28	2,846.12	1,200.00	June 6, 1928
1929	27,765.08			
1930	27,563.61	3,071.92		
1931	21,659.59			
1932	30,319.94		4,000.00	June 1932
1933	32,204.75		1,000.00	July 1932
Total	293,593.05	33,437.61	15,489.33	

¹ Pay rolls for the month of June 1930, totaling \$3,615 paid from proceeds of House restaurant. Not included in above figures.

² House restaurant had on hand \$8,807.22 after paying outstanding debts incurred during fiscal year 1933. Taking this figure into consideration, also the \$1,000 refunded in July 1932, the actual net expenditure necessary to operate the House restaurant for the fiscal year 1933 would amount to \$22,397.53. This would reduce the average per fiscal year to \$25,227.79.

Total pay rolls	\$293,593.05
Total equipment	33,437.61
Gross expenditure	327,030.66
Less refunds	15,489.93
Net expenditure	311,540.73

Average per fiscal year for 12 complete fiscal years..... 25,961.72

Mr. WARREN. I wish again to state, and for the RECORD to show, that up to this hour, since April 15, 1933, the restaurant has been operated without a deficit and not one penny has been drawn from the appropriations made by the Congress for it.

Mr. TREADWAY. Will the gentleman yield?

Mr. WARREN. Not right now; I will yield later.

When this restaurant was established, in 1921, under the chairmanship of Mr. Clifford Ireland, Republican Representative from Illinois, he opened a place in the basement for the serving of colored employees and visitors. Mind you, this was 4 years before I entered this body. This was continued under Mr. Clarence MacGregor, Republican Chairman of the Committee on Accounts, from New York, and it was continued by Mr. Charles L. Underhill, Republican Chairman of the Committee on Accounts, from Massachusetts, and has been continued by me. In this place we give the same service, the same food as we do upstairs, and the same cleanly surroundings prevail. The prices there are slightly lower.

I have made no rule. I am carrying out the policies and rules that have been in force ever since this restaurant was established, and before I came here.

A speech was made on this floor 2 days ago in which the authority of the Chairman of the Committee on Accounts was challenged, and insinuations were made that some of the information came from members of the committee.

I read to the House the minutes of the organization meeting of the Committee on Accounts for the Seventy-third Congress, held on March 23, 1933:

Mr. WOLFENDEN, Republican from Pennsylvania, offered the following resolution:

"That the chairman be authorized to report out all death resolutions without a meeting of the committee, and that the chairman be empowered to use his own discretion in dealing with Members in regard to telegraph, telephone, and all other matters which properly come under the jurisdiction of the Committee on Accounts, including the management of the House restaurant and all rules and regulations pertaining to the same."

That resolution was seconded by Mr. McLEAN, Republican, of New Jersey, and by Mr. ALLEN, Republican, of Illinois, and was unanimously passed by the committee.

The identical resolution was offered by Mr. Underhill, of Massachusetts, at the organization of the Committee on Accounts at its first meeting, December 19, 1931.

I have traced that resolution, ladies and gentlemen of the House, from this date back to 1921, under the chairmanship of Mr. Ireland, and find that it had the identical wording, and in every instance was offered by the ranking minority member of the committee.

There is a petition on the desk to discharge the Rules Committee, and have an investigation. There [pointing to the minute book] is the authority that I have acted under, there is what the petition seeks to find out, and they could have found out that at any time.

Something was said that I initiated this thing, and that it had been going on for some time. The first knowledge of any violation of the rules that ever came to me during my chairmanship of the committee was, I think, about January 20. I would have despised myself had I not met it and accepted the responsibility that had been placed on me by this House and by the committee. [Applause.]

Again, not one single member of the Committee on Accounts, either in private or in meeting, has ever presented this matter to me or challenged anything I have done in regard to it. If I am wrong, I pause to hear anyone challenge that statement.

I believe that I am as free from racial and religious intolerance as any man in this House. In my State the races live together side by side; probably about 30 percent of our population are colored, and we are getting along in peace and harmony. This amicable relationship and understanding is reflected in the notable progress of North Carolina.

My time is going on, and I shall not discuss some of the recent happenings. I shall not dwell on the fact that I have received 50 or more letters from the First Congressional District of Illinois, from colored citizens, telling me the motive behind this thing.

One day last week a lot of Communists came down to see us. Another day they described themselves as Socialists; another day a demonstration was made by those who claimed to be representatives of the International Labor Defense. Finally, on last Saturday, the supreme outrage occurred, when a mob of toughs and hoodlums from Howard University came down and almost precipitated a riot.

That very morning a respectable colored citizen called up the authorities of that university and pleaded that these students be not permitted to come here, but it went unheeded.

Every paper in this town the day before carried full notice, with blazing headlines, that it was going to be done. Filth, vulgarity, and profanity rang out through the corridors down there. The police told me that never in their lives had they ever taken such insults.

Three splendid ladies pushed their way out of the restaurant into that mob, came to my office, and told me that they would never put their foot in there again on account of the vile and horrible language that had been used in their presence.

A feeble effort was made 2 days ago expressing disapproval of those actions. There was one man who could have stopped it. He did not because he did not want to do it. By reasons of these demonstrations our records show that for the last 10 days the restaurant has lost considerable money, while prior to that we were making some money every day.

I hope, Mr. Speaker, that I have calmly and dispassionately given a recital of the facts and the truth in this matter. Personally, it is a matter of utter indifference to me. I am opposed to any change in the present conduct of the restaurant, but otherwise I do not care. I am always ready to meet, and to meet squarely, any issue that ever arises here in this body, but it is entirely up to the Members of the House to settle this whole thing according to both their desires and their tastes. [Applause.]

THE AIR MAIL

Mr. ROMJUE. Mr. Speaker, I present a conference report on the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, for printing under the rule.

RECIPROCAL TRADE AGREEMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930. Pending that I ask unanimous consent that debate upon the bill be limited to 22 hours, one half to be controlled by the gentleman from Massachusetts [Mr. TREADWAY] and one half by myself, and that debate be confined to the bill.

The SPEAKER. The gentleman from North Carolina moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 8687. Pending that he asks unanimous consent that debate upon the bill be limited to 22 hours, one half to be controlled by himself and one half to be controlled by the gentleman from Massachusetts [Mr. TREADWAY], and that debate be confined to the bill. Is there objection?

Mr. TREADWAY. Mr. Speaker, I reserve the right to object, to say on behalf of the minority members of the committee that the suggestion of the chairman of the committee in respect to the time for debate is entirely agreeable to us.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from North Carolina that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 8687.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Chairman and members of the Committee, the bill now under consideration, H.R. 8687, is in my judgment one of the most important parts of the President's recovery program, and will materially assist in restoring prosperity and setting the wheels of industry turning again.

The purposes sought to be attained by its enactment are clearly set forth in the first few lines of the bill, as follows:

For the purpose of expanding foreign markets for the products of the United States as a means of assisting in restoring the American standard of living; in overcoming domestic unemployment and the present economic depression; in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce.

This legislation is an emergency measure to meet a great emergency. The people of this country will vividly recall—in fact, will never forget—the tragic conditions prevailing at the time of President Roosevelt's inauguration on March 4, 1933. At that time the country was on the brink of absolute economic ruin. Millions of our people were out of employment and walking the highways, the streets, and sidewalks of our cities and industrial centers, vainly seeking employment to provide the barest necessities of life to sustain them and their families.

Banks were closing daily in every section of the land. In some States they were all closed by the State authorities, impounding the life savings of many of our people, and tying up the meager bank deposits which were the very lifeblood of agriculture, industry, and commerce.

Starvation and destitution were lurking in every nook and corner of our country. Fear in the minds of the people, coupled with a lack of leadership, increased and accentuated the unparalleled conditions of distress existing throughout the land. Farmers were being forced to dispose of their crops at ruinous prices, far below the cost of production, and millions of farms and homes, both rural and urban, were being lost through foreclosures or lack of ability to pay taxes. Such was the condition and the picture of despair constantly in the thoughts of the American people. The economic conditions existing at that time had no parallel in our country. President Hoover described it in his Cleveland speech in 1930 as an economic pestilence, and in his speech of acceptance in 1932 as a calamity unparalleled in the history of our country.

Under the leadership of President Roosevelt and during this emergency, the Congress has placed in the hands of the President broad discretionary authority, affecting the internal and domestic business affairs of the country.

We are all familiar with the character of powers that have been delegated to the President, who for the past year has been chiefly confining his efforts to the betterment of our domestic problems. Under the exercise of those powers we have seen our banking institutions again placed on a sound and substantial foundation; we have seen the price of agricultural commodities steadily increase, and in some cases doubled; we have seen our industries resume production of those articles and commodities to which our people, and the peoples of the world, have been accustomed; we have witnessed a steadily mounting increase in the purchasing power of the people through increased employment month by month with enlarged weekly pay rolls. We have seen hope and confidence displace gloom and despair.

Now, after 1 year of sincere and successful endeavor to better our domestic affairs, the President is asking that necessary power be placed in his hands so that he may extend his efforts toward bettering our trade with foreign countries, and thereby further promote the general welfare of all the people.

As I shall point out, this bill offers the only practical and feasible method for restoring a normal amount of world trade to the United States. This country has been losing its part in world trade at an alarmingly rapid rate, even more so than the rest of the world. Other countries have pro-

vided their executives with authority to negotiate reciprocal trade agreements and machinery to meet the everchanging economic and trade conditions demanding immediate and prompt action.

Let us examine for a moment and see how our country has fared in the markets of the world as compared with other countries. Between 1929 and 1932, world trade declined 60 percent. And that of the United States declined 70 percent. In 1929 the total exports of the United States were \$5,241,000,000; they declined in 1932 to \$1,611,000,000, or 70 percent; there was a slight increase in 1933 to \$1,675,000,000. The exports of the rest of the world in 1929 were \$27,794,000,000; in 1932 they were \$11,115,000,000, or a decline of 60 percent. We have fallen from 13 percent as our share of world trade to 10 percent.

General imports into the United States fell from \$4,339,000,000 in 1929 to \$1,323,000,000 in 1932, a decline of 70 percent, and increased slightly in 1933, or a 67-percent drop from 1929. So not only did the volume of our foreign trade decline alarmingly, but in percentage we fell behind the other countries of the world.

This clearly indicates that unless we provide some machinery whereby we can successfully compete with other countries, practically all of whom have delegated similar authority in their executives as this bill now proposes placing in the hands of our President, our foreign trade unquestionably will continue to decline, and finally be reduced to a negligible quantity.

One of the principal causes for the decline in our foreign trade are the retaliatory tariffs, quotas, embargoes, and other import restrictions enacted by foreign countries following the passage of the Hawley-Smoot-Grundy Tariff Act, and in retaliation against this law.

I had hoped partisanship would be adjourned in the consideration of this bill and that the same would be considered in the spirit uppermost in the mind of President McKinley, who always had the welfare of the people at heart, when in his last utterance he said:

The period of exclusiveness is past. Commercial wars are unprofitable; reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

However, it is quite evident that our Republican friends hope they may gain some partisan advantage by opposing this bill, and notwithstanding the lofty purpose expressed by President Roosevelt in his message to Congress, we find them engaged in a stubborn partisan opposition to this legislation.

President Roosevelt in his message stated:

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life, that it must sustain activities vital to national defense, and that such interests cannot be sacrificed for passing advantage * * *

I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be seriously disturbed. The adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required. * * *

During the hearings we heard daily what one witness termed "the gospel of fear and death" from the lips of those opposing this bill, and this will be their text, their sermon, and their song during the entire consideration of this bill.

The opponents of this measure are endeavoring to cause the people to believe that the passage of this bill, the placing of similar power in the hands of the President as the people of practically every other country have placed in the hands of their executives, will mean the destruction of small or so-called "inefficient industries."

While the lofty utterances of President Roosevelt can in no way be construed as meaning the destruction of small or so-called "inefficient industries" or their injury, what do they have to say of the utterances of Hon. Ogden Mills, a

former Member of this House and Secretary of the Treasury during part of the Hoover administration, when he stated during a speech at Topeka, Kans., on the 29th of January last? I am quoting Mr. Mills' speech:

We will have to abandon the present policy of isolation and intense nationalism and to some extent modify recent tariff practices. I have never understood that a sound system of protection, based on the difference of cost of production at home and abroad, means the erection of impassable trade barriers, the destruction of our commerce with the rest of the world, and the sacrifice of the efficient farmer to save the inefficient manufacturer.

No more severe condemnation of the Hawley-Smoot-Grundy Tariff Act and the policy of isolation than that expressed by Mr. Mills in the above quotation has ever, in my opinion, been made by anyone high in either party.

Now, when President Roosevelt proposes a remedy for the expansion of our foreign trade, and to prevent further encroachment on our rapidly vanishing export trade, we find those of the Grundy school of tariff thought placing every impediment in the way of the President. They tell us that the United States is self-contained; that there is no necessity for expanding our foreign trade; that we are going on a "wild goose chase in search of export markets that do not exist." They even doubt the desirability of expanding our foreign trade as set out in the minority report, as follows, ignoring the fact that the existing means have utterly failed and that similar legislation has been declared constitutional:

If the expansion of foreign trade seems desirable, it should be accomplished by existing constitutional means.

It is astounding to me that anyone should doubt the desirability of expanding the meager foreign markets we now enjoy. According to the evidence presented during the hearings, it seemed to be almost unanimously agreed that we should endeavor to expand our foreign markets for our surplus agricultural and industrial products. The lone exception, as I recall, was expressed by Mr. Samuel Crowther, who appeared on behalf, and at the invitation of, the minority members of the committee, apparently in an effort to lend some color to the claim that serious objection exists to the pending bill. Mr. Crowther fulfilled his assignment to the unanimous approval of the Republican members of the committee as they admitted that "he spoke their language."

Mr. Crowther, in replying to a question asked by Mr. Cooper, as to whether "it is at all important for us to try to revive foreign trade", replied: "I think we are wasting our energy; it is dead, beyond the point of revival." And these statements were endorsed by the minority members of the committee.

Contrast such nonsense as that with the views expressed by President Roosevelt in his message to Congress, in which he stated:

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereal and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive activity in foreign markets, and will thereby be spared in part, at least, the heartbreaking readjustment that must be necessary if the shrinkage of American foreign commerce remains permanent.

A resumption of international trade cannot but improve the general situation of other countries and thus increase their purchasing power. Let us well remember that this in turn spells increased opportunity for American sales.

Legislation such as this is an essential step in the program of national economic recovery which the Congress has elaborated during the past year. It is part of an emergency program necessitated by the economic crisis through which we are passing.

I call the attention of the Democratic Members to this statement of the President, that the measure is an essential step in his program of recovery. President Roosevelt and Secretaries Hull, Roper, and Wallace, and Chairman O'Brien, of the Tariff Commission, all of whom testified as to the necessity for this legislation, are not alone in their conception of the importance and necessity of reviving our foreign trade. Let me quote from the testimony of Mr. James A. Emery, speaking for and in behalf of the tariff committee of the National Association of Manufacturers of the United States. Mr. Emery, while not in complete accord with some of the provisions of the bill as it was originally introduced, stated:

I think we fairly represent the industrial viewpoint when we say that the President of the United States can perform no finer service to the country than to enter upon the negotiation of treaties that will in any way enlarge and encourage our foreign trade without impairing the first domestic market of the world. * * *

And later in his testimony he stated:

I want the gentleman to understand from the start what I said; and I repeat it now, so that I may not be misunderstood, that there is no opposition on the part of anyone for whom I have authority to speak to the negotiation of trade agreements or of treaties. They hope, if the President undertakes the negotiations of treaties that are to the advantage of the people of the United States, that he will have a free hand in doing it.

Now let us see how the American Chamber of Commerce feels toward the necessity of reviving our foreign trade by the negotiation of trade agreements, as expressed in May of last year, when the chambers of commerce and trade associations throughout the country voted in favor of the initiation of such reciprocal trade agreements, as expressed by the adoption of the following resolution:

The safeguarding and advancement of our foreign trade should be the purposes of a vigorous commercial policy of our Government. Adaptation of our American economic structure to present world conditions calls for most careful scrutiny of existing policies, keeping in mind always the necessity of assuring stability to our internal industrial and agricultural enterprises, through reasonable protection for American industry, our Government should have power to initiate reciprocal tariff arrangements with foreign countries where such bargaining would be clearly in our national interest. Such agreements would complement our existing flexible tariff in establishing for our country a tariff policy fair alike to our home industry and our competitors abroad.

Then during the hearings Mr. James A. Farrell, representing the Chamber of Commerce of the United States, stated:

The national chamber's interest in reciprocal trade negotiations has been due in large part to the belief that the United States has been slower than other leading industrial nations to recognize the important place the foreign trade occupies as a stimulus to domestic recovery and as a permanent reinforcement of our national economic structure. The depression since 1929, being one of drastic decline in buying power throughout the world, resulting in a serious curtailment of international trade, has affected the United States more acutely than most countries and created a serious problem of unemployment which has been a little more acute in this country than it has been in other countries.

Mr. MAPES. Mr. Chairman, does the gentleman care to yield?

Mr. DOUGHTON. I yield for a question.

Mr. MAPES. The gentleman has called attention to the decline in our export trade. He called attention to the percentage in the decline of export trade as compared with that of other countries. I should like to have the gentleman express an opinion as to how much he thinks our export business has been affected by the increase in the tariff and the high tariff walls that the other countries have put around themselves, and the general attitude of extreme nationalism prevalent throughout the world at the present time.

Mr. DOUGHTON. Of course, it would take quite a time to even express an intelligent opinion upon that.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. DOUGHTON. Yes.

Mr. SAMUEL B. HILL. Statistics show that the foreign trade of the United States decreased in greater percentage than that of other countries. As the gentleman from Michigan suggests, the high tariff walls erected against the United States accounted in a great measure for that decrease in the foreign commerce of the United States, but the foreign trade of these same countries did not decrease in the same degree, in the same percentage, as the foreign trade of the United States.

Mr. DOUGHTON. After the enactment of the Smoot-Hawley-Grundy tariff bill, that decline began. The decline did not exist up until that time. That should be some evidence to my friend who, I am satisfied from the question that he has asked, is beginning to see the light.

Mr. MAPES. If the gentleman will yield further, the Smoot-Hawley tariff bill was passed in 1930, at the beginning of this depression. Since that time we have not

boosted our tariff wall as a good many of these other countries have, so that there would be more of a handicap on our exports going into other countries than there would be on the products of other countries coming into this country.

Mr. DOUGHTON. They increased their tariff rates in retaliation to our high tariff rates, of course.

Mr. MAPES. Whether in retaliation or not, they have increased them?

Mr. DOUGHTON. They have, of course.

Mr. VINSON of Kentucky. Will the gentleman permit me?

Mr. DOUGHTON. I yield.

Mr. VINSON of Kentucky. Foreign countries have increased their tariff barriers, which prevents the passage of our goods into their countries, under executive authority, which they have. They have entered into, since January 1, 1933, 68 foreign trade agreements, and it is because of their ability to execute foreign trade agreements that their tariff barriers are reduced to certain preferred countries, and they have taken our export trade. These foreign countries, because of such trade agreements, have purchased goods, which would have been exported from this country. They buy them from countries with whom they have made foreign trade agreements, to which they sell their products.

Mr. MAPES. I may say I had no desire at this time to raise any controversial question.

Mr. DOUGHTON. The gentleman's question is very pertinent.

Mr. MAPES. But I have often wondered how much of our export trade has been affected by this increase in the tariffs of other countries. It has been suggested that this bill will not take care of the trade-agreement situation which the gentleman from Kentucky has mentioned, but I do not care to discuss that.

Mr. DOUGHTON. Referring to the importance of our trade and the place it occupies in our system, Mr. Farrell states:

Seven million persons, it is estimated, are dependent for their livelihood on our foreign trade. It is impossible, therefore, to deal effectively with the problem of unemployment without taking into account the vital importance of our overseas commerce as a means indispensable to the success of the National Recovery Act and as an aid to employment.

The policy of bargaining our way to the markets of the world by means of reciprocal trade agreements is one to which Congress should give careful consideration. Other countries have delegated these powers to the executive, and have already, as in the case of Great Britain and her dominions, made considerable progress ahead of the United States in making foreign-trade promotion instrumental to national economic recovery.

Notice that Mr. Farrell states, "It is estimated 7,000,000 persons are dependent for their livelihood on our foreign trade", and yet the opponents of this bill tell us "we are wasting our energy" and that we are going on a "wild-goose chase in search of export markets that do not exist."

The measure now before us is not only for the development of our foreign trade but is equally, if not more essentially, a measure to prevent further loss of such trade.

In other words, almost every other nation in the world has vested in its executive authority whereby he can deal with this problem overnight, deal with it immediately, deal with it as an emergency, deal with it to meet existing conditions; whereas in this country our Executive has no such opportunity and we must depend on slow, long-drawn-out congressional action. While we are doing that, other nations are taking over the trade of the world, and we are falling far behind.

Mr. EVANS. Will the gentleman yield?

Mr. DOUGHTON. Yes; I yield for a question.

Mr. EVANS. The other nations to which the gentleman has referred are not restricted with constitutional barriers, are they?

Mr. DOUGHTON. No; neither are we in this instance. The history of our Government is full of precedents for this and similar legislation, from 1794 down to the present hour. Authority just as great as this has been vested in the President of the United States many times and has been frequently exercised by various Presidents.

Mr. EVANS. At the same time we have a written Constitution.

Mr. DOUGHTON. Of course.

Mr. EVANS. And they have not.

Mr. DOUGHTON. That is true. But we are proceeding within the spirit and letter of the written Constitution as based upon the precedents established by both Democrats and Republicans, and the gentleman is intelligent enough to know that.

Mr. EVANS. I concede that is the view of the gentleman, but I want to remind the gentleman that we have yet in this country a written Constitution and they have not.

Mr. DOUGHTON. Does the gentleman think anybody is ignorant enough of that to be reminded of it?

Mr. BRITTEN. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. BRITTEN. In reply to the gentleman from California [Mr. EVANS], the gentleman indicated that from time immemorial, as far as we are concerned, we have been doing the very thing that is requested in this legislation.

Mr. DOUGHTON. Something similar.

Mr. BRITTEN. Authorizing the President to negotiate foreign treaties without the advice and consent of the Senate?

Mr. DOUGHTON. Of course we have.

Mr. BRITTEN. When have we done that?

Mr. DOUGHTON. I do not have time to go into it. If the gentleman will read the report, it is set out in many places. The gentleman evidently has not read the report. The very acts are cited and the precedents are set forth.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DOUGHTON. I yield to my colleague.

Mr. SAMUEL B. HILL. Under the McKinley Act of 1890 Executive agreements to the number of 13 were executed. Under the Dingley Act of 1897, 9 Executive agreements were executed, none of which was referred to either the Senate for ratification or to the Congress.

Mr. DOUGHTON. Section 338 of the present tariff law gives the President of the United States authority to raise duties even without the advice of the Tariff Commission, even without the recommendation of the Tariff Commission. I recommend the gentleman read what has taken place before he asks any further questions.

Mr. BRITTEN. I promise I will not ask any further questions until I have read the gentleman's report.

Mr. DOUGHTON. I thank the gentleman. The gentleman is always fair.

Are we to continue standing idly by while the whole commercial structure of our country is being undermined as Nero did while Rome burned? Are we to emulate the ostrich, and bury our heads in the sand and refuse to see that practically every country of continental Europe, as well as England and her major dominions, and several of the countries of South America have vested authority in the executive branch of their respective governments to negotiate reciprocal trade agreements with other countries for the purpose of removing trade restrictions, so that their foreign trade can prosper? The United States alone, among the major commercial powers of the world, is without this authority in the hands of the Executive branch of our Government.

It is an alarming thing at a time like this, that we are practically the only nation on earth that has not vested the same or similar power in the hands of our Executive.

In my opinion, we have no choice but to grant to the President the authority to join with the other nations of the world in their negotiations, so as to secure for the United States a greater portion of the normal trade, before the other nations have completed dividing it among themselves.

Are we to continue asleep while the other countries are competing for a share of the world trade, and accept the theory that our foreign trade is dead, beyond the point of revival; that the livelihood of 7,000,000 persons is of no concern.

During the hearings the opponents of this measure dwelt at great length on our home market, and claimed that but

only a small percent of our domestic production is dependent upon our export trade. In the aggregate this might appear true, but such claims entirely ignore the fact that in some branches of American agriculture and industry it is of extreme importance and vital to their very existence to maintain and expand our foreign trade.

If my memory serves me correctly, the Republicans in the not far distant past were enthusiastically advocating the expansion of our foreign trade. No less an enthusiast than former President Hoover, for 8 years Secretary of Commerce, in a speech delivered in Boston on October 15, 1928, had this to say:

And today the whole Nation has more profound reasons for solicitude in the promotion of our foreign trade than ever before.

I repeat what I said a moment ago. It is estimated that 7,000,000 are dependent on our export trade for a livelihood.

If this was true when Mr. Hoover said it, how much more weight it has today! During the same speech Mr. Hoover estimated that 2,400,000 families were dependent upon our foreign trade.

Let us examine for a moment and see what foreign markets mean to agriculture and industry in this country. In normal times we export from 55 to 60 percent of our cotton, 40 percent of our tobacco, 30 percent of our lard, 18 to 20 percent of our wheat, as well as many other agricultural products. Unless we make an effort to revive our foreign markets for these products the surplus will continue to mount with its demoralizing influence upon the price structure, as well as militating against the happiness and prosperity of our people.

Unless we expand our foreign markets for many of our industrial products, for which our industries are geared, we will be forced to allow many industries to remain permanently idle, resulting in much additional unemployment.

In normal times we export 40 percent of our typewriters, 29 percent of our printing machinery, 28 percent of our sewing machines, 23 percent of our agricultural machinery, 20 percent of our locomotives, and 14 percent of our automobiles. Many of our manufacturing industries depend upon mass-production methods, whereof a decline in output increases the costs and leads to further unemployment and increased handicaps in marketing their products in our own markets.

Let us examine and see the extent of the decline in our export trade in just a few of our products between 1929 and 1932.

Tobacco declined from 566,000,000 pounds to 411,000,000 pounds; lard declined from 829,000,000 pounds to 546,000,000 pounds; wheat declined from 90,000,000 bushels to 56,000,000 bushels; typewriters declined from 425,000 units to 140,000 units; steam locomotives declined from 207 units to 9 units; automobiles and trucks declined from 536,000 units to 66,000 units.

No one can seriously contend that such declines in the export trade of commodities, which rely so heavily upon foreign markets, would not have a demoralizing effect not only in their respective fields but upon the domestic situation generally. It must be evident that improvement in these industries through an increase in their export opportunities would serve to relieve the acute agricultural and industrial problems we are today enduring.

The development of export trade will mean increased employment and purchasing power in practically every community of the United States.

We cannot have too clearly in mind how sharply our exports have declined. Official figures for 1932 show that our exports of cotton were the lowest, except for 1931, since 1903; of cotton manufactures, the lowest since 1911; of meat products, the lowest since 1870; of animal fats and oils, the lowest since 1889; of wheat and wheat flour, the lowest since 1905; of oil cake and meal, the lowest since 1918; of unmanufactured tobacco, the lowest since 1917; of rubber manufactures, the lowest since 1914; of iron- and steel-mill products, the lowest since 1903; of copper and manufactures, the lowest since 1895; of machinery of all classes, the lowest since 1910; and our exports of automobiles and engines and parts, the lowest since 1915.

Now, let us see how American labor has fared. Immediately following the passage of the Hawley-Smoot-Grundy Tariff Act and the erection of retaliatory trade barriers by the other countries many American industries, in a desperate effort to continue selling in the markets of the world, were forced to establish foreign branch factories. The erection of such branches resulted in displacing American labor and the use of foreign materials instead of our own.

According to a survey by the Department of Commerce, the figures show that approximately \$1,220,000,000 of American capital has been invested in foreign branch factories, employing about 330,000 persons. These figures, however, do not include enterprises with investments of less than \$50,000, the addition of which would show a much larger investment of American capital and the employment of many thousands of additional foreign laboring men, to the detriment of our own labor.

Certainly in face of such a record every Member of this House, whether he comes from an agricultural or industrial section, should be sympathetic with the President's desire to regain foreign markets.

Unless such markets are again made available to American agriculture, as the Secretary of Agriculture has repeatedly stated, it will mean the removal of approximately forty to fifty million acres of average crop lands, and we must also reconcile ourselves to the necessity of permanently closing down many industrial plants, or at least greatly curtailing their output, and, in addition to idle farms and factories, our shipping and rail facilities must necessarily remain partly idle.

The policy of reciprocity proposed by this bill is not new to the United States. Some would have you believe that this bill is a radical departure from past enactments delegating power to the President. There have been many instances, dating as far back as 1794, where similar and even broader powers have been delegated to the President to regulate or to fix rates affecting commerce. Numerous acts delegating such powers have been enacted, and, as a matter of fact, sections 337 and 338 of the present Hawley-Smoot-Grundy Tariff Act contains provisions delegating powers to the President equally as broad, if not more so, than those proposed by this bill. As I said before, numerous laws have been enacted, and in the execution of those laws proclamations were issued by Presidents Adams, Jackson, Polk, Fillmore, Buchanan, Lincoln, Johnson, Grant, and Hayes.

It will be noted that irrespective of party affiliations our Presidents have been delegated powers similar to that now proposed.

Reciprocal trade agreements are the only practical means whereby the United States can hope to secure any additional or, in fact, retain our present foreign markets in a world of such rapid economic changes.

During the hearings we were told that many times in recent months cargoes of American products at sea were recalled because of some new over-night import restriction.

That shows how other nations change their laws to the detriment of the United States. After cargoes are out at sea, foreign governments will change their tariffs by executive order, making it necessary for the shipped goods to be recalled.

The United States must not longer delay creating the necessary machinery to enable our Government to quickly meet present-day methods employed by other countries. Our Government must be in a position to give immediate effect to such negotiations as are necessary to assure trading opportunities to American agriculture and industry. Our only hope against increasing restrictions and barriers to American trade is in the adoption of such a measure as now proposed.

The opponents of this bill will endeavor to stress that the sole purpose of this measure is to bring about a reduction of existing tariff rates, and they will entirely ignore the fact that the mere possession of such powers in the hands of the President, as is proposed, will cause foreign nations to

exercise some degree of caution in the imposition of further restrictive measures against American trade.

It will be claimed that the passage of this bill will mean the displacement of established American industries.

Such claims and contentions should and will, in my opinion, receive the rebuke of the American people as a gross insult and reflection on the intelligence and high patriotic motives of President Roosevelt.

This bill gives him the same grant of authority with reference to foreign trade that he has already been invested with so far as domestic affairs are concerned. The recovery program cannot be fully effective without this additional grant of authority.

I will now summarize briefly the objectives of this bill.

First. To round out the recovery program. This bill merely gives the President the authority in international trade which the Congress has already vested in him in domestic commerce and trade. The recovery program cannot be fully effective without this additional grant of authority.

Second. To reopen the markets of the world to the products of American farm and factories, or otherwise face the prospect of adopting as permanent the policy of curtailing acreage and of reducing manufacturing capacity in many of our most efficient industries.

Third. To exchange the surpluses which we have built up for surpluses which other countries have accumulated of commodities which we do not produce. Until channels of trade are developed so that these surpluses can move normal recovery in America cannot take place.

Fourth. To plan our commerce and industry so as to direct our labor and resources into the most profitable channels, conducive to American standards of living and efficient and effective production.

Fifth. To provide for the intelligent and enlightened application of the protective principle whereby the maximum opportunity of employment and production may be assured to our industries, large and small alike, as well as agriculture.

Sixth. To provide for mitigation of those irritating restrictions contained in the Hawley-Smoot-Grundy Tariff Act which have antagonized the rest of the world to no purpose and to our serious injury.

Seventh. To put in the hands of the President the only effective instrument for meeting the current international trade situation—an authority no greater than that with which practically every other important commercial power has already equipped its executive department.

Only through reciprocity agreements can America participate in the commercial negotiation in which the rest of the world is busily engaged in a manner detrimental to American agriculture and industry.

Eighth. To rejuvenate world trade which will increase the purchasing power of foreign countries as well as our own people and thereby provide greater opportunity for the sale of American agricultural and industrial products.

Those who oppose this bill insist that it is unconstitutional, and express grave fears that it will work untold injury to American industry, American agriculture, and American labor. My opinion is they have an exactly opposite opinion of this bill, their real fears are that it is constitutional, and that it will work, and that it will be a decided benefit to agriculture, industry, and labor, and that it will promote the welfare of the people, and in case it proves helpful to American business and accomplishes the purpose for which it is intended, our Republican friends realize that the old practice of exchanging Government favors in the way of high tariff benefits for campaign funds is at an end, and that they will no longer be able to fry the fat out of certain favored industries to lubricate the G.O.P. machine. This is the fear that tortures and torments them much more than the fear that the bill is not constitutional or any injury that may result from its enactment.

In conclusion let me say, my friends, that this is not intended as a partisan measure. It was considered in the committee by both Democrats and Republicans. The doors

were not closed against the minority, as was the case when the Smoot-Hawley-Grundy bill was written. Everyone was heard, both those in favor of and in opposition to the bill, who requested a hearing, and the small number of witnesses who testified against the measure is, in my judgment, the most conclusive proof of the fact that the people throughout the country, with very few exceptions, are favorable to this legislation. We have brought the bill in under the general rules of the House, we have held no caucus, nor have we applied any gag rule. Any Member is free to offer any amendments he may choose, and vote according to the dictates of his own best judgment on final passage.

I emphasize again that this is a vital and necessary part of the President's recovery program.

I appeal to every Member of this House, and especially every Democrat, and everyone who is willing to aid our President in his earnest and determined fight to relieve the country of the ruin wrought by the economic earthquake which had its inception in 1929 and while very greatly mitigated by the things that have been done, we are still far from complete recovery. Let us look to ourselves well today that we lose not the things that have been wrought, but that we receive the full reward by wholeheartedly giving the President this legislation which he says is indispensable in the consummation and carrying to a successful conclusion the new deal.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. HART. Does the gentleman think there is any danger of the reduction of effective tariffs on agricultural products if this power is granted to the President? I am not referring to tariffs that are not effective; I am referring to tariffs on agricultural products, which are effective.

Mr. DOUGHTON. I am sure the President will enter into no negotiations or agreements whereby any industry of the United States will be injured.

Mr. HART. The testimony before the Committee on Agriculture by employees of the Department of Agriculture who appeared at the recent sugar hearings indicated that it was the intention to lower the duty on sugar by at least 50 cents per 100 pounds.

Mr. DOUGHTON. Can the gentleman point to any such testimony in the hearings?

Mr. HART. Certainly.

Mr. DOUGHTON. That it was the intention to lower the duty on sugar?

Mr. HART. Yes; for the benefit of Cuba.

Mr. DOUGHTON. I do not recall any such testimony. The President of the United States is elected by all the people. We Representatives are elected by people of certain districts; the Senators represent States; but the President is elected by all of the people and has the welfare of all the people at heart. He has stated again and again through Secretary Hull, through the Chairman of the Tariff Commission, through Secretary Roper, through Assistant Secretary Dickinson, all of whom earnestly support this bill, that no existing efficient industry would be destroyed, but that certain inefficient, unnecessary industries, perhaps, would not be expanded. He assured us, however, that he would do nothing to injure any efficient American industry.

Mr. HART. The sugar industry was described as one of these inefficient industries; and because it at times paid as high as \$200,000,000 taxes into the Treasury it was said to be too much of a tax upon the public.

Mr. DOUGHTON. Will the gentleman show me such testimony before the Ways and Means Committee?

Mr. SAMUEL B. HILL. Does the gentleman refer to the hearings before the Ways and Means Committee?

Mr. HART. No; I refer to the hearings before the Committee on Agriculture.

Mr. DOUGHTON. That was not the testimony before our committee. They tried in every way to wring something out of some witness to the effect that some small industry would be crippled or destroyed; but all the testimony was exactly to the contrary.

Mr. COCHRAN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COCHRAN of Pennsylvania. Does this bill give the President authority to halve, cut in two, any effective tariff upon agricultural products?

Mr. DOUGHTON. The gentleman has read the bill. It gives him authority, when he finds certain facts with reference to American agriculture and American industry and American labor, to raise or lower the tariff rates not to exceed 50 percent.

Mr. SAMUEL B. HILL. It gives him the same authority he now has under section 336 of the present Tariff Act.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. JENKINS of Ohio. Further in line with the questions asked by the gentleman from Michigan, does not the gentleman from North Carolina remember the testimony of Secretary Wallace before the Ways and Means Committee, in which he answered specifically the inquiry made with reference to the duty on beet sugar by a statement to the effect that the sugar industry was an inefficient industry? He classed it as an inefficient industry and indicated strongly that if he had anything to do with it he would strike off the protective tariff on sugar.

Mr. DOUGHTON. I do not think there is any such testimony. I do not remember any such testimony.

Mr. JENKINS of Ohio. I will call the gentleman's attention to the top of page 60, where Secretary Wallace testified as follows:

The sugar-beet industry, as measured from the standpoint of free world competition, is inefficient.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Immediately following this statement, Mr. KNUTSON asked the Secretary as follows:

Mr. KNUTSON. And it should be abolished?

Mr. WALLACE. I did not say so.

Mr. KNUTSON. Should it?

Mr. WALLACE. I have stood precisely and definitely before the Senate Committee on Finance for maintaining the sugar-beet industry on the basis of 1,450,000 tons, which is the average of the past 3 years. I do not think the sugar-beet industry should be allowed to extend further—

Mr. JENKINS of Ohio. That is the part right there.

Mr. DOUGHTON. There is nothing about destroying the industry there.

Mr. VINSON of Kentucky. Quoting Mr. Wallace:

I do not think the beet-sugar industry should be allowed to extend further, because if it is expanded further it is doing it at the expense of our export agriculture. * * * I think it is unsound economically to allow an industry of that type to expand further at the expense of efficient agriculture.

Mr. DOUGHTON. There is nothing said there about destroying the sugar-beet industry, and nothing stated there that could be so construed. You can pick out some isolated sentence here and there and some little remark and make it the substance of the testimony given. However, Secretary Wallace will not be the man who will have the administration of this law. It will be the President of the United States who, I have heard, has some mind of his own and some courage of his own. We know that he has predicated this whole bill upon the solid foundation that no essential American industry shall be crippled. Its sole purpose is to benefit and alleviate American industry by creating a wider market and bring about an improvement in the welfare of all the people. The gentleman knows that is a fact.

Mr. JENKINS of Ohio. I recognize that the distinguished chairman is an agriculturist and a great friend of agriculture. May I ask him if as a great advocate of agricultural liberty he favors the stand taken by Secretary Wallace with reference to tariffs on agricultural products?

Mr. DOUGHTON. I would have to have his position explained further. I am not in favor of anything that is not fair to American agriculture and which would in any way

tend to cripple, injure, or destroy American agriculture. The sole purpose of this bill is to aid agriculture. Agriculture has under this administration made marvelous gains, but this is lost sight of by my friend.

Mr. JENKINS of Ohio. The chairman made a statement to the effect that he did not believe Secretary Wallace would have anything to do with the enforcement of the law.

Mr. DOUGHTON. I said that President Roosevelt would have the last word.

Mr. JENKINS of Ohio. I hope Secretary Wallace will not have anything to do with the enforcement of the law, but owing to the fact he was brought on to testify before the committee, I am led to believe that the facts upon which these proposed tariff agreements will be based will be furnished by the Secretary of State, the Secretary of Commerce, and the Secretary of Agriculture. Personally, I would much prefer that the Secretary of Agriculture be omitted from this list.

Mr. DOUGHTON. The gentleman heard the Chairman of the Tariff Commission testify. This gentleman is in position to know more about tariffs and more about the effect of legislation of this kind than any other one man in the United States. The chairman is a protectionist and a Republican. He was appointed by a Republican President and stated that he would not only give the President this authority but would give him broader authority. The gentleman from Ohio should read all this testimony.

Mr. JENKINS of Ohio. In that connection, may I say to the distinguished chairman that I would be much better satisfied if this bill carried an assurance that the President would get his facts from the Tariff Commission instead of from someone like Secretary Wallace, who indicates clearly that he is prejudiced.

Mr. DOUGHTON. I can assure the gentleman that no danger will come to American agriculture by this law. I will be glad to disabuse the gentleman's mind of any fears along that line, because it is an imaginary fear and the gentleman is seeing a road full of ghosts where none exist.

Mr. JENKINS of Ohio. The gentleman knows very well that the President of the United States cannot possibly be the fact-finding agency in this matter.

Mr. DOUGHTON. The Tariff Commission will have the paramount duty and responsibility in reference to this. In my judgment, the President will rely more upon the Tariff Commission. Of course, he will rely on all the agencies and facilities that will be at his command. He will have the Department of State, the Department of Commerce, the Department of Agriculture, and every other department of the Government at his disposal, as well as the Tariff Commission, whose sole purpose, sole duty, and sole responsibility is to investigate and make reports and advise the President as to tariff matters.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield myself 10 additional minutes.

Mr. JENKINS of Ohio. May I refer to one other proposition? We have apparently agreed in this colloquy that the President of the United States cannot make the proper surveys and be the fact-finding agency in this matter. If this is true, and I think it is true, I do not see why we want to pass a law to establish some other fact-finding agency that cannot be as efficient as the fact-finding agency we have, which is the Tariff Commission.

Mr. DOUGHTON. The gentleman is looking at it from a partisan standpoint. Right on that point, I may say to my friend that the agricultural situation has improved since this administration came in, and if the fact that agricultural commodities have increased, some having doubled, and the purchasing power of the farmers of this country has been multiplied many millions of dollars, does not convince the gentleman that the policy of the administration, in the administration of this proposed law, will not be in safe hands, then we might argue here until the Judgment Day, and I could not convince the gentleman.

Mr. JENKINS of Ohio. May I ask, if that is true, why do you want any changes?

Mr. DOUGHTON. The gentleman has forgotten the chaos and the wreck, the ruin and the havoc and disaster wrought upon this country by the previous administration. I commend that fact to the prayerful consideration of my good friend.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Referring to Secretary Wallace and his testimony, I should like to read into the RECORD at this point a specific statement he made appearing on page 53 of the hearings:

Mr. WALLACE. It seems to me, sir, that the essence of the new deal, if I may be permitted to say it, is to take account of human rights. It would seem to me, also, that a man of the character of the President, in administering powers of this sort, would not be so inhuman as to retire in any barbarous way, such as you seem to contemplate, inefficient industries.

Mr. DOUGHTON. Our friend the gentleman from Ohio could not find that in the hearings.

Mr. TREADWAY. Will the gentleman yield?

Mr. DOUGHTON. I yield to my colleague from Massachusetts.

Mr. TREADWAY. In that connection our friend has read into the RECORD a statement from the Secretary of Agriculture, and I should like to supplement that, with the permission of the Chairman, by calling his attention to still another one on page 60 of the report of the hearings. I asked the question of Secretary Wallace:

To what extent do you think the cane-sugar industry should be limited or placed under quota?

Mr. WALLACE. You are referring to the domestic cane?

Mr. TREADWAY. Yes; in Louisiana.

Mr. WALLACE. The same philosophy should apply; there is no difference between the North and the South.

Mr. TREADWAY. You would not approve of the expansion of the growing of cane sugar in Florida?

Mr. WALLACE. I would not, unless it is an efficient industry, and it is clearly not.

These words are what I should like to call to the attention of the House:

They cannot produce as cheaply there as they do in Cuba.

Now, there is the Secretary's yardstick. Because we cannot produce sugar as cheaply as they do in Cuba, he wants to put it under a quota.

Mr. DOUGHTON. That is a matter of expansion, which is involved in the Secretary's statement.

Mr. TREADWAY. He wants to put sugar under a quota.

Mr. DOUGHTON. The gentleman leaves out of consideration the matter of expansion.

Mr. TREADWAY. Of course, the fact is that they employ American hands, but this does not seem to bother Secretary Wallace. He thinks we should import our sugar from Cuba.

Mr. DOUGHTON. Everyone knows that the United States does not and cannot produce an adequate supply of sugar.

Mr. TREADWAY. May I ask the gentleman if sugar has ever been as cheap as it is under the present tariff rates? Why take away employment from Florida and Michigan and other sugar-producing States?

Mr. DOUGHTON. I cannot yield to my friend for a speech or have him take up my time in that way.

Mr. GLOVER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Arkansas.

Mr. GLOVER. The gentleman from Massachusetts should remember all the facts and deal fairly with the Department of Agriculture. In the sugar bill now before the Committee on Agriculture, while it is proposed to reduce the tariff one half a cent a pound on sugar, there is another provision in the same bill that puts the one half a cent back in a processing tax, and Cuba is not benefited at all by that. The beet-sugar grower, however, does get this additional help from the processing tax, like all other agricultural products.

Mr. TREADWAY. Perhaps the gentleman can find some solace in a processing tax that is worthwhile. I have not seen any myself.

Mr. GLOVER. It is a good thing, and we like it.

Mr. DOUGHTON. Mr. Chairman, I reserve the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield myself 30 minutes and should like to proceed without interruption for 20 minutes, and then I shall endeavor to yield for questions.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 30 minutes.

Mr. TREADWAY. Mr. Chairman, the remarks I am about to make will be extremely critical of the principle involved of having Congress abdicate its control of the taxation system of the country, but in making critical remarks I wish to say that they are in no way reflections on the personality of the President of the United States. I hold the President in the very highest esteem. I have voted with him as far as I could, consistently with my conscience, in his program of recovery; but I claim that when our stern convictions differ from those of the President of the United States, there is but one course for us to pursue, and that is to act according to our convictions and belief as to the benefits to be derived from any policy or program that may be suggested to us.

Mr. Chairman, I venture to say that if the American people had been informed of the purposes of this bill as long ago as it appears to have been the intention of the administration to present it, you never would have received as many protests against any other piece of legislation as would have been made against this bill.

Undoubtedly the intention of the administration was in the minds of the leaders at least a year ago, and it was not until the 2d of March that the public and the Congress were notified that that was the intention of the administration.

On that day, the 2d of March, less than 4 weeks ago from the time the bill comes on the floor, the chairman of the committee introduced a bill now known as the "administration bill", and which has the support of the administration.

I submit that the entire American industry and the public should have known the nature of this permission that they are endeavoring to secure at the hands of Congress in order that due preparation could have been made, at least by the Representatives of the people, to defend their rights in the American Congress.

Think of it! On March 5 notices of these hearings were sent out, and they began on March 8, and extended for a little over a week, and here we are today taking under consideration the most important and far-reaching piece of legislation that the administration has so far submitted. If that is not haste and unfair treatment of the American public, I do not know what it is. Why this haste when we have had less than a month to know the purposes of the administration?

Now, Mr. Chairman, the facts of the case are that the passage of this bill through Congress will, I think, complete the Presidential program of assuming complete authority over governmental functions, and will to all intents and purposes do away with further need of the House and Senate. We followed the President last spring at the special session of Congress in his so-called "recovery program." There were things in it we did not want to vote for, but we did because we had confidence in him. That had to do with national matters, domestic matters, so-called. And it placed in his hands en bloc the rights and powers with which Congress was invested by the Constitution pertaining to internal affairs. This bill places the same type of authority in the hands of the President of the United States, as the legislation of the special session gave him over domestic policies, in our relations to international matters. That is what this bill does.

Congress abdicates its right of control over international matters, trade agreements, if you want to call them that, but in reality treaties. You set up the right of the President to make these agreements without consultation or reference to either branch of Congress. That is the inter-

national power that you ask to have placed in his hands. It will create a dictatorship, and how else have dictators ever been given power? They have been given it gradually, piecemeal, never all at once, but eventually completing the picture. That is what this bill will do if ever enacted into law. There is my chief criticism of the bill.

In asking for this power the President points to the great decline of our foreign trade since 1929 and expresses the opinion that full and permanent domestic recovery depends in part upon a revival of this trade. It seems to me this is putting the cart before the horse. Rather should he have said that a revival of our foreign trade depends in part upon a revival of our domestic trade.

We normally consume 90 percent of what we produce, and our export trade makes up only 6 percent of our national income. To say that our prosperity is based upon our foreign trade is to say that the tail wags the dog.

The President also states the "American exports cannot be permanently increased without a corresponding increase in imports." Imports of what? Of noncompetitive goods which we do not produce, such as coffee, tea, rubber, raw silk, tin, and so on? Not at all. He demands authority to deal with the articles on the dutiable list and to allow the increased importation of such competitive goods in return for foreign-tariff concessions on American exports. In other words, he proposes to put certain industries out of business in this country in order to gain an export market for the products of certain other American industries. Putting it differently, this bill gives the President the power of life and death over every domestic industry, whether manufacturing or agricultural, and over every section of this country, whether industrial or agricultural.

In this connection let me read a brief item from the New York Journal of Commerce of January 31, 1934, and I want my friends from New England and other Northern Atlantic States to pay particular attention to this. The item is as follows:

ADMINISTRATION REGARDED DETERMINED ON TARIFF PROGRAM

Revelation, by Federal Relief Administrator Hopkins, of administration plans to encourage decentralization of industry is seen in congressional circles as giving credence to the determination of President Roosevelt to seek broad powers to negotiate reciprocal trade agreements with foreign nations.

Admittedly the plan would have the effect of putting some of the big factories in the East out of business, but, in the opinion of Mr. Hopkins, that would be a most desirable end. President Roosevelt has commented upon the congestion in the Atlantic seaboard area and is understood to have advanced the theory that to permit the entry of foreign competitive products would inevitably drive the population into other sections.

It is said that the administration has in mind particularly boots and shoes, textiles, small tools, and cutlery. The feeling is that the South easily can stand the competition from abroad, whereas northern mills cannot live without tariff protection. All of this is a part of a long-range plan intended to change the whole lay-out of American industry.

The item which I have just read contains some slight indication of the power and authority embodied in the right to negotiate trade agreements with foreign nations. It is this power and authority which by the pending measure would be lodged in the hands of one man. I contend that any such delegation of authority is absolutely unconstitutional.

Let us go into a little detail. Does it seem right and proper that with such a tremendous power as is asked for in this bill, no information should have been given to the public of the intention? I have already touched on that. Further than that, is it right or proper that these findings should be put into effect without the interested parties given a chance to be heard? It supplements the breaking of the contracts for carrying the air mail. It is another procedure of the same character and description, only worse and more serious. No hearing whatsoever is given to industry in this country, nor are they told what ones are to be selected for sacrifice on the altar of reciprocal trade. No notice of hearings are to be given, no report to industry, no notice as to what industry is to be hit.

I am not an inquisitorial lawyer, I realize, but I tried my best to get information from the various Cabinet members who appeared before us as to what transactions and swap-

ping trades were to be put into effect, and absolutely nothing could you obtain from them, not a word. Let me show you what the author of this bill said. It is credited to the Assistant Secretary of State, Mr. Sayre. He is said to be the author of the bill. I can readily see that gentleman lecturing to a college class—another professor. I said to him, "I wish that all of the 'brain trust' were able as you are", though I do not agree with his views whatsoever. However, he is a brilliant man. I asked Mr. Sayre about these bargaining treaties and agreements. I said:

Could you give us a little more detail? You have been a little more frank than some of the others I have interviewed.

He said:

I don't know that I have, and I don't feel that it is quite possible to reveal the approaches the foreign governments made in confidence to the State Department. I think really, sir, it would not be polite or wise or fair to reveal such approaches as have been made.

Even before this bill is enacted the Assistant Secretary of State admits that they have been approached by foreign governments to enter into these so-called "trades"; swapping transactions, I call them. I then said:

You ask us to take these approaches of foreign governments to a branch of our Government on faith?

Mr. SAYRE. No; not on faith.

I then asked:

What else?

And he said:

On reason.

Whose reasoning? We have no information about it; not the slightest in the world. We must take it on faith. It seems to me that the answer to that is that we are the selected representatives of the people, and it would be much more in keeping for the Secretary of State and his assistant to have faith in the representatives of the people instead of dickering in the dark, so far as Congress is concerned, with foreign governments as to the nature of the trades they were going to effect. I think we ought to be trusted before foreign governments.

I do not go to the extent that some of my Democratic friends do about this smooth language in the bill, and, by the way, I want to refer before I forget it to that language. Read the first page and a half. There is not a conglomeration of words in existence which is more prettily worded and which means less than that page and a half. That page and a half has absolutely no meaning whatsoever. It is nice language. As a witness at the hearings said, "It is a pious prayer." You can see the gentleman, who was educated in Williams College and Harvard University, and who has lectured elsewhere, and you can understand how he could gather up those words that mean nothing. There is no law there of any kind or description, just a set-up that sounds pretty on paper. The only part of the bill that actually means a thing is where it authorizes the President of the United States to make trades with foreign countries in the dark, without confiding to Congress the slightest information. That is the real language to be found in the bill a little further on, but all these whereases and preamble stuff amount to nothing but a pure conglomeration of fancy words.

Why should it not be incumbent on somebody to have a little faith in us? Reference has been made to the fact that we ought to have faith in the President of the United States. We have absolute faith in him individually and personally, but not politically nor in his sound judgment for America's best interest in dealing with our own affairs. Somebody unfortunately has sold this idea of reciprocal trade to the President of the United States; and while Mr. Wallace and Mr. Roper and Mr. Hull all favor reciprocal trades, they do not tell us what we are going to trade. You are asked to have confidence in the President. There are only 24 hours in a day, and the President of the United States has a good many duties to perform during that period of time. Then to say that he is to take the place of the Tariff Commission, that he is to take the place of all witnesses of

industry, every possible source of information—that all that responsibility is to be centered in him personally, and to ask us to believe that he will have the ability physically to do these things, I say, is asking us to put too much faith in the President of the United States.

Would not his subordinates have this job on their hands? Who else can do it? Nobody else, and nobody will try to do it; and the President will sit in his office and sign their findings on the dotted line. They will be the real tariff-makers, and the President would be obliged to rely upon them in any action he might take.

Now, Mr. Chairman, if we are supposed to have such an abiding faith in the wisdom of the President, why can he not have at least an equal amount of faith in us and let us know in advance what changes he proposes to make in the way of trade agreements?

But this is not a part of the plan. We are not to know which article of industry or agriculture has been marked for slaughter until the killing has actually taken place. Not until a trade agreement is made public will the identity of the victim be known. Then, without notice or hearing, the particular branch of industry or agriculture affected will read in the newspapers that its domestic market is to be displaced by a foreign product. Factories will be closed, farms will go to seed, men will be thrown out of work, large investments will be made worthless. Not a pretty picture. The fact that the people concerned, through their representatives in the National Legislature, may voice their objection will not change matters. Their representatives here in Congress, if this bill be passed, will have forfeited their right to object.

Of course, the reason these trade agreements will not be first submitted to Congress for approval is that the administration well knows from past experience that it is difficult to secure congressional approval of trade treaties. Members should bear in mind, if they vote advance approval of the trade agreements by this bill, that they may be voting the death of some industrial or agricultural activity in their district; unimportant, perhaps, in the national picture, but in many cases the lifeblood of a local community.

They should bear in mind that they may be voting hunger and want to their own people by allowing the President to permit the increased importation of the products of some foreign country. With this understanding now, let them not say to their people later on that they did not know what they were doing when they voted for this bill.

Let us consider now the possibility of some of these transactions. I am wondering just what products the President hopes to enable our producers to dispose of abroad, and, what is more important, what is the President going to take in exchange? These questions were put to those representing the administration during the hearings on the bill, but no answer was forthcoming from them. We were told that the details could not be made public; that the subject was too delicate for Congress to handle, and that there were too many diverse interests represented in Congress for it to take a national view of the problems involved.

In other words, we are expected, as I have said, to take this bill on faith, without advance knowledge of what domestic industries are to be sacrificed on the altar of foreign trade.

In response to questions the Secretary of State indicated he would have a downward revision of all "excessive trade barriers", but he gave no definition of such barriers, nor did he indicate any particular rates which he thought came within this category. The inference was that he would reduce every rate which provided sufficient protection to keep out a considerable quantity of foreign importations.

The Secretary of Agriculture suggested that we could sacrifice what he termed the "inefficient" industries in tariff bargaining. These he defined somewhat generally as those small industries which could not meet world competition under lowered tariffs. He also went so far as to mention a few items which he thought might be used for trading purposes, such as the finer textiles, laces, toys, various luxury articles, and articles produced by hand

labor. It may interest the people engaged in the sugar-beet industry to know that the Secretary of Agriculture considered this industry inefficient as measured from the standpoint of what he called "free world competition."

The Secretary of Commerce, while not mentioning any particular articles which he thought might be used in the reciprocal trade negotiations, did refer the committee to the report of the Tariff Commission made in response to the Costigan resolution, in which is contained various lists of imported articles classified under such headings as the following:

Articles of which imports have substantially decreased.

Dutiable articles of which the imports are less than 5 percent of domestic production.

Articles on which the tariff rates exceed 50 percent.

Dutiable articles more or less noncompetitive and with respect to which foreign countries possess advantages.

The assumption, of course, is that if any of these conditions apply to an article, the tariff should be reduced or removed altogether. If Members of the House will take the trouble to examine this list, they will find that a large part of all the articles covered by the tariff law are included in one list or another.

Now, what benefit is it expected will come to our export industries under this measure? After we reduce our tariffs, and foreign countries rush to ship their products into our markets, thereby driving our own producers out of business, what assurance is there that they will buy any of our products?

The fact is that unless we can undersell the rest of the world, we cannot expect to sell in world markets. That is fundamental.

We do not know what products are to be exchanged under these bargaining agreements, these trade treaties, which I have called "swapping." That word sounds better to me. Does it not take two to make a trade? Did you ever hear of a one-sided trade? Mr. Chairman, do you not think that every country on the face of the globe will be looking out for its best interests in making these trades? What else do they want to trade for but to favor their commerce as against our industries? I am not so confident that those representatives of foreign countries will all be as fair by America as David Harum was in his horse trades. He may have got the better of you—and that is what his game was—but he was square and fair in the end. I do not quite think that our foreign friends are likely to imitate David Harum.

Further than that, suppose we make these trades or swaps, how are we going to force the foreign countries to take American goods in swapping unless they are sold at less than they can buy from other countries? Is there a possible answer to that? They are not coming here through any philanthropy for America and buy our products if they can go to some other country and buy them cheaper. They are not in for that kind of a swap.

Further than that, how is Professor Sayre or his associates going to force these trades on foreign countries? You might reach an agreement to ruin every industry in New England and admit their goods and still not force the industrial people of those foreign countries to buy our goods. They are not going to be forced to buy in a market that may possibly cost them more than elsewhere. That is the kind of a swap we are asked to indulge in.

In this connection it perhaps ought to be understood that if this bill is passed the Government is not going out and buy up all the surplus wheat and cotton and other products and endeavor to trade them for the products of some other country. On the contrary, all that reciprocal trade agreements can do is to provide the avenues by which the nationals of the respective countries may carry on trade under more favorable conditions. Once the avenues are created, they may or may not be used. Many of our exporters will be unable to take advantage of them. As a matter of fact, these avenues will be found to be largely one-way streets into our rich domestic market, which does over one half the world's business and which is the envy of all nations.

We read a great deal about "Buy American." It was a slogan. It went all over the country for months, and now if we pass this bill it will be "Buy foreign goods." I say the title of this bill is not "Amendment to the tariff act." It is a complete change. It should not be entitled "Amendment to the tariff act." It is not. It is a new deal, and the title of the act should be, "Surrender America's interests to foreign competitors." That would be a much more proper title to the bill than to say it is an amendment to the tariff act. It is no such thing.

There has been a great deal said about these various features, that it is not a banking measure, and all that sort of thing. My friends, it is. You do not suppose that any of those foreign countries are going to make any deal with our country that does not involve a reduction of their debt? Secretary Hull said not.

Mr. WOODRUFF. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. WOODRUFF. I hold in my hand a clipping from the Washington Herald of March 16, with a large headline which reads:

French double tariff levies on United States goods.

And then down in the body of the article it states:

The Government acted under recently granted powers to deal with tariffs. The move was regarded as strategy, through which France hopes to arm herself with a trump card for future trade deals with the United States.

Mr. TREADWAY. Absolutely. When they talk about retaliatory tariffs it is easy enough to lay them overnight. Fortunately for us, we have a Constitution in this country, and we ought not break it in any such legislation as this proposed. But as the gentleman from Michigan [Mr. WOODRUFF] says, retaliatory tariffs for trading purposes will be proposed by every swapper in foreign lands. Is that not correct?

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. SAMUEL B. HILL. I want to ask the gentleman from Michigan—

Mr. TREADWAY. Why not ask me?

Mr. SAMUEL B. HILL. I will ask the gentleman from Massachusetts how the French Government raised its taxes overnight?

Mr. TREADWAY. By authority of their administration. They have a different system of government, and I am for our system.

Mr. SAMUEL B. HILL. But their system is effective in getting prompt action in changing tariff rates?

Mr. TREADWAY. No; I do not agree with the gentleman at all on that finding.

Mr. SAMUEL B. HILL. I take it it is self-evident from the gentleman's statement.

Mr. TREADWAY. No; it is not self-evident. It is not correct. It is retaliatory, and they can go among their own neighbors and make any swaps they want to, but when it comes to swapping American rights, we want something to say about it.

Mr. BRITTEN. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BRITTEN. Is it not evident that the action of the French Government was taken for the sole purpose of deceit?

Mr. TREADWAY. For the sole purpose of preparing for these reciprocal agreements that this administration wants to throw in their laps.

Mr. Chairman, the broad powers conferred upon the President by this bill, if passed, will only enable him to go on a wild goose chase for foreign markets that no longer exist, all at the expense of domestic trade and industry. The world has comparatively little that we want or need, except certain products that we do not produce and which we are already importing. Our trade with Central and South American countries can be expanded only by our admitting the agricultural products of those countries. So far as Europe is concerned, we are almost entirely independent, and any imports from that source would be at the

expense of our own industries, whether they remain in the North and East or are transplanted to the South.

We are slow to realize it, but the Old World markets are practically gone. We once had a virtual monopoly of the world wheat market, but that was before Canada, Argentina, and Australia came into the field. Our cotton has been displaced to an increasing extent by that of India, Egypt, Brazil, British East India, and the Anglo-Egyptian Sudan.

We formerly sold our manufactured products to many countries which today, largely with our own machinery, are producing their own goods. Many of the nations of the world which formerly used large quantities of our agricultural products are now raising their own foodstuffs.

These economic developments throughout the world are natural processes of evolution and they bring to mind the great changes which have taken place within our own country during the last century and a half. Their effect is not only to reduce the number of purchasers for the world's goods, but to increase the competition for the remaining markets as well.

The President seeks to expand our exports by increasing our imports. You may increase your purchases from your neighbor, at your own expense, but your neighbor will not increase his purchases from you unless you undersell your competitors, and America, neither North, East, or South, can do that and maintain American standards of living.

At this point I shall include certain excerpts from the testimony of Mr. Samuel Crowther, a brilliant writer and economist, who appeared before the committee in opposition to the bill:

Let us see what foreign trade is. Why do we sell anything abroad? It is to exchange some wealth we have produced for some wealth that someone else has produced, isn't it? * * * Now, if we produce that same wealth here as the foreigner, should we not buy it at home rather than abroad? (Hearings, p. 456.)

The great majority of the industrialists of the country are already agreed that their possible foreign business is of slight consequence as compared with the future of the home market. * * * The really important farm interests, such as the dairy, the cattle, the egg, the fruit, and the vegetable people, depend entirely upon the home market. The wheat farmers and the cotton planters, who now have become less important in the national picture, would like a large export trade as well as a large domestic trade. That, however, is not in nature. (Hearings, p. 452.)

The export trade of the world is going the way of the whaling trade, and there is just as much chance of restoring it as there is of restoring the whaling trade by cutting out electricity and decreeing the world-wide use of sperm oil. The British coal trade with Italy can be reestablished only by destroying Mussolini's new water-power stations. The British cotton trade with India can be brought back only by destroying the Indian cotton fields and mills, which is as reasonable as attempting to close our own southern cotton mills in order to revive the cotton trade of New England. Chile can regain the trade in nitrates only if artificial fixation of nitrogen be prohibited. Germany can regain its chemical trade only if the trades in England, the United States, and Japan are shut down. And so on. (Hearings, p. 449.)

If at the height of our exporting, when we were giving our goods away to foreigners, the amount that we exported made only a trivial proportion of our trade, how can it be that suddenly the foreign trade has taken all-important position in our economy? (Hearings, p. 452.)

I say that if my recital of facts is correct this bill cannot accomplish any of the purposes which it is designed to effect, therefore, the exercise of judgment under it could not be beneficial and might be harmful.

I say that the Congress of the United States should not delegate such a grave matter of domestic policy in the unreviewable judgment of any man, whether he be President or anyone else. (Hearings, p. 463.)

Mr. Chairman, during the course of the hearings on the bill the majority laid great stress upon the fact that so few witnesses appeared in opposition to the measure. The House is entitled to know just how this measure comes before us today.

On March 2 the bill before us, which is admittedly the administration measure, was introduced by Chairman DOUGHTON. On March 5 notices were sent out by the clerk of the committee that hearings would begin on March 8, and informally the chairman stated he hoped they would be concluded by Saturday, March 10.

May I inquire what representatives of the people have appeared in favor of the bill? Those who testified in favor were the President of the United States, through the Secre-

tary of State, the Secretary of Agriculture, the Secretary of Commerce, the Chairman of the Tariff Commission, the Assistant Secretary of State, and the Assistant Secretary of Commerce; Mr. Harry Tipper, representing the American Manufacturers' Export Association; Mr. H. E. Miles, representing the Fair Tariff League.

The list of witnesses who appeared in opposition to the bill is as follows: Mr. James A. Farrell, representing the Chamber of Commerce of the United States; Mr. John E. Dowsing, representing the United States Potters' Association; Mr. William H. Cliff, representing the Home Market Club of Boston; Mr. James A. Emery, representing the National Association of Manufacturers; Mr. Benjamin C. Marsh, representing the People's Lobby; Mr. Samuel Crowther, economist and writer.

We therefore have a total of 14 witnesses, 6 of them representing the President, on perhaps the most important measure with which Congress has had to deal in a great many years. This is ample evidence that the public has no information that this measure is here. If this legislation is so desirable for the welfare of the people of the country, why have not the people fallen over themselves to get into the hearing room to testify in its favor?

Those who appeared in opposition are representatives of the industrial interests of the country, and the number of employees in these industries runs into the millions. It may at least be said that the weight of evidence pro and con on the bill can be regarded as a 50-50 proposition, with the balance, if any, in favor of the opponents.

I want now to refer very briefly to 336, 337, and 338 of the present law.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. TREADWAY. I yield briefly.

Mr. LEE of Missouri. Were not James G. Blaine and William McKinley in favor of reciprocity, the very thing that the President is asking?

Mr. TREADWAY. I am glad the gentleman brought up that question, because the yardstick of measurement in their day was such that they did not concede any such right or privilege to the President of the United States as is asked for in this bill. Under these prior reciprocity treaties, Congress either retained the right to approve or reject any treaty entered into or else it laid down in advance the concessions or retaliations the President might use as a basis for negotiation. No legislative or treaty-making power was surrendered.

Mr. VINSON of Kentucky. I know, but in that day the bankers had not robbed the people as they have today.

Mr. TREADWAY. That did not enter into the picture; and there is not any robbery when you are protecting American industry. The international bankers want this bill passed so they can collect the money owed them by foreign countries.

Mr. HART. How about American agriculture?

Mr. TREADWAY. Let me read what Mr. Wallace said on that very subject. I have already read what he had to say in connection with sugar. There is no better illustration than sugar. The Secretary of Agriculture said that we are inefficient in the production of sugar. I recently visited a sugar mill in Florida where 3,000 people would have been out of work except for that sugar factory; where 16,000 acres of cane is being grown that would not have a market except for that plant.

How can Secretary Wallace say it is inefficient when one never could buy sugar cheaper than at present? Although the amount of sugar produced by this one mill in Florida would sweeten the coffee of the people of the United States for only one morning, yet the Secretary of Agriculture does not want that industry in Florida expanded. To my mind, there can be no more ridiculous suggestion than that.

Mr. HART. What I wanted to ask the gentleman about was the farm dollar. How about the purchasing power of the farmer's dollar as compared with the dollar of industry?

Mr. TREADWAY. That is the same old question that has been up here for the last 20 years.

Mr. HART. But we are always getting the worst of it on the same levels.

Mr. TREADWAY. Congress invariably has tried to better agriculture; and we are trying today to do it.

Mr. HART. But the tariff is not effective.

Mr. TREADWAY. Well, it certainly is not going to be improved by lowering it.

Mr. HART. There is only one thing he can lower it on.

Mr. TREADWAY. If they do not like the tariff, let it be changed by the representatives of the American people. What does the gentleman say to that? Let us do that.

Mr. HART. We are going to do it.

Mr. TREADWAY. Why should we do it this way by putting all this power into the hands of one man?

Mr. HART. Agriculture has always got the worst of it.

Mr. TREADWAY. It will not be bettered through trades.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. VINSON of Kentucky. Referring to the question of the gentleman from Arkansas [Mr. GLOVER], and the reply of the gentleman from Massachusetts to the effect that there was no yardstick in this legislation, will not the gentleman from Massachusetts point out the difference between the yardstick used in section 3 of the Dingley Tariff Act and the yardstick set up in the legislation now before us? I do not want the gentleman to refer to section 4 of the Dingley Act.

Mr. TREADWAY. I am talking about sections 336, 337, and 338. In none of these sections was the power of Congress abdicated, not in the slightest degree. As I understand those sections, the President was distinctly told the limitations within which he could act. This bill places no limitation whatsoever.

Mr. VINSON of Kentucky. Does the gentleman state that under section 3 of the Dingley bill, or under section 338 of the present tariff law, the President was told to come back to Congress for concurrence by the Senate?

Mr. TREADWAY. In the Dingley Act of 1890—

Mr. VINSON of Kentucky. That is the McKinley bill.

Mr. TREADWAY. Well, in this year, under the McKinley bill in 1890.

Mr. VINSON of Kentucky. That is not the bill to which I refer.

Mr. TREADWAY. Well, we hear a lot about oxtail soup, and we are getting pretty far back.

Mr. VINSON of Kentucky. I point out to the gentleman that under section 3 of the Dingley bill, as well as under section 338 of the present tariff law, the President is not required to secure the concurrence of the Senate; and the same yardstick is provided as in the present bill.

Mr. TREADWAY. To what year does the gentleman refer?

Mr. VINSON of Kentucky. Dingley Act of 1897.

Mr. TREADWAY. In every principal provision of that act definite limitations were prescribed. Blanket authority has never been granted the President of the United States and we are not willing to give it to him now.

Mr. VINSON of Kentucky. Blanket authority was granted by section 3 of the Dingley bill. Section 4 gives specific authority.

Mr. TREADWAY. Under section 3 of the Dingley bill Congress laid down specific duties on designated articles which the President could impose in case of discriminations by foreign countries which exported those products to the United States. Under section 4 the President was given broad treaty-making powers, but any treaty he made had to have both the concurrence of the Senate and the approval of Congress.

At this point I shall include these provisions of the act of 1897, so that there may be no question as to what they provide.

RECIPROCITY SECTIONS OF THE DINGLEY TARIFF ACT, EFFECTIVE JULY 24, 1897

SEC. 3. That for the purpose of equalizing the trade of the United States with foreign countries, and their colonies producing and

exporting to this country the following articles: Argols, or crude tartar, or wine lees, crude; brandies or other spirits manufactured or distilled from grain or other materials; champagne and all other sparkling wines; still wines and vermouth; paintings and statuary; or any of them, the President be, and he is hereby, authorized, as soon as may be after the passage of this act, and from time to time thereafter, to enter into negotiations with the governments of those countries exporting to the United States the above-mentioned articles, or any of them, with a view to the arrangement of commercial agreements in which reciprocal and equivalent concessions may be secured in favor of the products and manufactures of the United States; and whenever the government of any country or colony producing and exporting to the United States the above-mentioned articles, or any of them, shall enter into a commercial agreement with the United States, or make concessions in favor of the products or manufactures thereof, which, in the judgment of the President, shall be reciprocal and equivalent, he shall be, and is hereby, authorized and empowered to suspend, during the time of collection of the duties mentioned in this act, on such article or articles so exported to the United States from such country or colony, and thereupon and thereafter the duties levied, collected, and paid upon such article or articles shall be as follows, namely:

Argols, or crude tartar, or wine lees, crude, 5 percent ad valorem.
 Brandies or other spirits manufactured or distilled from grain or other materials, \$1.75 per proof gallon.

Champagne and all other sparkling wines, in bottles containing not more than 1 quart and more than 1 pint, \$6 per dozen; containing not more than 1 pint each and more than one half pint, \$3 per dozen; containing one half pint each or less, \$1.50 per dozen; in bottles or other vessels containing more than 1 quart each, in addition to \$6 per dozen bottles on the quantities in excess of 1 quart, at the rate of \$1.90 per gallon.

Still wines and vermouth, in casks, 35 cents per gallon; in bottles or jugs, per case of 1 dozen bottles or jugs containing each not more than 1 quart and more than 1 pint, or 24 bottles or jugs containing each not more than 1 pint, \$1.25 per case, and any excess beyond these quantities found in such bottles or jugs shall be subject to a duty of 4 cents per pint or fractional part thereof, but no separate or additional duty shall be assessed upon the bottles or jugs.

Paintings in oil or water colors, pastels, pen-and-ink drawings, and statuary, 15 percent ad valorem.

The President shall have power, and it shall be his duty, whenever he shall be satisfied that any such agreement in this section mentioned is not being fully executed by the government with which it shall have been made, to revoke such suspension and notify such government thereof.

And it is further provided that with a view to secure reciprocal trade with countries producing the following articles, whenever and so often as the President shall be satisfied that the government of any country or colony of such government, producing and exporting directly or indirectly to the United States, coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, or any such articles, imposes duties or other exactions upon the agricultural, manufactured, or other products of the United States, which in view of the introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans into the United States as in this act hereinbefore provided for, he may deem to be reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend by proclamation to that effect the provisions of this act relating to the free introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans of the products of such country or colony for such time as he shall deem just; and in such case and during such suspension duties shall be levied, collected, and paid upon coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, the products or exports, direct or indirect, from such designated country, as follows:

On coffee, 3 cents per pound.
 On tea, 10 cents per pound.
 On tonquin, tonqua, or tonka beans, 50 cents per pound; vanilla beans, \$2 per pound; vanilla beans commercially known as "cuts", \$1 per pound.

Sec. 4. That whenever the President of the United States, by and with the advice and consent of the Senate, with a view to secure reciprocal trade with foreign countries, shall, within the period of 2 years from and after the passage of this act, enter into commercial treaty or treaties with any other country or countries concerning the admission into any such country or countries of the goods, wares, and merchandise of the United States and their use and disposition therein, deemed to be for the interests of the United States, and in such treaty or treaties, in consideration of the advantages accruing to the United States therefrom shall provide for the reduction during a specified period, not exceeding 5 years, of the duties imposed by this act, to the extent of not more than 20 percent thereof, upon such goods, wares, or merchandise as may be designated therein of the country or countries with which such treaty or treaties shall be made as in this section provided for; or shall provide for the transfer during such period from the dutiable list of this act to the free list thereof of such goods, wares, and merchandise, being the natural products of such foreign country or countries and not of the United States; or shall provide for the retention upon the free list of this act during a specified period, not exceeding 5 years, of such goods, wares, and merchandise not included in said free list as may be designated therein, and when any such treaty shall have been duly ratified by the Senate and approved

by Congress, and public proclamation made accordingly, then and thereafter the duties which shall be collected by the United States upon any of the designated goods, wares, and merchandise from the foreign country with which such treaty has been made shall, during the period provided for, be the duties specified and provided for in such treaty and none other.

Mr. COCHRAN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. COCHRAN of Pennsylvania. I want to answer a question which has not been answered, namely, why the sugar mill which the gentleman visited recently in Florida is inefficient?

Mr. TREADWAY. I claim it is not.

Mr. COCHRAN of Pennsylvania. Secretary Wallace gave as the reason in his testimony before the committee, the fact that they cannot produce sugar as cheaply there as they can in Cuba.

Mr. TREADWAY. I quoted that in answer to the question of the chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON]. There is the whole issue in the very language of the Secretary of Agriculture. Because we cannot produce sugar as cheaply; because we will not ask our agricultural employees to work under the conditions existing in the half civilized regions of the interior of Cuba, we are asked to compete with their prices.

I prefer that we expand our home industries before looking after our foreign friends and neighbors, even though they be just across the channel.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 10 additional minutes.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. DOUGHTON. Would the gentleman please explain what ex-Secretary Mills meant by referring to inefficient industries?

Mr. TREADWAY. I did not hear the gentleman's speech; and when he made the speech, he was not an official of the Government. I am quoting from Democratic Government officials today; I am quoting from the present Secretary of Agriculture, the present Secretary of Commerce; and while I have the highest regard for Mr. Mills, he is not an official of the Government today and I am not interested in any way, shape, or manner in his unofficial statements.

Mr. DOUGHTON. He knows something about industry. He recognizes that there are inefficient industries in the United States.

Mr. TREADWAY. Why did not the gentleman from North Carolina show more interest in Mr. Mills' theories when he was Secretary of the Treasury? The gentleman was doing the best he could to defeat him all the way. When he goes out into the country and makes a speech that has no official authority, the gentleman from North Carolina is terribly interested in his viewpoint.

Mr. DOUGHTON. I wish the gentleman would verify the statement that I was trying to defeat anything Mr. Mills was doing.

Mr. TREADWAY. I never saw very much support for Mr. Mills on this side of the House when he was talking about the tariff. I did not see any great support for his theories later on when he became Secretary of the Treasury. I do not think the gentlemen on this side of the House showed any interest in Mr. Mills other than to criticize him.

Mr. HART. Mr. Mills learned something last fall.

Mr. TREADWAY. You gentlemen will learn something this fall and 2 years from this fall if you enact this bill into law.

Mr. HART. We should worry about that.

Mr. TREADWAY. I am not worrying. I assure the gentleman I am not worrying a particle.

I quote in connection with the flexible tariff provisions of the present law the opinions of some of our associates on this side. Our distinguished chairman has quoted an ex-

official. I desire to quote something that was actually said on this floor.

Mr. MAY. Will the gentleman yield?

Mr. TREADWAY. May I quote something that was said on this floor when the question of a flexible tariff provision was before the House?

Mr. MAY. Before the gentleman proceeds, will he yield? In the first part of the gentleman's speech he made a general statement indicting the administration and the leadership of the House for not giving the country an opportunity to be heard on this bill. May I call attention to the fact that on page 266 there is a statement by Harry Tipper, executive vice president of the American Manufacturers' Export Association?

Mr. TREADWAY. Yes; with emphasis on the word "export."

Mr. MAY. May I emphasize something also?

Mr. TREADWAY. His testimony was not worth anything.

Mr. MAY. He says he has 300 memberships in 300 different communities.

Mr. TREADWAY. Certainly, and all of them are exporters.

Mr. MAY. There are filed with his statement a number of briefs representing various industries.

Mr. TREADWAY. All right. If the gentleman wants to quote from the testimony given before the committee, may I quote what Mr. Emery said, representing the National Association of Manufacturers of the United States? I will put this in the RECORD for the benefit of the gentleman:

It cannot be believed, however, that the President should be authorized to conclude such agreements as are here proposed and make them effective without reference to Congress.

I insert at this point some further extracts from Mr. Emery's testimony:

Mr. Chairman, to state the propositions I desire to present to the committee I beg to offer this view of the tariff committee of our association: That it has every confidence in the good faith and high intelligence of the President. It believes he should be authorized to negotiate any trade agreements that may advance the foreign commerce of the United States, without restriction as to articles removable to or from the free list; but it cannot believe, however, that the President should be authorized to conclude such agreements as are here proposed and make them effective without reference to Congress (a) because it doubts it to be a valid exercise of what it believes is a treaty-making power and (b) because the industries affected should have knowledge of proposals vitally affecting not only their employing capacity but perhaps their very existence. They should, therefore, have at some point a day in court, and none is provided here in this bill.

They are of the opinion that in the present uncertain economic situation at home and abroad a definite limit should be placed upon any trade treaty, particularly because of the instability of currency in the general rapid change in economic conditions, which from time to time create circumstances necessitating the termination of agreements upon due but fairly short notice.

Finally, they assert particularly at the present time the necessity of maintaining reasonable methods of protection where demonstrable foreign competition adversely threatens American industries and their capacity for employment. Our major depression problems are emphatically domestic and should receive primarily our major attention. (Hearings, p. 395.)

I trust the committee will not understand in speaking for our tariff committee that I am depreciating in the least the advantages of foreign trade. But I do wish to insist upon making clear a comparison between jeopardizing the vast domestic trade of the United States enjoyed to such an extraordinary degree by its own people and the possibilities of foreign trade, which in many directions are limited by the facts of our importation and experience. (Hearings, p. 398.)

I will also quote some extracts from the testimony of James A. Farrell, representing the Chamber of Commerce of the United States:

The organizations of the chamber of commerce have long adhered to the principle that there should be "reasonable protection for American industries subject to destructive competition from abroad and which are of benefit to any considerable section of the country." This, we think, should be the first consideration. Reciprocal tariff negotiations should be secondary to the first. (Hearings, p. 126.)

In closing, may I reiterate the three recommendations we have to make:

First, that in granting authority to make tariff changes in the interest of reciprocal tariff negotiations the Congress write into the law the definite limitation that no rate be lowered to a point

where American industry and agriculture shall be subjected to destructive foreign competition.

Second, that the flexible provisions of the tariff act be maintained, embodying a basic controlling formula laid down by the Congress, according to which shall be determined the adequate protective level at which individual tariff rates shall be set.

Third, that through a tariff-adjustment board, or other instrumentality, and in advance of such board making its recommendations to the President, there be full opportunity for American businesses likely to be affected by contemplated reciprocal tariff or other tariff changes to present testimony as to the incidence upon their respective enterprises of such changes. (Hearings, p. 140.)

Mr. TREADWAY. * * * You are not then in sympathy with the idea that has been expressed here of the possibility of doing away with some of our own industries here in order to get goods in from other countries?

Mr. FARRELL. No, sir. (Hearings, p. 149.)

There are many other statements of a similar nature. I could quote a lot more.

I could also quote what Secretary Wallace said, showing that he wants to keep down American products and not permit them to expand. Is that a good American policy?

Mr. Chairman, I represent an industrial district in New England. We have small industries. We ask for their continuation and expansion, and not for their contraction and destruction.

Mr. MAY. Are any of them exporters?

Mr. TREADWAY. I hope they are. May I say that we consume over 90 percent of our entire products in this country. This Congress, under the leadership of the Democratic Party, seems more interested in the small remainder of less than 10 percent than in the 90 percent. There is the real question.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. In view of the statements made by the gentleman from Massachusetts up to this time, may I ask if he favors expansion of our foreign trade?

Mr. TREADWAY. I do; but not at the expense of our domestic production. The gentleman cannot show me any way that we can reciprocate trade under the bill and not take it away from our local production. I have requested on this floor and at home of people who wanted tariff rates the information as to articles on which they wanted the rates changed. Secretary Hull talked to us about trade barriers; but when I interrogated him as to details and opportunities—nothing doing.

Mr. SAMUEL B. HILL. Will the gentleman tell us what his plan is for the expansion of our foreign trade?

Mr. TREADWAY. It we were put in authority, we certainly would not pass this bill.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that the N.R.A. is making it extremely difficult for small business?

Mr. TREADWAY. Yes. Even yesterday the paper contractors refused to bid on Government paper and would not allow the Government the previous price owing to the N.R.A. The two bidders, it happens, were both from the State of Massachusetts.

Mr. FITZPATRICK. What percentage of the products we consume in this country is imported?

Mr. TREADWAY. I can find that out, but I cannot give the gentleman the figure at this time.

Mr. SINCLAIR. About 8 percent.

Mr. TREADWAY. Probably less than 10 percent. We are a fairly good self-centered country except to the extent of articles that climatic conditions will not permit to be raised here. May I make reference to boards of trade, foreign agents, and so forth? May I read a telegram that I received since I have been on the floor? This is from Boston, signed by George L. Barnes, president of the Associated Industries of Massachusetts:

BOSTON, MASS., March 23, 1934.

HON. ALLEN T. TREADWAY,

House Office Building:

On behalf of industry of this State we protest vigorously the proposal to grant Executive authority to enter into trade agree-

ments that may profoundly affect all the industries of our State without an opportunity to know the character of the agreement proposed or to have it considered and discussed by the Senators from our State as all similar proposals in the past have been, as a part of the treaty power. We are deeply interested in promotion of foreign trade, but we are unwilling to risk our domestic markets in an exchange of which we have no knowledge and no opportunity to present and protect our employees or the investors in our industries. We believe the enactment of such authority would enormously multiply the already serious elements of uncertainty which our industries face. We, therefore, urge opposition to the measure in its present form or its amendment to assure that treaties negotiated in trade terms shall be offered to the Senate for examination before ratification.

GEORGE L. BARNES,
President Associated Industries of Massachusetts.

This is the kind of testimony I get from home. The Home Market Club, representing the industries of New England, is on record with very strong resolutions against this bill. I include at this point a resolution passed by that organization:

Resolution passed at a meeting of the Home Market Club, at Boston, Mass., March 14, 1934

Whereas the success of the National Industrial Control Act is based upon nationalism; and

Whereas the national economic situation is vastly improved; and Whereas industry is the predominant factor in developing employment; and

Whereas American producers, in seeking relief from destructive foreign competition, must proceed through section 3, paragraph (e), of the National Industrial Control Act; and

Whereas under the terms of the proposed reciprocal tariff legislation (H.R. 8430), importers and exporters would be granted greater advantages, in the nature of speedier relief, than American producers now enjoy: Be it

Resolved, therefore, That the Home Market Club is unalterably opposed to the theory advanced in H.R. 8430; that it cannot support a measure that delegates a power which, by the stroke of a pen, might readily be the means of wiping American industries out of existence; that if, in the final analysis, the Congress does transfer its constitutional legislative powers to the Executive, the Home Market Club requests that prior publication be made of all articles of American production entering into proposed reciprocal agreements and that the right of protest and review be reserved for American industry.

I also include a telegram I have just this afternoon received from the Manufacturers Association of Meriden, Conn., and also one from E. Kent Hubbard, of Hartford, Conn.:

MERIDEN, CONN., March 23, 1934.

HON. ALLEN T. TREADWAY,
House Office Building:

Meriden industry feels that H.R. 8430 is a distinct threat to continuance of manufacturing in this section and an unfair bartering of legislative power granted in Constitution. This bill can only increase unemployment in New England and hamper a recovery. As a New Englander we urge you to heed the pleas of a region that is already suffering under handicap, and request you to oppose reciprocal-tariff proposal.

MANUFACTURERS ASSOCIATION OF MERIDEN,
W. J. WILCOX, Secretary.

HARTFORD, CONN., March 23, 1934.

Congressman ALLEN T. TREADWAY,
Ways and Means Committee Hearing Room:

Had intended to make personal appearance H.R. 8430, which now is impossible. As Democrat and industrialist and as one vitally interested in recovery, have done everything possible to further the aims of the administration. However, no administration and no Government should so completely disregard section 8 of article 1 of the Constitution as to place in the hands of one man, however competent and trustworthy, the power of life and death over industry. It is not my intention to be intemperate in my statements, but I cannot conceive that the Congress, which directly represents the people of the country, would be willing by affirmative action to relieve itself of this sacred trust. Please do not confuse the proposal contained in 8430 with the entirely opposite idea of flexible provisions contained in the tariff act now in force.

E. KENT HUBBARD.

Mr. GIFFORD. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. GIFFORD. I hope the gentleman may have all the time he wants.

Mr. TREADWAY. In fairness to my colleagues I cannot take too much time.

Mr. GIFFORD. I think the gentleman should debate this matter fully.

How is it we can sell more goods to foreign countries that already owe us so much money? Are we willing to sell

them more goods, and how can they pay for them if we do sell them additional merchandise?

Mr. TREADWAY. A very distinguished economist was asked that question in the course of the hearings, Mr. Samuel Crowther.

Mr. GIFFORD. That is the reason I have asked the question.

Mr. TREADWAY. Mr. Crowther was asked the question whether or not the debts owed us were in any way involved, and he said they were intricately involved, and that you could not consider it otherwise than whether they were going to ship goods into this country to reduce their public debt or else, as they are now doing, only pay us a token of good will rather than even pay the interest they owe us.

Theoretically, Mr. Hull may be absolutely right that the public debts owed us are not involved, but as a Yankee proposition the gentleman from Cape Cod knows better, and the rest of us also.

Mr. SAMUEL B. HILL. Will the gentleman yield and explain how they are involved in this bill?

Mr. TREADWAY. Well, my dear friend, if you owed me \$10 and you shipped me some of those good Washington State or Oregon apples, that do not begin to be as good as our New England ones, and I buy them of you, do you think I am going to pay you in cash? I am going to charge it against your account just as sure as you ship me those apples or salmon or any other product you may have.

Mr. SAMUEL B. HILL. Just how can you charge that against my account?

Mr. TREADWAY. You would find out mighty quick if you owed me the price of them.

Mr. SAMUEL B. HILL. The transaction is between individuals and not between governments.

Mr. TREADWAY. Oh, well, the government is made up of individuals, and you need not think those boys across the ocean are going to deal with this Government any differently than their own people would deal individually.

Mr. SAMUEL B. HILL. Is there any legitimate objection to making it easier for those people to pay their debts through legitimate commerce?

Mr. TREADWAY. Yes; there is most serious objection if it affects American production, which it will, because it cannot help it. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 5 minutes, and I shall ask not to be interrupted.

Mr. GIFFORD. May I simply suggest that the way Germany allows her nationals to pay their bills answers the question?

Mr. TREADWAY. Yes.

I now want to refer to the attitude of the Democratic Party on this question of flexible provisions of the tariff. On May 15, 1929, the subject was before the House, and the gentleman from Georgia, one of the ablest men we ever had on the Ways and Means Committee, made this statement, and I am quoting Mr. Crisp, at page 1349 of the RECORD:

Gentlemen, think what a potential power the power to make tariff rates would be in an election year—to let the President of the United States have the right to write a tariff bill. Stop and think about it. Do you think there would be any dearth of campaign contributions—

And so forth.

Then, during the same debate the present distinguished Chairman of the Ways and Means Committee said:

The fathers who framed the Constitution wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue—

And so forth.

He continued with the following observations on the centralization of power in the Executive:

In my opinion, we have gone a long way too far already in the centralization of power in the Executive head of the Government. The President of the United States is now Commander in Chief of the Army and Navy, and with the great concentration of power lodged in him, giving him indirect control over the railroads and the transportation system of the country through the Railroad Commission, control of the air communication by the Radio Commission, control of the navigable streams and water

power, control of the finances of the country through the Federal Reserve Board and Farm Loan Board, and now domination over agriculture through the proposed new Farm Board with a \$500,000 revolving fund, every dollar of which will be expended by appointees of the President, and if this bill is enacted into law he will have the power of life and death over industry, all manufacturing enterprises, and complete autocratic power affecting agriculture.

The gentleman was worried at that time over the centralization of power in the Executive, but as we all know now, he had not "seen nothin' yet."

Continuing, he said:

My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be, President of the United States. In fact, with all this unrestricted and unlimited power he would be in a better position to overthrow our form of government and proclaim himself king than was the First Consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself Emperor.

It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

Then the present Vice President of the United States, another distinguished member of the Ways and Means Committee at that time, said:

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes. Remember this, gentlemen, when the legislative body surrenders its tariff powers and obligations to the Executive—

What could be more definite than this?—

under our system of government, a majority can do that, but you can never recover them except by a two-thirds vote of the House and Senate—

And so forth.

Of course, these little statements, and others similar to them, do not bother the present Democratic majority a particle, although they are asking us to vote a greater power than they were unwilling to grant when the Republican Party was in power. The question is, Whose ox is being gored?

However, I want particularly to call the attention of the House to an item inserted in the RECORD of October 2, 1929, signed by these distinguished gentlemen, and I shall quote it. The signers are Furnifold M. Simmons, of North Carolina; Pat Harrison, of Mississippi; William H. King, of Utah; Walter F. George, of Georgia; David I. Walsh, of Massachusetts; Alben W. Barkley, of Kentucky; Elmer Thomas, of Oklahoma; and Tom Connally, of Texas. Every one of them, except the first one, Mr. Simmons, is still serving in another branch, and they are on record against a flexible provision less stringent than the one you are asked to vote on at the present time. The statement follows:

JOINT STATEMENT ISSUED BY DEMOCRATIC MEMBERS OF SENATE FINANCE COMMITTEE ATTACKING PRINCIPLE OF PERMITTING PRESIDENT TO PASS UPON TARIFF RATES

September 29, 1929, the eight Democratic members of the Senate Finance Committee issued a public statement in which they attacked the principle of permitting the President to pass upon tariff rates as being unconstitutional and a menace to the democratic form of government. The statement follows:

"A question of far-reaching consequence transcending considerations of party prompts us to issue a public statement in relation to the so-called 'flexible provisions' of the tariff bill now pending before the Senate.

"The question involved is one that in our opinion strikes at the very roots of constitutional government. It concerns the preservation unimpaired or the abandonment of the power of levying taxes by that branch of the Government which the forefathers agreed should alone be charged with that duty and responsibility.

"Whatever argument could be advanced during the war and immediately following for delegation to a degree of the taxing power to the Executive unquestionably no longer exists. To incorporate now in the law any recognition of a right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

"Authority in the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government, for which the independence of the country was attained and which was secured permanently in the Constitution.

"There is no issue here as to the integrity of any Executive who has had or may have extended to him the exercise of this power. The issue is one of taxation by one official, be he President or monarch, in contrast to taxation by the representatives of the people elected, intrusted exclusively with the power to seize the property of the citizen through taxation. If proof were needed that the danger which the forefathers foresaw is inherent in this issue, a mere casual inquiry into the methods employed, selfish influences used, sinister schemes and contrivances brought to bear, one need but examine the record.

"The principle is: Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible representatives of the people in the Congress, where public debate is held and a public record made of each official's conduct?

"The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

"An issue of this importance should not be associated with the opinions or necessities of those interests, States, or sections that directly profit by some rate schedule in the body of the tariff act. With respect to the principle here at stake, any trading or log-rolling is especially unjustifiable and indefensible. Neither should we be unduly influenced by the attempt to divert attention from this momentous issue by condemnation of and emphasis upon the dilatory and unsatisfactory results of congressional procedure.

"No one seeks to prevent or in any way to interfere with the investigations and reports of the Tariff Commission in connection with emergency tariff legislation. The point is, we emphatically insist that final action and responsibility based on Tariff Commission reports shall be taken by the Congress.

"For the purpose of preventing apprehended congressional delay an amendment has been made providing for the submission of the reports to the Congress by the President, and, furthermore, an amendment will be presented strictly limiting action by the Congress to matters germane to the particular subject matter or rates recommended by the President after investigation by the Tariff Commission.

"We do not hesitate to say that if this extraordinary and what we believe to be unconstitutional authority passes now from the Congress, it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.

"It is our solemn judgment that hereafter all taxation through the tariff, and regulation of commerce thereby, will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress where it is such an embarrassing business, as everyknow knows, to the party that profits politically by it. So also it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.

"In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his Government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.

"In the hope of arousing the people, regardless of party, to take a broad, a public view of this important public question, we make this appeal.

"FURNIFOLD M. SIMMONS, of North Carolina.

"PAT HARRISON, of Mississippi.

"WILLIAM H. KING, of Utah.

"WALTER F. GEORGE, of Georgia.

"DAVID I. WALSH, of Massachusetts.

"ALBEN W. BARKLEY, of Kentucky.

"ELMER THOMAS, of Oklahoma.

"TOM CONNALLY, of Texas."

Now, one other quotation—on May 19, 1932, the distinguished Secretary of State, Mr. Hull, then a member of the other legislative body, said:

I am unalterably opposed to section 315 of the tariff act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision, with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution—a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic King.

How are these distinguished gentlemen going to square themselves in supporting or voting for this bill?

Mr. Chairman, so far as the constitutionality of the bill is concerned, the report of the committee asserts that it "goes no further than many previous enactments", and in fact "follows a current of legislation" enacted from the earliest times. With this statement I cannot agree. Any-one carefully analyzing the precedents will at once see that there is a marked and fundamental difference between those prior acts to which reference is made and what is proposed by the bill.

The Supreme Court has many times held that under the division of governmental powers outlined by the Constitution, it is a breach of that instrument for Congress to delegate its legislative powers to the Executive. The question, then, in every case is whether legislative powers are conferred.

What does the bill provide? It authorizes the President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States, to enter into reciprocal trade agreements with foreign governments and to proclaim such modifications of existing duties, and so forth, as are required or appropriate to carry out any such agreement entered into by him. It is further provided that no proclamation shall be made increasing or decreasing an existing duty by more than 50 percent or transferring any article between the dutiable and free lists.

The proponents of the bill allege that this language lays down a yardstick governing the President in carrying out the declared purpose of Congress to expand the export trade of the United States, and that therefore his power is administrative and not legislative. It is said that this supposed rule is similar to that provided in section 336 of the present tariff law, commonly known as "the flexible tariff provision." But let us compare the two.

Under the flexible tariff provisions it is provided that, in order to put into force and effect the policy of Congress set forth in the tariff act, the Tariff Commission, upon request of the President, upon resolution of either or both Houses of Congress, upon its own motion, or upon the request of any interested party when there is good and sufficient reason therefor, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article and shall report its findings to the President. If the Commission finds that the duties expressly fixed by statute do not equal the differences in such costs of production, it is required to specify in its report such increases or decreases in rates as it finds to be necessary for that purpose. Upon receipt of the report of the Commission the President is required to approve the rates of duty specified therein if in his judgment such rates of duty are shown by the investigation of the Commission to be necessary to equalize the differences in the costs of production.

Thus, in effect, Congress declares in section 336 that the tariff rates shall be x minus y , with x equaling the domestic cost of goods and y the foreign cost. Under these circumstances Congress writes the law when it lays down this legislative rule, and the President merely carries it into execution. Such was the finding of the Supreme Court in the case of *J. W. Hampton, Jr. & Co. v. the United States* (276 U.S. 394), in which the Court said:

The same principle that permits Congress to exercise its rate-making power in interstate commerce, by declaring the rule which shall prevail in the legislative fixing of rates and enables it to remit to a rate-making body created in accordance with its provisions the fixing of such rates, justifies a similar provision for the fixing of customs duties on imported merchandise.

The above language was quoted by the committee in its report, but it is significant that the report omitted the language which immediately followed. The Court continued:

If Congress shall lay down by legislative act an intelligible principle to which the person, or body authorized to fix such rates is directed to conform, such legislative action is not a forbidden delegation of legislative power.

It becomes necessary, therefore, to inquire whether under the present bill any intelligible principle is laid down to which the President, in fixing tariff rates, is directed to conform. The bill provides that the President shall first find that existing duties are unduly burdening and restricting the foreign trade of the United States. But when does a duty unduly burden foreign trade? Does Congress lay down any formula to govern the President in determining this question? Is it even such a matter as can be determined as a fact, and might not opinions differ as to what constituted an undue burden? In other words, does not the President have complete discretion in determining this mat-

ter? And in any event is not his determination of this question merely a condition precedent to the exercise of his real powers under the bill, namely, to enter into reciprocal trade agreements and to modify existing rates to conform to such agreements?

Now, what rule does Congress lay down in the bill to guide the President in fixing rates? Does it provide that such rates shall be computed according to a definite legislative formula, similar to that laid down in the flexible-tariff provisions? No. It merely authorizes him to proclaim such modifications in existing duties as are required or appropriate to carry out the agreements which he has entered into with foreign countries. We may ask, then, what legislative rule governs the President in his negotiation of those agreements? Again we find no policy laid down. In making concessions to foreign countries, and in selecting the article to be used as a basis for bargaining, the President is governed only by his own discretion. The finding he must make that the existing tariff rates are unduly burdening our foreign trade is only a condition precedent to the exercise of that discretion. Similarly, the provision that he may not change an existing rate by more than 50 percent is only a limit to his discretion.

It is noteworthy that the advocates of the bill do not rest their argument in favor of its constitutionality wholly upon its alleged analogy to the flexible provisions. They also cite as alleged precedents many previous acts of Congress running back as far as 1794. It so happens that the act of 1794 authorized President Washington to lay an embargo on all ships and vessels in the ports of the United States whenever in his opinion the public safety required. However, that act is no precedent for the pending bill. The distinction between such a delegation of authority and that contained in the bill has been well stated by Judge Ranney, of the Ohio Supreme Court, in a case which has often been cited with approval by the United States Supreme Court (*C. W. & Z. R.R. Co. v. Clinton County Commissioners*, 1 Ohio State, 88). In that case, in explaining the difference between delegating legislative authority and administrative authority, Judge Ranney said:

The true distinction is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution to be exercised under and in pursuance of the law.

Applying this holding to the act of 1794, the President's discretion there was only as to the execution of the law, and was not, therefore, a prohibited delegation of legislative authority. But in applying the holding to the present bill, we find that the President's discretion goes both to the making of the law and its execution. This difference the proponents of the bill either ignore or fail to perceive.

The reciprocity provisions of the McKinley Tariff Act of 1890 are also cited as an alleged precedent for the delegation of authority contained in the present bill. However, there is absolutely no analogy between the two measures. Under the 1890 act, Congress placed sugar, molasses, coffee, tea, and hides upon the free list, but authorized the President, if he found that any country producing and exporting any such articles to the United States imposed unequal or unreasonable duties on the products of this country, to suspend the free entry of such articles and impose thereon certain rates of duty which were fixed by Congress in the act.

In upholding the constitutionality of this law in the case of *Field v. Clark* (143 U.S. 649), the Supreme Court pointed out that the legislative authority of Congress was exercised when it declared that the free entry of the articles was to be suspended, and certain specified duties imposed upon a certain-named contingency.

What the President was required to do—

Said the Court—

was simply in the execution of the act of Congress. It was not the making of law. He was the mere agent of the law-making department to ascertain and declare the event upon which its expressed will was to take effect. It was part of the law itself as it left the hands of Congress that the provisions, full and complete in themselves, permitting the free introduction of sugar, molasses,

coffee, tea, and hides from particular countries should be suspended in a given contingency and that in case of such suspension certain duties should be imposed.

Applying this decision to the present bill, it must be evident to anyone that the 1890 act is not to be compared with the delegation of authority which is here proposed. In that act Congress fixed in advance the rates of duty which were to be put into effect upon the happening of a certain contingency. Under the bill, the President himself fixes the rates.

Similar provisions in the act of 1897 are also cited as a precedent for the bill, but the same distinction may be made as in the case of the act of 1890. The act of 1897 also authorized the President to negotiate reciprocal tariff treaties with foreign countries by granting reductions of duty of not more than 20 percent in return for equivalent concessions by such countries, but it was provided in the act that before becoming operative any such treaties must first have been approved by both the House and Senate. Hence this provision of the act cannot be cited as a precedent for delegating tariff-making authority to the President.

The Tariff Act of 1909 was also referred to in the committee's report as a precedent for the present bill. Under that act Congress set up two schedules of duties, a maximum and a minimum, and made the maximum schedule of general application. At the same time it gave the President authority to put the minimum schedule in effect with respect to any country which he found did not discriminate against the products of this country. Here, again, the President had no power to fix rates of duty such as he is given under the pending bill.

So far as the reciprocity provisions of the Tariff Act of 1913 are concerned, they gave the President no legislative authority since any agreements he might have negotiated thereunder were required to be submitted to both the House and Senate for approval before becoming operative.

Now, as to sections 337 and 338 of the present tariff law, which have been mentioned as delegations of tariff-making authority to the President. What are the facts? Under section 337 the President is authorized, whenever the existence of unfair methods of competition or unfair acts in the importation of articles into the United States shall be established to his satisfaction by the Tariff Commission, to direct that the articles concerned in such unfair methods or acts shall be excluded from entry. To assist the President in making his finding the Tariff Commission is authorized and directed to investigate any alleged unfair methods or acts and to conduct public hearings. Provision is also made for judicial appeal to the United States Court of Customs and Patent Appeals. It will be noted, however, that the President exercises no legislative power under these provisions since he is simply authorized to put into effect the declared legislative policy of Congress that certain articles shall be excluded from entry upon the finding by him that a certain state of facts exists.

Under section 338 it is provided that the President shall by proclamation specify and declare "new or additional" rates of duty, as thereafter provided, upon foreign articles when he finds as a fact that the country of exportation imposes certain discriminations against the commerce of the United States. It is also provided that the President may exclude foreign articles from entry upon the finding by him of certain other foreign discriminations. In fixing the amounts of the new or additional duties which are provided for, the President is bound by the rule therein laid down by Congress that such duties shall offset the burden or disadvantage to our commerce in the foreign country, or the benefit to a third country. In other words, he does not merely exercise his discretion but applies a definite yardstick laid down by Congress. Under the bill no yardstick for fixing rates is provided.

So far as the precedents are concerned, then, it may be said that Congress has never granted a President such complete authority and discretion over the tariff as does the present bill. In no case has Congress given the President the authority to enter into executive agreements with foreign

relations relative to the tariff without first laying down in advance the precise concessions or retaliations which he might use as a basis for bargaining, or else requiring that any agreement before becoming operative must be ratified by both the House and Senate. In no case has Congress given the President discretionary authority in rate making.

The present bill does not grant authority to the President merely to put into effect a policy of Congress under a rule of conduct laid down by it in advance. On the contrary, it grants him the authority to make his own rule by which tariff rates are to be fixed and commerce with foreign countries carried on—a rule determined by private agreement with foreign countries, and which may be put into effect at the will of the Executive, transformed into a lawmaker. No European dictator has greater power to affect the future life of his subjects than is thus given to the President of the United States.

It has long been said that the protective tariff never closed a domestic factory nor threw a worker out of employment. If the Democratic proposal to tear down the tariff would create jobs for our unemployed, it might be justified. However, such a program is not calculated to open up possibilities for employment but rather to reduce them. The price which we have to pay to sell more goods abroad is too great to result in any net benefit to this country. We have everything to lose and nothing to gain. Our rich domestic market, the greatest in the world, would be sacrificed in order to enlarge our relatively small foreign trade. For a chance to increase our present export trade of one and one half billion dollars per year we are asked to throw open our home market to foreign competition—a market which in 1929 produced a national income of approximately \$90,000,000,000.

Those who are advocating the reciprocity proposal may try to say that at the present time American workers have nothing to lose by being thrown into competition with labor in other countries. Nothing could be further from the truth. In spite of the fact that millions are out of employment, the wage scale of those who still have jobs is above that of any other country in the world; and when prosperity returns, as some day it must, the men who are put back to work will receive this higher wage scale, provided, in the meantime, the maintenance of the American standard of living has not been made impossible as a result of destroying the protective tariff system. But in any event, how can buying more textiles from the United Kingdom reopen our own textile plants? How can buying more steel goods from Germany give employment to our own steel workers? How can buying more wheat, milk, and other agricultural products from Canada help our American farmers? How can buying more meats from Argentina be of any assistance to our own cattle raisers? How can buying more shoes from Czechoslovakia put our own shoe factories back on the road to prosperity? How can buying more fruits and vegetables from Caribbean countries put any more money in the pockets of our own producers of these foodstuffs? My friends, such a question answers itself.

In closing, I would just like to quote an old tariff slogan, which I think is particularly apropos of the present bill:

Lower tariff means more imported goods.
More imported goods means less goods made in the U.S.A.
Less goods made in U.S.A. means less work.
Less work means more unemployment.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Ohio [Mr. POLK] such time as he may desire.

Mr. POLK. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record and include two brief excerpts from the Commissioner of Education.

The CHAIRMAN. Without objection, it is so ordered.

Mr. POLK. Mr. Speaker, I have asked for time today to call the attention of the House to the bill (H.R. 7059) introduced in the House by Mr. ELLZEY of Mississippi and by Senator GEORGE in the Senate.

The purpose of this legislation is to continue Federal aid for the teaching of vocational agriculture, home economics, and trades and industries education as has been carried on

under the so-called "George-Reed Act" which expires this year. This bill was reported favorably by the Committee on Education on March 2, and I hope we may have the opportunity of voting on it within the near future.

I am particularly interested in this proposed legislation because I know something of the educational work for which this money is used. This proposed legislation provides for an appropriation, for a period of 3 years, of the sum of \$1,000,000 for each of the three subjects—agriculture, home economics, and trades and industries.

As is pointed out by the Committee on Education in the report on this bill, appropriations for vocational education are carried under two heads. First, under the permanent legislation of the Smith-Hughes Act, which was passed in 1917, and, second, under the George-Reed Act, which was passed in 1929. This latter act was enacted for a period of 4 years and thus expires this year. The legislation proposed in H.R. 7059 is for the purpose of continuing the George-Reed Act for another period of 3 years.

For some reason which I am unable to explain the Federal appropriations for vocational education have been severely cut during the past 2 or 3 years below the amounts authorized by Congress under the George-Reed Act.

For example, this act specifically appropriated \$1,500,000 for vocational education in 1932 and \$2,000,000 for the same purpose in 1933, while actually only \$1,483,000 was made available in 1932 and \$1,275,000 in 1933. In addition to this, the permanent appropriations for vocational education received the same cut which was given to most other appropriations by the so-called "Economy Act" of last year.

In his annual report for 1933 the Commissioner of Education states, with reference to the reduction in Federal, State, and local revenues available for vocational education, that:

In this year, as compared with the year preceding, some \$3,276,000 less money was invested in these schools. Opportunities offered for vocational training were correspondingly reduced, and funds were not available for promoting vocational education in new areas, however urgent the need might be in such areas for widening the range of vocational training to embrace new occupations.

In the same report, on page 10, the Commissioner has summarized the effects which will result if the George-Reed funds should be discontinued; in other words, the effects which will result if the George-Ellzey bill (H.R. 7059) is not passed before Congress adjourns. I quote:

State directors indicate the following consequences as inevitable if the George-Reed funds should be discontinued: (1) That many departments of vocational agriculture and a majority, if not in some States all, departments of home economics, will be eliminated; (2) that State funds already appropriated and contingent on the receipt of Federal funds will of necessity lapse; (3) that it will not be possible to utilize buildings and equipment specially provided for vocational departments of agriculture and home economics representing large expenditures of public funds; (4) that elimination of vocational work will result in still further overloading of academic courses, with the consequent impairment of the work of the entire school system; (5) that rural communities will be even more severely taxed than they are now to meet the increased load if Federal support is withdrawn; (6) that contributions made by vocational departments under the George-Reed Act to relief and recovery programs in farming and home making will be abandoned; (7) that States will be unable to provide vocational training for large numbers of the unemployed; (8) that unemployment will be increased by discharge of vocational teachers now working under the act; and (9) that the morale of the State and local personnel will be seriously injured.

During the past year States and local communities have experienced serious embarrassment as a result of the reductions in the amount of Federal funds made available below the amounts originally appropriated or authorized by Congress to be appropriated for 1933. They have been further embarrassed by the uncertainty attaching to these appropriations, which has extended up to the beginning and even after the beginning of the fiscal year of the State or local community. Appropriations by the Vocational Education Act of 1917 for allotment to the States for the fiscal year beginning July 1, 1932, were reduced by the Economy Act of June 30, 1932, from \$7,157,977.62 to \$6,442,179.81, and the appropriation under the George-Reed Act for this same fiscal year was reduced by the Independent Offices Appropriation Act of June 30, 1932, by \$500,000 below the amount authorized to be appropriated for this year.

In this connection it must be remembered that all Federal funds for vocational education are matched by State and

local money, and the Commissioner has pointed out in his report that during last year the States and local communities expended \$2.90 for each dollar of Federal aid for vocational education. This does not include expenditures for plant and equipment of vocational schools, for which no Federal money can be used.

The people throughout the entire country have a great interest in this problem. In the first place, local boards of education have invested considerable sums of money in plant and equipment of vocational schools under the assurance that this Federal aid for vocational education will be continued. Second, all those who are familiar with this type of educational work appreciate its value to the boys and girls it is serving and want it to be continued.

At this point I wish to insert in the RECORD a table showing the enrollment in vocational schools by years and by States.

Enrollment in federally aided schools or classes by years 1918 to 1933, and by States for the year ended June 30, 1933¹

Year or State	Total	In agricultural schools and classes	In trade and industrial schools and classes	In home economics schools and classes
Total:				
1918 ¹	1,031,571	264,105	489,900	277,566
1919	1,077,844	252,199	560,150	265,495
1920	981,882	188,311	618,604	174,967
1921	858,456	144,901	537,611	175,944
1922	753,418	109,528	466,685	177,205
1923	652,594	85,984	409,843	156,767
1924	475,828	60,236	296,884	118,708
1925	265,058	31,301	184,819	48,938
1926	164,183	15,450	117,934	30,799
1933¹				
Alabama	21,286	7,722	5,148	8,416
Arizona	3,503	784	368	2,351
Arkansas	14,903	9,234	1,132	4,537
California	66,704	8,707	37,033	20,964
Colorado	11,713	2,031	5,050	4,632
Connecticut	8,968	621	6,613	1,734
Delaware	1,943	274	1,326	343
Florida	12,329	3,731	4,787	3,811
Georgia	29,717	9,862	9,940	9,915
Idaho	2,881	1,462	605	814
Illinois	30,145	8,679	11,252	10,214
Indiana	20,652	4,743	10,431	5,478
Iowa	15,389	9,399	3,519	2,470
Kansas	13,883	2,719	3,030	8,139
Kentucky	10,348	4,999	2,806	2,543
Louisiana	19,317	9,399	4,244	5,674
Maine	1,868	780	294	814
Maryland	6,039	1,328	3,849	862
Massachusetts	44,164	1,182	29,609	13,373
Michigan	39,966	13,129	18,711	8,126
Minnesota	15,938	4,910	7,163	3,865
Mississippi	20,933	14,826	2,294	3,803
Missouri	18,166	6,530	6,614	4,722
Montana	3,838	1,065	1,362	1,411
Nebraska	15,760	3,068	2,439	10,253
Nevada	854	181	449	224
New Hampshire	1,105	335	510	260
New Jersey	23,438	1,318	20,065	2,055
New Mexico	2,363	683	179	1,501
New York	159,984	6,189	146,256	7,539
North Carolina	28,216	13,499	5,984	8,733
North Dakota	4,364	1,495	568	2,301
Ohio	33,911	10,732	14,342	8,837
Oklahoma	25,948	6,420	4,278	15,250
Oregon	8,125	2,200	2,903	3,022
Pennsylvania	56,153	5,820	39,008	11,325
Rhode Island	2,711	617	1,534	560
South Carolina	29,142	15,967	5,377	7,798
South Dakota	4,148	1,637	198	2,313
Tennessee	29,074	13,262	4,635	10,977
Texas	60,802	23,246	9,669	17,887
Utah	7,375	2,283	1,362	3,730
Vermont	820	326	305	189
Virginia	24,375	10,979	9,711	3,685
Washington	8,127	2,753	3,868	1,506
West Virginia	5,169	1,291	2,181	1,697
Wisconsin	63,225	7,108	34,831	21,286
Wyoming	2,318	1,223	508	587
Hawaii	4,471	847	728	2,896
Puerto Rico	4,946	2,230	612	2,104

¹ Figures for 1933 are provisional, subject to final audit of State reports.

In the district of Ohio that I have the honor to represent, the value of this vocational education work is well recognized. Because of the far-sighted interest of the citizens of Hillsboro, Ohio, the first Smith-Hughes vocational agriculture department in Ohio was established in the Hillsboro High School in 1918. In the same county, at Greenfield, there is—what is considered to be—one of the finest and best equipped vocational departments in the United States.

Through money provided by a distinguished and public-spirited citizen of Greenfield a completely equipped vocational building was erected some years ago. This is a part of the world famous Edward Lee McClain High School, which is one of the finest institutions of learning to be found anywhere.

There are 10 or 12 other vocational agriculture and home economics schools in my district, in each of which an equally high type of educational work is being carried on.

Without going into minute details, I wish to speak briefly with reference to the character of the teaching in the so-called "Smith-Hughes schools."

It so happened when I attended college some years ago at Ohio State University that I enrolled in the teacher-training course in vocational agriculture, and upon my graduation I was granted a certificate to teach vocational agriculture, and while I have never taught this subject, for 8 years I was a teacher and high-school principal in two schools, where vocational agriculture and home economics were taught. Consequently I know something of the character of the educational work in the vocational-education departments of our high schools.

I believe there is no type of teaching of such a high degree of efficiency as that carried on in the vocational departments of our high schools. The teachers are particularly well trained for their work. They are required to be college graduates with a special course of training for this type of work. The vocational teachers are employed for the entire year with 1 month's vacation. Under this plan, they are able to exert valuable influence as community leaders during the time when the public schools are not in session.

The recitation periods in vocational courses are usually 90 minutes in length, which is double the usual high-school recitation period. Because of these long recitation periods it is possible to combine laboratory instruction with the information secured from textbooks, and consequently much more rapid progress is made by the students than under the usual procedure.

In addition, each boy who studies vocational agriculture is required to complete successfully a satisfactory farm project in the subject he is studying before he receives his credit for that subject. For example, if a boy is studying farm crops, he would be required to have set aside for him by his father, or some other farmer, a tract of land varying in size according to the type of crop. On this land the boy, under the supervision of the teacher of vocational agriculture, is required to plan for the growing of the crop, which is to be his home project. The boy must do at least a part of each of the different types of work required on the crop being grown.

On many projects the boys do practically all of this work.

Complete records are kept and a detailed report is made at the end of the year showing the profit or loss on the project. In most cases there is an agreement that the boy shall have for his own any profit derived from his project. In this way there is aroused an additional incentive to do good work. I know of many instances in vocational agriculture where the boys have, through their experience with their home projects, been able to suggest worth-while improvements in the management of their home farms.

In vocational home economics the high-school girls carry out similar home projects in cooking and sewing.

In fact, this vocational-education work is the most practical type of high-school training we have. It serves those boys and girls who will not have the opportunity of going to college and gives them a broad, practical training for their life work.

For the reason that practically all of the vocational agricultural schools and most of the vocational home economic schools are located in village or rural high schools, the funds for which are primarily derived from taxation on farm land, Federal aid for the payment of the salaries of these vocational teachers is absolutely necessary.

The same problem holds true with reference to the trades and industries vocational courses which are in most instances located in industrial centers, which are also in equal

need of Federal aid for the payment of the salaries of their vocational teachers.

As I have endeavored to outline in the brief time allotted to me, this is an important and an urgent problem, and I hope this bill will soon be passed in order that this necessary relief may be granted.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from New York [Mr. CULLEN] 10 minutes.

Mr. CULLEN. Mr. Chairman, ladies and gentlemen, we have just listened to a good Republican campaign speech, the best Republican campaign speech I ever listened to. But the gentleman from Massachusetts did not undertake to explain the real purposes of this bill. He gave us a lot of quotations, and when he was asked about the speech of Mr. Mills at Topeka, he ran away to cover and said that Mills was not an official. I will tell you what Mills said, and he was an orthodox Republican.

Mr. Chairman and ladies and gentlemen, I think the statement of the gentleman from North Carolina [Mr. DOUGHTON], Chairman of the Committee on Ways and Means of the House, covered the explanation of this bill, and most thoroughly so. I do not believe in coming upon the floor and making a campaign speech. I believe in discussing legislation. When I make a campaign speech I will go to a hall in my district and talk directly to the people.

Mr. TREADWAY. That is the way I do.

Mr. CULLEN. I will talk directly to the people in a hall or from the back of a truck.

Mr. TREADWAY. That is the way I do, especially from the back of the trucks.

Mr. CULLEN. This bill should be properly named "a bill for economic recovery." That is what the title of the bill should be. Of course, it has to have a tariff flavor. There is nothing in it about that, but my dear friends on the other side—and they are all friends of mine—are in that state of mind that when you discuss the tariff you are stirring up a hornet's nest. They have gone along in that line so many years that the very minute you begin to discuss the tariff they become alarmed and say, "No, no; you must not go into that."

What does this bill do? Under our present laws Congress fixes the tariff. There is no question about that. The Tariff Commission makes minor adjustments. That means that Congress goes in for trading back and forth among the various sections of the country when they fix the duty on imports.

Now, this adequately explains why the American tariffs have advanced to the present unparalleled level. We know that and you know it. Furthermore, it indicates to a great extent why the American exports have decreased from \$488,000,000 in January 1929 to \$120,589,000 in January 1933. It is true that in January 1934 it was \$172,000,000.

Does it not seem obvious that if we do not buy from other countries we cannot sell to other countries?

If it takes Congress a whole session to change duties on imports, our chances in the world markets against countries whose Executives can change tariff duties over night are very slim, and there are 48 countries in the world where the power is lodged in the executives to change tariff duties over night. That was done here a couple of years ago in Canada. An Order in Council changed the tariff duty over night and raised a barrier against our manufacturing interests here. The gentleman knows that very well, and we are not denying what the President wants. What the President wants is the power to change tariff duties up or down within a range of 50 percent, without asking Congress about it. That is what he is asking for and we are acknowledging that. That is something new. It comes along under the new deal which has been so successfully going along for the past year. Thus he should be able to make trade agreements profitably to both sides. Then, of course, there is the usual cry about the President seeking to usurp the powers of Congress, and yet the average school-boy knows that if we do give him the power we always can take it away. It seems so simple and elementary—and I see my friend SNELL laughing at that.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Always to the gentleman from New York.

Mr. SNELL. The gentleman says he sees his friend SNELL laughing at that. I am smiling at the gentleman's idea of how easy it would be to take the power away, when I realize how hard it would be to get two thirds vote in this House to override a veto of the President.

Mr. CULLEN. Oh, I do not think so. I might add also that the delegation of such power is nothing new. It has always been customary to grant the President certain powers in the consideration of all tariff bills.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mrs. ROGERS of Massachusetts. What if we should not be in session for 6 months? In that event, Congress could not act for 6 months, and during that time the President could do as he pleased.

Mr. CULLEN. Oh, the other 6 months would not be so long to wait when probably he would be doing good for the country generally. Personally, I should like to see the President have such power, or at least long enough to let him go after all of the foreign trade that he thinks he can get. That is what I think about it.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Not just now. It is my sincere conviction that this would help solve our problems and our tariff problem to a very great extent. Then there is this other thought. The President represents the United States as a whole, and in such a capacity is the most influential Chief Executive in the world. What are the people of the country looking for today? They are looking for remedial action in the present world crisis. Hence the reason for having Congress confer upon the President extraordinary powers and authority not today inherent in his great office, and Congress is doing this because Congress believes in him; and I have no patience with that kind of criticism, whether it is too much power to grant the President. Are we a bit afraid to give the President of the United States that power? Not the present President of the United States, if I know anything about it—and I know him and have known him for some time. I worked with him in the State Senate of New York, and I know that power is safe in his hands because he will not act indiscreetly.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. CULLEN. Yes.

Mr. FOCHT. Will not the whole matter resolve itself into a question of what his tendencies are with respect to tariff or free trade or a tariff for revenue only? What are his tendencies?

Mr. CULLEN. Oh, I think the gentleman is getting back to the old Democratic principle of tariff for revenue only, and the Republican principle of protection for American industry.

Mr. FOCHT. I am getting back to Andrew Jackson and Thomas Jefferson.

Mr. CULLEN. But that has no bearing whatever on this subject.

Mr. FOCHT. They would never submit a proposition like this.

Mr. CULLEN. No; because this is new, and this is what the people want. They want to be pulled out of the hole they are in, and we have a man in the White House who will do it.

Mr. FOCHT. The gentleman just told us about the 50-percent flexibility under Mr. Hoover.

Mr. CULLEN. Yes; but he never exercised it.

Mr. FOCHT. I asked the gentleman whether the present President would exercise it, and what are his tendencies anyhow. Is he for a protective tariff or is he one of these tariff-for-revenue-only men?

Mr. CULLEN. The gentleman will find out sooner or later. I refuse to yield any more.

Mr. FOCHT. The gentleman will find that it resolves itself into that question.

Mr. CULLEN. I refuse to yield. I want to tell something now about a little speech that was delivered in Topeka, Kans. I do not know how this is going to sound, but the story was not really told in the opening of the debate.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. CULLEN. If there was one man more than another that served in this Congress that I had great admiration for, irrespective of political affiliations, it was Mr. Ogden Mills. I consider him a very able citizen and a very energetic one. He was a man who applied himself wonderfully to his work here, just as he did in the legislative body in the State of New York, where I first became acquainted with him, and as I afterward knew him as Secretary of the Treasury.

I do not know of a better Republican in the United States than Ogden Mills. He is as good a Republican with his party and its organization as I am a Democrat with my party and its organization. On his way out to the coast a few months ago he stopped off at Topeka, Kans., and he delivered a speech. I am quoting him now, not from my memory.

Let me quote from a speech delivered by our former distinguished colleague and former Secretary of the Treasury, Hon. Ogden Mills, during a visit to Topeka, Kans., several months ago:

I prefer to turn my attention to the possibilities, amongst others, of restoring lost markets and the stimulation of increased consumption, not only through the restoration of purchasing power at home but through the promotion of a greater prosperity and a higher standard of living the world over. Granted that the difficulties are enormous and that much time and patience will be required, this is even more true of the self-containment program.

What was the self-containment program? The program you have been operating under for a number of years under our own form of government.

We will have to abandon the present policy of isolation and intense nationalism and, to some extent, modify our recent tariff practices.

What was he sounding then? The Smoot-Hawley law, I take it.

This may sound strange, coming from an orthodox Republican—

And this is the statement, quoting him—

but I have never understood that a sound system of protection based on the difference of the cost of production at home and abroad, if intelligently applied, means the erection of impossible tariff barriers, the destruction of our commerce with the rest of the world, and the sacrifice of the efficient farmer and to save the inefficient manufacturer.

That is Congressman Mills. I have a great deal of respect for him and his judgment.

Mr. McCORMACK. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. McCORMACK. And that is in contrast with the position taken by the 10 Republican colleagues on the Committee on Ways and Means, when practically every one of them admitted in public hearing that they stood for the complete economic isolation of the United States?

Mr. CULLEN. There is no question about it. They voted for it. They went on record for it.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. CULLEN. Yes; I yield.

Mr. MARTIN of Massachusetts. Will the gentleman tell the House what duties his party has lowered since it has been in control of the Government?

Mr. CULLEN. We have only been in power since 1932.

Mr. MARTIN of Massachusetts. Well, what do you propose?

Mr. CULLEN. We are starting.

Mr. MARTIN of Massachusetts. What do you propose?

Mr. CULLEN. We will let you know later. [Laughter.]

Mr. MILLARD. Will the gentleman yield for a question?

Mr. CULLEN. That is what you are trying to find out, but we will let you know later. You will hear it with compound interest. I refuse to yield further, Mr. Chairman.

Mr. MILLARD. Will the gentleman yield?

Mr. CULLEN. I have them on the anxious seat, and I want to keep them there.

Of course, other Republicans may oppose the proposed tariff policy, but the President of the United States today has asked Congress to permit him to do what Mr. Mills declared in his Topeka speech would save us from an all-around lowering of the standards of living.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FOCHT. Will the gentleman allow me to ask him a question?

Mr. CULLEN. Pardon me. Not now. Wait until you hear this one.

Then, again, let us see what Chairman Robert L. O'Brien, of the United States Tariff Commission, has to say in regard to the proposed legislation. Nobody will accuse him of being a Democrat. He is as good a Republican as I know in the country; but what did he say?

When he appeared at the hearings before the Ways and Means Committee, he warmly gave his endorsement to the President's recommendation that authority be given the President to change existing duties as much as 50 percent in order to facilitate the negotiation of the reciprocal trade agreements which would help to revive our lost foreign trade. His only criticism about this bill that we are considering now is that the plan as embodied in the bill before Congress does not go far enough.

What do you think of that for a Republican colleague?

In its present form it prohibits the transfer of any articles from the dutiable to the free list and vice versa. Mr. O'Brien, Chairman of the Tariff Commission, would give the President power to do this, and it would enable him to bargain on better terms, for example, with Japan and Brazil, whose principal exports to this country—namely, silk and coffee—are at present on the free list. Mr. O'Brien is going far beyond the bill itself, and expressed his firm belief that we ought to resort to a more sensible base on tariffs.

Mr. McCORMACK. Will the gentleman yield again?

Mr. CULLEN. I yield.

Mr. McCORMACK. Mr. O'Brien is former editor of the Boston Herald, the outstanding and strongest Republican organ in New England.

Mr. CULLEN. Oh, there is no question about it. I have known the gentleman for years. He is one of the greatest and biggest Republicans in his party and one of the outstanding men of the country, so far as that goes.

Mr. COCHRAN of Pennsylvania. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. COCHRAN of Pennsylvania. I should like to quote a few lines of Mr. O'Brien's testimony.

Mr. CULLEN. After I have finished in regard to Mr. O'Brien. Perhaps I have here what the gentleman wants.

Mr. COCHRAN of Pennsylvania. Will you yield to me then?

Mr. CULLEN. Yes.

Mr. McCORMACK. Will the gentleman yield for another observation?

Mr. CULLEN. I yield.

Mr. McCORMACK. Mr. O'Brien was appointed by President Hoover, and he is also a resident of Massachusetts.

Mr. CULLEN. Of course.

Mr. TREADWAY. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. TREADWAY. I do not want to get involved in a discussion with reference to one of my best friends, but in all fairness the gentleman ought to say that Mr. O'Brien today holds his appointment from President Roosevelt.

Mr. CULLEN. Originally received from President Hoover.

Mr. McCORMACK. But my colleague from Massachusetts did not complete the picture.

Mr. SAMUEL B. HILL. He is a hold-over.

Mr. TREADWAY. I beg the gentleman's pardon; he was appointed by President Roosevelt and his first position was under President Hoover.

Mr. COCHRAN of Pennsylvania. The testimony of Mr. O'Brien which I desire to quote is particularly applicable at this point, if the gentleman will yield. I quote from Mr. O'Brien's testimony, page 73, as possibly bearing upon the change of his views. He there testified:

The President appoints the members of the Tariff Commission. Somebody said yesterday there was a bipartisan phase to it, and of course, there is; but any President can pick out men from the opposite party whose views are identical with his own. Next, it may be assumed that any man who is holding a position desires to be reappointed to it; and I say that the present Tariff Commission coming up for reappointment during the term for which President Roosevelt has now been elected, it is clear to me and ought to be clear to everybody that the Tariff Commission method of operating is Presidential tariff-making.

Mr. CULLEN. Of course, Mr. Chairman, I can understand why that statement is wanted in the Record at this point; probably his Republicanism is not as orthodox as they think it should be.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman from New York.

Mr. CULLEN. He also deplored the fact that the world is so broken up by tariff restrictions. The more open trade relations we have, the better. He did not believe that the cost of production should be the basis of tariff-making. Of course, the authors of the Hawley-Smoot law will shudder at this heresy—that is political heresy from that side of the Chamber, although we are getting a few recruits from over there. It is obvious that if tariffs must always be kept high enough to equalize the cost of production between the domestic and the foreign article, an impossible barrier is put in the way of exchange of most goods in international trade.

The high tariff rates of the Hawley-Smoot law has absolutely paralyzed our shipping. Those of us who come from seaport communities and who want to be fair must admit that we have not been exporting or importing to any great extent since the Hawley-Smoot law. They have built a wall against us so high it would take an airplane to get over it. The sharp decline of recent years in export and import trade means a falling off of the varied activities in seaport communities. It is not only a matter of loading and unloading vessels and of trucking, but of business handled by houses engaged in exporting, importing, and wholesaling, and of marine-insurance organizations and many other lines of work.

According to the figures of our experts, our exports have decreased from \$480,000,000 down to \$120,000,000, speaking in round numbers. I call particular attention to this statement: From January 1929, when our imports reached the total of \$4,389,000,000, they have fallen off in January of 1933 to \$1,122,000,000, and the total exports of the United States fell from \$5,157,000,000 in 1929 to \$1,149,000,000 in 1933. Imports fell from \$4,389,000,000 in 1929 to \$1,122,000,000 in 1933.

Is it any wonder that our shipping, one of the greatest industries of our country, is paralyzed? Is it any wonder our shipping has been driven from the high seas? Why? In my judgment because of tariff walls built up under the Smoot-Hawley system which invited the retaliatory measures that have been taken against us by foreign countries.

This bill should be labeled "A bill to promote better economic conditions in our country and to relieve to a great extent the unemployment situation which is prevailing throughout our country and to restore prosperity." It will help to bring about reciprocal relations with other countries and at the same time protect our industrial and manufacturing interests and the American farmer.

It is not enough to say that it is unacceptable to the minority without saying specifically why not; and in the present instance a purely partisan opposition, unless it take the stand on a principle not yet disclosed, will appear to many as being only a selfish grouping of those sectional

interests which through the means of logrolling and backscratching have brought congressional tariff-making into disrepute.

Give to President Roosevelt the power which is asked for in this bill, as I know and am sure he will exercise it for the best interests of our people and of our country. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I have been no little interested in noticing the delight with which some of my Democratic colleagues have rolled the name of Mr. Mills around their tongues when they have referred to certain statements which he made in a speech delivered at Topeka. The Members who have been in this House for a number of years know very well that Mr. Mills does not always speak my language. Further than that, they know that I have never hesitated to agree or disagree with any President or any other official or individual, regardless of what political party the official or individual belonged to. May I say that the program that Mr. Mills subscribed to when he stated he wished at this time to have this country undertake the raising of the standards of living of all the peoples of the world is outside the range of my approval? As far as I am concerned, Mr. Chairman, the first problem confronting the people of this country is to restore the American standard of living to the people of America before we undertake to raise the standard of living of the Chinese coolies on the Yangtze River or similar peoples elsewhere. [Applause.]

Mr. Chairman, I propose to discuss this question from a nonpartisan point of view. I think anyone who has known me long will say that never have they heard me discuss any question on the floor of this House from a partisan standpoint. I am not interested primarily in partisanship here. I am interested in the welfare of the people of this country.

Mr. Chairman, in arising to address myself to the issue which now is before us, I find myself stirred to my innermost depths by the grave import for the future hidden in the heart of this measure, which proposes that the Congress of the United States shall further abdicate its functions under a constitutional government, and turn over to a sincere and earnest and honest Chief Executive, who, despite these admirable qualities, which no one doubts, still is not omniscient, one of the greatest and most far-reaching of the legislative powers under the Constitution of the fathers.

We must not forget, Mr. Chairman, that this is permanent legislation we are proposing, and that any power turned over to the present occupant of the White House is also turned over to all those who shall come after him until such time as the act shall be repealed. This undoubtedly would require a two-thirds vote of each House of Congress, as history teaches us that potentates or men of great power relinquish that power only with extreme reluctance.

Therefore, I say, as I address myself in opposition to this measure, I am moved, not by partisan sentiment, not by sectional prejudice, but I am moved by a genuine fear for the future of my people and my country in this proposed further abandonment of constitutional government.

I want it clearly understood at the outset of these remarks, Mr. Chairman, that I am in no sense questioning for one moment the sincerity of purpose of the President of the United States or of his advisers. But, no one, and least of all the President himself, claims omniscience for the Chief Executive. Why, if there has been any one man within the last 12 months of these terrible times through which this country has passed who has insisted and insisted again that he did not know what to do, but frankly was experimenting, it has been Franklin Delano Roosevelt. I admire him for his frankness in telling our people honestly and openly that he is experimenting. But the fact still remains that not only is the President not omniscient, but he, himself, regardless of either his purpose, his wisdom, or his foresight, cannot personally carry out the provisions of this measure, if it is enacted, but must be guided entirely by advisers, none of whom claims omniscience.

One of the witnesses we had before the Ways and Means Committee during the hearings on this bill was the Honorable Robert L. O'Brien, Republican member and Chairman of the United States Tariff Commission. His appearance there was a continuous testimony of the splendid vigor and ability of the man. Unquestionably one of the ablest men in the Government service, he has hundreds of men working under him collecting information upon which to enable the Tariff Commission to base its analyses and decisions. It is his duty to carefully weigh all the facts before arriving at a decision. The duties of his office occupy all his time. There is no place in his busy day for anything other than this. He is now performing the functions which this bill would thrust upon the shoulders of the President of the United States, were he personally to determine what shall be done in connection with the proposed trade agreements.

The office of President is one that carries with it burdensome cares of every kind and character. Not a minute of his time belongs to the President in the performance of duties already resting heavily upon him. To believe that he, if given the authority granted him by this bill, would give his personal attention, or could give his personal attention, to the problems that would be constantly arising is preposterous, is ridiculous, and I do not believe that any man or woman within the sound of my voice believes that he will give his personal attention to these duties.

He must necessarily delegate this duty to others. He, no doubt, will delegate them largely to the members of his Cabinet who appeared before our committee. They are men who apparently believe that our foreign trade can be revived and extended, but, notwithstanding the most diligent examination of these witnesses, they failed to name one single product that could, under the provisions of this bill, be imported into this country without injury to American industry or agriculture. They, Mr. Chairman, are men. They, Mr. Chairman, are earnest men. They, Mr. Chairman, are able men. And yet they are no more earnest nor are they more able, in my opinion, than the Members of this Congress, who represent directly and absolutely the people of this country in expressing the popular will.

Therefore, if and when this Congress should turn this great power vested in this august body under the Constitution over to a group in the Executive department of Government, we have abandoned just that much further the few vestiges of constitutional government that remain to our people. How, Mr. Chairman, can we expect to get any better results if we turn the fate of our industry, of our agriculture, and the fate of every man, woman, and child in this country over to this group of executives, pleasant though it might be to so easily evade the tremendous responsibilities laid upon us under the Constitution as representatives of the people.

Ah, Mr. Chairman, it is a sweet and pleasant thing to pass responsibility for the prosperity or the ruin of this country over to other hands, but is it the manly, the right, and the statesmanlike thing to do? If this measure is enacted into law and should prove to be unwisely administered, could we as Members of Congress say that the responsibility was not ours? I do not believe we could, because after all, under the Constitution, we here are charged with the solemn responsibility of deciding for the people of the United States who shall exercise the powers necessary for that freedom and prosperity so dearly bought by the blood of our fathers on many a battlefield. This, Mr. Chairman, is what we are considering here—the abandonment, if you please, of one of the greatest bulwarks of our constitutional form of government for the sake of further experimentation in a field which, members of the executive group have within the last 2 weeks informed the Ways and Means Committee of this House, calls for a completely new study without the benefit of any rules or yardsticks.

I now wish to pose some questions which obtrude themselves and cry for answer. The purpose of this bill is to turn over to the President of the United States indefinitely the power to decrease or to increase the tariffs and to lift import restrictions without any further recourse to or ad-

vice from the Congress, on the theory that, if we are to sell in foreign markets, we must also buy in foreign markets.

Now, Mr. Chairman, the statistics compiled in the press, in economic studies, including those of the Department of Commerce, the Foreign Policy Association, and numerous other bodies, all show that for a period of 100 years our exports have never averaged more than 7 percent of our total production. There are those who claim that it runs as high as 10 percent, and I am ready to grant even that figure for the sake of argument, but it is an exaggerated figure. But even so, 90 percent of the market for American products lies within the limits of the continental United States.

That market is now off approximately 50 percent from the normal level of consumption. I now ask the Members of this body to consider for a moment what would happen if we were able to sell 10 percent of our products in foreign markets, and did not have to import a dollar's worth of goods from these markets, just exactly what would we do to restore the other 40 percent of vanished purchasing power which confronts us here at home? I mean to say, Mr. Chairman, that even in that event we would still be minus 40 percent of our market at the expense, very largely, of the 90 percent. In other words, if we are going to buy in foreign markets, then we are going to buy those things which are produced in this country (as practically everything we do not raise or manufacture is already on the free list and can be imported from foreign countries without restriction and without limit), and if we buy them in foreign markets, it will have to be in competition with and at the expense of the producers of this country, unless we can find in the various countries of the world so many billions of dollars worth of products and materials which we need, and which are not and cannot be produced in this country; and that, Mr. Chairman, we all know is an impossibility, because foreign producers are now selling here all such products we can possibly consume.

If the President under the terms of this bill is going to lower tariffs, we face in all of its grave import this inescapable question which must be answered before we can conscientiously vote on this measure: Are we going to import manufactures, fabricated goods, machinery, into this country in order to sell fabricated goods and machinery made in this country to other nations? No, that cannot be true, because other nations can and do produce fabricated goods and machinery more cheaply than we can produce them in this country, because our standards of living and labor are higher, and the cost of production is correspondingly greater. It is true that in some instances as yet we do, through mass production, produce, even with high labor costs, machinery in this country, such as automobiles, which may still undersell in the world markets. But, the whole tendency in every country in the world is to buy American labor-saving machinery and to adopt American mass-production methods, and with the lower standards of living and the lower wages, if, as, and when each of these countries acquire the machinery and the technique, of course they can manufacture at lower costs than we; and that will come in the automobile field just as certainly as it has come in the shoe-manufacturing field.

Our manufacturers of machinery and fabricated goods well know that for us to import against their domestic market products such as they make is to rehabilitate foreign trade at the expense of the rehabilitation of domestic industry. It is to aid, as I understand it, our machine industry largely that this bill is proposed. Are we, then, to import from these countries agricultural products in competition with our own already overproduced agricultural products? Is that what we are going to buy from these foreign markets in order to aid the manufacturing industry? If that be true—and that is exactly what this thing means, Mr. Chairman—then it means that this Congress is considering turning over to a few executives surrounding the President the power to determine whose businesses, whose prosperity, and whose means of livelihood shall be ruthlessly stripped from them in order that some other segment of American industry or agriculture and the American people may live in plenty.

This measure means, Mr. Chairman, that we are today considering whether or not we are going to pass a death sentence upon a very great portion of our agricultural industry in this country in order that we may nurture the remainder of industry. This measure means, Mr. Chairman, that we are considering here today whether or not we are going to say to one great class of our people, the farmers: "Here and now we are going to deny you your constitutional rights of life, liberty, and the pursuit of happiness, because we feel there is not enough life, liberty, and happiness to go around, and we are going to reserve it for the manufacturing interests of this country at your expense." That, Mr. Chairman, is exactly what this measure means.

If it does not mean that, it must mean that we are going to say to the manufacturing industry, "Here and now we are going to deny you your constitutional right to life, liberty, and the pursuit of happiness in order to nurture the agricultural industry." If it means neither of these, it must, Mr. Chairman, mean the development of our foreign markets for both agriculture and industry at the expense and the sacrifice and the destruction of every element of either agriculture or manufacturing that may, in the opinion of those surrounding the President of the United States, be deemed "inefficient" industries.

Where is the evidence of this last assumption? It is in the policy already laid down before the committees of this House in relation to the sugar allotments and the statements of those close to the President who have appeared and supposedly expressed the administration's position on legislation pending in this House.

It seems obvious to me that this proposition presents two horns of a dilemma, one of which we cannot possibly avoid if we are to enact this bill. If we are going to export manufactures and import agricultural products, we are going to nurture manufactures over the corpse of American agriculture. Conversely, if we are going to import manufactures in order to export agricultural products, we are going to nurture agriculture upon the corpse of the manufacturing industry. The two propositions are so utterly incompatible, namely, that we can export both manufactured and agricultural products and not import either of them, that it is perfectly futile, in my opinion, to even consider the matter, inasmuch as every man and woman within the sound of my voice knows that it is wholly impossible for us to purchase from all these other countries enough billions of dollars' worth of raw materials or products now on the free list and not produced in this country to "create a fair and just balance of trade as between this and other nations." And this is not to mention the fact that we cannot, by any stretch of the imagination, expect any foreign nation to compel its peoples to buy our goods in the foreign markets at a price which must be vastly greater than the price at which the same character of goods could be purchased by the peoples of those nations from foreign producers.

Imagine for a moment, Mr. Chairman, how this country would react to a proposal on the part of the President for this Congress to vest him with the power to decree that Americans must buy foreign machinery, or foreign-made clothing, or foreign-made shoes, or foreign-grown wheat and cotton at prices twice what they could be produced and sold for at home. Why, he would be considered to have gone mad to propose any such thing; and yet this is precisely what we are expecting him under this bill to propose to foreign peoples.

This is exactly what the President will have to do if he is to make this plan effective, in the event this bill is passed, unless always he is prepared to crucify, to destroy many of the fine industrial and agricultural activities of this country that have been supplying the people of the United States with necessary employment and products down through the years, but which today in the opinion of some of his advisers are considered inefficient.

There is one phase, one inevitable effect of this proposal that, in my opinion, has escaped the attention very largely of everybody who has been discussing it, and that is that just as surely as we open our doors to the products of pauper foreign labor, we will start to bring the American

standard of living down to the levels of the European and oriental standards of living. Just as surely we will start the price levels downward, instead of upward, because it is inevitable that if we are to reduce production costs in this country in order to invade foreign markets in competition with foreign products, we are going to have to do it by the only method known, namely, a reduction of American wages and American living standards, or the vastly increased use of technological appliances which will mean a further displacement of labor. If we do that, the American people are going then to have to buy where they can buy the cheapest, and that means the destruction of price levels in spite of all Mr. Roosevelt and his advisers possibly could do.

It is not production that stabilizes price levels; it is demand that establishes and stabilizes price levels. It is purchasing power that maintains price levels and not producing power. I defy any man or woman in this House to challenge my statement when I say that if we do not have consuming power in America there will be no industry, because there would be no consuming power to justify such industry.

Consuming power is people plus purchasing power, and purchasing power in the United States of America spells wages—high wages.

Again I reiterate, Mr. Chairman, that the minute we open our doors to cheap foreign products and put our workers into competition with foreign labor, just that minute we start the American wage level on the toboggan that leads to a bottomless abyss of utter ruin and chaos. The minute we start American wage levels on the toboggan downward, that minute we start price levels on the toboggan downward because it is consuming power that determines price levels.

Why, Mr. Chairman, the fact is that the President is today insisting upon shorter hours and higher wages in industry in order to increase purchasing power, which is one of the two essential factors of consuming power. How we can hope to shorten hours, raise wages, increase production costs, and then force our products into foreign markets, where long hours and low wages mean low production costs, is so utterly beyond my mental concept of economics that I find myself wholly incapable of following such a line of reasoning.

Perhaps someone may question this. It has been said in testimony before the Ways and Means Committee by none other than the Secretary of State, the Honorable Cordell Hull—for whom I have the most profound respect and admiration, and whose sincerity and integrity no man may question—that the information and the studies which repose in the State Department have not yet been sufficiently classified and studied to throw any light on or to provide any answer to the questions I have just propounded to this House, and that this entire act is to be based upon some study which it is hoped may indicate some experimental avenue of approach to the reopening of foreign trade.

Now, Mr. Chairman, if the President does not intend to lower the bars which today protect American manufacturers from the onslaughts of cheap foreign manufactures, and if the President does not mean to lower the bars which protect the American farmers against the wool and the oils and the hides and the cotton and the dairy products and the wheat and other agricultural commodities raised by the pauper labor of other countries, then I ask the Members of this House where does he intend to find these things which we may buy in sufficient quantities from the other countries to enable them to spend in our markets these billions they talk about?

If the President is unable to find a sufficient number of products produced in other countries which are not produced here, then it is to be assumed that this act will be inoperative, in which case, Mr. Chairman, this Congress will have abdicated one of its most solemn and important functions under the Constitution—we will have taken another long stride toward bureaucracy and the abandonment of our democratic form of government for no purpose whatsoever, and that is something which ought not to be even thought of by this august body.

Now, Mr. Chairman, let us see for a moment what we may expect to buy under the operation of this bill if we expect to sell. The items which I am now going to quote are taken from the reports of the United States Department of Commerce, Bureau of Foreign and Domestic Commerce, the Commerce Yearbook of 1930, and other publications of the Department of Commerce as compiled in volume 6, no. 16, of the Foreign Policy Association's information service.

Take the year 1929 as the last year in which imports were at their peak, and I want to call to the attention of this House the fact that the leading imports from Canada for that year were lumber, wood pulp, nickel, wheat, pulpwood, cattle, and furs, undressed. Most assuredly lumber, wheat, and cattle, to say nothing of furs, were in competition with domestic industry. It is to be assumed then that if we are to do more business with Canada we will have to buy in Canada more lumber, more wheat, more cattle, and more undressed furs, among the other items which include standard newsprint, wood pulp, pulpwood, and nickel.

In the same year from Cuba we imported sugar, tobacco, molasses, cigars, iron ore, and pineapples; and of that list sugar, tobacco, molasses, cigars, and pineapples came into this country in competition with domestic agriculture and industry, to say nothing of iron ore. Presumably then, if this act goes into effect, we are going to have to buy more sugar, more tobacco, more molasses, more cigars, more iron ore, and more pineapples from Cuba.

From Mexico in the same year we bought copper, sisal and henequen, crude petroleum, lead, coffee, cattle, chicle, cotton, bananas, chickpeas, and tomatoes. Of these imports, copper, petroleum, lead, cattle, cotton, chickpeas, and tomatoes were in competition with domestic agriculture and industry; and yet presumably under this bill we will have to buy more of these items from Mexico, if we expect to sell her people industrial machinery, automobiles and parts, iron and steel products, electrical machinery, and so forth.

In the same year, Mr. Chairman, we imported from Argentina, flaxseed, cattle hides, meats, wool, furs, sheepskins, and casein, every item of which was in competition with domestic agricultural production.

In the same year from Uruguay we imported wool, meats, hides, and sheepskins, every item of which was in competition with American agriculture.

From Spain we imported olives, almonds, edible oils, goat and sheep skins, every item of which was in competition with our domestic production.

We imported from France undressed furs, gloves, silk wearing apparel and fabrics, cotton laces, rayon manufactures, and walnuts, which were in competition with domestic industry.

From Italy in the same year we imported edible oils, cheese, tomatoes, hats, wool felt, tobacco, cherries, and almonds, all of which were in competition with domestic production.

From Switzerland we imported cheese, materials for hats, and cotton cloth in competition with domestic industry.

From Australia we imported wool, undressed furs, sausage casings, sheepskins, and cattle hides, all of which were in competition with domestic industry.

From New Zealand, we imported hides and skins, wool, sausage casings, all of which items were in competition with domestic industry.

I could continue to recite similar items which would come in in ever-increasing quantities from every other country in this world, if we buy from them as contemplated under this act, all of which would come in direct competition with American production.

Mr. Chairman, there is a very singular fact in connection with this whole question, and it is that almost 90 percent of all the items imported from these countries are items in competition with agriculture, while the leading exports from the United States to every one of these countries was, first, automobiles; second, iron and steel-mill products; and, third, electrical machinery.

If it is established, Mr. Chairman, and it is established, that we cannot possibly use enough products from other countries which we do not or cannot produce in this country, to maintain a proper economic balance of trade with those countries, then we will have to buy, if this act is to be operative, from those other countries, products which are produced in this country.

In that case, if we are to nurture the manufacturing industry at the expense of agriculture, the manufacturer is going to have to give up a part of his domestic market here at home in exchange for foreign markets abroad.

If we are going to nurture agriculture at the expense of the manufacturing industry, the agriculturalist is going to have to give up a part of his market here at home for a market abroad.

Let us see if this is true. From 1920 to as late as 1932 not only was American capital being expatriated and put into foreign manufactures to serve foreign markets but American industry was establishing foreign branch factories. Now, why? Because, our Democratic friends maintain, of high American tariff walls, which, in their opinion, made it impossible to carry on this international trade. They are not correct. It was because the American industrialist found that he could produce for his foreign market at a cheaper cost by using cheap foreign labor and cheap foreign materials in the countries in which they exist, by avoiding the long haul with its consequent costs of carriage, and by avoiding frozen capital invested in transit and insurance charges in transit, and thereby could meet foreign competition on its own ground. This is exactly the reason behind the phenomenal flight of manufactures to foreign countries. It was not because of the American tariff walls, although it is true that foreign tariff walls set up further obstacles; but if there was not a vestige of tariff existing either here or elsewhere, if the whole world were today on a basis of free trade, the American industrialist, if he would serve his foreign markets at a price which could compete with producers in those foreign markets, would be compelled to maintain foreign branch factories. That fact is so apparent that, I think, no intelligent person would for a moment assume to contradict it.

Mr. SAMUEL B. HILL. Will the gentleman yield for a short question?

Mr. WOODRUFF. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Why is it that American branch factories were not established in foreign countries in previous years and that the practice began only recently?

Mr. WOODRUFF. May I say that I am surprised at the question, because ordinarily the gentleman from Washington is well informed on these matters?

Mr. SAMUEL B. HILL. I should like to have the information.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 18 additional minutes to the gentleman and trust he will complete his statement in that time.

Mr. WOODRUFF. Again I say to the gentleman from Washington that usually he is well informed. I call his attention to Senate Document No. 120, which has been printed within the last 3 weeks. This document will tell the gentleman that for many years there has been an ever-constant flight of capital abroad for investment in branch factories.

Mr. SAMUEL B. HILL. The gentleman from Michigan will admit, I am sure, that within the last 3 or 4 years these branch factories have increased to a very large extent?

Mr. WOODRUFF. No; quite the reverse. In order to satisfy the gentleman from Washington I will at this point print a report of the Department of Commerce in connection with this very thing, and the gentleman can satisfy himself as to whether or not he is correct in his statement. I was just going to discuss this Senate document.

Present investment and employment in foreign producing units by years in which established, all countries

[The investment and employment figures are for 1932]

Year	Manufacturing				Raw materials and special classes			
	United States companies	Labor	Foreign units	Investment	United States companies	Labor	Foreign units	Investment
1920.....	1	12	1	\$75,905				
1921.....	1	600	1	1,158,899				
1922.....	1	14	1	58,273				
1923.....	2	606	7	65,370,510				
1924.....	2	6,000	2	2,573,400				
1925.....	1	7,809	1	6,948,888				
1926.....	1	6,000	3	328,000				
1927.....	1	103	1	562,285				
1928.....	1		3					
1929.....	1	143	1	387,285				
1930.....	2		2	13,468,000				
1931.....	2	174	2	1,287,000				
1932.....	1		1	26,000,000				
1933.....	2	813	2	859,713				
1934.....	5	3,806	7	18,094,428				
1935.....	1	536	1	613,875				
1936.....	1	100	1	127,629	1	34	1	
1937.....	4	797	9	5,390,118				
1938.....	2	903	2	2,045,532				
1939.....	1	2,000	1	6,296,980				
1940.....	3	2,345	3	13,041,378	2	1,035	3	\$4,413,000
1941.....	6	653	14	4,778,000	2	160	2	7,026,994
1942.....	4	449	6	8,905,010	4	7,784	11	18,502,826
1943.....	3	2,782	3	4,612,914	6	6,219	18	44,338,000
1944.....	8	1,820	8	6,163,606				
1945.....	9	6,090	13	66,803,786	3	8,318	3	59,409,033
1946.....	16	13,095	29	16,864,429	3	2,572	8	8,010,500
1947.....	10	2,172	33	8,446,377	5	5,783	5	31,173,394
1948.....	14	600	15	5,129,546	3		5	37,280,600
1949.....	15	6,164	21	21,796,557	1	258	1	272,343
1950.....	10	2,317	18	3,200,282	3	3,736	3	20,304,743
1951.....	21	11,118	46	33,482,926	1		1	4,000,000
1952.....	16	17,001	19	51,662,057	3	19,208	4	13,387,678
1953.....	22	2,140	29	16,924,018	2	5,001	3	39,285,223
1954.....	14	5,966	15	14,385,725	2	615	2	3,800,000
1955.....	19	3,252	20	27,347,130	3	2,873	2	24,195,124
1956.....	11	3,624	13	6,360,369	4	6,404	6	45,380,765
1957.....	23	3,702	25	21,721,750	3	5,659	4	86,017,936
1958.....	20	8,311	22	7,676,820	5	2,500	6	16,407,107
1959.....	14	2,623	34	23,982,055	1	9,414	4	12,035,000
1960.....	27	8,742	34	42,577,557	11	10,759	13	46,892,183
1961.....	43	9,487	52	54,189,586	8	9,511	14	42,468,392
1962.....	29	4,646	37	14,366,211	8	3,090	13	36,151,159
1963.....	22	3,761	22	24,701,096	7	9,341	7	5,900,000
1964.....	25	4,784	34	14,675,255	7	9,398	8	171,225,528
1965.....	28	6,417	39	22,653,758	9	1,877	13	12,854,866
1966.....	35	11,504	49	29,236,145	11	15,020	16	112,599,954
1967.....	35	16,559	49	26,921,127	6	19,791	8	3,940,588
1968.....	43	11,438	54	44,129,498	9	3,279	11	15,854,867
1969.....	45	6,956	64	35,761,070	6	6,885	13	86,873,493
1970.....	70	16,553	99	78,094,191	10	1,854	11	3,097,658
1971.....	64	15,185	81	55,559,953	6	1,095	12	37,404,000
1972.....	49	3,762	55	29,717,504	5	629	5	2,192,390
1973.....	43	2,309	53	11,502,399	1		2	
No date given.....	185	18,605	363	34,237,314	23	2,111	61	91,108,094
Total.....		267,345	1,520	1,033,259,808		183,118	299	1,144,433,438

This is Senate Document 120, recently issued, which is a report from the Department of Commerce in response to Senate Resolution 138 of the Seventy-second Congress, on American branch factories abroad, together with an analysis of returns from United States producers with investments of \$50,000 or more in foreign plants in 1932. This shows that a total of approximately \$2,177,693,244 was at that time invested by American industry in foreign branch plants. The number of plants approximated 1,800. And keep in mind, ladies and gentlemen, that this list is wholly incomplete, because, in the first place, it embraces only plants in which more than \$50,000 per plant is invested, and, secondly, it does not include any plants or activities established and maintained by American capital which operates no American plant; and, third, it does not include many plants concerning which some American firms refused to report. And further it does not include those American investments and activities in foreign countries which do not provide competition for American production.

Mr. SAMUEL B. HILL. Then it does not give very much information on the subject about which I inquired.

Mr. WOODRUFF. It gives the information which I said I would give the gentleman, and when the gentleman sees the different years in which these plants have been estab-

lished abroad, I am sure the information will be helpful to him.

Mr. VINSON of Kentucky. We want a comparative figure. As I understand the gentleman, his figures were for 1932.

Mr. WOODRUFF. They were figures for all time up to 1932. The table gives the establishment of the branch factories abroad by years.

Mr. VINSON of Kentucky. Together with the total amount of capital involved?

Mr. WOODRUFF. Yes.

Mr. VINSON of Kentucky. Then the gentleman's figures are not comparable.

Mr. WOODRUFF. May I say that the gentleman from Massachusetts [Mr. TREADWAY] is limiting my time and I have much to say. I believe I will anticipate most of the gentleman's questions if he will permit me to proceed uninterrupted. I will put the report in the RECORD and let the report speak for itself.

Mr. VINSON of Kentucky. It may not speak correctly.

Mr. WOODRUFF. Then that is the fault of the report and not the fault of the gentleman from Michigan.

This is the whole and complete answer to the charge that American tariff walls are responsible for the flight of American capital and American plants into foreign countries. This is the absolute evidence that American producers cannot produce in America and ship abroad as cheaply as producers can produce and serve their markets at home in foreign countries. This will be doubly true now that we are supplying our foreign competitors with the most up-to-date mass-production machinery. It must be equally true that we cannot hope to compete in these foreign markets for American-made goods unless we reduce the cost of production to a point where we not only can compete with lower foreign wages, cheaper foreign materials, but also be able to absorb cost of carriage, insurance in transit, and interest on frozen capital in transit.

It must be patent to every thinking person that these facts and figures prove that this act cannot be effective except at the expense of the American workingman and the American farmer, and the American standard of living.

Now, Mr. Chairman, there is one salient fact of the most sinister import hidden here which I am going to drag out to the light of day. The facts I have just quoted from this Senate document show that the manufacturing industry can and does, when deemed necessary, jump across the oceans and establish branch factories in the markets abroad which it wishes to serve. But, mark you well this fact—the American farmer cannot do that thing. His base of operations is irrevocably and irremovably fixed in the soil of this country. He cannot at will move a portion of his "factory"—the farm—to Canada, or to Argentina, or to Brazil, or to England, or to Germany, or to Poland, or to any other country. He is destined by the very nature of his calling to remain fixed, and yet we are here seriously considering sacrificing his interests, taking advantage of his helplessness, crucifying him under some theory that we are going to benefit America by so doing.

If we have come to the time in this country, Mr. Chairman, when this Congress will acquiesce in condemning and executing an industry, which provides a livelihood and the welfare of by far the largest single class of our citizens, in order that other groups shall continue in opulence, then God knows we certainly have abandoned the constitutional form of government and are going into feudalism with a speed that is appalling.

It has been argued time and time again that the reason for our decrease in imports has been the high-tariff barriers, and yet my study of the reports covering exports and imports for the years 1922 to 1932, inclusive, show this significant fact, that of all the imports into this country during the years 1930, 1931, and 1932, the years when the purchasing power of our people was declining with heretofore unknown rapidity, 67 percent of imports remained on the free list. That portion of the import totals shrunk

exactly in ratio with the portion which covered items which were dutiable. That means just one thing, namely, that it was not the tariffs but the loss of American purchasing power that caused the reduction in imports.

I will insert that table at this point in my remarks.

Imports for consumption

Year	Value			Percent free
	Total	Free	Dutiable	
1922.....	\$3,073,773,000	\$1,898,240,000	\$1,185,533,000	61
1923.....	3,731,769,000	2,165,148,000	1,566,621,000	58
1924.....	3,575,111,000	2,118,168,000	1,456,943,000	59
1925.....	4,176,218,000	2,768,828,000	1,407,390,000	65
1926.....	4,408,078,000	2,908,107,000	1,499,971,000	66
1927.....	4,163,090,000	2,680,059,000	1,483,031,000	64
1928.....	4,077,937,000	2,678,633,000	1,399,304,000	66
1929.....	4,338,572,000	2,890,128,000	1,448,444,000	66
1930.....	3,114,077,000	2,081,123,000	1,032,954,000	67
1931.....	2,088,455,000	1,391,693,000	696,762,000	67
1932.....	1,325,093,000	885,536,000	439,557,000	67
Total.....	38,072,171,000	24,385,663,000	13,686,508,000	.....

What items, Mr. Chairman, are going to be affected, if this bill is enacted? It cannot affect the items on the free list. The President cannot reduce the tariff on those, neither can he take those items from the free list. Therefore, he can only reduce the tariff, if this act is enforced at all, on those items, which must be in competition with American products, otherwise they would not have had a tariff imposed upon them in the first place.

But, there is a more important consideration, Mr. Chairman, that I wish to inject at this point. I seriously question, in fact, I do not believe that the automobile manufacturers, the steel manufacturers, the electrical machinery manufacturers, or that any other manufacturers want the agricultural industry of this country penalized in order that they may get some increased foreign trade, because it is inevitable and absolute that every dollar's worth of imports that are brought into this country at the expense of American agricultural products, will mean just that many fewer American farmers' dollars which will go into automobiles and other machinery.

I could not be convinced that the American manufacturer is so blind and stupid as to believe that he can penalize 90 percent of his market to some degree in order to gain some part of 10 percent of a foreign market and still hope to sell the full volume that he previously sold to the 90 percent of his market. The thing just does not make sense.

Now, Mr. Chairman, as we look at these different problems which confront us in connection with this measure, it becomes to me perfectly apparent that this is merely another experiment and that the President of the United States and his advisers have no idea what they are going to do with or under this measure if it is enacted. They simply want more power to dicker—to do something that the opportunity may seem to offer in the hope that something will happen—and it is precisely for that reason that I am opposed to this measure, because I am afraid, in the light of the results of past years of American dickering with foreign traders, that something will happen under this act and that that something will be a most unpleasant thing for the American people.

I have in mind the most recent accomplishment along this line, namely, an agreement with France for the importation of \$10,000,000 worth of wines and liquors in return for France's permitting the importation of \$1,000,000 worth of American apples and pears. Mr. Chairman, almost before the ink was dry on the agreement the French wines and liquors were on their way to the United States. And before those French wines and liquors had landed at American ports the French Government had moved to nullify absolutely the beneficial effects, so far as American apples and pears were concerned, and the net result of the whole deal was that we bought and paid for the liquors and wines, and the American apples and pears lay on the French docks and rotted, almost a total loss to the shippers.

Mr. Chairman, the recent proposal to reduce American beet-sugar production in this country by 300,000 tons, with the attendant loss to the farmers, the workers, and others which this reduction entails, and to turn this tonnage over to our Cuban competitors bears all the earmarks of another of the Utopian trade and other agreements with foreign nations for which this country is famous.

It was said by one very prominent member of the administration before the Ways and Means Committee that the administration hoped under this measure by reducing tariffs to set an example to other nations. God save the mark! Why, Mr. Chairman, as I recall the Treaty of Versailles, after we had sent our men and our money to the battlefields of France, and then asked for nothing, and refused to accept anything except the honor and glory of having made "the world safe for democracy" in order to set an example to a selfish world, I marvel that any man could even consider for a moment trying to set an example to a greedy and grasping group of nations. Why, Mr. Chairman, when I hark back to the Disarmament Treaty of 1922 and think of the ships we sank while the other nations, profiting by our splendid "example", merely tore up blueprints, I marvel that any sane man could for a moment imagine that any example we set to other nations will be regarded as anything except another invitation to rob us and to despoil us of what we have.

When I think of the billions that we have sent across the seas because we wanted, by our example of the "good neighbor", to help those starving children and those war-weary men and women, and when I think of the insolence with which those countries have since said to us, "We will not repay", I marvel that any man could for a moment consider jeopardizing our great agricultural or any other industry in the hope of setting an example to peoples moved by motives such as theirs.

When I think, Mr. Chairman, of the nineteen and one half billions of dollars sent to the countries of the world privately to help them build up their own self-containment, to help them equip their own factories, to help them modernize their agricultural and industrial methods in order that they might buy less instead of more from us; when I think of those defaulted bonds, the defaulted interest, the ultimate loss, if you please, Mr. Chairman, of that treasure, running into the colossal sum of approximately thirty billions, I marvel that any man would have the temerity to say that we hope by "our example" to lead the other nations back to unselfishness and fairness in trade.

Mr. Chairman, I tried in the sessions of the Ways and Means Committee, by every line of questioning that I could think of, to get the proponents of this measure to state to the committee what they expected to buy in those foreign markets, and all I could get was glittering generalities, platitudes, and evasion, and I defy any Member of this House to rise in his place and say that he has read the record and found in the testimony before that committee any answer to the questions I have propounded in these remarks. There was not one single individual representing the administration who was willing frankly to say what they expected to import from those countries I have mentioned; and the only thing that we could get out of them was that it meant bigger markets for American products, provided we would give the foreign producers bigger markets in America for their products.

Fundamentally and philosophically, Mr. Chairman, we are here and now face to face with the irreconcilable theories of the two great schools of thought of this country which have arisen from this terrible crisis through which we have been passing for nearly 4 years—nationalism versus internationalism. The nationalists believe that because 90 to 93 percent of the market for American products lies within the territorial confines of the United States, and because for the last 15 years we have been lending billions of dollars to our foreign purchasers with which to purchase our goods, that our first and most profitable avenue out of this depression is to cease lending money to foreign peoples with which to buy our goods, to increase the purchasing power in the

United States, and to let foreign trade take care of itself for the time being.

The other school of thought, which I grant is just as sincere, although I believe utterly mistaken, is the internationalistic philosophy that our welfare, our peace, our safety, and our prosperity are so integrated with the peace, the safety, and the prosperity of every other country in the world that we no longer can disentangle ourselves, and that we must all be on a common level. I warn this Congress that if we do try to meet the other countries of the world on a common level, that level will be a level of honesty, a level of integrity, a level of wages, a level of living standards, far below that which we have enjoyed for the last 40 years in the United States of America. It is utterly impossible for the people of this country to raise the hordes of China, the myriads of India, the multitudes of Asia, and the millions in South and Central America to the American living standard if we give them part of our market. The only conceivable future we can hope to face under the internationalistic theory is a reduction of American living standards to the level of that of the pauper-ridden countries of the Old World and the Far East.

I believe just as sincerely in the philosophy of the "good neighbor" as does Franklin Delano Roosevelt. But I do not believe that it is in any sense a sound philosophy that, to be a good neighbor, I must reduce myself to the moral or the economic level of a neighbor merely because his standards are lower than mine. That may be a very neighborly act for me to do to him, but it is an exceedingly unneighborly act for me to do to mine.

As I cast back over the last 2 decades and realize the awful sacrifices this country has made in blood and treasure to try to help the rest of the world, and as I ponder a Europe today nearer to the verge of war than it was in 1914, and as I ponder those lost billions and those lost boys I question whether or not the moral force of the great American people is sufficient to shed the light into the dark places from whence sprung those motives that today threaten the civilization of the world.

I am not ready, Mr. Chairman, to sacrifice the opportunities, the independence, and the welfare of the farmers and workers of this country any further in the vain hope that I may benefit some Chinese coolie in the Yangtse Valley or some ragged untouchable in India. Charity, Mr. Chairman, begins at home.

With the millions of unemployed, with our papers filled every day with stories of suffering and disaster, with the administration itself trying so frantically to provide employment for our millions who are today homeless and hungry, I cannot find myself ready to engage in any further internationalism, at least until after our own have been clothed and fed and sheltered.

As I said a moment ago, Mr. Chairman, there is very much more underlying this question upon which we today are making decisions than a mere matter of trade. If we enact this measure, this Congress will have abdicated its power to protect the American people against a surrender of our American standards of living and working.

We will have surrendered to that philosophy of internationalism which I have just outlined. We will have surrendered the peace and the prosperity and the very livelihood of millions of our citizens to the jeopardy of competition with the peasantry of Europe and the coolie labor of the Far East. If we are not doing that, then this act does not mean a single thing.

Mr. Chairman, in a day which now seems long ago, as I sat in the glamorous and dusty atmosphere of the circus, I was wont to marvel at the agility of the equestrian who was able to stand with one foot on the dappled grey and the other on a prancing bay and ride about the ring at a merry gallop, all the while maintaining a perfect equilibrium. As I marvelled at those feats, sometimes I would see even the most practiced equestrian lose his footing because the horses lost the rhythm of the gallop. I fear me much that what we are attempting to do here is something that not even the most expert equestrian ever would have dreamed of trying.

We have mounted with one foot the N.R.A., and under its terms are as rapidly as possible, in fact more rapidly than possible, attempting to increase the cost of all industrial products in this country; and we are considering in this bill putting our other foot upon the steed which is to lead us throughout the reaches of the world in search of markets, in which are now produced more cheaply than we can produce the products which we want to sell them. I fear if this bill is enacted we will find ourselves in the position of the N.R.A. horse going in the direction of higher production costs, and our trade agreement horse running in the exact opposite direction, and I leave it to the imagination of the Members of this body as to what is to happen in such a situation.

While I have put this in a somewhat facetious vein, it remains, nevertheless, a serious and dangerous fact that it will inevitably raise the cost of production if the President's policy of increasing wages and shortening hours is made effective, which it must be, if men are to have jobs at American wages in this country. The cost of production under the N.R.A. has already been increased; and if we attempt then to invade markets in countries which heretofore we could not get into because they could produce more cheaply than we could, it would require a feat of mental gymnastics to find an optimistic view of any such procedure that I find myself wholly incapable of performing.

Mr. Chairman, this whole thing just does not make sense; there are too many contradictions, too many direct opposites involved here for this thing to succeed.

I have presented problems here today to this House that have been agitating my mind, not because I want to find fault with the President or with the President's policies, but because I am sincerely and gravely concerned for the welfare of my country, and because I realize that Mr. Roosevelt has undertaken a task that requires almost superhuman strength and wisdom to perform. I am anxious that he make no mistake, because we have so utterly reposed in him the whole destiny of this great Nation and its people that a mistake on his part will be truly a tragic thing. Therefore, in opposing this, and the administration's proposal with respect to sugar, I do it because I sincerely want to bring, not only to his attention, but to the attention of his advisers, and to the people, the danger inherent here of a mistake which may wreck the future of the United States of America.

This is not something, Mr. Chairman, which may be undone in a day, once it is done. It is not something that can be done by Presidential order and then abandoned in 24 hours if it is found to be a mistaken policy. We are considering here giving the President power to negotiate treaties with other governments; and it is fairly to be presumed that the other governments will demand some notice, some consideration, if you please, before these treaties may be swept aside. Therefore, once the treaties are negotiated, regardless of their dire effect upon our people, or some of our people, the effects will have to be endured for a time, at least.

I was much impressed, Mr. Chairman, in listening to the address of the President to the assembled code authorities under the N.R.A. when he made it so clear that the thing he most wants, the thing he most needs, is constructive criticism. He does not want people to agree with him merely for the sake of agreeing with him. He wants people to disagree with him if they sincerely believe he is making a mistake; and I am convinced that in this case he is making a mistake, and the plan that I propose in lieu of this is to devote our every effort to the restoration of the purchasing power of the people within the continental limits of the United States and, after that has been accomplished, then deal as may seem wise with the question of expansion of exports at the expense of our domestic agriculture and industry.

Mr. Chairman, when we pause to consider that approximately 50 percent of our domestic consumption is paralyzed, and has been in that state for the past 2 or 3 years; and when we consider that at best the most we can hope for

from our foreign trade would be a market of perhaps 5 to 6 percent of our production, it seems incredible that anyone could consider trying to develop the 5 or 6 percent until the 40 or 50 percent had first been developed. Mr. Chairman, the 40 or 50 percent of the domestic market that remains to be restored is five times greater than the total combined export trade of the world that we could hope in our rosiest dreams to achieve at any time in the future.

It is not even suggested by the most ardent proponents of this bill that we can hope to recapture the whole of our foreign trade of former years. It is fair to say, I think, that if the average of our foreign trade was 10 percent of our products, that if we could get half of that back we would be doing well, in view of the fact that the purchasing power of the peoples of every country in the world has been steadily reduced along with that of the people of these United States. That would amount to approximately 5 percent of our total production. Suppose we get it back, does anybody for a moment believe that that would operate to restore in some magic manner the loss of the 50 percent of the domestic market and the reemployment of the millions who are now idle in this country? Of course not!

O Mr. Chairman, I could introduce figures and statistics here without end; I could prove my case many times over by reports from the Department of Commerce alone. I could go back through the tomes of testimony in the various hearings before both Houses of this Congress and I could prove my contention over and over again, and it all would mean nothing, because the fundamental problem involved here is the abandonment of our whole economic policy, under which this country has waxed great, and under which it would have continued to wax great if we had not permitted ourselves to become embroiled in that last awful war.

Involved here, Mr. Chairman, is the fundamental question of whether or not we are for all time to abandon almost the last vestige of constitutional government, and to desert the popular representative form of government under our Constitution; and secondly, whether we are to expose our farmers and our workers to competition of foreign farmers and workers and their lower standards of living; or whether we are to remain a self-contained nation, protected on three sides by thousands of miles of salt water; and it is those fundamental problems which are being decided in the adoption or the rejection of this bill.

How I wish I might find words to impress more strongly upon my colleagues what the Congress is contemplating doing here; how far-reaching the effects will be; what terrible mistakes may be wrought under this bill if it is passed; what utter misery may follow the maladministration or the mistaken administration of this act; what serious consequences may follow the misjudgment of some executive, and I do not mean by that the President, because, after all, it will not be the President's judgment which will be reflected in the decisions rendered. Why, Mr. Chairman, one might talk for hours and not complete the categories of the dire possibilities which may flow from the act of this Congress in regard to this bill.

Let us not do this thing, Mr. Chairman, because of which we shall see the setting suns of coming days fall aslant upon fallow fields where there should be the waving grain. Let us not do this thing which shall see desolation hovering over the factories where there should be the hum of happy human activities. Let us not do this thing which inevitably must condemn some portion of our population to idleness and to misery in order that some portions of foreign peoples may have plenty. Let us not embark upon this uncharted course in the stormy and dangerous seas of world trade and world entanglement at a time when our ship of state is threatening the perilous shoals of domestic unemployment. Let us retain unto ourselves this market of ours until such time as our own peoples are again restored to that income which means faith, security, food, shelter, clothing, peace before we attempt an experiment which at best can yield but little to the whole of our needs. Let us

remain self-contained; let us first consider our own; let us first restore our domestic markets; let us first reemploy our own citizens. And when that has been accomplished, Mr. Chairman, then, and then only, will the time have arrived when we may conscientiously and consistently, and with safety, cast our eyes again toward greater markets across the seas. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, the chairman of the committee having this bill in charge referred to it as an act to amend the Tariff Act of 1930. The ranking minority member of the committee referred to it as an act for the destruction of American industries. I am willing to make the prediction, Mr. Chairman, that in less than 6 months after its enactment it will commonly be referred to as a "trading-with-the-enemy act", and I truly believe this because of my knowledge of the people with whom we are going to deal on these agreements, which I know will become effective after this bill is enacted into law.

We in America have a different psychology concerning agreements from any other nation on earth, and particularly the European nations with whom we have made many agreements.

I do not believe that France, or England, or Belgium, or any of the other European nations, with one or two exceptions, who today owe us \$12,500,000,000 will live up to their so-called "trade agreements" any more quickly than they have lived up to their financial agreements with us.

A treaty or a trade agreement with France is nothing more than a scrap of paper. France will adhere to such an agreement if it is to her distinct benefit to do so, and if it is not, she will not. The same thing applies to England. They have repeatedly deliberately violated their agreements with us.

I happened to have been in Paris when the Paris Pact or the so-called "Kellogg Pact" was agreed upon. Why, the ink was not dry on that paper when England and France were deliberately and secretly conspiring to destroy our cruiser program. The very day that the Paris Pact was signed, they were in secret meeting to destroy our cruiser agreements.

Their trade agreements will be no more sacred than their financial treaties with us and should not be taken more seriously than the Japanese promises in China. They mean nothing to those people.

When France came over here and begged us for money and begged us for men we did not ask for a reciprocal treaty of some kind. We asked for no reciprocity. The Wilson administration at that time was convinced that the future democracy of the world was at stake and this took us into the World War, which was fought in vain. We did not suggest to France prior to going into the war that we wanted some reciprocity.

Mr. Chairman, granting to the President single-handed authority to bicker and trade independently and secretly with Old World nations will do more to provoke foreign entanglements than could any other act of the Federal Government.

The sound American tradition of treating all nations alike will be knocked into a cocked hat and the President, without the approval of the Senate, will make different agreements with various countries upon the same commodities which in turn will bring about international complications and prejudices, which may require many, many years of soothing diplomacy to overcome.

It should not be necessary for the United States to bicker with France or England for the exchange of raw or manufactured commodities to the disadvantage of our own industries when those countries already owe us billions of dollars under solemn agreements they have deliberately violated. To willfully destroy our protective tariff walls so as to permit the sale of foreign-made goods in the United States under the subterfuge that these sales will provide money with which the foreigner will in turn purchase American-

made goods is a fallacy of simple-minded trust in an unworthy direction.

If it is necessary for us to destroy our own industries in order to provide a trade agreement with France or England, then we had better confine our trade relations to the Western Hemisphere, under subsidies or tariff exemptions if need be.

Great Britain has repeatedly shown her disregard of treaties with us and the solemn promise of France has been shown to be as worthless as the Chinese promises of Japan.

To allow the present weak Department of State to negotiate independently with dozens of foreign governments for the interchange of commerce might prove so disastrous to some of America's industries that it could easily promote a folly in comparison with which the recent unfortunate cancellation of air-mail contracts would fade into obscurity. If President Roosevelt wishes to personally negotiate trade agreements with foreign powers, he already possesses all of the trump cards that are necessary for a game of this kind. Europe today owes the United States twelve and a half billion dollars upon which the Old World nations even refuse to pay us interest. We assisted a number of them to set themselves up as republics after the World War and in addition loaned them hundreds of millions of dollars in our simple feelings for their success. We undoubtedly preserved their very existence. In the case of France, we saved her from a most ignominious defeat and a slaughter of her humans which would have been unparalleled in the history of wars, and yet with a store of much more gold per capita than we ourselves have she refuses to pay even the interest on a debt of honor to us.

Mr. Chairman, in the face of all this, I cannot understand why our Government should place any credence in an agreement made at this time with a slacking, cheating, miserly, and unworthy nation like France. If she had shown the slightest disposition to meet her honorable agreements with us in the past, there might be some reason for having a little confidence in further treaties; but under the circumstances, France has shown herself to be a dishonorable, untrustworthy nation; and to think that she will now change is but placing childish confidence in the world's greatest racketeer.

The Roosevelt administration has now been in office more than a year, and I am sorry to say that it has shown little disposition to force the payment of at least the interest by our European debtors. Surely some way might be found to bring the interest payments up to date, if not the principal payments, now long past due. We should not be compelled by agreement to destroy American industries merely to be permitted to do business with European nations whose very existence we at one time held in the palms of our hands. They were on their knees then, begging for life. We should not be crawling on our knees to them now, begging for business. If they persist in going in their dishonorable paths, I, for one, am ready and willing to let them go. We can get along without them.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield to the gentleman additional time.

Mr. BRITTEN. You gentlemen realize I am not making a partisan speech, and I am not talking politics. I am trying to give you my viewpoint as I see Europe, having been over there 20 times and having lived there for months at a time.

Mr. DOUGHTON. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. DOUGHTON. In view of the initial statement of the gentleman that the bill should be labeled a "trading with the enemy act", and that France and England and the other countries will not live up to any of their agreements, and his statement that they violate all agreements and treaties—

Mr. BRITTEN. I did not say they violate all of them.

Mr. DOUGHTON. That was my understanding.

Mr. BRITTEN. I said that any treaty or agreement which we made with France that did not redound to her benefit she would violate, and I know she will.

Mr. DOUGHTON. Did not the gentleman say that the ink was not dry on some treaty before it was violated?

Mr. BRITTEN. No. I said the ink was not dry on the Paris Pact when France and England were in secret collusion to destroy our cruiser program.

Mr. DOUGHTON. I did not rise to debate that with the gentleman.

Mr. BRITTEN. No; and I yielded to the gentleman for a question.

Mr. DOUGHTON. In view of the gentleman's statement, may I ask whether he would favor the withdrawal of our ambassadors and the severing of all diplomatic relations with these countries which the gentleman says we cannot rely upon with respect to anything they may agree to?

Mr. BRITTEN. No; certainly not.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BRITTEN. Will the gentleman yield me some time?

Mr. VINSON of Kentucky. I have not any time to yield the gentleman.

Mr. BRITTEN. Then I cannot yield.

Mr. Chairman, defaulting nations of Europe as of January 4, 1934, are indebted to the United States in the amount of \$12,352,498,355.47.

In this amount is included \$304,155,582.43 in principal, interest, and moratorium agreements, in which they are in complete default.

Austria, Belgium, Estonia, France, Hungary, Poland, Yugoslavia, and Germany have not paid interest and principal amounts under moratorium and pending agreements in amounts equaling \$108,559,354.14.

Czechoslovakia, Great Britain, Greece, Italy, Latvia, Lithuania, and Rumania have made unimportant token payments on moratorium and pending agreements, but they still are in default in the amount of \$195,596,228.29.

Mr. Chairman, when the European war debts were refunded it was agreed that the United States would accept Treasury notes of large denominations from the debtor countries.

For the benefit of the debtor and creditor alike, the funding agreements provided that upon notice from the United States these large Treasury notes or bonds would be exchanged for bonds of small denominations in detail and as requested by the Secretary of the United States Treasury. These bonds were to be paid in gold, and in the case of France it is specifically provided that she will assist us in marketing her small bonds in the marts of Paris.

It is, of course, understood that the small bonds so presented to the United States will be of maturity dates in conformance with the requirements of the funding agreement, thus falling due in small amounts annually.

If the United States Secretary of the Treasury had taken advantage of our right for small-denomination bonds directly after 1926 when the refunding agreements were signed, we undoubtedly would have sold those bonds in the world markets outside of the United States during the boom year, and the practice, once started, would have been continued, and today practically every European country would not be in default and the \$304,155,582.43 they are in arrears of payment would be in the United States Treasury instead of being an eyesore to us and a disgrace to Europe.

The funding agreements provide that those bonds would be identical in character and appearance as all other outstanding bonds in countries like France and England and would, of course, be marketable on the same basis as all other of their outstanding bonds and while it is possible that under circumstances such as exist today, the bonds might be selling below par but we could well afford to sell them at prevailing prices and have done away with all this talk about cancelation or reduction of war debts.

So I maintain, Mr. Chairman, that if the gentlemen on that side of the aisle are really sincere in their desire to force reciprocal trade agreements with Europe, you have the most powerful weapon in the world in your own hands—the obligation of these debtor nations which can be divided into bonds of small denomination and sold on the markets

of the world. It is up to the Roosevelt administration to ask for an exchange of those bonds.

I say we ought to do it now. We have never pressed our greatest financial opportunity. It was not done under the Hoover administration, and has not been done by the present administration. You ought to do it, for it is your greatest trump card. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Wyoming [Mr. CARTER].

Mr. CARTER of Wyoming. Mr. Chairman, I do not impugn the good intentions of the President in his request to Congress to authorize the Executive to enter into executive commercial agreements with foreign nations, but I cannot agree with his policy or the application of the principles of his policy which has been enunciated by Henry A. Wallace, Secretary of Agriculture, in his booklet entitled "America Must Choose."

The asking of Congress for power to negotiate and conclude tariff treaties without the consent of the Senate, without the guidance of the Tariff Commission, is bearing on absolutism, and is not in keeping with the spirit or intent of the preamble of the Constitution of the United States or the Constitution itself.

It has been a long well-established policy and long accepted by the American people not to involve themselves in foreign entanglements. History relates to us that greed, avarice, and intrigue form the background of most foreign nations, and nothing of such a nature is present in the background of our Nation. We have reached the great position we have in the world today by our own industry and effort, and there is no reason to subject the policies of other nations to our country.

The first witness who appeared at the hearings before the Committee on Ways and Means endorsing H.R. 8430 was Secretary of State Cordell Hull.

Secretary Hull is, in my opinion, a fine gentleman, but he is also, in my opinion, the most intolerant and arrogant free trader in the United States today. He is this country's gift to internationalism. His archaic delusions on the whole history of tariff make him a dangerous man in the high office which he holds. When the Secretary of State was a Member of this body and a Member of the Senate practically all his speeches were for free trade and against protection, and he particularly centered his attack on the wool industry which means so much to the Western States.

Under the protection of the Smoot-Hawley tariff bill the importation of wool has dropped from the value of almost \$50,000,000 to the approximate value of \$7,000,000 for the year 1933. I am for a higher tariff on wool to keep out the \$7,000,000 worth of wool that was imported in 1933. Prophesying the future by his acts in the past, I predict that Secretary Hull will continue his attacks on the wool industry.

Secretary Wallace, the second witness called to defend this bill, is according to his own statement an internationalist. In his booklet, *America Must Choose*, published last month, page 2, he states:

My own bias is international. It is an inborn attitude with me. I have very deeply the feeling that nations should be naturally friendly to each other and express that friendship in international trade.

And on page 33 of the same publication Secretary Wallace states as follows:

The internationalist does not regard loans as the only means of brightening those prospects and enlarging them. He holds that there is no possible way of making loans eventually secure unless we become import-minded. He would rather trust to tariff concessions and other means of developing trade reciprocity. * * * I lean to the international solution.

In regards to the cattle and dairy industry, page 9, he says:

Two or more years ago a number of observers, myself among them, were warning American beef cattlemen and the dairymen to look out for overproduction of milk and beef in 3 or 4 years. We said that the tariff, which has been somewhat effective on dairy and beef products during the greater part of the last 5 or 6 years, was certain to be almost completely ineffective when our production passed a certain point.

Since the Smoot-Hawley tariff bill became effective the value of imported cattle has dropped from an average of around \$20,000,000 to about one half a million dollars in 1933. A reciprocal tariff agreement on beef cattle would wreck the cattle industry that at present is having a hard time to keep its head above water.

Let us take a further slant on the views of Secretary Wallace. Again quoting from his own statements, page 18, he says as follows:

Traditionally the Democratic Party is the party of low tariffs. Actually Democratic administrations have never made changes in the tariff structure great enough to increase foreign purchasing power to the extent demanded by the present world dilemma. If we are going to increase foreign purchasing power enough to sell abroad our normal surpluses of cotton, wheat, and tobacco at a decent price, we shall have to accept nearly a billion dollars more goods from abroad than we did in 1929. We shall have to get that much more in order to service the debts that are coming to us from abroad and have enough left over to pay us a fair price for what we send abroad.

That will involve a radical reduction in tariffs. That might seriously hurt certain industries and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for a while to woolgrowers and to farmers who supply material for various edible oils. I think we ought to face that fact. If we are going to lower tariffs radically, there may have to be some definite planning whereby certain industries or businesses will have to be retired.

The newspapers today are carrying an account of the storm that is brewing between the dairy marketing organization and the Secretary of Agriculture.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CARTER of Wyoming. Yes.

Mr. VINSON of Kentucky. Referring to Secretary Wallace's attitude as that of an internationalist, he has been Secretary of Agriculture since March 1933. Can the gentleman point to any policy under the A.A.A. promulgated by him that savors of internationalism?

Mr. CARTER of Wyoming. No; but I am taking his own words for it.

Mr. VINSON of Kentucky. I understand that; but I am talking about the policies under his leadership. Curtailment of production is the antithesis of internationalism.

Mr. CARTER of Wyoming. And that is the reason why I cannot see how he comes out and endorses this bill, which favors internationalism, and at the same time he is in favor of the A.A.A. There is a great inconsistency there. I cannot see how he can back one bill which favors nationalism and then a few weeks later back a bill that favors internationalism.

Mr. VINSON of Kentucky. To be fair with the Secretary, the gentleman has not read all of that pamphlet, because in that pamphlet he deals with nationalism as well as internationalism.

Mr. CARTER of Wyoming. I cannot yield further.

This view is in keeping with his testimony before the Senate Finance Committee a few weeks ago when the sugar quota bill was up for discussion, when he said he could visualize the destruction of the sugar-beet industry.

Whom would the President turn to for advice, aid, and comfort when reciprocal agreements on agriculture are up for consideration but to the Secretary of State and Secretary of Agriculture? Their personal views are against wool, sugar beets, and beef cattle, the chief industries of the West. They cannot but help reflect their own personal views to the President which will mean the retarding of these industries, a great blow to the economic recovery of the West.

I believe in economic nationalism. I was born an American. I can never be anything else but an American, and I think first of the United States.

We are the most self-sufficing nation in the world today. The talk of sending our surplus abroad when we have millions of unemployed men and women in this country depending on charity for food is appalling to me.

What we need is proper distribution and balance. Create our own national economy so we will not be disturbed by what goes on in the outside world. This cannot be done

through reciprocal agreements, which will throw our gates open to foreign trade and create more unemployment.

The purpose of the Agricultural Adjustment Act was to bring production of products in proportion to consumption. This bill will mean the importation of hundreds of millions of dollars worth of products. The Secretary of Agriculture endorses both, although diametrically opposed in policy. This seems most inconsistent to me.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. SMITH].

FOLLOWING PRESIDENT ROOSEVELT'S LEADERSHIP

Mr. SMITH of Washington. Mr. Chairman and members of the Committee, I am convinced that the fears and views of the gentlemen of the minority side, who have just preceded me, Mr. CARTER, of Wyoming, Mr. BRITTEN, of Illinois, and Mr. WOODRUFF, of Michigan, are unfounded.

During my service as a Member of this body from March 9, 1933, when Congress was convened in special session, down to this present moment, I have loyally and diligently supported to the utmost of my ability and energy each and every major legislative proposal of President Franklin D. Roosevelt, with the single exception of veterans' legislation, in regard to which I pledged myself in the preelection campaigns in 1932, and that pledge, as well as every other pledge I then made to the citizens of the Third Washington District, I have faithfully kept.

PRESIDENT ROOSEVELT'S MESSAGE

President Roosevelt in his message proposing this legislation said:

Every nation must at all times be in a position quickly to adjust its taxes and tariffs to meet sudden changes and avoid severe fluctuations in both its exports and its imports. * * * The executive branches of virtually all other important trading countries already possess some such power. * * * The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. * * * From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to the American agriculture and industry.

WILL FOLLOW PRESIDENT ROOSEVELT AGAIN

Mr. Chairman, I intend to follow the leadership of President Roosevelt again today and vote in favor of this measure to grant him the necessary authority to negotiate reciprocal trade agreements with foreign nations and to modify and change our tariff duties, because it is my firm conviction that he will exercise that authority for the benefit and welfare of the American people in the same salutary manner and extent as all his other official acts since his inauguration a year ago.

PRESIDENT ROOSEVELT'S ACTION ON DEPRECIATED FOREIGN CURRENCY

Mr. Chairman, I am not unmindful, nor are the people of southwest Washington whom I have the honor to represent in Congress during this most crucial period in our national history, of the prompt and decisive action of President Roosevelt last spring in taking the United States off the gold standard and thereby protecting American labor, industry, and agriculture against the unfair competition resulting from the depreciated foreign currencies. For several years previously the average depreciation of world currency was 39 percent, and our average tariff rate 16.4 percent, so that our tariff duties were completely nullified, and, as a direct result, foreign manufacturers successfully invaded our markets, for not only was the advantage derived from the difference in exchange sufficient to absorb the tariff, but all the costs of transportation, brokerage commissions, and expenses of every kind as well. In southwest Washington this situation demoralized and threatened to destroy the lumber, pulp, shingle, and fish industries, but the Hoover administration did absolutely nothing to meet this serious menace.

PRESIDENT ROOSEVELT'S ACTION BENEFICIAL TO SOUTHWEST WASHINGTON

President Roosevelt acted promptly and effectively; and almost immediately the stimulation was felt in all lines of industry and business in my district, and there commenced that recovery and improvement in conditions which is still in progress. President Roosevelt's recent action, heartily

supported by Congress, in devaluating the gold dollar and establishing a currency stabilization fund of \$2,000,000,000 will serve to further protect our industries against depreciated foreign currencies in the future.

Mr. Chairman, we therefore have abundant cause and good reason for our belief that President Roosevelt will discharge the prerogatives conferred upon him by this legislation in the interests and for the fair advantage of our own people.

DEMOCRATS IN FAVOR OF TARIFF ON LUMBER

Mr. Chairman, we, in the State of Washington, in common with the entire West, owe little or nothing to the party of Hoover, Coolidge, and Harding, so far as tariff protection is concerned. In the Fordney-McCumber Tariff Act of 1922 and the Hawley-Smoot Tariff Act of 1930, rough lumber was on the free list, with no duty whatever, and during this period our State's congressional representation, in both Houses, was almost entirely Republican. In 1930, when they had an overwhelming majority, the vote in the Senate was so close that the paltry \$1 duty on dressed lumber was carried by the single vote of Senator COPELAND, of New York, a Democrat. In 1932, the \$3 duty on rough lumber was attached to the revenue bill with duty on copper, coal, and oil, when the West and South combined against the East, which had dictated tariff policies and legislation for many years, and placed no duties upon any important industrial or agricultural product produced or manufactured west of the Mississippi River, but imposed exorbitant duties on the manufactured goods of the extreme Eastern States.

In 1932 when the \$3 duty was placed on rough lumber, 12 Democratic Senators led by Senator DILL voted for the lumber tariff and 5 other Democratic Senators were paired for the tariff on lumber; total, 17 Democrats in all. Eleven Republicans voted "no" and 10 Republicans were paired against it, making a total of 21 Republicans opposed to the lumber tariff. On May 31, 1932, the Senate voted on the motion to reconsider the vote by which the lumber tariff was adopted; 19 Democrats voted "no" and 13 Republicans voted "aye." (See p. 12020 of the CONGRESSIONAL RECORD.) This degree of protection, as we have already noted, was completely nullified by the increasing depreciation in foreign currencies until President Roosevelt and Congress took the United States off the gold standard.

PRESIDENT ROOSEVELT FAVORS ADEQUATE TARIFFS—LUMBER

Adequate safeguards are needed to protect our American standards of labor, industrial as well as agricultural. A tariff is still essential to meet those safeguards and to produce revenue—

are the words of President Roosevelt, and we in the Far West believe that in reciprocal trade agreements negotiated under this act lumber and shingles will receive full and just consideration.

To cite the benefits of preferential trade agreements, the following shows the trend of export business of British Columbia as compared, with the States of Oregon and Washington before and following the trade agreements between the British countries:

Year:	British Columbia		Washington and Oregon	
	Preferential market	Open market	Preferential market	Open market
	Percent	Percent	Percent	Percent
1928	5.9	13.1	15.0	66.0
1929	7.0	12.8	18.2	62.0
1930	10.8	14.6	18.9	55.7
1931	12.0	16.1	11.5	60.4
1932	27.4	13.2	7.0	52.4
1933	33.2	16.3	5.5	45.0

This data has been supplied by Mr. L. E. Force, of Douglas Fir Co., Seattle, as the spokesman for the operators of 91 sawmills in the States of Washington and Oregon.

In negotiations with Great Britain, Canada, and Australia, lumber must be protected if this important major industry is to survive, following the severe test to which it has been subjected in recent years. There is no other industry in the United States which needs assistance more than the lumber industry at the present time and as it constitutes a national-

resources industry, and is the basic industry of the Pacific Northwest, it is deserving of every possible consideration, equally important with cotton, tobacco, hog products, rice, cereals, and agricultural commodities.

SHINGLE INDUSTRY NEEDS PROTECTION

Shingles, now duty free, must be considered in reciprocal trade agreements with Canada. There are 240 red-cedar shingle mills in the States of Washington and Oregon, scattered in as many communities, employing 3,500 skilled employees in actual manufacturing and approximately 2,200 men employed in the logging camps supplying these mills with cedar logs. When these mills and camps are in operation their total pay roll is \$28,000 per day. The daily expenditures of the shingle mills alone for saws and supplies is estimated at \$18,000 per day. The daily freight revenue developed in the shipment of the manufactured shingles is approximately \$26,500 per day. Total, \$73,000 per day, or figuring 25 working days, \$1,725,000 per month. These figures have been furnished to me by Mr. Charles McGrath, secretary-manager of the Washington & Oregon Shingle Association, and I have every confidence that they are correct.

Mr. Chairman, this important industry is fighting for its very existence, threatened with extinction by the competition of the shingles manufactured by the cheap Hindoo and Chinese coolie labor of British Columbia, while our shingle industry was one of the very first industries in the United States to get wholeheartedly behind the N.R.A. and give it immediate, 100-percent support, and thereby it is seriously handicapped and facing bankruptcy and a complete shutdown. The shingle manufacturers of Washington, Oregon, and British Columbia, realizing the situation and that an absolute embargo will otherwise have to be placed against Canadian shingles, agreed several months ago upon an import allocation of 20 percent for British Columbia and 80 percent for the United States, but this agreement, providing for an import allocation certificate, has to be confirmed and carried out under the auspices of the United States Customs Offices, but must first be investigated upon proper complaint to the import division, referred to and heard by the United States Tariff Commission, and eventually go to the President for final decision, which forcibly illustrates the interminable red-tape which President Roosevelt mentions in his message and which he is seeking to avoid by the enactment into law of this legislation. During this protracted delay, what is transpiring?

The entire Pacific Northwest watches in amazement the inability of the American mills to operate and produce their 80 percent of the consumption, whereas the Canadian manufacturers, exempt from any of the restraints of the N.R.A., are shipping into the United States huge and increasing volumes of shingles, far in excess of their 20-percent quota. The following table will illustrate the situation:

	American allocation (80 percent)	American production	British Columbia imports allocation (20 percent)	Actual imports U.S. Customs figures
1933:	Squares	Squares	Squares	Squares
September	280,000	291,488	70,000	145,218
October	518,040	332,304	123,510	145,404
November	233,072	179,808	58,270	116,738
December		171,515		73,930
1934: January		117,325		74,145

Calling to mind that one of the primary purposes of the N.R.A. is to increase and spread employment, the next statement is worthy of emphasis: Every 30 squares of shingles imported throws 4 American shingle-mill employees out of work for 1 day.

THIS LEGISLATION A WEAPON OF DEFENSE

Mr. Chairman, the plight of the lumber and shingle industry, as well as the agricultural and fish industries in the Pacific Northwest, furnishes striking justification for our placing in the hands of President Roosevelt this weapon which he can, and will, wield in defense of the rights and

interests of American labor, American industry, and American agriculture. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HENNEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 8687, the tariff bill, 1935, had come to no resolution thereon.

BRIDGE ACROSS MISSISSIPPI RIVER NEAR BATON ROUGE, LA.

Mr. WILSON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. WILSON]?

Mr. SNELL. Mr. Speaker, reserving the right to object, this is the bill which the gentleman spoke to me about, which was reported out by the gentleman's committee favorably?

Mr. WILSON. Yes, sir; that is the same bill.

Mr. SNELL. There is no objection, Mr. Speaker.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Louisiana Highway Commission, an administrative body created and acting under the constitution and laws of the State of Louisiana, to construct, maintain, and operate a free highway bridge, or a railway bridge in combination with a free highway bridge, and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near Baton Rouge, La., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1935

Mr. GOSS. Mr. Speaker, I should like to ask the majority leader a question. Many Members have asked, if the Senate should act on the independent offices appropriation bill, whether there will be any disposition on the part of the majority leader to have that bill called up tomorrow.

Mr. BYRNS. I will state that I talked with the gentleman from Virginia [Mr. Woodrum], chairman of the subcommittee, today with a view of learning just what would be done. The gentleman assured me that under no circumstances would he ask for any action before Monday upon that bill, regardless of what the Senate may do or when it may act.

UNITED STATES SHOULD GRANT COMPLETE INDEPENDENCE TO THE PHILIPPINES

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on the United States granting complete independence to the Philippines.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BEITER. Mr. Speaker and Members of the House, in the short time that I am privileged, by unanimous consent, to address the House, I shall deal with one of the outstanding legislation achievements of the present Congress—the grant of independence to the Philippines, the bill having passed the Senate yesterday by a vote of 68 to 8, and is now awaiting the signature of the President at the White House.

In discussing the question of independence for the Philippine Islands, there are two main lines of argument. One is based upon the familiar declaration "that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these rights are life, liberty, and the pursuit of happiness; that to secure these rights governments are instituted among men, deriving their

just powers from the consent of the governed." The other is based upon the theory that the Philippines are not capable of self-government, and, coming to us through a treaty of peace with Spain, are a national charge for which we must remain responsible.

Those who claim that it is our duty to deny self-government to the Philippines argue that we are more capable of deciding what are the rights of the islanders to life, liberty, and the pursuit of happiness than they are themselves; that they came into our hands through an act of Providence; that the great expansion of the Orient makes it advantageous to hold the islands as a vantage point in the world's competition; and that our protectorate will advance the cause of Christianity.

When we analyze these claims, we find them based only on our own supposed advantage, not that of the natives. There is no wish to give them the benefits of that independence which has been our boasted heritage for nearly a hundred and fifty years.

But this is a question of right and justice and not of sentiment. We cannot ignore this element of right and wrong by substituting selfish interests under the disguise of providential care. Monarchical governments claim the right to hold and govern without considering subjects' claims. Republics hold that this doctrine is despotic, and cannot be tolerated in any measure whatever. Either it is self-government or it is government by others. Because we stand upon a certain high plane of power and influence does not imply the right to trespass upon those who occupy a lower plane.

From a standpoint of our own history we recognize the wrong, but then we argue that our history cannot apply to the Philippine Islands. We were capable of self-government, but these people are not. When we make this claim, we take the same stand as that taken by King George in 1776. It is an identical situation. Parliament sought to retain sovereignty of the American Colonies and a war of conquest ensued. Our ancestors won, and the Declaration of Independence has ever since been the bulwark of our liberties.

The people of the Philippines have repeatedly sought to establish the same rights of self-government. They fought Spain for their freedom for more than 100 years. Rebellion has marked the early history of this people just as it marked our own. Is it in keeping with the traditions and spirit of America to deny them what we consider our most priceless possession?

The assertion that only politicians desire independence for the Philippines is perilous stuff to be circulated in this country. It is untrue and misleading. These people have a background of 350 years of struggle for liberty. They have their historic heroes as dear to them as Winkleried to the Swiss and Emmet to the Irish. They have their records of brave deeds, wonderful sacrifices, daring revolutions. American history, taught in their schools for 22 years, has fortified and increased their own love of freedom. They have set their hearts upon independence and nationality and will never be satisfied with anything else. We may, if we please, shoot them into submission, but we cannot kill their aspirations. For all our guns and all our troops, they will henceforth be our reluctant subjects.

The people of the Philippines received with deep resentment the news of the findings of the Wood-Forbes mission. The substance of this report consists, in plain terms, of reasons discovered why we should disregard our promises and keep the islands. When this fact was discovered by the natives, only the swift and skillful efforts of their leaders prevented a popular demonstration that would have left the people of the United States in no uncertainty as to the real feelings of the islanders.

One phase of the contest Americans at home will easily understand if they will look beneath the arguments urged against independence. Nothing could be simpler. Under American rule, Philippine products are admitted to the United States duty free, with the result that a large trade has been developed in Philippine staples. With independence, American tariff duties would be effective against all

these, and American capital invested in them would suffer loss. And what are these staples? Tobacco, sugar, hemp, lumber, and vegetable oil. And to what doors do these investments lead? To the greatest and most powerful financial interests in America. And how far off are the interests that induced us to intervene in Haiti? Not a block. Should not this open all our eyes?

Of two other facts in our relations with this people we can be reasonably sure. First, the agitation for independence will grow until we can no longer ignore or belittle it. Second, if that crisis shall require the armed force of the United States again to confront a people struggling to be free, it will be no excursion for pleasure. An ill country is this for white men to fight in.

By the act of August 29, 1916, the United States pledged itself to grant independence to the Philippines "as soon as a stable government can be established therein." Of other conditions, not a word. For more than 10 years the people of the Philippines have conducted a government that rests upon their own mandate. Has it been stable?

President McKinley said that a stable government was "one capable of maintaining order and observing its international obligations, insuring peace and tranquillity, and the security of its citizens." Judged by these standards, no more stable government has existed anywhere for these 10 years. The Philippines have fulfilled their part of the contract. We must fulfill ours or violate it, and that in short order.

H.R. 3842—THE PASSAGE OF THIS IMPORTANT AMENDMENT TO THE IMMIGRATION LAWS, WHICH HAS BEEN PENDING FOR THE PAST 10 YEARS, WILL STOP THE ANNUAL SMUGGLING INTO THE UNITED STATES OF 50,000 ALIENS AS "SEAMEN"

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks with regard to H.R. 3842.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, the purpose of this legislation, which has been sought for the past decade by the American Federation of Labor and by the International Seamen's Union of America, is to put a stop to the smuggling of aliens into the United States under the guise of seamen. The official records show that during the past 25 years in excess of 500,000 so-called "seamen" deserted vessels entering our ports and remained in the country in violation of our immigration and exclusion laws. Considerable sums of money—in some cases as high as \$1,100—have been paid by Chinese in order to obtain entrance to the United States in this unlawful manner.

THE PAST HISTORY OF THIS LEGISLATION

I quote from the veteran Member from Illinois [Mr. SABATH]:

I am, indeed, pleased that I have a chance for the first time to favor the adoption of this bill on the floor of this House, because up to this session . . . the bill never was reported by the former Chairman of the Committee on Immigration [Mr. JOHNSON]. . . . Whenever we had the bill up in our committee he would invariably find many excuses for not reporting it to the House. So for nearly 10 years, although a majority of the Committee on Immigration was in favor of the bill, we never could get consideration of it on the floor of the House.

In the Seamen's Journal, May 1931, appears the following:

WHO STRANGLED THE KING BILL?

Additional information has been received concerning the somewhat mysterious defeat of the King bill.

Jim Eagan, Washington labor writer, who has a penchant for analyzing things, has supplied the following descriptive comment:

"The King bill was strangled in the House during the final hours of the last Congress. The bill passed the Senate three times. It was intended to stop the annual bootlegging of 50,000 aliens who are smuggled into this country as 'seamen.' Europeans pay from \$200 to \$400 to get in. Chinamen pay \$1,100. When the seamen arrive at an American port, they quietly step ashore and are lost in the large cities. The graft for shipowners is almost as profitable as smuggling opium.

"The bill died in the lap of Speaker Longworth, who refused to recognize any Member for the purpose of presenting a motion that the bill be voted on. The Speaker said he was informed by the Department of State that European nations protested against the bill. Mr. Longworth should have known that it was not his duty to pass judgment on international features of a

bill that is before him. It was his duty to permit a vote—which he refused—and then transmit the bill to the President.

"Congressman Johnson of Washington, Chairman of the House Committee on Immigration, gets the blue ribbon as a shipowners' ally. He was caught red-handed dealing from the bottom, and was accused on the floor of the House with urging Congressmen to vote against the bill which his committee forced him to report.

"Johnson poses as a 100-percent American and as a foe of immigration that beats down American living standards. His work for the shipping interests was exposed, and angry colleagues flung into his teeth that he is a trimmer and a double crosser."

MY SUPPORT AND VOTE FOR THIS LEGISLATION—LETTER FROM ANDREW FURUSETH

Mr. Speaker, it has afforded me genuine pleasure to actively support and vote for this meritorious immigration measure; and I shall always treasure and take pride in possessing a letter which I have had the honor to receive from Andrew Furuseth, veteran president of the Seamen's Union, the grand old man of organized labor, who for many years has been fighting for this type of immigration legislation to protect the real, bona fide seamen of the United States and prevent the smuggling of large numbers of Asiatics, Mexicans, and other aliens into this country. Mr. Furuseth writes me under date of March 10, 1934:

Please receive the sincere thanks from the seamen and from myself, who transmits it, for your action in voting for, and in making an effort to get others to vote for the bill which the former Congressman from your district succeeded in keeping from the consideration of the House for 10 years.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ADAMS, for today, on account of important business.

To Mr. SNYDER, for 2 days, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army;

H.R. 6604. An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels, and for other purposes;

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes; and

H.J.Res. 207. Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p.m.) the House adjourned until tomorrow, Saturday, March 24, 1934, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

MARCH 5, 1934.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of rule XXVII, I, OSCAR DE PRIEST, move to discharge the Committee on Rules from the consideration of the resolution (H.Res. 236) entitled "A resolution to prevent discrimination", which was referred to said committee January 24, 1934, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Oscar De Priest
2. John H. Hoeppel
3. Joseph A. Gavagan
4. Martin J. Kennedy
5. P. H. Moynihan
6. Harold Knutson
7. Thomas J. O'Brien
8. Fred C. Gilchrist
9. John T. Buckbee
10. Loring M. Black
11. James J. Lanzetta
12. Everett M. Dirksen
13. J. William Ditter
14. Elmer E. Studley
15. George R. Durgan
16. A. Piatt Andrew
17. U. S. Guyer
18. E. L. Stokes
19. C. C. Dowell
20. Wm. Lemke
21. I. H. Dourich
22. F. H. Shoemaker
23. Knute Hill
24. W. G. Andrews
25. R. O. Woodruff
26. J. G. Cooper
27. Magnus Johnson
28. Henry Arens
29. T. C. Cochran
30. Clyde Kelly
31. James Simpson, Jr.
32. K. E. Keller
33. F. A. Britten
34. L. T. Marshall
35. G. W. Blanchard
36. T. F. Ford
37. W. E. Evans
38. R. R. Eltse
39. A. E. Carter
40. William E. Hess
41. Harry C. Ransley
42. W. I. Traeger
43. S. L. Collins
44. T. A. Jenkins
45. L. E. Allen
46. W. J. Granfield
47. P. J. Kvale
48. James Wolfenden
49. C. A. Wolverton
50. F. T. Maloney
51. James J. Connolly
52. Walter Nesbit
53. George W. Edmonds
54. Michael J. Muldowney
55. Theodore Christianson
56. Hamilton Fish, Jr.
57. James M. Beck
58. Ernest Lundeen
59. John J. Delaney
60. J. Will Taylor
61. Alfred M. Waldron
62. William H. Sutphin
63. Herman P. Kopplemann
64. James H. Sinclair
65. Henry Ellenbogen
66. Sol Bloom
67. Fred H. Hildebrandt
68. Vincent Carter
69. Louis T. McFadden
70. G. R. Withrow
71. G. H. Tinkham
72. F. A. Hartley
73. S. A. Rudd
74. W. P. Connery, Jr.
75. F. H. Foss
76. P. G. Holmes
77. Harold McGugin
78. C. L. Beedy
79. W. F. Brunner
80. P. A. Cavicchia
81. C. R. Hope
82. J. P. Wolcott
83. C. A. Plumley
84. E. W. Goss
85. C. M. Bakewell
86. R. B. Wigglesworth
87. E. N. Rogers
88. D. L. Powers
89. Isaac Bacharach
90. M. A. Dunn
91. A. L. Somers
92. M. L. Sweeney
93. C. M. Weideman
94. B. K. Focht
95. Thomas O'Malley
96. Emanuel Celler
97. J. W. McCormack
98. J. H. Swick
99. A. D. Healey
100. C. E. Hancock
101. G. J. Boileau
102. J. F. Dockweiler
103. J. B. Hollister
104. G. P. Darrow
105. W. D. Thomas
106. W. P. Lambertson
107. R. T. Secrest
108. F. B. Condon
109. F. P. Kahn
110. G. A. Dondero
111. P. A. Goodwin
112. T. A. Peyser
113. A. F. Beiter
114. J. H. Burke
115. R. P. Chase
116. C. J. McLeod
117. John Taber
118. Jennings Randolph
119. G. W. Lindsay
120. B. B. Harlan
121. Joseph W. Martin, Jr.
122. Carl E. Mapes
123. S. Merritt
124. Charles L. Gifford
125. J. Banks Kurtz
126. R. J. Welch
127. A. P. Lamneck
128. Thomas H. Cullen
129. Robert Luce
130. Frank Oliver
131. Francis D. Culkin
132. Harry P. Beam
133. Edward A. Kelly
134. Ambrose J. Kennedy
135. Nathan L. Strong
136. Robert Crosser
137. Chester C. Bolton
138. George Burnham
139. Gale H. Stalker
140. Charles D. Millard
141. Robert L. Bacon
142. James L. Whitley
143. Einar Hoidale
144. H. H. Peavey
145. George N. Seger

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, March 23, 1934.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

389. A letter from the Acting Secretary of the Navy, transmitting a report of the disposition of useless papers and records in the files of navy yards, naval stations, etc., during the calendar year 1933; to the Committee on Disposition of Useless Executive Papers.

390. A letter from the Architect of the Capitol, transmitting the annual report of the Architect of the Capitol for the fiscal year ended June 30, 1933 (S.Doc. No. 158); to the Committee on Public Buildings and Grounds and ordered to be printed.

391. A letter from the Acting Postmaster General, transmitting a report of the facts in the claim of Mr. Charles M. Perkins, postmaster at Seattle, Wash., for credit on account of loss sustained by robbery on December 23, 1931, with the recommendation that authority be granted to credit the postmaster in his postal account with \$14,897.66, the amount of money lost in the robbery; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. H.R. 8525. A bill to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts; without amendment (Rept. No. 1039). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee on the District of Columbia. S. 193. An act to amend section 536c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929; without amendment (Rept. No. 1040). Referred to the House Calendar.

Mr. KENNEDY of Maryland: Joint Committee on the Disposition of Useless Executive Papers. Report No. 1041. Disposition of useless papers in the Government Printing Office. Ordered to be printed.

Mr. CONDON: Committee on the Judiciary. H.R. 7597. A bill declaring November 11 a legal public holiday, to be known as "Armistice Day"; with amendment (Rept. No. 1043). Referred to the House Calendar.

Mr. CARTWRIGHT: Committee on Roads. H.R. 8781. A bill to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and for other purposes; with amendment (Rept. No. 1044). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTE HILL: Committee on Indian Affairs. H.R. 4808. A bill granting citizenship to the Metlakatla Indians of Alaska; with amendment (Rept. No. 1045). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. S. 2089. An act to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations; with amendment (Rept. No. 1046). Referred to the House Calendar.

Mr. HARLAN: Committee on the District of Columbia. S. 1820. An act to amend the Code of Law for the District of Columbia; without amendment (Rept. No. 1047). Referred to the House Calendar.

Mr. WILSON: Committee on Interstate and Foreign Commerce. H.R. 8661. A bill granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.; without amendment (Rept. No. 1048). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'CONNOR: A bill (H.R. 8805) relating to bonds for the protection of banks whose deposits are insured under section 12B of the Federal Reserve Act; to the Committee on Banking and Currency.

Also, a bill (H.R. 8806) to prevent Government officials from accepting any fidelity or surety bond running to the United States in certain cases, and for other purposes; to the Committee on the Judiciary.

By Mr. MARTIN of Oregon: A bill (H.R. 8807) relating to the cancellation of star-route mail contracts; to the Committee on the Post Office and Post Roads.

By Mr. HOWARD (by Department request): A bill (H.R. 8808) authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands; to the Committee on Indian Affairs.

By Mr. FISH: A resolution (H.Res. 312) directing the Director of the Budget to furnish various information to the House of Representatives; to the Committee on Expenditures in the Executive Departments.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARMICHAEL: A bill (H.R. 8809) for the relief of J. S. Smith and J. W. Smith, a firm doing business under the name of J. G. Smith & Sons, of Mount Hope, Lawrence County, Ala.; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8810) for the relief of Carl Coss; to the Committee on Military Affairs.

Also, a bill (H.R. 8811) for the relief of Howard Anthony Berry; to the Committee on Naval Affairs.

By Mr. FITZPATRICK: A bill (H.R. 8812) for the relief of Herluf F. J. Ravn; to the Committee on Claims.

By Mr. GRIFFIN: A bill (H.R. 8813) for the relief of David Schaul; to the Committee on Naval Affairs.

Also, a bill (H.R. 8814) for the relief of John Joseph Machias; to the Committee on Naval Affairs.

By Mr. JOHNSON of Minnesota: A bill (H.R. 8815) to provide refund of overpayment of income tax to the Maple Lake Farmer's Creamery during years 1914 to 1926 inclusive; to the Committee on Claims.

By Mr. MCCARTHY: A bill (H.R. 8816) for the relief of the Randall National Bank, of Randall, Kans.; to the Committee on Claims.

By Mr. McFARLANE: A bill (H.R. 8817) for the relief of H. B. Van Emden; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3198. By Mr. BEITER: Petition of the Marine Engineers Beneficial Association of Buffalo, N.Y., urging enactment of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3199. Also, petition of the Radio Workers Federal Labor Union, No. 18479, Buffalo, N.Y., urging favorable consideration of Wagner labor and Connery 30-hour bills; to the Committee on Labor.

3200. By Mr. EDMONDS: Petition of the Philadelphia Board of Trade, opposing the National Securities Exchange Act; to the Committee on Banking and Currency.

3201. By Mr. FOCHT: Petition requesting favorable action on Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3202. By Mr. JAMES: Resolution of Burt Township Board, Grand Marais, Mich., through Matt Nyman, clerk, favoring construction of highway running along south shore of Lake Superior from Sault Ste. Marie to points west; to the Committee on Roads.

3203. By Mr. JOHNSON of Texas: Petition of L. T. Murray, secretary and general manager of the Texas Cotton Association, Waco, Tex., favoring readjustment of tariff; to the Committee on Ways and Means.

3204. By Mr. KINZER: Resolution from the Woman's Christian Temperance Union of Lititz, Pa., petitioning for

higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3205. By Mr. LINDSAY: Petition of Abraham & Strauss, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3206. Also, petition of H. L. Judd Co., New York City, opposing the passage of the Wagner Trade Disputes Act, the Fletcher-Rayburn securities bill, and the reciprocal tariff bill; to the Committee on Ways and Means.

3207. Also, petition of Central Trades and Labor Council of Greater New York and vicinity, New York City, protesting against wage reductions and payless furloughs; to the Committee on Appropriations.

3208. Also, petition of the Building Trade Department, American Federation of Labor, Washington, D.C., concerning the Steagall bill (H.R. 8403); to the Committee on Banking and Currency.

3209. Also, petition of Warner & Co., 120 Broadway, New York City, urging certain changes in the Fletcher-Rayburn stock exchange regulation bill; to the Committee on Ways and Means.

3210. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 2616 and House bill 7659; to the Committee on Ways and Means.

3211. Also, petition of Dugan Bros., Inc., Brooklyn, N.Y., opposing the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3212. Also, petition of F. H. Von Damm, 898-908 Grand Street, Brooklyn, N.Y., concerning the Wagner-Connery bills; to the Committee on Labor.

3213. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing House bill 8430, to amend the Tariff Act of 1930; to the Committee on Ways and Means.

3214. Also, telegram from David Sudelson, Brooklyn, N.Y., opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3215. Also, petition of the Allied Beauticians of America, Inc., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3216. By Mr. RUDD: Petition of the New York Clothing Cutters Union, Local No. 4, A. C. W. of A., favoring the passage of the Wagner Labor Disputes Act; to the Committee on Labor.

3217. Also, petition of the Central Trades and Labor Council of Greater New York and Vicinity, protesting against wage reductions and payless furloughs for postal employees; to the Committee on the Post Office and Post Roads.

3218. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of Senate bill 2616 and House bill 7659, an act to raise revenue by levying an excise tax upon employers, and for other purposes; to the Committee on Ways and Means.

3219. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the passage of House bill 8430, amending the Tariff Act of 1930; to the Committee on Ways and Means.

3220. Also, petition of Building Trades Department, American Federation of Labor, with reference to the Steagall bill (H.R. 8403); to the Committee on Banking and Currency.

3221. Also, petition of Bakelite Corporation, New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3222. Also, petition of F. Weidner Printing & Publishing Co., Brooklyn, N.Y., opposed to the Wagner-Connery bills; to the Committee on Labor.

3223. Also, petition of Dugan Bros., Inc., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3224. Also, petition of Abraham & Straus, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3225. Also, petition of the Allied Beauticians of America, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connelly bills; to the Committee on Labor.

3226. By Mr. THOMAS: Memorial of the Legislature of the State of New York, that the Congress of the United States be, and it is hereby, respectfully memorialized to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley north of the Federal lock at Troy, N.Y., and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

3227. By the SPEAKER: Petition of the City Council of Virden, Ill., endorsing House bill 7598; to the Committee on Labor.

3228. Also, petition of the municipality of Minalabac, Province of Camarines Sur, P.I., endorsing the King Philippine independence bill; to the Committee on Insular Affairs.

3229. Also, petition of the Sociedad Panamena de Accion Internacional, relative to relations between the Panamanian people and the people of the United States; to the Committee on Foreign Affairs.

SENATE

SATURDAY, MARCH 24, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Wednesday, March 21, Thursday, March 22, and Friday, March 23, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Davis	King	Schall
Bachman	Dickinson	Logan	Sheppard
Bailey	Dieterich	Loneragan	Shipstead
Bankhead	Dill	Long	Smith
Barbour	Duffy	McAdoo	Steiwer
Barkley	Erickson	McCarran	Stephens
Black	Fess	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Thompson
Brown	George	Murphy	Townsend
Bulkley	Gibson	Neely	Trammell
Bulow	Glass	Norris	Tydings
Byrd	Goldsborough	Nye	Vandenberg
Byrnes	Gore	O'Mahoney	Van Nuys
Capper	Hale	Overton	Wagner
Caraway	Harrison	Patterson	Walcott
Carey	Hastings	Pittman	Walsh
Clark	Hatch	Pope	Wheeler
Connally	Hayden	Reed	
Coolidge	Hebert	Reynolds	
Costigan	Johnson	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from West Virginia [Mr. HATFIELD] is absent on account of illness, and that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

EXTENSION OF TIME FOR FILING CLAIMS UNDER WAR CLAIMS ACT OF 1928

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbitrator, which, with the accompanying papers, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of Massachusetts, favoring the limitation of the importation of refined sugar from insular possessions of the United States and from foreign countries, so as to insure the continued existence of the sugar industry in the United States, which were referred to the Committee on Finance.

(See resolutions printed in full when presented by Mr. WALSH on the 21st instant, p. 4982, CONGRESSIONAL RECORD.)

Mr. GIBSON presented a letter embodying a resolution adopted at a meeting of Joseph Frank Lodge No. 1109, B'nai B'rith, of Burlington, Vt., signed by the officers thereof, favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of Bennington, Vt., praying for the restoration of full pensions to Spanish-American War veterans and their dependents, which were ordered to lie on the table.

Mr. CAPPER presented petitions, numerous signed, of sundry citizens of the State of Kansas, praying for the passage of old-age pension legislation, which were referred to the Committee on Education and Labor.

He also presented resolutions adopted by the United Workers of Fredonia, Kans., favoring the passage of legislation providing for the prompt payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

He also presented petitions, numerous signed, of sundry citizens of Parsons, Kans., praying for the repeal of the so-called "Economy Act", which were ordered to lie on the table.

He also presented resolutions adopted by Robert E. Gordon Post, No. 133, of Belleville, and James Marr Post, No. 135, of Formoso, both of the American Legion in the State of Kansas, favoring the passage of legislation embodying the so-called "four-point program of the American Legion" relative to veterans' benefits, which were referred to the Committee on Finance.

WAGES OF SUBSTITUTE POSTAL EMPLOYEES

Mr. FESS presented a petition of sundry citizens of the State of Ohio, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, without the signatures, as follows:

COLUMBUS, OHIO, March 12, 1934.

To the Honorable Senator FESS.

DEAR SIR: May we, the undersigned, citizens of central Ohio, ask you for your support and influence in expediting the passage of House bill 7483, a bill designed to guarantee to substitute postal employees a minimum weekly wage of \$15?

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3144) to legalize a bridge across the St. Louis River at or near Cloquet, Minn., reported it without amendment and submitted a report (No. 546) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2934) to facilitate the acquisition of migratory-bird refuges, and for other pur-

poses, reported it without amendment and submitted a report (No. 547) thereon.

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (H.R. 3032) for the relief of Paul Jelna, reported it with an amendment and submitted a report (No. 548) thereon.

Mr. BONE, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 6525) to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930, reported it without amendment.

RETIREMENT OF GEORGE W. HESS

Mr. BARKLEY, from the Committee on the Library, reported a joint resolution (S.J.Res. 94) to retire George W. Hess as director emeritus of the Botanic Garden, which was read twice by its title and ordered to be placed on the calendar.

AIR- AND OCEAN-MAIL CONTRACTS—ADDITIONAL COPIES OF HEARINGS

Mr. HAYDEN, from the Committee on Printing, reported a resolution (S.Res. 215), which was considered by unanimous consent and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air- and Ocean-Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of parts 1, 2, 3, 4, 5, and 6 of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 22d instant that committee presented to the President of the United States the following enrolled bills:

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932;

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DAVIS:

A bill (S. 3173) granting a pension to Evangeline R. Butler; and

A bill (S. 3174) granting a pension to Lizzie Lawson; to the Committee on Pensions.

By Mr. COUZENS:

A bill (S. 3175) to amend title III of the National Prohibition Act, as amended and supplemented (relating to industrial alcohol), with respect to the issuance of tax-free alcohol to clinics; to the Committee on Finance.

By Mr. McKELLAR:

A bill (S. 3176) granting a pension to Lydia R. Holt; to the Committee on Pensions.

A bill (S. 3177) to provide for the acquisition of the Andrew Johnson Homestead, Greeneville, Tenn., as a national shrine (with accompanying papers); to the Committee on the Library.

By Mr. FESS:

A bill (S. 3178) authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington; to the Committee on the Library.

By Mr. O'MAHONEY:

A joint resolution (S.J.Res. 92) to create a commission to formulate a permanent national policy with respect to bene-

fits for veterans and dependents of veterans, and for other purposes; to the Committee on Finance.

By Mr. CLARK:

A joint resolution (S.J.Res. 93) authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

TITLE OF UNITED STATES TO LANDS IN TERRITORIES AND INSULAR POSSESSIONS

Mr. ASHURST. Mr. President, there has been passed by the other House of Congress H.R. 5863, being a bill which in effect, declares that the principle of the common law that title to lands by prescription cannot be acquired as against the Government shall be applicable to all places under the jurisdiction of the United States.

Since the passage of the bill by the House, an identical bill, introduced by the Senator from Texas [Mr. SHEPPARD], being S. 1699, has passed the Senate. I ask that the House bill be laid before the Senate, and ask the Secretary to read the bill. Then I shall ask unanimous consent for its immediate consideration, and if the House bill shall be passed, I shall then request that the Senate bill be recalled and indefinitely postponed.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read the bill (H.R. 5863) to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription, as follows:

Be it enacted, etc., That hereafter no prescription or statute of limitations shall run, or continue to run, against the title of the United States to lands in any Territory or possession or place or Territory under the jurisdiction or control of the United States, including the Philippine Islands; and that no title to any such lands of the United States or any right therein shall be acquired by adverse possession or prescription, or otherwise than by conveyance from the United States.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona for the immediate consideration of the bill?

Mr. KING. Mr. President, I should like to ask a question in regard to this measure. I note the word "hereafter" is contained in the first line of the bill. That would imply that before the passage of this bill the statute of limitations would run against the Government. I do not want to concede that implication, because I do not think that it is legally correct. No prescriptive right may run against the Government, and the word "hereafter", it seems to me, should not be in the bill.

Mr. ASHURST. Mr. President, I am not equipped legally to measure swords with the able Senator from Utah, who is a distinguished lawyer, but I beg him to remember that the common-law principle, to wit, that no time runs against the sovereign, has always, of course, applied to continental United States, and that in some of our possessions this common-law principle did not and does not obtain; and, strange as it may seem, time did run against the sovereign in some of these possessions. This bill simply provides that hereafter in our possessions no title shall run against the United States by prescription, to wit, by lapse of time, and that the common-law rule, with which the able Senator is familiar, that no title may be acquired against the United States by prescription shall obtain in those possessions.

I ask that there may be read at the desk a copy of a letter from the Secretary of the Interior, addressed to the Senator from Maryland [Mr. TYDINGS], Chairman of the Committee on Territories and Insular Affairs, which explains the bill.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

INTERIOR DEPARTMENT,
Washington, February 23, 1934.

Hon. MILLARD E. TYDINGS,
Chairman Committee on Territories and Insular Affairs,
United States Senate.

MY DEAR SENATOR TYDINGS: I have received your letter of February 1 requesting a report on S. 1699, entitled "A bill to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription."

The bill in effect declares that the principle of the common law, that title by prescription cannot be acquired as against the sovereign, shall be applicable in all places under the jurisdiction or control of the United States, including the Philippine Islands. In the case of *Carino v. Insular Government* (212 U.S. 449) it was recognized that title by prescription against the Crown existed under Spanish law in force in the Philippine Islands prior to their acquisition by the United States, and that one occupying land in the Province of Benguet for more than 50 years before the Treaty of Paris is entitled to the continued possession thereof.

I am not aware of any objection to the proposed legislation.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. KING. Mr. President, I do not object. I had in mind particularly Alaska where, my recollection is, the organic act provided that the common law with all its limitations should be the controlling factor. However, I shall not object.

Mr. McNARY. Mr. President, I do not favor the practice of taking bills off the calendar unless it is a very serious emergency. Am I to understand that the bill once passed the Senate, that an identical bill has passed the House, and that the Senator now asks to substitute the House bill for the Senate bill?

Mr. ASHURST. The Senator is correct.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. Without objection, an order will be entered requesting the House of Representatives to return the Senate bill and accompanying papers.

MESSAGE FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed on March 23, 1934, the act (S. 356) for the relief of the Great American Indemnity Co. of New York.

THE LAND POLICY OF THE WEST

Mr. POPE. Mr. President, I desire to submit in a few minutes a request to have printed in the RECORD an article upon the land policy of the West, a very important and able article written by Marshall N. Dana, which I think is of very great importance at this time.

It seems important and timely that the general attitude of the western reclamation States be made clear regarding a national land policy, such as has been indicated by the President, by the Secretary of Agriculture, and by the Secretary of the Interior, relating to marginal lands, economic feasibility, market outlets, and other factors.

The Department of Agriculture, on the authority delegated by the Agricultural Adjustment Act, is attempting to work out a program of unified, balanced, and controlled agricultural production. This program necessitates extensive surveys of land productiveness, market outlets, transportation facilities, and social consequences. Ultimately these extensive surveys and experiments should produce a well-defined national land policy.

Representing, as I do in part, one of the public-land States, a State in which the Federal Government owns some 56 percent of the land area, I am exceedingly desirous that the claims of agriculture in these States shall be given full consideration under this new program.

As every Senator knows, agriculture in the public-land States is directly dependent upon reclamation. Vast areas

of arid land have been transformed into tens of thousands of fertile, productive farms. Hundreds of cities have grown up, railroads and highways have been constructed, and withal entire States have been erected on this foundation of reclaimed land, the fruition largely of our Federal reclamation policy.

But obvious as these facts are, there is an appalling lack of understanding of the actual operations of this policy. Many otherwise well-informed people have the rather vague idea that reclamation is based on a form of Government subsidy, comparable with the vast appropriations for rivers and harbors. Just recently I heard the statement made that making appropriations for reclamation is like "pouring water into a rat hole." Such statements disclose an inexcusable ignorance of our national reclamation policy and its results.

The Federal reclamation fund which has been used in building the great public-land States of the West, is held inviolable as a permanent revolving fund and the money expended for reclamation is eventually repaid. Despite the depression, about 95 percent of payments due the Federal Government have been repaid to this revolving fund.

There has come to my attention a recent statement by Mr. Marshall N. Dana, president of the National Reclamation Association, chairman of the Pacific Northwest Regional Planning Commission, and formerly regional advisor of Public Works Administration of Portland, Oreg. This statement bears the title "The West Must Farm", and is a remarkably clear, able, and concise statement on this important matter.

Mr. Dana points out in his timely article that reclamation will stand the most rigid test of a scientifically controlled agriculture; that it will be found consistent with a national land policy which seeks to eliminate marginal lands and to coordinate production with consumer demands, economic marketing, and transportation facilities. He puts to rout arguments that irrigated areas materially increase surpluses and that our Federal reclamation policy includes an element of Government subsidy. He says:

Farming by aid of irrigation in Western States is a necessary method. These are the "public-land States", where 52 percent of the total area is owned by the United States Government. In 1902, by congressional act, the Government recognized its responsibility as a majority landowner by setting up a revolving fund in aid of reclamation. The fund was derived from 52 percent of the proceeds from sales of public lands and from oil, gas, and other leases. Forty-eight percent of the proceeds from these sources went into the National Treasury. Contracts were entered into with districts and progressively modified so that today settlers obligate themselves to repay in 40 years without interest the full amount advanced by the Government in building reclamation works. These repayments augment the revolving fund. In 1932, \$208,000,000 had been spent from the reclamation fund, \$42,000,000 had been repaid, and settlers, despite the depression, were only 6 percent in arrears on construction payments. At the same time, 42,000 farms were in operation, 227 cities and towns had been established, annual crop values had reached \$100,000,000, and assessed values had been created totaling \$2,500,000,000. The people on reclamation projects in 1930 were customers of eastern manufacturers to the extent of \$120,000,000, or 95,000 carloads. Incident to the allocation of money to continue the authorized reclamation program under the Public Works Administration, it was found that for every person employed in reclamation construction, approximately two workers were given jobs in the industrial East. Some of the largest and most powerful devices ever employed in the combinations of land and water for human benefit have been created from eastern and midwestern industries for western reclamation projects.

And while these are large figures demonstrating a signally successful enterprise, it is also true that Federal reclamation projects contain only four tenths of 1 percent of the Nation's cultivated land. The farmed land of Iowa alone is greater in acreage than the entire area of western irrigation. The products of Federal reclamation projects represent only three fourths of 1 percent of the total annual values of American agriculture.

Nor are reclamation products in competition with the products of other sections or contributors to the agricultural surplus. Feed is grown for winter use to balance summer range. The needs of western cities, mining, ports, and/or transportation are partially supplied with fruits, dairy products, vegetables, nuts, long-staple cotton, alfalfa, sugar beets, and grass seeds. Not enough wheat is grown on the reclamation projects to supply the people living on these projects, the average being about 2,500,000 bushels, as compared with a normal American crop of 800,000,000 bushels.

And that, if anyone looks at it fairly, is just about all there is to the reclamation bogey of "subsidy" and "surplus."

Like the other bogies that find substance in ignorance and prejudice, it dissolves before the facts and reveals one of the most magnificent accomplishments for human benefit and progress ever recorded.

A high standard of honor and responsibility has uniformly been maintained in the contractual relations between settlers on the Federal reclamation projects and the Government. Of "repudiation" proposals there have been few, and these usually instigated by unscrupulous individuals who sought, for fees, to impose upon the credulity or to exploit the necessities of settlers. In actual emergencies, created by economic depression or by unforeseen contingencies in the construction and administration of projects, Congress and the administrative divisions of the Government have dealt justly and generously. The National Reclamation Association takes an unqualified position in favor of keeping reclamation contracts, both in letter and spirit, and is equally opposed to repudiation. The association believes all necessary adjustment may be made directly with the representatives of the Government, and without the intervention of mercenaries. We do not thereby refer to legitimate professional services.

One of the great engineering organizations of the world has been developed incident to the Reclamation Service. The experience gained is of incalculable value in construction and administration. Research and scientific knowledge, increased by cooperative agencies, have aided not reclamation alone but all agriculture in signal improvement of production and marketing.

The strategic importance in the national defense of a staunch and balanced development of the West is incalculable. Facing the Orient and desiring, first of all, profitable trade relations with the billion people who live around the shores of the Pacific, we feel that to maintain western progress in full strength and vigor is part of an issue of national integrity.

We have encountered the suggestion of a "unified" agriculture. It apparently means that one section may exclusively supply the Nation's food needs. No one section in America is capable of so doing—not even the West. It is impossible from the standpoints of climate, geography, transportation, and distribution. The great rate division at the crest of the Continental Divide forbids.

To remove agriculture from all but one area would paralyze the others. It would eliminate margins and reservoirs for emergency. And even if the Mississippi Valley were chosen for "unified" agriculture, what would be done when that great region was bathed with flood or parched with drought? Consider, too, the spectacle of the East all factories and the West all hot-dog stands and filling stations for tourists.

Infinitely preferable is a planned development that, while desirable for the West, is equally important to the Nation.

The utilization of natural resources, the control of floods and the unifying of stream flow, the guidance of agriculture and settlement, the relationships and integration of transportation and industry, the methods employed, and the habits of life all are best conducted by orderly procedure not rigidly standardized but sufficiently flexible to stimulate the exceptional in personality and achievement, and not superimposed but derived from the intelligence, the ambitions, the living standards, and the ideals of the people.

An admirable expression of the ideal and the vision of national reclamation is contained in the message from the President of the United States and presented to the Second Annual Convention of the National Reclamation Association at Boise, Idaho, November 28. It reads as follows:

"I do not want to let the occasion of the second annual meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

"Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

"The National Industrial Recovery Administration, more popularly known as 'N.R.A.', is designed to pull us out of the depression; and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant and that the two may gradually but surely help the farmer to economic independence with the active cooperation of the administration.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

This is the western picture. There are unchangeable limitations upon valleys of the West, verdant and almost magically productive when watered from the mountains, Nature's reservoirs, rising in their splendor. Farms cannot be continuous as upon flat prairie expanses. The variety of land and of topography creates a corresponding variety in living. For every acre suitable for farming there will be numerous acres suitable for fun. Land marginal for agriculture may be grade A for recreation and inspiration. In other words, Nature in the West supplies the facilities of diversified production and the setting for completely rounded personalities, as strong, as hardy, as creative, as rich in happiness as Nature herself.

We hold that no greater service has been rendered to the social progress of America than the amazing and successful contribution made by reclamation, as a national policy, in rendering fully

available for their utility and their beauty the mountains and the forests, the rivers and the valleys, the lakes and the ocean shores of the West. It is one of the true forward steps of the Nation.

Mr. Dana tells the romantic story of the irrigated West and the results of our national policy of reclamation.

Mr. COSTIGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. POPE. I yield.

Mr. COSTIGAN. Is it not true that our reclamation policy is essentially one of conservation of both natural and human resources?

Mr. POPE. That is entirely true.

Mr. President, I now ask that the article of Mr. Dana may be printed in the RECORD in full as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WEST MUST FARM

(A statement by Marshall N. Dana, president National Reclamation Association)

The National Reclamation Association is heartily in sympathy with steps now being taken by the national administration to subject all agricultural lands to the test of economic productive value.

We not only favor the elimination of land that cannot be farmed with profit under what may be termed normal conditions but we are ready for a more advanced step.

We would suggest that every farm tract be subjected to the test of (1) economic feasibility and (2) the need of its products in (a) local or regional markets and (b) national and/or world markets.

Further, we believe it to be a manifest duty of the United States Government, through its several departments, to establish a national land policy and, in conformity, not only to seek the elimination of demonstrably marginal lands but to assure the profitable use of good land through the solution of production problems, the improvement and cheapening of transportation, and the enhancement of marketing opportunities.

We believe that the prejudice which sectionally divides American agriculture should be removed by general recognition that each section is entitled to its agriculture as a balancing factor in secure living and general progress.

We believe that the quarrel as to whether lands shall be farmed in the manner that controlling climatic conditions necessitate—that is, by the aid of natural precipitation or water artificially applied—should be replaced by the rigid tests of feasibility.

We agree that national land policy may support all necessary farming methods and that western reclamation should feel a common purpose and sympathy in midwestern flood control and eastern-southern rehabilitation of impoverished soil.

We think that the positions taken by Henry A. Wallace, Secretary of Agriculture, against farm slums and by Harold L. Ickes, Secretary of the Interior, against alienation of Government ownership of the public domain are eminently fair and right.

Now, as to reclamation in a national land program, we think the following facts should receive just appraisal:

Farming by aid of irrigation in Western States is a necessary method. These are the public-land States, where 52 percent of the total area is owned by the United States Government. In 1902, by congressional act, the Government recognized its responsibility as a majority landowner by setting up a revolving fund in aid of reclamation. The fund was derived from 52 percent of the proceeds from sales of public lands and from oil, gas, and other leases. Forty-eight percent of the proceeds from these sources went into the National Treasury. Contracts were entered into with districts and progressively modified so that today settlers obligate themselves to repay in 40 years without interest the full amount advanced by the Government in building reclamation works. These repayments augment the revolving fund. In 1932, \$208,000,000 had been spent from the reclamation fund, \$42,000,000 had been repaid, and settlers, despite the depression, were only 6 percent in arrears on construction payments. At the same time, 42,000 farms were in operation, 227 cities and towns had been established, annual crop values had reached \$100,000,000, and assessed values had been created totaling \$2,500,000,000. The people on reclamation projects in 1930 were customers of eastern manufacturers to the extent of \$120,000,000, or 95,000 carloads. Incident to the allocation of money to continue the authorized reclamation program under the Public Works Administration it was found that for every person employed in reclamation construction approximately two workers were given jobs in the industrial East. Some of the largest and most powerful devices ever employed in the combinations of land and water for human benefit have been created from eastern and midwestern industries for western reclamation projects.

And while these are large figures demonstrating a signally successful enterprise, it is also true that Federal reclamation projects contain only 0.4 of 1 percent of the Nation's cultivated land. The farmed land of Iowa alone is greater in acreage than the entire area of western irrigation. The products of Federal

reclamation projects represent only three fourths of 1 percent of the total annual values of American agriculture.

Nor are reclamation products in competition with the products of other sections or contributors to the agricultural surplus. Feed is grown for winter use to balance summer range. The needs of western cities, mining, ports, and/or transportation are partially supplied with fruits, dairy products, vegetables, nuts, long-staple cotton, alfalfa, sugar beets, and grass seeds. Not enough wheat is grown on the reclamation projects to supply the people living on these projects, the average being about 2,500,000 bushels, as compared with a normal American crop of 800,000,000 bushels.

And that, if anyone looks at it fairly, is just about all there is to the reclamation bogey of "subsidy" and "surplus."

Like the other bogies that find substance in ignorance and prejudice, it dissolves before the facts and reveals one of the most magnificent accomplishments for human benefit and progress ever recorded.

A high standard of honor and responsibility has uniformly been maintained in the contractual relations between settlers on the Federal reclamation projects and the Government. Of "repudiation" proposals there have been few, and these usually instigated by unscrupulous individuals who sought, for fees, to impose upon the credulity or to exploit the necessities of settlers. In actual emergencies, created by economic depression or by unforeseen contingencies in the construction and administration of projects, Congress and the administrative divisions of the Government have dealt justly and generously. The National Reclamation Association takes an unqualified position in favor of keeping reclamation contracts, both in letter and spirit, and is equally opposed to repudiation. The association believes all necessary adjustment may be made directly with the representatives of the Government, and without the intervention of mercenaries. We do not thereby refer to legitimate professional services.

One of the great engineering organizations of the world has been developed incident to the Reclamation Service. The experience gained is of incalculable value in construction and administration. Research and scientific knowledge, increased by cooperative agencies, have aided not reclamation alone but all agriculture in signal improvement of production and marketing.

The strategic importance in the national defense of a staunch and balanced development of the West is incalculable. Facing the Orient and desiring, first of all, profitable trade relations with the billion people who live around the shores of the Pacific, we feel that to maintain western progress in full strength and vigor is part of an issue of national integrity.

We have encountered the suggestion of a "unified" agriculture. It apparently means that one section may exclusively supply the Nation's food needs. No one section in America is capable of so doing—not even the West. It is impossible from the standpoints of climate, geography, transportation, and distribution. The great rate division at the crest of the Continental Divide forbids.

To remove agriculture from all but one area would paralyze the others. It would eliminate margins and reservoirs for emergency. And even if the Mississippi Valley were chosen for "unified" agriculture, what would be done when that great region was bathed with flood or parched with drought? Consider, too, the spectacle of the East all factories and the West all hot-dog stands and filling stations for tourists.

Infinitely preferable is a planned development that, while desirable for the West, is equally important to the Nation.

The utilization of natural resources, the control of floods and the unifying of stream flow, the guidance of agriculture and settlement, the relationships and integration of transportation and industry, the methods employed, and the habits of life all are best conducted by orderly procedure not rigidly standardized but sufficiently flexible to stimulate the exceptional in personality and achievement, and not superimposed but derived from the intelligence, the ambitions, the living standards, and the ideals of the people.

An admirable expression of the ideal and the vision of national reclamation is contained in the message from the President of the United States and presented to the Second Annual Convention of the National Reclamation Association at Boise, Idaho, November 28. It reads as follows:

"I do not want to let the occasion of the second annual meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

"Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

"The National Industrial Recovery Administration, more popularly known as 'N.R.A.', is designed to pull us out of the depression; and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant and that the two may gradually but surely help the farmer to economic independence with the active cooperation of the administration.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

This is the western picture. There are unchangeable limitations upon valleys of the West, verdant and almost magically productive when watered from the mountains, Nature's reservoirs, rising in

their splendor. Farms cannot be continuous as upon flat prairie expanses. The variety of land and of topography creates a corresponding variety of living. For every acre suitable for farming there will be numerous acres suitable for fun. Land marginal for agriculture may be grade A for recreation and inspiration. In other words, Nature in the West supplies the facilities of diversified production and the setting for completely rounded personalities, as strong, as hardy, as creative, as rich in happiness as Nature herself.

We hold that no greater service has been rendered to the social progress of America than the amazing and successful contribution made by reclamation, as a national policy, in rendering fully available for their utility and their beauty, the mountains and the forests, the rivers and the valleys, the lakes and the ocean shores of the West. It is one of the true forward steps of the Nation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

STOCK-EXCHANGE REGULATION—STATEMENT BY JUDGE WILLIAM CLARK

Mr. NORRIS. Mr. President, I have been greatly impressed by the testimony of Judge William Clark before the Banking and Currency Committee, March 6, 1934, on proposed stock-exchange regulation. I ask permission to have Judge Clark's remarks inserted in the CONGRESSIONAL RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I have accepted your committee's kind invitation to impose on their time for one reason only. I have strong feelings on the subject of the margin section of the proposed bill. I believe that section does not go far enough. I believe that the stock exchange should be put on a cash basis. Those feelings and that belief are not manufactured for this occasion, nor are they simply the result of cloistered thinking by an enfeebled intellect. In 10 years on the Federal bench I have had personal observation of the tragic consequences of margin trading in three respects:

First, I have had to send men to prison because they had used the money intrusted to them by poor depositors to "protect" (God save the mark!) their margin accounts. The district attorney for my district advises me that about one half of our national-bank embezzlements in the last 5 years are the result of stock speculation. The Department of Justice informs me that the average for the country generally runs as high as 60 percent. If you examine the records of bonding companies and of prosecutors' offices, you will, I think, find that officers in State institutions and public officials have been equally inclined to use other people's money for investment (sic) in the stock exchange. The judicial function of punishment is always heartrending to exercise. In the case of certain classes of crimes the nature of the offense and of the person committing it leaves the emphasis on the necessity for protecting society. To sentence a drug peddler is one thing; to punish a leading citizen of the community for betraying the neighbors who trusted him is quite another. Furthermore, in dealing with the professional criminal one has the feeling that the causes of his erring (environment, inheritance, physical and mental condition, etc.) are deep-rooted in any civilization and yield only gradually to elimination. In the case of the bank officer, however, there is obviously only one cause—his inability to resist the insidious temptation of following the crowd in seeking what looks like safe and easy money.

Second. There has been since 1929 an increasing number of suits in my court on insurance policies where, under the terms of the standard policy, the issue was: Accident or suicide. The company has been, therefore, obliged to establish motive, and in nearly every instance the motive has been "wiped out in the stock market." The number of these cases caused me to inquire of insurance executives about the causes of suicide under straight-life policies. The answer was again mostly stock-exchange speculation. The situation became so serious, I am informed, that the companies considered abrogating the 1-year uncontestable clause in their policies. Sometimes this first and second respect can be combined, because the particular bank officer or public official prefers death to dishonor and anticipates the court with a pistol. We had such a case in Princeton, where I live, 2 years ago. The cashier of one of our banks killed himself and it was discovered that a local brokerage office (it has now folded its ledgers and departed) had covered his margins with about one hundred and fiftieth of the bank's money and about 50,000 of the local churches for good measure.

Third. In 1930 and 1931 I conducted, with the aid of the Yale Law School and the Department of Commerce, what we called a "bankruptcy clinic"; we examined a large number of persons who had filed petitions in the New Jersey court for the purpose of discovering the whys and wherefores of their unfortunate con-

dition, hoping that we might be able to chart the seas instead of just salvaging the wreck. We were shocked to find the large number of individuals, both business men and wage earners, who had taken a fling in the market as a sideline, with, of course, fatal results.

My knowledge of these things led me to the conclusion that margin trading in an unconscionable number of cases led to either death, dishonor, or distress. I have been endeavoring for several years now to impart that conclusion to the stock-exchange authorities themselves. Through the newspaper, in speeches, and even through personal correspondence, I have endeavored to suggest that they would be wise to alter a system that fostered such dreadful results. You gentlemen who have experienced the cooperative spirit of the exchange will not be surprised to hear that I didn't accomplish much except, perhaps, qualify myself in their regard for a place in the United States Senate.

In fact, I was met by the same plaintive cry (it reminds me of a sort of financial Mother Carey's chicken) that you must be pretty sick of—"the stock exchange is a market place." One has heard this so often that one almost expects to see the floor brokers becomingly draped in white aprons and to smell fish instead of stocks. One might suppose that Shakespeare's famous phrase had ended the argument by giving a name. The stock exchange is not a market place any more than margin trading is per se gambling. The stock exchange is a very important institution in our economy and should govern itself or be governed according to sound principles of political economy. One of these principles is undoubtedly that it should be a place where stocks can be bought and sold. Another is that it not be a place where people are tempted to indulge in unreasonable risks. Clearly, if everyone could purchase stocks for the asking and without the humiliating necessity of putting up some cash, the number of transactions would increase and multiply and the widow and orphan could sell or buy every split second. (I might digress to remark how curious it is that tears for the widow and orphan appear—like the cuckoo in the cuckoo clock—wherever a utility or stock exchange goes on the operating table.) Equally clearly a margin transaction involves a real risk. It is not gambling in any technical sense. It is simply a purchase-money mortgage with a chose in action (the stock) as security. Because that security is very volatile in its nature it is subject to wide and rapid fluctuations. Because it is subject to those wide and rapid fluctuations the mortgagor purchaser is always in danger of having to bolster the impaired security, and if he can't, of being foreclosed out of his purchase money.

We must, it seems to me, arrive at a social balance between these conflicting values. The widows and orphans can afford to wait a few hours to get their money for their securities in order that others of their fellows may not be widowed or orphaned—for dishonor is a worse form of death—or forced into poverty because their loved ones have succumbed to the temptation of unreasonable risks. How is the social balance to be reached? In my very humble judgment, by putting, as I said in the beginning, the stock exchange on a cash basis.

It would not be too much to say that among the most obvious of the much-talked-about causes of the much-talked-about depression is the abuse of credit. You gentlemen have seen it in your investigation of foreign loans and in your investigation of a few banks. (I have had officially to see something of liquidating national banks, and I can assure you have only scratched the surface there; you would be surprised at what the risks insured against would have been if we had had deposit insurance.) You have not seen as much as I have, perhaps, of the great American institution of installment selling. During the glad gone days it was fashionable to exalt that system. Personally I never could see the soundness of buying anything but necessities until the money was in the bank. It costs more, it is subject to the whims of fate, and it only anticipates enjoyment at the expense of thrift. However that may be, we who investigated the 1,000 bankruptcies I have spoken of had ample opportunity to observe the economic effect of the unbridled installment mania of the last decade. The installment houses, like the stockbrokers, point with pride to the fact that they lost nothing. That is no doubt true. It is the poor fools that fall for the blandishments of both that have done the losing.

No one will maintain that stocks are necessities in the sense that shelter, covering, food, and transportation are essential to human welfare. There seems no good reason, accordingly, why stocks should not be paid for by money that has first been saved, rather than that the saving should come out of the rise or fall of the market. That is certainly true in all cases where the mortgagor purchaser is not in a credit position to meet the fluctuations of his security.

Who determines that mortgagor purchaser's credit position? As things are now the one man least fitted to do so—the broker. Least fitted for two reasons. He has not the capacity or the incentive. I do not propose to discuss the personal characteristics of stockbrokers. There are no doubt many who compare with judges to the disadvantage of the latter. It is a fact, however, that the business as at present constituted is not conducive to the development of inherent talent. The floor trading could certainly be carried on by Western Union messengers and it has been even suggested that a pari-mutuel system could be worked out. The office work is largely routine, and the chief difference between a bad broker and a good broker seems to be in his ability to make friends—a beautiful quality, surely, but sometimes expensive for the friends. In France a member of the

Bourse has to be both a chartered accountant and a member of the bar.

Worse than lack of capacity, the incentive of the stockbroker is toward the abuse of his power to extend credit. His temptation is, of course, to ignore the credit position of his customer. He makes first some interest on the money he loans, and then he earns the livelihood by the number and size of his transactions. As long as he has enough to cover during the time needed for him to sell out, he does not care whether the customer must dip into the till to put up more margin or kills himself or loses his home because he can't. It is true he may lose his customer, but he is comforted by Barnum's aphorism. The stock and commodity brokers are the only go-betweens I know of that exercise the credit function. Their stake is not in the use of credit in the interest of the community or its members, but in, naturally, lining their own pockets with as many commissions as possible. They immediately become unable to estimate the wisdom to the particular individual and through him to society of any "credit line."

I have avoided discussing the gambling instinct and its suppression as relates to the stock exchange. We are all of us lazy (except, maybe, Senators) and we would all like to make some money without working for it. We have not been very successful in the legislative suppression of instincts. I am only suggesting that if we want to make money without working for it by operating in the stock market, we should either have the cash in our jeans or we should borrow it from some source which is both more or less expert in the exercise of the credit function and which has no bias in favor of exercising rather than refusal. Such a source manifestly exists in the banking system, which, whatever its past mistakes, must have a vital interest in the economic wisdom of all of us and must govern their loans by an honest desire to build up the country rather than by the wish to have a new crop of the "something-for-nothing boys" every few years.

I have also not dwelt upon the fatal effects of the abuse of credit by the stockbrokers on our whole economic life. To do so seems hardly necessary after what we have just been through. A people can scarcely base its investment policy on borrowing to buy stocks whose value arises principally because everyone is borrowing to buy them and benefit by it. We have sown margin trading and are now reaping the depletion.

I hope I have not been presumptuous, gentlemen. I have seen with my own eyes what margin trading has done to its victims. It has not been a pleasant sight. I hope that the Congress will have the courage and wisdom to put an end to it. May I close with two warnings? First, the stock-exchange authorities have attempted to arouse the country to some chimera of the nationalization of industry. Very patriotic, if true, but let me assure you that the real interest lies in the margin provision, because that's where the money is. Second, they are professing great concern for the small investor, as they euphemistically term him. I even read that your committee was contemplating modifying the margin requirements for his protection. The word should have been "destruction." The interest of the stock exchange in him after what has happened reminds me of the interest of a much older wolf than the big bad one in a little girl with a certain colored hood.

INVESTIGATION OF STOCK EXCHANGES—ARTICLE BY SENATOR FLETCHER

Mr. COSTIGAN. Mr. President, in Liberty for March 17, 1934, the able senior Senator from Florida, Hon. DUNCAN U. FLETCHER, Chairman of the Senate Committee on Banking and Currency, has strikingly reviewed and summarized certain developments of the continuing stock-exchange investigation.

I ask unanimous consent to have Senator FLETCHER's article incorporated in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty, Mar. 17, 1934]

OUR FINANCIAL RACKETEERS

(By Senator DUNCAN U. FLETCHER, Chairman of the United States Senate Committee on Banking and Currency)

For approximately 20 months the Senate Committee on Banking and Currency has been conducting an investigation into stock-exchange and banking practices. The facts brought out in the public hearings are of such vital importance to the proper conduct of our financial institutions that they cannot be ignored, and we must not permit them to be glossed over. For a final array of the facts and an ultimate appraisal of their values, it is best that we await the conclusion of the hearings and the report of the committee and its counsel; for immediately ahead of us, I believe, is some of the most valuable information which the committee shall be privileged to present. In the meantime it is not inappropriate that we review briefly the developments to date.

Similar investigations have revealed practices just as startling as the present. Unfortunately, however, we seem not to have profited as greatly from the fund of knowledge developed as we should have. My primary purpose in discussing these matters at this time arises from the firm resolution that we shall be neither intimidated, misdirected, nor lulled into a false sense of security. The discreditable, unethical, vicious practices uncovered in this investigation must, insofar as legislatively and administratively possible, be

eliminated from the practices of those individuals and institutions controlling the most vital factors of our economic system.

The present investigation had its inception in Senate Resolution No. 84 in April 1932. Its scope was such as to confer upon the committee powers generally believed to permit them to investigate stock-exchange and banking practices, and the desirability of the exercise of the taxing power of the United States with respect to any such securities. Subsequently, Senate Joint Resolution No. 206, Senate Resolutions Nos. 239, 371, 373, and 56 were passed to strengthen and continue the powers of the committee. Early in the life of the Seventy-third Congress a minor crisis developed when the powers of the committee were challenged while it was attempting to investigate individual transactions for income-tax purposes. The Senate responded by passing Senate Resolution No. 97, which contributed in bestowing upon this committee probably the broadest authority ever conferred by Congress on any similar grouping of its Members.

It would be premature to even outline the report and the conclusions of the committee. It is possible now to state only generally the principal subjects studied and enumerate some of the questions which have been investigated and to indicate the scope of the evidence on these matters which point to immediately needed reforms.

The evidence thus far has established beyond question that there have been grave abuses, the continuance of which must not be condoned. In fact, if confidence is to be restored, the general public must be given to understand that such abuses will not be tolerated. The restoration of confidence needed goes further than the mere scope of individual and corporate transactions and practices. The need extends even unto that of State and Federal Government. This committee has been charged with dragging out skeletons, muckraking, and even the destruction of confidence. From the mass of correspondence which has flooded this committee, however, in my estimation the committee's most constructive work is to be found in the revelation of facts and the bolstering of public confidence. The result has been that the financial leaders and institutions of the past have found that the public has more confidence in the committee and governmental bodies in general, and more hope in the protection of corrective legislation and administrative supervision than it has had in them.

Men in high places have betrayed their trust. In theory the corporation official, whether in a bank or other corporate capacity, is a trustee of other people's money. Investigation shows that this feeling of trusteeship has come to be very rare in financial circles.

The acts of financial crooks and racketeers make it plain that efforts must be made to safeguard legitimate depositors and investors. Manipulation and rigging of markets have been shown, though the intents, purposes, and ill effects are either denied or condoned.

Banking and investment corporations have been pyramided and affiliates acquired without rhyme or reason other than to serve selfish interests.

Bankers have become at one and the same time private bankers, commercial bankers, investment bankers, owners or trustees and wreckers of railroads, tunnels, skyscrapers, motion-picture enterprises, public utilities, industrial corporations; public defenders in rallying their banks in united support of a collapsing market on the one hand and selling it short (on margin) on the other. They have, as in the spring and summer of 1929, so the testimony reveals, availed themselves of the rediscount privilege and thrown hundreds of millions of dollars into the call-loan money market in defiance of the belatedly aroused Federal Reserve Board. They have supported the market until their syndicate and pool operations were completed, then withdrawn their support, sold the market short (on margin)—even the stock of their own banks and corporations. To the extent that these latter practices prevailed, these individuals and corporations dictated and controlled the monetary policy of this Nation—even that of the world—according to the interests of a private purpose in lieu of a public purpose. The heavy toll upon the Nation of the ensuing debacle is evidenced in part of the loss of \$4,000,000,000 per month in national income.

Giant banking superstructures, such as those organized in the Detroit area, coerced the management of unit banks, organized pools and trading accounts for market operations, padded their assets, falsified their statements to the general public, and declared huge unearned dividends as a matter of policy in order to bolster public confidence and cover up their unsound condition.

To climax these operations, we must add, the investment departments of our commercial banks have accepted funds from trusting clients and placed them in securities of which they and their affiliates were the sponsors.

In the light of these facts the National and State banking holidays are a mere matter of arrested developments. There is strong evidence that, under the cloak of dollar diplomacy, our big commercial bankers have stuffed the portfolios of their small interior correspondents with worthless foreign securities, as well as flooded the country generally; that they have employed sons of the presidents of borrowing nations while negotiating loans and underwriting flotations, salvaged their own loans while misrepresenting the facts in their underwriting statements, and become recreant in demanding that sinking funds be maintained for the protection of the American investing public. They have not hesitated at misinforming the public with respect to the financial condition of the foreign governments and corporations whose securities they were floating; nor have they hesitated to become construction contractors making successful bids on projects they have sponsored in order to reap added private gains. Finally,

the Department of State has been shown to have dangerously approached the point of passing on the merit of foreign securities.

Heretofore we had been told that little bankers were incompetent operators of holes in the wall. Now events seem to show that in many instances even big bankers cannot be entirely trusted to handle other people's money without rigid supervision.

Huge deals running into the millions are noted only in the minds or on confidential memoranda, not in the minute books of banks and corporations. Probably never are these facts and underlying purposes revealed to stockholders, to whom these men should be accountable, nor are they made known to the general public when floating security issues.

We are often led to believe from the testimony that the recipients of large salaries, fees, bonuses, and commissions spend the greater part of their time either spending their income and organizing personal corporations for tax purposes or running or participating in pools, syndicates, trading accounts, etc., to support the market.

Holes in existing laws have been exposed, calling for their prompt plugging. The sieve-like character of the income tax laws has been revealed.

On the other hand, the lack of regulatory legislation has consigned lawless banking to the banker's code of ethics, according to which bankers apportion the field into noncompetitive areas, as was, for instance, testified to in railroad financing. This same practice over in the commercial field may likewise be made to serve their purpose by restricting credit alternatives with the ultimate capture, even destruction, of profitable and legitimate enterprises, to the detriment of security holders and the general public.

Ethics may be better than law, but who has the temerity to teach a higher code to some bankers?

Elsewhere I have dealt with the provisions of the Banking Act of 1933. Here it suffices if I call attention only to the fact that the above act provides for the separation of the securities affiliates from commercial banking, contains restrictions against the making of loans for speculative purposes, eliminates interest on demand deposits, and lastly has set into motion Federal machinery for the insurance of bank deposits. This latter provision, in my estimation, is the most valuable contribution of the act and will necessitate a far more thorough and rigid examination of commercial banking than we have ever had. As a direct result of this supervision, I expect many of the abuses and malpractices of former banking to be done away with.

Some of the facts brought out by the committee with respect to income taxes are fantastic. One multimillionaire has paid no income taxes in the United States for 3 years, even though he paid income taxes in England. This, he pointed out, was due to the difference between the British and the American laws. Another avoided income taxes by selling securities to his daughter at a lower price than they cost him. She was not at the time aware of the fact that she had become the purchaser. Not a cent of money passed in the transaction. A little later, on the same terms, these same securities were put back in the father's name.

Still another, as I recall, went into the tax-avoidance business on a wholesale scale. He organized 3 American and 3 Canadian corporations. Through a circuitous route he helped them legally avoid payment of taxes to the United States Treasury, despite the fact that he later covered these funds into one corporation. In addition, we found these corporations financing and functioning in a wider capacity in the investment, banking, and stock-speculation fields.

Another individual, through the creation of living trusts for members of his family—managed by himself—together with transactions for both his and their account, was able to sell the market short in one account, borrow from another on the note of the first, carry for years a short position with a tremendous potential profit, suspend the payment of taxes, and stand the chance in the end of avoiding them entirely. Others executed similar transactions between themselves and their wives, with substantially the same results as that between daughter and father.

The fallacy of the law lies in its treating speculative gains and losses on a basis of equality with legitimate profits and losses. One is lost or gained by gambling in the wares of stock and commodity exchanges, whereas the other must be put in the category of legitimate profits and losses of capital assets and legitimate income. To me it is inconceivable that capital arbitrarily shrinks in December and recovers its attractiveness at the end of an arbitrarily fixed, subsequent 60- or 90-day period. In my estimation such transactions are a gambling connivance, entered into for the deliberate legal avoidance of taxes, economically and socially vicious in their effects; the losses of which should be neither cushioned nor compensated for by the Government taxing policies. The gain from such transactions should at least be appropriated to the same extent as are legitimate transactions, if not further penalized. Such transactions are wholly vicious and should be exterminated.

Bear raiding and bulling the market are advocated as a corrective purgative. It is common knowledge, however, that during the boom years of 1928 and 1929 the quoted prices of securities were almost incredible. Testimony before this committee reveals both the why and the how. The why is found in the enormous profits garnered by operators in the market. The how is arrived at by viewing the parade of pools, syndicates, trading accounts, etc., testified to by participants called before this committee. These individuals, working mostly under cover of secrecy, aided through campaigns of the most vicious type of mis-

representation and misinformation, and aided through being able to work with other people's money, manipulated the market up and down until the prices of securities reached on the exchange bore no discoverable relation to the value of the properties represented. The market was churned, supported, stabilized, depressed, revived, sagged, recovered in the course of developing a speculative mania.

Whereas the existence of such operations had been denied by officials of the New York Stock Exchange, subsequent testimony before this committee has established the fact that all these types of transactions were indulged in by individuals both off and having membership on the exchange. Even specialists on the floor managed trading accounts, pools, etc., in the very stocks for which they were acting as specialists.

Since the passage of the Securities Act the business of underwriting securities does not look so attractive as it did to many of the fiscal agents. The reason is that the security holders, prospective security holders, the general public, and the Government must know the facts—the truth. Above all they must know who gets the money and upon what terms he gets it.

The Securities Act was designed to protect the public from paying \$52 per share for 20-cent stock as a result of misinformation. Knowing the facts, it may, if it wishes, pay from \$50 to \$75 per share for 20-cent stock, or condone preferred lists. Nevertheless, it must have the facts in advance of its commitment. There will be no difficulty experienced in raising long-time funds on the part of legitimate enterprises which are guided by honesty and good faith. At the present time there is reason to believe that industry has been amply, even extravagantly financed. The trouble now, in part at least, even if it exists at all, is to find new industries offering safe and sound investment opportunities justifying credit.

To stockholders of those existing corporations alleged to be in need of new financing or refinancing, whose present officials and directors have refused to authorize such financing, my advice is: Get a new set of officers and directors who will state and subscribe to the facts.

Opponents of the Securities Act really wish to be left free to do as they have done in the past. They magnify penalties—as if the act would be worth anything without the penalties! They quail at the liability imposed. They seem to like scenic directors.

The attention of Government and of the general public must focus on worthless short selling, as it presently will assume alarming proportions.

In my opinion, Congress has ample legislative power, and a correlative duty to exercise that power, for the passage of proper regulatory stock-exchange legislation. The line of demarcation between stock-exchange regulations and that of the recently enacted Securities Act is relatively indistinct. For this reason I am not clear in my own mind just how close together the administration of these two pieces of legislation should be.

I am of the firm conviction, however, that some permanent body should be created with which all pertinent stock-exchange information should be filed, either directly or subject to its call, particularly the compulsory registration of all pools, syndicates, trading accounts, etc., together with the names of all participants and subparticipants, as well as a weekly report of the activities in behalf of such accounts.

To point out some of the possible correctives:

First of all, I suggest that the monetary policy of this Nation be administered by the Federal Government wholly independent of the control of speculators, bankers, and all vested interests. The sound recovery for which all constructive interests and interested persons are striving is a more substantial and healthier recovery than that which can be produced as a result of frenzied finance. An increased demand for products and services and sound securities is needed. Misinformation, rigging the market, and other customary practices of the past must not be tolerated.

Officials and directors ought to be prohibited by law from dealing in the securities of the corporation with which they are connected or affiliated. This kind of thing in the past has been scandalous, morally wrong, and injurious to the proper marketing or handling of securities. The broker can do comparatively little without the protection of bank or company officials who either control the supply of securities or the funds to create the demand for them. The broker acts on orders.

I believe there should be legislation requiring every company, corporation, or association to have its transfer books open to every qualified stockholder, so that should any stockholder want to know who his associates or partners in the business are he could obtain a full or partial list. The average stockholder knows practically nothing of what is going on and has no way of expressing his views to his fellow stockholders.

SUPPRESSION OF ILLEGAL NARCOTIC TRAFFIC—ADDRESS BY CHARLES H. SHERRILL

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the *RECORD* an address broadcast February 24, 1934, by Hon. Charles H. Sherrill, former Ambassador to Turkey, which treats of the crusade against the illegal narcotic traffic by Mustafa Kemal.

I am sure my colleagues will be impressed with the gigantic strides Mustafa Kemal has made in transforming his nation from a once flagrant violator of narcotic-control

agreements into a consistent adherent to the policy of narcotic control and suppression.

There being no objection, the address was ordered to be printed in the *RECORD*, as follows:

Never before in the history of the world have the people developed such a wide demand for leaders, and never has that demand been met with fine leaders in so many countries. To prove this, one has only to mention Mussolini in Italy, Pilsudski in Poland, Horthy in Hungary, Mustafa Kemal in Turkey, and Gomez, the leader who recently paid off the entire foreign debt of Venezuela. And furthermore, never have such outstanding statesmen received more general support from their own people, and that too without implying their complete approval of the measures selected by those leaders to improve their people's conditions. And what about America? I am a Republican who has just returned from a stay in Washington, and the impression I bring away of my visit there is that the Democratic Party men at the Capital do not realize how widely the 16,000,000 Republicans who voted against Mr. Roosevelt in 1932 are now doing their best to back his gallant efforts to bring the country out of the crisis. Yes; America today widely respects the vigorous attempts of our Chief Executive, just as all over Europe the people are also supporting their leaders in the same course and for the same reason.

There is one very great cause which affords grounds for a great and noble crusade, and this is the overcoming of that scourge of mankind, the narcotics evil. That crusade deserves leadership of the very best sort, from men who will not only be followed by their own people at home but also who will deserve and earn international following. It is my purpose and privilege today to tell you of one of such leaders, Mustafa Kemal, President of the new Turkish Republic, a government which he created a decade ago out of the wreck of the old Ottoman Empire. He is not so well known in this country as he deserves nor as he is certain to be later on. It is both appropriate and useful that I tell you about him today, appropriate because he himself took such a magnificent step forward when Christmas Day 1932 he abolished opium manufacture in Turkey—and useful, because the details of that move of his show us how this crusade can be pushed in other lands without the danger to local agricultural and other interests so often insidiously alleged against our crusade by its clever opponents.

Just how great a statesman is this outstanding Turkish gentleman? When Litvinoff was recently in Washington, completing one of the most striking diplomatic triumphs of recent years, the gaining of recognition of the American Government for the Soviet regime in Russia, he was asked who, in his opinion, is the greatest statesman today in Europe. He made the picturesque reply, "The greatest European statesman today does not live in Europe—he lives across the straits in Turkey. His name is Mustafa Kemal." During 1932 and 1933 I had the honor to be the American Ambassador to Turkey, and, thanks to a biography of him which I was writing, was enabled to study him and his career in most advantageous fashion. I concur most heartily in the brainy Russian's characterization of that eminent Turk. Where else in Europe is there a statesman sufficiently far-sighted to make the decision Mustafa Kemal made after his complete defeat in 1922 of the Greek invasion of Turkey. He decided that exaction of war reparations from Greece was far less desirable than encouragement of cordial relations between the two nations, sure to lead to increase of commercial relations between them profitable to both sides. Furthermore, he felt that the payment of any such reparations so exacted by the victor would almost certainly be later on interrupted by the vanquished and in such manner as to arouse bad feeling between the parties destructive to any commercial advantage to either. I repeat, where in Europe is there, or, since the World War, has there been a statesman so far-seeing as this reveals the leader of the new re-Turkified Turkey?

And now let us see just how he effected the world-startling change in Turkey's attitude toward the manufacture of opium, in which she theretofore had so considerable a part. His action will help us to suggest similar ones by other nations. Study of reports on the world's opium trade such as those published by the narcotics section of the League of Nations at Geneva, or the Narcotics Bureau of our own Treasury Department, will show that Turkey was almost the worst offender in serving as a base for the illicit trade in opium. How great an offender appears from the fact that soon after Mustafa Kemal's gallant decision for Turkey at Christmas 1932 the price of opium increased many times in the United States. That increase proved clearly where the drug had been illicitly coming from.

One hears that only the week before that Christmas Day did he learn both of the rapidly increasing totals of arrests in Turkey for unauthorized sales of narcotics, but also of how Turkey's seemingly tolerant attitude toward that illicit trade was being viewed by the outside world. So distinguished a soldier as he doubtless saw at once the evil effects upon the Turkish youth, from which came his army's recruits, that spread of narcotic use would surely effect. But the president of a country 84 percent of whose citizens were engaged in agriculture must also have sensed what cruel damage the suppression of their innocent cultivation of the opium poppy and of Indian hemp (basis of hashish) would cause. Crusades must be destructive of evil, but should not be destructive of innocent farmers. What did he do? He unhesitatingly declared for the suppression of poppy and Indian hemp culture, but at the same time advising the Turkish farmers to substitute therefor the growth of sugar beets, the

Government aiding therein by erection at strategic points of sugar refineries best situated to purchase those beets from local farmers and refine the sugar therefrom. Thus another far-seeing fact was linked up with that move, for thus would Turkey be supplied by her own people with the sugar she was then importing from abroad. After two prolonged cabinet sessions, at which the nation's chief executive himself presided, instead of its usual presiding officer, there was broadcasted to the world late that Christmas Day one of the most beneficent Christmas presents the world has ever received. Turkey was removed from the world picture as a great opium-producing country and base for illicit trade therein. She cast her vote in favor of the League of Nations' 1931 Opium Convention, so that when the vote, a very close one, was counted on the final day, April 13, 1933, it was found that this splendid project had been ratified. One hears that when the following month delegates from all the fifty-odd countries convened at Geneva, the Turkish delegate was overwhelmed with congratulatory speeches from one after another of the delegates all eager to express admiration for this magnificent leadership of Turkey's President, Mustafa Kemal.

Official expression of America's reaction to the world-wide impression caused by this move of the Gazi's was voiced in the United States Senate by Senator JAMES J. DAVIS, of Pennsylvania, and printed in the CONGRESSIONAL RECORD, January 3, 1933, as follows:

"The world, and especially America, received this magnificent Christmas gift in the form of a ban on that day of the narcotic trade by President Mustafa Kemal, of Turkey. He presided over a cabinet meeting that closed the narcotic factories of Constantinople, and is limiting the poppy cultivation to meet medicinal opium needs. This makes the President of Turkey one of the outstanding leaders in the international narcotic war.

"This action is particularly significant to the United States, because in the past 2 years the unfortunate victims of this traffic in the United States have been entirely supplied from drugs which were the output of the three factories closed by the President of Turkey."

And how was the League of Nations, sitting at Geneva, impressed by the Gazi's splendid decision? That question is best answered by the following excerpt from the report it received from its own opium advisory committee to the League Council meeting held May 15 to 31, 1934:

"The committee took advantage of the presence of the representative of Turkey to express to him unanimously its great appreciation for the accession of Turkey to the conventions of 1912, 1925, and 1931 and for the measures taken by the Government in connection with the control of the cultivation of the poppy, the exportation of raw opium, the manufacture of narcotic drugs, and the prohibition of the cultivation of Indian hemp. It expressed also its appreciation of the increased activity recently displayed by the Turkish authorities in the suppression of clandestine manufacture of drugs at Istanbul."

Now that this crusade has earned and gained such splendid leadership at the very top, among the chief executives of so many nations, it behooves the rest of us more modest folk to exhibit the same high grade of leadership. We are told by those charged with the execution of antinarcotic laws that the first thing for us to achieve in this country is uniform State laws on the subject, and then more stringent municipal ordinances for our cities. I am glad to report to you that our New York State Chamber of Commerce has appointed a special committee on narcotics in order to work through our sister chambers of commerce in other States and cities for that very uniformity of laws and also municipal ordinances. A chamber is effectively strong if it succeeds in enlisting public opinion in its efforts on behalf of the people. For that reason we bespeak the good will and cooperation of all those who hear this broadcast in this particular endeavor of ours in this, our and your crusade, against the use of narcotics, the most insidious evil now menacing our body politic.

UNIONIZATION OF AUTOMOBILE INDUSTRY

Mr. LOGAN. Mr. President, I ask permission to have printed in the RECORD an editorial entitled "A Parting of the Ways", which appeared in the Ashland (Ky.) Daily Independent of March 21, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Ashland (Ky.) Daily Independent, Mar. 21, 1934]

A PARTING OF THE WAYS

These are perilous times in American industry and American life.

The process of recovery has so far taken place because of the cooperation of both capital and labor to that end. So long as a balance was kept by give-and-take, mutual sacrifice and mutual cooperation, this has continued.

Now the American Federation of Labor attempts to leap into the saddle forcibly with a demand for complete union control of the Nation's busiest industry. The alternative is a strike of vast proportions that would tie up the one business that has led the way toward recovery in the last 4 months.

Hundreds of thousands of satisfied workmen, who desire only to be left alone to support their families, do their work, and enjoy life, would thus be thrown out of employment. The effects of the strike would be felt by millions of people employed in dozens

of industries. This includes steel, the continued production of which is so vital to recovery here in Ashland.

The point at issue is not one of hours, nor of wages, but of ultimate control of the industry itself. The American Federation of Labor insists upon complete unionization of the automobile business, with a general strike as the alternative. The automobile manufacturers refuse to yield control of the business which they have built and developed to paid union executives who did not build nor develop it.

On the top of this danger is the threat of the Wagner bill in the Senate, which would make unionization imperative in all American industry. This would be done by legislative mandate and would force the country's 40,000,000 workers into union membership whether they desired it or not.

Just at a time when recovery seemed to be an accomplished fact the leaders of the American Federation of Labor decide to get all the workers of the Nation into their paying membership, or to tear down the whole fabric of recovery with general strikes if their demands are not met. Further to cinch their absolute rule over the Nation's industry, they seek to force through Congress the Wagner bill, which would legalize and perpetuate their control.

The Nation has gone along with the new deal and accepted and adopted with zeal many principles and formulas, emanating from the halls of Columbia University and totally foreign to American ideals of freedom, without question or quibble. But unless the swing to communism is halted somewhere within the range of reasonable ideas of justice and liberty the Nation itself will balk. We are not ready for a dictatorship of radical and self-seeking walking delegates any more than we were willing to stand for a dictatorship of the power of wealth and entrenched privilege, such as brought us to our fall 4 years ago.

Fair hours to admit a maximum of employment, fair compensation for labor to give all a living wage with something over, the right of workers to bargain collectively, the elimination of cut-throat competition, all these are worthy ends, at least partially achieved. Complete dictatorship over privately owned industry by the American Federation of Labor is another thing entirely. Its leaders did not build it and are not equipped to rule it, either by training or by ability.

If our Senators and Representatives are wise, they will defeat the Wagner bill in spite of all pressure. It provides for worse than communism. Its provisions are the antithesis of Americanism.

REGULATION OF THE COTTON INDUSTRY

Mr. ROBINSON of Arkansas. Mr. President, Senators in charge of the conference report on the independent offices appropriation bill are not ready at this juncture to proceed; so I suggest that the Senate proceed with the consideration of the unfinished business.

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. BANKHEAD. Mr. President, the objective sought by this bill has been under consideration for several years. The first bill introduced by me when I came to the Senate, shortly after I arrived here, was based upon the same principle contained in this bill. On two previous occasions I addressed the Senate on the principle of this bill.

I mention those facts to indicate that this is not a hurriedly prepared program, but is one that has grown out of long consideration and thorough discussion through all sections of the Cotton Belt, especially during the past 12 months.

The object sought to be accomplished by this bill is to make definite and certain a reduction in the present abnormal and price-depressing surplus or carry-over of cotton. We are seeking, if possible, to bring the price of our money commodity—practically the only money commodity produced in the South—to a fair exchange value with other commodities. The fair exchange value or parity at present would be about 15 cents a pound.

I think it is recognized by all students that the largest factor in the price of any commodity is the relation of the supply to the effective demand of the market for that commodity. So long as we have a carry-over which approaches the one now on the markets, it will be impossible, under all well-recognized trade laws, to bring about a fair exchange price for cotton.

At present the carry-over of cotton is nearly 12,000,000 bales. The world consumption of American cotton for 1931 and 1932 averaged a little under 12,000,000 bales. Our sur-

plus of cotton last year reached the staggering figure of 13,000,000 bales. In fact, there was in the warehouses of the spinners of the world and the cotton merchants a supply of cotton sufficient to supply the entire consumptive demands for American cotton for a full year if not a single stalk of cotton had been produced.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. BLACK in the chair). Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. Gladly.

Mr. VANDENBERG. Do I understand that this enormous surplus results in spite of the plow-under campaign?

Mr. BANKHEAD. I will come to that, Mr. President.

Mr. VANDENBERG. I beg the Senator's pardon.

Mr. BANKHEAD. I shall be glad to come to that.

The pre-war period of 1909 to 1914 is generally accepted by economists as presenting the best period representing a fair exchange value of all commodities, industrial and agricultural.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I shall be glad to yield.

Mr. NORRIS. I am very much interested in the figures the Senator gives; but he always couples them with the qualification that they represent the American supply. How much of the cotton used by the world is produced outside the United States?

Mr. BANKHEAD. America produces about 54 percent of the world's supply of cotton.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator in that connection what is the relation between domestic consumption and export cotton?

Mr. BANKHEAD. We consume in this country about 40 percent of the American production. We look to foreign markets for the sale of about 60 percent of our entire cotton production.

During the pre-war period—which, as I have just stated, represents the best period of fair exchange prices—the average carry-over for the 5 years involved in that period was 3,132,000 bales. Since that time, as Senators will observe, that carry-over went up to 13,000,000 bales last year, and now is 11,750,000 bales.

I have here a table, which I will ask to have inserted in the RECORD, showing the carry-over of American cotton from 1928 to 1933. I ask to have it printed at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Carry-over Aug. 1

Pre-war	3,132,000
1928-29	5,206,000
1929-30	4,517,000
1930-31	6,187,000
1931-32	8,919,000
1932-33	13,228,000
1933-34	11,754,000
Average production	15,155,000
Consumption 1929, 1930, and 1931	12,213,000

Consumption figures taken from 1933 Yearbook of New York Cotton Exchange.

Mr. BANKHEAD. In 1929, 1930, and 1931 the average production of American cotton was 15,155,000 bales. The average consumption for the same period was 12,213,000 bales. In other words, for 3 years the average production each year was nearly 3,000,000 bales more than the average consumption of cotton. That accounts for the very large surplus that has prevailed since 1931, increasing in 1932 to 13,000,000 bales, and now is still nearly 12,000,000.

The Senator from Michigan [Mr. VANDENBERG]—and I am glad to have any questions on this subject which occur to the minds of Senators seeking information—inquired if this surplus continued notwithstanding the plow-up campaign. The plow-up campaign did not bring about the amount of

reduction that its advocates hoped for. The actual production after the plow-up campaign was practically the same as it was the year before, 13,000,000 bales.

That crop, however, as is recognized everywhere in the South, was the result of the most ideal weather conditions, almost, in the recollection of the oldest people of the South. It is now known, may I say to the Senator from Michigan, that if we had not had the plow-up campaign, our surplus would have been increased by four and a half million bales of cotton.

In short, while we did not get the relief for which we hoped by reason of weather conditions, we did get relief in a way that absolutely saved the situation in the South. With a 17,600,000-bale crop, which would have been produced but for the plow-up campaign, we would have been here today confronted with a carry-over not of 12,000,000 bales but of approximately 17,500,000 bales; and if we could have sold that seventeen and a half million bales at all last year, with a 13,000,000-bale carry-over, we would have sold it at 3 or 4 cents a pound.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BANKHEAD. Gladly.

Mr. VANDENBERG. This is the matter in which I am interested, and I know the Senator can illuminate the subject:

We paid enormous benefits to these cotton planters in the expectation of a good-faith effort to reduce the acreage by one third through this program. What I desire to know is whether or not it is possible to have a program of that character actually developed in good faith; and my question is addressed to this proposition, if the Senator will permit me.

I read a statement somewhere that the Southern Railway had declared that during the last crop season it carried four times as much fertilizer in the Southern States as ever before; and I was wondering if that disclosed the fact that the moment the total acreage was reduced there was an intensified production on the remaining acreage.

Mr. BANKHEAD. I shall be very glad, indeed, to deal in perfect frankness with the Senator on that subject. I think the Senator will recognize that it is human nature, it is inherent in all of us, to deal as best we can with our own personal problems without violating an express contract.

It appears that around 90 percent of those formerly producing cotton have entered into acreage-reduction contracts. Those of us who are familiar with the situation know that the farmers will reduce their acreage, because it necessarily will be policed; but that phase of the program will be carried out in perfect good faith by those who have entered into the contract. We have no sort of doubt about that. We recognize that in good faith they plowed up their acreage last year, and we are sure that those who signed the contracts this year will limit their planting to the number of acres retained by them under the contracts. But notwithstanding the most perfect good faith in the matter of the number of acres planted to cotton, I know, and others know, that each farmer on his 6 acres out of 10 is doing everything he knows how to do to grow as much cotton on his particular 6 acres of land as was grown last year and in prior years on the 10 acres of land. That is a situation which no one can control; it is a situation which does not violate the letter of any contract. That is the situation, may I say to the Senator, which makes the adoption of a baleage limitation, in addition to the acreage reduction, absolutely essential if we are to secure relief in the matter of reducing our enormous surplus of cotton.

Mr. BORAH. Mr. President, I am frank to say that I am not very familiar with the bill, having read it only last night, but as I understand, the bill deals alone with the question of cotton baleage; it does not undertake to deal with acreage?

Mr. BANKHEAD. Not at all.

Mr. BORAH. An individual may raise the cotton if he desires, but he is limited to selling only so much?

Mr. BANKHEAD. That is correct.

Mr. BORAH. Then this bill has for its purpose really, for want of a better term, coercing the minority who have not signed the acreage-reduction contracts?

Mr. BANKHEAD. I will say to the Senator that it is not limited to those who have not signed up on the acreage-reduction proposition. The cooperating and the noncooperating farmers get an allotment on exactly the same basis. I have taken the position all along that even if 100 percent had signed the acreage-reduction contracts, this bill would be an absolute necessity in order to bring about, assuming average weather, a definite and certain reduction in the surplus of cotton.

Mr. BORAH. I have seen a statement—in fact, it came to me in a letter from the South—that this would likely lead to production, although the producer could not sell; that it would enable speculators, those who would be in a position to hold the cotton, to control the surplus.

Mr. BANKHEAD. How would the speculators get it if the producer could not sell it?

Mr. BORAH. He could sell it to the speculators, could he not?

Mr. BANKHEAD. If he could sell to the speculators, he could sell to the market. But under this bill the only way he could sell his cotton would be by paying his tax on it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. It would apply to that part of the cotton which enters into interstate commerce. That part of the baled cotton which is deposited in warehouses could be sold without the payment of any tax, and remain there, until the expiration of the period provided in the law, or the failure of the law. Is not that true?

Mr. BANKHEAD. This proposed legislation is not based on the principle contained in the original bill which I introduced and with which the Senator is familiar. The original bill, introduced by me 2 or 3 years ago, and which the Senator heard me discuss here, was based solely on the power of Congress to regulate interstate commerce, and it was to avoid undue burdens on it. It required a license based upon the quantity of cotton going into interstate commerce. This bill is along entirely different lines and is based upon the same principle underlying the oleomargarine law, with which the Senator is familiar, and which he so long supported; that is, the imposition of a tax upon cotton, with certain exemptions justified under the income tax law, and all other decisions on the subject of taxes permitting exemptions.

Mr. McNARY. I understand the Senator's statement as applied to this particular situation. He says now the production would be limited to 10,000,000 bales in the crop year 1934-35. Ten million bales is the total number that may enter interstate commerce.

Mr. BANKHEAD. It does not make any difference whether they enter interstate commerce or not.

Mr. McNARY. The balance in excess of 10,000,000 bales may enter interstate commerce, but must pay a prohibitive tax, namely, 50 percent of its value, in no case less than 5 cents a pound. So there is an inhibition against the free movement of cotton in excess of the quantity which it is specified by this bill should be raised, namely, 10,000,000 bales.

Mr. BANKHEAD. That is exactly what I am driving at.

Mr. McNARY. The Senator may be.

Mr. BANKHEAD. I want to limit it to 10,000,000 bales, and, if I had my way, I would make it 9,000,000. I think 10,000,000 is entirely too much.

Mr. McNARY. I was trying to travel in a more direct route in order to answer the interrogatory propounded by the Senator from Idaho. A speculator, an investor, could acquire stored cotton, which does not move in interstate commerce, and hold it there until the expiration of the proposed law, or the exposure of any fallacy it may contain, and then he could obtain the advantage of the purchase. That is the proposition made by the Senator from Idaho.

Mr. BANKHEAD. Let me say, in answer to the Senator, that, in the first place, the speculator could not acquire the cotton without paying the tax because the tax must be paid

before the cotton can be sold or transported in any way under the provisions of the bill. Then why would there be any profit in the program for the speculator in buying, except such buying as speculators do in the normal and usual course of business, when no such measure as this is upon the statute books?

In the second place, let me ask the Senator this question. If there may be a million or so bales of cotton upon which some speculator, or a number of speculators, might make some profit after paying the tax, I want to ask the Senator whether for that reason he would be willing to penalize all of the cotton producers in the South, when their very life and the destiny of the whole section depend upon a fair price for the 10,000,000 bales of cotton?

If the Senator is so anxious that those speculators shall not make a profit, after paying the tax fixed by the law, that he is willing to leave this terrible burden upon the price of cotton and make it almost impossible, as we believe, for the farmers to get a fair price for the 10,000,000 bales of cotton, then I must admit that I cannot follow his philosophy.

We are working here for the good of the great masses of the people in that great section, and I am sure that no one is going to be deterred from that great objective by a suggestion that a speculator might make a little profit here and there.

Mr. McNARY. Mr. President, will the Senator yield further?

Mr. BANKHEAD. I yield.

Mr. McNARY. I am not interested in speculators. I was trying to answer the question propounded by the Senator from Idaho. What I want to know—and I am asking the question good naturedly and in order to get the expression of the Senator—is whether he means by this bill to supplement the law which involves the removal of excess acreage under the A.A.A. Last year, according to a statement I have from the Department of Agriculture, 10,000,000 acres were removed from production, which caused the price level of cotton to be raised from about 4 cents to an average of about 9 cents. A hundred million dollars was paid to the cotton producers of the South as benefits under that law, with 100-percent increase in price level, with a 25-percent decrease in acreage.

This year they contemplate a decrease in the acreage of 5,000,000 acres more, making 15,000,000 acres, and it is thought that the price level will probably advance 4 or 5 cents a pound, with increased benefits in the South amounting to \$135,000,000, according to the estimate of the Department of Agriculture. I thought—and I will say to my friend from Alabama—that when we passed the Agricultural Adjustment Administration Act last spring it was thought by the committee—and by the Congress—that it would give the cotton man all the benefits he desired, and those benefits he has been receiving have been reflected in a higher price level and a hundred million dollars in direct cash benefits. Now, I am asking the Senator whether he is dissatisfied with that effort on the part of Congress, and whether he means, by compulsion, to supplement that act by his own measure, which will force production to be limited to 10,000,000 bales, irrespective of the processing tax and the voluntary character of the present statute?

Mr. BANKHEAD. I think the Senator's question answers itself when he sees me here advocating this bill. Why is he asking the question?

Mr. McNARY. I think I can answer it, and I think I have done so. Is it the desire of the Senator and is it his opinion that Congress should take this other step in addition to that which has been taken and place a law back of the Federal Government compelling a majority of the owners, or two thirds of the owners, irrespective of their views, to meet the requirements of his bill? Is that the purpose of the Senator?

Mr. BANKHEAD. Mr. President, the purpose of the bill is to limit the number of bales that may be sold in the market free from the payment of tax. As I have endeavored to explain in answer to the question of the Senator from

Michigan [Mr. VANDENBERG], we recognize that an acreage reduction of cotton does not assure and guarantee a reduction of the number of units to come from that crop. It may be difficult for Senators from other sections of the country to realize that situation as we do, because their agricultural crops do not vary so much in the amount of production as does cotton, as a result of intensive cultivation, and the use of high-grade and high-priced fertilizer, or any other kind of fertilizer.

We in the South recognize, may I say to the Senator, that in the matter of cotton, as I stated a while ago, assuming the same weather conditions, by intensive cultivation, by placing the rows closer together and using more fertilizer, as now is being planned to be done in many sections, by retention of the best cotton acreage in the 60 percent retained by the cotton growers, and other methods of that kind, that we will not get, with any definiteness and any certainty, the reduction that the statistical position of cotton demands, and for that reason we are seeking here to put into legal effect and legal operation the implied agreements of the farmers who have reduced their acreage by 40 percent of their acreage under their agreement with the Government.

The theory of the cotton-reduction contract is that there will be a reduction of 40 percent in cotton production. The grower will use 60 percent of the land used over the previous 5-year average, because that is his acreage arrangement. We are by this bill proposing that the grower's reduction to 60 percent shall also apply to the number of bales that he shall sell in the market this year.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. BLACK in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. I yield.

Mr. BORAH. As I understand, the Senator, speaking of the legal proposition involved, does not rely upon the interstate-commerce clause for full authority for the bill?

Mr. BANKHEAD. No, Mr. President; I do not. I rely upon the taxing power. I think the interstate-commerce clause helps it.

Mr. BORAH. Yes; but the Senator does propose to deal with cotton which never enters into interstate commerce?

Mr. BANKHEAD. Oh, yes; with respect to the tax.

Mr. BORAH. Yes.

Mr. BANKHEAD. But I will say to the Senator, if he will permit me at that point, that practically all cotton, or its manufactured products, moves into interstate and foreign commerce.

Mr. BORAH. Yes; but the Senator is not relying upon the interstate-commerce clause?

Mr. BANKHEAD. Not entirely; no. I said I thought it added strength.

Mr. BORAH. Yes. But the Senator is using the taxing power for the purpose of reducing the amount of cotton which may go into the market?

Mr. BANKHEAD. It will have that effect.

Mr. BORAH. That is what the Senator is seeking to accomplish?

Mr. BANKHEAD. Yes; exactly. Exactly the same as the oleomargarine tax which was imposed upon that product.

Mr. BORAH. I cannot quite agree with the Senator.

Mr. BANKHEAD. The Senator from Idaho is a frank man and familiar with that question. I will ask him, why was it imposed?

Mr. BORAH. The taxing power with reference to oleomargarine, in my judgment, went to the very limit; but here—

Mr. BANKHEAD. I will say, Mr. President, its purpose was to limit the amount and almost prohibit, if possible, the amount moving in interstate commerce.

Mr. BORAH. No; the question of deception in that case entered into the question. The question was that of fraud.

Mr. BANKHEAD. That was the legal question; that was the justification legally for the act, but what was the purpose of the advocates of the oleomargarine act? I am get-

ting at the purpose of it. I know the Senator from Idaho is a frank man.

Mr. BORAH. The Senator from Idaho did not support the oleomargarine act, so he is not defending it. But I think it clearly distinguishes oleo from the proposition here.

Mr. BANKHEAD. The Senator was here and knows the purpose of the advocates of the act.

Mr. BORAH. I am considering the bill now under consideration. I first want to know what the purpose of the bill is. As I understand, the Senator departs from the interstate commerce clause and relies in part upon the taxing power of the Government.

Mr. BANKHEAD. I rely upon both.

Mr. BORAH. And the Senator uses the taxing power for the purpose of reducing the acreage?

Mr. BANKHEAD. No; I do not.

Mr. BORAH. For the purpose of reducing the amount of cotton that may come into the market?

Mr. BANKHEAD. Yes; that may be sold in the market free of the tax.

Mr. BORAH. In other words, when the cotton market has received a certain amount of cotton, the Senator then proposes to lay on a tax to prevent any more cotton from entering the market?

Mr. BANKHEAD. We lay a tax on it all, but exempt a certain part of it.

Mr. BORAH. Yes; I understand that.

Mr. BANKHEAD. We want to be legally accurate while we are discussing the legal phases of it.

Mr. BORAH. We also want to be entirely legally sincere.

Mr. BANKHEAD. Yes.

Mr. BORAH. One is the same as the other. I understand, therefore, and I take it that from a legal standpoint the Senator is relying upon the taxing power rather than the interstate commerce clause?

Mr. BANKHEAD. I attach more importance to the taxing power, frankly, yes.

Mr. BORAH. The Senator attaches more importance to the taxing power.

Mr. KING. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. KING. The Senator then accepts not only the dictum but the philosophy and statement of a great Chief Justice that "the power to tax is the power to destroy", and he wants to destroy the production of cotton by taxation?

Mr. BANKHEAD. I think that question is so absurd that there is no occasion to try to answer it, I will say to the Senator. He is speaking of the case of someone who is trying to destroy, whereas I am trying to build up.

Mr. KING. As I understand the Senator—if he will pardon me for a further question—his effort is to destroy production above 10,000,000 bales, and destroy it by invoking the taxing power of the Government?

Mr. BANKHEAD. I am not trying to destroy it. I am trying to discourage people from entering upon the production of it.

Mr. President, this is a serious program from the standpoint of not only the people of the South but of the whole country. Unfortunately, we do not engage in general industrial production, except in a few small centers, in the Cotton Belt. Nearly everything of an industrial character that is consumed in the South is manufactured in the industrial sections of this country. The southern people get no money from outside their section for industrial products. We produce nothing of that character that brings a flow of cash into the Cotton Belt.

I asked the president of the Tennessee Coal, Iron & Railroad Co., the greatest industrial unit in all the South, owned by the Steel Corporation, what proportion of all the manufactured products of that great plant at Birmingham was sold outside the Cotton Belt, and through that channel brought money into the Cotton Belt, and to my great surprise he told me that only 15 percent of all their products moved outside the Cotton Belt.

So, when a sufficient amount of money does not move into the great Cotton Belt, our people are unable to patron-

ize the industries which are located in the sections represented by the gentlemen on the other side of the Chamber.

In 1932 the entire cotton crop brought only \$397,000,000.

In 1919 it brought \$2,000,000,000.

In 1929, which was the last year before the depression, it brought \$1,245,000,000.

Just think of practically the total crop of the great Cotton Belt, reaching from southern Virginia to southern California, having its income reduced from \$1,200,000,000 down to less than \$400,000,000.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. I yield.

Mr. VANDENBERG. With great sympathy for the Senator's section, may I not inquire whether that is not almost the percentage of the total reduction in the national income during those periods?

Mr. BANKHEAD. I think the reduction with respect to the price of cotton is a greater proportion of reduction than the average. There are some agricultural commodities in respect to which the reduction of income is as great as in the case of cotton. I desire to say to the Senator from Michigan, however, that as a member of the Senate Committee on Agriculture I have stood, and every member of that committee knows that I have stood, with an open willingness to promote any agricultural program for the benefit of agriculture in any section of America that may be agreed upon by those who represent the producers in such agricultural section. My heart is with them. My judgment is with them.

I know, as I am sure the Senator, great man as I recognize him to be, must know, that until we return purchasing and debt-paying power to the great mass of agricultural producers in America, wherever they may be located, we cannot bring a return of prosperity, and we cannot have consumption of the products of industries scattered throughout America.

We have developed a concrete program for cotton, and we are not proposing to raid the Treasury on account of it—and I will come to that directly—but we have developed it as we developed the plow-under campaign, as we developed the 10-percent-loan plan, because we were looking after that particular commodity, for we represented the people who were producing it.

Mr. DIETERICH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Illinois?

Mr. BANKHEAD. I am glad to yield to the Senator from Illinois.

Mr. DIETERICH. As I understand, the Senator is in entire sympathy with the acreage-reduction plan as applied to cotton?

Mr. BANKHEAD. That is true.

Mr. DIETERICH. How does the Senator reconcile that position with section 8 of the pending bill, to which I call attention, and in which it is provided:

Whenever an allotment is made pursuant to section 3, not to exceed 10 percent of the number of bales allotted to each State shall be deducted from the number of bales allotted to such State, and allotted in such State—

(a) To producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton;

(b) To producers of cotton on farms not previously used in cotton production;

(c) To producers of cotton on farms where for the preceding 5 years normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause; and

(d) To producers of cotton on farms where for the preceding 3 years acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

I will ask the Senator if that is not directly an encouragement to increase acreage for the raising of cotton on lands which were previously taken out of the production of cotton.

Mr. BANKHEAD. I will answer the Senator in this way: Section 8, as the Senator will note, does not increase the quantity of cotton production, which is fixed at 10,000,000 bales. It simply sets aside where the administrative officials decide it should be done a percentage of that allotment for other purposes which the Senator has indicated.

Mr. DIETERICH. If the Senator from Alabama will pardon me, the other purposes are to provide compensation and to bring within the provisions of the proposed act those lands and those classes of farmers who have voluntarily reduced their acreage or whose farms have not been used for the production of cotton.

Mr. BANKHEAD. Mr. President, if the Senator will read carefully the grounds for the additional allotment he will see that the 10 percent is not an increase in the total cotton production authorized by the bill. A part of that 10 percent is utilized to remedy inequitable conditions, such as where there has been drought, where there has been devastation by insect pests, where there have been storms, excessive floods, and during such periods there has not been a fair representative average. In those contingencies a part of this 10 percent can be taken to build up the units in such territory which may have been thus affected.

In addition to that, there is the small farmer who has been producing, say, one bale of cotton a year—and there are many of them, as there are a great many who produce two bales of cotton a year. In our desire, may I say to the Senator from Illinois, to treat with every possible liberality the little man, the small producer, and to be as helpful to him as we could, we have incorporated in the bill the provision which authorizes a reduction in the number of bales which may be produced here and there by what is known as the "cotton hog", the planter who plants nearly a hundred percent of his land in cotton.

It takes away from him, to a limited degree, not to exceed 10 percent of the total, which is put into this small pool from which to make fair and just and humane allotments to the small farmer, to the little fellow, to the man who has suffered from drought, and so forth, and here and there to give to the man who has planted no cotton at all, as the result of the exceedingly low price that cotton has been bringing during the last few years and who has, therefore, been devoting himself to other agricultural activities, a bale or two of the 10,000,000 bales of cotton authorized. So we regard that as a humane provision of this bill, one that will remove injustices from the small man and in no way afford encouragement to a larger acreage and a larger production of cotton. That is the purpose, may I explain to the Senator?

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BANKHEAD. I do.

Mr. BAILEY. I should like to ask the Senator to be good enough, if he will, to address himself to the question of the power of Congress, either directly or through the Department of Agriculture, to determine for the farmers how much cotton they may gin and sell or to allot to them a certain amount. I should like to hear that question discussed.

Mr. BANKHEAD. I will say to the Senator that I have not brought a brief here. If he will read the opinion which has been printed in the CONGRESSIONAL RECORD, I think, of March 8, and which I had incorporated in the RECORD for the benefit of Senators who are interested in the legal aspects of the case, I think that his mind may be satisfied on that point.

Mr. BAILEY. Mr. President, will the Senator discuss that opinion at this time?

Mr. BANKHEAD. I will just say, Mr. President, that at this time I do not wish to go into a discussion of that branch of the subject. It might take an hour's time to discuss its constitutional phase. I wish to say that the power to levy a tax, which is the method of compulsion, if it may be so called, in this bill is analogous to the power sustained in the *McCray case*, known as the "oleomargarine case", in which

the Supreme Court held that the power to tax was an express and specific power given by the Constitution to the Congress of the United States and that the courts would not seek to supervise the purpose and objective of Congress in levying a tax which it is authorized to levy.

Mr. BAILEY. Mr. President, let me ask the Senator another question. Is not that precisely what the Court did do in the *Dagenhart* case and in *Bailey* against *Drexel*? Did not the Court hold in *Bailey* against *Drexel* that since the tax levied under the child-labor enactment on goods in interstate commerce was not for revenue but for the purpose of preventing child labor, it was void for being unconstitutional?

Mr. BANKHEAD. Mr. President, in the *Dagenhart* case, the child-labor case, the Court held that the tax was a direct tax upon production; that it was a specific and direct effort to regulate under the local police power the persons who should work in production, I believe, below a certain age. In that case the Court, by divided opinion of 5 to 4, held that the tax related, as I say, directly to production. The law put an income tax of 10 percent upon the net income of any employer for a year who employed for 1 hour during the year a child below the prescribed age. That is a correct statement, is it not, may I ask the Senator from North Carolina?

Mr. BAILEY. I do not think that is precisely correct. I will read portions of the case later on.

Mr. BANKHEAD. Very well. That was so patently direct legislation to control persons who engage in production that the Court held that it was not, in its true sense, the levying of a tax but was nothing more, as the majority held, than an effort to supersede the police power of the State in the effort to regulate the age of children who could work in industry.

This bill does not propose a tax on production; it proposes a tax on the sale of cotton; but even if it were a tax on production, Mr. President, it is exactly like the oleomargarine tax. The law in that case levied a direct tax of 10 cents a pound on oleomargarine that was colored, and one quarter of 1 percent a pound on oleomargarine uncolored. In the decision in that case, which I have here, it was held:

The oleomargarine act of 1886 (24 Stat. 209), as amended by the act of 1902 (32 Stat. 93), imposing a tax of one quarter of 1 percent on oleomargarine not artificially colored any shade of yellow so as to look like butter and 10 cents a pound if so colored, levies an excise tax and is not unconstitutional as outside of the powers of Congress, or an interference with the powers reserved to the States.

That was the point—the exercise of local police power under which the *Dagenhart* case was decided, that in that case there was an interference with the powers reserved to the States.

Nor can the judiciary declare the tax void because it is too high nor because it amounts to a destruction of the business of manufacturing oleomargarine, nor because it discriminates against oleomargarine and in favor of butter.

So I submit that if the tax provided in this bill is not valid, it is necessary for the Supreme Court of the United States to overturn its decision affirming by a unanimous Court the legality of the tax upon oleomargarine.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from North Carolina?

Mr. BANKHEAD. I yield.

Mr. BAILEY. I understand the Senator refers the bill and his argument to the oleomargarine case. That is set forth in One Hundred and Sixty-fifth United States Reports, page 526. Permit me to read to him from that case:

The oleomargarine legislation does not differ in character from this, and the object is the same in both, namely, to secure revenue by internal taxation and to prevent fraud in the collection of such revenue.

Very clearly the Court held in the oleomargarine case that that was a revenue act, and the machinery, by way of a stamp and a label, was for the purpose of preventing fraud. Will the Senator undertake to explain to me how he refers the pending bill to the law in the oleomargarine case in view of the plain statement of the case which I have just read?

Mr. BANKHEAD. I have not had an opportunity to examine the case referred to by the Senator from North Carolina.

Mr. BAILEY. It is in re *Kollock*, at page 526 in volume 165 of United States Reports. It is an opinion by the late Chief Justice Fuller.

Mr. BANKHEAD. I have not had an opportunity to read that case and therefore it is impossible for me at the moment to comment on it.

Mr. BAILEY. The Senator has repeatedly referred this bill to the oleomargarine case.

Mr. BANKHEAD. Is that the oleomargarine case?

Mr. BAILEY. Yes; it is.

Mr. BANKHEAD. The *McCray* case?

Mr. BAILEY. The *Kollock* case.

Mr. BANKHEAD. I am talking about the *McCray* case.

Mr. BORAH. That is in One Hundred and Ninety-fifth United States Reports.

Mr. BANKHEAD. Yes; the *McCray* case, the one about which I am talking, will be found in One Hundred and Ninety-fifth United States Reports. I hope the Senator from North Carolina will read it.

Mr. BAILEY. Mr. President, since the Senator is relying on the *McCray* case, I shall be glad if the Senator will state to the Senate the facts in that case.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. I yield.

Mr. McNARY. The Senator is referring to the oleomargarine case which had to do with legislation which came from the Committee on Agriculture and Forestry. I am sure the Senator is conversant with that legislation, which was founded upon the idea of preventing fraud, as many other legislative enactments have been based upon the same philosophy. The incidental power is to collect taxes as a part of the revenue.

In the case of the pending bill, its philosophy is based, not upon the collection of revenue, because none is anticipated other than in the nature of a penalty, but upon an effort to control production, which wholly, in my opinion, distinguishes and differentiates the bill from the oleomargarine law which the Senator attempts to cite as a precedent. That act and the bill now pending are on wholly different lines of philosophy.

Mr. BANKHEAD. I have been unable to find any statement upon which the Court based its decision or any reasoning upon which it reached its conclusion growing out of the collection of any revenue under the oleomargarine law.

Mr. McNARY. I am not familiar with that case; but to understand a case and apply the law, I think it is necessary to understand the philosophy upon which it is constructed. The object of the oleomargarine law was to prevent a substitute, such as oleomargarine, a substitute which cannot be detected by the eye, from being sold as butter. Therefore, the Congress, in order to prevent fraud and deception and deceit, enacted that law. The courts have upheld it upon that plain right of power. Incidental thereto is the collection of revenue. Those are the two propositions upon which the oleomargarine law and similar statutes are founded.

In this case, if the Senator has presented it properly, he is attempting to limit acreage and, therefore, affecting compulsory crop production by taxation.

Mr. BANKHEAD. No; I am not attempting to limit production.

Mr. McNARY. That is what the bill provides as I read it.

Mr. BANKHEAD. There is nothing in it about limiting production.

Mr. McNARY. It is true there is no restriction or inhibition against the raising of 10,000,000 bales of cotton during the crop year 1934-35. That may be done, and that cotton when baled may be ginned without any tax being levied at all.

Mr. BANKHEAD. That is true.

Mr. McNARY. All production in excess thereof, however, must pay a tax equal to one half the value of the cotton at

the nearest market sales agency, and in no case less than 5 cents a pound. That is a tax to be covered into the Treasury of the United States. That is a penalty to prevent an excess production of cotton.

Then there is a further provision that the producer, if willfully attempting to produce and put into interstate commerce more than his allotment, may be imprisoned or fined, or both, in the discretion of the court.

If that is not clearly an effort through compulsion to limit production, then there is nothing in the Senator's bill supplementary to the Agricultural Administration Act which was passed last April and is now on the statute books.

It is clear to me that the philosophy upon which the oleomargarine legislation was based is wholly different from that of the pending bill, involving compulsion by the levying of a tax upon that which does not enter into interstate commerce. That which enters into interstate commerce goes without the tax. That which is produced in excess thereof is subject to the tax.

Therefore the Senator is trying to apply a punishment in the way of taxation to prevent production. If that is not the object of the bill, then I do not understand it, and I do not understand its philosophy.

Mr. BANKHEAD. I am sure the Senator from Oregon recognizes, because he was here and took an active part in the consideration and enactment of the oleomargarine legislation, that the sponsors of that legislation did not have in mind the welfare of the Treasury of the United States. I think the Senator will admit that.

Mr. McNARY. I stated it was incidental always, but the legislation was enacted in order to prevent deception and the practice of fraud in the sale of articles of food that resemble in physical appearance butter, a product of the cow.

Mr. BANKHEAD. I am sure the Senator from Oregon recognizes that the purpose of the sponsors of that bill was to limit, as far as they could under the tax, the sale of that type of oleomargarine, not because of the fraud that might be involved but to prevent the sale of a commodity which came in competition with other commodities in which they were interested. Let us be frank about it. I am sure that no one who took part in the enactment of that legislation will deny that statement. The sponsors of the bill were seeking there to avoid the sale of as much oleomargarine as they could, because it came in conflict and competition with the sale of other commodities and reduced the sale of other agricultural competing commodities.

For that reason, in their ingenuity—and I have no criticism of it—they worked out the plan of a tax upon the sale of that class of oleomargarine. The law was sustained by the Supreme Court, because it was held that Congress had the power to levy an excise tax, and that the Court would not go into the purposes which prompted Congress to levy the tax. The only question was as to the power of Congress to levy the tax; and that being conceded, the Court held that it would not look into or impugn the motives of Congress. It would not seek to supervise the action of a coordinate branch of government upon a subject with which that coordinate branch of government had express power under the Constitution to deal.

I stated a while ago that an opinion had been put in the RECORD here. In connection with that opinion, it was stated in the RECORD, when it was put in, that I asked the Attorney General's office to give me the benefit of the advice and assistance of the best man they had on the subject. They did. They furnished me the assistance of an attorney who, I know, had the confidence of the Attorney General, because he was with him in person before the Banking and Currency Committee on an occasion when the legality of one of the great bills passed by Congress was under consideration. I turned over to this attorney a bill that had been introduced here which was exactly the same as the pending bill on the question now under consideration and asked him to look into it, to go into it fully, and to give me an opinion upon the subject. I did not want to urge the passage of a bill that was unconstitutional.

I have heard everybody at this session who opposed a pending measure of any paramount importance, and which involved a new form of legislation, question its constitutionality here from time to time. I heard the constitutional question raised when the Black 6-hour bill was pending before the Senate. I heard the opponents of that program day after day assail its constitutionality. I note that the Senate proceeded, in the exercise of its matured judgment, to pass that bill, and leave its constitutionality, even if it was perhaps a close question, to the decisions of the courts. I heard the same character of objections presented by those who opposed the passage of the national industrial recovery bill, the legality of which is based upon the grant to Congress in the Constitution of the power to regulate interstate commerce.

Those who raise these constitutional objections may have been right. I do not know. I did not think so, however. I made an argument here 2 years ago on the power of Congress under the Constitution to regulate, in the flow of interstate commerce, all forms of harmless commodities. I was convinced, after a careful study, that Congress had such power; and I invite anyone interested in that phase of this question to go back and read that argument, because it was the result of a most careful investigation. It was the subject of various colloquies here upon the floor. We had a protracted debate upon the question. I was convinced then of the power of Congress to deal with these phases of interstate commerce upon which the national industrial recovery bill was subsequently based for its constitutionality.

After those serious innovations and changes in our usual methods of government have passed through the Senate in the face of determined opposition by their opponents on the ground of unconstitutionality, when a bill involving agriculture comes to the front, when a bill is before us involving the happiness and the prosperity and the comfort of millions of people in this country, we find captious objections raised to its constitutionality.

I am sure some have genuine doubts on this subject, and I respect their views; but where there is such a genuine doubt I submit that in view of the various types of legislation that have heretofore been passed under criticism and under objection, all of which have been sustained that have so far reached the Supreme Court of the United States, and especially in view of the grave economic consequences involved, we should not here and now draw a new line when the welfare of millions and millions of people, not only this year but next year and possibly longer, is involved in legislation which at least meets the approval of the judgment of some of the best lawyers who are available.

I pointed out the opinion of the assistant furnished by the Department of Justice. I pointed out a decision of the Supreme Court of the United States, which to my mind settles the matter; and there are many others upon which it is based, such as the prohibitive tax upon the issue of State bank notes long, long ago, which was sustained by the Supreme Court of the United States.

Mr. President, I recognize that this is the lunch hour, and that from physical necessity a great many Senators are not here whom I should like very much to have hear one phase of this discussion. I assume, however, that under the rules and practices of the Senate it will be necessary for me to proceed with the discussion, because I am extremely anxious, if possible, to secure final action on this bill before the Senate shall adjourn today. Planting is now going on down in southern Texas. It will of necessity take some time to set up the machinery for the administration of this bill. It has been under consideration for some time.

Let me say that this bill has not come to Congress from any theorist of any kind. This is a practical program which has developed out of the necessities of our situation. Let me say to those who do me the honor to remain here that the demand for the passage of this bill comes up from the very cotton rows of the South.

The man who thinks that the cotton farmer does not know his own business is simply out of touch with the experiences and the judgment of the cotton farmer. Year in and year

out he has seen the price of cotton fluctuate violently, even during the same year. He has watched with interest the announcement of the estimates of the Government on the size of the crop. He has observed from time to time that as the estimate of the size of the crop increased the price of cotton decreased. He has observed the opposite—as the estimate was reduced the price of cotton increased.

I assume that many other agriculturists are in the same condition as the cotton farmer; but what I have said is peculiarly true of the cotton farmer, because of his dependence upon the world market for the sale of around 60 percent of his total crop. No other agricultural commodity looks to foreign markets, and must look to them, for the sale of so large a proportion of the total production as does cotton. There is no commodity, industrial or agricultural, which must find foreign markets to anything like the percentage that cotton does.

Sixty percent of all the money brought to the cotton farmers comes not from the consumers in America but from the consumers in the foreign countries of the world. It is a new addition each year to the capital assets of this country. It includes an average of around 25 percent in dollar value, over a long period of years, of all the money that comes to America as a result of the sale in foreign countries of the products of America, industrial and agricultural combined. So, when we figure upon a fair and reasonable price for cotton, we must bear in mind that when we get a fair price we are increasing the volume of money going into all the trade channels in America.

Mr. President, every mail every day carries a volume of checks and remittances out of the Cotton Belt to the industrial and financial sections of this country. We send money out for shoes, clothes, hats, farm implements, automobiles, radios, nearly everything of common use and consumption except food products, and we send a lot of money out even for food products. So that in the Cotton Belt, from lower Virginia to California, we are consumers, who provide a large market for the industries of the United States. We send checks to pay the interest upon mortgages, upon insurance premiums, upon railroad and utility bonds, and everything of that kind. They are not owned, except in a very small way, in the Cotton Belt. We must get the money from the sale of cotton to meet all those payments.

Only once a year do we have a return flow of money to the Cotton Belt. We ship very little of anything out of the Cotton Belt except cotton, and manufactured products of cotton from the textile mills located in the South. If we do not get in that return flow of money from the result of our cotton crop, a reasonable price for the cotton, then, of course, we cannot help to support the industries and financiers of this country. Therefore it is not solely a local problem in the Cotton Belt; it is a subject which ought to be of interest to every thoughtful man in the United States who is interested in the welfare of the people in all sections of this country.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BANKHEAD. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Caraway	George	Long
Ashurst	Carey	Gibson	McAdoo
Austin	Clark	Glass	McCarran
Bachman	Connally	Goldsborough	McGill
Bailey	Coolidge	Gore	McKellar
Bankhead	Costigan	Hale	McNary
Barbour	Couzens	Harrison	Murphy
Barkley	Cutting	Hastings	Neely
Black	Davis	Hatch	Norris
Bone	Dickinson	Hayden	Nye
Borah	Dieterich	Hebert	O'Mahoney
Brown	Dill	Johnson	Overton
Bulkley	Duffy	Kean	Patterson
Bulow	Erickson	Keyes	Pittman
Byrd	Fess	King	Pope
Byrnes	Fletcher	Logan	Reed
Capper	Frazier	Lonergan	Reynolds

Robinson, Ark.	Smith	Townsend	Walcott
Robinson, Ind.	Steinwer	Trammell	Walsh
Russell	Stephens	Tydings	Wheeler
Schall	Thomas, Okla.	Vandenberg	
Sheppard	Thomas, Utah	Van Nuys	
Shipstead	Thompson	Wagner	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BAILEY. The Senator just now took the position that he was relying upon the McCray case, and invited me to read the decision in the case. I have sent to the library for the volume containing the decision, and, with the Senator's permission, I wish to read him the last two paragraphs from the decision in the case, *McCray v. United States* (195 U.S. Rep.):

Such concession, however, is not controlling in this case. This follows when the nature of oleomargarine, artificially colored to look like butter, is recalled. As we have said, it has been conclusively settled by this Court that the tendency of that article to deceive the public into buying it for butter is such that the State may, in the exertion of their police powers, without violating the due-process clause of the fourteenth amendment, absolutely prohibit the manufacture of the article. It hence results that even although it be true that the effect of the tax in question is to repress the manufacture of artificially colored oleomargarine, it cannot be said that such repression destroys rights which no free government could destroy; and, therefore, no ground exists to sustain the proposition that the judiciary may invoke an implied prohibition, upon the theory that to do so is essential to save such rights from destruction. And the same considerations dispose of the contention based upon the due-process clause of the fifth amendment. That provision, as we have previously said, does not withdraw or expressly limit the grant of power to tax conferred upon Congress by the Constitution. From this it follows, as we have also previously declared, that the judiciary is without authority to avoid an act of Congress exerting the taxing power, even in a case where to the judicial mind it seems that Congress had in putting such power in motion abused its lawful authority by levying a tax which was unwise or oppressive, or the result of the enforcement of which might be to indirectly affect subjects not within the powers delegated to Congress.

Let us concede that if a case was presented where the abuse of the taxing power was so extreme as to be beyond the principles which we have previously stated, and where it was plain to the judicial mind that the power had been called into play not for revenue but solely for the purpose of destroying rights which could not be rightfully destroyed consistently with the principles of freedom and justice upon which the Constitution rests, that it would be the duty of the courts to say that such an arbitrary act was not merely an abuse of a delegated power, but was the exercise of an authority not conferred. This concession, however, like the one previously made, must be without influence upon the decision of this cause for the reasons previously stated; that is, that the manufacture of artificially colored oleomargarine may be prohibited by a free government without a violation of fundamental rights.

That clearly distinguishes, as I think, the present proposed legislation from the oleomargarine decisions in the *Kollock* case and in the *McCray* case. If the Senator can enlighten me, in view of what I have read—and he is certainly familiar with the case, and he is relying upon it—I will be very greatly helped in my thinking on this important legislation.

Mr. BANKHEAD. I will say to the Senator that the statement of the Court, which, of course, is arguendo and therefore not a declaration of law upon the subject, in which the Court was answering the argument against the constitutionality of the oleomargarine tax, was to the effect that, conceding the position taken by the party to that case was correct, and to say no more than that, still it would not lead the Court to declare the act unconstitutional.

Mr. BAILEY. But in order to bring the Senator's proposed legislation within the doctrine of the Oleomargarine Act, he must show some analogy between the ginning of cotton and the coloring of oleomargarine, and I do not get the analogy.

Mr. BANKHEAD. I do not think the oleomargarine tax was predicated upon the mere fact that the coloring of the oleomargarine authorized the tax.

Mr. BAILEY. Or the imitation of butter?

Mr. BANKHEAD. I think the Supreme Court would have sustained the tax on oleomargarine in any form, whether colored or uncolored, as I interpret the case.

Mr. BAILEY. We differ on that. Let me ask the Senator another question. What is the cost of the production of cotton? I take it no one here can testify more conclusively on that subject than the Senator from Alabama.

Mr. BANKHEAD. Of course, that, as the Senator knows, very greatly varies. It depends on many things. It depends on the cost of material, the cost of supplies, and the cost of labor.

Mr. BAILEY. Would the Senator say that as a rule the cost of the production of cotton to the farmer is more than 50 percent of the price he receives?

Mr. BANKHEAD. That depends on the price.

Mr. BAILEY. Does the Senator mean to tell the United States Senate that the farmers are now making 50 percent on the production of their cotton?

I think we ought to get right at the facts here.

Mr. BANKHEAD. I will say to the Senator that I think the cost of production of cotton is practically its present price.

Mr. BAILEY. Its present price is 12 cents?

Mr. BANKHEAD. I do not think the cost of production has anything to do with the levying of the tax.

Mr. BAILEY. Its present price is 12 cents? Is that correct?

Mr. BANKHEAD. I say I do not think the cost of production has anything to do with the levying of the tax.

Mr. BAILEY. I am not now disputing that; but I am trying to get the Senator to say that the cost of production of cotton, in his judgment, is today 12 and a fraction cents, that being the market price.

Mr. BANKHEAD. The cost of some of it is and some of it is not. As I said, it depends on varying conditions.

Mr. BAILEY. What is the general cost of production of cotton?

Mr. BANKHEAD. That depends on what is included in the cost of production. There are many elements that may be included which the farmer does not include. The cost of the interest on the investment ought to be included in the cost of production.

Mr. BAILEY. The Senator just now, I thought, said that the cost of production was equal to the present market price.

Mr. BANKHEAD. I think that is practically true on the average.

Mr. BAILEY. That is 12 and a fraction cents, is it not?

Mr. BANKHEAD. No; it is about 12 cents, or under 12 cents.

Mr. BAILEY. How much?

Mr. BANKHEAD. It is probably now under 12 cents.

Mr. BAILEY. A little under 12 cents?

Mr. BANKHEAD. Yes.

Mr. BAILEY. Let us call it about 12 cents. A tax of 50 percent on the cotton above a certain quantity ginned would add that much to it, or take that much from the return, would it not?

Mr. BANKHEAD. I do not understand the Senator's question.

Mr. BAILEY. If the cost of production is now 11 cents, and the tax is 50 percent upon the pound, that would be a tax of 5½ cents on the pound, would it not? I ask the Senator would that not suppress the production of cotton in excess of 10,000,000 bales, and is that not the primary object of this proposed legislation?

Mr. BANKHEAD. The primary purpose, of course, is to discourage the production of more cotton than the 10,000,000 bales.

Mr. BAILEY. And to make it financially impossible by imposing a tax that is equal to half the cost of production?

Mr. BANKHEAD. I do not base it on cost of production at all. I do not think that is an element that enters into the question. I think it is the same proposition that industrialists engage in of disposing of their surplus somewhere.

Mr. BAILEY. I wish the Senator would come down and make it very plain now. Is not the purpose of this proposed legislation to suppress the production of cotton in excess of 10,000,000 bales a year?

Mr. BANKHEAD. No; it is to prevent the sale of it without paying the tax.

Mr. BAILEY. If the Senator prevents a man from selling a thing, if that man is not entirely crazy, he certainly will not produce it; is that not so?

Mr. BANKHEAD. Of course, the Senator knows that we hope that no more than 10,000,000 bales of cotton will reach the market.

Mr. BAILEY. And that is the objective to be accomplished by this proposed legislation, and if that does not justify the legislation, nothing else will; is that not so?

Mr. SMITH. Yes.

Mr. BAILEY. The Senator from Alabama has the floor. I am glad to have the testimony of the Senator from South Carolina [Mr. SMITH]. Let that go in the RECORD. The Senator from South Carolina said in answer to my question, "Yes." What does the Senator from Alabama say?

Mr. BANKHEAD. I think it will help, whether we limit it to 10,000,000 bales or they have slightly more.

Mr. BAILEY. That is not answering the question. I do not wish unduly to press my friend, but I believe I will ask him once more: Can this bill be justified on any theory other than the theory that it will restrain the farmers who produce cotton from producing in excess of 10,000,000 bales of cotton during the coming year?

Mr. BANKHEAD. I am afraid it will produce too much revenue, I will say to the Senator.

Mr. BAILEY. That is not an answer to my question. I should like to have the Senator answer the question.

Mr. BANKHEAD. I have answered it.

Mr. BAILEY. What is the answer, please?

Mr. BANKHEAD. I said I was afraid it would produce too much revenue. There would be too much cotton sold at 50 percent.

Mr. BAILEY. Does the Senator consider that an answer to my question?

Mr. BANKHEAD. Yes.

Mr. BAILEY. I have asked the Senator what will be the effect of this proposed legislation, and he tells me he is afraid it will produce too much revenue. I submit that does not answer my question.

Mr. BANKHEAD. I told the Senator what I had in mind about it.

Mr. BAILEY. I will ask the Senator again: Is not the object of the bill to prevent the production of more than 10,000,000 bales of cotton this year in America?

Mr. BANKHEAD. It is not.

Mr. BAILEY. Then what is the object?

Mr. BANKHEAD. The object is to limit as closely as we can the sale of more than 10,000,000 bales, and to collect revenue upon the excess sold.

Mr. BAILEY. That is, to limit the sale, and to tell the farmer in advance that if he produces it he will be taxed 50 percent on the price?

Mr. BANKHEAD. I submit I have answered the Senator's question.

Mr. BAILEY. Very well; I am satisfied with the answer.

Mr. BANKHEAD. I desire to call the attention of the Senate briefly—I do not want to take much more time—to the effect of the size of the crop of American cotton upon the price and the volume of money paid to the producers for their crop. I think to one who is really interested, Mr. President, in beneficial results for the Cotton Belt, that tells the whole story of this situation. That story ought to appeal to one who is really desirous of helping the cotton farmer, so far as he can conscientiously do so. I do not expect anybody to do it who cannot conscientiously do so; but that story ought to appeal to the judgment and to the heart of every person who can conscientiously vote to help the cotton farmer, and who is engaged in passing upon this great program, which is fraught with such tremendous results in the Cotton Belt.

I desire to call the Senate's attention to a graph on the wall, which was prepared by the Bureau of Economics in the Department of Agriculture, which shows the number of

bales of cotton harvested each year, and the average price per pound paid to the farmer each year, beginning with 1890 and coming down to 1931.

The red line represents the volume of the production; the blue line represents the average farm price. I wish to call attention to the fluctuations in those two lines, from which will be noted that, with practical uniformity, as production increases the price to the farmer decreases, and as production decreases at the same time and in the same way the price to the farmer increases. This line [indicating] indicates the production; this line [indicating] represents the price. As production goes down the price goes up; the two move along practically in opposite directions all the way across the graph.

Now I come to the war period. This sector of the lines represents conditions in 1915. Then, of course, there was an abnormal demand for cotton in foreign countries for use for explosives and other purposes, which ran up the price at that time, during the years 1916, 1917, 1918, and in 1919, following the war, to abnormal points. The price went up then to 36 cents a pound. Production, as will be seen from the graph [indicating], had gone down and the price went up. Production went down because of the absence of man power engaged in the World War, and, therefore, with a limited supply of cotton and with a small surplus carried from time to time, the price of cotton continued to rise.

Now we come to the year 1920, which is known as the "year of the deflation", when all commodity prices, and particularly agricultural commodity prices, went to the bottom. The price of cotton dropped in 1 year from 36 cents a pound to 14 cents a pound. Fortunately, just at that time the bollweevil made its appearance in the South, and the production of cotton went down to 8,000,000 bales. When the production went down, it will be noticed that the price began to move back up. Here [indicating] in 1923 production reached 10,000,000 bales in round numbers—to be exact, 10,140,000 bales—and the price that same year moved up to 31 cents a pound. With that rise in price the acreage planted to cotton was increased all over the Cotton Belt. The farmers began to get better control over the bollweevil situation; the crops began to increase, and did rapidly increase in size. As a result production started up, and as it went up the price, as will be noted, crossed it and went down.

In 1926 we produced the largest crop of cotton ever produced in any one year in America; we produced 18,000,000 bales of cotton; and the price went down to slightly under 11 cents a pound, to this point [indicating on the graph] as a result of that large crop. Then production went down and the price went up. In 1931 we produced next to the largest crop, 17,000,000 bales, and the price went down around 5 cents a pound.

Now let me give Senators the figures which resulted from those fluctuations. Please bear in mind that the years to which I am now referring, the years from 1923 to 1927, we will say, represent a period in the business affairs of this country and of the world which was recognized everywhere as constituting the high tide in the flow of business not only nationally but internationally. There was strong buying power; there was unusual consumption; there was every element that should have held the price of cotton on an even keel; but it will be noticed that during the 5 or 6 years to which I am referring, while general business was flourishing, the price of cotton was not preserved at its proper place in the normal price structure.

Take 1923, in which there was produced a 10,000,000-bale crop. What did the farmers get for it? They got 31 cents a pound. There moved into the farmers' hands \$1,571,000,000 for a 10,000,000-bale cotton crop. Next year, 1924, the bollweevil was under better control; the high price was attractive, and the crop was increased by three and a half million bales, up to 13,600,000 bales. The price dropped to 22½ cents, and the total amount received by the farmers was \$1,540,000,000, very nearly the same as in the previous year; but it took thirteen and a half million bales of cotton

that year to bring the farmer what 10,000,000 bales brought to him the previous year.

Take 1925; the crop went up to 16,000,000 bales; the price dropped to 18.2 cents; the total amount received by the farmers was \$1,464,000,000, almost the same amount as in 1923, but it took 16,000,000 bales of cotton to bring the same amount of money to the farmers that 10,000,000 bales brought in 1923 and that thirteen and a half million bales brought in 1924.

Now we come to 1926, which was the year of the big crop, 18,000,000 bales. The price dropped to 10.9 cents; the total amount of money received by the farmers was \$982,000,000. In short, for 8,000,000 bales more of cotton than were produced in 1923 the farmers received \$600,000,000 less money.

Bear in mind, Mr. President, that in 1926 business was at a point that is recognized as representing almost ideal conditions. General commodity prices for that year are recognized as being on a level to which we should now, if we can, raise general prices; but in that year, that almost perfect business year, with a most desirable price level, the price of cotton dropped far, far below the cost of production. Why? I ask. For one reason, and one reason alone. There was no depression; there was, if anything, an increase in consumption; purchasing power was constant and strong. The price of cotton dropped for one reason, and for one reason alone, and that was the size of the crop, the production of so much more cotton than there was an effective demand for purposes of consumption.

Let us take 1927. The 2 years 1926 and 1927 are almost identical. The size of the crop dropped 5,000,000 bales, going down to about 13,000,000 bales as against 18,000,000 bales; the price jumped up to 19.6 cents; the volume of money realized by the farmers was \$1,286,000,000.

Take the 2 years 1926 and 1927; with 5,000,000 bales less of cotton, the farmers received \$350,000,000 more in money.

I ask any thoughtful student what would be the effect if we could draw a straight line across that wildly fluctuating red line of production? I ask any fair-minded man if at the same time there would not be drawn a straight blue line indicating a stabilization of the price of cotton at a point where it properly belongs in the price structure and in the uses of cotton in the world?

These figures show a most terrible economic waste; they show a most destructive loss of purchasing and consuming power not only on the part of our own cotton-section people but on the part of people in our industrial section, resulting in the loss of so much foreign money which the cotton crop would bring to this country if we could secure for it a reasonable and fair price. Nobody wants cotton at an artificially high price.

Mr. President, I am not going to take any more of the time of the Senate. As I stated in the beginning, this bill comes before the Senate with the support of the cotton farmers. A questionnaire sent out showed that 95 percent of the cotton farmers answering favored the bill. They know their situation; they know they cannot get a fair price until there can be brought about a reduction in their carry-over. Nearly every cotton farmer is willing to reduce production if he only knows that the other producers are also going to reduce their cotton production. All they want to know, any of them, is that all will act alike, for they know that production has got to come down. They want to bring it down, but while bringing it down they want to know that the man here is not going to reduce his production while the fellow across the creek or somewhere else is maintaining or increasing his production. So the Congress has been asked to give them this bill.

I cannot imagine why Senators or Congressmen should be reluctant about it. Consider the vote at the other end of the Capitol, of the Representatives, who are in direct touch with the people. A new program? Yes; one that required them naturally to know the views of their constituents, one involving a limitation, if we may so call it, upon the individualistic views heretofore followed. Naturally they would be reluctant there, with the elections coming on, to go counter

to the wishes of these toilers in the field. Over there the vote was 251 to 114, with only five Members from the Cotton Belt, from California to Virginia, voting against the program.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Alabama a question?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. I shall be glad to answer the Senator's question if I can.

Mr. VANDENBERG. I heard one Congressman from the South quoted as saying that if he did not vote for the bill this year he could not be elected in 1934, but if he voted for it and was elected in 1934, he could not be reelected in 1936. This is a facetious observation, but it leads me to inquire of the Senator whether the cotton planters will not rebel against the restriction when they meet it in fact, although they contemplate it with some equanimity in prospect. Does the Senator think it will work to that effect?

Mr. BANKHEAD. I am willing to stake my political destiny on its working. I think it that strongly.

Mr. VANDENBERG. The Senator believed that the plow-under campaign would succeed last year?

Mr. BANKHEAD. It did succeed tremendously. It saved our people from ruin. They did not go far enough. I begged them to plow under 50 percent.

Mr. VANDENBERG. It succeeded, but they ran into human nature, plus four times as much fertilizer as they ever ran into before, according to the experience of the Southern Railway as recently reported in Time magazine.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. SMITH. May I correct the Senator from Michigan [Mr. VANDENBERG]? He is under the impression that last year there was an excess of fertilizer used. That is not correct, for the reason that the plow-up did not take place until the cotton in some instances was open. The cotton farmers had no knowledge that the plan would be put into operation, and therefore it did not affect the purchase of fertilizer at all or the acreage that was left in cotton. The majority of it was plowed up after part of it had matured, so the question of fertilizer did not enter into it at all.

Mr. VANDENBERG. This is the point: We discovered there was a back door or side door to the voluntary scheme. If there had not been a back door the bill of the Senator from Alabama would not be here today. He would not be seeking to substitute compulsion for voluntary action. What I want to know is whether there is any way the farmers similarly could avoid, by any detour whatever, compliance with the effective purposes of this new bill.

Mr. BANKHEAD. I hope the Senator will help to close every possible loophole in the bill and make it as tight and effective as it is possible to make it.

Mr. SMITH. Will the Senator allow me a moment further?

Mr. BANKHEAD. I yield.

Mr. SMITH. I do not like the implication to go out that anybody used any back door or any subterfuge to increase the crop last year. I call attention to the fact that in 1929 we planted 43,000,000 acres of cotton and made 14,000,000 bales. In 1931 we planted 38,000,000 acres and made 17,000,000 bales. Cotton is the most sensitive plant to season that I know of in agriculture. The question last year was not an excess use of fertilizer but it was what is known as a "cotton year." Every now and then we have an ideal season. The yield per acre last year, as has occurred perhaps four or five times in the last 25 or 30 years, was abundant. The season hit it exactly. It was not on account of the farmer trying to side-step or use any subterfuge.

I stand here today to say that I believe the Agricultural Department and the public who understand the situation never saw a more unanimous effort and a more fixed de-

termination and a more enthusiastic entrance into a plan than the farmers in the plow-up business to carry out their part of it honestly and meticulously.

Mr. VANDENBERG. Mr. President, just one further question, if the Senator from Alabama will yield?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. In seeking to close the back doors and the side doors, if there be any—let me put it that way—does the Senator from Alabama think that the tax proposed in the bill will be effective, or will there be sales in spite of the tax?

Mr. BANKHEAD. I am going to offer an amendment to increase the amount of the tax, and I hope the Senator will help me make it more effective.

Mr. VANDENBERG. So that if possible there will be no sales as a result?

Mr. BANKHEAD. That is what I seek.

Mr. OVERTON. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BANKHEAD. I yield.

Mr. OVERTON. The Senator stated a moment ago that he intends to offer an amendment to increase the tax. May I say that I have received quite a number of telegrams from Louisiana suggesting that the tax should be increased in order to effectuate the purpose of the bill. I am very glad the Senator is going to offer that kind of an amendment.

Mr. BANKHEAD. I have a committee amendment on that point. We have all agreed to it. We are going to make the bill effective if we can possibly do so. We have an amendment increasing the tax to 75 percent.

Mr. President, if there is no one else who wants to speak at this time, I wish to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Alabama proposes an amendment which will be read.

The CHIEF CLERK. The Senator from Alabama proposes an amendment, on page 2, line 15, to strike out section 2 and insert in lieu thereof the following:

SEC. 2. The provisions of this act shall be effective with respect to the crop years 1934-35 and 1935-36, and any crop year thereafter when the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to a crop year is necessary in the public interest in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to that crop year. If at any time the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to lint cotton during that crop year after the effective date of said proclamation.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Alabama.

PAYMENT OF INTEREST ON CERTAIN FUNDS REPRESENTED BY DRAFTS ON THE SECRETARY OF STATE

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the Embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1915, and April 21, 1917, in connection with the representation by the Embassy of the interests of certain foreign governments and their nationals.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 24, 1934.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. FESS. Mr. President, I do not intend to occupy very much time, though I desire to say a few words upon the proposal now pending.

I have a great deal of sympathy with the theory that in order to assure a higher price level for farm products the price will have to be determined very largely by supply and demand; in other words, that the price is not going to be determined by what Congress says, but rather by the operation of normal, economic law, which must be determined on the basis either of ability to buy or ability to reduce an oversupply. Of course the normal way to bring about the desired result would be to increase the demand, if we knew how to do it. If that may not be done, then quite naturally we would think the next step would be to reduce the supply; but I have stated, as it has been stated many times before I ever made the statement, that an attempt to solve the problem on the basis of reduction of the supply is dangerous. If the product of the farm were not a food product or a necessary of life, the question would not be so serious; but the farm produces the necessities of life, and we are proceeding to limit the supply of something we must have that is largely under the control of the elements, over which neither man nor his expressions through legislation can have any influence.

The question has been in my mind several times since this debate started: If by action of the Government we should command a reduction in the production of these necessities, and then, through the operation of elements that we cannot control, there should be a shortage, and suffering incident to that shortage, what responsibility would the Government have, its action being the cause of the shortage? I think we must consider that probability.

When we have a smaller acreage under good conditions producing a greater crop than a larger acreage under bad conditions, we will not be faced with that difficulty; but if we should have, under the restriction of production, a bad year, and through that suffer, it seems to me that the Government would have some responsibility to the sufferers, and that responsibility would be without limit. That is one element that must be considered here.

Furthermore, while I admit that reduction might be desirable if it could be accomplished by cooperation, I have great fear of going to the extent of bringing it about by compulsion. Cooperation to bring about reduction all of us could approve; but reduction by law is something that I hesitate very seriously to embark upon, for there is so much involved in it.

There is another point that we must not overlook in our consideration of this proposal: I think the strongest passion in the human breast is that which involves the rights of ownership. I believe there is nothing in our make-up more dominating than the feeling that a man is monarch of what he owns. That is expressed in many ways, and certainly is being expressed in a great body of correspondence that is reaching Washington at this time.

I have just received a letter written in longhand by a farmer. Examination of the penmanship indicates that it is from an average hard-working man who does not engage very much in letter writing; but it seems to me that what he says is the ordinary, common-sense view of the average citizen. He writes as follows:

Our daily paper tells of the Bankhead cotton control bill passing the House; and the way it is represented in our papers leads me to believe that all agriculture is soon to be regulated in the same way.

I am one of the temporary county corn-hog reduction committee chosen by the State officials, and I have been elected permanently to represent our part of the county in the county organization. Now, if this Bankhead bill uses as its base for regulation statutes procured in the cotton-reduction plan last year, it is logical for

me to believe that our corn-hog figure will be used in a like manner.

I would be very much opposed to making anything of this sort permanent. We hear much about "rugged individualism" cussed in all directions now, but it seems to be forgotten that rugged individualism is exactly what wrested this country from the Indian and made it the most desirable country of all the world in which to live.

Will you please advise if I am right in my surmise of the cotton situation, and the likelihood of a corn-hog-control bill being passed with provisions like the Bankhead bill about cotton? If so, the so-called "reduction payments" are a sugar-coated pill that robs us of our most prized possession—freedom to do as we please on the land that is deeded to us, without restriction by this same Government.

Please answer.

And the writer signs his name as a farmer from Ohio.

Mr. President, I am of the opinion that that letter pretty well expresses the feeling of the average farmer throughout the United States. I have reached the conclusion that such is his view not only because of the numerous letters I have received—and they come from all sections of the country—but because what is proposed here appeals to me as an interference with what the average man regards as one of his rights. I think he naturally feels that any interference of this kind is without justice, and it certainly will be resisted with an intensity that we never yet have fully realized.

The present Presiding Officer (Mr. GEORGE in the chair) will remember what a terrific reaction there was when we undertook to put into force the corn-borer legislation. All of us considered that that legislation was in the interest of agriculture. Everyone must admit that when there is such a danger as that, it would be the height of foolishness for us not to meet it on the threshold. That is why I never have hesitated to vote to eradicate a pest whose depredations were obvious, such as the bollweevil and the various forms of scale that attacked our fruits, and other pests which were making invasions upon our productive ability. For that reason I did not hesitate, although under considerable protest from various sections, to authorize Federal authority to go on the farm and state that if the farmer himself did not take the precautions and do what was necessary to prevent the further invasion of the corn borer, the Federal Government would do it for him.

Everyone will recall with what terrific opposition that interference with the farmer, even when it was on his own behalf, met from the farmer himself. It was largely due, I know, to the manner in which the law was being enforced. Some little whippersnapper sent out by Federal authority goes to a farm and tells the farmer that if he does not do a certain thing within a certain time it will be done for him. That stirs the average farmer to the point where he almost wishes to commit murder. That is because of his feeling that the farm is his, and he does not want somebody who knows nothing about it to come to him and tell him what to do.

I am afraid if this measure shall become a law, if it can in any form be justified in its application to cotton, that similar legislation will be demanded from certain sections on the part of other farmers, perhaps as to wheat and corn, perhaps as to every commodity which is produced in great quantities. We are entering now upon a new course. I am saying nothing about its constitutionality. I am not speaking of whether it is an emergency measure or a permanent one. I assume that it will be permanent if it shall prove to have any merit at all. I am afraid, however, that under the stress of an emergency we are entering on a course that is to become permanent not only in this case but in the broad field of agriculture. I think it never can become permanent generally, because I think that the revulsion of sentiment is going to be so terrific that nobody would feel free to undertake to extend the Federal authority over the farmer in the various States.

Mr. President, a step toward denying to the individual citizen the control of his own business goes further than any step we have ever yet taken. It seems somewhat dangerous when we do it in connection with voluntary cooperation, and yet when it can be done in such cases, I cannot see any legitimate objection to it. There might be an objection

where the Government pays for doing it voluntarily—I think there is objection to that—but that is neither here nor there; that is water over the wheel. However, here is a proposal which goes far beyond anything we have heretofore undertaken. If I do not mistake, it is going to create such a combined opposition, coming from every section of the country, that it will arouse a class feeling for action in accordance with what they seem to think is their best interest, which will come up from the landed people, who are, after all, what is left in the United States of independence.

As I have previously stated, I know of no passion that is stronger than the feeling that leads one to say, "This is mine. It is not only mine to hold but it is mine to convey if I want to, without any interference with that right, not only that the property is mine to do as I want to do with but that it is mine to sow when I want to, and with what I want to, and to the extent I desire, without having to come to Washington for permission before I do it."

If we shall embark on a policy which will ultimately reach the point where a farmer cannot put a plow in a field or turn a single furrow before he comes to Washington and gets permission, we will create a feeling which will be unlike anything that has ever been known in the United States. Then in 2 or 3 months, after he has the permission, the farmer will have some Government inspector coming to his farm and going over the planting to ascertain whether the regulations of the Federal Government are being respected. Can anybody fully appreciate the reaction of the farmer who will thus be put under the eye of the inspector?

Senators who are moving in this direction certainly ought to know where they are going. I am saying nothing about the impracticability of the plan; I am saying nothing about the impossibility of enforcing the proposed law.

Mr. President, the present Presiding Officer and I stood together in the attempt to enforce the prohibition law, and all will admit the terrific revulsion of public sentiment, which was the most surprising reaction I have ever known, which put out of existence by a flood of opinion not only the statute which was written in pursuance of constitutional sanction but also the constitutional sanction was put out of existence in a way that was more surprising than anything that has occurred in my political experience. That was largely due to the inability to make the enforcement effective. Yet here is a proposal to place every farmer under the eye of the Government, because I have a right to assume that if this is a good thing for the cotton farmer it will be extended to every one of the 6,000,000 farmers in the United States, who will be placed under the regulation of the Federal statute. If we could not enforce prohibition, how can we enforce this particular plan, which would interfere with the individual right of the owner of every foot of land in the United States?

Senators ought to realize the direction in which they are going. I am not concerned about the length of the step; I am more concerned about the direction of the step. It seems to me that we ought to proceed cautiously when we are proceeding along lines which interfere with such rights.

Mr. President, there came to me yesterday a publication known as "Hoard's Dairyman", a journal devoted to dairy farming. In it I find the following:

AS DAIRYMEN SEE FARM RELIEF

More than 2,000 letters accompanying questionnaires have renewed our faith and confidence in the intelligence and understanding of the man milking cows.

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union, have given us their answers to the question, "What do you think of farm relief?" Those 4,909 families operate 838,529 acres of land and milk 87,380 cows. To them dairy-farm relief is a tremendously serious proposition. Their living will be directly affected by any governmental action. Many of these people have expressed a feeling of gratitude at having an opportunity to give their opinion.

I ask permission to have the whole article published in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FESS. Mr. President, I read further from this magazine.

The verdict of 4,909 farm families in a Nation-wide poll from the following questions and answers is as follows:

In your opinion, will the Government plan for the control of production of all farm products be helpful to agriculture as a whole?

One thousand three hundred and sixty-six answered "yes."

One thousand seven hundred and twenty-nine answered "no."

One thousand three hundred and forty answered "It might be."

Has the cotton-allotment plan helped you?

"Yes", 228.

"No", 2,424.

Ten times as many answered "no" as answered "yes."

Mr. SMITH. Mr. President, will the Senator repeat that? What was the question?

Mr. FESS. "Has the cotton-allotment plan helped you?"

Mr. SMITH. There has not been any cotton-allotment plan. What is this man talking about?

Mr. FESS. This relates to the reduction of acreage. I am reading a statement in answer to the questionnaire that was sent out by this farm journal:

Has the cotton-allotment plan helped you?

"Yes", 228.

"No", 2,424.

"Perhaps", 124.

Has the cotton-allotment plan cost you money?

Two thousand eight hundred and thirty-six answered "yes."

Three hundred and sixty-four answered "no."

Two hundred and fourteen answered "maybe."

Has the wheat-allotment plan helped you?

Six hundred and nineteen answered "yes."

Two thousand four hundred and thirty-nine answered "no."

Two hundred and thirty-three answered "perhaps."

Has the wheat-allotment plan cost you money?

Two thousand six hundred and fifty-nine answered "yes."

Four hundred and sixty-one answered "no."

Two hundred and eighty-one answered "maybe."

Will the corn-hog allotment plan help you?

One thousand one hundred and thirty-seven answered "yes."

Two thousand and sixty-two answered "no."

Six hundred and forty answered "perhaps."

Will the corn-hog allotment plan cost you money?

One thousand six hundred and sixty-five say it will.

Six hundred and ninety-eight say it will not.

Four hundred and forty-seven say it may.

Has the N.R.A. raised prices of things you buy?

Four hundred and forty-five said "yes."

One hundred and three said "no."

Eighty-six are noncommittal.

Has the N.R.A. raised prices of things you sell?

Five hundred say "yes."

Three thousand one hundred and seventy-three say "no."

Evidently that would be where the processing tax was assessed back on the producer, instead of being passed on to the consumer. If it could be passed on to the consumer, evidently it would increase prices, but, on the other hand, if it should be assessed on the producer, it would have the effect of reducing prices.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. JOHNSON. Will the Senator pardon me for asking who sent out the questionnaires and from what he is reading?

Mr. FESS. I am reading from Hoard's Dairyman, a journal devoted to dairy farming. It is published in Wisconsin. This [indicating] is the journal itself.

Mr. JOHNSON. The questionnaire was sent out by whom?

Mr. FESS. By the journal itself, I assume.

Mr. JOHNSON. And the date of the issue?

Mr. FESS. The date is March 25, 1934.

Mr. SMITH. Mr. President, may I ask the Senator from Ohio from what journal he is reading?

Mr. FESS. I am reading from Hoard's Dairyman, a journal published at Fort Atkinson, Wis., a journal which came to my office today, and I assume a copy of it came to the Senator's office.

Mr. SMITH. As soon as the Senator from Ohio shall have finished I should like to analyze the situation with reference to which the Senator says 2,000 replies were received indicating that the action of last year did not help. I will not undertake to do so now, but when the Senator shall have concluded I should like to state the facts.

Mr. FESS. I shall be very glad to have the Senator from South Carolina do so. I desire to have the Senator know that this publication, which came to my desk on yesterday, attracted my attention when I saw the announcement of the answers to so many questions sent out. It seems to me to be very pertinent to bring it to the attention of the Senate while we are discussing the pending legislation. If there is nothing to it, the Senator is at liberty to show that to be so.

Mr. SMITH. I should hate to think that the 2,000 who said they received no benefit from the action of the farmers in the Cotton Belt last year were from the South. I do think that our people have at least common sense and decency, and I do not believe there are that many cotton growers in the South who would actually stultify themselves by making such replies.

Mr. FESS. Mr. President, I had not intended to read the article. I had asked unanimous consent, which was granted, to insert the article in its entirety in the RECORD without reading; but I will read the article if the Senator wishes me to do so, because it indicates that the writer does know what he is talking about. It discusses the cotton question. As I said, I do not know these people, and I have not verified the figures. I am giving them as they are printed here.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I should like to ask the Senator if he has information concerning how many of those questions which were sent from Wisconsin were sent down into the Cotton Belt.

Mr. FESS. I do not know. I do not know where they were sent.

Mr. DICKINSON. Mr. President, I suggest that the Senator read the article.

Mr. FESS. Mr. President, out of respect for the Senators favoring the legislation who wish to get on with their work, I will not take the time to read the article. I will simply insert it in the RECORD. If I were merely desirous of killing time, I should read it and comment on it, but I do not want to engage in any act of that kind. Does the Senator from South Carolina desire me to read the article?

Mr. SMITH. No; I do not think it is necessary. What the Senator has already read is sufficient.

Mr. FESS. Will the Senator from South Carolina read it?

Mr. SMITH. I will undertake to read it if the Senator will give me a chance to make a little speech myself. Under those conditions I will promise the Senator to read it.

Mr. DICKINSON. Mr. President—

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. I suggest that as the basis for some argument on the part of the Senator from South Carolina the Senator from Ohio read the article, because it is a very informative article, and the paper in which it appears is one of the outstanding farm papers of the Middle West.

Mr. FESS. Mr. President, I will read the article.

Mr. SMITH. The testimony of the Senator who has just taken his seat still further weakens the entire argument.

Mr. FESS. I will read it:

What do you think of farm relief? Those 4,909 families operate 888,529 acres.

Mr. SMITH. Mr. President, may I interrupt the Senator from Ohio?

Mr. FESS. I yield.

Mr. SMITH. The Senator from Ohio, I am sure, will admit, as he is fair, and I know him so well, that the pending legislation is of great importance, and there are two sides to it.

Mr. FESS. If the Senator does not prod me too much I will not read the article.

Mr. SMITH. I will sit down.

Mr. FESS. Mr. President, I do not desire to take the time to read the article, but the Senator was putting me in a position where I would have had to read it. Otherwise, he would think that I was trying to escape the force of his statement.

Mr. SMITH. Oh, no!

Mr. FESS. I do not want to do that. I will finish the summary of the article, and then I will give way.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. FESS. I yield.

Mr. COUZENS. Will the Senator enlighten us by telling us where the questionnaires went? It seems to me it is impracticable to find out about the cotton section by sending questionnaires to the dairy section.

Mr. FESS. I understand that questionnaires on cotton were sent to the cotton section, and questionnaires on wheat were sent to the wheat section.

Mr. COUZENS. Does the article say so?

Mr. FESS. It does not say so, but I assume so. The subtitle is:

More than 2,000 letters accompanying questionnaires have renewed our faith and confidence in the intelligence and understanding of the man milking cows.

I assume that these questionnaires were sent to the people who have the information. Otherwise, I could not imagine any sense to it at all.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. COUZENS. The article speaks of the intelligence and understanding of the man milking cows. I wonder what that has to do with the cotton section.

Mr. DICKINSON. The Senator had better read the article.

Mr. FESS. I think I will read the article:

An analysis of the opinions of these people is presented for those sincerely interested in upbuilding the dairy industry.

The doubt as to the advisability of having governmental plans for production control of agricultural crops is very evident in dairy farmers' minds. Thirty-one percent of all votes cast on this question said governmental plans would be helpful. Thirty-nine percent said "No" to this, and 30 percent answered this question with a "Maybe." Many letters, in discussing this question, stated that dairy farming did not belong under the A.A.A.; that governmental schemes breed inefficiency, and that the man who has learned to do a better job of farming is unduly penalized in the shuffle. Many readers have expressed the conviction that there is no burdensome overproduction in the dairy business and that our trouble may be due to underconsumption.

We need make no comment on the vote as it pertains to the cotton and wheat allotment program. These governmental schemes have, without question, been of no benefit to dairymen, have raised the prices of things he normally would buy, and have helped bring about a positive reversal of the enviable position formerly held by this industry.

We have received some criticism for including any questions on the N.R.A. and C.W.A., but we felt our readers had a perfect right to voice their opinions for or against any program that in any way affected them and their living. The fact that 95 percent of all who sent in questionnaires expressed their opinions on the N.R.A., shows the interest dairymen have in this sister ship of the A.A.A. Letters from our readers forcefully expressed their condemnation of this governmental venture. One New York farmer's story summed up the feeling of many when he said,

"We would have been a great many days farther out of the woods if the N.R.A. had never been forced upon our city cousins."

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. JOHNSON. It is obvious that the article relates to the effect upon the dairy farmer of what has been done with wheat and cotton rather than the effect upon the wheat grower or the cotton grower.

Mr. FESS. I think so. I assume that the major interest of this magazine is the dairy industry. While I should not be justified in saying that every article printed in it is of major interest to the dairy industry in its entirety, I can easily see that a publication of this kind would be of major interest to the dairy industry rather than to the public at large, and if the Senator asks me whether it is not obvious that the paper is primarily interested in dairying, I should have to say it is.

Mr. JOHNSON. I do not mean that. The questionnaire was directed to the wheat-curtailment plan in respect to its influence upon the dairy business, was it not?

Mr. FESS. Let me read the first paragraph again:

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union—

That answers the question—

have given us their answers to the question—

Here is the question:

"What do you think of farm relief?" Those 4,909 families operate 888,529 acres of land and milk 87,380 cows.

That would indicate that the questionnaire was sent to people who were primarily interested in cows, if that is the question to which the Senator wants an answer.

The vote on the farm-loan proposition was practically 50-50. Letters carried many sensible arguments on all sides of the loan program. A former cow tester now in the farm-implement business writes us: "My experience in several years selling farm equipment is that if I sell any man more than he can pay for I am 50 percent or more to blame, and that should apply to Uncle Sam as well." We have felt that this particular feature of governmental assistance possibly could do no more to relieve agricultural distress than any other.

Question 8 is:

Mark yes or no on the following dairy plans as to their possibility of helping you as a farmer:

- (a) The butter-fat allotment plan.
- (b) The Hoard's Dairyman plan.
- (c) The diseased-cow plan.

The article proceeds:

Question 8, giving dairy farmers a chance to name the plan most likely to benefit them, naturally holds the spotlight. Voting in favor of the governmental butter-fat allotment program under the A.A.A., we find 18 percent of all votes cast on this point. Against this plan we find 82 percent; 89 percent of those voting on the Hoard's Dairyman cow-culling plan said "yes", 11 percent said "no"; 58 percent of those expressing an opinion on the diseased-cow program voted "yes", 42 percent voted "no." It is interesting as well as significant that seven times as many votes were cast in favor of the Hoard's Dairyman cow-culling program as for the butter-fat allotment, and two times more than for the diseased-cow plan.

We have proposed a combination of cow-culling and diseased-cow plans but separated them on this questionnaire to get an expression of the importance of each in the minds of men milking cows.

We wish everyone who claims to have the dairy farmers' interest at heart, or who is in a position of governmental authority, could read the 2,000 letters we have received on this matter of a dairy plan—

And so forth. Now, I will finish the summary.

9. Should dairy-processing taxes be assessed on the basis of:

(a) A certain number of cents per pound fat on all butterfat produced?—Yes, 558; no, 1,842.

(b) A rate per pound fat that would vary according to the price received by producers?—Yes, 1,912; no, 980.

10. Should the Federal Government prohibit the manufacture and sale of oleomargarine?—Yes, 3,540; no, 745.

11. Should the legal fat standard for butter and all other dairy products be raised?—Yes, 1,845; no, 1,678.

Mr. President, I have taken much more time than I had intended to take, very largely because an analysis of the cross section of public opinion on the control of agriculture from Washington would indicate that it is not popular, and certainly as the days pass it will grow more unpopular. I

do not think that the American farmer, who is the last stronghold of individualism, is going to submit to such control without a serious protest. How far that protest will go, no one can tell, because that passion is all-controlling.

The present Presiding Officer (Mr. OVERTON in the chair) will readily recall the ancient custom in peasant life in countries such as Yugoslavia. For example, when a peasant dies in Carniola he is always buried with a handful of dirt taken from one of his fields placed under his head. That is a sacred custom, never departed from for centuries. The dirt is taken from his field and placed under his head so that he may know he is sleeping on his own soil. That expresses the passion which is innate in the American agriculturist, and any effort to interfere with his freedom by compulsion from Washington is going, in due time, to be met, I think, by a terrific revulsion of sentiment.

While I sympathize with the objective the proponents of the pending legislation have in mind, I do not believe it proposes a safe procedure, and for that reason I cannot go along with it.

(The article ordered printed at the conclusion of the speech of Mr. FESS is as follows:)

[From Hoard's Dairyman, Mar. 25, 1934]

AS DAIRYMEN SEE FARM RELIEF—MORE THAN 2,000 LETTERS ACCOMPANYING QUESTIONNAIRES HAVE RENEWED OUR FAITH AND CONFIDENCE IN THE INTELLIGENCE AND UNDERSTANDING OF THE MAN MILKING COWS

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union, have given us their answers to the question, "What do you think of farm relief?" Those 4,909 families operate 888,529 acres of land, and milk 87,380 cows. To them, dairy-farm relief is a tremendously serious proposition. Their living will be directly affected by any governmental action. Many of these people have expressed a feeling of gratitude at having an opportunity to give their opinion.

An analysis of the opinions of these people is presented for those sincerely interested in upbuilding the dairy industry.

The doubt as to the advisability of having governmental plans for production control of agricultural crops is very evident in dairy farmers' minds. Thirty-one percent of all votes cast on this question said governmental plans would be helpful. Thirty-nine percent said "no" to this, and 30 percent answered this question with a "maybe." Many letters, in discussing this question, stated that dairy farming did not belong under the A.A.A.; that governmental schemes breed inefficiency and that the man who has learned to do a better job of farming is unduly penalized in the shuffle. Many readers have expressed the conviction that there is no burdensome overproduction in the dairy business and that our trouble may be due to underconsumption.

We need make no comment on the vote as it pertains to the cotton- and wheat-allotment program. These governmental schemes have, without question, been of no benefit to dairymen, have raised the prices of things he normally would buy, and have helped bring about a positive reversal of the enviable position formerly held by this industry.

We have received some criticism for including any questions on the N.R.A. and C.W.A., but we felt our readers had a perfect right to voice their opinions for or against any program that in any way affected them and their living. The fact that 95 percent of all who sent in questionnaires expressed their opinion on the N.R.A. shows the interest dairymen have in this sister ship of the A.A.A. Letters from our readers forcefully expressed their condemnation of this governmental venture. One New York farmer's story summed up the feeling of many when he said, "We would have been a great many days farther out of the woods if the N.R.A. had never been forced upon our city cousins."

The vote on the farm-loan proposition was practically 50-50. Letters carried many sensible arguments on all sides of the loan program. A former cow tester now in the farm-implement business writes us: "My experience in several years selling farm equipment is that if I sell any man more than he can pay for I am 50 percent or more to blame, and that should apply to Uncle Sam as well." We have felt that this particular feature of governmental assistance possibly could do no more to relieve agricultural distress than any other.

Question 8, giving dairy farmers a chance to name the plan most likely to benefit them naturally holds the spotlight. Voting in favor of the governmental butterfat-allotment program under the A.A.A. we find 18 percent of all votes cast on this point. Against this plan we find 82 percent. Eighty-nine percent of those voting on the Hoard's Dairyman cow-culling plan said "yes"; 11 percent said "no." Fifty-eight percent of those expressing an opinion on the diseased-cow program voted "yes"; 42 percent voted "no." It is interesting, as well as significant, that seven times as many votes were cast in favor of the Hoard's Dairyman cow-culling program as for the butter-fat allotment, and two times more than for the diseased-cow plan.

We have proposed a combination of cow-culling and diseased-cow plans, but separated them on this questionnaire to get an expression of the importance of each in the minds of men milking cows.

We wish everyone who claims to have the dairy farmer's interest at heart or who is in a position of governmental authority could read the 2,000 letters we have received on this matter of a dairy plan. That the dairy farmer is thinking hard and sure would be the inevitable conclusion. His arguments are sane, conservative, and without prejudice. Facts and figures as to why the butter-fat allotment program is not sound and not practical are to be found without number. Constructive criticism, as well as appreciated support, is to be found in the letters on the other two plans. A statement from one letter reads: "If we all would discuss the farmers' problems as simply, clearly, and unbiased as Hoard's Dairyman always has, they would be solved more quickly and easily."

We feel that in fairness to all who answered question 9 on the processing tax, we should try to portray the feeling of the dairy farmer on this method of raising money from which to pay benefits. Our question asked for a choice of two methods of applying this tax. The vast majority of dairy farmers write that they do not want a processing tax. The brief comments carried in the border on this page are typical of a great many statements on the processing tax received from every State in the Union.

To the actual figures on this page, compiled in the table below, we should add the votes of county dairy committees, State breeders' associations, community clubs, dairymen's associations, and farm organizations that have discussed the Hoard's Dairyman questionnaire. This would add many thousands in actual numbers, but the farmers' views as expressed in the table below would be unchanged.

We want to take this opportunity of thanking our readers for their genuine response. Our faith in the man on the dairy farm has been materially strengthened again. We renew our pledge to carry on for the best interests of this, America's biggest industry.

PROCESSING-TAX COMMENTS

"It would be, to our way of thinking, just as logical to place a processing tax on labor as to tax the products that a farmer gains by labor."—E. W., Ohio.

"Most farmers of my section believe that a process tax would more than offset any benefit to dairy farmers."—L. B., Oklahoma.

"It seems to me that the process tax would lower consumption of dairy products rather than increase it, and that is the very thing which we do not want."—D. E. S., Michigan.

"As to taxing dairy products I am of the opinion that it would be the same as that of taxing hogs. I am sure it will be passed back to the producer."—G. S., Texas.

"This processing tax does not benefit either the producer or consumer, but it is used to pay the men who are sent around as bosses or overseers. The processing tax on wheat has raised the price of flour, bread, and crackers, with very little rise in the price of wheat."—W. T. S., Idaho.

"I am hoping there will be no processing tax on dairy products—and if there is, let it be a uniform tax."—F. K., Virginia.

"I think the processing tax is the most fool thing ever thought of. The way it worked for the hog men, they paid the tax instead of the consumer."—D. C., Vermont.

"I am emphatically against either a processing tax or the allotment plan as applying to poultry or dairy products."—G. A. F., Wyoming.

"A processing tax is unfair in every way. It could readily be used to destroy."—A. C. M., Indiana.

"Instead of talking processing tax and thereby reducing consumption, I think that we should try to induce a larger consumption of milk at present prices and let the prices follow the law of supply and demand."—C. S. B., Illinois.

"I am altogether against a process tax on dairy products. It will require an army of officers to administer this plan, and that would cost a lot of money, and many farmers would not come under this plan, so they would be worse off than now."—A. S., Wisconsin.

Verdict of 4,909 farm families in Hoard's Dairyman's Nation-wide poll on dairy farm relief

	Yes	No	Maybe
1. In your opinion will the Government plan for control of production of all farm products be helpful to agriculture as a whole?	1,366	1,729	1,340
2. Has the cotton allotment plan—			
Helped you?	228	2,424	124
Cost you money?	2,536	364	214
3. Has the wheat allotment plan—			
Helped you?	619	2,439	233
Cost you money?	2,659	461	281
4. Will the corn-hog allotment plan—			
Help you?	1,137	2,062	640
Cost you money?	1,665	698	447
5. Has the N. R. A.—			
Raised prices of things you buy?	445	103	86
Raised prices of things you sell?	500	3,173	543
6. Has the C. W. A.—			
Increased the purchase of farm products?	1,582	1,502	1,253
Decreased the purchase of farm products?	296	1,637	424
7. Has the farm-loan program helped you or your neighbors?	1,847	1,692	745
8. Mark yes or no on the following dairy plans as to their possibility of helping you as a farmer:			
(a) The butter-fat allotment plan	459	2,070	-----
(b) The Hoard's Dairyman plan	3,214	414	-----
(c) The diseased-cow plan	1,521	1,103	-----

LXXVIII—336

Verdict of 4,909 farm families in Hoard's Dairyman's Nation-wide poll on dairy farm relief—Continued

	Yes	No	Maybe
9. Should dairy processing taxes be assessed on basis of—			
(a) A certain number of cents per pound fat on all butter fat produced?	558	1,842	-----
(b) A rate per pound fat that would vary according to the price received by producers?	1,912	980	-----
10. Should the Federal Government prohibit the manufacture and sale of oleomargarine?	3,540	745	-----
11. Should the legal fat standard for butter and all other dairy products be raised?	1,845	1,678	-----

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La., and it was signed by the Vice President.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. SMITH. Mr. President, the Senator from Ohio has read what purports to be responses to a questionnaire as to the allotment of cotton last year. Now, I wish to put to the common sense of Senators the question whether, in their judgment, what was done last year was profitable. It was a fact that there were between twelve and fourteen million bales of old cotton carried into the beginning of the new-crop year. That twelve or fifteen million bales was about the world's consumption of American cotton, had we not produced a bale. If we had not produced another bale of cotton in 1933, the world would have had an approximately adequate supply of American cotton for the year 1934.

We were confronted with an enormous surplus, and I made the proposition, and received support, I am glad to say, of the majority on the other side of the Chamber, that the Government buy that surplus at the ridiculously low price at which that cotton was being sold, and say to the farmers, "As it cost anywhere from 14 to 16 cents a pound to produce cotton, we will buy this year's supply if you will enter into an agreement with the Government to accept the cotton which we thus buy at, say, 6 cents a pound, you not to plant next year, and allow this year's surplus to be substituted for 1933 production. Then when the Government markets that cotton, under the impulse of the law of supply and demand, the difference between what the Government paid, namely, 6 cents, and what it sells it for, deducting the overhead, will be given to you."

I had the support of the economic world in that proposition, because we had a year's supply in excess of the demand and the price had gone to a point where it did not represent half the cost of production. I finally got the Government to agree that the cotton that had been bought by the unfortunate Farm Board might thus be used. I say "unfortunate", but I will add, in passing, that I believe the Farm Marketing Act was as good legislation as ever passed, although it could not survive the terrific onslaught from the organized opposition. I do not hold any brief for the members of the Farm Board or for what they did; but I say the law itself, had the farmers joined, could have been made a success. However, I did persuade the Government—Mr. Hoover did not sign the bill nor did he comment on it—to offer to the farmer the cotton it held, and which ultimately amounted to approximately 4,000,000 bales.

What did the Government do? It said to the farmers, "If you will reduce your acreage 25 percent, we will sell you any cotton that we own at 6 cents a pound—as much cotton as you would produce on the acreage that you agree to eliminate."

To illustrate, suppose I had a hundred acres and agreed to reduce that acreage 25 percent. Say, on that 25 percent, for an average of 5 years, I had made 10 bales of cotton. The Government says, "All right; we will give you an option on 10 bales at 6 cents a pound. You may plant the other 75 acres, and what you make on the 75 acres, plus what we give you an option on, will make your full crop." More profit would come from the option cotton than from the cotton I made, because the Government took it at a dead flat rate of 6 cents a pound for $\frac{3}{8}$ -inch staple grade middling, with the premiums above and all discounts below.

If cotton should go to 10 cents a pound, by virtue of taking out 25 percent of my acreage, I got the difference between 6 cents a pound and 10 cents a pound, which every farmer got, and it did not cost him a nickel; it did not cost the Government a nickel, because the advance in the price by lowering the prospect of the yield put cotton to 10 cents a pound. The Government got back its 6 cents and all overhead, and the farmer got \$20 a bale on cotton which he himself did not that year produce.

Whenever a farmer himself decided that he would rather have the money than the cotton, the Government gave him anywhere from ten to fifteen dollars an acre. That was profit, because there is not a farmer in the Cotton Belt who makes ten to fifteen dollars an acre net profit. Therefore, those who said that it did not benefit the farmer, I suppose, must have said it from some insane asylum or dictated a reply there, because no man can truthfully say that it did not increase by 100 percent the profit to the farmer on the part of the crop reduced.

Now let me recapitulate. The farmer did have to sell one bale less than he would if he had planted his entire acreage, because for the amount he reduced the Government substituted cotton, pound for pound and bale for bale, from what the Government had on hand. What happened? The farmer got 10 cents a pound in place of 5 cents for what he did produce. If he had produced it within that 10 cents, he got a little profit. On the land that was taken out of cultivation, if he took the option on cotton, he made a clean profit of \$20 a bale.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. Am I to understand from those remarks that the Senator from South Carolina has studied and knows as much about cotton and cotton production as does the Senator from Ohio [Mr. FESS]?

Mr. SMITH. Oh, no. I am just giving my experience. [Laughter.]

I see my good friend from Connecticut [Mr. WALCOTT], who collaborated with me in trying to get the Government to see how it would not cost a penny and how it would be of infinite benefit to the producer if he plowed up the cotton, the Government substituting pound for pound and bale for bale of the cotton it held; and where the producer did not elect to take cotton, then to give him anywhere from \$10 to \$12 an acre and, in addition to that, to let him plant on that abandoned acreage anything he saw fit for home consumption.

What idiot, what moron would not grasp at any such proposition as that where he had a dead-certain profit if the price rose at all—and by virtue of the reduction it was indicated that it would rise, and it did rise—and how could any set of men, 2,000 in number, say he did not get a benefit out of it?

Not only was the benefit manifest, because cotton rose from 5 cents a pound in the midst of the depression until today it is 12 cents a pound, \$35 a bale advance in price, but what has been the report from the Bureau of Internal Revenue? By virtue of that rise in the price of cotton the income taxes have increased, according to the returns received up to the 15th of March, to the point where the Government had received back in increased income taxes twice as much as it ever paid for these benefits to the farmer.

Let us not make any mistake about it. I understand that the cotton buyer and the cotton speculator get the same profit out of a bale of cotton with cotton at 5 cents that he does with cotton at 50 cents. The ginner gets the same profit whether cotton is 5 cents or 50 cents.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. On the question of increased income taxes, was that increase from the cotton producers?

Mr. SMITH. Yes; and from those who handle the cotton. There is more margin of profit in cotton that brings 12 cents than in cotton that brings only 5 cents.

Mr. FESS. My income tax this year is much higher than it was last year, and I am not a cotton producer.

Mr. SMITH. I know. The Senator is one of our well-known multimillionaires. [Laughter.] I am talking about the average somebody.

Mr. FESS. Oh, no; I have not anything.

Mr. SMITH. Then the Senator did not pay any income tax.

Mr. FESS. I have not anything except my salary, but I have a good deal more income tax to pay this year than a year ago. The Senator does not mean that the increase in income tax indicates there is increased prosperity, does he?

Mr. SMITH. What is the use to cavil about this? The tax is there and the figures are there showing that more people are paying an income tax this year than before.

Mr. FESS. Since the Senator has entered upon that matter, let us get the income-tax list under the law preceding the last revision of taxes and see how many have been added to the income-tax list by virtue of the last revision, and then see how much is added to the increased taxes, rather than putting it on the ground of increased prosperity.

Mr. SMITH. Oh, I am not going into that.

Mr. FESS. No; I thought not. [Laughter.]

Mr. SMITH. The reason why I am not going into it is because up to last year, if the income rate had been revised down to zero, most of the people in my State would not have paid any tax, because they did not have anything on which to pay an income tax. This year they have.

Mr. President, I state without fear of contradiction that a crop which is exposed to ridicule and which has no attention paid to it so far as Federal legislation is concerned, that will accomplish what I have said in the way of increased income taxes, is worthy of consideration. I have been called "Cotton Ed", and it has been said of me, "He talks cotton and nothing else." But, Mr. President, cotton has held the balance of trade in favor of the United States for 70 years.

Mr. FESS rose.

Mr. SMITH. No; I am not going to yield.

Mr. FESS. Oh, please yield. [Laughter.]

Mr. SMITH. No; I am not going to yield.

Mr. FESS. I want to pay a compliment to my friend from South Carolina.

Mr. SMITH. As I get so few compliments, the Senator may proceed.

Mr. FESS. I simply want to state to the Senate and to my friend from South Carolina that his persuasiveness in the years past has been so great that I have voted with him on the matter he mentioned a while ago. I never in the world would have done it if it had not been for his powers of persuasion and his knowledge of cotton far beyond anything I have ever known in anyone else.

Mr. SMITH. I thank the Senator. I knew there was something good in the Senator from Ohio. [Laughter.]

In 1929 the American cotton crop of raw cotton brought \$1,500,000,000, some \$800,000,000 of which came from Europe and the foreign world. Think of a crop that produces \$800,000,000 annual accretion to the resources of the United States. Yet we stand here and fight day after day, asking the question, what does it cost to produce cotton, when every American citizen knowing that we have a monopoly of real commercial cotton of the world should not ask the question, what does it cost to produce it, but what can we

honestly and legitimately get out of it for the benefit of all American commerce?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CLARK. So far as Missouri is concerned we raise not a great deal of cotton, although we raise the best cotton in the world. Therefore I am not primarily interested in this question from the local standpoint of my State. I would like to ask the Senator whether it is not true that the rise in the price of cotton has led the way out of every depression the United States ever had in its history?

Mr. SMITH. If anyone will study our panics back as far as 1840, he will see that American cotton and the demand for it has led us out of every depression, as the Senator has stated.

Mr. President, I want to address myself for a little while to the proposition that is before us. Anyone who knows my history in the United States Senate knows that I am among the men who are most averse to Federal interference in State affairs. But we are in a condition never paralleled before in the history of America. We are suffering the birth pains of a new era. We are being born into an age that has no precedent in the history of organized civilization.

The miracles of the discoveries of science have absolutely obliterated every landmark, and caused labor conditions that are threatening the very foundations of our Government today. There has been made possible an aggregation of capital that has startled the world and threatened our financial and economic life. I know that we have to meet a brand new condition with brand new policies, radical conditions with radical policies. The situation today in reference to the cotton situation is hardly different from what it was a year ago. What was our experience?

We cut down the acreage 25 percent, and then occurred one of our phenomenal cotton years. On the reduced acreage we made almost an average crop, perhaps an average crop, not through any collusion on the part of the farmers who went into the undertaking in good faith, but because of the phenomenal weather conditions. The lint produced per acre last year was the greatest, I believe, in the history of cotton production. It may not be repeated again in years; but we did reduce the yield from an estimated 17,000,000 bales to about 13,000,000 bales.

Now, listen: When the Senator from Alabama [Mr. BANKHEAD] introduced his bill carrying with it the compulsory feature—first he had the license feature—the Secretary of Agriculture called me in and asked me what I thought of it. I said, "I am just not going to vote for Federal compulsion in agriculture unless a majority of the cotton producers, uncoerced, unthreatened, will answer your questionnaire, and a majority of them say, 'We want a compulsory law.'" He sent out questionnaires to practically every cotton farmer in the South, and more than 85 percent said, "We want the law."

The Senator from Ohio [Mr. FESS] and others here talk about the hardships we are going to inflict on the farmer. You can send to the Agricultural Department and get the names and addresses of 85 percent of the cotton producers of the South who have asked for this legislation. Why? In the first place, to forestall the exigencies of the season. If the farmer who, in good faith, has entered into acreage reduction by virtue of a splendid season should make more, he should be estopped from putting it on the commercial market. The Department figured that as we will have 10,000,000 bales of carry-over on the 1st of August 1934, if we do not put on the market more than 10,000,000 bales there will be a world supply of American cotton of 20,000,000 bales. If the present rate of consumption continues, which has jumped up in the last 2 years to 15,000,000 bales, we will have at the end of the cotton years of 1935-36, 5,000,000 bales, which is only about a million and a half bales above what the trade must have of old cotton. In other words, we will practically be back to normalcy.

But 10 or 15 percent of the farmers have not signed this agreement. You will find that that was the case when they volunteered to reduce their acreage. Eighty-five percent

have said, "We want to get rid of this surplus. We want a major operation to get rid of the appendix. It is threatening our lives. Let us have a major operation and cut it off."

Somebody talks about this being a permanent policy. Who in thunder wants to be operated on for appendicitis every year? We want to get rid of the appendix and get back to normal health, and go on and attend to our businesses without any further operations.

I said the farmers wanted to control themselves. Then there are men who, under the voluntary plan, will double and quadruple their fertilizer and make more on 60 percent of their acreage than they formerly did on 100 percent, or as much. There are others who will quadruple and quintuple their crop, hoping to benefit by the sacrifice of the other fellow.

What does the Government say in this respect? It says, "Are you willing for us to impose a tax, so as to put everybody in the same wagon, under the same rules, and subject to the same regulations, so that there will be no slackers or dodgers or profiteers at the sacrifice of other people, if there is a sacrifice?" And 85 percent of them say, "We are."

Now, it is just as voluntary to call upon them to bind themselves with this act as it was to call upon them to enter voluntarily into an enforceable contract that they would reduce their acreage. It is, to all intents and purposes, a voluntary thing.

What will be the result if we do not apply compulsory reduction?

I have said to my colleague the Senator from Alabama [Mr. BANKHEAD], "I think the tax ought to be collected at the gin, for the reason that the Census Bureau down here is going to report the number of bales ginned. It is not going to report how many bales have the privilege tax on them or how many bales have not. Therefore, if they are all ginned, they will say to us, 'Oh, yes; you have got the same thing.'" Well, we cannot sell seed cotton. That is not a commercial article in the sense of ordinary commercial terminology. Therefore, collect this tax at the gin. If the man honestly makes more than he intended to make, it will not hurt him to hold that surplus and apply it on the next year's crop. It will work no hardship on anybody, for this reason: People talk about going in and by compulsion curtailing and regulating the farmer's crop. I hope this year will be the only year it will be necessary, because if we reduce the crop to 10,000,000 bales or less, a great deal is going to depend on the season. The farmers themselves have asked for it. Their requests are on record in the Agriculture Department.

Now what will happen?

The Government says to them, "We will give you 3½ to 4 cents a pound for the average amount of cotton you made on the acreage you have taken out." That is theirs. "In addition to that, you can grow on that acreage for home consumption any crop that you desire. In addition to that, we have every reason to believe that the price will go up"; so that the farmer will get more for what he does make, he will get a good profit on what he does not make, and he will have an option on nearly one half of the carry-over that we have.

Now let us recapitulate:

If the farmer cuts down, he is allotted just so many bales, which cannot exceed 10,000,000, and he will get a better price for what he does produce; he will get 3½ or 4 cents a pound for what he does not produce; and if cotton should go up, he will get his premium on the equity he holds in the 4,000,000 bales now held by the Government in trust for him. He would be an infernal fool if he did not want to get into this thing, and get in now. Mark my words: The only people who are fighting this measure are the gin men, the fertilizer people, the speculators, et al., because it does not make any difference to them whether cotton is 5 cents or 50 cents a pound, they get theirs.

Mr. President, I wanted the Senate to understand that under ordinary conditions I would not be here advocating this radical move—and it is radical—but we have as much right in this emergency to ask for radical measures to cure

radical conditions as you had to name the hours of labor and the minimum price in my State. You have as much right to do this thing as you had to require the application of the doctrine of the codes and the N.R.A. We are suffering. You do not balk at that; but the minute we begin to talk about aiding farmers there are a million excuses.

Did I not come here and ask for \$100,000,000 to help those who are stripped of all financial resources, who have nothing to put up as security but the prospective crop they may make? This one and that one and the other one held up their hands in holy horror that that assistance should be asked for 6,000,000 farmers whom you go in debt to every day you go into the restaurant or into a dining room. You are in debt to the farmer for the clothes you have on, for the shoes you have on, for the food that you eat; but when he comes and asks for \$100,000,000 to enable all the farmers in America to stay home and make a crop, you cut it down to \$40,000,000, and then the Department added such expenses as to make it unavailable even to those who can qualify with a financial statement.

Now we come here and ask you, in response to the request of 85 percent of all the cotton growers of the South, to put them all in the same category, make them all toe the same mark, and relieve us of this horrible incubus, the surplus, in order to have us in such shape that there will be no question about what will be the commercial crop.

I am no more in favor of this kind of legislation than you are except in this emergency.

Mr. HASTINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Delaware?

Mr. SMITH. I yield.

Mr. HASTINGS. How long has it been since the cotton farmer was prosperous?

Mr. SMITH. About the year 1.

Mr. HASTINGS. Then this is not an emergency measure for the cotton farmer.

Mr. SMITH. There are degrees in damnation, as the Senator knows. [Laughter.]

Mr. HASTINGS. How long has it been since their condition has been worse than it is today, under the present operations?

Mr. SMITH. Under the present operations of what?

Mr. HASTINGS. Of the A.A.A.

Mr. SMITH. It has been improving since the enactment of the law providing for the plowing up of acreage.

Mr. HASTINGS. Are they better off now than they were in the year 1929 or 1928?

Mr. SMITH. No.

Mr. HASTINGS. Or 1927?

Mr. SMITH. No.

Mr. HASTINGS. Which of the years has been the best of those four—1927, 1928, 1929, or 1933?

Mr. SMITH. I should say along about 1927, 1928, and 1929 the farmer was doing fairly well. He was at least living.

Mr. HASTINGS. I have been in the Senate 5 years, and my recollection is that during all of that time the Senator from South Carolina has been complaining about the farmer's condition, and I was just wondering whether he could name a year when it was satisfactory.

Mr. SMITH. I see what the Senator is driving at. We started in 1928, with the storms which desolated Puerto Rico, and swept up the Atlantic seaboard and destroyed the crops. Senator Hiram Bingham stood on this floor and asked for \$30,000,000 to rehabilitate Puerto Rico. Our own people had suffered just as badly as had the Puerto Ricans. The crops were destroyed; there was nothing left; and I asked for \$6,000,000 to help our own people.

Mr. HASTINGS. Is it true that the Senator appeals to Congress when the farmers do not produce enough, and appeals to Congress again when they grow too much?

Mr. SMITH. If both conditions are disastrous, why should we not? Will the Senator answer that? If both of them are disastrous, and this is the only place to get relief, why should we not appeal?

Mr. HASTINGS. I suppose Congress might hope that the same disaster would not happen twice in the same year.

Mr. SMITH. I hope so, too; but under the Republican regime it happened two or three times a year. [Laughter.]

Mr. HASTINGS. This is a Democratic administration. We are out of the Republican administration now. We are in a different situation.

Mr. SMITH. The Senator means we are struggling to get out. That is why I am here appealing for the farmers, on account of what has happened.

I think there are certain amendments which the Senator from Alabama will offer which will improve the bill. There is not a business in the United States that has not already felt the impulse from the rise in the price of cotton. It is impossible to have \$350,000,000 to \$400,000,000 of foreign capital flowing into this country without business feeling the impulse. I ask all my friends—and I have many on the other side—to view this matter from the standpoint of an emergency, and the request of 85 percent of the cotton growers to put us all in a condition where we can with assurance look for the elimination of that terrible incubus of an enormous surplus, and not let the South, through any exigencies of weather, be placed in this Gethsemane for an interminable length of time.

Mr. President, all but a few of the farmers want it, and I think that we would find an Ethiopian in the wood pile if we examined those few. I have no doubt that we would.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. COUZENS. Would the Senator be willing to take out sections 2 and 3, which sections would give the President authority to extend the operation of the act?

Mr. SMITH. Frankly, I do not believe those provisions are necessary. I think that if we could confine the act to 2 years, that would be enough.

Mr. COUZENS. I think those sections ought to come out, then.

Mr. SMITH. That is my own frank opinion.

Mr. COUZENS. I should prefer to have the Senator from South Carolina come and tell us the necessity of extending the act, rather than leaving it to someone outside of Congress.

Mr. BANKHEAD. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. BANKHEAD. Let me say to the Senator from Michigan that I have an amendment on the clerk's desk which would limit the act to 2 years.

Mr. COUZENS. I would like to ask the Senator from Alabama why we cannot determine about the length of it, instead of leaving it to the President. I recall that when the Banking and Currency Committee had before it the proposal for the extension of the R.F.C. Act, we limited the operation of the act to March 1, 1935. In other words, we will be back at that time, and why delegate this power to an individual when we are to be here and could deal with it ourselves?

I hope the Senator will not ask that we give this authority to an individual to extend the act, or to curtail the act at any time at his will. It seems to me that the operation of this act extended for 2 years is quite enough, and that we ourselves ought to be able to determine whether it is necessary to extend the act further after that time.

Mr. BANKHEAD. Mr. President, the only trouble about it is the difficulty of getting congressional action, which the Senator recognizes. I regard the safeguard of requiring favorable action on the plan by two thirds of the farmers as being a proper safeguard. The President then may not take action unless he is satisfied that two thirds of the farmers want to put the act into operation. If it were merely the question of a declaration by any one person, such as the President, or the Secretary of Agriculture, I quite agree with the Senator, but this measure would require affirmative action by two thirds of the producers.

Mr. RUSSELL. Mr. President, does the action by the two thirds of the producers refer to every year, or only the year 1934-35?

Mr. BANKHEAD. It applies all the time, except that for this year it has been tested. After this year there will be required a vote of two thirds of the producers to put it into operation.

Mr. LONG. Mr. President, I want to say to the Senator from Alabama that I agree with the Senator from Michigan. I am from a cotton-producing State, and I do not think the Senator from Alabama should insist on that provision remaining in the bill.

Mr. BANKHEAD. If that is the sentiment here, I will not insist upon it. I know that some year in the future we may get a bigger surplus, and the Senators might want to apply the act. It would provide self-government for the farmers; that is all. If there is any developed sentiment here against it, I shall not insist upon it. I think it would very much strengthen the bill.

EMERGENCY AID IN EARTHQUAKE, FLOOD, ETC.

The PRESIDING OFFICER (Mr. OVERTON in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBINSON of Arkansas. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. McNARY. Mr. President, will the Senator state what the bill is?

Mr. ROBINSON of Arkansas. It is a bill introduced by the Senator from California [Mr. McAdoo] relating to loans by the Reconstruction Finance Corporation for certain purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Presiding Officer appointed Mr. McAdoo, Mr. LONERGAN, and Mr. KEYES conferees on the part of the Senate.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. McNARY. Mr. President, if I may have the attention of the Senator from Alabama, in charge of the bill, and the Senator from Arkansas, the leader of the majority, it is now the middle of the afternoon, our correspondence is heavy, and we have been in attendance on the floor of the Senate without cessation every day since Monday in the transaction of business of great importance.

The pending legislation, in my opinion, seeks to introduce a new philosophy into the agricultural industry of this country. Few Senators have had opportunity to study it. Several Senators who are very particular about having full information on the subject before they vote have stated that they hoped we might take a recess until Monday so as to afford them an opportunity to look into the legal aspects of the matter, and to read the cases which have been cited by the Senator from Alabama and the Senator from North Carolina. A great many of them have not read the debates in the House, and have not had opportunity to study the bill or read the report of the committee. In view of the situation, and the lateness of the hour, I suggest that the Senate at this time take a recess or adjourn until Monday.

Mr. ROBINSON of Arkansas. Mr. President, it seems to me that the suggestion of the Senator from Oregon is well worthy of consideration. I am disposed, with the approval of the Senator in charge of the bill, to move that the Senate take a recess until Monday.

Mr. LONG. Mr. President, I had hoped that the Senator from Alabama, if he is to withdraw the amendment, would do so now, because some of us might not be here Monday.

Mr. BANKHEAD. I withdraw the amendment. I stated that I would.

Mr. ROBINSON of Arkansas. The Senator from Alabama has announced his intention of withdrawing the amendment.

I understood that the Senator from South Carolina and the Senator from Oregon might wish to take up a matter, but I do not see the Senator from South Carolina in the Chamber. I understand that the Senator from Tennessee has some conference reports which he would like to submit, and I will ask for a brief executive session.

Mr. BANKHEAD. Mr. President, in view of the urgency of action on the pending bill, the measure having been under consideration in the House of Representatives for nearly 10 days, and it being 2 months since the Committee on Agriculture of the Senate held hearings on it and reported it to the Senate, I think we ought to have some agreement, if possible, about taking a vote on the bill on Monday. So I ask the leader on this side to consider and submit such a suggestion.

Mr. ROBINSON of Arkansas. Mr. President, I think that is a reasonable suggestion. I ask unanimous consent that at not later than 5 o'clock on Monday the Senate proceed to vote on all amendments which may be pending or which may be offered and upon the bill to its final disposition.

Mr. McNARY. Mr. President, the Senator knows that would require a call for a quorum. I should be willing to consider a limitation on debate.

Mr. ROBINSON of Arkansas. Very well. I will modify the request so that after the hour of 4 o'clock on Monday no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment that may be pending or that may be offered. Is that satisfactory?

Mr. McNARY. If the limitation were made 15 minutes, I should have no objection.

Mr. ROBINSON of Arkansas. Very well; I will modify the request so as to make it 15 minutes rather than 10 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

STATE, JUSTICE, ETC., DEPARTMENTS APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, on yesterday, as I have already explained to the minority leader, the Senator from Oregon [Mr. McNARY], in agreeing to the conference report on the appropriation bill for the State, Justice, Commerce, and Labor Departments, there was a mistake made, for which no one is to blame. In the item of \$3,000,000, in line 13, page 110 of the bill, there was substituted \$2,775,000. That was not what the conferees agreed to. I ask unanimous consent that the vote by which the conference report was agreed may be reconsidered for the purpose of correcting that error.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the conference report was agreed to is reconsidered.

Mr. McKELLAR. I now ask leave to withdraw the report and to substitute therefor a report of the conferees with the corrected figures adopted by the conferees.

The PRESIDING OFFICER. Without objection, the report is withdrawn. The Senator from Tennessee submits in lieu thereof another report. Is there objection to the immediate consideration of the report thus submitted? The Chair hears none.

The report was agreed to as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 9, 17, 20, 28, 33, 35, and 36.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 10, 11, 12, 13, 14,

16, 18, 22, 23, 25, 26, 27, 29, 30, 31, 32, 34, 37, 39, 42, and 43, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided further, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light, in an amount exceeding \$3,000 for an ambassador or a minister, and not exceeding \$1,700 for any other Foreign Service officer"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: "Provided further, That no part of the appropriation made herein shall be expended for the purchase of old buildings"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and not to exceed \$1,700 for any one person"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That the maximum allowance to any officer shall not exceed \$1,700"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "not to exceed \$1,700 for any person"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$165,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,700,000, of which not less than \$200,000 shall be expended for veterans' placement service and"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 5, 8, 19, and 21.

KENNETH McKELLAR,
RICHARD B. RUSSELL, JR.
KEY PITTMAN,
GERALD P. NYE,

Managers on the part of the Senate.

W. B. OLIVER,
ANTHONY J. GRIFFIN,
C. A. WOODRUM,
ROBERT L. BACON,
FLORENCE P. KAHN,

Managers on the part of the House.

CARRIAGE OF AIR MAIL BY THE ARMY—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I have another conference report which I desire to call up. It is the conference report on the temporary air mail bill, which was submitted several days ago. I ask that it be now considered.

The PRESIDING OFFICER. Is there objection to the present consideration of the report? The Chair hears none. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill

(H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "pension at the rate prescribed in part 1, Veterans' Regulation No. 1 (a), and amendments thereto: Provided, That in the event of injury of any such officer or enlisted man the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by Veterans' Regulation No. 3 (a): Provided further, That choice shall be made of the benefits provided in sections 4 and 5 of this act"; and the Senate agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
THOMAS D. SCHALL,

Managers on the part of the Senate.

M. A. ROMJUE,
FRANK H. FOSS,
CLYDE KELLY,
W. F. BRUNNER,
HARRY L. HAINES,

Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. McNARY. Mr. President, I do not understand the nature of the report.

Mr. McKELLAR. It is the conference report on the temporary air mail bill. It has been agreed to by the representatives of both Houses.

Mr. VANDENBERG. Mr. President, will the Senator state what happened to the amendment which I offered?

Mr. McKELLAR. It was accepted absolutely as the Senator offered it.

Mr. VANDENBERG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

UNITED STATES BOARD OF INDIAN COMMISSIONERS

Mr. WALCOTT. Mr. President, I desire to submit a brief report which emanates from the so-called "Board of Indian Commissioners" appointed by the President each year, and in connection with it I will make a brief remark.

The United States Board of Indian Commissioners was created by act of Congress on April 10, 1869, an act which provided for the appointment of 10 citizens, eminent for intelligence and philanthropy, who would serve without pay and who were commissioners to visit and inspect Indian reservations and other branches of the Indian Service and report their recommendations.

I should like to have the names of those composing the last Board of Indian Commissioners inserted in the Record at this point.

There being no objection, the list of names referred to was ordered to be printed in the Record, as follows:

United States Board of Indian Commissioners: Warren K. Moorehead, Andover, Mass.; Samuel A. Elliot, Boston, Mass.; Frank Knox, Chicago, Ill.; Malcolm McDowell, Wilmette, Ill.; Hugh L. Scott, Princeton, N.J.; Flora Warren Seymour, Chicago, Ill.; John J. Sullivan, Philadelphia, Pa.; Mary Vaux Walcott, Washington, D.C.; G. E. E. Lindquist, Lawrence, Kans.; Charles H. T. Lowndes, Easton, Md. Samuel A. Elliot, chairman; Earl Y. Henderson, secretary.

Mr. WALCOTT. The purpose of the Congress was to set up a commission of reasonable permanence, having the sanction of the Government and composed of citizens who were acquainted with Indian problems and affairs, who should scrutinize Indian legislation and administration, detect and aid in remedying abuses, assist in the difficult adjustments of the Indians to an unfamiliar environment, act with entire

freedom in commendation or criticism of the plans and policies of the Government, and cooperate with the Secretary and the Commissioner of Indian Affairs in all efforts toward advancing the welfare of the Indians.

In all these directions the Board has rendered a good and useful service and has aided both the executive and the legislative branches of the Government in the solution of many difficult and perplexing problems.

Mr. WHEELER. Mr. President, I did not quite understand what the Senator from Connecticut was referring to. Is he offering a resolution or introducing a bill?

Mr. WALCOTT. Neither. This is a farewell to the Indian Commission, which has served for about 50 years. I submitted the report to the former Chairman of the Committee on Indian Affairs. He saw no objection to its being presented.

Mr. KING. No effort is being made to revive it?

Mr. WALCOTT. No effort is being made to revive it. It is a commendation of what they have done.

Representative citizens from all parts of the country—officers of the Army and Navy, presidents of colleges, clergymen, lawyers, scientists, journalists, men of large business affairs—have given diligent and disinterested service, visiting all parts of the Indian country, holding regular meetings in Washington or in the field, drafting needed legislation, conferring with the responsible executive officers, advocating policies before the committees of Congress, recommending improvements in plants and personnel, urging attention to neglected duties, watching contracts for supplies, and in many ways helping to educate the Indians in the principles, industries, and arts of a Christian civilization.

The efficiency of the conduct of Indian affairs is obviously impoverished when men like these are deprived of the opportunity of giving their official but uncompensated aid to the solution of the many problems that still confront the Government in its relations to its native American wards. It would be incredible if such a board, in its final report, did not have something to say worthy of the consideration of the Members of Congress and of the officers of the Department of the Interior.

Mr. President, I ask to have printed at this point a brief report concerning the United States Board of Indian Commissioners.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXCERPTS FROM THE SIXTY-FOURTH REPORT OF THE UNITED STATES BOARD OF INDIAN COMMISSIONERS FOR THE YEAR ENDED JUNE 30, 1933

Long observation and study have confirmed us in the opinion that one of the worst of the evils which afflict the dealings of the United States Government with the Indians is the superficiality and disconnectedness of the undertaking. The long history of those dealings has been a story of temporizing and postponing, of patchwork and makeshifts, of ambitious starts toward undefined goals, of half-hearted support of processes whose purposes have been quickly forgotten. The lack of a definite objective by which to judge methods and actions, the failure to visualize a comprehensive purpose behind the welter of laws and appropriations, activities, and institutions, has reduced a vast bulk of well-meant effort to futility.

In the judgment of this board the administration of Indian affairs, whether touching property, health, education, or social well-being, should all be directed toward the preparation of the Indians to be self-supporting, self-respecting citizens, ready to take their places in the normal life and labor of their native land. To this end certain legislative and executive acts are absolutely essential.

1. We again urge the passage of an act which will define an Indian and which will provide that no person of less than one-fourth Indian blood shall be eligible to continuing Federal care and supervision.

Thousands of people who have only a remote claim to an Indian inheritance are now getting benefits to which they are not entitled. Because a man's grandmother told him that her grandmother was an Indian is an insufficient reason for giving that man's children education, board, lodging, clothes, medical and dental care, at the expense of the taxpayers of the United States. Why should people with one thirty-second or one sixty-fourth of Indian blood be rated as Indians? So long as there are hand-outs coming to such people they will continue to press their preposterous claims.

2. We again urge the passage of an act to secure the codification of all the laws and treaties relating to Indians with a view to removing the present complexity and confusion.

Before any definite progress can be made in Indian affairs, the tangled muddle of acts and regulations and treaty obligations must be cleared up. This necessity has often been emphasized in the reports of this Board, but the Indian Service continues to be tied up in a smothering lot of conflicting and contradictory laws. Under such conditions it often proves that the only safe thing for an executive officer to do is to sit still and do nothing. If he moves a step in accordance with one act, he will become liable to indictment under another act. The slightest operation is charged with a score of implications or obstructed by ancient and forgotten barriers. No policy can be inaugurated or any outworn practice modified without a vast amount of floundering in the great intricate web of rules and regulations. We urge the passage of the bill providing for the codifying and simplifying of Indian law.

3. We believe that the extension over the Indian reservations of the sanitary and criminal laws of the several States is required and demanded both for the protection of society and for the welfare of the Indians.

A decent respect for law is at the root of our civilization. Why should 200,000 American citizens be permitted to enjoy the privileges of citizenship without acknowledging the duties of citizenship? Why should an Indian reservation continue to be a possible or active nursery of disease and lawbreaking? Is it not an injustice to the Indians themselves to keep them exempt from the legitimate restraints which regulate the conduct of their white neighbors? Years ago when the Indians were isolated and living in a primitive fashion, it was proper enough to let them handle their own offenders after their own customs, but now the situation is radically and permanently different. Whites and Indians are commingled. Railroads and highways cross and skirt the reservations. Thousands of Indian children are attending the public schools with the children of their white neighbors. Most Indians are living as white men live, and they are perfectly able both to comprehend and to obey the laws. It is preposterous that an Indian should be able to commit a crime and then avoid arrest and punishment just because he lives on a tract of land called a reservation. From that refuge he can defy the sheriff and the courts and the law of the State of which he is a citizen. The remedy for this outrageous situation is plain and simple. Make the laws of the State enforceable on an Indian reservation just as they are everywhere else, giving, if need be, the Secretary of the Interior authority to exempt, for the time being, the jurisdictions where he may find reason to believe that Indian life is still too primitive to make such application justifiable and appropriate. We urge the passage of an adequate law-and-order bill.

4. We advocate the gradual transfer of responsibility for the health, education, and general welfare of the Indians from the Federal Government to the care and authority of the States in which they live.

There has long been a great diversity in the matter of State and Federal jurisdiction in Indian affairs. Maine has always, in a self-respecting fashion, taken complete responsibility for the welfare of the Indians living on the reserves at Old Town and Point Pleasant. New York has long taken the major responsibility for the health and education of the 6,000 Indians living on the reservations in that State. This work is done with judicious and discriminating care by the appropriate State departments. Because of some small treaty obligations which go back into the eighteenth century, the Federal Government still maintains an agency at Salamanca, but the duties of the agent are confined to the distribution of certain gratuities provided for in these ancient treaties. The Thomas Indian School, maintained by the State for orphans or children from broken homes, is an admirable institution, ranking with the best of the Federal schools in other States. The legal status of the New York Indians is still uncertain, and an act of Congress giving the State courts complete jurisdiction is highly desirable.

In Virginia and South Carolina small bands of so-called "Indians", but of much-diluted blood, are occasionally aided by the State departments of health or education, but they have no Federal relations. In North Carolina, on the other hand, the Eastern Cherokees, living on a beautiful reservation in the western part of the State, are entirely under Federal guardianship, though many enrolled members of the tribe are living in the white communities scattered through the western counties and have practically been absorbed into the normal citizenship of the State. In Florida the few remaining Seminoles, living in scattered families in the Everglades, want, for the most part, just to be let alone. There is a Federal agent, who tries to help where he can, and State agents and public-spirited citizens of the towns and cities are usually helpful and cooperative.

The best thing that can happen now for the Florida Seminoles is the passage of the bill creating the Everglades National Park. This bill passed the Senate in the last Congress, but was held up in the House of Representatives. Mississippi some 20 years ago was successful in wishing a band of so-called "Mississippi Choc-taws" on to the Federal Bureau. This was obviously a step backward, where the Federal Government assumed responsibility for Indians who had long been taking care of themselves. Most of the other States east of the Mississippi have no Indian population and no problems. In Michigan, Wisconsin, and Minnesota slow but steady progress is being made in developing the cooperation of the State and Federal agencies. In Wisconsin and Minnesota the State commissioners of health, education, and public welfare work with the Federal authorities, preventing duplication and promoting efficiency. Michigan might well take over the care of the scattered bands in the Lower Peninsula. Iowa, Nebraska, and

Kansas might well assume responsibility for the small groups of Indians who live on or about the little reservations remaining in those States. These Indians are in close contact with the white communities and, except for their exemption from taxation and their demoralizing immunity from the control of the law, they live as their white neighbors live. California has just authorized the appointment of a commission, including the officers of the appropriate State departments, to work with the Federal authorities for the welfare of the California Indians. California has a much larger Indian population than any of the other States that have thus far undertaken such responsibilities. Progress in these directions will necessarily be slower in the States which have smaller resources and larger Indian populations. * * *

5. We have always urged as one of the primary duties of the Bureau of Indian Affairs the promotion of the health of the Indians living on the reservations by the enforcement of suitable hygienic and sanitary regulations and by adequate medical and surgical service.

There has been a real improvement in the health of the Indians in the last few years and there has also been a change for the better in the hospital facilities and personnel of the Indian Medical Service, * * * but higher standards for living quarters and increased pay will be requirements to make the health work among the Indians attractive to efficient doctors and nurses who, from the very nature of their duties, must accept isolated posts in the field and forego many conveniences which are part of the ordinary life of more advanced communities. * * * A probationary service should be required of every applicant for an appointment in the Medical Service. During his probationary period he should not be assigned to independent duty but detailed as an assistant in one of the larger service hospitals. His work at his first assignment, where he is under supervision of a physician with Indian experience, should determine whether he is suited for retention as a member of the permanent field medical staff. We urge more care in making sure that physicians entering the service have had an adequate training and experience in surgery and obstetrics. The Indian Service doctor is often so situated that he cannot call in specialists for difficult or abnormal cases. He has got to operate himself. He must be able to do emergency surgery and especially handle maternity cases skillfully and confidently.

We renew our recommendation that there be established at one of the larger Indian hospitals a school for training Indian girls to be practical nurses. This does not mean that the training should be of the standard required for the State board examinations for registered nurses. There is great need in the Indian Medical Service for practical nurses and many Indian girls are well qualified for this service, both in hospitals and among their own people. * * *

The dental work of the Indian Bureau is not up to standard and leaves much to be desired. The facilities for this service should be strengthened when funds are once more available for an adequate financing of such activities.

The institution at Canton, S.Dak., where Indians suffering from mental diseases are incarcerated is not a credit to the Department. It should be discontinued as soon as better accommodations and care can be provided elsewhere. The best place for insane Indians is at St. Elizabeths Hospital in Washington, a well-managed asylum, under the jurisdiction of the Department of the Interior. If the accommodations of St. Elizabeths are too crowded, and for any other reason are unavailable, then let arrangements be made with State institutions so that insane Indians can be cared for in the States where they live. * * * (Since this report was written the institution at Canton has been discontinued.)

6. We reaffirm our belief in an educational policy which will bring about the gradual transfer of Indian children from special and segregated schools to the charge of the public schools, but with provisions for homeless or orphan Indian children in Government boarding schools with a practical vocational and educational program.

We reassert our conviction that payments for tuition of Indian pupils in the public schools should be adjusted on the basis of the area of nontaxable lands in school districts rather than on rates fixed according to per capita costs, irrespective of the amount of lands in the possession of restricted Indians. * * *

We believe that teachers in the Indian Service should have a vestibule training in the special attributes of their work and that some acquaintance with the home life of the Indians is a necessity. A prescribed period of home visiting and study of reservation conditions should be required. For all teachers in the Indian schools, resourceful minds, Christian character, understanding of Indian peculiarities, common sense, grit, and gumption are more important than a college or normal-school degree.

We again warn against the precipitate or premature closing of boarding schools. There will be a long-time need of such schools to care for orphans, for children from broken homes or from districts remote from public schools, or from families whose nomadic life makes attendance at day schools impracticable. There should also be maintained for sometime schools where vocational training can be given and young Indians prepared for self-support in the various industries, wherein employment can be secured near their homes.

In the last 20 years no less than 52 Indian boarding schools have, for one reason or another, been closed. Some of these plants represented large investments of the money of the taxpayers, others were built by the use of tribal funds, others were old Army posts transformed into schools. We have caused a study to be made of what became of these abandoned plants.

The record is one from which certain warnings may well be taken, especially at a time when it is proposed to close more and bigger boarding schools than in any previous year. Of the 52 closed plants, 4 burned up, 6 were sold (4 of them to mission schools), 2 were transferred to some other department of the Government, 4 are used in part for local public schools, at 23—while most of the buildings are abandoned—some small units are still used for agency purposes, and 13 are not used for any purpose and are fast falling into ruin. * * * Can no values, either by sale or by use, be gotten out of these properties?

We renew our request for a consideration of the suggestion that two of the boarding schools, that might otherwise be closed, be established as special schools, one for boys and one for girls, for maladjusted young people. In almost all of the schools in the Indian Service we find the work handicapped and the morale imperiled by the presence of a small number of children who in white communities would be provided for in special schools for mental or moral defectives. Every State has institutions for the care of such cases, but Indian children of this type are scattered through the regular schools, and their presence impairs the efficiency of the school work and renders discipline difficult. For their own good, as well as for the good of the other children, these young people should be provided for in special schools or, where practicable, in the State institutions for the defective or delinquent.

7. The provision of facilities whereby Indians can secure suitable employment, and thus be more rapidly absorbed into the industrial life of the Nation, is another insistent need of the Service.

Another year of unsatisfactory employment conditions has been faced by the Indians, as well as the white citizens. The plans of the newly organized Employment Service of the Indian Bureau appear to be well devised, but we realize that at this time not much progress can be expected in a campaign of obtaining more work for the Indians. The Indian Bureau has, however, the opportunity to perfect the organization of its job-getting service so that it can function efficiently with the return of better times. No activity conducted for the welfare of the Indian has more promise than an organization the purpose of which is to take the Indian away from the old reservation life and place him on a self-supporting basis in the industries of the country.

FIELD SERVICE EMPLOYEES OF CIVIL WORKS ADMINISTRATION

The PRESIDING OFFICER (Mr. MURPHY in the chair) laid before the Senate a letter from the Administrator of Federal Civil Works, transmitting, in response to Senate Resolution 133, a report showing the number of persons employed in the field service of the Federal Civil Works Administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving wages in excess of \$2,000 per annum.

Mr. HAYDEN. I move that the letter and report be referred to the Committee on Printing with a view to the matter being printed as a document.

The motion was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. Reports of committees are in order.

There being no reports of committees, the calendar is in order.

POSTMASTERS

The Chief Clerk read the nomination of James G. Brown to be postmaster at Atmore, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Samuel J. Sanders to be postmaster at Fayette, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ernest D. Manning to be postmaster at Florala, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Herman Pride to be postmaster at Georgiana, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William M. Moore to be postmaster at Luverne, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Benjamin F. Beasley to be postmaster at McKenzie, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Edna E. Conner to be postmaster at Townsend, Del.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 3 o'clock and 57 minutes p.m.) the Senate took a recess until Monday, March 26, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 24 (legislative day of Mar. 20), 1934

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Maj. Walter Owen Rawls, Finance Department, with rank from July 1, 1920.

PROMOTION IN THE REGULAR ARMY

TO BE FIRST LIEUTENANT

Second Lt. Frank Jerdone Coleman, Air Corps, from March 14, 1934.

POSTMASTERS

ALABAMA

George W. Shaw to be postmaster at Carbon Hill, Ala., in place of W. V. Dodd, removed.

Ludwig Lindoerfer to be postmaster at Elberta, Ala., in place of A. H. Nagele, removed.

Ernest L. Stough, Jr., to be postmaster at Red Level, Ala., in place of R. E. Smith. Incumbent's commission expired May 23, 1933.

George W. Buck to be postmaster at Thomaston, Ala., in place of G. W. Buck. Incumbent's commission expired March 22, 1934.

ARKANSAS

William W. Harris to be postmaster at Earl, Ark., in place of N. M. O'Neill. Incumbent's commission expired January 5, 1933.

Ambrose D. McDaniel to be postmaster at Forrest City, Ark., in place of E. W. Connaway. Incumbent's commission expired September 19, 1933.

Harmon T. Griffin to be postmaster at Lake City, Ark., in place of D. E. Penick, removed.

Sue M. Brown to be postmaster at Luxora, Ark., in place of J. W. Seaton. Incumbent's commission expired December 11, 1932.

Elmer McHaney to be postmaster at Marmaduke, Ark., in place of A. M. Hall. Incumbent's commission expired December 16, 1933.

CALIFORNIA

Homer J. King to be postmaster at Banning, Calif., in place of W. E. Mack, removed.

George L. Vonderheide to be postmaster at Bishop, Calif., in place of A. A. Shirley, resigned.

William M. Welsh to be postmaster at Dunsmuir, Calif., in place of D. R. Geiger. Incumbent's commission expired January 29, 1933.

Howard Edwin Cooper to be postmaster at La Canada, Calif., in place of B. I. Metcalf. Incumbent's commission expired December 11, 1932.

Thomas F. Helm to be postmaster at Lakeside, Calif., in place of W. R. Darling, resigned.

Elvin M. Mitchler to be postmaster at Murphy, Calif. Office became Presidential July 1, 1933.

Howard V. Fournier to be postmaster at Niles, Calif., in place of C. M. Orcutt. Incumbent's commission expired December 19, 1932.

Nellie Heck to be postmaster at North San Diego, Calif., in place of J. J. Freeman. Incumbent's commission expired June 7, 1933.

Myrtle M. Evers to be postmaster at Novato, Calif., in place of L. E. Leavell, deceased.

Joseph A. Dinkler to be postmaster at Pacoima, Calif., in place of M. L. Williams. Incumbent's commission expired December 11, 1932.

Jane W. O'Connell to be postmaster at Palm City, Calif. Office became Presidential July 1, 1933.

Elmer G. Crofts to be postmaster at Penryn, Calif., in place of E. G. Crofts. Incumbent's commission expired February 10, 1934.

Annie M. Lepley to be postmaster at Plymouth, Calif., in place of A. M. Lepley. Incumbent's commission expires April 2, 1934.

John J. O'Connor to be postmaster at St. Marys College, Calif., in place of R. J. Doyle, deceased.

Nellie McGinn to be postmaster at Salida, Calif., in place of C. C. Hayes. Incumbent's commission expired February 28, 1933.

Bernice M. Ayer to be postmaster at San Clemente, Calif., in place of B. H. Latham. Incumbent's commission expired September 30, 1933.

Michael L. Collins to be postmaster at Seal Beach, Calif., in place of A. E. Collier. Incumbent's commission expired January 29, 1933.

Janet D. Watson to be postmaster at Tahoe, Calif., in place of J. D. Watson. Incumbent's commission expired February 10, 1934.

Elsie B. Lausten to be postmaster at Walnut Grove, Calif., in place of E. B. Lausten. Incumbent's commission expires April 2, 1934.

COLORADO

Harry M. Katherman to be postmaster at Aurora, Colo., in place of F. M. Shedd. Incumbent's commission expired December 16, 1933.

Walton T. Day to be postmaster at Byers, Colo., in place of Hal Parmeter, removed.

John H. Duncan to be postmaster at Crook, Colo., in place of E. A. Buckley. Incumbent's commission expired December 16, 1933.

John R. Hunter to be postmaster at New Raymer, Colo., in place of C. L. Snyder. Incumbent's commission expired December 16, 1933.

Ralph E. Vincent to be postmaster at Otis, Colo., in place of R. W. Auld. Incumbent's commission expired December 16, 1933.

DELAWARE

James J. Cahill to be postmaster at Wilmington, Del., in place of A. R. Abrahams. Incumbent's commission expired December 10, 1932.

FLORIDA

Eva R. Vaughn to be postmaster at Century, Fla., in place of E. R. Vaughn. Incumbent's commission expired February 10, 1934.

William L. Hoag to be postmaster at Davenport, Fla., in place of J. D. Louis. Incumbent's commission expired November 20, 1933.

Orrell W. Prevatt to be postmaster at Seville, Fla., in place of O. W. Prevatt. Incumbent's commission expired March 18, 1934.

GEORGIA

William T. Adkins to be postmaster at Edison, Ga., in place of Lula Flowden. Incumbent's commission expired May 23, 1933.

Joseph W. Murphy to be postmaster at Menlo, Ga., in place of Olene Watson. Incumbent's commission expired November 20, 1933.

Thomas B. McRitchie to be postmaster at Newnan, Ga., in place of T. M. Goodrum, deceased.

Heard C. Tolbert to be postmaster at Omega, Ga., in place of M. A. Westbrook. Incumbent's commission expired September 30, 1933.

Carleen E. Bell to be postmaster at Trion, Ga., in place of W. P. Tate. Incumbent's commission expired March 22, 1934.

GUAM

James H. Underwood to be postmaster at Guam, Guam, in place of J. H. Underwood. Incumbent's commission expired March 22, 1934.

ILLINOIS

Martin B. Dolan to be postmaster at Durand, Ill., in place of G. W. Fritz. Incumbent's commission expired December 20, 1932.

Eulalie E. Mase to be postmaster at Forreston, Ill., in place of P. R. Beebe. Incumbent's commission expired February 5, 1933.

Lawrence J. Kiernan to be postmaster at Genoa, Ill., in place of G. J. Patterson. Incumbent's commission expired January 10, 1932.

Ernest R. Lightbody to be postmaster at Glasford, Ill., in place of D. A. Howard. Incumbent's commission expired December 20, 1932.

Emily M. Cole to be postmaster at Glenview, Ill., in place of Frederick Rugen. Incumbent's commission expired December 20, 1932.

Melvin R. Begun to be postmaster at Hebron, Ill., in place of E. A. Mead. Incumbent's commission expired February 12, 1933.

Lenora B. Dickerson to be postmaster at La Fayette, Ill., in place of R. C. Bliss. Incumbent's commission expired December 20, 1932.

Thomas L. Roark to be postmaster at Macomb, Ill., in place of F. W. Harris. Incumbent's commission expired October 10, 1933.

Lucinda A. Gorman to be postmaster at Monee, Ill., in place of W. H. Sass. Incumbent's commission expired May 22, 1932.

Robert J. Blum to be postmaster at Nauvoo, Ill., in place of J. A. Beger, removed.

Marie E. Holquist to be postmaster at Stillman Valley, Ill., in place of L. R. Carmichael. Incumbent's commission expired December 20, 1932.

Fred N. Mayer, Jr., to be postmaster at Virden, Ill., in place of J. R. Burris. Incumbent's commission expired January 22, 1931.

INDIANA

George W. Purcell to be postmaster at Bloomington, Ind., in place of William Graham, removed.

Charles L. Wolford to be postmaster at Linton, Ind., in place of D. R. Scott, removed.

IOWA

Ernest E. Carlson to be postmaster at Battle Creek, Iowa, in place of A. A. Mickelsen, resigned.

Charles G. Vacey to be postmaster at Collins, Iowa, in place of C. O. Shearer, resigned.

Henry M. Maneough to be postmaster at Grimes, Iowa, in place of L. F. Friar. Incumbent's commission expired January 19, 1933.

Alden F. Palmquist to be postmaster at Hartley, Iowa, in place of C. E. Wheelock. Incumbent's commission expired December 18, 1933.

William Foerstner to be postmaster at High, Iowa, in place of William Foerstner. Incumbent's commission expired January 22, 1934.

L. B. Sutton to be postmaster at Inwood, Iowa, in place of L. H. Severson. Incumbent's commission expired December 18, 1933.

Ella McDonald to be postmaster at Ledyard, Iowa, in place of J. M. Weinberger. Incumbent's commission expired December 18, 1933.

J. Ray Dickinson to be postmaster at Soldier, Iowa, in place of T. F. Uhlig. Incumbent's commission expired September 30, 1933.

Hilma L. Peterson to be postmaster at Stratford, Iowa, in place of F. E. Lundell. Incumbent's commission expired December 13, 1932.

Charles W. Tigges to be postmaster at Sutherland, Iowa, in place of A. T. Briggs. Incumbent's commission expired December 18, 1933.

KANSAS

Samuel N. Nunemaker to be postmaster at Hesston, Kans., in place of S. N. Nunemaker. Incumbent's commission expired March 22, 1934.

LOUISIANA

Emile Aubert to be postmaster at Abita Springs, La., in place of Emile Aubert. Incumbent's commission expired January 19, 1933.

Mrs. Leonard C. Davenport to be postmaster at Mer Rouge, La., in place of J. V. Leech. Incumbent's commission expired January 19, 1933.

Neil D. Womble to be postmaster at Winnsboro, La., in place of T. C. Reagan, Sr. Incumbent's commission expired December 19, 1932.

MAINE

Sumner S. Drisko to be postmaster at Addison, Maine, in place of L. H. Lackee. Incumbent's commission expired December 18, 1933.

Roland S. Plummer to be postmaster at Harrington, Maine, in place of S. M. Dyer. Incumbent's commission expired January 26, 1933.

Lloyd V. Cookson to be postmaster at Hartland, Maine, in place of A. A. Marr. Incumbent's commission expired December 7, 1932.

James A. McDonald to be postmaster at Machias, Maine, in place of R. W. Chandler. Incumbent's commission expired December 18, 1933.

Ida P. Stone to be postmaster at Oxford, Maine, in place of I. P. Stone. Incumbent's commission expired March 8, 1934.

Helen C. Donahue to be postmaster at Portland, Maine, in place of C. A. Robinson. Incumbent's commission expired March 22, 1934.

Guy W. Swan to be postmaster at Princeton, Maine, in place of E. E. Pike. Incumbent's commission expired December 18, 1933.

George E. Dugal to be postmaster at Saint Agatha, Maine, in place of A. R. Michaud. Incumbent's commission expired December 7, 1932.

MARYLAND

Lillie M. Pierce to be postmaster at Glyndon, Md., in place of L. M. Pierce. Incumbent's commission expired February 10, 1934.

MASSACHUSETTS

J. Walter Brown to be postmaster at Brimfield, Mass. Office became Presidential July 1, 1932.

Martin J. Healey to be postmaster at Hubbardston, Mass., in place of Richard Lyon. Incumbent's commission expired December 16, 1933.

Mary B. H. Ransom to be postmaster at Mattapoisett, Mass., in place of W. H. Winslow. Incumbent's commission expired January 22, 1934.

Maurice J. Bresnahan to be postmaster at Medway, Mass., in place of H. T. Johnson. Incumbent's commission expired December 16, 1933.

Thomas L. White to be postmaster at Northboro, Mass., in place of H. L. Peinze. Incumbent's commission expired December 16, 1933.

David J. Templeton to be postmaster at North Cohasset, Mass., in place of F. L. Beal. Incumbent's commission expired January 8, 1933.

Thomas J. Daley to be postmaster at South Egremont, Mass. Office became Presidential July 1, 1933.

John J. Easton to be postmaster at South Walpole, Mass., in place of B. A. Crocker. Incumbent's commission expired December 16, 1933.

Robert E. Smith to be postmaster at Townsend, Mass., in place of G. A. Wilder, deceased.

Richard F. Burke to be postmaster at Williamsburg, Mass., in place of A. J. Polmatier. Incumbent's commission expired December 16, 1933.

MICHIGAN

Frank C. Jarvis to be postmaster at Grand Rapids, Mich., in place of A. E. Davis, transferred.

MINNESOTA

Joseph G. McRaith to be postmaster at Belleplaine, Minn., in place of F. E. Logelin. Incumbent's commission expired December 20, 1932.

Alta V. Mason to be postmaster at Blue Earth, Minn., in place of R. F. Dean. Incumbent's commission expired February 28, 1933.

James L. Paul to be postmaster at Browns Valley, Minn., in place of L. L. Medbery. Incumbent's commission expired February 9, 1933.

George K. Dols to be postmaster at Carver, Minn., in place of A. T. Arneson. Incumbent's commission expired February 28, 1933.

Albert O. McEachern to be postmaster at Delano, Minn., in place of Elizabeth Richardson. Incumbent's commission expired February 28, 1933.

William Guthrie to be postmaster at Emmons, Minn., in place of E. L. Emmons. Incumbent's commission expired January 11, 1933.

Tillman A. Brokken to be postmaster at Harmony, Minn., in place of J. L. Christianson. Incumbent's commission expired December 20, 1932.

Arthur S. Peterson to be postmaster at Houston, Minn., in place of J. E. Redding. Incumbent's commission expired June 19, 1933.

Bernice Otto to be postmaster at Isanti, Minn., in place of W. D. Oleson. Incumbent's commission expired February 28, 1929.

Leroy G. Schmalz to be postmaster at Lester Prairie, Minn., in place of E. C. Ernst. Incumbent's commission expired December 20, 1932.

Peter H. Riede to be postmaster at Mabel, Minn., in place of R. J. Stroud. Incumbent's commission expired June 7, 1933.

Francis L. Dolan to be postmaster at Milroy, Minn., in place of Julia Solseth. Incumbent's commission expired September 30, 1933.

John N. Kremer to be postmaster at Rice, Minn., in place of L. Z. Cairns. Incumbent's commission expired December 20, 1932.

Henry Schneider to be postmaster at Rush City, Minn., in place of F. W. Hanson. Incumbent's commission expired February 9, 1933.

MISSISSIPPI

Frankie M. Storm to be postmaster at Benoit, Miss., in place of F. M. Storm. Incumbent's commission expired March 18, 1934.

Carrie E. C. Fedric to be postmaster at Charleston, Miss., in place of F. M. O'Shea. Incumbent's commission expired February 14, 1934.

Thomas A. Chapman to be postmaster at Friar Point, Miss., in place of T. A. Chapman. Incumbent's commission expired March 13, 1934.

Florence Witherington to be postmaster at Lula, Miss., in place of Florence Witherington. Incumbent's commission expired March 13, 1934.

Fred W. Whitfield to be postmaster at Picayune, Miss., in place of F. W. Whitfield. Incumbent's commission expired June 19, 1933.

Robert E. Gryder to be postmaster at Shannon, Miss., in place of R. E. Gryder. Incumbent's commission expired March 22, 1934.

MISSOURI

Wilbur S. Scott to be postmaster at Deepwater, Mo., in place of C. E. Leach. Incumbent's commission expired December 18, 1933.

Thomas F. Herndon to be postmaster at Hume, Mo., in place of C. D. Green. Incumbent's commission expired December 18, 1933.

Willie D. Groom to be postmaster at Kearney, Mo., in place of J. H. Weakley. Incumbent's commission expired May 3, 1933.

Ruth Vandiver to be postmaster at Orrick, Mo., in place of V. N. Remley, resigned.

Rosa M. Hall to be postmaster at Parma, Mo., in place of L. A. Rademaker. Incumbent's commission expired December 20, 1932.

NEW HAMPSHIRE

Carrie B. Ware to be postmaster at Hancock, N.H., in place of C. B. Ware. Incumbent's commission expired March 18, 1934.

Charles Myers to be postmaster at Jaffrey, N.H., in place of Charles Myers. Incumbent's commission expired March 18, 1934.

NEW JERSEY

John R. Fetter to be postmaster at Hopewell, N.J., in place of J. R. Fetter. Incumbent's commission expired January 16, 1934.

NEW YORK

Lorenzo J. Burns to be postmaster at Batavia, N.Y., in place of H. W. Ware, removed.

Leonard A. Wiley to be postmaster at Cape Vincent, N.Y., in place of K. C. Steblen. Incumbent's commission expired February 9, 1933.

Arthur B. Stiles to be postmaster at Owega, N.Y., in place of S. W. Smyth, removed.

John M. Currier to be postmaster at Piercefield, N.Y., in place of L. J. Desjardins, deceased.

John M. Corey to be postmaster at Saratoga Springs, N.Y., in place of A. D. Ritchie, retired.

Daniel J. Falvey to be postmaster at Schuylerville, N.Y., in place of H. W. Leggett, retired.

NORTH CAROLINA

William H. Snuggs to be postmaster at Albemarle, N.C., in place of L. M. Almond, removed.

Mabel W. Jordan to be postmaster at Gibsonville, N.C., in place of C. C. Hammer. Incumbent's commission expired January 28, 1934.

N. Hunt Gwyn to be postmaster at Lenoir, N.C., in place of J. C. Smith. Incumbent's commission expired March 22, 1934.

NORTH DAKOTA

Harold R. McKechnie to be postmaster at Calvin, N. Dak., in place of H. R. McKechnie. Incumbent's commission expired December 16, 1933.

Anthony Hentges to be postmaster at Michigan, N. Dak., in place of Anthony Hentges. Incumbent's commission expired March 22, 1934.

OHIO

John H. Glick to be postmaster at Bascom, Ohio. Office became Presidential July 1, 1933.

Alta C. Singer to be postmaster at Chesapeake, Ohio, in place of J. E. Boster. Incumbent's commission expired December 18, 1931.

Walter A. Geiser to be postmaster at Dunkirk, Ohio, in place of E. W. Henderson. Incumbent's commission expired January 9, 1934.

Francis J. Daubel to be postmaster at Fremont, Ohio, in place of M. C. Cox. Incumbent's commission expired December 18, 1933.

Daniel P. Mooney to be postmaster at Glouster, Ohio, in place of H. F. Hambel, transferred.

OKLAHOMA

Jesse W. Keith to be postmaster at Halleyville, Okla., in place of J. M. Jarvis, removed.

OREGON

Edwin Allen to be postmaster at Forest Grove, Oreg., in place of F. D. Gardner. Incumbent's commission expired December 13, 1932.

George Larkin to be postmaster at Newberg, Oreg., in place of C. B. Wilson, removed.

Frank N. Lughton to be postmaster at Seaside, Oreg., in place of E. N. Hurd. Incumbent's commission expired December 8, 1932.

PENNSYLVANIA

John H. Snyder to be postmaster at Richfield, Pa., in place of P. V. Leitzel. Incumbent's commission expired January 8, 1934.

Harold I. Haines to be postmaster at Thompsettown, Pa., in place of A. F. Fry. Incumbent's commission expired January 8, 1934.

PUERTO RICO

Antonio Molina to be postmaster at Juncos, P.R., in place of A. G. Molina, deceased.

SAMOA

David J. McMullin to be postmaster at Pago Pago, Samoa, in place of D. J. McMullin. Incumbent's commission expired March 22, 1934.

SOUTH CAROLINA

Jesse C. Williams to be postmaster at Inman, S.C., in place of J. B. Bird. Incumbent's commission expired January 11, 1934.

Inez C. Wilson to be postmaster at Williamston, S.C., in place of G. S. Wilson. Incumbent's commission expired January 8, 1933.

TENNESSEE

Clarence H. Kilgore to be postmaster at Tracy City, Tenn., in place of A. L. Henderson, resigned.

TEXAS

Rowland Rugeley to be postmaster at Bay City, Tex., in place of C. J. Stoves, removed.

Frederick M. Faust to be postmaster at Comfort, Tex., in place of Elizabeth Ingenhuett, resigned.

Roy B. Miller to be postmaster at Crawford, Tex., in place of J. A. Noland. Incumbent's commission expired February 28, 1933.

George L. Kellar to be postmaster at Dublin, Tex., in place of W. P. Hallmark. Incumbent's commission expired January 16, 1934.

Oscar W. Koym to be postmaster at East Bernard, Tex., in place of W. G. Shelton. Incumbent's commission expired December 20, 1932.

Warren C. Farguson to be postmaster at Hermleigh, Tex., in place of H. P. Vernon. Incumbent's commission expired February 23, 1933.

Lucie Hill to be postmaster at Hull, Tex., in place of Curtis Stewart. Incumbent's commission expired December 7, 1932.

Calvin E. Baker to be postmaster at Matagorda, Tex., in place of A. E. Duffy, removed.

Mabel B. McConnico to be postmaster at Port Lavaca, Tex., in place of O. O. Cherry. Incumbent's commission expired June 19, 1933.

Charles G. Conley to be postmaster at Quanah, Tex., in place of J. H. Wilson, resigned.

Judge E. Glass to be postmaster at Rosebud, Tex., in place of C. C. Morris, deceased.

Ora L. Griggs to be postmaster at Sanatorium, Tex., in place of O. L. Griggs. Incumbent's commission expired March 18, 1934.

Clyde Griffith to be postmaster at Sanderson, Tex., in place of L. R. Grigsby, resigned.

Herbert M. Campbell to be postmaster at Skellytown, Tex., in place of B. L. Paquette. Incumbent's commission expired December 7, 1932.

Tom Hargrove to be postmaster at Woodsboro, Tex., in place of Tom Hargrove. Incumbent's commission expired March 18, 1934.

VERMONT

Mary A. Keleher to be postmaster at Bethel, Vt., in place of John Noble. Incumbent's commission expired February 28, 1933.

Richard S. Smith to be postmaster at Bristol, Vt., in place of D. J. Wilson. Incumbent's commission expired December 20, 1932.

Herbert B. Butler to be postmaster at St. Albans, Vt., in place of A. G. Smith. Incumbent's commission expired December 18, 1932.

VIRGINIA

Alexander L. Martin to be postmaster at Catawba Sanatorium, Va., in place of A. L. Martin. Incumbent's commission expires April 8, 1934.

Kenneth H. Woody to be postmaster at Crewe, Va., in place of J. B. Dyson. Incumbent's commission expired May 28, 1933.

Miller A. Price to be postmaster at New Market, Va., in place of M. B. Wickes, retired.

Carroll C. Chowning to be postmaster at Urbanna, Va., in place of Cuthbert Brestow. Incumbent's commission expired February 17, 1934.

VIRGIN ISLANDS

Halvor Berg to be postmaster at Frederiksted, V.I., in place of R. H. A. Leader. Incumbent's commission expired March 22, 1934.

WEST VIRGINIA

Maurice L. Richmond to be postmaster at Barboursville, W.Va., in place of J. H. McComas. Incumbent's commission expired December 18, 1933.

Frank D. Fleming to be postmaster at Ravenswood, W.Va., in place of T. L. Wolfe, removed.

Charles Dillard to be postmaster at Walton, W.Va., in place of J. B. Marks, resigned.

WISCONSIN

Bert J. Walker to be postmaster at Almond, Wis., in place of G. A. Johnson. Incumbent's commission expired October 16, 1933.

William A. Roblier to be postmaster at Coloma, Wis., in place of W. A. Roblier. Incumbent's commission expires April 2, 1934.

Roy E. Lawler to be postmaster at Gordon, Wis., in place of R. E. Lawler. Incumbent's commission expires April 2, 1934.

Hans C. Peterson to be postmaster at Spring Valley, Wis., in place of R. D. Larrieu. Incumbent's commission expired December 18, 1933.

Louis H. Rivard to be postmaster at Turtle Lake, Wis., in place of J. H. Bunker. Incumbent's commission expired December 18, 1933.

WYOMING

Jesse B. Budd to be postmaster at Big Piney, Wyo., in place of J. B. Budd. Incumbent's commission expired February 25, 1934.

James C. Jackson to be postmaster at Sheridan, Wyo., in place of H. H. Loucks, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 24 (legislative day of Mar. 20), 1934

POSTMASTERS

ALABAMA

James G. Brown, Atmore.
Samuel J. Sanders, Fayette.
Ernest D. Manning, Florala.
Herman Pride, Georgiana.
William M. Moore, Luverne.
Benjamin F. Beesley, McKenzie.

DELAWARE

Edna E. Conner, Townsend.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 24, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal God, in whose loving arms we dwell and in whom are gathered our hopes and aspirations, hear us in this sacred moment. Be pleased to strengthen and bless us with the rapture of mutual confidence. Gracious Father, allow nothing to corrode the sanctities of friendship. We recall our personal frailties; the remembrance of them is grievous unto us. How clear becomes our vision of the helplessness of man and the necessity of divine grace. We rejoice that there is a loving Father on the throne of the universe; we beseech Thee to come and condescend to our need. Let not the successes of life exalt us, its ambitions dazzle us, its cares agitate us, nor its sorrows crush us. Be a guest in any home whose cup has been broken at the fountain and at whose hearthstone there may be heart-aching folk. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 21, 1934:

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

On March 22, 1934:

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction.

On March 23, 1934:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 2743. An act for the relief of William M. Stoddard;

H.R. 3072. An act for the relief of Seth B. Simmons;

H.R. 3780. An act for the relief of William Herod;

H.R. 5163. An act for the relief of Calvin M. Head; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

H.R. 1—SOLDIER'S BONUS

Mr. EAGLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. EAGLE. Mr. Speaker: The bill now before the House for consideration—H.R. 1, soldiers' bonus—provides for the present cash payment of the adjusted-service certificates to the veterans of the World War. Such certificates on their face mature in the year 1945. The total number of such adjusted-service certificates is 3,550,000. Their total face value amounts to about \$3,550,000,000. However, 3,000,000 veterans have borrowed from the Federal Treasury against their certificates the total amount of \$1,335,000,000. The equity of the veterans in their certificates, therefore, amounts to \$2,215,000,000. To put it in another way, the difference between the face value of the certificates payable by the Government to the veterans, upon the one hand, and the amounts borrowed by the veterans from the Government against these certificates, upon the other hand, amounts to \$2,215,000,000, so that by the enactment of this bill the Government would pay to the veterans the net

amount of \$2,215,000,000, which would operate to cancel both those certificates and that debt.

This bill does not propose to pay those bonus certificates with money to be obtained by the Government by the issuance and sale of interest-bearing bonds, but by the issuance of additional United States Treasury notes to the exact amount of the equity of these bonus certificates, about \$2,215,000,000.

This bill does not propose to create any new debt or liability against the Federal Treasury or Government. This bill in no sense involves the question whether there should be a liability by the Government to the veterans for adjusted-service compensation. That matter has been considered and settled by act of Congress approved by the President a few years ago, under which the Government confessed such total liability, payable in the year 1945. It follows that the only question before the House today is whether such certificates of acknowledged indebtedness maturing in the year 1945 shall be paid now in advance of their face date of maturity or whether such payment shall be postponed according to the face of the certificates until the year 1945. As further preliminary, it seems to me proper to observe that there has been for some years past annually impounded the sum of \$112,000,000 raised by taxation, and a similar sum is provided by law to be raised this year and each succeeding year until the year 1945 for the redemption of these certificates at face maturity, and that it is estimated to cost some \$10,000,000 to execute this law until 1945, both of which items would automatically terminate with the passage of this bill. It seems also proper to observe that interest upon the sums borrowed by the veterans from the Government against their certificates running from the year 1927 to the year 1945, the face maturity of the certificates, will practically absorb the equity of the veterans in their certificates; in which event the amounts already borrowed against their certificates will be substantially the total amount of benefits to be received by the veterans under the so-called "bonus law." I submit that when the financial conditions of the country from 1929 until the present time are considered no sane person would have expected these veterans to repay those loans out of earnings; and I further submit that the \$1,335,000,000 that these 3,000,000 veterans borrowed against their certificates was the deciding factor in preventing the total break-down of our country during the winter of 1932-33 that seems in retrospect to have been the climax of this tragedy of panic and depression.

I am keenly aware of the vast propaganda against this bill that has been and is being spread over the country. No other class of citizens in America has been so unjustly criticized or so falsely accused as the veterans of the World War during this depression. It is common to read in letters and in wires and in the press the charge that there is an extensive and persistent veterans' lobby seeking some selfish class advantage of the Government. I deny such statement absolutely. No veterans or their representatives and no lobby of veterans or others in their interest have approached me upon this subject. Upon the other hand, the propaganda is wellnigh universal, emanating from those placed well in life, against the proposal to pay the veterans' certificates at this time. Instead of a veterans' lobby operating, it is, upon the other hand, those opposed to the veterans being paid their adjusted-service certificates in cash at this time who are lobbying. I denounce the charge against the veterans of the World War for lobbying as being an unprincipled libel against as splendid body of patriots as any nation in all recorded history may proudly boast; and, when analysis is made of those who by letter and wire and in the press denounce the payment of these certificates in cash, usually it is found that such persons are affiliated with large financial interests which themselves seek and often have obtained in recent times from the Government far greater financial benefits and gratuities than the veterans ask as payment of acknowledged debt.

In that connection I would ask the House calmly to ponder the vast financial benefits this Government has conferred through the Congress upon different classes of the American people during the past 12 months. Of course,

I can only briefly sketch it; and I state in advance that I am not mentioning such items as follow by way of criticism, because I myself have joined you in the granting of such assistance, but I do mention it in order to emphasize that the Congress has aided practically every group of persons and of business interests in this country during the past year except alone the veterans.

For instance: (1) By the banking bill of March 9, 1933, over \$2,000,000,000 of additional currency was placed at the disposal of the banks that are members of the Federal Reserve System, by making eligible for rediscount additional collateral then in their portfolios; (2) \$500,000,000 was granted outright for unemployment relief; (3) \$3,300,000,000 was granted for public works; (4) \$950,000,000 was granted as additional emergency relief funds; (5) the credit of the Government was extended to the extent of \$2,200,000,000 in guaranteeing the bonds of the Federal farm mortgage system; (6) the Congress within the next few days will certainly further extend the credit of the Government by an additional \$2,200,000,000 to guarantee the bonds of the Home Owners' Loan Corporation; (7) \$300,000,000 was appropriated for the reforestation (C.C.C.) camps; (8) \$850,000,000 was recently appropriated as additional funds for the Reconstruction Finance Corporation to extend as industrial loans; (9) a great agency of the Government created by act of Congress under the name of Reconstruction Finance Corporation has, within the scope of its power, authority, and duty extended loans up to March 1934 amounting to a total of \$4,786,408,947. In order that it may be clear that business in all its major forms has received from the Government financial assistance through this source, consider a partial list of the different branches of American business receiving such loans and gratuities as well as the amounts in the aggregate each class has received as loans to March 1934, that is:

- (a) To Government agencies to aid many forms of public activities, a total of \$1,003,526,528.
- (b) Loans to banks and trust companies, \$1,896,925,340.
- (c) Loans to railroads, \$402,287,361.
- (d) Loans to mortgage loan companies, \$221,272,169.
- (e) Loans to Federal land banks, \$193,618,000.
- (f) Loans to regional agricultural credit corporations, \$166,442,905.
- (g) Loans to building and loan associations, \$114,017,920.
- (h) Loans to insurance companies, \$88,587,563.
- (i) Miscellaneous, \$48,674,351.
- (j) Purchase of preferred stock in banks and trust companies, \$257,600,616.
- (k) Purchase of other bank securities, \$192,947,150.
- (l) Loans to States and subdivisions, \$299,984,999.
- (m) To Commodity Credit Corporation, for loans on cotton, \$95,391,151, on corn \$65,017,572; total, \$160,408,723.
- (n) And many other vast and miscellaneous items.

To put it bluntly, it seems to many worthy gentlemen and many magazines and papers that it is entirely proper that the Congress enact laws under which the Government has extended vast loans and gratuities to almost every form of business activity in America, to the total extent, as I compute it, of some \$17,000,000,000 during the past year, although the Government certainly owed no legal or moral obligations to a vast majority in amount involved of such loans, in order to prevent their bankruptcies and total ruin; but that it is a horrible imposition upon the unsuspecting public for the Congress, representatives of the American people, to enact that the Government shall anticipate the payment of a debt it confesses in writing that it owes to 3,500,000 veterans whom the Congress, in the heyday of their glorious youth, voted into the maelstrom of war, and who, with a fervor that did not wane and a courage that did not blanch and a success that touched the deepest emotions of the American heart, carried the flag to a glorious victory.

I do not understand such view nor share such sentiments. I have voted for each and all of these great measures under which the whole American people have carried the burden to hold up the business fabric threatened with immediate

collapse, and I would do so again; but I submit that if the Congress can grant \$17,000,000,000 in a year for that purpose, when it did not owe the same as a debt, we can and should anticipate a debt of \$2,215,000,000 due by the Government in 1945 to 3,550,000 veterans by paying it now.

Seriously contemplate that body of facts and figures!

We have a grand total granted, given, loaned, or extended where the Government had absolutely no legal obligation amounting to a total of over \$17,000,000,000; but it is now argued that the same Government cannot and must not and should not pay at this time a legal and binding written obligation to 3,550,000 of its war veterans amounting to about \$3,500,000,000, upon which they have already borrowed \$1,355,000,000, the interest upon which will practically absorb their equity before the due date of their certificates in 1945.

In entire candor I must say that I regard that as a false position. It would never be taken except at the instance of the selfish financial and banking interests, who, having a monopoly upon the control of money and credits that affects the interests of all of our people and determines whether there is to be prosperity or panic, insist upon maintaining the present small and inadequate volume of currency that they now control and are, hence, unwilling to set the American people free by issuance of even a reasonable volume of additional currency that will be even more sound than much of the present volume of outstanding currency. Either the financial power and the banks must keep their hands off the necks of the people, or that which Andrew Jackson did to the Bank of the United States will seem tame in history compared to what the people will soon do to Wall Street.

In letters, in wires, in magazines, in papers, in committees, and in Congress it is argued that it is financially unsafe to increase the currency above the present volume, and, hence, that it would be a tragical blunder to enact this bill which provides for an increase by \$2,215,000,000 of additional Treasury notes.

These instrumentalities of propaganda and their kept agents and writers have made the most vast propaganda that the Congress has ever received against this bill. Their kept agents and kept writers and kept magazines and kept newspapers have for the past year constantly tried to convince the American people that this bill is a blunder. Everywhere such propagandists call the currency to be issued in accordance with the provisions of this bill "flat money", "greenbacks", "printing-press money", "wheelbarrow money", "baloney money", and a few other classic designations. The Wall Street propagandists, echoed by these agencies, would convince the country and have it in turn convince the Congress that the currency proposed to be issued under the provisions of this bill would be that sort of unsound money. They insistently demand only sound money. The Democratic Party, the Republican Party, the American Federation of Labor, the American Legion, the President of the United States, the leaders of both parties in the Congress, each Member of both Houses of Congress, almost each publication in America—one and all alike demand sound money. We all want nothing but sound money, but there is no common agreement in definition of sound money.

Wall Street would, by the means I have just stated, convince the country that all of the present volume of currency outstanding is sound money and that any addition to its present volume or that any new form of currency would be unsound money. Of course, those of us who have seriously considered this matter through the course of years understand perfectly that this is Wall Street's method of dealing, whereby it hopes to retain the present small and insufficient volume of seven forms of outstanding currency, because it is so small in total volume that the selfish financial interests can and actually do control it, and hence can and do actually control all credits to all the people based upon such small and insufficient volume of currency in circulation. Whether the outstanding total volume is sound or unsound is immaterial to the selfish financial groups, so long as it

is small enough in total volume that they can control it and so long as it is small enough in total volume that it does not sufficiently supply the public need, so that the public must turn to them for bank credit and they, in turn, be recognized as masters of America, and thus reap the financial rewards and profits. At one time in recent years there were \$65,000,000,000 of deposits in the banks in this country, of which less than \$5,000,000,000 was in currency, while \$60,000,000,000 was in bank credit based on that currency, for which the public paid interest to the banks. In other words, with the volume of currency in circulation so small, but within the direction and possession of the banks, they could and did multiply it twelvefold in extension of credits upon which they drew interest. That is power more stupendous than Army or Navy, for it is the power to extend or deny credits, and thus to make prosperity or produce the kind of chaos into which we have been plunged by big business and the financial interests beginning in 1929 and increasing in intensity and agony until March 4, 1933, and even yet existing in large measure in this wonderful country.

For one, I am not willing and I will not agree that the destiny of our matchless people shall be thus left in the hands and at the mercy of the financial and banking institutions of this country. But it has been thus in the past, it is thus at the present, and it will continue thus until the Congress of the United States exercises the mandate of the Constitution and its right and duty to coin money and regulate the value thereof.

I mentioned above that Wall Street and the large financial interests of the country and the banks would have you believe that all of the currency in circulation is sound money. What is a true and honest definition of sound money? By sound money is properly meant currency that may be taken to the Treasury of the United States and exchanged on demand for gold. Any kind of currency in circulation, except such as is redeemable in gold upon presentation at the Treasury, is unsound money; it is greenbacks; it is fiat money; it is printing-press money; it is "baloney money."

The country has had for many years and now has seven forms of currency in circulation. I shall next call attention to the security behind each and all seven forms of currency, and to the fact that nearly all of the currency in circulation that the financial institutions now call "sound money" because it is small enough in total volume that they can and do control it is wholly or in large part fiat money, greenbacks, "wheelbarrow money", printing-press money, "baloney money", because in only a few classes is same even promised to be paid in gold upon presentation at the Treasury.

First. As of February 28, 1934, of gold certificates there were outstanding \$1,112,755,000, and those gold certificates are secured by \$1,112,755,000 of gold held in the Treasury. Of course, that, indeed, is true and honest sound money.

Second. On February 28, 1934, there were outstanding \$495,459,000 in silver certificates. Those silver certificates are secured by 495,459,000 standard silver dollars held in the Treasury. In other words, this one half billion dollars of silver certificates in circulation are redeemable in silver by their very terms. Is that sound money, when it does not even promise to pay in gold? Certainly not.

Third. Take the case of the national-bank notes. As of February 28, 1934, there were \$984,637,000 of national-bank notes in circulation. Do the banks promise to pay them in gold upon presentation? They do not. Did the banks ever have the gold with which to pay them? They did not. Does the Treasury of the United States promise to pay that \$1,000,000,000 of national-bank notes in gold upon presentation at the counter of the Treasury? It does not. Did the Treasury ever make such promise? It did not. Therefore, can any honest mind say that the national-bank notes are sound money? Certainly not; because sound money, in any true and honest definition, means currency in circulation that will be redeemed in gold upon presentation at the Treasury. And the same figures and facts and reasoning and arguments and conclusions apply now since the Gold Devaluation Act as before that act. By what are such

national-bank notes secured? By gold? No; as I have just shown. But that \$984,637,000 of national-bank notes in circulation on February 28, 1934, was secured (a) by \$836,086,000 of United States bonds, (b) by \$39,413,000 of lawful money as a redemption fund, and (c) by \$99,508,000 of lawful money in a retirement fund with the Treasurer of the United States; not one dollar of gold promised or in hand with which to pay one single dollar of such \$1,000,000,000 outstanding national-bank notes. Will any honest mind say that the national-bank notes are sound money, according to an honest definition of the term "sound money"? Surely not.

Fourth. On February 28, 1934, and for many years prior to that, there have been outstanding \$346,681,000 of United States notes called "greenbacks." Wall Street and the great financial interests and the banks insist, it being a part of the volume of present money in circulation, that it is "sound money." By that they mean that same will be redeemed in gold, even before this country went off the gold standard a year ago and even before the recent Gold Devaluation Act, by presentation for payment in gold at the Treasury. Is that true now or was it ever true? No; because for many years past, and now, there is held in the Treasury for the redemption of that balance of greenbacks in circulation, amounting to \$346,681,000, gold to the total amount of only \$156,039,000. That is to say, this sound money, called "greenbacks", has 45 cents in gold in the Treasury for each \$1 in circulation, and it has had that percent reserve ever since the Gold Standard Act of 1900 and no more, and yet no one in 34 years has presented a greenback for redemption in gold. So that even the greenbacks, secured by gold with special act of Congress requiring that they be redeemed in gold and with gold impounded in the Treasury for their redemption, are not sound money, because there are only 45¢ of gold in the Treasury for their redemption or payment for each \$100 of greenbacks outstanding.

Fifth. Let us take the case of the Federal Reserve notes, that are universally supposed to be backed at par by gold, before the recent devaluation act and before the recent action of the Chief Executive in buying the gold of the Federal Reserve System with gold certificates. Prior to such legislation and proclamation the total outstanding volume of Federal Reserve notes was \$3,224,644,000. Did that volume have a gold dollar back of each Federal Reserve dollar note outstanding? It did not. On the contrary, it was secured by (a) \$35,138,000 of gold in the Treasury, (b) by \$2,765,318,000 of gold pledged with Federal Reserve agents, (c) by \$95,149,000 of eligible paper, and (d) by \$412,800,000 of United States bonds. So that there were more than \$500,000,000 of fiat money, of greenbacks, of printing-press money, of "wheelbarrow" money, of "baloney" money in even the Federal Reserve notes outstanding; and yet Wall Street and the big financial interests and their kept press and kept writers and the banks of the Nation would have the Congress believe that all of that Federal Reserve currency in circulation was sound money, as if it were backed by a corresponding amount of gold held in the Treasury.

Sixth. Take the case of the Federal Reserve bank notes. On February 28, 1934, there were outstanding a total of \$222,215,000, and not one single dollar of it was based on gold. How was it secured? It was secured (a) by \$1,144,000 of discounted and purchased bills, (b) by \$249,774,000 of United States bonds, (c) by \$12,595,000 of lawful money in a redemption fund with the United States Treasurer, and (d) by \$2,471,000 of lawful money in a retirement fund with the United States Treasurer. Of course, by the term "lawful money" is meant any of the seven different forms of outstanding currency, the six forms being already mentioned and the seventh form of money in circulation which I next mention. Thus it must clearly and conclusively appear to any sane and sensible mind that each and every dollar of such total outstanding \$222,215,000 of Federal Reserve bank notes are fiat money, greenbacks, printing-press money, "wheelbarrow" money, "baloney money". Not a dollar of it is founded on gold.

Seventh. The remaining form of currency in circulation is the Treasury notes of 1890, of which, on February 28, 1934, there were outstanding \$1,194,000, secured by 1,194,000 standard silver dollars in the United States Treasury, each and every bit of it, under the definition of "sound money" by Wall Street and its kept agents and kept writers and the propagandists, being fiat money—in short, unsound money.

I again declare my firm conviction to you that the only reason for this propaganda in favor of sound money, trying to make it appear that the total volume in circulation of the seven different forms is all sound money redeemable instantaneously by the Treasury in gold, is to scare the country into the belief that Congress will be wrecking the financial fabric by authorizing any additional money in circulation, so that in turn the country will demand of the Congress that it desist in its effort to increase the currency in actual circulation. Of course, the less money there is in circulation the more completely the country is dependent upon bank credits, and the more completely do the financial interests control the destiny of the American people. It is equally true that a vast and unjustified volume of money in circulation would ruin the country as completely as it has been ruined by an insufficient volume of money in the recent past and at present. The task is, therefore, for the Congress, in performance of its duty under the Constitution to "coin money and regulate the value thereof", sanely to consider what is an adequate volume for the needs of our people. Wall Street and the financial interests and the banks all alike assure us that there is an adequate volume of circulating medium outstanding, and that there is abundance of money in the banks to be lent on adequate security. However, universal experience for the past 3 years is that the banks being the sole judge of what is adequate security, they have unanimously and uniformly decided that nothing is adequate security except United States bonds. It was doubtless the hope of the Chief Executive and of the Congress when Congress enacted the banking bill on March 9, 1933, that the banks, being then made free to take nearly any and all paper in their portfolios to the Federal Reserve banks and rediscount the same for new Federal Reserve notes that they could lend to the people, would avail of that opportunity and so extend loans to business and thus assist in recovery. But I submit that it is within the clear knowledge and experience of each person within the sound of my voice that the banks have done no such thing, that they have not lent, that they are not lending, and that they will not lend; and of course I believe that, so long as the Government gives the banks the opportunity to invest their funds in Government bonds, that long the banks will not aid the country along the road to recovery by extending credits.

It is a common bank assertion and a truism as well that checking accounts predicated on loans extended take the place of currency; but when no loans are made, there are no checking accounts to be based on such loans, and hence a dearth of checks to take the place of currency. I submit, gentlemen, that when the banks have the resources as in the past year, vast deposits, vast reserves, and are all practically liquid, and yet will not lend, even if they should lend so as to aid toward recovery, then a time has come when the Congress, in the exercise of its constitutional duty to provide an adequate supply of circulating medium, should not only allow a discretion with the Chief Executive whether he will increase the outstanding currency but should affirmatively enact that there be forthwith a reasonable increase of the currency. What are the people going to do for money with which to carry on the ordinary processes of business life when the banks have practically ceased to function for any purpose except to receive deposits and to buy Government bonds?

Even if the soldiers' bonus should not be paid at this time upon its merits, it affords a legal, a moral, a legitimate means of distribution of new currency among the people, without adding even one penny to the national debt. This additional \$2,215,000,000 of new United States notes will be founded on

gold actually in the Treasury; and when paid to 3,550,000 men scattered into every State, county, and precinct throughout the vast Nation, will give that freedom to individuals and that purchasing power necessary for the final push over this hump of depression.

There is at this hour gold in the Treasury not now backing any currency that was acquired by the devaluation of the dollar recently in the total amount of \$3,146,749,000, besides other gold that has been more recently purchased. Even with \$2,000,000,000 of that set aside as a stabilization fund under the recent Gold Devaluation Act, there is at least \$1,200,000,000 of free gold in the Treasury which, at 40 cents on the dollar as required by the statutes as a reserve against currency issued, would be more than ample backing for all the currency to be issued under this bill, even if we were yet on the gold standard as formerly.

I call the attention of the Congress and the country to the fact that in February 1933 there was \$6,545,000,000 of money in circulation, but that on a corresponding date 1 year later, that is in February 1934, there was only \$5,292,000,000 of money in circulation; that is to say, there was an actual decrease from February 1933 to February 1934 of \$1,253,000,000 in the money in circulation.

As further illustrative of the absolute power over the welfare and the destiny of the American people which the banks exercise, I call your attention to the fact that the high point in money in circulation in the United States was in March 1933, the very month President Roosevelt assumed the Presidency, when it went up to \$7,500,000,000; and I call attention to the fact that in February 1934 the money in circulation was only \$5,292,000,000, a decrease in 11 months of \$2,208,000,000.

I earnestly submit to your serious consideration the proposition that if the financial powers and the banking institutions, which are private corporations incorporated under the acts of Congress, can in a period of 11 months deflate the volume of currency in circulation by \$2,208,000,000, and thus retard the efforts of the administration and of the Congress to restore normal conditions of prosperity in this marvelous land, it is competent and also a plain duty for the Congress representing the entire American people under the plain mandate of the Constitution to "coin money and regulate the value thereof" to place back in circulation the identical amount thus deflated in the last 11 months without being accused of following the dangerous expedient of inflation.

Perhaps this is too serious a statement to continue at great length, but this measure before us, in my opinion, involves the fate of this Nation. In my judgment, the danger lies not in an increase of the circulating medium by \$2,215,000,000, which Wall Street and its kept agents would have the country believe is inflation, but consists in the present insufficient volume of money in circulation whereby the country is starved; and in my judgment, when the Government shall cease, as of necessity it must shortly cease, to spend and lend untold billions of relief money throughout the country obtained by selling United States interest-bearing bonds, there will be a total collapse of the impetus toward recovery so far achieved unless meanwhile the Congress does its plain duty and provides the country with a reasonable additional amount of circulating medium.

The bankers have always been kind to me personally, too kind for my own welfare often, and I am not speaking in criticism of the bankers when I say that they have been buffeted so terribly in the last 4 years and are in such a state of fear and panic and apprehension that they have not lent, they are not lending, and they will not lend, and they have not contributed any considerable part toward recovery except in purchasing Government bonds; and when the Government ceases to pour out public funds in relief of distress and in employment of citizens, if the country is then dependent upon the banks to furnish credit through loans for further recovery, there is nothing but tragic disappointment and utter collapse inevitable. I beg you gentlemen to consider and reflect upon these matters, because to my mind they appear to be axioms. That tragical consummation can be prevented if Congress will do its duty and

provide the country with a reasonable additional volume of currency, for which distribution can more sensibly be had by paying this bonus in cash now as provided by the bill under present consideration than in any other way yet devised.

The total gold held in the Treasury this day is in excess of \$7,500,000,000. From that total deduct the stabilization fund of \$2,000,000,000, and that would leave a balance of \$5,500,000,000. Such amount of gold will, according to all banking practice, all expert opinion, and all human experience, safely support a total of \$12,500,000,000 of currency on the statutory 40-percent gold-reserve basis under the Federal Reserve Act of 1913. Even if the total amount of all seven forms of paper money outstanding were Treasury obligations redeemable in gold, which they are not, and if we were yet upon the gold standard, and even if the Treasury were under obligation to pay in gold each dollar of the national bank notes and the Federal Reserve bank notes and all of the other forms of "baloney" and fiat and green-back and printing-press and "wheelbarrow" money now outstanding, there is gold enough in the Treasury to do so and also to support the additional issue required by this bonus bill, under the 40-percent gold-reserve requirement.

From such total \$12,500,000,000 possible to be safely and legally issued, if there be deducted the total outstanding currency of each and all seven sorts as specified in my remarks amounting as of this date to \$5,292,000,000 in circulation, as shown by page 95 of the Federal Reserve Bulletin for February 1934, it clearly appears that an additional amount of over \$7,000,000,000 may safely be issued under the 40-percent gold-reserve requirement. However, no such vast additional amount is necessary or is required or is desired, and instead of such \$7,000,000,000 additional that is legally possible this bill calls for only \$2,215,000,000 additional.

Mr. Speaker and gentlemen, I claim no greater devotion than other gentlemen to the proper welfare of the veterans of the World War, but I yield to no other gentleman unless he was a soldier in that war in devotion to them and their welfare. I was a Member of this body in 1917 when the World War was declared. I was the second Member of this body to declare for that war, the able and brilliant Mr. Gardner, of Massachusetts, being the first. I was the very first Member of this body then to declare for the selective service system of forming that Army, called the draft system. I voted for each appropriation necessary to conduct that war to its final conclusion. I made trip after trip to the ports to wave the young patriots farewell upon their glorious adventure. I made trip after trip to the ports to welcome those who returned to this blessed land. Day after day we of the House and of the Senate who had taken that same position stood before the maps upon the wall in the lobby and gazed at the lines showing the gradual forward movements of those noble young fellows. Our hearts swelled with tender and affectionate pride when our young patriots arrived in France, and went immediately into action, and never turned their backs to the foe. We watched that line waver, but we never saw it break. In our minds and feelings we lived as nearly as possible with them day and night in the trenches, in the hell of shot and shell and poison gas. Their indifference to danger and death, their youthful ardor and enthusiasm under the worst conditions, their perfect courage under fire in the hardest battles, their uncomplaining resignation to sickness, wounds, disease, and even death suffered for the Stars and Stripes, and their manly conduct after victory, place them in the true category of the immortals.

I grieved with the parents when reports reached me and I communicated same to them that this and that son had paid the price of patriotism and had achieved the distinction of the ultimate sacrifice. We left some 100,000 dead upon the fields of war. When they broke the Hindenburg line that no other soldiers had more than dented, my emotions were like the emotions of other patriotic Americans in exultation at their deeds of daring and of valor. When they came back to the shores of America one universal

heart throb of pride and joy possessed our people. Whether descendants of heroic Union soldiers who remained in the North and East or had migrated to the golden West or whether descendants of heroic Confederate soldiers who remained in the land of sunshine and chivalry in the ancient South, wherever they went a united people poured out the blessing of their benediction upon them. The years have passed, and they are no longer in the heyday of glorious youth. Due to no fault of their own, multitudes are in distress and their spirits are darkened, life to multitudes is no longer glamorous, stern reality and suffering have tempered and sobered and saddened; and now they wonder, when they know their services were patriotic, their sacrifices great, their impulses right and their citizenship good, and that they have demanded little and received less of the Government they protected in their glorious youth, why they are held up to ridicule by the great and powerful and their satellites because merely they ask their Government to anticipate a debt the Government in writing confesses it owes them.

I earnestly believe this bill should pass. I earnestly hope it will pass the House and the Senate and be approved by the President. I want to see those splendid fellows in a solid phalanx parading under the flag again with the renewed feeling in their hearts that they did not fight in vain and that ingratitude of those who stayed at home is not to be their portion. I want to see their lives brightened, their families made more happy, justice done, joy and sunshine take the place of gloom and darkness; and by the passage of this bill I want them to know that the heart of the American people goes out to them now in their time of depression in remembrance and in affection and in gratitude for the deeds they performed in their glorious youth to the honor and glory of our beloved country.

A C.W.A. COUNTY ADMINISTRATOR GETS FIRED

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, what is the matter with Mr. Albert J. Burnham, editor of the Roger Mills County News? He has recently taken me to task in an article published in his paper. As a rule I do not pay any attention to this kind of criticism; but when a person rants, as he is now doing, the public is entitled to know what is wrong. He was recently fired as C.W.A. county administrator. He had a good job and lost it, after an investigation was made which showed that men paid out of the C.W.A. funds were required to perform labor in connection with the printing plant and for other acts that were out of line. Anyhow, affidavits to this effect were filed with the honorable Carl Giles, State administrator.

Did you ever see a fly that had been caught in a spider's web—how it kicks and jumps around for just a little while? He knew that President Roosevelt announced a policy asking that politics be kept out of public relief and C.W.A. activities. He knew that Members of Congress provided the legislation that set aside the money to be used for this purpose; yet, instead of obeying the President, he insisted in using the columns of his paper to publish statements about me that were either untrue or misleading, and every reader of his paper will remember that he has been doing this for many months.

He thought his position was secure and that he could continue to do as he pleased. To say the least, if he had not been so sure in thinking he could do as he pleased, he might now be holding down the position that was taken away from him. He was warned about using his paper to play politics and in promoting the candidacy of others while serving as head of the Civil Works Administration. I have it from the highest authority that he made a desperate effort to keep from being fired, but he continued until Mr. Giles, in order to carry out the policy announced by President Roosevelt, felt that all that could be done was to put someone in charge who was interested in the welfare of the poor unfortunates

who need employment and in addition would stay out of politics. There is an old adage: "A man generally reaps what he sows." Brother Burnham got exactly what he invited.

Up to the present time I have never written a single county administrator asking that anyone be given special consideration; on the other hand, I have been interested in securing a sufficient amount of funds to take care of those who are deserving; and being a supporter of the President, I was willing to do exactly what was recommended as to not playing politics with matters that affect the livelihood of poor unfortunates. How much better it would have been for Mr. Burnham if he had done likewise.

I have always noticed that when a person reaches the place in life where he thinks he is smarter than the other fellow that usually he is riding for a fall, and Mr. Burnham's experience in being fired for playing politics and mishandling funds under his control will, I hope, be a lesson to him in the future.

As to his criticism of me for giving recognition to my friends, instead of my opponents, I have no apology to make, as a person who will not stick with his friends cannot last long in anything. I do not believe that any fair-minded person would expect me to do otherwise; anyhow, every individual that has been appointed by me to render service to the district was authorized by a resolution which was unanimously passed at a joint convention held at Elk City, Okla., composed of county chairmen, congressional officials, and officers of the League of Young Democrats. This is the highest party authority that can be given in a district.

I am proud we have the kind of President who is doing his level best to restore this Nation to normalcy. He may make some mistakes, and would not be human if he did not, yet it is always to be deplored that a person acting for him should be found unworthy of trust, and I feel very sorry for Mr. Burnham, who did not obey orders and, of course, had to be relieved of his responsibility. I hope it will not be necessary for me to reveal other facts that relate to the mishandling of funds under his jurisdiction, as I prefer to let the dead rest in peace. Anyhow, he is at liberty to go ahead and sponsor the cause of anyone whom he may desire, and I will take my chances by standing with the President in his great program of recovery.

HOUSE RESOLUTION NO. 238

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I hope that the House will adopt the resolution offered by the gentleman from Illinois [Mr. DE PRIEST], providing for a fair and impartial investigation of the House restaurant by a committee composed of Members of this body. I think it is due to the House and the country that the committee be appointed and the investigation be made.

Furthermore, I hope the resolution may be adopted unanimously so that in our deliberations here we may give evidence of a sincere, earnest desire to compose the turbulent issues that have arisen over the restaurant, to the end that the country may have confidence that the final settlement of the controversy, whatever it may be, will be on a basis of exact justice to all the citizens of this Republic.

I cannot conceive of any reason why any Member of this House should oppose the adoption of this resolution, whatever his views may be on racial questions. The resolution does not fix any policies or promulgate any decrees. It simply provides in the good, old-fashioned American way that we shall have an open and aboveboard investigation by a committee of five Members to be chosen by the Speaker, toward the end of reaching a final understanding on a basis of fairness and justice toward all people. That is the tempo of the resolution; and I believe that under the unfortunate circumstances which have arisen and the atmosphere that now surrounds this controversy, it is best that we adopt this resolution at once and proceed to the investigation. The interests of the country require that something be done

to prevent a repetition of the riotous scenes that occurred in this Capitol last Saturday.

There was a great deal said in the speech made by Mr. DE PRIEST to the House on last Wednesday that I thought was admirable. It is true as gospel, as he stated, that among the colored citizenry of our country, comprising 0.1 of our entire population, communism has never taken root. It is true, as he stated, that when it comes to loyalty to our institutions, when it comes to giving their lives, if necessary, that the ideals maintained in our cherished Constitution may go on and on, blessing future generations, the colored people have always been "on the square with this Government." They do not entertain treasonable suggestions, they do not commit sabotage against the Government, they are true and loyal to America, and when the time comes to fight for home and country they are as brave soldiers as ever served this Republic. All of this was stated by Mr. DE PRIEST more impressively than I could state it, and he spoke truly. I believe, as he believes, that an element of our population that has such a clear record of loyalty and service to the country in peace and in war is entitled to its "just rights under the Constitution."

I thought Mr. DE PRIEST spoke in a high strain of patriotism when he said:

I have repudiated communism everywhere. I think it is un-American; it is against our form of government; and whatever complaint I have to make against the treatment of my people, I am willing to stay here and fight it out with you and not try to destroy our form of government.

I do not believe that in his heart the gentleman from North Carolina [Mr. WARREN] is at all opposed to this investigation. In his frank, clear, and well-tempered address to the House on March 23, he said:

It is a matter of utter indifference to me. I am always ready to meet, and to meet squarely, any issue that ever arises here in this body, but it is entirely up to the Members of the House to settle this whole thing according to both their desires and their tastes.

Mr. WARREN has made a financial success of the restaurant. His record in that respect is most remarkable. He has accomplished what a long train of predecessors could not do, by abolishing deficits in that establishment, and for the first time the restaurant is on a paying basis, so that, as far as the future reveals, it will no longer have to be sustained by Federal appropriations. For that notable achievement Mr. WARREN deserves much credit. I entertain the hope that he will agree to this investigation. The restaurant is a public institution. In the past its deficits—and they have been many—have been paid from funds derived from taxation of all the people, and its management should be conducted on a basis of absolute fairness to all our people.

I hope this investigation, when it is made, will result in the establishment of permanent rules for the restaurant and in an understanding that will settle this controversy satisfactorily for all time, and I hope it will be made soon. All Members of the House, North, South, East, and West, should vote for this resolution, and I see no reason why its adoption should be delayed until April 9 when the vote on discharge of the committee would be automatic under the rule. Let us join together and adopt it now and proceed with the investigation.

SENATE AMENDMENT 22 TO INDEPENDENT OFFICES BILL

Mr. McGRATH. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record, and to include therein replies I sent to telegrams received from the Veterans of Foreign Wars, the Disabled American Veterans, the United War Veterans, and the American Legion.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McGRATH. Mr. Speaker, in order that I and the other Members of the House might have exact information concerning the stand on the Senate amendments to the independent offices appropriation bill, I sent the following

identical telegram to the national headquarters of each of the following veterans' organizations: Veterans of Foreign Wars, Disabled American Veterans of the World War, United Spanish War Veterans, and the American Legion:

Expect Senate amendments 14 and 22 before House Thursday. Wire me position Veterans of Foreign Wars.

I received the following replies, all dated March 22, 1934:

Answering your telegram, Steiwer-McCarran amendment acceptable to Veterans of Foreign Wars.

JAMES E. VAN ZANDT.

Answering your telegram, Spanish War Veterans are more concerned as to the policy under which they receive benefits from Congress than the amounts they receive. Taber amendments, because of certain unfair provisions, are unsatisfactory. Steiwer-McCarran amendment, so far as it affects Spanish War Veterans, is acceptable. You may use this telegram as you deem best.

RICE W. MEANS,

Chairman National Committee on Legislation,
United Spanish War Veterans.

MY DEAR MR. MCGRATH: This will acknowledge receipt of your telegram requesting a statement as to the position of the Disabled American Veterans on the present legislative situation.

In reply, I would outline our position as follows:

1. The Disabled American Veterans feel that this session should not adjourn without reenacting practically all provisions of the old World War Veterans' Act so far as they concern the service-connected cases.

2. The Disabled American Veterans feel that the immediate action should be for the House to concur in the Steiwer amendment as it passed the Senate.

3. While we know of no one, speaking with authority, who has stated that the President would veto such a bill, persistent rumors to that effect should not, in our judgment, prevent Congress from performing its duty in the way of legislating to correct the cruel injustices which Senators and Representatives have had an opportunity to view in their home districts during the year that has elapsed since the enactment of the hysterical bill of last March.

4. Should the much-propagandized veto be returned, Congress should continue to do what it thinks is correct by overriding such a veto.

5. Should there be a veto and developments be such that it cannot be overridden, both branches, in our judgment, should, through existing committees, give deliberate thought to this whole vast problem and then vote on the committee reports in the regular way.

I take this opportunity to call your particular attention to two outstanding features of this whole situation.

During the past year every cross-section of Americans, from charwomen to industrial magnates, has had its full day in court in the discussion of every phase of the agreements covering their lives, with the single exception of the man disabled in the Nation's defense. Again, the most conclusive proof that the precipitous action of a year ago was not justified is shown by the fact that, during the past year, approximately 50 changes by law and Executive order have already been made in the act, and it is manifest that other changes are imperatively needed.

Most respectfully,

JOE W. MCQUEEN,

National Commander Disabled American
Veterans of the World War.

MY DEAR CONGRESSMAN: In response to your telegram, it is our opinion that if the House recedes and concurs in the Senate amendments relative to World War veterans, the bill that will go to the President will be vetoed. In which event the veterans will obtain nothing by way of legislation.

The House amendments contain substantially three points of the American Legion four-point program. A vote for them would at least be an effort to provide relief for the war disabled, which is the object of the American Legion.

We respectfully request that you lend your aid and assistance in seeing that the House does not take this action, but that the House insists upon its own amendments relative to World War veterans. We are convinced that if the bill goes to the President with the House amendments, it will be signed.

I am, very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative
Committee American Legion.

It will be noted that all of the organizations except the American Legion stand squarely behind the Senate amendment. I would also call to your attention the statement in the first paragraph of the letter from the American Legion that their reason for supporting the Taber amendment rather than the Senate amendment is based solely upon the assumption that the Senate amendment would lead to a veto.

I have listened carefully to the discussion, and I have consulted every available source of information. I have received no definite assurance that either amendment will or will not lead to a veto at the hands of the President.

I will stand upon my own opinion that the Senate amendment, in spite of its defects, comes closer to giving justice to presumptives with real disability, with war-time origin, to Spanish-American War veterans, and to actually disabled emergency officers with service-connected disabilities.

I continue my support of the Senate amendments, thus fulfilling my promise that I would do my best to correct any injustices which might develop under Public, No. 2, Seventy-third Congress.

PERMISSION TO ADDRESS THE HOUSE

MR. BLANTON. Mr. Speaker, under the question of the privilege of the House, I want to call attention to the editorial appearing in yesterday afternoon's Washington Times in large box-car letters headed, "Federal Pay Cut Tricksters Cannot Prevail Forever." It states—

MR. SNELL. Mr. Speaker, if the gentleman from Texas is going to call the matter up under the question of the privilege of the House, the gentleman should present a resolution.

MR. BLANTON. I shall in a few minutes, if it becomes necessary.

MR. SNELL. It should be presented in the regular way.

MR. BLANTON. I did not want to take so long as that.

MR. SNELL. If the matter is of sufficient gravity to be considered as impugning the action of the House, it should be presented in the regular way.

MR. BLANTON. Does not the gentleman think it impugns the House when it refers to Members as pay-cut tricksters?

MR. SNELL. I should think so; but I think it should come up in the regular way.

MR. BLANTON. I did not want to take up an hour's time.

MR. Speaker, I ask unanimous consent to proceed for 3 minutes.

THE SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MR. BLANTON. Mr. Speaker, it is well known to every posted person that the President of the United States has insisted that not more than the amounts proposed by the House respecting restoration of pay cuts shall be granted, and that the fight made by administration leaders in this House on the subject of pay cuts has been in support of the President and his policy and program.

Yet, covering the entire top half of the editorial page of his Washington Times yesterday afternoon, printed in large box-car letters, Mr. William Randolph Hearst carried a slanderous editorial, stating:

The trickery and parliamentary maneuvering with which skillful politicians are delaying and frustrating the efforts to restore Government salaries are worthy of opponents of decency.

Why has it been necessary to resort to trickery to delay and heckle this measure?

It has been necessary to resort to such tactics because only by their use could fair-minded and honorable Members of the House and Senate be prevented from the prompt enactment of a provision which embodies one of the essentials of economic recovery.

Only by such tactics could the present inconsistent position of the Government on the matter of purchasing power be maintained.

The friends of decency, however, have one consolation, and that is that trickery cannot prevail forever.

The above is an uncalled for, inexcusable, slanderous attack upon the President. It was the President's program and policy which the administration leaders of the House were fighting to uphold. The President personally requested the House to take such action.

There has been no trickery. There has been no inconsistency. There are over 300,000 Government employees now getting high salaries. The fight has not been to restore salary cuts respecting the low salaries. The fight has been to restore salary cuts to all salaries. Every time there has been a vote taken in the House there has been a majority of the Members voting to sustain the President. On the last

vote we took the other day there was a majority of 46 votes sustaining the President's position. So the House of Representatives is with the President and not with Mr. Hearst.

For about a month, daily, the Hearst papers in Washington have been criticizing the House for not restoring all salary cuts. Every day in editorials printed in large box-car type covering the top of the front page Hearst papers here have cast slurs and criticisms because the House of Representatives has loyally supported the President.

I call attention to the fact that of all men on earth to take this position, William Randolph Hearst should be the last, for I am reliably informed that he first cut his employees' wages 10 percent and later cut them another 10 percent—a 20-percent cut to his employees. William Randolph Hearst ought to get his own house in order before he says a word about taking public money out of the Treasury to pay to Government employees. He ought to make a full restoration of salary to his own employees instead of compelling them to work under a 20-percent cut, as I am reliably informed is the case.

What is the purpose of William Randolph Hearst in this matter other than to sell a few newspapers in Washington? Is it a party matter with him? Is he a loyal Democrat? Is he a dependable party Democrat? I do not think he is. He never runs his paper in the interest of the Democratic Party or of the Democratic administration. Is he a loyal Republican? Has he ever fought your Republican battles for you? I think he is a mugwump, with his mug on one side and his wump on the other. [Laughter.]

AIR MAIL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I want to call the attention of the House to the pitiful plight of the Army pilots who are flying the air mail, and the enlisted men engaged in this service.

One thousand two hundred men in this service are not receiving enough money on which to live properly. Many of them have lost weight during this time of nonpayment. It is a very pitiful condition. It is just another example of the hardship that has been worked upon our Army men, as well as upon the air public, through the cancelation of the air-mail contracts.

I earnestly hope, Mr. Speaker, that something will be done to remedy this situation. I have introduced a resolution to pay these men. It should be passed immediately. It does not seem fair, it does not seem just that Uncle Sam's men should not have enough to eat; and I understand this has been the condition.

How long, Mr. Speaker, must the innocent pay for the alleged guilty? It is conviction without a hearing. If guilty, the air-mail firms should be punished at once, not the taxpayers and the innocent Army pilots, 11 of whom went to their death. The other Army pilots, because of lack of per diem allowances, are sent hungry on their most hazardous tasks. Why does not the administration pay its debt at once to the living; it can never pay its debt to the dead? Congress must act, as the administration will not.

A great many letters come to me, Mr. Speaker, from the air-mail public stating that although 8-cent stamps are put on their letters they are not receiving air-mail service. The air mail should again be carried by commercial companies.

I earnestly hope, Mr. Speaker, that something will be done to restore at once the air mail to commercial companies. Forty-six commercial pilots have been employed by the War Department to fly the air mail, another proof that the Army was not prepared to take over this work.

Just today I was talking with an officer concerning Army aviation training. He was a reserve pilot. He stated that in his 2 weeks of alleged training in the summer to fly Army planes he had received but 3 hours' actual flying experience.

The administration wrote for the Army pilots c.o.d.—a code of death, Mr. Speaker.

[Here the gavel fell.]

RECIPROCAL TRADE AGREEMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. I yield 30 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I wish to approach the discussion of this bill from a little different angle than that of those who have preceded me. In spite of what was said yesterday by the very distinguished and brilliant gentleman from Illinois [Mr. BRITTEN], I think there are profound possibilities for the promotion and preservation of world peace in the reciprocal trade provisions authorized by this bill. The greatest peacemakers in the world are the merchants and traders of the various nations who buy and sell with one another. I once heard Baron Shibusawa, the great Japanese statesman and business leader, say in discussing the possibility of war between his nation and ours:

Most wars result from the ambitions and mistakes of statesmen and warriors; but because of the mutual benefits and the kindly relations and community of interests that grow out of friendly and profitable trade, it is possible to weave a bond of friendship between nations so strong that neither the warrior nor the statesman can break it.

In the face of the new doctrine of national isolation and self-containment that is being urged as a part of our preparation for the next world war, it is refreshing to note that President Roosevelt's message asking for this bill met with immediate and favorable response, both at home and abroad.

We have listened to several quotations from a speech by the Honorable Ogden Mills, but I want to read a few quotations from the real molders of public opinion—the press.

That great Republican newspaper, the New York Herald Tribune, of March 17 last, in an editorial upon the bill under consideration, said:

The principle of reciprocity agreements has much in its favor. It has an old Republican lineage. Members of that party in Congress who now oppose it reveal a willingness to drive opposition to absurdity. The most that they can reasonably demand is that the President's powers be properly circumscribed. The Nation needs reciprocal trade agreements more than it needs the tariff as an issue in the next congressional campaign.

At a meeting of business executives at New York City on March 13 last, Col. Robert McCormick, editor of the Chicago Tribune, the leading Republican newspaper of the Central West, urged "full support of the administration program for developing foreign markets." Colonel McCormick proposed an immediate beginning on the foreign-trade expansion program, and said:

While I have not been authorized to speak for anyone but myself, I know the minds of my fellow editors. I know they are just as eager to develop foreign markets as I am, * * * with great benefit to ourselves and great benefit to those abroad.

At a national conference of farm editors lately held at Washington, D.C., the following resolution was adopted:

It is our conviction that neither American agriculture nor the American people as a whole can prosper adequately without perpetual effort to protect and enlarge our foreign markets, and to this end we urge that the utmost utilization be made of all practicable forms of reciprocity and international readjustment.

From far-off Chile at the moment of the President's proclamation on this matter comes the following:

SOUTH AMERICA ACTS TO SET UP TRADE ALLIANCE [Chicago Tribune Press Service]

SANTIAGO, CHILE, March 16.—Another and a more important step toward the goal of a South American economic alliance was registered at the first conference of continental chambers of commerce, which met recently in Valparaiso.

Whether or not the United States is associated with the newly developing policy will depend a good deal on Washington. Nevertheless it was indicated that the Latin-American traders are more friendly disposed toward the United States by the ringing cheers for President Roosevelt's reciprocal trade overtures.

CONTINENTAL CUSTOMS UNION

It is considered that the conference of chambers of commerce will be the starting point of many trade treaties. These negotiations must inevitably lead up to the realization of the aspiration common to all—a continental customs union.

From Brazil comes the following, and this also is taken from the Chicago Tribune:

Trade relations with Brazil are used as a specific illustration in suggestions for the development of foreign trade.

IMPORTS OVERWEIGH EXPORTS

The United States buys about 45 to 50 percent of Brazil's total exports, and the volume of our imports from Brazil is about three times as great as our exports to that South American country.

So we see that in the great Republic to the south of us there is a wide-open opportunity to expand the sale of American products.

From Italy comes this dispatch:

ITALY READY TO TRADE WINE AND SILK FOR UNITED STATES COTTON, MOVIES

ROME, March 16.—An exchange of Italian wine and silk for American cotton and films was suggested by experts today as a possible basis for an increase in trade between the two countries.

I could go on reading many more favorable quotations, but those read are sufficient to show the trend of public opinion both here and abroad.

Customs duties were originally levied for the support of governments. So-called "protective tariffs" were first advocated as a means to help infant industry, but in America the infant soon grew to be a giant. Next it was claimed that high tariffs were necessary for the protection of labor. But investigation showed that protected monopolies resisted every attempt to pass on to labor its share of tariff profits. American workmen have always had to organize and fight to win American standards of living and fair wages for themselves.

Prohibitive-tariff advocates now demand it because its beneficiaries need the money. They would make rates high enough to destroy competition. Trade barriers and embargoes are being set up between nations everywhere, and behind these walls the consumer pays the price that monopoly demands. The result of this policy has been the destruction of world trade, idle factories, abandoned farms, unemployment for millions of men, and tremendous losses to the national income.

A program of reciprocity and friendly trade agreements was never more needed than today. This bill is a part of the President's great program for business recovery. It is another bold stroke in his efforts to restore national prosperity. He asks for authority and power to battle for the recovery of our lost markets and to rebuild our trade with other nations. At the same time he promises to protect American industry and agriculture.

World trade is just what its name implies—an exchange of commodities between individuals and nations. Only trade balances are settled with money. We cannot sell unless we buy. There were no surplus problems to trouble American producers until tariff barriers between nations killed our markets for American products. It is un-American to put a penalty upon production. It can only be justified in a national emergency. The farmer or manufacturer who produces a surplus of useful commodities is promoting his own and his nation's prosperity and benefiting mankind.

Take my own case, for instance. I run a ranch out in Nebraska. If I did not produce on the farm more than I consumed I would be no better than the Indian that had lived there before me. It is necessary to produce a surplus in order to bring prosperity, either to the individual or to the Nation, but you must find a market to sell the surplus, and that is what we are empowering the President to do for us by this bill.

During the World War period trade barriers were broken down, demand and production were permitted an open field in which to operate, and world trade swelled to more than

\$50,000,000,000 annually. This great volume of world commerce warranted hopes that the gigantic war debts might be paid. Prices and production of both manufacture and agriculture were on a basis that permitted honorable liquidation of both national and private debts rather than the disaster and disgrace of general bankruptcy. But a spirit of intense nationalism grew out of the prejudices of the great war. Nations began to erect tariff barriers against each other and each sought to keep the profits and benefits of world trade and prosperity to itself and to deny to others their share.

This war psychology and policy of national isolation has prevailed until world trade is only one fourth of what it was from 1920 to 1930. Not only has world commerce been killed, but internal prosperity has sickened also. Millions of men have lost employment because the markets for their products have disappeared. World trade has shrunk from fifty billions annually to less than fifteen billions. Our foreign trade with other peoples has fallen from \$5,000,000,000 annually to something like a billion and a half. Under these conditions, unsalable surpluses have piled up, labor is looking for bread with which to live, and thousands of bankers, farmers, and business men are bankrupt. This bill will give the President power to wrestle with this problem.

There can be no permanent economic recovery until both foreign and domestic trade is revived. Profitable prices cannot long be maintained by enacting laws that heap increasing burdens upon consumers and taxpayers. We can bolster prices and inflate credit with Government loans, but notes and bonds must be paid and interest works night and day against the borrower. What the American people need is not the ability to borrow more money, but a price for our products that will enable us to pay what we have already borrowed.

To secure better prices we must build broader and better markets. American farmers and manufacturers are the most efficient in the world. They can win back the markets we have lost if permitted a free opportunity to do so. By this bill we are giving the President the power with which to win this opportunity for us. During the decade from 1920 to 1930, when we sold annually five billions of surplus products to other peoples, 40 percent of that trade was from the farm and 60 percent from the factory. We sent our surplus products north and south to the countries of this hemisphere, we sent them eastward across the Atlantic to Europe, we sent them westward beyond the Pacific to the Orient, and with them we laid hold upon the money and the commerce of the world, and we swept it across these mighty seas and poured it into the lap of American industry; and because of this great tide of trade and commerce, we became the happiest, the most prosperous, and the richest people upon the face of the globe.

It is to restore those happy days that your committee comes to the Congress with this reciprocal trade bill. It is a testimony of our faith that we can rebuild what has been torn down. It gives life to those policies of reciprocal trade taught by Blaine, by McKinley, and by Wilson. Speaking on this subject in 1921, President Wilson said:

Clearly, this is no time for the erection of high trade barriers. It would strike a blow at the successful efforts which have been made by many of our great industries to place themselves on an export basis. It would stand in the way of the normal readjustment of business conditions throughout the world, which is as vital to the welfare of this country as to that of other nations.

Embargo protectionists object to this bill because they fear the President will reduce tariffs to the injury of American producers. There is no warrant for that assumption. The American people have confidence that the President will only use the powers conferred in this bill to promote American trade and prosperity and give added employment to American labor.

Some say the bill gives the President too much power to control tariff. The tendency of high tariffs is to create private monopolies. Monopoly for profit is intolerable and indefensible. When once monopoly gets its hold upon the earnings of the people it requires drastic legislation to shake

it loose. James G. Blaine was a great apostle of commercial reciprocity between nations. His defeat for the Presidency was a greivous disappointment to Robert G. Ingersoll, the matchless Republican orator from Illinois, who nominated Blaine in a great speech. Ingersoll was a Democrat before he was a Republican and he was always a liberal on the tariff.

After Blaine's defeat a man in Peoria, Ill., where he lived, went to him and said: "Mr. Ingersoll, I cannot understand the tariff. It is too deep for me, but you have the gift of language; you think clearly upon anything to which you direct your mind; you can explain a thing so simply and so plainly that anybody can understand what you mean. I wish you would explain the tariff to me."

Mr. Ingersoll said: "I can explain it best by telling you a story. There was once an old man named 'Uncle Sam', who had a big family of boys. The oldest of his sons he named 'agriculture', the strongest and most industrious he called 'labor', a great big hungry fellow who could never get enough to eat he called 'consumer', and so on, down through his numerous family until his youngest child was born, the Benjamin of the family, and he named this promising infant 'industry.' 'Uncle Sam' looked at little 'industry' and said, 'He is not as big and strong as his elder brethren; I will have to feed him better than I feed them.' So he began to take away from 'agriculture' a portion of that which he dug by toil out of the land. He took from 'labor' a portion of what he earned by the strength of his arm and skill of his hands. He robbed the 'consumer' of a lot that belonged to him, and from the portions that he took from his elder brethren he mixed an infant food and he called it the 'tariff', and he began to feed it to little 'industry.' Under the inspiration of this marvelous food the child began to grow, he grew very rapidly, and the first thing 'Uncle Sam' knew here was his head sticking out of the cradle at this end and his feet way down there.

"'Uncle Sam' looked at him and said, 'I don't need to rob his brethren any longer to feed this big fellow, I'll let him take care of himself.' Instantly the child showed he could do so. He stood upon his feet. Behold, he had grown bigger than his father. The infant, 'industry', had become the giant, 'monopoly', and he said to 'Uncle Sam', 'Old man, keep on feeding me just as you have done or I'll knock your head off.'"

And said Mr. Ingersoll, "Uncle Sam was afraid, and he has been feeding him ever since."

With the decline of our world trade, Government receipts from customs duties have declined to an almost negligible amount. For 1929, receipts from customs duties were \$600,000,000 plus. For 1932 they had declined to three hundred and twenty-six millions, and for 1933 fell to the low level of only \$250,000,000.

For the decade from 1920 to 1930, when our world trade totaled four or five billions annually, the Treasury profited greatly, as well as industry and agriculture. Farm surpluses then consisted of money in the bank and cash in the farmers' pockets. Manufacture and commerce were busy supplying the commodities that farmers and laboring men were anxious to buy. A man once said to me, "When men have money, they humor their tastes." When the farmer has money in his pocket, he buys the products of industry and labor.

When our world trade was at full tide, cotton sold at 20 cents per pound on the southern farm, western wheat at \$1.50 per bushel, fat hogs at \$10 per hundred, and fat cattle at even a better price. Tobacco was double the present price and butterfat and other dairy products were 100 percent higher than at present. No wonder that under such conditions our banks were full of money, our stores were crowded with buyers, the wheels of industry were humming, and production was at high pressure in all lines of manufacture.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. SHALLENBERGER. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. The gentleman referred to the exportation of wheat. I call the attention of the gentlemen of the House to the fact that the value of wheat exported in 1932, including flour, was the lowest of any year since 1905. With reference to raw cotton, with one exception, the year 1931, the value of our cotton exports for 1932 was less than any year, save 1931, since 1903.

Mr. KNUTSON. Will the gentleman yield?

Mr. SHALLENBERGER. I hope that the gentleman will not use too much of my time.

Mr. KNUTSON. It is a fact that there are 12,000,000 acres in cotton in the British Empire. This fact was brought out in the hearings.

Mr. VINSON of Kentucky. I do not recall the acreage, but a large number of markets have been taken from us.

Mr. SHALLENBERGER. I decline to yield further.

From 1920 to 1930 we exported seven times as much as we did in the seventies of the last century.

For 50 years during good times and bad times, low tariffs or high tariffs, our imports have been divided 25 percent finished goods, 25 percent partly finished products, and 50 percent of raw products on the free list. The volume and value of our world trade has varied greatly over the years, but the proportions and divisions of commodities have remained practically the same.

The first purpose of this bill is to permit the President to change tariff duties in order to recover the world trade we have lost, but the President will use the utmost care and caution before exercising the great powers granted him under the bill. He has every agency of the Government at his command to advise and inform him. He will be thoroughly prepared to act instantly whenever our national interests require it.

For the 12 years of the Tariff Acts of 1922 and 1930 there were very few changes made in the tariff schedules by Executive orders authorized by those laws.

I have here a report from the United States Tariff Commission. Under section 315 of the act of 1922 there were 32 increases made in the tariffs and 5 decreases, 37 in all. It might interest the farmers to know that the principal increases were made in their interests. Wheat was increased from 30 cents to 42 cents. Flour was increased. Butter was increased. Onions, peanuts, whole eggs and mixed eggs, flaxseed, fresh milk and cream, window glass, and linseed or flaxseed oil were increased. Mill feeds and bran, bobwhite quail, paintbrush handles, cresylic acid, and phenol were decreased. There were 37 changes in all. No changes were made in 4 cases, and no action taken at all on 8 applications.

Under section 336 of the act of 1930 there were 106 investigations; 58 of them were completed. Twenty-five resulted in increased duties, 26 resulted in decreased duties—it was almost a stand-off—and in 56 investigations there were no changes made.

So I do not expect great tariff changes to occur following this legislation. But the fact the President has this authority will be a powerful influence in making trade agreements in our interests. Other nations have granted similar authority to their rulers, and we should put our President on a level with them. We do not want to send a colonel or a brigadier general to represent us. We want to empower our President with the authority of a full general and give him the same authority and power granted to those who represent other nations.

In conclusion, Mr. Chairman, there is no foundation for the prophecies of disaster that impend if the President is given the powers to act contained in this bill. The Nation wants action, because it has experienced the disasters that resulted from the standpat policy of delay and inaction which has brought us to the condition with which we are now confronted. The Congress should pass this measure promptly and permit the President to go forward in his great work of recovering the markets we have lost and restoring the prosperity that is the rightful heritage of the

American people. We must give the President the necessary power and authority to fight to bring it back to us. [Applause.]

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. JOHNSON of Minnesota. I intend to vote for this bill—

Mr. SHALLENBERGER. I was sure the gentleman would.

Mr. JOHNSON of Minnesota. But I want to ask the gentleman one question. Many have been writing me from my own State, and they seem to be afraid the President will not take care of the farmers under this measure. I think the President will, and I want to ask the gentleman if he honestly thinks the President will give the American farming industry a fair and square deal.

Mr. SHALLENBERGER. I certainly think he will—I know he will—because we judge the action of men in the future by what they have done in the past. The President is a farmer himself. I have just received a little memento sent to me from Dutchess County, N.Y., by a friend of mine in the county where the President's farm is located. I know the President is agriculture-minded. He will fight for us, Mr. JOHNSON, and I am willing to trust him, and I am pleased to know that the gentleman from Minnesota is also going to vote for this legislation.

Mr. KNUTE HILL. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. KNUTE HILL. Can the President do any worse under this authority than President Hoover did during the 4 years he was in power?

Mr. SHALLENBERGER. I hope he can do much better, and I know he will.

Mr. MAY. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. MAY. Is it not a fact that the President has already shown, during his administration, his attitude toward labor by reviving and invigorating the Federal land banks in order to help the farmer, and also the intermediate credit banks and all the other agricultural activities that he has favored since March 1933?

Mr. SHALLENBERGER. Yes; and I am pleased that the gentleman has brought that to my attention. We have taken care of the interests of the farmer so far as saving his home, giving him cheap money, and helping him through moratoriums in order to save that which he might have lost without such action, and now we propose to give him what I may say again is the thing which the farmer most needs—a chance to sell his goods in a market that will enable him to pay his debts.

Mr. WEARIN. Will the gentleman from Nebraska yield?

Mr. SHALLENBERGER. I yield to the gentleman from Iowa.

Mr. WEARIN. I recognize in the gentleman from Nebraska a great authority upon this subject, and consequently I want to ask this question. I have gathered from the gentleman's remarks this morning that it is true our greatest periods of prosperity have moved along, hand in hand, with times during which we have had the largest volume of foreign trade.

Mr. SHALLENBERGER. Both foreign and domestic trade—they go up and down together.

Mr. WEARIN. Certainly. I thank the gentleman.

Mr. SHALLENBERGER. Mr. Chairman, I yield back the remainder of my time.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Chairman, it is a rather sorry state of affairs when a man who has the privilege of being affiliated with the Democratic side of the House and who happens to be opposed to the tariff bill under consideration cannot get any time from his own side. It shows

the liberal attitude existing with a great many leaders on this side of the House and their spirit of fairness.

Mr. DOUGHTON. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Certainly.

Mr. DOUGHTON. The time was equally divided between those opposed and those in favor of the bill, and the gentleman on the other side was given half of the time.

Mr. CARPENTER of Nebraska. I believe I have the right to be affiliated with this side of the House; and even if I am against the bill, I should receive time from my own side.

Mr. DOUGHTON. That would give the other side more than half of the time in opposition to the bill.

Mr. CARPENTER of Nebraska. I think I am entitled to some time from my own side.

Mr. DOUGHTON. But that would give three fourths of the time, perhaps, to those opposed to the bill.

Mr. KNUTSON. May I say to the gentleman from Nebraska, in all fairness—and it should go into the Record—that on the basis of numbers, we have twice as much time as the Members on the other side, and that is the reason I yielded to the gentleman. I realize they are very short of time on the other side, and I may also add that we have refused to yield time to those on this side who are in favor of the bill.

Mr. CARPENTER of Nebraska. My time is to be devoted entirely to the relation of the sugar industry to the apparent effects this measure may have on those of us who grow continental cane and beet sugar; and, for one, I can now say to the leadership of this House, that we cannot, with any degree of safety, pass this tariff bill unless you do something definitely to take care of beet- and cane-sugar production in this country.

Mr. HOEPEL. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. HOEPEL. Can we not rely upon the judgment of our President to protect those industries?

Mr. CARPENTER of Nebraska. I can to a certain extent rely on the President of the United States; but when he places the entire thing in the hands of Secretary Wallace, whose policies are dangerous to the beet industry in this country, I, for one, cannot trust him.

Mr. KNUTSON. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. KNUTSON. Has the gentleman in mind the President's attitude toward the veterans?

Mr. CARPENTER of Nebraska. It happens that Secretary Wallace appeared before the public, and I want to quote from an article in the New York Journal of March 5, 1934:

Secretary Wallace's pet abhorrence appeared to be the various factions, including the sugar-beet growers, which he indicated have been twisting and pulling at the Federal Government not only since the present administration took charge but long before, to further their interests.

HITS SUGAR INTERESTS

At one point he directly attacked the western sugar interests, who argued that "they ought to have the right to produce all their own sugar and still get parity prices."

"Now, it happens", he said, "that any expansion above the past history in their production is directly at the expense of the efficient producers of agricultural and industrial products which are sent to Cuba, for instance. I pointed out to the sugar-beet growers—not sugar-beet growers, because they don't usually come to Washington, but to certain representatives there—that the total shipments of goods from this country to Cuba had declined from \$200,000,000 to \$25,000,000 and that any expansion above past history in the sugar-beet industry would be definitely at the expense of our efficient industries and our efficient agriculture. Less than 1 farmer in 100 is engaged in sugar beets. There are only about 30,000 workers altogether in the refineries of all kinds.

"That industry is a very small industry, and yet—I am describing this to indicate the tensivity of a situation that can arise with a small industry—because of the fact that it has been used in the past to organize itself to strive for higher tariffs, because it has been one of those industries on the firing line, it has developed a type of political pressure that is quite unique. I will

say this: That at the present time it is impossible, politically impossible, to retire the sugar-beet industry from its present position. The most you could hope for is to keep it from further expansion.

"I don't think the internationally minded people realize the way in which the inefficient American industries have made themselves solid with Congress. They are specialists in that."

Now, in God's name, what is wrong with the American beet-sugar growers? Who have a better right to produce the sugar required for domestic consumption in this country than the growers of beet sugar? I for one believe that the American market belongs to the American farmer. [Applause.] I am not willing, for one, to put this thing in the hands of the Secretary of Agriculture.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I will.

Mr. SAMUEL B. HILL. Has the gentleman read the bill?

Mr. CARPENTER of Nebraska. I have.

Mr. SAMUEL B. HILL. It puts this power in the hands of the President of the United States and not in the hands of any Cabinet officer.

Mr. CARPENTER of Nebraska. That means putting it into the hands of the Secretary of Agriculture, who is willing to trade off the rights of the beet-sugar growers for the welfare of Cuba. He does that in the face of the fact that Professor Tugwell, in a hearing before the House Committee on Agriculture, said that we could produce in this country the entire amount of sugar consumed as cheaply as any foreign country could do it.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. COOPER of Tennessee. Has the gentleman read the statement made by Secretary Wallace before the Ways and Means Committee included in the hearings on this bill?

Mr. CARPENTER of Nebraska. No; I have not read the hearings on this bill.

Mr. COOPER of Tennessee. I think it would be helpful if the gentleman would read them. That would give him a definite idea of how Secretary Wallace stands. He ought to do that instead of quoting what some newspaper says.

Mr. CARPENTER of Nebraska. I am taking Secretary of Agriculture Wallace at his own words. He testified before the House Committee on Agriculture. I know what his attitude is as to the domestic production of sugar. He never has been in favor of it; and if he has his way, he will destroy it.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. JENKINS of Ohio. The testimony of Secretary Wallace before the Ways and Means Committee is exactly in line with what the gentleman from Nebraska has stated.

Mr. CARPENTER of Nebraska. I agree with the gentleman.

(The time of Mr. CARPENTER of Nebraska having expired, he was given 5 minutes more by Mr. DOUGHTON.)

Mr. CARPENTER of Nebraska. The condition of the sugar-beet industry is very serious. We have been trying to ascertain some definite policy of the administration toward this domestic product, but so far we have been unable to do so.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. JENKINS of Ohio. And there are dozens of other industries in this country in just exactly the same situation as the sugar-beet industry. They are fearful of what is going to happen to them if this bill becomes a law.

Mr. CARPENTER of Nebraska. In my district, for example, only the day before yesterday some people hanged Secretary Wallace in effigy. I am not in favor of hanging him in person, but I am in favor of doing something with him. I refuse to follow the leadership of the Secretary of Agriculture, who has, time after time, in public and in

private life, stated that the sugar industry in this country is an expensive industry, and ought to be destroyed. I cannot go along with him in the idea that our first duty and obligation is to the welfare of the people of Cuba and the Philippine Islands. I do not care what the moral obligation of our people to those people may be, my first obligation is to the people that I represent, the American farmer, and I for one am not going to yield to the jurisdiction of the Secretary of Agriculture unless it is enacted into law, so I will know exactly what the Secretary of Agriculture can do, rather than leaving it to his idea of what he should do; and until such time I do not believe this legislation can pass, until you have done something to take care of the sugar producers in this country.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MEAD. I am in general agreement with the gentleman's desire to protect the American farmer, so far as the domestic market is concerned, but there is one question that still troubles me and that is whether the quality of the beet sugar produced here compares favorably with the quality of the Cuban cane sugar?

Mr. CARPENTER of Nebraska. I do not think there is any difference in quality. We think in our country that it is better. Month after month we have been trying to get some sort of a definite idea from this administration on the matter of sugar, but we have been given completely the run-around month after month. It has come to the time now when my beet-sugar farmers have got to know what this administration is going to do for them, and I, for one, am not willing to support this tariff bill until this Democratic administration has passed some legislation that will insure my people fair treatment; and I say to every one of you men who come from beet- and cane-sugar areas that you better not support this tariff legislation until something has been done definitely for your sugar-growing people.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. COLDEN. Is the beet-farming business in the gentleman's State conducted by American labor or by imported cheap labor?

Mr. CARPENTER of Nebraska. About 85 percent of it is American labor, and probably more than that, because most of Mexican labor has been sent back to Mexico.

Mr. MCGUGIN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MCGUGIN. Along the line of what the attitude of those in power is toward the beet-sugar industry, I call the attention of the gentleman to a speech made by the Speaker, Mr. RAINEY, when the tariff question was up before. He insulted the beet-sugar industry by referring to it as an industry for which Germany furnished the seed and Mexico the labor.

Mr. CARPENTER of Nebraska. If they are going to trade something off in this country, I am willing to have them trade something off that you men have, but they will not trade off the beet-sugar industry that I represent, except over my dead body.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MILLARD. Does the gentleman have also in mind the fact that the Secretary of State is a free-trader?

Mr. CARPENTER of Nebraska. I happen to be one of those rare Democrats who believe in a high tariff. I believe this country is going to be self-contained some day.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. CARPENTER of Nebraska. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include some tables and telegrams.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

SCOTTSLUFF, NEBR., March 22, 1934.

HON. TERRY CARPENTER,
Representative Offices:

No growers' contract has been offered by Great Western Sugar Co.
S. K. WARRICK, President.

Total beet-sugar production, by States, of all United States beet-sugar companies for the 1933-34 campaign and comparison with previous years

State	1933-34	1932-33	1931-32	1930-31	1929-30
	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>
Colorado.....	7,965,508	5,525,768	7,391,034	8,130,163	6,954,794
California.....	5,418,712	4,258,988	3,327,172	2,484,716	1,792,944
Michigan.....	3,404,397	3,419,053	1,609,679	1,723,767	1,157,851
Utah.....	2,861,082	2,559,525	1,544,985	1,569,192	1,539,446
Idaho.....	2,614,685	2,169,939	920,373	1,315,129	1,572,817
Nebraska.....	2,590,742	2,257,265	2,520,043	2,723,034	2,793,901
Montana.....	2,471,366	2,156,453	1,844,359	1,492,908	1,078,674
Wyoming.....	2,083,985	1,692,999	1,699,526	1,888,835	1,318,808
Minnesota.....	945,172	839,224	759,565	632,997	496,269
Ohio.....	786,360	754,136	206,494	643,601	330,223
Iowa.....	501,911	476,056	459,039	660,115	540,650
Wisconsin.....	333,190	313,326	230,493	295,317	193,879
Kansas.....	278,231	222,284	163,774	113,923	121,118
South Dakota.....	272,016	253,669	209,716	264,146	312,220
Indiana.....	199,394			218,493	66,451
Washington.....	119,939	126,568	72,857	50,043	54,142
Total bags.....	32,826,690	27,025,283	22,959,079	24,156,379	20,324,187
Total long tons.....	1,465,477	1,206,486	1,024,959	1,078,409	907,330
Total short tons.....	1,756,228				

MEMORANDUM A

1. World sugar production and world sugar requirements: The world consumption of sugar is now about 24,000,000 tons a year. World production in recent years is shown in table 1 and table 1a, both issued by the United States Tariff Commission.

2. Break-down of production by countries: See table 1 and table 1a, attached.

3. Normal beet-sugar and cane-sugar production in the United States: See table 1.

4. Normal tonnage of beets and normal tonnage of cane:

	Beets	Cane ¹
	<i>Tons</i>	<i>Tons</i>
1933-34 ²	11,500,000	2,690,000
1932-33.....	9,070,000	2,586,000
1931-32.....	7,908,000	2,310,000
1930-31.....	9,199,000	2,599,000
Average.....	9,418,000	2,621,250

¹ Louisiana only.
² Estimated.

5. Break-down by States of beet and cane sugar production: Production of beet sugar by States is shown in table 2. Since Louisiana produces virtually all cane grown in the United States, the production for that State (see par. 4) is the dominant factor.

6. The number of acres grown to beets in each of the last 4 crop years follows:

1933-34.....	1,065,000
1932-33.....	764,000
1931-32.....	713,000
1930-31.....	775,000
Average.....	829,250

The Louisiana cane area averages about 150,000 acres.

7. Capital invested in beet-sugar industry and Louisiana cane-sugar industry, exclusive of lands: The investment in the beet-sugar industry is roughly \$250,000,000; in the southern cane-sugar industry, \$150,000,000.

8. Capital invested in producing lands by respective industries: Since the beet acreage of 1 year produces wheat or corn the next, it is difficult to calculate exactly how large a sum is invested in beet land. Yet if the 1,200,000 acres devoted to beets and Louisiana cane in 1933 were valued at \$100 an acre, the total investment would reach \$120,000,000.

9. Approximate number of investors and stockholders in each industry: This it is impossible to answer definitely. Some of the larger companies, however, have 8,000 or 10,000 stockholders.

10. Number of beet growers and number employed in beet growing: Latest reports from Dr. John Lee Coulter show slightly more than 72,000 farmers, plus 159,000 farm hands employed in growing the crop.

11. Approximate period of employment: Each acre of beets requires about 5 days of work in thinning, hoeing, and harvesting, which gives a man tending 10 acres about 2 months of work.

12. Employees engaged in refining beet and cane sugar grown in the United States: The beet-sugar industry in 1933 employed

about 33,000 at factories, offices, beet dumps, etc. The southern cane-sugar mills employ about 5,000.

13. Approximate term of employment: The processing of beets requires from 100 to 135 days, working 24 hours a day. In the period between manufacturing campaigns the staff of employees, of course, is greatly reduced. In the southern raw-sugar mills the period of employment is about 75 days.

14. Number of beet-sugar plants and cane-sugar plants now installed, and number operating: There are 103 beet-sugar mills, 85 of them operating in 1933. Louisiana has 132 raw-sugar mills, 63 in operation.

15. Collateral break-down of industries identified with sugar industry: The estimated expenditures of beet-sugar manufacturers of the United States during the campaign 1933-34, was as follows:

Total paid farmers for beets.....	\$55,000,000
Total paid for fuel.....	2,122,000
Total paid for lime-rock.....	932,000
Total paid for bags.....	3,896,000
Total paid for other supplies.....	4,992,000
Total paid for new installations (material only).....	526,000
Total paid for wages in and about factories.....	11,121,000
Total paid for office help, field and factory superintendence, managers, and officers.....	4,538,000
Total paid for freight in and out on beets, supplies, sugars, molasses, and pulp.....	31,410,000
Total paid for taxes, brokerage, insurance, and all other items.....	7,893,000

Total expenditures..... 122,480,000

The estimated consumption of certain commodities by beet-sugar manufacturers of the United States, 1933-34, follows:

Coal.....	tons.....	1,620,000
Limestone.....	do.....	648,000
Coke.....	do.....	59,400
Cotton cloth for sugar bags.....	square yards.....	54,840,000
Cotton duck for filters.....	do.....	909,000

16. To what extent is child labor used in the beet-sugar industry in this country? Child labor has never been used in the processing of sugar beets, and the supposed prevalence of child labor in the beet fields is always vastly exaggerated. At present plans are being made to abolish entirely the use of children in the field.

17. What is the average annual amount paid to farmers for beets? The yearly payments have been as low as \$40,000,000 and as high as \$100,000,000, depending on the price of sugar.

18. If beet growing were discontinued, to what other use could lands profitably be put? Under present conditions, it is doubtful if these lands could be put to any profitable use. Planted to cereal crops, the land would serve only to destroy the present system of rotation and add millions of bushels to the oversupply of those crops which we now produce in surplus quantities.

19. Economic importance of the beet-sugar industry to Western States: For farmers in the arid sections of the Mountain States the sugar beet is not only a desirable crop but a necessary one. Its importance is indicated by the fact that three fourths of all American beet sugar is produced on irrigated land west of the Mississippi, and the yields there consistently average 50 percent greater than in dry-farming districts. The adaptability of the beet to western agriculture is exceeded only by its usefulness. The reasons can be summarized briefly:

First, the beet contract assures to the farmer an immediate market and a responsible purchaser at a price which, in ordinary circumstances, is known months in advance. This advantage prevails in few crops anywhere, and in none that can be grown successfully in irrigated districts.

Second, because the income from beets can be so readily calculated, the growing crop has a definite loan value. The beet farmer finds it relatively easy to finance his other operations through local banks.

Third, the stability of market and price give the grower an anchor to windward in planning other crops. He can afford "gambling" crops.

Fourth, the beet is hardy. Better than any other crop, it can withstand the hailstorms to which Western States are subjected.

Fifth, the beet requires an extended growing season. The peak loads of planting, thinning, and harvesting are so distributed that they interfere with no other crop.

Sixth, the beet provides the most hours of productive labor—six times as much, for instance, as corn. In a period of acute unemployment this consideration takes on more than ordinary significance.

To these points must be added the most striking advantage of all—that sugar is a concentrated commodity, its value comparatively high in relation to its bulk. Since farmers far removed from primary markets are always confronted by adverse freight rates, this factor is one of utmost significance.

Distance from the general centers of population imposes still another limitation on these farmers. Their products, to a large extent, must be stable and nonperishable. If wheat and corn cannot be grown profitably the western farmer cannot turn to a truck crop. In this situation, obviously, the importance of the beet is magnified.

TABLE I.—Sugar: Summary statistics of world sugar production, crop years from 1906-7 to 1932-33, inclusive (includes estimates revised to July 1933)
[Short tons]

Crop year	Cane-sugar production								
	Continental United States	United States insular areas					Total cane, continental United States and insular	Cuba	Continental United States, insular, and Cuba
		Hawaii	Virgin Islands	Puerto Rico	Philippines	Total, insular			
1932-33 (preliminary)	253,759	1,008,000	845,600	840,000	1,283,370	3,136,970	3,395,729	12,234,488	5,630,217
1931-32	180,239	1,025,352	4,577	992,430	1,100,709	3,123,068	3,303,307	12,915,208	6,218,515
1930-31	210,094	996,289	2,016	787,795	876,201	2,662,300	2,872,394	3,496,848	6,369,242
1929-30	199,610	924,998	6,424	866,107	866,515	2,664,044	2,863,654	5,231,811	8,005,465
1928-29	132,054	945,797	4,252	593,730	829,905	2,373,634	2,505,733	5,775,073	8,230,811
1927-28	70,792	904,042	11,829	751,331	697,428	2,364,630	2,435,422	4,493,123	6,928,545
1926-27	47,165	811,331	7,926	630,201	654,347	2,103,805	2,150,970	5,045,282	7,196,252
5-year average	131,943	916,492	6,489	725,833	784,879	2,433,693	2,565,636	4,808,428	7,374,053
1925-26	139,381	789,992	6,344	606,463	489,109	1,891,908	2,031,289	5,470,817	7,502,106
1924-25	88,482	775,940	8,064	660,531	650,792	2,095,327	2,183,809	5,741,087	7,924,896
1923-24	162,024	701,432	2,612	447,972	417,012	1,569,028	1,731,052	4,554,639	6,285,691
1922-23	295,095	536,999	1,948	379,071	295,049	1,213,067	1,508,162	4,035,259	5,543,421
1921-22	324,429	562,458	5,600	405,935	378,739	1,352,732	1,677,161	4,475,953	6,153,114
5-year average	201,882	673,364	4,914	499,995	446,140	1,624,413	1,826,295	4,855,551	6,681,846
1920-21	169,116	564,562	5,040	491,113	286,544	1,347,259	1,516,375	4,408,365	5,924,749
1919-20	120,999	599,485	13,888	485,884	234,457	1,303,714	1,424,713	4,177,686	5,602,399
1918-19	285,528	601,710	10,080	406,132	218,724	1,236,646	1,522,174	4,448,389	5,970,563
1917-18	244,719	573,858	6,048	463,633	242,211	1,285,750	1,530,469	3,850,613	5,390,082
1916-17	310,900	649,785	8,721	502,395	226,974	1,387,875	1,698,775	3,396,566	5,085,341
5-year average	226,252	591,880	8,756	469,831	241,782	1,312,249	1,538,501	4,056,124	5,594,625
1915-16	138,620	593,483	16,520	483,095	372,017	1,465,115	1,603,735	4,145,025	5,748,760
1914-15	246,514	646,448	5,040	345,159	232,601	1,229,248	1,475,782	2,903,787	4,379,549
1913-14	300,537	617,036	6,496	364,024	260,692	1,248,248	1,548,785	2,909,460	4,458,245
1912-13	162,574	546,799	7,503	398,002	173,825	1,126,129	1,288,702	2,719,961	4,008,664
1911-12	360,874	595,258	7,923	411,202	213,586	1,227,969	1,588,843	2,123,502	3,712,345
5-year average	241,823	599,805	8,697	400,296	250,544	1,259,342	1,501,165	2,960,347	4,461,512
1910-11	355,040	566,828	16,800	330,400	228,238	1,142,266	1,497,306	1,661,465	3,158,771
1909-10	375,200	518,126	16,800	344,960	130,018	1,099,934	1,385,134	2,020,871	3,403,005
1908-9	414,400	535,155	15,680	283,222	137,993	972,050	1,386,450	1,695,212	3,081,662
1907-8	394,240	521,123	14,560	224,000	151,619	911,302	1,305,532	1,077,393	2,382,935
1906-7	272,160	440,016	14,560	235,200	136,614	826,390	1,098,550	1,593,994	2,607,514
5-year average	362,208	516,250	15,680	283,556	156,902	972,338	1,334,596	1,610,787	2,945,383

Crop year	Cane-sugar production				Beet-sugar production				Total cane and beet sugar, all countries
	Java	British India	All other countries (cane)	Total cane, all countries	United States ¹	Canada	Europe	Total, beet sugar	
1932-33 (preliminary)	1,490,707	5,209,120	6,050,128	18,380,172	1,351,455	64,152	7,294,743	8,710,350	27,090,522
1931-32	1,877,717	4,446,400	6,361,941	19,904,573	1,148,243	64,044	8,328,590	9,530,877	29,435,450
1930-31	3,134,734	3,604,160	6,100,416	19,208,552	1,204,771	45,867	11,435,093	12,685,706	31,894,258
1929-30	3,273,771	3,092,320	5,884,977	20,346,534	1,009,919	31,213	9,214,461	10,255,593	30,602,126
1928-29	3,212,264	3,063,200	5,683,610	20,299,885	1,051,277	32,320	9,485,830	10,569,427	30,839,312
1927-28	3,291,864	3,601,920	5,280,461	19,102,790	1,081,070	30,477	8,995,700	10,107,246	29,210,036
1926-27	2,643,283	3,945,600	4,896,770	18,881,910	897,395	35,193	7,696,519	8,629,107	27,011,017
5-year average	3,117,184	3,401,440	5,563,247	19,461,934	1,048,886	35,014	9,365,516	10,449,416	29,911,350
1925-26	2,230,357	3,334,240	4,894,104	17,960,807	900,972	36,372	8,347,688	9,285,032	27,245,839
1924-25	2,552,368	2,853,760	4,471,782	17,802,776	1,091,087	40,544	7,933,036	9,064,667	26,867,443
1923-24	2,214,789	3,715,040	3,957,562	16,173,082	881,583	13,480	5,064,692	6,564,855	22,737,937
1922-23	1,984,384	3,409,280	3,826,441	14,763,526	689,848	13,888	5,123,244	5,826,980	20,590,506
1921-22	1,956,500	2,836,400	3,398,031	14,344,045	1,020,533	21,203	4,490,805	5,532,541	19,576,538
5-year average	2,187,679	3,229,744	4,109,579	16,208,848	916,824	26,097	6,311,893	7,254,814	23,463,662
1920-21	1,847,563	2,807,078	2,955,452	13,534,833	1,085,749	38,752	4,149,532	5,274,033	18,808,896
1919-20	1,689,805	3,415,056	3,180,370	13,888,131	731,312	18,480	2,916,862	3,666,654	17,554,785
1918-19	1,496,055	2,654,400	2,768,350	12,889,368	755,879	24,976	3,668,108	4,348,963	17,238,331
1917-18	1,959,337	3,708,320	2,808,821	13,866,560	764,811	12,600	4,832,920	5,610,331	19,476,891
1916-17	1,991,746	3,055,360	2,769,408	12,901,855	822,726	14,000	5,628,882	6,465,608	19,367,463
5-year average	1,796,901	3,128,043	2,896,580	13,416,149	832,096	21,762	4,219,261	5,073,118	18,489,267
1915-16	1,787,715	2,953,300	1,858,276	12,348,051	873,327	19,758	6,109,267	7,002,352	19,350,403
1914-15	1,342,395	2,755,842	2,804,685	11,282,471	723,808	15,656	8,564,127	9,303,591	20,586,092
1913-14	1,459,411	2,566,480	2,527,888	11,012,024	733,934	13,076	8,924,125	9,671,135	20,683,159
1912-13	1,425,107	2,893,632	2,011,115	10,338,518	698,952	13,385	9,276,538	9,988,875	20,327,393
1911-12	1,490,922	2,745,232	2,256,168	10,240,667	606,033	10,665	7,099,274	7,715,972	17,920,639
5-year average	1,501,110	2,782,898	2,291,625	11,037,146	727,210	14,509	7,994,686	8,736,385	19,773,531
1910-11	1,562,400	2,493,568	2,404,210	9,618,949	509,846	-----	9,077,741	9,587,587	19,206,536
1909-10	1,376,592	2,382,352	2,196,578	9,361,527	504,666	-----	6,873,340	7,378,006	16,739,533
1908-9	1,344,692	2,097,648	1,979,455	8,503,457	420,091	-----	7,329,129	7,750,220	16,262,677
1907-8	1,390,911	2,292,528	1,777,066	7,843,440	493,024	-----	7,349,747	7,842,771	15,636,211
1906-7	1,295,254	2,469,936	1,908,424	8,371,158	484,971	-----	7,516,105	8,001,076	16,372,231
5-year average	1,393,970	2,347,206	2,053,147	8,739,706	484,520	-----	7,629,213	8,113,733	16,853,439

¹ Under international agreement.

² Beet-sugar crop of United States is shown on refined sugar basis.

Basic figures from Weekly Statistical Sugar Trade Journal. Revised to issue of July 13, 1933 (p. 237).

TABLE 1A.—Sugar: Detailed statistics by countries of the sugar crops of the world, in recent years (revised to July 1933)

	Harvesting period	1932-33	1931-32	1930-31
CANE SUGAR				
United States:		<i>Short tons</i>	<i>Short tons</i>	<i>Short tons</i>
Louisiana.....	October to January.....	222,759	156,614	183,694
Florida.....	December to April.....	36,000	23,625	26,400
Puerto Rico.....	January to June.....	840,000	992,430	787,795
Hawaiian Islands.....	November to June.....	1,008,000	1,025,352	996,289
Virgin Islands, United States.....	January to June.....	5,600	4,577	2,016
Cuba.....	December to June.....	1,234,488	2,915,208	3,496,848
British West Indies:				
Trinidad.....	January to June.....	112,000	109,272	110,402
Barbadoes.....	do.....	62,720	65,527	56,175
Jamaica.....	do.....	29,120	21,538	5,826
Antigua.....	February to July.....	22,400	22,365	16,769
St. Kitts.....	February to August.....	8,960	6,910	8,235
French West Indies:				
Martinique.....	January to July.....	40,320	46,883	42,029
Guadeloupe.....	do.....	33,600	39,199	27,328
San Domingo.....	January to June.....	470,400	478,936	408,238
Haiti.....	December to June.....	24,640	23,461	21,068
Mexico.....	do.....	198,240	260,131	291,898
Central America:				
Guatemala.....	January to June.....	44,800	44,800	44,623
Other Central America.....	do.....	100,800	80,640	104,970
South America: Demerara.....	October, December, and May to June.....	151,200	166,325	141,280
Surinam.....	October to January.....	19,040	15,680	18,480
Venezuela.....	October to June.....	22,400	20,160	21,969
Ecuador.....	June to January.....	22,400	26,244	23,210
Peru.....	January to December.....	448,000	443,402	543,286
Argentina.....	June to November.....	390,018	388,046	427,607
Brazil.....	October to September.....	1,064,000	1,092,000	1,032,785
Total in America.....		7,723,905	8,562,099	8,903,940
British India.....	December to May.....	5,209,120	4,446,400	3,604,160
Java.....	May to November.....	1,490,707	1,877,717	1,134,734
Formosa and Japan.....	November to June.....	924,000	1,285,256	1,040,201
Philippine Islands.....	do.....	1,283,370	1,100,709	876,201
Total in Asia.....		8,907,197	9,710,882	8,655,296
Australia.....	June to November.....	596,532	677,837	603,278
Fiji Islands.....	do.....	143,172	89,292	104,000
Total in Australia and Polynesia.....		739,704	767,129	707,278
Egypt.....	January to June.....	140,000	161,685	134,269
Mauritius.....	August to January.....	273,280	182,795	247,475
Reunion.....	do.....	60,829	48,072	56,465
Natal.....	May to January.....	401,977	364,784	393,009
Mozambique.....	May to October.....	106,400	79,098	85,421
Total in Africa.....		982,485	826,434	916,629
Europe—Spain.....	December to June.....	26,880	28,829	25,409
Total cane-sugar crops.....		18,380,172	19,904,573	19,208,552
BET SUGAR				
Europe:				
Germany.....	September to January.....	1,232,000	1,755,087	2,832,022
Czechoslovakia.....	do.....	705,600	898,152	1,260,773
Austria.....	do.....	184,800	182,076	168,301
Hungary.....	do.....	117,600	140,281	262,272
France.....	do.....	1,120,000	975,079	1,348,098
Belgium.....	do.....	291,200	228,306	317,222
Holland.....	do.....	274,400	195,541	335,466
Russia and Ukraine.....	do.....	1,120,000	1,693,440	1,876,784
Poland.....	do.....	472,796	559,188	886,985
Sweden.....	September to December.....	263,593	100,844	208,919
Denmark.....	September to January.....	212,800	136,640	187,936
Italy.....	August to October.....	364,000	412,621	470,673
Spain.....	July to February.....	253,120	449,331	380,616
Switzerland.....	September to January.....	6,720	6,832	6,389
Bulgaria.....	do.....	32,828	32,298	65,112
Rumania.....	do.....	72,800	64,369	170,274
Great Britain and Ireland.....	do.....	376,726	271,969	451,472
Yugoslavia.....	do.....	95,206	100,903	110,083
Other countries.....	do.....	98,560	76,253	65,671
Total in Europe.....		7,294,743	8,328,590	11,435,098
CANE SUGAR				
United States: Beet.....	July to January.....	1,351,455	1,148,243	1,204,771
Canada: Beet.....	October to December.....	64,152	54,044	45,807
Total beet-sugar crops.....		8,710,350	9,530,877	12,685,706
Total cane and beet sugar.....		27,090,522	29,435,450	31,894,258
Estimated decrease in the world's production.....		2,344,928	2,458,808	1,292,132

¹ Crop restricted under international agreement.

² Refined sugar.

³ European beet-crop figures estimated principally by F. O. Licht.

⁴ Increase.

NOTE.—Basic data from Willett & Gray's Weekly Statistical Sugar Trade Journal, issue of July 13, 1933, p. 287.

TABLE 2.—Sugar beets and beet sugar: Total United States production 1901-32 and production by States, 1928-32

Yearly average or year and State	Beets produced for sugar				Sugar manufacture		
	Acres harvested	Crop ¹ (1,000 tons)	Tons per acre	Price per ton (dollars)	Number of factories	Beets used (1,000 tons)	Sugar made (1,000 tons)
United States:							
1901-05.....	227,841	2,079	9.22	4.89	45	2,079	240
1906-10.....	386,052	3,910	10.13	5.18	63	3,910	479
1911-15.....	541,000	5,738	10.60	5.63	67	5,477	724
1916-20.....	698,000	6,623	9.50	9.38	88	6,200	832
1921-25.....	693,000	6,968	10.14	7.53	88	6,606	916
1926-30.....	701,000	7,718	11.00	7.32	80	7,402	1,055
1922.....	530,000	5,183	9.77	7.91	81	4,993	675
1923.....	657,000	7,006	10.65	8.99	89	6,585	881
1924.....	815,000	7,489	9.20	7.99	90	7,075	1,090
1925.....	647,000	7,381	11.40	6.39	88	6,993	913
1926.....	677,000	7,223	10.67	7.61	78	6,782	897
1927.....	721,000	7,753	10.75	7.67	83	7,443	1,063
1928.....	644,000	7,101	11.00	7.11	82	6,880	1,061
1929.....	688,000	7,315	10.60	7.08	79	7,117	1,018
1930.....	775,000	9,199	11.9	7.14	78	8,789	1,208
1931.....	713,000	7,903	11.1	5.94	66	7,659	1,156
1932.....	764,000	9,070	11.9	5.10	75	8,856	1,357
California:							
1928.....	49,000	638	13.0	8.03	5	630	103
1929.....	46,000	545	11.8	7.28	5	524	91
1930.....	65,000	768	11.8	7.46	5	733	124
1931.....	89,000	1,060	11.9	7.40	6	1,045	166
1932.....	104,000	1,288	12.4		6	1,282	213
Colorado:							
1928.....	179,000	2,394	13.4	6.97	17	2,410	384
1929.....	210,000	2,612	12.4	6.93	17	2,565	348
1930.....	242,000	3,312	13.7	6.91	17	3,126	407
1931.....	224,000	2,532	11.3	5.44	17	2,423	370
1932.....	156,000	1,777	11.4		17	1,781	277
Idaho:							
1928.....	27,000	297	11.0	7.44	6	317	53
1929.....	48,000	492	10.2	7.17	8	492	79
1930.....	44,000	446	10.1	7.41	7	427	66
1931.....	33,000	301	9.1	6.08	5	287	46
1932.....	53,000	709	13.4		7	661	108
Michigan:							
1928.....	71,000	452	6.4	7.22	12	458	64
1929.....	52,000	300	5.8	7.94	9	364	57
1930.....	74,000	513	6.9	8.08	10	567	86
1931.....	58,000	581	10.0	6.33	6	600	83
1932.....	122,000	1,215	10.0		11	1,216	171
Montana:							
1928.....	28,000	258	9.2	7.36	4	275	44
1929.....	38,000	386	10.2	7.29	4	348	54
1930.....	45,000	572	12.7	7.32	4	522	75
1931.....	54,000	617	11.4	6.01	4	600	92
1932.....	54,000	739	13.7		4	701	108
Nebraska:							
1928.....	86,000	1,021	11.9	6.98	7	975	146
1929.....	92,000	1,054	11.5	6.96	7	1,068	140
1930.....	81,000	1,136	14.0	6.95	7	1,095	136
1931.....	65,000	891	13.7	5.46	7	872	126
1932.....	66,000	877	13.3		7	815	113
Ohio:							
1928.....	38,000	266	7.0	7.13	5	238	31
1929.....	20,000	174	8.7	7.55	4	121	17
1930.....	31,000	286	9.2	7.75	4	223	33
1931.....							
1932.....	26,000	259	10.0		3	251	42
Utah:							
1928.....	51,000	637	12.5	7.03	11	568	90
1929.....	45,000	565	12.6	7.05	10	523	77
1930.....	44,000	553	12.6	7.00	8	517	78
1931.....	49,000	505	10.3	5.82	7	491	77
1932.....	56,000	846	15.1		7	822	128
Wisconsin:							
1928.....	8,000	74	9.2	7.35	3	86	12
1929.....	8,000	56	7.0	7.29	3	65	10
1930.....	12,000	102	8.5	7.53	3	115	15
1931.....							
1932.....							
Wyoming:							
1928.....	44,000	462	10.5	7.21	4	368	59
1929.....	47,000	487	10.4	7.18	4	441	66
1930.....	46,000	646	14.0	7.19	5	657	94
1931.....	49,000	552	11.3	5.71	5	532	85
1932.....	40,000	506	12.6		5	537	85

¹ Source: Statistical Abstract of the United States, 1932.

² Beets used 1901 to 1912.

³ Data for 1931 cannot be shown without disclosing operations of individual factories, 4-year average.

World sugar production and world sugar requirements:

The world consumption of sugar is now about 24,000,000 tons a year. World production in recent years is shown in table 1 and table 1a, both issued by the United States Tariff Commission.

Breakdown of production by countries: See table 1 and table 1a attached.

Normal beet-sugar and cane-sugar production in the United States: See table 1.

Normal tonnage of beets and normal tonnage of cane

	Beets	Cane ¹
	Tons	Tons
1933-34 ²	11,500,000	2,690,000
1932-33	9,070,000	2,885,000
1931-32	7,903,000	2,310,000
1930-31	9,190,000	2,593,000
Average	9,418,000	2,621,250

¹ Louisiana only.² Estimated.

Break-down by States of beet- and cane-sugar production:

Production of beet sugar by States is shown in table II. Since Louisiana produces virtually all cane grown in the United States, the production for that State (see par. 4) is the dominant factor.

The number of acres grown to beets in each of the last 4 crop years follows:

	Tons cane
1933-34	1,065,000
1932-33	764,000
1931-32	713,000
1930-31	775,000
Average	829,250

The Louisiana cane area averages about 150,000 acres.

Capital invested in beet-sugar industry and Louisiana cane-sugar industry, exclusive of lands:

The investment in the beet-sugar industry is roughly \$250,000,000, in the southern cane-sugar industry \$150,000,000.

Capital invested in producing lands by respective industries:

Since the beet acreage of 1 year produces wheat or corn the next, it is difficult to calculate exactly how large a sum is invested in beet land. Yet if the 1,200,000 acres devoted to beets in Louisiana cane in 1933 were valued at \$100 an acre, the total investment would reach \$120,000,000.

Approximate number of investors and stockholders in each industry:

This it is impossible to answer definitely. Some of the larger companies, however, have 8,000 or 10,000 stockholders.

Number of beet growers and number employed in beet growing:

Latest reports from Dr. John Lee Coulter show slightly more than 72,000 farmers, plus 159,000 farm hands employed in growing the crop.

Approximate period of employment:

Each acre of beets requires about 5 days of work in thinning, hoeing, and harvesting, which gives a man tending 10 acres about 2 months of work.

Employees engaged in refining beet and cane sugar grown in the United States:

The beet-sugar industry in 1933 employed about 33,000 at factories, offices, beet dumps, etc. The southern cane-sugar mills employ about 5,000.

Approximate term of employment:

The processing of beets requires from 100 to 135 days, working 24 hours a day. In the period between manufacturing campaigns the staff of employees, of course, is greatly reduced. In the southern raw-sugar mills the period of employment is about 75 days.

Number of beet-sugar plants and cane-sugar plants now installed, and number operating:

There are 103 beet-sugar mills, 85 of them operating in 1933. Louisiana has 132 raw-sugar mills, 63 in operation.

Collateral breakdown of industries identified with sugar industry:

Estimated expenditures of beet-sugar manufacturers of the United States during the campaign 1933-34, were as follows:

Total paid farmers for beets	\$55,000,000
Total paid for fuel	2,122,000
Total paid for limrock	982,000
Total paid for bags	3,896,000
Total paid for other supplies	4,992,000
Total paid for new installations (material only)	526,000
Total paid for wages in and about factories	11,121,000
Total paid for office help, field and factory superintendence, managers, and officers	4,538,000
Total paid for freight in and out on beets, supplies, sugars, molasses, and pulp	31,410,000
Total paid for taxes, brokerage, insurance, and all other items	7,893,000

Total expenditures 122,480,000

The estimated consumption of certain commodities by beet-sugar manufacturers of the United States, 1933-34, follow:

One million six hundred and twenty thousand tons of coal; 648,000 tons of limestone; 59,400 tons of coke; 54,840,000 square yards of cotton cloth for sugar bags; 909,000 square yards of cotton duck for filters.

To what extent is child labor used in the beet-sugar industry in this country?

Child labor has never been used in the processing of sugar beets, and the supposed prevalence of child labor in the beet fields is always vastly exaggerated. At present plans are being made to abolish entirely the use of children in the field.

What is the average annual amount paid to farmers for beets?

The yearly payments have been as low as \$40,000,000 and as high as \$100,000,000, depending on the price of sugar.

If beet growing were discontinued, to what other use could lands profitably be put?

Under present conditions it is doubtful if these lands could be put to any profitable use. Planted to cereal crops, the land would serve only to destroy the present system of rotation and add millions of bushels to the oversupply of those crops which we now produce in surplus quantities.

Economic importance of the beet-sugar industry to Western States:

For farmers in the arid sections of the Mountain States the sugar beet is not only a desirable crop but a necessary one. Its importance is indicated by the fact that three fourths of all American beet sugar is produced on irrigated land west of the Mississippi, and the yields there consistently average 50 percent greater than in dry-farming districts. The adaptability of the beet to western agriculture is exceeded only by its usefulness. The reasons can be summarized briefly:

First, the beet contract assures to the farmer an immediate market, and a responsible purchaser at a price which in ordinary circumstances is known months in advance. This advantage prevails in few crops anywhere, and in none that can be grown successfully in irrigated districts.

Second, because the income from beets can be so readily calculated the growing crop has a definite loan value. The beet farmer finds it relatively easy to finance his other operations through local banks.

Third, the stability of market and price give the grower an anchor to windward in planning other crops. He can afford "gambling" crops.

Fourth, the beet is hardy. Better than any other crop it can withstand the hailstorms to which Western States are subjected.

Fifth, the beet requires an extended growing season. The peak loads of planting, thinning, and harvesting are so distributed that they interfere with no other crop.

Sixth, the beet provides the most hours of productive labor—six times as much, for instance, as corn. In a period of acute unemployment this consideration takes on more than ordinary significance.

To these points must be added the most striking advantage of all—that sugar is a concentrated commodity, its value comparatively high in relation to its bulk. Since farmers far removed from primary markets are always confronted by adverse freight rates, this factor is one of utmost significance.

Distance from the general centers of population imposes still another limitation on these farmers. Their products, to a large extent, must be stable and nonperishable. If wheat and corn cannot be grown profitably, the western farmer cannot turn to a truck crop. In this situation, obviously, the importance of the beet is magnified.

Table 1 above referred to is a summary of world sugar production, crops years from 1906-7 to 1932-33, inclusive, including estimates revised to July 1933, covering cane-sugar production in continental United States, United States insular areas, Cuba, Java, British India, and all other countries; and beet-sugar production in the United States, Canada, and Europe.

Table 1A represents detailed statistics by countries of the sugar crops of the world revised to July 1933.

Table 2, sugar beets and beet sugar, total United States production, 1901 to 1932, and production by States, 1928 to 1932.

(These tables are submitted for the printed record.)

If the United States is under obligation to assist Cuba in its time of distress, it is a national obligation to be borne equally by all of the people of the United States and not by one particular area or one special group.

Continental and insular sugar growers are not responsible for disorder in Cuba, for its financial difficulties, or for the reckless expenditure of American millions in the overproduction of sugar. While American citizens are undoubtedly sympathetic with the difficulties now confronting Cuba, we respectfully submit that if their responsibility is a United States responsibility it does not belong exclusively to the sugar-producing areas of the United States, much less especially to the United States sugar-beet farmers. Cuba is a foreign nation, with its own flag and its own government. The limitation on American relationship is the Platt amendment, which was enacted more for the benefit of Cuba than for the advantage of the United States. With this exception, America has no more responsibility to Cuba than to any other foreign nation.

At this point in my statement I desire to insert the following table:

TABLE B.—Sugar: Estimate of quantity of raw cane sugar (or its equivalent) from each principal crop source used in supplying domestic consumption in the United States during years 1929 to 1933, inclusive, with averages

APPROXIMATE QUANTITY USED BY ALL MANUFACTURERS MARKETING SUGAR FOR DOMESTIC (UNITED STATES) CONSUMPTION AND/OR USE
[In short tons, round figures]

Period	Total, all crop sources (does not include sugar exported as such) ¹	Crop sources of sugar used in making deliveries for domestic consumption and/or use											Exports ² (not included elsewhere)
		Grown in continental United States			Grown in United States insular areas					Grown in foreign countries			
		Beet	Cane	Beet and cane combined	Puerto Rico	Hawaii	Philippine Islands	Virgin Islands	Total	Cuba	All other foreign countries	Total	
Calendar years:													
1933.....	6,316,000	1,366,000	315,000	1,681,000	791,000	989,500	1,241,000	4,500	3,026,000	1,601,000	8,000	1,609,000	54,000
1932.....	6,248,500	1,318,500	160,000	1,478,500	910,500	1,024,000	1,042,000	4,500	2,981,000	1,762,500	26,500	1,789,000	52,500
1931.....	6,561,500	1,343,000	206,000	1,549,000	748,500	967,000	815,000	2,000	2,532,500	2,440,000	40,000	2,480,000	56,500
1930.....	6,710,500	1,140,500	197,500	1,338,000	780,000	806,000	804,500	6,000	2,396,500	2,945,500	30,500	2,976,000	83,500
1929.....	6,964,000	1,026,500	189,000	1,215,500	460,000	928,500	724,500	4,000	2,117,000	3,613,000	17,500	3,630,500	110,000
Yearly averages:													
1931-33.....	6,375,500	1,342,500	227,000	1,569,500	817,000	993,500	1,032,500	3,500	2,846,500	1,934,500	25,000	1,959,500	54,500
1929-33.....	6,560,000	1,259,000	213,500	1,452,500	738,000	943,000	925,500	4,000	2,610,500	2,472,500	24,500	2,497,000	71,500

APPROXIMATE QUANTITY USED BY CANE-SUGAR REFINERS AND BEET-SUGAR FACTORIES IN CONTINENTAL UNITED STATES

Calendar years:													
1933.....	5,386,000	1,366,000	166,500	1,532,500	657,000	965,000	1,161,500	4,500	2,788,000	1,065,500	-----	1,065,500	(?)
1932.....	5,448,000	1,318,500	107,500	1,426,000	791,500	998,000	980,500	4,500	2,774,500	1,235,500	12,000	1,247,500	(?)
1931.....	5,935,000	1,343,000	150,000	1,493,000	666,000	956,000	765,000	2,000	2,389,000	2,019,000	34,000	2,053,000	(?)
1930.....	6,173,000	1,140,500	128,000	1,268,500	702,000	787,500	775,500	6,000	2,271,000	2,624,500	9,000	2,633,500	(?)
1929.....	6,382,500	1,026,500	158,500	1,185,000	414,000	918,000	710,000	4,000	2,046,000	3,149,500	1,500	3,151,000	(?)
Yearly averages:													
1931-33.....	5,589,500	1,342,500	141,500	1,484,000	705,000	973,000	968,500	3,500	2,650,000	1,440,000	15,500	1,455,500	(?)
1929-33.....	5,865,000	1,239,000	142,000	1,381,000	646,000	925,000	878,500	4,000	2,453,500	2,019,000	11,500	2,030,500	(?)

APPROXIMATE QUANTITY USED BY DOMESTIC, INSULAR, AND FOREIGN MANUFACTURERS OF WHITE SUGAR AND OTHER SUGAR MARKETING FOR DIRECT CONSUMPTION ⁴

Period	Total, all crop sources (does not include sugar exported as such) ¹	Crop sources of sugar used in making deliveries for domestic consumption and/or use										Exports ² (not included elsewhere)	
		Grown in continental United States			Grown in United States insular areas					Grown in foreign countries			
		Beet	Cane	Beet and cane combined	Puerto Rico	Hawaii	Philippine Islands	Virgin Islands	Total	Cuba	All other foreign countries		Total
Calendar years:													
1933.....	950,000		³ 148,500		134,000	24,500	79,500		238,000	⁴ 535,500	8,000	543,500	
1932.....	800,500		³ 52,500		119,000	26,000	61,500		206,500	⁴ 527,000	14,500	541,500	
1931.....	626,500		³ 56,000		82,500	11,000	50,000		143,500	⁴ 421,000	6,000	427,000	
1930.....	537,500		³ 69,500		78,000	18,500	29,000		125,500	⁴ 321,000	21,500	342,500	
1929.....	580,500		³ 30,500		56,000	10,500	14,500		71,000	⁴ 463,000	16,500	479,500	
Yearly averages:													
1931-33.....	786,000		³ 85,500		112,000	20,500	64,000		196,500	⁴ 494,500	9,500	504,000	
1929-33.....	695,000		³ 71,500		92,000	18,000	47,000		157,000	⁴ 453,500	13,000	466,500	

¹ It should be noted that the quantities reported in this column represent the weight of raw cane sugar (or its equivalent in the case of beet sugar). It is not the weight of the sugar as marketed for actual consumption and/or use.² Detailed crop sources of sugar exported are not available, probably all (or nearly all) were made from foreign-grown crops.³ Includes 1,000 tons from miscellaneous sources not shown elsewhere in the table.⁴ All sugars in this part of the table were processed in the respective areas where the several crops were grown. These figures include some raw cane sugar marketed for direct consumption.⁵ Louisiana plantation refined sugar marketed direct to the trade.⁶ Includes Cuban raw sugars marketed principally for direct consumption in quantity approximately as follows: In 1933, 13,500 (short) tons; in 1932, 17,500 tons; in 1931, 41,500 tons; in 1930, 20,000 tons; and in 1929, 123,500 tons.

NOTE.—Basic data from Willett and Gray's Weekly Statistical Sugar Trade Journal.

Mr. EVANS. Mr. Chairman, I yield 30 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, at the outset I wish to express to my colleagues on the Ways and Means Committee my profound appreciation of the unselfish attitude displayed by each member of that hard-working body during the long and tiring hearings held on the various measures which have been committed to that committee for consideration. To me it has been an inspiring as well as instructive experience that I shall ever cherish. Our distinguished chairman, Mr. DOUGHTON, has displayed a wonderful spirit of fairness throughout, and I am sure that my colleagues join with me in the wish that he may long continue a Member of this great legislative body.

There is no economic subject upon which there exists greater differences in opinion than on the tariff. Indeed, it is the main line of cleavage between the two major political parties, so it was inevitable that the majority and

minority reports submitted with the measure now under consideration should reflect the attitudes of the two groups. We deny that our tariff rates are excessive. In fact, our rates are next to England—67 percent is on the free list and 33 percent protected.

Mr. Chairman, I fail to see any merit in the proposed legislation, which would give to the President power to negotiate trade agreements and reciprocal trade treaties without the advice and consent of the Senate of the United States.

In reply to the gentleman from Nebraska [Mr. SHALLENBERGER] let me say that the American tariff law is one of the lowest in the world. It is down near the level of that of England. Also let me remind you gentlemen that 67 percent of all the articles listed in the present tariff law are on the free list, and only 33 percent on the dutiable list; and then we come in here and urge a further lowering of the bars. It may well be asked if we have lost our sanity.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. KNUTSON. If I may finish my statement, then I shall be glad to yield.

I should like to make a consecutive statement, if I may. This legislation would vest in the President powers which now rest with Congress under the Federal Constitution. My position must not be construed as one of distrust of any individual, but rather one that would prefer to follow constitutional lines. I do not believe we should become hysterical in the face of the present emergency, neither do I believe that we should surrender any of our liberties, which have cost so much in blood, suffering, and treasure to obtain. All about us we see government of, by, and for the people being swept aside, and one-man rule being substituted.

I well recall my first experience in this body. It was in the extra session of the Sixty-fifth Congress, April 1917, which had been called for the specific purpose of declaring war against the Central Powers, notwithstanding that the people but a few months previously had decided by a national referendum at the polls that they wished to remain neutral. Previous to coming to Washington, indeed, during the campaign in the fall of 1916 I had repeatedly stated that I was opposed to our entrance into the war and would so vote if elected. Hardly had I arrived in the city when a deluge of telegrams and letters began swamping my office and nearly all of them carried this motto, "Stand by the President." It was the hysterical cry of a group whose power of reasoning had been temporarily dethroned as a result of a skillful campaign of falsehood and misrepresentation, carefully played up by the great metropolitan press of the country. The people did not want war, but their leaders did. Now we know that the people were right and their leaders wrong. Had we remained out of that war we would not today be obliged to spend billions for relief work, not to mention the enormous debt with which we are now saddled. Had we remained out of the war we would not now have a bankrupt agriculture that is threatening to engulf the country, neither would we have many of the other ills that afflict us.

It has been said that there is nothing new under the sun, but there is, and I refer to the new philosophy on economics for which the proponents of this bill stand. In recent statements to the press and in addresses delivered in various parts of the country they announce without reservations that the first requisite for recovery in this country is to build up the foreign purchasing power through a lowering of our tariff rates, which, of course, can only mean an increase in imports from other countries.

To that plea my answer is, let us build up American purchasing power first. That is most urgent, and it is our duty to do so. Why should we lower our tariff at the present time when there is so much unemployment, suffering, and want at home, and when we are already importing too many agricultural and industrial commodities in large volume, such as cheese, rye, barley, flax, sugar, vegetable oils, carpets, footwear, glass and earthen ware, textiles, matches, pulp and print paper, and many other products, and while prices at home, by reason of these imports, are at their lowest levels in history and unemployment the greatest.

Let us take the case of sugar. Under wise Republican protective policies the domestic beet- and cane-sugar industry has grown steadily and healthfully, so that we now produce one third of all the sugar consumed in the United States. Last year more than a million acres—1,065,000—were grown to beets, and these acres yielded 1,756,000 short tons of sugar—300,000 tons more than the President suggested as the limit for domestic production in his message to Congress.

Mr. WOODRUFF. Will the gentleman yield?

Mr. KNUTSON. I yield for a question.

Mr. WOODRUFF. I should like to have the gentleman inform the House what the President wishes to do with that 300,000 tons of sugar production that he proposes to

take away from the sugar producers of this country? I mean by that, the beet-raising farmers of this country.

Mr. KNUTSON. Why, Mr. Chairman, the President proposes to take this great privilege away from the American farmer and transfer it to the people of a foreign country—the farmers of Cuba. He closes his eyes to the fact that we raise surpluses of many of our agricultural commodities, and that the growing of sugar beets contributes to the substantial relief of this situation. He should ask Congress to do the thing which would permit an increase in the growing of sugar beets, instead of seeking to reduce that activity as he is now doing. He could by doing this bring real relief to our much-distressed farmers.

Mr. HOEPEL. Will the gentleman yield?

Mr. KNUTSON. Mr. Chairman, I do not yield further to anyone.

Since we produce at home only one third of the sugar we consume, it is obvious that beets compete with no other farm crop. On the contrary, the potential market for this commodity is greater than for any other major crop grown in the United States, and each additional acre of beets means a like reduction in the lands now growing surplus crops, so it would seem the part of wisdom to encourage the beet-sugar industry in every legitimate manner.

If this administration follows out its proposal to seriously reduce the acreage of beets, there can only be one consequence: The farmers now raising beets must turn to some other crop. In Minnesota, for instance, they would probably undertake dairying, or the raising of potatoes, and since beet lands are always the most fertile and productive we might expect a greatly increased competition in milk products and potatoes, of which we already have large surpluses. In the irrigated sections of the West the change would be even more striking, for there the lands taken from beets might easily produce 600 bushels of potatoes, or 40 bushels of wheat to the acre.

Surely no one will contend that this would make for a better balanced agriculture, nor provide a solution for our surplus problem. We have not forgotten how the holders of Cuban sugar ran the price of sugar to the consumer up to 32 cents per pound back in 1920, when they had us within their power because the supply of domestic sugar was exhausted, and if we would avert a similar experience in the future we should encourage and stimulate the growing of sugar beets in this country so as to make us independent of grasping outsiders.

In Minnesota our annual sugar requirement is about 250,000,000 pounds, yet we produced only about 94,500,000 pounds at Chaska and East Grand Forks in 1933. To provide for our own needs in that State would require 4 new factories and an additional 70,000 acres, most of which are now devoted to potatoes, corn, and wheat, of which we have substantial surpluses. Why not a better balanced agriculture, rather than a reduction in production? That would mean more money for our farmers with no drain on the Federal Treasury. At this point I desire to read a letter that I received on the subject a day or two ago:

AUTOMOBILE CLUB OF CHASKA,
Chaska, Minn., March 20, 1934.

HON. HAROLD KNUTSON, M. C.,
Washington, D. C.

DEAR MR. KNUTSON: Current press notices indicating the attitude of Secretary of Agriculture Wallace toward the domestic beet-sugar industry are very discouraging to the farmers of this section.

Contrary to the statement of the Secretary of Agriculture that the beet-sugar industry is inefficient, we submit that if labor in Cuba and the Philippines were paid on the same basis as labor in this country, the domestic industry would be found to be the more efficient. Beet labor in this section receives 35 to 50 cents per hour, and fully 85 percent employed are local people. Over a half million dollars was paid in this State to beet workers during the past year.

In this section farmers generally are signing up for the corn-hog and wheat reduction campaign on the theory that there is a surplus of these export crops. They cannot see the logic that would require that they reduce their acreage of a crop, only 25 percent

of which is produced in this country and which has given them their only cash return during the past 2 years.

The members of this civic organization respectfully request that you use your influence to protect the beet-sugar industry for the farmers and labor of Minnesota.

HOWARD HABEGGER,
President Chaska Automobile Club.
FRED U. SPLETTSTOEISSER,
Secretary Chaska Automobile Club.

Surely all must be aware of the fact that we cannot restore prosperity in this country by producing less at home and buying more abroad. The less we produce in this country the fewer will be employed and the more money will be sent out of the country, and that would be burning the candle at both ends.

Surely the proponents of this measure will not contend that we should produce less butter, cheese, and animal fats and increase our imports of these products.

Surely no one seriously thinks that it would promote the prosperity of the American people to decrease the production of beet sugar and flax in this country by restricting the acreage and permitting Cuban sugar and Argentinian flax to fill the vacuums created by such reductions.

Surely no one believes that it would benefit the American dairyman if we further increased our butter and cheese imports from Canada, Italy, Argentina, and New Zealand and decreased our own production correspondingly.

Surely no one would have us believe that it would help the American stock, sheep, and swine raiser if we were to lower the tariff bars and permit increased imports of livestock, sheep, wool, and swine from other lands at a time when we are having difficulty in marketing our own livestock.

Take the case of rye. Last fall there appeared in my home paper a letter from one of our leading dairymen, which I desire to read to you at this point:

OCTOBER 30, 1933.

EDITOR TIMES-JOURNAL,
St. Cloud, Minn.:

About a week ago I noticed in the market reports that there had recently been imported into this country 3,000,000 bushels of rye from Europe and, as a result of the importations, the rye prices dropped 20 cents per bushel, to be followed a few days later by another drop of 5 cents when 300,000 bushels of additional rye came in from Canada. Unfortunately, all other grains took a tumble along with rye, so it is fair to say that the whole thing cost the American farmer at least \$20,000,000. In looking into the matter I find that we are importing large quantities of butter, grain, and milk from Canada and butter from Holland, Denmark, and New Zealand, dried eggs from China, dried fish from Japan, potatoes from Canada, and canned and chilled beef from Argentina, Uruguay, and Brazil.

In view of these importations of agricultural products, which are sold below domestic production costs, we need not wonder that old cows do not bring enough to pay for trucking and commission; that butter fat is 10 cents below what it should be; eggs likewise.

We read in the press that 10,000,000 Americans are out of work largely because of importations of industrial products, so our home market also suffers from lack of consumption. The solution lies in increasing all tariff rates—agricultural and industrial—to a point where the American producer can hold his own market.

Government reports show that we import sufficient quantities of agricultural and industrial products, which we can produce at home, to give work to 3½ million Americans. In normal times we consume 93 percent of our total production. If we would confine our consumption to home products, which would give us the home market, there would be no surplus and little unemployment.

Free the Philippines immediately to help the American dairyman.

President Roosevelt is doing his level best to help us and so is Congressman HAROLD KNUTSON, who has consistently fought and worked for a tariff law that would give us our own market. They are working together for the best interests of our country, but we should do our part in buying American goods. If we will do that, it would go far toward solving the agricultural problem as well as unemployment.

Yours for the American producer.

Yours very truly,

ISADORE A. SCHWINGHAMER,
Albany, Minn.

Evidently the situation with reference to rye has not improved any since because on yesterday I received a letter

from my boyhood home which indicates that the situation has not materially changed. The letter follows:

Clear Lake Elevator Co., Clear Lake, Minn., March 19, 1934—

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield for a question.

Mr. SAMUEL B. HILL. Does the gentleman agree with the statements in the letter he just read?

Mr. KNUTSON. Yes.

Mr. SAMUEL B. HILL. Then I take it that the gentleman's objection to this legislation is the fear that it will not raise tariff duties?

Mr. KNUTSON. My good friend from Washington has not any idea that it is the purpose of the President or whoever he delegates the power to, to raise tariff rates. I am quoting the Secretary of Agriculture who says it is necessary to reduce our tariff rates in order to raise foreign buying power.

Mr. SAMUEL B. HILL. I asked the gentleman that question preliminary to another, for which I hope he will yield.

Mr. KNUTSON. Will the gentleman give me a little time?

Mr. SAMUEL B. HILL. I think the gentleman speaks a little better if he has a few questions asked.

Mr. KNUTSON. I yield.

Mr. SAMUEL B. HILL. The gentleman from Minnesota stated in the early part of his remarks that he had constitutional objections to this bill.

Mr. KNUTSON. I said I did not have. I am not so concerned about the constitutional aspects of it as I am the economic aspects of it.

Mr. SAMUEL B. HILL. I was just about to call the gentleman's attention to some questions he asked of the witness Dickinson, from the Department of Commerce, when the matter was being heard before the committee, in which the gentleman said he was not so concerned about the constitutional aspects of the question, but said:

Frankly I know the purpose of this legislation is to lower rates. If I thought for a minute that it was proposed to raise rates to meet present conditions, I would vote for this legislation and be glad of the opportunity to do so.

Mr. KNUTSON. Is the gentleman quoting me now?

Mr. SAMUEL B. HILL. Yes. That is the gentleman's statement in the hearings.

Mr. KNUTSON. Will the gentleman read that again, please?

Mr. SAMUEL B. HILL (reading):

Frankly I know the purpose of this legislation is to lower rates. If I thought for a minute that it was proposed to raise rates to meet present conditions, I would vote for this legislation and be glad of the opportunity to do so.

Mr. KNUTSON. I am very glad the gentleman has introduced that into my remarks, because that is something I overlooked.

Mr. SAMUEL B. HILL. I just wanted to get the attitude of the gentleman.

Mr. KNUTSON. My attitude has not changed. If the gentleman can give us assurance that rates will be raised in the event this bill becomes law, I will vote for it.

Mr. SAMUEL B. HILL. I simply wanted to bring out this point, that the gentleman from Minnesota is not objecting to this legislation on constitutional grounds.

Mr. KNUTSON. Not at all. Not at all, although I do like to go along constitutional lines if it is possible to do so. [Applause.]

Mr. SAMUEL B. HILL. The gentleman also, as I understand, voted for the Tariff Acts of 1922 and 1930, which contained the flexible provisions?

Mr. KNUTSON. Absolutely, because I knew that the purpose of the flexible provision was to raise rates; never to lower them.

Mr. SAMUEL B. HILL. So the gentleman is not making any constitutional objection to this bill?

Mr. KNUTSON. No, no. We do not expect the Constitution to be very sacred when the Democrats are in power. It was not during the war and it is not now.

Mr. VINSON of Kentucky. Will the gentleman yield right there?

Mr. KNUTSON. I yield.

Mr. VINSON of Kentucky. Then so far as the Constitution is concerned, you feel it is all right to give the President power to increase rates, but if power is given to decrease them, then the question of constitutionality is involved?

Mr. KNUTSON. Then it is all wrong if you give him power to lower rates.

Mr. VINSON of Kentucky. One other question. The letter which the gentleman referred to, as I heard it read, suggested that every tariff rate on agricultural commodities, and industrial products as well, should be increased?

Mr. KNUTSON. Yes.

Mr. VINSON of Kentucky. Now, if the gentleman is so strong for that, why did he turn to the House and say when he read that language, "These are his words and not mine"?

Mr. KNUTSON. Because I wanted the House to know that there are others who feel the same way as I do.

Mr. VINSON of Kentucky. It seems to me it would indicate that the gentleman wanted to emphasize that those were the thoughts of the writer and not the gentleman's own thoughts.

Mr. KNUTSON. Let me say that there had been a break while the Presiding Officer was calling the House to order, and I did not want the House to forget that I was yet reading the letter.

Evidently the situation with reference to rye has not improved any since, because on yesterday I received a letter from my boyhood home, Clear Lake, Minn., which indicates that the price of rye is practically what it was a year ago. This letter comes from an elevator man. It reads as follows:

CLEAR LAKE ELEVATOR CO.,
Clear Lake, Minn., March 20, 1934.

HON. HAROLD KNUTSON,
Washington, D.C.

DEAR MR. KNUTSON: As you perhaps already know, the chief cash crop of the farmers of this community is rye, and in my line of business I naturally take quite an interest in the crops which are raised and sold here. I have been watching the papers quite closely and I notice that Europe has shipped in here from eight to ten million bushels of rye already, and I am enclosing herewith a clipping from a Minneapolis paper of yesterday to show you that the administration is in favor of letting this rye come in in exchange for some other products. Of course, I do not know what they are trading to these Europeans, but the chances are that it is nothing that benefits the farmers in this community where they make their living by raising rye.

Please look into this matter, and, if you possibly can do so, try and keep out these importations of rye so that our farmers may get a few pennies for their labors here.

I thank you for any favors you may be able to show for your home supporters here, and I hope you will keep me advised of what is being done in this matter at Washington. I am,

Yours very truly,

J. H. ARNOLD, Manager.

In this same connection I read a short excerpt from a Minneapolis paper dated March 18, 1934:

[Reprint from Minneapolis paper of Mar. 18, 1934]

Rye holders liquidated as freely as they could because of the official attitude toward the proposed increase of import duties on European offerings. Latest reports from Washington indicate that the administration regards the matter of trade more important than the matter of advancing the price of rye.

Rye is one of the most important crops in many parts of this country. With the repeal of prohibition and the greatly increased demand for rye, the price should be well toward a dollar, but instead is bringing only 50-odd cents per bushel on the local markets back home because of rye importations from Europe and Canada, which constantly lower the price.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Certainly.

Mr. SAMUEL B. HILL. Will the gentleman inform us what the import duty on rye is?

Mr. KNUTSON. It is 15 cents a bushel.

Mr. SAMUEL B. HILL. How much rye was imported?

Mr. KNUTSON. Between 8,000,000 and 10,000,000 bushels in 1933.

Mr. WILLFORD. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. WILLFORD. How do those farmers market their rye, in dry or in liquid form?

Mr. KNUTSON. Since the repeal of the prohibition amendment they sell it in dry form.

In Minnesota and in other States manganese mines are closed down. Does anyone seriously contend that it would materially promote prosperity in this country if we were to buy yet more manganese ores from Russia, Brazil, and India, when thousands of idle manganese miners are walking the streets in this country looking for work?

Does anyone really believe that we should increase our imports of shoes, glassware, earthenware, toys, and so forth, from Czechoslovakia and Japan and reduce the output of the American factories engaged in the production of these commodities?

Does anyone honestly believe that we should produce less American textiles and worsted goods and buy more from Europe and Japan?

Under the philosophy advanced in behalf of this legislation we would build up the foreigner's buying power by giving him the American market, which is about all that we have left as a result of our ill-fated venture into international politics back in 1917-18; but let us make no more mistakes. To do so would be at the expense of the American farmer, workingman, and manufacturer.

On all sides we find foreign goods and products on sale. Go into any market place, and one will find that all canned beef on the shelves comes from South America, the matches from Japan and Russia, the crockery and earthenware from Czechoslovakia, as does a very considerable part of the footwear offered for sale. It is almost impossible to buy clothing made from American fabrics, and the oleomargarine and soaps that we use are largely made from vegetable oils that come from the Orient. Dried and powdered eggs in large quantities come from China, and most of our print paper and pulp comes from Canada and Europe. We should not lose sight of the very important fact that when the President reduced the gold content of the dollar he at the same time reduced all specific tariff rates by 40 percent, and as a result we are today on the lowest tariff plane of any country that I know of, and here it is frankly proposed to lower the bars yet more. Have we lost our senses? It would seem so.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman permit a further interruption?

Mr. KNUTSON. Yes; I yield to my colleague on the committee.

Mr. SAMUEL B. HILL. Is the gentleman from Minnesota satisfied with the present tariff act?

Mr. KNUTSON. No.

Mr. SAMUEL B. HILL. That is a Republican tariff act.

Mr. KNUTSON. Yes; I know it is a Republican tariff act; but we were too cowardly to put a duty on print paper and wood pulp, as we should have done; and this observation applies to both sides of the aisle.

Mr. SAMUEL B. HILL. I take it the gentleman is more nearly satisfied with the tariff act as it now exists than he would be if some of these rates were lowered.

Just what would the gentleman himself do to improve the economic situation through tariff rates?

Mr. KNUTSON. He would raise the rates on the things that are being imported into this country which we can produce at home.

Mr. SAMUEL B. HILL. Would the gentleman raise the rates to the point of prohibiting imports?

Mr. KNUTSON. The gentleman would raise the rates to the point where the American producer would have an equal chance with his foreign competitor. [Applause.]

Mr. SAMUEL B. HILL. Then the gentleman's attitude is that of an isolationist so far as America is concerned in an economic sense.

Mr. KNUTSON. No; the gentleman is not an isolationist; the gentleman is a nationalist.

Mr. SAMUEL B. HILL. Does the gentleman believe in the expansion of our foreign trade?

Mr. KNUTSON. Yes; I believe in the expansion of our foreign trade if this expansion is not accomplished at the expense of the American farmer or the American laboring man.

Mr. SAMUEL B. HILL. How does the gentleman hope to expand our foreign trade if he does not permit some imports to enter the country?

Mr. KNUTSON. The gentleman from Washington closes his eyes to the important fact that already 67 percent of all our imports are on the free list and are imported without any restriction whatever.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. WOODRUFF. If the gentleman would permit this observation: Inasmuch as 67 percent of the imports that come into the United States enter free of duty we are already permitting sizable imports.

Mr. KNUTSON. Certainly.

Mr. SAMUEL B. HILL. Does not the gentleman believe there is some opportunity there for trade agreements that might be of advantage to the United States?

Mr. KNUTSON. Oh, yes; if we want to ship goods abroad and bring in champagne and liquor, I think we can do some commerce, but the gentleman ought not to forget that liquors and wines are manufactured from the products of the farm, and that whenever imports of this character are brought into this country such importations take from the American farmer the opportunity to further increase the income from his farm.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield for one short question?

Mr. KNUTSON. I yield.

Mr. McGUGIN. Does the gentleman from Minnesota know whether or not the gentleman from Washington would like to promote our foreign trade by permitting more foreign lumber to enter the country?

Mr. KNUTSON. I do not think he would.

Mr. SAMUEL B. HILL. I should like to say to the gentleman from Kansas that we have not yet been very successful in getting much protection for the lumber and timber products of the Northwest.

Mr. KNUTSON. The lumber people are getting protection to the extent of \$4 a thousand, which is four times as much as any Republican tariff ever carried.

[Here the gavel fell.]

Mr. WOODRUFF. Mr. Chairman, I yield the gentleman from Minnesota 10 additional minutes.

Mr. KNUTSON. We are now buying altogether too much from other lands, and much of our unemployment is the direct result of these large foreign purchases. Is it not high time that we give some heed to the welfare of our own people? If we would restore the farmers' and laborers' purchasing power by giving them the home market, we will be able to take care of the surpluses in all American industries.

At this juncture I would remind you of what Timothy said. It is found in I Timothy 5:8, and reads as follows:

But if any provide not for his own, and especially for those of his own house, he hath denied the faith and is worse than an infidel.

Now, understand, I am not trying to intimate that anyone is an infidel. I am merely quoting Timothy, who was a wise old man. I have a very high regard for those advocating this legislation. They are honestly trying to do a big and hard job to the best of their ability, and they need and deserve our cooperation; but I cannot go along with them in their program to lower the tariff and further open the flood-

gates of Europe and the Orient to the American market, which we so sorely need for ourselves at this time.

I can best present what I mean by an illustration: Two pastures lie side by side with but a line fence between. One pasture, which is the foreign market, has been cropped to the grass roots, and the herd is starving; the other pasture, which is the American market, contains barely enough grass to keep the herd in fair shape. The owner of the first pasture proposes that the line fence be removed on the theory that it will increase the range and make for a greater milk yield when, as a matter of fact, to remove the fence would merely result in the starvation of both herds and, in a nutshell, that is just what is here proposed; and if this legislation is enacted, it will be the American producer who will suffer.

I am not so much concerned with the constitutional aspects of this question as I am with its economic angles. The measure before us is predicated upon the theory that our foreign commerce can be greatly increased. Frankly, Mr. Speaker, I do not believe it. In order to restore our lost commerce with other lands, it would be necessary for us to go out into the open world market and compete with the underpaid labor of other countries. This we cannot do, unless we are willing to bring our living standards down to the levels of those with whom we come into competition, because selling costs are always based upon production costs, and those who can live and produce the cheapest will get the business. Rather, I say, let us concentrate our efforts on the home market, which consumes 93 percent of all that we produce and buys for cash at living prices.

Many of you remember when we were the biggest exporter of wheat in the world; but as the wheat fields of Canada, Argentina, and other newer fields became developed, our wheat exports shrank in proportion to their increases in production, because they could produce more cheaply than we could, and the world will buy in that market where it can buy the cheapest and get the most for its money. That is only natural; but, unfortunately for us, we cannot sell in volume under such conditions, and what we do sell will have to be on a world-price market basis. In other words, the world price will be the dominating factor in the domestic market of those commodities of which we have an exportable surplus, because we then lose control of the situation.

Let me illustrate what I mean: We have an exportable surplus in wheat, on which there is a protective tariff of 42 cents per bushel. There have been times when the price of wheat has been but little above the tariff rate, because the world price governed. France is an importer of wheat, and has a protective rate of 88 cents per bushel. By a nicely balanced limitation on imports, to merely fill domestic needs, France has been able to maintain the price of wheat to the French wheatgrower at about \$1.50 per bushel by giving him the benefit of the tariff. Now, I ask you, which is preferable?

The proponents of this measure evidently fail to take into consideration two very important factors which makes the proposed plan visionary, impractical, and undesirable: First, the home market consumes over 90 percent of our total production in normal times, hence we should primarily concern ourselves with retaining that market. Second, in order to increase our foreign commerce we will have to extend the credit necessary to permit them to buy from us, and already they owe us billions of dollars for goods bought, which we will never get, or we will have to buy from them commodities to cover such transactions. Save in the case of tropical fruits, tea, coffee, rubber, silk, and a very few more commodities, everything that will be sold to us we already produce at home, and to buy such items abroad can but further restrict production at home, with its resultant curtailment in labor. I ask you, Is it good business for us to go into such a deal?

As I see it the whole proposition is premised on unsound ground. Surely, we will not be able to help our unemployment situation in this country by buying abroad more of the things we can and should produce at home. The testi-

mony had before the committee clearly shows the real purpose of this program, which is to lower the tariff and make it easier for the foreigner to sell to us. At this point I desire to direct your attention to the testimony of Samuel Crowther, which is found in part 6 of the hearings. I consider Mr. Crowther one of our outstanding economists. All of you read his articles in the leading American magazines. Mr. Crowther is an American first, last, and all the time, and he is free from that taint of internationalism which seems to be so popular these days. At this point I will read you several very interesting and illuminating paragraphs from Mr. Crowther's statement to the Committee on Ways and Means in opposition to this bill, which are found in part 6 of the hearings:

Let us consider what, if any, relation exports have to our prosperity. Secretary Hull has given to you the excellent Adam Smith doctrine that nations prosper by the exchange of wealth. That is true to a degree. It was once thought by all the classical economists—and the position is still held by many who have not followed the times—that the nations of the earth were divided into manufacturing nations and raw-material nations—that one half of the world should make and the other half grow. That division no longer holds.

It has been discovered that manufacturing is not a secret but that machinery may be bought and a factory be set up almost anywhere. For instance, American shoe machinery is all over the earth, and it is only a matter of weeks before the latest American style is being made in Mexico or Czechoslovakia. While the raw-material nations of the world have been going into manufacturing, the manufacturing nations have been going into the raising of their own foods, so by a very natural process of evolution—exactly the evolution which brought the country from a raw-material nation to a manufacturing one—the reason for the old international trade has largely vanished.

The change is permanent. The export trade of the world is going the way of the whaling trade, and there is just as much chance of restoring it as there is of restoring the whaling trade by cutting out electricity and decreeing the world-wide use of sperm oil. The British coal trade with Italy can be reestablished only by destroying Mussolini's new water-power stations. The British cotton trade with India can be brought back only by destroying the Indian cotton fields and mills, which is as reasonable as attempting to close our own southern cotton mills in order to revive the cotton trade of New England. Chile can regain the trade in nitrates only if artificial fixation of nitrogen be prohibited. Germany can regain its chemical trade only if the trade in England, the United States, and Japan are shut down, etc.

This change is hitting the nations which have depended upon exports, for they have not adjusted their economies to developing their home markets. The dependence of these nations upon foreign trade during the period 1927-29 is truly extraordinary. We find that during this period the average annual exports of Great Britain, Germany, and Japan amounted to 20 percent of their estimated national income. The percentage for France is 22; for Belgium, 55; for Italy, 15; and for Czechoslovakia, 33. For the Latin American countries, which mostly export raw materials, the percentages are: Argentina, 34; Brazil, 25; Chile, 35; Cuba, 65; and Mexico, 35. In vivid contrast to these percentages is the United States, in which our very large exports during the same period amounted to only 6 percent of our national income, and if intercompany relationships were eliminated the figure would probably not amount to much more than 3 percent.

We import special tobaccos, although we are the largest exporters of tobacco. We import paper and newsprint and paper stocks largely from the forests of Canada. We could, if it were necessary, supply all our paper requirements and likewise all the wool, hides, and skins we import. We have been importing large quantities of nitrates from Chile and potash from Europe, but so rapid has been the progress in the fixation of nitrogen and the development of ammonium sulphate as a byproduct of steel manufacturing that no longer are we in the least dependent on any outside source for our nitrates, either for fertilizer or for explosives. Our potash development has been equally rapid.

We are as independent in dyestuffs as we care to be. It can be stated generally that through the whole chemical field today we are as independent as circumstances warrant, and that the American chemist will produce anything that he is ordered to produce.

There is a group of metals of which we import only a little, but that little is very important. These are antimony, chromium, manganese, platinum, quicksilver, nickel, cobalt, vanadium, and tungsten. In some of these we have a slight production, as in manganese, tungsten, and quicksilver, but in none is it now possible to meet our normal domestic consumption. But metallurgists say that for any of these metals they can find satisfactory substitutes.

The export trade, which we have built up with a good deal of hurrah and flag waving, does not depend on any one article or group of articles. For the period 1926-30 crude materials made up 24.4 percent; crude foodstuffs, 6.4 percent; manufactured foodstuffs, 9.7 percent; semimanufactures, such as copper, lumber, and petroleum, made up 14.1 percent; and finished manufactures made up 45.3 percent. The big export items, taking the 1930 totals,

were: Machinery, 13.8 percent; raw cotton, 13.1 percent; petroleum, 13.1 percent; refined oils, 11.6 percent; and automobiles, parts, and trucks, 11.6 percent. It is interesting to note that wheat and packing-house products were each only 4-percent items and did not greatly lead raw tobacco.

These exports, it is said, are of primary importance to us. They have not in recent years amounted to more than 5 or 6 percent of the total production of the United States if we include in the total such highly important but nonexportable items as distribution, transportation, and construction.

We have never squarely faced the fact that, if we sell abroad more than we buy, we must finance the sales through loans. And also we have never faced the fact—and neither has any other nation—that, if the loans made abroad are used for productive-capital purposes, they will result in building up industries abroad which will make the very articles the country has been importing. If the loans are used for unproductive purposes, they will never be repaid. If we take large imports of manufactured goods in return for large exports, we shall have to decide what part of our people will give up their jobs and what part can be shifted to the making of articles for the export trade. That would seem to be a momentous decision. It would be if it had to be made. But the very rapid changes which have been taking place in the world have made the decision for us. We are not going to have a large export trade. The reasons for this have already been set out. Our only concern is with the size of the import trade which we will permit; that is, how much of our home market we will choose to turn over to foreign workmen. The question gets down to exactly that.

We might leave the answering of that question to nature, if finding the right answer would settle anything. But a far greater question is involved. We have within our borders the wealthiest and most complete economic machine the world has ever seen. To the extent that we import and export, we expose that machine to outside control; a war in which we have no concern may throw millions of our people out of work, if their jobs depend either on foreign demand or supply. Instead of a war with arms, we may run into an economic war, waged with cartels and prices that will equally damage our progress. For a while we imagined that foreign commerce was always sweet. Now we know it can be very bitter. We cannot take the sweet without the bitter. But we can choose to have little or nothing of either.

The great majority of the industrialists of the country are already agreed that their possible foreign business is of slight consequence as compared with the future of the home market. They, keeping abreast of science, are realists, and so, reluctantly but positively, they have come to realize that many of the changes which have come about in the world's commerce are basic and that yesterday has gone forever. Even many of the concerns that have a third of a half of the capital abroad and have considered their affairs as international are at the point where they are willing to scrap their foreign investments if they can save their home markets. The really important farm interests, such as the dairy, the cattle, the egg, the fruit, and the vegetable people, depend entirely upon the home market. The wheat farmers and the cotton planters who have now become of less importance in the national picture, would like a large export trade as well as a large domestic trade. That, however, is not in nature.

If, at the height of our exporting when we were giving our goods away to foreigners, the amount that we exported made only a trivial proportion of our trade, how can it be that suddenly the foreign trade has taken an all-important position in our economy? And since, in the United States, we do about one half the business of the whole world, would it not be more to the point to concentrate on the home market?

As I view this whole thing it is a contest between Americanism and internationalism. As for me I will take my place on the side of Americanism. I am more concerned with the welfare of 10,000,000 idle in this country, who would work if they had a chance, than I am with the idle of other countries. [Applause.] Charity begins at home and our duty is to provide for our own people first.

It is high time that we stop playing the role of Santa Claus to other countries, and fulfill our plain duty to our own people. By every rule of the game they should come first, and, if we fail them, we deserve to be driven from power, as we surely will be.

Our paramount duty is to regain the American market for the American producer so that our idle may be put back to work at wages that will enable them to enjoy American standards of living. [Applause.]

My friends, let us return to that rugged spirit of Americanism which made this country great and prosperous. So long as our industries, agricultural and industrial, enjoyed full protection against the competition of pauper labor in other lands we were a happy and prosperous people, but with the fall of foreign currency values in the markets of the world we were forced onto a low-tariff basis which resulted in many factories shutting down and throwing hundreds of thousands out of work because they could not com-

pete with the much cheaper labor of other lands that toiled longer hours per day. This unfortunate situation also had a very depressing effect on agriculture because of the impairment of the buying power of the American people.

How much longer will we shut our eyes to the true state of affairs? The future of our country rests in our own hands, and if we do not apply the necessary remedy, which is an adequate protective tariff, our beloved country and our firesides will be bankrupt as sure as the rising of tomorrow's sun. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. McClintic].

Mr. McCLINTIC. Mr. Chairman, I desire to thank the Chairman of the Ways and Means Committee for extending to me the courtesy which makes it possible to give my views concerning the pending legislation. This bill, briefly stated, is a measure to enable the President of the United States to deal quickly with other nations of the world in commerce. In other words, it provides the kind of machinery that will make it possible to cut red tape, hue straight to the line, and complete a transaction without the usual delay that is now brought about by the old cumbersome method in effect.

The subject of tariff is a misnomer to most of our people. It is the one subject that usually enters into every campaign. The Republicans for many years have always sponsored a high protective tariff, and the Democrats on the other hand have issued their declaration in favor of a tariff for revenue only. Then there is a middle class who believe in free trade, which means that every article of commerce should be allowed to flow back and forth from one country to the other without any kind of restrictions. There are so many phases that enter into a tariff discussion that it is practically impossible for anyone to have a correct viewpoint on the subject. Corresponding conditions, coupled with supply and demand, are some of the phases that have a bearing on this subject; and when the whole question is summed up, I am inclined to believe that no one can write a formula that will correctly solve this problem. This being true, the term "expediency" can be used in connection with the necessity for this kind of law.

In the days gone by, the Nation has always been confronted with a struggle between two classes—the manufacturer on one side, trying to obtain as high a rate as possible on manufactured articles, and the consumer on the other opposing any kind of legislation which would bring about a monopoly. This being true, one can realize the reason for a difference of opinion concerning this legislation and its effect upon world commerce.

Hearings were held on this bill for about 1 week, and some of the Nation's best-posted men on this subject testified both for and against the legislation. As I view it, those who were interested in the continuation of favorable rates to existing manufacturing concerns opposed the legislation, and on the other hand those who are interested in protecting the markets of the United States abroad favored the legislation.

The Secretary of State, the Honorable Cordell Hull, a former member of the Ways and Means Committee, who served in Congress for many years with distinction, came before the committee and told us that unless something was done, the policy now in effect on the part of a number of the nations would gradually strangle or destroy our export business, and to cope with this situation it was necessary that the President of the United States be clothed with sufficient power to trade or bargain in such a way as to keep the channels of commerce open so that surplus products could flow freely to the various people of different nations.

It will be interesting to note that on March 16 there was published in a Washington paper a startling statement relative to this subject, and in my time I want the Clerk to read the same to the House, as it portrays in language so clear the actual conditions that we are confronted with that no one, unless he be unduly biased, can object to the passage of some kind of bill that will enable the President to cope with the existing situation.

The Clerk read as follows:

FRENCH DOUBLE TARIFF LEVIES ON UNITED STATES GOODS

PARIS, March 16.—A new blow was struck against American products today when the French Government, acting without Parliament, doubled the duty on machine tools and raised the duties on other products which the United States has heretofore furnished France.

The Government acted under recently granted powers to deal with tariffs. The move was regarded as strategy through which France hopes to arm herself with a trump card for future trade deals with the United States.

The list on which duties were increased includes certain chemicals, automobile horns, toys, alarm clocks, milk, sugar, and gelatin. The action marked the first use of the special powers obtained by the national union cabinet February 28, and followed a similar move yesterday when a new quota contingent system was announced for a long list of American products.

This announcement surprised American circles here, in view of the United States' announced suppression of the quota on French wines.

Secretary Sayre, of the State Department, in presenting an argument to the committee favorable to the passage of this bill, called attention to the fact that the delegation of power to the President in tariff matters was not a new idea, and he commented on the laws passed in 1794, 1802, 1815, 1828, 1890, 1892, 1897, 1909, and 1922. All of which specifically lodged in the President a particular authority with respect to foreign commerce. Anyhow, when this subject is boiled down to a nutshell and it is taken into consideration that some 65 nations have, according to the testimony presented to the committee, already put up trade barriers that are a menace to the United States, it means that, unless we scrap the old cumbersome machinery that makes necessary the holding of hearings and the finding of facts before any action can be taken, the horse will be stolen before we can have time to lock the barn.

It will also be interesting to some Members of the House to know that testimony was given to the committee which shows conclusively that when a shipment of a commodity is on the high seas, sold and billed to some concern in a nation where the government can, overnight, put on an embargo lifting the rates sky-high or do anything else desired, that such action may result in a great loss to the owner of the commodity.

One of the most prominent citizens who testified before the committee was Hon. Samuel Crowther, a writer of note, whose articles have appeared in the Saturday Evening Post and many other leading publications. I did not agree with his testimony; yet his viewpoint was indeed interesting, as apparently he is a nationalist and believes the time will come when the United States must be a self-contained Nation to the extent that it will be able to provide practically all the necessities of life for its citizens.

I took the occasion to question Mr. Crowther concerning the subject of wheat, cotton, and other commodities. He very frankly expressed the opinion that our export wheat market was already dead, and upon making an investigation I find that the total value of wheat exported last year amounted to only a little over \$5,000,000. In answering my question concerning what was going to happen to cotton, he expressed an opinion which, it seems to me, justifies the passage of this legislation, and that was that the time was approaching when we would probably lose our export market, and there may be a lot of truth to his statement when it is taken into consideration that there are some 26,000,000 acres planted in cotton by the English colonies and it is proposed to increase this acreage to the extent of 20,000,000 more acres this year. Everyone realizes that the cost of labor is far less in other cotton-producing countries; and if this new acreage should produce one fourth of a bale per acre, it would add to the world supply an amount equal to 75 percent of the number of bales that we export annually. Nothing could be more disastrous to the cotton-producing sections of the United States than such a result. Therefore, if the export markets of the various commodities produced in this country are to be protected, there must be provided some quick, effective way to execute trades, and this can only be done, in view of the present machinery already established by 65 nations, by giving to the President of the United States

the power that will enable him to make the kind of agreements that no nation would dare violate.

During this debate there will be presented all kinds of figures relating to export and import balances, yet the one fact remains that our business has been gradually falling away and this relates to percentages, so no one can successfully claim that the general depression that exists in some nations of the world is directly responsible.

In questioning Mr. Samuel Crowther, I asked him if he did not feel that if the nations of the world established a marketing place for the disposal of various kinds of products, would it not be favorable for our country to be represented by someone delegated with sufficient power to exercise the same? His answer, as I remember it, was that this was a new thought, and he would not care to answer it until he had given the same more study. Everyone realizes that a wholesale house sends its traveling salesmen out empowered to make prices and give discounts for the purpose of selling certain products; and if a competitor decides to sit on his own doorstep and wait for business, oftentimes the result is an action in bankruptcy. This is exactly the same situation that is prevalent today; and the percentage relating to our loss of business indicates that manufacturing plants, producers of agricultural products, and others are facing bankruptcy unless they can find some method of disposing of their surplus.

This House, a few days ago, passed the so-called "Bank-head bill"—a measure to levy a prohibitive tax on excess production of cotton. This Government has already curtailed the production of hogs, wheat, and other commodities, realizing full well that we were losing our farm markets; and if the price is to be maintained equal to the cost of production, there must be found some way to keep our citizens from producing more than can be sold.

During the hearings Mr. HILL, a distinguished member of the Ways and Means Committee from Washington, asked a certain question of Mr. O'Brien, the Chairman of the Tariff Commission—and by the way he is a Republican member, who, according to my viewpoint, has the right opinion concerning this legislation:

Mr. HILL. What can you tell us as to the tendency within recent years and at the present time toward trade-agreement bargaining among other nations outside of the United States?

Mr. O'BRIEN. It is growing like wildfire all over the world. It is in a way very much to be regretted as a world-wide policy, but I do not know what we can do about it. Since other nations are bartering and trading, if we want to get in on the deal we will have to do some bargaining and trading ourselves.

Mr. HILL. Is it necessary that our Government set up some agency for ready bargaining in order to keep pace with the trade-agreement movement throughout the world?

Mr. O'BRIEN. I believe so.

Mr. HILL. And if we do not set up such agency and do not confer power as in this bill it is provided, or in some other way, to enable some executive or administrative officer to carry out such negotiations and readily negotiate such agreements, the other nations will have the agreements all among themselves with us left out?

Mr. O'BRIEN. I think that is the case today in the Denmark lard matter. I think the trouble with England, why we are not selling lard there, is there has been a special trade between them that gives Denmark a great advantage.

Mr. HILL. This world-wide tendency of these countries toward trade agreements and the readiness with which they can negotiate trade agreements render it necessary for this country to adopt some agency for trade agreements if we are to keep pace with the other countries?

Mr. O'BRIEN. I believe in that strongly.

Mr. HILL. Whatever may be said about our tariff policy as it applied during the last 150 years, we have reached the point now where, under existing conditions, if we are to keep pace with the rest of the world we must take action similar to the action they have taken with reference to negotiating trade agreements?

Mr. O'BRIEN. That is correct.

Other distinguished gentlemen testified before the committee favoring the principles embodied in this legislation, and, to save my life, I cannot understand why the minority members of this committee cannot realize that unless some action be taken which will protect the producers of our country that sooner or later our commerce will be wiped off the seas.

The enactment of this bill into a law will not in any way destroy certain powers that now rest in the Tariff Commis-

sion, as section 336, which gives to the President authority to modify existing rates, is amended in such a manner that it will remain effective toward nations who do not make favored-nation treaties. In addition, section 338 will be effective toward nations that unjustly discriminate against the citizens of the United States; in addition the provisions included in the Public Works Act makes it possible to exercise the kind of jurisdiction that is necessary to levy different rates for the protection of commodities produced in the United States; yet these provisions of law do not provide any kind of machinery which would authorize the President to enter into a quick trade. When it is taken into consideration, the action announced by France against the United States a few days ago, one must realize the necessity of clothing the President with sufficient power to enter into trades for the purpose of removing unjust discriminations.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC. I shall be pleased to yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Does not the gentleman know that in spite of all this enthusiasm shown by Mr. O'Brien, no country in the world has its imports and exports now up to where it had them in 1929?

Mr. McCLINTIC. I agree with the gentleman, but I may add further that our country has lost in percentages, and percentages are what count, and not the totals in dollars and cents. The percentages always show the trend of business, and there is no man on this floor or in this Nation who can dispute the accuracy of what I have just said.

Mr. JENKINS of Ohio. But does not the gentleman know that that condition is absolutely attributable to the fact that all the nations of the world have put up their own tariff walls and are trying to do what we should do—look after our home markets.

Mr. McCLINTIC. I think if the gentleman will refer to the speech just delivered by my distinguished colleague the gentleman from Nebraska [Mr. SHALLENBERGER], he will see cases cited that related to the various countries of South America, which showed that in the years gone by we had an increase in our export business where now we have a decrease, and this is not only true with respect to the South American countries, but it is equally true of all the nations with which we have had normal business in the past.

Mr. FULLER. Will the gentleman yield?

Mr. McCLINTIC. I yield to the gentleman from Arkansas.

Mr. FULLER. Is it not a fact that all these nations that have adopted higher tariff rates in recent years have done so in retaliation for the American Smoot-Hawley tariff law?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCLINTIC. I am going to make my answer very short. I think the gentleman is exactly correct.

Mr. KNUTSON. Will the gentleman yield?

Mr. McCLINTIC. For a brief question; yes.

Mr. KNUTSON. The gentleman is probably the greatest authority on the oil question on the Ways and Means Committee—

Mr. McCLINTIC. I thank the gentleman for his compliment.

Mr. KNUTSON. I really believe that, and I follow the gentleman on the oil question, because I know he understands it. May I ask the gentleman this question? Does he really believe it would promote prosperity in Oklahoma and Texas and Kansas if we were to buy more oil in South America and produce less in the Southwest?

Mr. McCLINTIC. May I answer the gentleman by making this statement? Whenever we make it possible to negotiate trade agreements, then countries that are not producing oil will be able to sell or trade us something for our oil, and we will be able to carry on in a successful manner.

It will be remembered that recently our Government has announced a policy that relates to quotas; however, this

was more or less a temporary program, and until we announce to the world that we expect to ask for our citizens the same consideration that is given to others, we cannot hope to produce and sell surplus of many of the products of this land in the future. At present there are a great many articles on the free list; if I am correctly advised, there is no method other than by legislation to levy a duty on such items. In taking into consideration the various proceedings that enter into a trade, I have always been of the opinion that the more freedom an agency could have, the better the result that could be obtained; and for this reason I raised the question in the committee as to whether or not this legislation could directly deal with those articles that are now coming in free of duty. The answer was given that the establishment of quotas would solve the situation, thus making it possible, if the President so desired, to refuse to enter into an agreement which would allow any article to come into the United States, which, in my opinion, is a distinct advantage to all the people, and especially the cotton farmers, as the time may come when other countries will levy high duties on export cotton; and unless we have some way to meet the situation, this business may be vitally affected.

Now, this bill does not establish a selfish policy to make some industry enormously rich, but to preserve the rights of different kinds of businesses in this country in such a way that we may continue to hold the high position that we held in the estimation of other countries prior to the enactment of the high protective tariff law. In other words, I try to put myself in the other fellow's place when it comes to the discussing of any subject. I know that other nations of the world have the right to make quick trades, to establish embargoes overnight that may destroy the value of a cargo at sea, and I should like for my country to have the same rights so that the honest producer will not be penalized by some unjust act of this kind. [Applause.]

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I do not expect anything I may say on this bill, or, in fact, anything anyone else may say on this bill in the course of this debate, will have the slightest influence on the outcome of this legislation, because I believe that every Member has already made up his mind how he is going to vote. The only purpose we can serve is to record our views on it so that the public will know how we stand on legislation of this kind.

The bill now before the committee, H.R. 8687, is entitled "A bill to amend the Tariff Act of 1930."

This proposed legislation does not within itself undertake to modify, alter, or change in any way whatsoever a single tariff schedule or rate in the Tariff Act of 1930, yet in every sense of the word it is a complete tariff bill in every particular. It transfers to the Chief Executive the whole works. It authorizes him, without let or hindrance, to increase or lower any rate in the present tariff act within a range of 50 percent of the present rate and without reference to the difference in foreign and domestic costs. It also authorizes the Chief Executive, at his own will and pleasure, to enter into foreign trade agreements with foreign governments or instrumentalities thereof. It authorizes the Chief Executive to modify existing duties, existing import restrictions, or such additional import restrictions as may be required or proper to carry out any foreign trade treaty that the President may see fit to enter into. The exercise of all these powers and proclamations shall be in effect from and after the time they have been proclaimed and shall remain in effect until such time as the President may desire to discontinue them in whole or in part.

I cannot vote for this measure for the reason that I am convinced it is an attempt to transfer to the President of the United States legislative powers not authorized by the Constitution, repugnant to and directly in conflict with section 8 of article 1 of the Constitution, which states that—

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

Throughout the 150 years' history of the country this constitutional power has rested in the legislative branch of the Government. To the present date, so far as history records, no President has ever asked that this authority be transferred to him or even suggested such a departure from traditional policy.

This proposed legislation, however, is just one further step in the direction of complete dictatorship that is now being rapidly approached by our Government; in fact, it is only truthful to say that this Government is now essentially a government by dictatorship. No other possible characterization can be made of it. I dare say that scarcely any Member of this House would say that he believes it was the purpose and intent of the framers of the Constitution, when they proposed section 8 of article I, above quoted, that the power to lay and collect imposts and duties, tariffs or taxes, was ever to be under control of other than the legislative branch of the Government. If any man is so bold as to entertain the thought that we in this country have not already been subjected to the rule of absolute dictatorship, let him undertake to embark upon any business venture. He will at once find himself surrounded by and checkmated with scores of heretofore unheard-of governmental bureaus, manned by high-powered subdictators, clothed with unlimited arbitrary authority, ready to place him in a governmental strait-jacket.

The proposed legislation is probably the most striking and forceful example of this that can be mentioned. We are living under the new deal and are paying a terrific price because of it. The liberties of the American people are daily being transferred from their chosen representatives to the executive branch of the Government on the basis that we are in the midst of an economic emergency and that traditional policies are to be cast aside. When this policy began a year ago it was claimed that it would be exercised only temporarily, and opposition to it was placated on that basis; but now no further claim is being made that this is a temporary policy. On the contrary, we are bluntly and plainly told by the "brain trust" that it is to become a part of our permanent system. Even the bill under consideration is permanent in its duration and makes no pretense at being a mere temporary emergency measure.

Leading authorities of our country and many of our ablest students of governmental affairs are alarmed at what they term a sort of "palace revolution" that is going on at the seat of our Government in Washington. One of these, Mark Sullivan, in a New York publication on March 4, 1934, said:

It is certain that the revolution now under way cannot go on to completion except by getting rid of the independence of the judiciary. The revolution cannot be made effective except by getting rid of the freedom of the press and by suppressing and punishing dissent and nonconformity as thoroughly as they were suppressed during the World War. The revolution cannot go on to completion except by getting rid of the parliamentary form of government; and these are but three of the fundamental American institutions that must pass away if the revolution is to be complete and remain permanent.

Another leading publisher who is known to be friendly to the present occupant of the White House, who vigorously supported his candidacy, and who is of the same political faith as the President, in a front-page editorial within the past 10 days, stated:

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy. Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority. The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing references to the "existing emergency" and the "prevailing unemployment."

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives or procedure.

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would be at least the right to defend American industry. But the power to lower tariff rates 50 percent is the power to destroy American industry. It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

These are strong words to come from one of the President's own party—one known to have contributed to his political success.

As a Representative of a congressional district it is my duty to know, and I am interested in knowing, just how the exercise of the power conferred on the President by this bill may affect industry in my district and in my State. Southern California is probably the greatest citrus-producing section in the world. The potential capacity of that great southwest country to produce all kinds of citrus and most every kind of vegetable products is almost unlimited. The growing of these products is the major industry and enterprise of that section, which provides gainful employment and sustenance for three or four million people. This industry has been developed over a period of some 70 years of painstaking effort, research, and study. After successive experiences of success and failure over this long period of years this industry has learned from the valuable school of applied experience that it cannot compete with the same products which can and are now being produced in the countries along the Mediterranean Sea. It has been ascertained and proven to be a fact beyond any question of doubt that these Mediterranean countries can produce and transport to the center of the United States of America competitive citrus, vegetable, and other like products at a cost of one half or less the cost of production of these products in the United States.

These American products to which I refer have enjoyed intermittently and from time to time tariffs sufficiently adequate to enable them to compete successfully with the low cost of production of competitive countries. Within my personal knowledge, however, there have been periods when this industry had not proper rates of protection. As an outstanding example during that period of the Wilson administration when the so-called "Underwood tariff law" was in existence, the tariff on lemons was only one half of 1 cent per pound. I remember the protestations of the lemon growers that they could not market their products at a sufficient price to even pay the cost of transportation much less the cost of production, interest on their investment, and so forth. The country was flooded with lemons and other citrus products from Italy and Sicily. I distinctly remember driving along the highways through the Citrus Belt of southern California and seeing piles of the finest lemons and oranges that ever grew, and that would have filled hundreds of freight cars, dumped along the highways and in the waste spaces, that had been picked to save the trees and carted away from the groves and dumped by the wayside as a total loss. The American consumers were getting their lemons and oranges from Italy and nearby countries because they could be laid down here at less cost than ours. The producers, in a state of desperation, were pleading to their Government for a tariff on these products that would permit them to live. There are, in all probability, among those who today comprise the membership of this House, some who witnessed this same spectacle as they visited southern California during that period, and who will verify the correctness of what I am here stating.

Upon the passage of the Republican emergency tariff law in 1921, which placed on lemons a substantial tariff, as well as upon other citrus and agricultural products, this tragic situation disappeared, and from that day this industry has prospered under the protective policy and has expanded and developed into one of the major industries of the whole United States. Millions upon top of millions have been invested and there is room for more. More than a million

American citizens are dependent upon this industry for a livelihood.

Mr. Chairman, I ask unanimous consent to read a letter that I have received from the California Almond Growers Exchange.

The CHAIRMAN. Without objection, the Clerk will read. The Clerk read as follows:

CALIFORNIA ALMOND GROWERS EXCHANGE,
San Francisco, Calif., March 19, 1934.

HON. WILLIAM E. EVANS,

House of Representatives, Washington, D.C.

DEAR MR. EVANS: This organization views with interest and some concern the introduction of a bill in the Congress to amend the Tariff Act of 1930. The present status of the almond-growing industry in this State, involving the livelihood of between five and six thousand orchardists, is due in a large measure to the very wise action of past Congresses in granting a considerable measure of protection to these growers against the importation of almonds from the Mediterranean Basin.

Under the auspices of the California Almond Growers Exchange from time to time the case of the almond growers has been presented to the Congress, backed up by records showing the actual differences in the costs of production and asking only for that measure of protection which would enable California almonds to compete on a basis of equality in the domestic market with imported nuts.

This has been recognized by the Congress, and while the measure of protection does not entirely equal the difference in the costs of production, nevertheless the quality of California almonds and the grades and standards, as well as the merchandising policies which have been fostered by the exchange, have enabled our growers to get an increasing share of this market without imposing a burden on the consuming public.

The exchange is of the opinion that the Congress should not forego its rights to tariff making, and that, as in the past, the Senate should reserve its right of passing on any reciprocal trade agreements, which, of course, must always involve the exercise of the treaty-making power of the Government.

No doubt you are familiar with historic efforts to promote and maintain such reciprocal agreements. Practically all of these agreements concerned agricultural products, highly competitive with those of other countries, which are eager to have the gates of our country opened to their cheaply produced crops.

This is particularly true of almonds and the other specialty crops raised exclusively in this State, or only in a few other States. These crops are not subject in the same degree to economic factors affecting the great major staple agricultural products of this country, but they do represent the chief means of livelihood of a great many thousands of American farmers who are surely entitled to equality of opportunity in seeking the domestic market for their products.

This attitude of the California Almond Growers Exchange is being expressed to you because we feel that in the coming discussion of this legislation you will want to have the opinion of your constituents directly interested in this issue.

Thanking you for your interest, and with best wishes, we are,
Sincerely yours,

By authority of board of directors of the California Almond Growers Exchange:

C. D. HAMILTON, President, Banning, Calif.
M. B. AYARS, Vice President, Paso Robles, Calif.
CHARLES DUMARS, Winters, Calif.
N. C. JESSEE, Chico, Calif.
H. C. MCMAHON, Marysville, Calif.
A. L. SCOFIELD, Merced, Calif.
GEORGE W. STURM, Orland, Calif.
JOHN H. WILLMS, Woodbridge, Calif.
HARRY J. WOOD, Modesto, Calif.
By T. C. TUCKER, Secretary.

Mr. EVANS. Now, Mr. Chairman, the question that necessarily forces itself upon me is, Do I want the power to destroy these great industries and literally wreck the efforts and lives of hundreds of thousands of people, to be transferred to any one person who may, by a single stroke of the pen, without giving those interested an opportunity to be heard and without even permitting those interested to know that he may at his will or pleasure remove this arm of protection and suddenly subject them to utter ruin?

When a kindred proposal was before Congress 3 years ago, at the time the present tariff law was under consideration, scores of Members on the Democratic side of the House, many among the Democratic leaders, came on this floor and earnestly plead against conferring a much milder power upon the President under the flexible provisions of the tariff law. They said, in all earnestness and with emphasis, that even those limited powers, which could be exercised by the President only after a thorough investigation conducted by the Tariff Commission at which all par-

ties interested had been heard, were entirely too much to confer upon any President, be he of either major party.

I have the highest regard and kindest feeling for the Chairman of the Ways and Means Committee—no finer gentleman ever presided over it—but in a speech made on May 17, 1929, in connection with the consideration of the Hawley-Smoot tariff bill, the gentleman from North Carolina [Mr. DOUGHTON] said:

In my opinion we have gone a long way too far already in the centralization of power in the Executive head of the Government. The President of the United States is now Commander in Chief of the Army and Navy; and with the great concentration of power lodged in him, giving him indirect control over the railroads and the transportation system of the country through the Railroad Commission, control of the air communication by the Radio Commission, control of the navigable streams and water power, control of the finances of the country through the Federal Reserve Board and Farm Loan Board, and now domination over agriculture through the proposed new Farm Board, with a \$500,000,000 revolving fund, every dollar of which will be expended by appointees of the President, and if this bill is enacted into law he will have the power of life and death over industry, all manufacturing enterprises, and complete autocratic power affecting agriculture.

Continuing, he said:

My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States. In fact, with all this unrestricted and unlimited power he would be in a better position to overthrow our form of government and proclaim himself king than was the First Consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself Emperor.

Mr. SAMUEL B. HILL. Will the gentleman yield for a quotation from remarks by the gentleman from Massachusetts [Mr. TREADWAY] on this point?

Mr. EVANS. I will yield.

Mr. SAMUEL B. HILL. The tariff act was before the House, and I think it was on the conference report the gentleman from Massachusetts [Mr. TREADWAY] said:

I know our Democratic friends will represent, as they have done in the past, that under the flexible provision we are abrogating the rights of Congress to write tariff rates. This is absolutely incorrect and incapable of proof. Whether a Republican or a Democrat holds the exalted position of President of the United States, he is chosen for that position by the will of the majority of the people, and the confidence of the country must be reposed in his judgment. To ask him to become simply a transmitting agency to the House of Representatives of the action of the Tariff Commission is a denial of the confidence of the people in his judgment and capacity.

Mr. EVANS. I think the gentleman from Massachusetts is consistent.

Mr. SAMUEL B. HILL. He is against this bill, and the argument that I have quoted is in favor of this bill.

Mr. EVANS. But he did not say that he was willing to go this far, as far as this bill goes.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes.

Mr. DOUGHTON. First, I extend to the gentleman my sincere thanks for the very high compliment he has paid me as Chairman of the Committee on Ways and Means. Next, when I made that speech it was during peace times, under normal conditions, and we all know that during war times and abnormal conditions a different situation obtains, and we are now in a condition that is worse than was ever experienced during war. We know we must adopt extraordinary means to deal with extraordinary conditions. Then I again commend to my friend the comment of the great Lincoln, who said that wise men change their minds, but others never do.

Mr. EVANS. Mr. Chairman, I knew when I yielded to our fine chairman that he was going to come back to the Lincoln wisecrack, because I heard him use it under the same circumstances a few days ago.

Mr. DOUGHTON. I assure the gentleman that I do not mention that with reference to my friend from California.

Mr. EVANS. I understand that, but I must continue now with these very potent words of our distinguished chairman:

It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

That yawning precipice which the gentleman saw in front of him was the flexible tariff law. The gentleman was certainly wrong when he made that speech, or he is wrong now when he is asking tenfold more power centralized in the Chief Executive.

These very same gentlemen are here today urging the passage, and will undoubtedly succeed in passing, this bill, which is a hundredfold more potential of dangerous abuse of the executive power than the provisions of the flexible tariff act. Under the present law the President can act only after a finding by an independent nonpartisan board that the difference in the cost of production justifies the change of rates.

The New York Journal of Commerce, under date of March 13 last, carried an extended article in which it was stated in substance that, anticipating the enactment of this legislation, high official representatives of the administration were now in Mexico and other Latin American countries soliciting new import trade agreements under which it is proposed to import into this country annually some 30,000 additional carloads of fresh vegetables, which will of necessity come in direct competition with the vegetable growers of the southern coast and Gulf sections of the United States. It should not be difficult to see what this will do for American vegetable producers, but the sponsors of this "new-deal" policy say, "What is the difference? If these foreign producers are more efficient and can produce at less cost, why not let them furnish us these products and we will in turn furnish them such of our products as we may be more efficient in producing than they are."

In other words, a policy of the survival of the fittest is to be applied to all industry throughout the world, which means that the small, struggling American industry, whether agricultural or otherwise, will have to give way to foreign producers, who by the advantage of low costs of production can prove themselves more efficient. This bill is designed to empower the President to lower tariffs to accomplish this purpose.

Mr. Chairman, I cannot subscribe to this policy, and the reason I cannot is that I believe in preserving American resources for Americans. If this bill becomes law, no business can be assured that its products will remain protected one day, nor will those interested have a word to say in protest to any action the President may take.

But the sponsors of this bill say that the President, in his wisdom, will never make such a ridiculous agreement as would permit such a situation to arise. No one can be certain of what may arise in our economic situation as it is today. The President may be actuated by the most laudable purposes and will undoubtedly be moved by the best intentions, but the President is no more than human and may make serious blunders if permitted to act on his own responsibility alone in a matter embodying such great and complicated ramifications. The air-mail fiasco of a few weeks ago is an outstanding example of what may happen in the exercise of arbitrary power. The most colossal blunder the Government has made in a decade—the cancellation of these air-mail contracts without giving those who had all at stake an opportunity to be heard. Now that this fine service has been practically destroyed and the lives of 11 fine young Army officers needlessly sacrificed, it has become known to unbiased minds that no actionable fraud was connected with the letting of the contracts. And suppose the contracts had been reeking with fraud. Surely those immediately connected with this service were entitled to be heard. Our law guarantees this right even to the guilty. It shows the danger of arbitrary power. If this bill becomes a law many a business may suffer the same sad fate the air-mail contractors suffered.

Let us see what is in the mind of his Cabinet officials. The Secretary of Agriculture testified before the Ways and Means Committee on this bill. The burden of his testimony

was that there were a lot of so-called, by him, "inefficient" industries in this country that could not sustain any economic justification of their existence, and that it was a mistaken economic policy to coddle these industries under a protective tariff shed to the exclusion of similar products from foreign markets which were more efficient. I say this was the trend of his testimony. Let me quote from it.

Mr. TREADWAY. Suppose you put every lace and curtain factory of the States of New Jersey and Pennsylvania out of business by this reciprocal method, how big an impression on the exportation of our goods will that make by bringing those few lace curtains into this country? Now if that is the reciprocal trade you men want to get, let us understand it.

Mr. WALLACE. On the other hand, sir, a domestic expansion in these inefficient industries will cause unemployment in the efficient industries and in our export agriculture.

Now, because of the fact there have been these groups, representing in total a very small percentage of our population, but highly organized groups for impact on Congress, it is because of that we have got in this terrible muddle, creating tremendous injustice to our more efficient—and most of our people are efficient—our more efficient exporting industries and reacting through them on this great eastern section of the population. I feel if you had responded less to these small groups, inefficient from the world point of view, that your own cities would be enormously more prosperous than they are today.

Mr. TREADWAY. Now, Mr. Secretary, you speak of inefficient small industries. Take a community, say of 50,000 people with a factory in it employing three or four thousand hands; how would you class that? Where are you going to draw the line of distinction both as to inefficiency and smallness?

Mr. WALLACE. May I refer you to the statement I made earlier in response to a question of the chairman, that of our total gainfully employed population of, say, 48,000,000, about 5,000,000 are employed by the factories of the type that might be affected to some extent by lower tariffs. I would say that that is a relatively small group; considering the gains that would accrue to the rest of the population.

Mr. TREADWAY. I think, Mr. Secretary, when you refer to small industries, if that is the type of industry it is proposed to put out of business by these reciprocal agreements and treaties, you are vitally hitting perhaps not a center of population but a very vital part of the population of this country—when you are centering your efforts to destroy industry in New England. Now let us be fair and frank about it. We have a great many small industries—under the definition you are giving us, they are small—but are not men and women employed in those industries entitled to a livelihood and not to be obliged to move out from their homes, which they have inherited from generation to generation, and to go to some big center, in order to let in some of this type of goods you are talking about—lace curtains from abroad?

Mr. WALLACE. Are they inefficient, sir?

It is perfectly clear as to what was in Mr. Wallace's mind when he made that statement. That last shot he took at Mr. TREADWAY is most significant. "Are they inefficient, sir?" That means, Mr. Chairman, that upon the passage of this bill inflated, high-powered Government officials will sweep out over this country and say to the little so-called "one-horse" manufacturer, industrialist, or what not, "You are inefficient. You could not stay in business unless you had this outrageously high tariff hovering over you. So you will have to get out and let some more efficient concern of Czechoslovakia or elsewhere produce the stuff you are producing; they are more efficient. This is a day of the survival of the fittest, applied to industry on a world-wide basis."

The Secretary of Agriculture gave the public a statement, in which he proposed an economic policy for this country, a few weeks ago entitled "America Must Choose." Every American should read and understand his words. Let me quote just a small part of this article, wherein he undertakes to tell us what is ahead. The Secretary is a member of the "Brain Trust", so reported, and he and Professor Tugwell, the chairman of the Trust, are said to have taken the lead in the drafting of this bill. The Secretary said:

Much as we all dislike them, the new types of social control that we have now in operation are here to stay. * * * By the end of 1934 we shall probably have taken 15,000,000 acres out of cotton, 20,000,000 acres out of corn, and about half a million acres out of tobacco, nearly one eighth of all the crop land now harvested in the United States.

If we continue year after year with only 25,000,000 or 30,000,000 acres of cotton in the South, instead of 40,000,000 acres or 45,000,000 acres, it may be necessary after a time to shift part of the southern population. We will find exactly the same dilemma, although not on quite such a great scale, in the Corn and Wheat Belts.

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer for every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture. * * * Every plowed field would have its permit sticking upon its post.

DISCIPLINE NEEDED

As yet, we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires. * * * It is quite as serious a question whether we have the resolution and staying power to swallow all the words and deeds of our robust individualist past, and submit to a completely army-like, nationalist discipline in peace time.

Our own maneuvers of social discipline to date have been mildly persuasive and democratic. * * * Regimentation without stint might indeed, I sometimes think, go farther and faster here than anywhere else. * * * Great prosperity is possible for the United States if we follow the strictly nationalist course, but in such case we must be prepared for a fundamental planning and regimentation of agriculture and industry far beyond that which anyone has yet suggested. To carry out such a program effectively, with our public psychology as it is, may require a unanimity of opinion and disciplined action even greater than that which we experienced in the years 1917-19. * * * It may require a great amount of governmental aid to take care of people formerly engaged in import and export businesses. It will mean the shifting of millions of people from the farms of the South. But these are minor considerations, in comparison with the extraordinarily complete control of all the agencies of public opinion which is generally necessary to keep the national will at a tensility necessary to carry through a program of isolated prosperity.

These, Mr. Chairman, are prophetic admonitions. The American people—farmers and others in small communities—will be moved about like soldiers, having no choice in where they may live or what they may do to earn a living. We will be building up our great centers of population, according to the Secretary, instead of allowing the people to remain in the healthful surroundings of the country or small towns of their preference.

The Secretary is giving a mild warning to the American people of what they may expect in the application of his scheme of planned economy, which means nothing more or less than absolute Government control of all industry. He tells us that it means the carrying out of stricter rules of discipline than we experienced in 1917-19, during the World War. Most people believe that war-time authority is great enough for most any emergency, but these gentlemen are headed for still greater power than is necessary in time of war. He does not stop here. He says it will require unanimity and discipline of opinion to carry out this rule of Government control. In other words, the traditional policy of the freedom of the press is no barrier in the wake of the new deal dictators. They must have absolute control, and the freedom of the press must yield to their power.

This bill, Mr. Chairman, was drawn and handed to this Congress in its present form by the men who advocate these new, socialistic, and un-American reforms. It is just one step further in the direction of the new dictatorship, Government ownership, and socialism. It takes from the legislative branch of the Government a constitutional function which it has exercised for 150 years. [Applause.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, back of every question which assumes such proportion as this tariff question assumes there is a certain fundamental background, and I do not think we can properly do justice to the consideration of a question such as this unless we include in that consideration a consideration of the background. There are certain natural laws of economics the reaction of which cannot be refuted by any collection of statistics or trick figures. They are as certain in their workings and as inevitable in their results as are the movement of the planets in their orbits. To disregard these laws is as disastrous to the welfare of economics as is the disregard of the laws of hygiene dangerous to the health of the human body.

The ascent of mankind from the stage of savagery commenced when he began to exchange those of his commodities which he could secure the most easily for those commodities which were difficult for him to obtain. The mem-

bers of one tribe were hunters and were skilled in the capture of game. Living upon an unbalanced diet of game, they did not develop far mentally or physically beyond the state of the cave man. Other tribes were adept at fishing and lived upon a diet of fish. Others, because of their location and the industry of their women, eked out a meager livelihood by primitive agriculture. Each tribe also became proficient in utilizing the various byproducts of game, fish, and plants for weapons, clothing, utensils, and dwellings.

By the fact that each was limited in its scope of endeavor by the nature of its supplies, development was necessarily slow. Savage wars resulted in the endeavor of each tribe to procure by conquest certain commodities which they considered necessities. The time, energy, and thoughts of men were so occupied by the procurement of necessities and by war that they could devote none of their energies toward advancement. Because of this continual strife, it was impossible for a tribe to have a settled abode or for any member of the tribe to accumulate possessions beyond the ability of the individual to transport easily upon his person. The instinct of acquisitiveness was present but latent.

After some centuries of this kind of existence it dawned upon the feeble mind of some savage fisherman, that if he could exchange his surplus fish for the surplus game or surplus fruit of some of the neighboring tribes, he could vary his diet more easily than by fighting for it. One who subsisted by natural agriculture gained the idea that he could trade some surplus baskets for the pelts of animals. It was tried and proved to be mutually advantageous. Thus began peaceful intercourse, and tribes began to learn the language of other tribes. This made possible an interchange of ideas.

Tribes drawn together by common interests of exchange and problems of defense and cemented by a common language developed into nations. The problem of obtaining enough to eat and wear was simplified, better protection was assured, and then began the domestication of plants and animals. Storage and conservation of surplus became possible, and periods of famine became less frequent. As the problem of escaping starvation and destruction by warfare became less acute, man began to turn his mind toward an easier mode of living and the development of comforts. Art and personal adornment followed. Then followed slowly a system of education.

By the coordination of the energies of individuals roads and bridges were constructed. Beasts of burden became common, and that wonderful engine of civilization—the wheel—was invented. Small crafts grew into boats, then to ships. By this time it was quite obvious that if the interchange of commodities would improve the condition of individuals and tribes, it would also improve the condition of nations. International commerce became common and the existence of hitherto unknown commodities became known. A medium of exchange was developed by virtue of necessity. Mankind developed a desire for luxuries as well as for necessities and comforts.

It was quite natural, in this process of evolution, that each tribe or nation should produce those articles of commerce which it possessed the natural resources to produce the most easily. This is according to one of the natural inclinations of humanity—to follow the path of least resistance. This has always been the most natural trend in the world. The law of supply and demand also operated perfectly, because it was a natural law and was not interfered with by manipulation. The markets of the world possessed both buyers and sellers, and because of this healthy condition international trade flourished. From time to time these trade relations were interrupted by wars, but soon after the resumption of peace the old law of supply and demand operated to restore the former activities between nations.

The first trade barriers were physical and natural ones. Nations were content to remain within the limit of their economic possibilities. They specialized in that merchandise which they could produce the most economically and exchanged it for merchandise which other nations could produce more economically. They bought from other nations

and they were consequently able to sell to other nations. This made for conservation of effort and both nations benefited by the transaction. After a time a new factor was injected into the situation of international trade. This was the tariff. This being purely an artificial factor was bound to create disturbance.

Then came the World War, which, owing to the advance in armament and mechanics, interfered with world commerce to a degree which was a revelation to the world. At the end of the war, among the other facts which had been made plain, far above all others, was this: Any nation which depends upon any other nation for any appreciable amount of its important commodities is at the mercy of that nation in time of war. This is an alarming fact, and as soon as it became generally understood a desperate effort was made by all nations to become as nearly self-sufficient as possible. In order to further this movement protective tariff walls were erected; free trade has become a thing of the past, and international division of production has diminished to the point where the laws of economy are no longer operative.

The effort to increase the security of nations by rendering them self-sufficient has not been a success as a general thing. It is only possible in the case of a very few nations, and in these cases can never be fully accomplished. The movement has resulted in seriously curtailing international commerce, because it has filled the markets of the world with those wishing to sell merchandise but has taken the purchasers of merchandise away. In such an unhealthy condition it is impossible for international commerce to flourish. Production within nations has been developed to the point where home markets are supersaturated and huge surpluses have accumulated. It is one of the laws of economics that the price of a product depends upon the price of the surplus of that product; therefore because of this surplus merchandise is cheap. In order to compete still cheaper merchandise must be produced.

There are three methods of producing cheap merchandise—they rank as follows: Cheap labor, mass production, or a combination of cheap labor and mass production. The world as a whole is working under the last of these methods. Cheap labor lessens the buying power of the worker. Mass production produces still more surplus which is thrown upon a falling market. This surplus forces the prices of commodities lower. In order to compete industry must increase production and at the same time install labor-saving machinery and lower wages. This is burning the candle at both ends.

Interchange of commodities began with the desire of man for more necessities. It grew when this desire developed into the desire for comforts, and the instinct of acquisitiveness began to assert itself. It flourished when this desire grew into the demand for comforts and the desire for luxuries. It flourished abundantly when mankind demanded both comforts and luxuries, and mankind is at this position along the road of evolution today in regard to his desires and inclinations. Just as the development of the body of an individual may be disturbed by the abnormal development of some one of the glands of the body, even so has the evolution of the human race been disturbed by the abnormal development of the instinct of acquisitiveness.

Throughout the process of evolution, even as nations assisted by fortunate combinations of circumstances specialized and became proficient along certain lines of industry, likewise certain individuals within these nations assisted by fortunate combinations of circumstances became more proficient along certain lines of endeavor. The development of certain instincts was more prominent in some of these individuals than in others. The acquisitive instinct developed to a higher degree among small numbers and these aided by conditions, acquired the power to control trade relations, both within and without their nations. The interests represented by these individuals, under the plea of protection of home industry and domestic labor, have long been engaged in the erection of tariff barriers among the markets of the world. Following the World War they were further aided in their endeavors by the desire of all nations to achieve

self-sufficiency. We see the result of their handiwork. The markets of the world are in a stagnated condition. Every one is seeking to sell. No one wishes to buy. Wages are low. There is a vast surplus of labor. The buying power of the entire world has been seriously curtailed. Certainly no one can maintain that this is prosperity. Surely no one can defend the system responsible for this condition or assert the desirability for its continuance.

We can only achieve prosperity by restoring the buying power of the masses of the people. Comforts and even luxuries of yesterday are necessities of today. Necessities of the future are as yet undreamed of. It is a fact of history that the desires of mankind will be fulfilled as they develop—providing a medium of exchange is available—and they will never cease to develop. The satisfaction of the demands of humanity will employ labor, which being employed will develop more desires. This is one of the cycles upon which the universe operates and, if uninterrupted by artificial manipulation, needs no more regulating than does the solar system.

This question of the readjustment of tariffs is the most important question before the country today. To recover from this depression we must, in connection with other nations, restore the markets of the world to a healthy condition. We have millions of unemployed, and their earning power must be reestablished. In order to do so we must increase our exports. The only way in which we can do this is to increase our imports. If we are to sell our surplus products abroad we must be paid for them in American dollars. No foreign money will discharge obligations in the United States. It is quite obvious in the light of the present condition of foreign credits that we cannot loan money abroad in order that foreigners may purchase from us. We have had enough of that.

There is only one other way to put our money in the hands of foreign merchants. That is to buy their merchandise. Every dollar spent in foreign lands eventually will return to the United States to purchase American products. That is as inevitable as the movement of the stars in the firmament. No economist can deny it. A merchant may take American money abroad and purchase foreign money with which he purchases foreign products. The man who by this transaction acquires the American dollars cannot convert them into foreign products or real estate except by exchanging them for foreign money. In the due course of events they must return to the United States to purchase American merchandise.

The usual argument is that every purchase of foreign merchandise by American dollars curtails the opportunity for Americans to make and sell these goods. This is quite true. On the other hand, it does provide an opportunity for Americans to make and sell other goods; because the foreign merchant who sells has a medium of exchange which he must spend in America. This produces a sale for American goods produced in America by American workingmen.

The advantage of such a transaction is more profit, hence more employment and higher wages to both parties in the transaction. This was the primary reason for exchange of commodities between individual tribes and nations from the very beginning of commerce. That reason is still as logical as ever.

When one man buys from another it is because he can do so more advantageously than he can produce the goods himself. History proves to us that because of certain conditions peculiar to certain sections, certain commodities can be produced more cheaply and of better quality than they can be produced anywhere else. For instance, it would be possible by the erection of greenhouses for Pennsylvania to produce pineapples or bananas of a kind. It would, however, be exceedingly uneconomical. By producing the proper artificial conditions it would be possible for those sections producing bananas or pineapples to produce apples, but at a prohibitive cost. Certainly it is more advantageous for these two sections to purchase these commodities from each other. This illustration is an exaggerated one, but applies in some

degree to any line of industry. Those who can produce the most economically can sell the cheaper. There can be no denying this fact. Efforts to compete where competition is uneconomical results in a lowering of wages.

Labor is the sufferer, and because of the reduction of the buying power of labor the Nation and the world also suffers. No one can deny that the prosperity of the Nation is directly dependent upon the prosperity and buying power of the laboring classes.

This question of a tariff policy is a complicated one. It is one calling for careful research and for decisions uninfluenced by any sectional desires. It is one to be considered from a world-wide viewpoint, and must be approached in this manner. Consideration must also be given to the protection within countries of certain essential industries and in the United States to maintaining our present high standard of living. The percentage of return for labor in industry must also ever be borne in mind, as under our present system labor has never received its just and fair share of the profits of industry. The greed and rapaciousness which is due to the acquisitive instinct of man must be curbed in order to insure that labor shares in the spread.

This is not a matter which can be satisfactorily disposed of in Congress. No Congressman has the time to make a detailed study of this matter in order to acquaint himself with the facts. Congress as a body does not have time to take up the consideration of such an intricate question and to do it justice. It is a matter for slow and careful consideration. It must be gone into cautiously, step by step, with the idea of a general plan. Congress cannot do this, for in this country the tariff is to each Member of Congress a local issue. The tariff has always been a logrolling issue. Such an issue can have no general plan, and without a general plan the issue can never be settled. We must have a national tariff policy. At the present time we can have it in no other way except by giving the authority to formulate it to the President. Other Presidents have seen the necessity for this and have advocated it. The influence of the lobbyist for the powerful exponents of a high tariff must no longer be allowed to stand in the way of the peace and industrial recovery of the world. If they continue to do so, it is only a matter of time until a world-wide deluge of the unemployed and oppressed of all nations will break forth and engulf all those within whom the instinct of acquisitiveness has developed into a cancer of avariciousness, which has erased from their hearts and minds all consideration of the rights of humanity in general. If this time ever comes, as it may, the responsibility will rest upon those who by their lack of sympathy for their fellow man, their insatiable greed and lust for power, have made the conditions of the masses of the people unbearable. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8687, to amend the Tariff Act of 1930, and had come to no resolution thereon.

DEPARTMENT OF STATE, ETC., APPROPRIATION BILL, 1935

Mr. OLIVER of Alabama. Mr. Speaker, I present a conference report upon the bill H.R. 7513, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, for printing under the rule.

AGRICULTURAL ADJUSTMENT ACT

Mr. DOXEY. Mr. Speaker, I present a conference report upon the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, for printing under the rule.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7599) to provide emergency aid for the repair or construction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McAdoo, Mr. LONERGAN, and Mr. KEYES to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

RECIPROCAL TARIFF AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. EVANS. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. Beck].

Mr. BECK. Mr. Chairman, the consent just given me to revise and extend my remarks will relieve me of the necessity of making, as I had hoped to do, an argument at some length and in some detail as to whether there is any constitutional power in the Congress to transfer its taxing power to the President. I had indulged the hope that I would have that opportunity, but for several reasons, including permission to extend, I shall not at this late hour Saturday afternoon thus impose upon my indulgent colleagues. In the first place, the time now allotted to me for such an argument is too short, and I would be like the old farmer in New York State who entered his farm nag in the Saratoga races. When his horse came in last he was asked to explain his poor showing. He replied that "the course was too long and the time was too short." [Laughter.]

That is true of the length and breadth of a subject as great as the fundamental question of taxation, and it is also peculiarly applicable to the time allotted to me.

In the second place, the gentleman from Massachusetts [Mr. Treadway], although not a lawyer, has made such an admirable argument against the constitutionality of this measure that I am afraid that if I attempted to argue along the same lines I would simply be repeating that which he said with greater deliberation, and presumably, therefore, with greater precision.

But the third reason is the consciousness that has been borne upon me ever since my service in the House of Repre-

sentatives as to the futility of any argument as to the constitutional powers of Congress or as to the sanctity of the Constitution itself, so far as voting is concerned. I do not doubt that many Members of this House do take what is an academic and sentimental interest in the Constitution as it came from the master architects of our Government, but, as far as affecting a single vote is concerned, I have yet to discover that any effort of mine or any effort of any other Member of the House has ever changed a vote in respect to a question, where the doubt was purely that of constitutional power.

In this connection I am reminded of the facility with which changes of opinion can take place in matters of constitutional powers, although they concern the oath that we all take when we come into this House to defend and protect the Constitution of the United States.

Today an extraordinary change has taken place on the Democratic side of the aisle, to which already the gentleman from California [Mr. EVANS] has made extended and most effective reference. I refer to it again because it brings to my mind an experience—I will not say of some bitterness, because it is more amusing than otherwise. In 1929 a far more defensible proposition was under consideration of this House to vest such a power in the President upon advice of the Tariff Commission, a legislative auxiliary of Congress in the function of imposing taxes. When that proposition was made in 1929 I recall the vigorous attack that was made by the entire Democratic side of that Congress against this lesser and more defensible proposition, which it regarded as subversive of our institutions. I was so impressed with the arguments then made by the distinguished Chairman of the Committee on Ways and Means [Mr. DOUGHTON] and by the gentleman from Alabama [Mr. BANKHEAD], who closed the debate, and by our former colleague, Mr. Crisp of Georgia, and by the Democratic floor leader, Mr. Garner, that I concluded that the Democratic view was right, and, somewhat, to the consternation of my Republican colleagues and possibly to the surprise of my constituency, I made a speech on May 22, 1929, in which I supported the Democratic view. Now I am left alone, like a deserted and forlorn bride on the church steps. [Laughter.] I stand today, where I stood then, in defense of the constitutional prerogatives of Congress. The Democratic Party has deserted me. Why did they then strain at a gnat, now to swallow a camel? You will remember Lady Teazle said to her would-be seducer, "It may be well to leave honor out of the question." So in this matter the Democratic members of this House must leave consistency out of the question. [Laughter.] I appreciate we cannot always be consistent for we are all in the swift current of events which may be likened to the River Mississippi in a period of a spring freshet, where the muddy stream is overflowing the boundaries of the river and pours on to some unknown destination in muddy swirls and eddies.

I quite appreciate, therefore, that under the tremendous impact of this economic depression it may be no impeachment either of the sincerity or patriotism of the Democratic Members of the House that they are today taking a precisely opposite position to the one which they took in the preceding Congress, when a far more defensible proposition was under consideration. However, they could be at least more modest in advocating today what they attacked in 1929 and less enthusiastic in surrendering the prerogatives of Congress. Of course, it only goes to prove that the age of miracles has not passed [laughter]; because, while it was a miracle when Paul went to Damascus and was stricken with a strange light and forthwith he, the persecutor of the brethren, became their foremost apostle, is not the collective conversion of the Democratic side of this House, which we are now witnessing, a greater miracle?

There is another reason why I have done the House the great kindness of not making the argument as to constitutionality that I had in mind, but am contenting myself with some more general observations. We are living in strange times, when one can no longer with any confidence make predictions as to what the Supreme Court will do. I am confident that the Supreme Court, if it adhered to its

decisions of many years, could not find any justification in the Constitution for the complete and absolute transfer of the taxing power upon imports from the Congress, where the Constitution placed it, to the Executive; but I say we are living in extraordinary times, when not merely Congress and the Executive are floating down this swollen and seemingly irresistible stream of events, to which I referred, but even the Supreme Court seems to be finding difficulty in resisting the fearful current of a world catastrophe.

Until a month ago it had been the settled rule of that Court, recognized in many decisions—a perfect beadrill of authority—that there was a clear distinction between a natural monopoly that was impressed with a public use, and the ordinary avocations of men. As to the former it was within the legislative power, notwithstanding the fourteenth amendment, to regulate the rates that could be charged by these natural monopolies; but as to the latter, as to the larger number of men who deal in the necessities of life, like milk, bread, coal, wheat, or cotton, the Court had for a half century consistently held that there was no power, in view of the prohibition of the fourteenth amendment, in a State, to determine at what price an individual could sell his product.

When a month ago the Supreme Court of the United States, in the so-called "New York Milk case", calmly discarded its decisions of 50 years, and did not even pay to those decisions the ceremonious respect of a funeral oration, it laid down the principle that not only in respect of natural monopolies, but in respect of all the products of human labor the State has a power to determine the price at which a man shall sell. I regard that decision as astounding and disconcerting as any decision since the Dred Scott decision. The latter abrogated a political settlement of over 30 years; the former discarded decisions of a half century, and virtually expunged the fourteenth amendment from the Constitution for most practical or conceivable purposes. Therefore I would not risk the little reputation I may have in this House as a prophet by denying the possibility that this great Court might not, as a concession to the times, accept this law, if it should arise in a litigated case.

Does our responsibility end with the assumption that the Supreme Court might, especially if it were called upon to decide the constitutionality of this law under the present abnormal conditions, sustain the law? Does our responsibility then end?

There are two great fields of constitutional law. In one of them the Congress has primary responsibility, but the Supreme Court has the ultimate and final decision. Those are the constitutional questions that are said to be justiciable; and therefore, when such a question comes before the Court in a litigated case, the Court can only compare the statute with the Constitution and, if the statute conflicts therewith, declare it invalid.

But the one thing that we often ignore, not only in this House but in all public discussions, is that outside of the field of purely juridical constitutional law there is a vast field of governmental action, in which the most important constitutional questions can be raised, and in this field of power the Congress has not only the primary but it is the ultimate and exclusive authority, and the Supreme Court is incompetent to act. I refer to the field of what are called political or nonjusticiable questions. For example, it is undoubtedly true that when Congress was given the power to make appropriations to enable the Executive to function, that the constitutional duty was put upon the Congress to pass the appropriations; but if Congress refuse to do so, the question would be nonjusticiable, because fulfillment of that duty rests in the conscience of the Congress and could not possibly be the subject of a judicial decision. The only appeal is to the people.

Assume that the Supreme Court would accept an absolute delegation of the taxing power to the Executive to be exercised by the President in the form of a treaty without the consent of the Senate—and in ordinary times it never would—yet it does not alter the fact that upon the Members of this House is the responsibility, under our solemn oath of

office, to determine in the light of the Constitution and according to the basic principles of English-speaking liberty, of which the Constitution is but one expression, whether we are prepared to turn our backs upon 500 years of struggles for liberty by the English-speaking race and vest an absolute power of taxation in respect to imports in the Executive. This question was the origin of the British Parliament, well and properly known as the "Mother of Parliaments." Parliament came into existence because the English people were not content that the Crown could impose any tax without the consent of the representatives of the people. And that struggle has gone on from the time of the Plantagenets down to King George V, because in the last crisis in English history, involving the attempt of the House of Lords to reject a budget that had been passed by the House of Commons, Prime Minister Asquith advised the King that if necessary the King must appoint enough peers to give a liberal majority in the House of Lords to sustain the right of the House of Commons to impose taxes; and, ultimately, as you know, the crisis was solved without such an extraordinary act on the part of the King; and it was solved by the reaffirmation of the principle, that a money bill must be the subject of action by the House of Commons and could not be transferred or vested in any other body.

Go back to our own Revolution, which made us a Nation. We did not object to regulations of commerce by Great Britain. We did object to the attempt to tax us by legislative assemblies in which we had no representative; and it was for that principle that we fought seven long years; for that the agonies of Valley Forge were endured, and the crowning triumph of Yorktown was gained. Yet, now, in a moment of hysteria, for that is what it is, in an economic crisis (undoubtedly grave, but not so grave as the crisis of which the Constitution was born), not so grave as other crises in American history in which the industries of this country were far more prostrated, we are prepared to abandon a basic rule of taxation and also a fundamental principle of our Constitution that no treaty, that shall bind the faith and credit of the United States to a course of action with another government, shall be valid unless it have the concurrence of two thirds of the Senate.

We are thus confronted with the possibility of a double violation of the Constitution.

Please remember that there is no question about the President's power to negotiate all the trade treaties he wants, because his power of negotiation is as surely vested in him as is the power that Congress exercises to impose taxes, but when he negotiates, and he can negotiate with any nation for reciprocal exchange of imports and of duties upon imports, he must return it to the Senate for its approval, and if it involves changes in taxation it must be returned to the House, because the power to originate any tax is the ancient privilege of the House of Representatives and the final power to impose the tax, whether in accord with a trade agreement or not, is the greatest of all prerogatives of Congress itself. Therefore, there is no objection to the President, if he feels he can improve our economic situation, making a tariff treaty with Germany, with France or any other nation; but we do object to the President's having the final authority without submitting it to the Congress of the United States and to that body of the Congress which has the peculiar right to say when we shall commit ourselves to binding agreements with other governments in matters of legislative policy.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BECK. I know there are many trade agreements that do not require either the action of the Senate or the action of the Congress, because they are trade agreements of a peculiarly executive character. And there is the line of distinction. You may have an agreement that if such-and-such country will provide certain facilities for the entrance of our vessels we will do the same thing in our ports of entry, or any other method of commercial comity between nations, but when an act essentially legislative is

involved, and the highest of all legislative powers is the power to impose a tax—you cannot destroy the right of the Senate to concur and the right of the Congress to impose the tax stipulated by calling it a trade agreement, because this would be merely juggling words and would not answer the quite obvious intention of the Constitution.

There is no room in the American system for one-man power, and this was decided at a time when we had a leader who could, if anyone, have claimed one-man power, although he never did—that man of incomparable virtue, probity, and sagacity, the first President of the United States—but it was not proposed to give any such power to the President of the United States, even though he were George Washington. Therefore all legislative power was vested in a Congress by the Constitution.

The executive power was vested in a President, and the Executive was to be limited in his negotiations and conduct of foreign relations by the provision that not merely a majority of the Senate but two thirds of the Senate must concur before the freedom and independence of this country was compromised, because every treaty in a measure compromises the independent action of a country. I do not mean that this ought not to be so. I simply say if I agree with another man I will do a thing, as a man of honor, I have limited my own independence of action by the obligation of my promise, and so a nation limits its independence when it agrees in a treaty that it will take a certain course of action. Therefore the framers of the Constitution were not willing, unless two thirds of the Senate concurred, that there should be any commitment of this country to a future course of action with any nation. They made no exception in the matter of taxes. The commitment was just as applicable as to what duties should be imposed with reference to taxes as upon any other subject.

[Mr. WOODRUFF. Will the gentleman yield?

Mr. BECK. Yes; certainly.

Mr. WOODRUFF. I think before the gentleman takes his seat he should explain to the House the difference between a so-called "trade agreement" between nations and a treaty between nations, because, after all, any agreement between nations seems to me to be a treaty. If there is a difference, I hope the gentleman will give the House the benefit of his views on the question.

Mr. BECK. I have tried to do so in what I have already said by stating that whether the treaty or the trade agreement is one that must go to the Senate depends upon whether it relates to matter that the Constitution has committed to the executive branch of the Government; but when it refers to matter that requires action of a legislative character, it does not matter how you label it. Our State Department is the organ of our foreign affairs and can make many agreements with foreign countries of an executive character that do not require the concurrence of the Senate, but when you come to examine them, you find they are all parts of the executive function in seeing that the laws are faithfully administered and in the conduct of our relations with foreign countries.]

Let us stand by the Government of the fathers and trust to the composite patriotism and intelligence of the Congress of the United States. It may err, it often does. It may be inefficient, it often is inefficient; but its wisdom is better than the wisdom of any one man and we will find it out sooner or later. [Applause.]

I now yield to my friend from North Carolina.

[Mr. DOUGHTON. The gentleman is learned in the Constitution, able and adroit in debate, but it appears to me that the gentleman strains the point by using the term with respect to this bill "imposing taxes." What is there in this bill that authorizes the President to impose any new taxes? He may raise or lower the present tax, as he can under section 336 of the present law, but he cannot impose any tax, and the gentleman has used that term more than once.

Mr. BECK. I used it because, if you will look through form to substance, that is the effect.

Let us suppose the tax on sugar is 3 cents a pound—I do not know what it is.

Mr. KNUTSON. Two and twenty one-hundredths cents.

Mr. BECK. Let me use 3 cents for the purpose of illustration. When the Congress says that the tax shall be 3 cents a pound on sugar and then gives to the President, whether under the old Tariff Commission or without the Tariff Commission, as this law provides, the power, either to increase that to 4½ cents a pound or to decrease it to 1½ cents a pound, then this has happened: Congress has only nominated a tax, the President has ultimately determined it, and especially if he increases the tax to 4½ cents per pound, he has imposed a tax to the extent of 1½ cents a pound.

Mr. DOUGHTON. I know the distinguished gentleman can differentiate between increasing or lowering a tax and imposing a tax. I know the gentleman can distinguish between the two propositions. We all understand what is meant by increasing or decreasing a tax, but the gentleman used the words "imposing a tax" and used them more than once, and I maintain that in this bill there is no power given to the President to impose any tax.

Mr. BECK. If the President does not impose a tax after he has made his agreement with foreign nations, who does?

Mr. DOUGHTON. The tax is already imposed by the Congress, and the President can raise or lower it to the extent of 50 percent, but he cannot take an article off the free list and put it on the dutiable list or take an article off the dutiable list and put it on the free list. Under this bill the President cannot impose any tax, and the gentleman knows that.

Mr. BECK. But I do not know it. After all, we are simply disputing about terms. I say that when the President increases a tax by 50 percent he has imposed a tax, at least to that extent.

Mr. DOUGHTON. If the gentleman cannot discriminate between imposing a tax and increasing or decreasing an existing tax, of course, we can never get together.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BECK. Certainly.

Mr. VINSON of Kentucky. I simply wanted to know what the gentleman's opinion was as to the maximum and minimum rates of the Payne-Aldrich bill?

Mr. BECK. I would have to look at the act, as I do not recollect them.

These changes in our form of government, whereby the Executive Office is immensely expanded and the powers of Congress, as the great council of the Republic, are sensibly diminished, give me great concern. They are the results of a subtle change in our Government, which has been in progress in the last 50 years and which has been immeasurably accelerated in the last 12 months.

In 1887, three years after I was admitted to the historic bar of Philadelphia, that city held a great celebration, and with its characteristic hospitality was the host of the Nation. It was the centennial celebration of the adoption of the Constitution of the United States.

For a whole week Philadelphia was en fete.

September 17, 1887, is an imperishable memory with me. On that day many thousands gathered in front of Independence Hall to celebrate the exact hundredth anniversary of that day in Philadelphia when the weary members of the convention, having exhausted the possibilities of compromise, reluctantly signed their names to the great document and submitted it to the people for their decision.

President Cleveland, ex-President Hayes, and all the members of the Supreme Court were present, together with many Members of the United States Senate and House of Representatives, and other able dignitaries, prelates, educators, and publicists from all parts of the country. President Cleveland delivered a memorable address, and then Mr. Justice Miller, of the Supreme Court, delivered the formal oration.

I have recently glanced through the two ponderous volumes edited by Hampton L. Carson, of the proceedings of

that notable celebration, which lasted for the greater part of a week. That which greatly impressed me was the fact that there was then nothing but the most unbounded optimism, not merely as to the surpassing merit of the Constitution, which seemed to them a flawless masterpiece, but also as to its assured permanence. Mr. Gladstone's oft-quoted tribute on that occasion was the verdict of all there present, and all seemingly felt that the troubles of the Constitution had now been happily adjusted, that the pendulum that had at first swung to a rigid construction and later to a liberal construction, had now reached the point of stabilization, and that in the future there was nothing for the Constitution except smooth seas and cloudless skies.

Dr. Oliver Wendell Holmes wrote a poem whose refrain was—

While the stars of heaven shall burn,
While the ocean tides return,
Ever may the circling sun
Find the Many still are One!

And this proud, but somewhat magniloquent boast was echoed in a new national hymn, written by F. Marion Crawford, whose refrain, chanted by a thousand voices, of which I was one, was—

Thy sun is risen, and shall not set
Upon thy day divine!
Ages of unborn ages yet,
America, are thine!

Few there present ever dreamed that the power of taxation—the most potentially destructive of all powers—would one day be vested to a large extent in the Executive.

Two minor notes alone were then sounded. At the banquet given to the Supreme Court of the United States by the bar of Philadelphia, the chief justice of Pennsylvania, addressing himself to the Chief Justice of the United States, appealed to the latter to preserve, by judicial decision, the boundary which the Constitution had prescribed between the powers of the Federal Government and those of the States. He said:

Mr. Chief Justice, you and your distinguished colleagues, with whose company we are honored today, have it in your power to do very much toward preserving intact the line of distinction between the Federal and State courts as marked out and defined by our fathers. You are the conservative element of the Government. The lofty tableland upon which you stand is far above the atmosphere engendered by politics. The waves of popular clamor break harmlessly at your feet. The Supreme Court of the United States is the central sun of our judicial system. Your permanent position and conservative surroundings eminently fit you to preserve the nice distinctions of the Constitution. There has never been, and I trust there never will be, a serious conflict between the Federal and the State courts. It can best be prevented in the future by preserving the line that has always existed between them, and by rendering unto Caesar the things only which belong to Caesar.

In this appeal to Chief Justice Waite, the chief justice of Pennsylvania was evidently under the illusion that the Supreme Court of the United States could effectually preserve the Constitution of the United States in a Nation which was essentially democratic in spirit.

I think the two great illusions of American history are the rooted ideas that the Constitution with its nicely prescribed boundaries of power could long limit the vagaries of democracy, and that the Supreme Court could effectively keep the American people within these prescribed boundaries of power. Nearly 2,000 years ago Aristotle had taught us that if a constitution conflicts with the ethos or genius of the people, it is the constitution that is broken in the conflict, and no better illustration can be given of this truth of the great Greek philosopher than the fate of the eighteenth amendment.

It is no less an illusion to suppose that the nine Justices of the Supreme Court can enforce the Constitution. In this period of rapid change, one can say of this august tribunal, in the words of Omar Khayyam:

Lift not thy hands to it for help—for it
Rolls impotently on as thou or I.

The reason for this is obvious. The Supreme Court cannot even interpret the Constitution unless there comes before

it a litigated case, and many unconstitutional laws are passed by Congress which never give rise to a litigated case.

In the second place, there are many questions of interpretation which involve questions of a political or nonjusticiable character.

In the third place, the powers of the Federal Government are given for specific purposes and cannot, theoretically, be used for any other purpose; but if Congress uses such a power to accomplish an end that is within the reserved powers of the States, how can the Supreme Court determine the motives which prompted the legislation? That Court has not yet finally answered that question.

Apart from these three main considerations, the Supreme Court is not, and never was, a wholly independent body. It does not remain proudly in its seat of justice, as did the old senators of Rome, when the Goths and Vandals invaded the Imperial City. The Court is a very human institution; and while it is not true, as Mr. Dooley suggested, that it "follows the election returns", yet it cannot be indifferent to the deep currents of social changes, nor can it even be wholly deaf to the rumblings of popular discontent.

Undoubtedly the Court has done much to preserve the Federal Government from attempts of the States to invade the Federal sphere of power, but it has been largely ineffective in defending the States from the encroachments of the Federal Government. The proof of what I say, which may seem to many of you heretical, is the fact that while Congress, from the beginning, has passed thousands of laws for which it had no perceptible grant of power, the Supreme Court has only invalidated about 50 Federal statutes in all its history.

Recurring again to the constitutional celebration of 1887, at a dinner given by the learned societies of Philadelphia to the distinguished guests of the city, a more pointed speech was made by Charles Francis Adams, of Massachusetts. He, alone, pointedly warned those assembled that the centripetal influences of a mechanical civilization were fast destroying the constitutional equilibrium of our dual Government, and he added:

From the very beginning there have been two views of the Constitution—the liberal view and the strict view. In the first Cabinet of Washington, Hamilton represented one side of the great debate, which has gone on from that day to this, and Jefferson the other. Both parties to this debate have, I submit, been for a part of the time right; both have been for a part of the time wrong. The unexpected occurred—steam and electricity have in these days converted each thoughtful Hamiltonian into a believer in the construction theories of Jefferson; while, none the less, events have at the same time conclusively shown that in his own day Jefferson was wrong and Hamilton was right. * * * It is from the other side of the circle that danger is now to be anticipated; everything today centralizes itself; gravitation is the law. The centripetal force, unaided by government, working only through scientific sinews and nerves of steel and steam and lightning—this centripetal force is daily overcoming all centrifugal action. The ultimate result can be by thoughtful men no longer be ignored. Jefferson is right, and Hamilton is wrong.

As we look back upon that celebration in a cloudy vista of 47 years, it is clear that only Charles Francis Adams showed any clear foresight as to the future. This is not said by way of reflection, for the greatest political thinker of the nineteenth century, Prince Bismarck, once said that the wisest statesman could not see five years in advance, and on another occasion he said that no statesman can ever tell what cards Fate holds in its hands.

This is strikingly shown by the celebration to which I am referring. Its indiscriminating optimism showed no appreciation of the fact that the Constitution in 1887 was about to enter into a phase of development which would convert within a half century our federation of States into a unitary socialistic State.

The ancient boundaries of power were soon to be obliterated and the basic ideals of the framers of the Constitution were, less than a half century later, to be flouted as obsolete. In its practical operations government is more concerned with trade and industry than with any other phase of life, and it is noteworthy that when the centennial celebration took place in 1887, Congress for a century had

never attempted to exercise affirmatively any power over interstate commerce by regulating statutes. The operations of the commerce clause were restrictive upon State legislation and purely negative.

The number of cases which arose under the commerce clause up to 1860 were only 20. Thirty years later there were 148, and since then the number has been so multiplied that most constitutional cases today arise either under the commerce clause or under the fifth or fourteenth amendments.

The beginning of the new era was the creation of the Interstate Commerce Commission on February 4, 1887. There were not wanting those who clearly foresaw the bureaucratic Frankenstein that Congress was about to create. For example, Senator Morgan, of Alabama, said:

I admit all that has been said about the wrongs and injustice that people have suffered through the overbearing insolence and oppression of the railroad companies. Their greed is destructive to the people and the governments from whom they derived their powers; but in finding a remedy for this evil I neither wish to find for the people a new master, remote from them and their influence, in the Congress of the United States, nor to place in the hands of that master a power over their trade and traffic more dangerous than the power of the railroad companies.

A few years after the creation of the Interstate Commerce Commission came the Department of Agriculture, and 3 years later came the passage of the Sherman antitrust law, and these three laws were only the prelude to a continuing policy of bureaucratic regulation under which the Federal Government assumed control over the farm and factory and even the life of the individual.

The mighty changes in our constitutional system which have taken place in the last half century have been effected principally in three ways.

The first has been the perversion of Federal powers to destroy the reserved rights of the States. This has been largely accomplished through the taxing power and the power over commerce.

The second and more destructive method has been the abuse of the power of appropriation, and this has proved the most vulnerable tendon of our Achilles.

From the beginning the Government, the Congress, from time to time, made appropriations for purposes that were not within the Federal field of power, but in most instances they were justified as purely philanthropic and humanitarian gifts. In the last half century our Federal bureaucracy has grown by leaps and bounds because Congress has realized that in appropriating money for non-Federal purposes they could assume an incidental right to supervise the uses of the money, and thus the Federal Government immensely expanded its operations. For example, the Department of Agriculture can have no constitutional justification except insofar as interstate or foreign conveyance of agricultural commodities are concerned, but this stupendous Department, which now spends far more money each year than the whole Federal Government spent in 1887, supervises the conditions of the farm and the methods of production to such an extent that even the intimate personal life of the farmer is sought to be influenced by its Bureau of Home Economics.

In recent years a third and more alarming doctrine has been introduced as a justification for Federal usurpation, and that is the doctrine of emergency. It was long ago said by Justice Field, in his dissenting opinion in the *Legal Tender* cases:

What was in 1862 called the "medicine of the Constitution" has now become its daily bread. So it always happens that whenever a wrong principle of conduct, political or personal, is adopted on the plea of necessity, it will be afterwards followed on a plea of convenience. . . . From the decision of the Court I see only evil likely to follow.

What he said seems especially applicable to the present doctrine of emergency. This doctrine was once characterized by the Supreme Court in the case of *Ex parte Milligan* as easily the most pernicious of constitutional heresies, but it now threatens to be so firmly embedded in our form of government that unless this Nation returns to the beaten tracks of the Fathers, which at the moment seems improbable, it is within the power of the President, not merely to declare

an emergency, but to create one, and having done so, to overturn our form of government by claiming for the Federal Government all power deemed by the President to be essential to end the emergency. This is not a prophecy; it is a present fact.

It may yet prove to be the beginning of the end of our form of constitutional government, and this has come within 47 years after the American people in 1887 celebrated the adoption of the great compact with such generous acclaim and unbounded optimism, and largely in the space of a short 12 months. If so, we no longer have except in form a written Constitution, and we now realize the pointed warning that Chief Justice Fuller gave in his great dissenting opinion in the *Lottery Case*, "It is with governments as with religions, the form often survives the substance of the faith."

What now is beginning to concern the thoughtful American is the future of that Constitution. Freely conceding that it never was and never could be rigid and inelastic, is it to grow in wisdom or perish in folly? Are we today rising to greater heights of constitutionalism, or are we descending into that Avernus of destruction from which escape to the upper air is so difficult?

We are passing through an economic crisis of exceptional gravity. It is not the worst economic crisis that our Republic has experienced. Indeed, the economic crisis which prevailed at the time the Constitution was formulated was far graver than the present one, for at that time the credit of the American Commonwealth had fallen so low that men derisively papered their houses with the worthless continental currency, and the bonds of the infant Republic sold at 4 cents on the dollar. And yet these nation builders formulated the most conservative form of government in the world.

It is not the gravity of the crisis which should give us concern as to the future of the Constitution but rather the present spirit of too many Americans.

The Constitution was based upon an individualistic state of society, and it has required considerable adaptation to make it work for what is now a collectivistic state. To this I assign the fact, which seems to me indubitable, that the Constitution for the last 50 years has been in process of slow demolition. Here an arch has fallen, there a pillar, and now it is the foundations themselves that are fast sinking, and if the present process of destruction proceeds, it is not unlikely that within the life of the present generation the whole structure will fall into cureless ruin.

What is more significant is that the process of demolition is proceeding with accelerating speed. At first it was so sporadic and insidious that it was hardly noticed. A decade might elapse before another arch would fall, but as we view the momentous changes in the Constitution in the last twelve months, due to practical administration, judicial interpretation, and abdication by Congress of its powers and duties, the thoughtful man is beginning to appreciate that our form of government is not unlike the present ruins of the coliseum, and the best that one can hope is that "while stands the coliseum" (the Constitution) even in its ruins, Rome (by which I mean the Union) will stand.

It is a proof of Washington's extraordinary sagacity that in his farewell address he predicted that our form of government would not be overthrown from without but undermined from within; and if we divest our minds of illusions and face grim realities it can hardly be questioned that the Constitution in many of its basic features has been undermined. The warning of Charles Francis Adams has been fully justified by events.

I have no doubt that if the Constitution were submitted tomorrow to the American people for readoption or rejection that the American people, by an overwhelming majority, would readopt it. But this would not be because of any knowledge of its text or its fundamental philosophy, but only because of respect for a historic landmark and a subconscious belief in the average man that it is the Constitution that in some way holds together a people who inhabit a vast continent and number over 120,000,000. To

them the Constitution is the organic expression of the Union. The Union means the unity of the American people; and the Union, it being the oldest name of the American Commonwealth, is very dear to all Americans. They realize that the Constitution means a political and economic unity for one of the most powerful races that the world has ever known and that as such it confers upon him as an American citizen a powerful prestige and immeasurable benefits, such as no other nation at the present time can afford its citizens.

While, therefore, the Constitution would be readopted by an overwhelming vote as an entirety, and to a certain extent as an abstraction, yet this is not inconsistent with the fact that when the Constitution is attacked in detail by measures which are foreign to its nature and destructive of its purposes, the American people can only see the ponderables of the question and are quite satisfied that the Constitution in detail should be undermined, to use Washington's phrase, if it means an immediate advantage to the people.

Washington was so concerned as to the possibility of this spirit of pragmatism that he predicted, in a letter written to his friend and comrade in arms, Lafayette, shortly after the formation of the Constitution, that it would last—

So long as there shall remain any virtue in the body of the people.

He then continued:

I would not be misunderstood, my dear Marquis, to speak of consequences, which may be produced in the revolution of ages by corruption of morals, profligacy of manners, or listlessness in the preservation of the natural and unalienable rights of mankind, nor of the successful usurpations that may be established at such an unpropitious juncture upon the ruins of liberty, however providently guarded and secured, as these are contingencies against which no human prudence can effectually provide.

Notwithstanding his eloquent reference to the rising sun, Franklin had the same gripping fear when he urged the members of the Convention to sign the Constitution. He said:

There is no form of government but what may be a blessing to the people if well administered, and I believe, further, that this Constitution is likely to be well administered for a course of years, and can only end in despotism as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.

I draw your especial attention to the words of Washington, already quoted, when he warned that the destruction of the Constitution would result from listlessness in the preservation of the natural and inalienable rights of mankind, for he was there distinguishing between the ponderables of the problem, in whose pragmatic advantages the people chiefly feel concerned, and those great imponderables of liberty which are not for one age but for all time, and without which no nation can be truly free, whatever its nominal form of government is. He emphasized this in his poignantly pathetic farewell address when he said:

Toward the preservation of your Government and the permanency of your present happy state, it is requisite not only that you steadily discountenance irregular oppositions to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the pretenses. One method of assault may be to effect, in the forms of the Constitution, alterations which will impair the energy of the system, and thus to undermine what cannot be directly overthrown.

Washington and Franklin were only thus expressing the opinions of all the master builders of 1787, that no constitution is self-executing and none can preserve itself no matter what its governmental machinery may be. They recognized better than we do that in the last analysis the preservation of the Constitution would depend upon the will of the American people, and that it was futile to expect that the people would defend what they had created unless the average citizen was inspired by what Grote well called "constitutional morality", which means a knowledge of the Constitution, a loyal acceptance of its spirit, and a militant purpose to defend it from destruction. If this be wanting, and there has been little evidence in recent months that the American people have this spirit of constitutional morality, then the preservation of the Constitution is an impossible task, for

slowly its basic principles will yield to the spirit of opportunism.

The American people once had this spirit of constitutional morality in a very high degree. It was this spirit that led them to fight for seven weary years to vindicate a principle of taxation, although the nature of the tax was only a "tupenny" duty on a pound of tea. To them the amount of the tax or its economic effect was unimportant. It was the great imponderable as to whether the taxing power could be exercised by a Parliament 3,000 miles away and in which the American people had no representation. The sufferings of Valley Forge were endured for a sacred principle. When the Constitution was submitted to the people, it was debated throughout the Union at every crossroads and in every farmhouse; and the questions that were discussed were not the pragmatic advantages of the proposed new form of government, but rather the question whether the liberties of the individual were adequately protected.

I have recently had occasion to read William Wirt's Life of Patrick Henry, and I read such portions of Henry's argument against the Constitution as were made in the Virginia Convention, and I was immensely impressed, not only with the force of his eloquence but with his vision as to what would be evolved by construction from the naked text of the Constitution.

While the American people accepted the Constitution with great hesitation, yet, when its advantages became manifest in the rise of a new nation in the firmament of history, the people began to believe passionately in the Constitution; and from 1789 to 1861 the debates on constitutional questions were the greatest that ever took place in America, and were equal to the greatest debates that ever took place on a form of government in the annals of history.

Here again in these debates the pragmatic advantages of any proposed legislation were wholly subordinated to the question whether a proposed measure was within the grant of power, and while there speedily developed the two schools of thought as to the construction of the document, one advocating strictness and the other liberality, yet both believed in their Constitution, and without respect to economic advantages they fought for the underlying principles of government that seemed to them at stake. When James Monroe attacked the constitutionality of internal improvements he was not thinking whether Virginia would get a road at the expense of the Federal Treasury, but whether the Constitution had granted any such power of appropriation.

It was the tenacious adherence to the Constitution which led in the early days of the Republic to the great crisis, which nearly disrupted the Union. The greatest debate in our history, and I am inclined to think in the annals of the English-speaking race, was the debate a century ago on Senator Foote's resolution, innocent in itself, but which developed the whole question as to what the rights of the States were if the Federal Government deliberately and indubitably usurped a power that was not granted to it. If Webster's reply to Hayne was the greatest forensic effort in our history, the speech of Hayne, of South Carolina, was not unworthy of the reply, for these were only two of the gladiators, for there were many arguments of remarkable power and eloquence made a century ago on both sides of the question, which are only now forgotten because they were overshadowed by Webster's masterful effort.

After the Civil War an entirely new spirit came to the American people. It was as though our written Constitution had become an unwritten one. Thenceforth, except on rare occasions, there was little more than lip service paid to the Constitution, although in that Civil War hundreds of thousands had died to preserve it. Acts that were flagrantly unconstitutional were passed on the theory that Congress had no responsibility, as the final decision rested with the Supreme Court. This quite ignored the fact that the question might never arise in the Supreme Court and that if it did the Supreme Court, necessarily influenced in a democracy by the will of the people, would hesitate a long time before dis-

regarding the fiat of Congress. In this spirit the boundaries of Federal power were pushed forward with amazing speed and those of the States correspondingly contracted. Undoubtedly this was due in large part to the impact of a mechanical civilization and it may have been inevitable, but it put upon the Supreme Court the impossible strain, when a case did arise, of trying to reconcile the will of Congress—which no longer takes into account its limited powers under the Constitution—with the provisions of that document.

With a subtlety worthy of medieval scholasticism and reminding me, as I recently had occasion to say in this House, of Swift's Tale of a Tub, the Court proceeded to reconcile the acts of Congress with an extraordinarily latitudinarian interpretation of the Constitution.

The probable passage of the legislation now proposed and under discussion shows how insidiously our Constitution can be changed and its basic principles overthrown.

The Constitution was formed under the traditions of the English revolution of 1689. That meant the supremacy of the people in Parliament, and it was fundamental in that theory of government that the executive should never have a power to impose a tax, but that such levies upon the wealth of the people should only be authorized by the composite judgment of their representatives in Parliament. In defense of that principle Hampden risked his life, Charles I lost his head, and James II his crown. For that principle our forebears in England had struggled from the dawn of constitutional liberty and they had maintained from the times of the Plantagenet kings to the present day that any tax measure must originate in the will of the people.

Therefore, our Constitution provided that the House of Representatives should originate all tax bills and that Congress alone should impose taxes. No more sacred duty was imposed upon it, for it was never intended that any levy should be made upon the American people unless by the consent of their Representatives in Congress. Congress has already surrendered its taxing power for, in the present emergency statute, the Secretary of Agriculture was given absolute power to impose taxes upon the processors of agricultural commodities in his discretion. And what is worse, it gave him the power to turn over the proceeds of the levy to one class in the community.

To this end the Secretary can even impose a tariff duty upon imports whenever he thinks it necessary to protect the processors, whose cost of production is necessarily raised by the processing tax. You will thus see that the complete power of taxation in the manner indicated has been vested in the head of a department to do whatever he pleases. Now it is proposed to vest in the President the power of taxation on imports. Thus we have a perversion not merely of the Constitution but of a basic principle of Anglo-Saxon liberty, for which the American people and their forebears have fought for over 500 years, and which they thought they had written into the Constitution in a manner that could not be defeated.

I could give many other examples of this slow undermining of our Government, either by laws upon which the Supreme Court never has occasion to pass, or by laws which, when passed, are sustained by the Supreme Court in deference to the will of Congress.

Possibly my pessimism is due to my advancing years, for the shadows of life are fast lengthening with me and I cannot hope to see the future development of the Constitution, as I have witnessed it in the last half century.

We are fundamentally a democracy; and while a constitution can retard the spirit of innovation, it can never wholly defeat it. It can be a rudder or a chart, but never an anchor.

Today many Americans seemingly favor a central government of unlimited powers. Whether such a government would insure the perpetuity of the Union is a serious question. The founders of the Republic believed that no central government of unlimited powers could be successful, and in this they were fully justified by the consistent experi-

ence of history. A unitary and homogeneous State, like England or France, may be able to distribute the blessings of government without creating sectional or class antagonism, but if the federated British Commonwealth of Nations were to make such an attempt as that of the processing tax, and the wealth of Canada were drained to support the farmers of Australia, the Empire would dissolve overnight. The fear of a like fate dominated the thoughts of the great Convention of 1787. They recognized that there was an inevitable conflict of economic interests between the different sections of America, and that the only way to prevent a dissolution of the Union by reason of such conflict was to confine the Federal Government to a very limited sphere of power.

Even as so limited, our Nation was twice brought to the verge of destruction by a clash of economic interests, and it has only been preserved by the welding influences of steam and electricity and general and ever-increasing prosperity.

Today, however, the Federal Government, asserting unlimited power and concentrating it in the President, is attempting to redistribute property to draining the wealth of the industrial States for the benefit of the agricultural States. The present depression may make the industrial States conscious of this continuous drain on their resources, and the ever-smoldering fire of sectionalism may again break out into a destructive blaze. Should the Union disintegrate, some future Gibbon will say that its downfall began when the Nation disregarded the wise limitations of the Constitution on Federal power, and began to assert the unlimited power of a unitary State.

I am loath to end my speech upon so pessimistic a note. Who can say what is in the womb of the future? In this hour of acute anxiety we can well recall the noble words of Franklin, uttered when the great crisis of the Convention arose and when its success seemed impossible. He said:

I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth: That God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings, that "Except the Lord build the house, they labor in vain that build it." I firmly believe this, and I also believe that without His concurring aid we shall succeed in this political building no better than the builders of Babel. We shall be divided by our little partial local interests, our projects will be confounded, and we ourselves shall become a reproach and a byword down to future ages. And what is worse, mankind may hereafter, from this unfortunate instance, despair of establishing governments by human wisdom and leave it to chance, war, and conquest.

Will this be the fate of America? I am by no means hopeless. All human progress in government is marked by alternate periods of integration and disintegration. When the integration proceeds too far, the pendulum swings back and reaches the other extreme of disintegration, only to swing back when the distribution of power has gone too far.

Moreover, there is one great fact of which the proponents of the new deal are seemingly ignorant. It is the native individualism of the American. The old pioneer spirit has not wholly lost its force, even in a mechanical civilization.

The fate of the eighteenth amendment clearly proved that, and I today see signs of a distinct reaction in the hearts of the people against this attempt to make one man, even though he be President, the master of the destinies of the American people.

No one man, whoever he may be, is fit to play such a role. Dictators have never long lasted. In a homogeneous nation a dictatorship may last for a time, for the problem is not so complex as with a heterogeneous nation of conflicting interests. The present dictators in Italy may last as long as Mussolini lives, for he is a man of extraordinary ability and may rank high in history as one of the greatest sons of Italy—that fertile mother of great men—but when Mussolini dies, what will then happen in the struggle to seize the scepter that will then fall from his hands? As for the dictatorship in Germany, it is doomed to failure long before Hitler shall live his allotted span of life, for that narrow fanatic is not a Mussolini.

Where, however, a people is heterogeneous and occupies, as our Nation does, a vast territorial domain ranging from the sub-Arctic to the Tropics, and with all the conflicting economic interests that differences in climate necessarily bring about, then a dictator cannot long last, for he cannot so dispense governmental favors as to placate all sections, classes, and interests.

Moreover, the old love of liberty is not dead in America. It may for a moment be moribund because of the prostrating effect upon the human spirit of a prolonged depression, but sooner or later—and I believe at no distant day—the American people will turn back to the beaten paths of the fathers and will again be animated by the spirit of liberty, which influenced Washington and Franklin, Hamilton and Jefferson.

The American Constitution did not believe in one-man power, and for a very obvious reason that is inherent in human nature. A President, whoever he may be, cannot wholly arise above the conditions of his birth and of his environment. He carries with him into his high office all the influences of his early surroundings. It was for this reason that the framers of the Constitution refused to concentrate power in one man. It vested all legislative power in a Congress, which would represent the composite will of the entire people, and they never intended that the representatives of the people should abdicate their responsible office and transfer the legislative power to the President. Undoubtedly Congress, like all parliamentary institutions, is by reason of its being thus representative of the thereby be a matter of slow compromise; but if we must thereby be a matter of slow compromise, but if we must choose between the security of liberty and the supposed efficiency of one-man power, the genius of our institutions prefers the former.

I remember a passage in Victor Hugo's masterpiece where, in a political club, an orator in glowing terms described the genius of Napoleon, but when he ended his eloquent tribute to the achievements of one of the greatest of the children of men by asking what could be better, a fellow member answered him in three words. They were "To be free."

The American people are not yet so demoralized that they prefer so-called "efficiency" to their liberty. Unless I gravely mistake the present state of the public mind, they are already in revolt against the great betrayal of our form of government which we have witnessed in the last 12 months.

The shallows murmur, but the deep is dumb.

The little coterie of socialistic visionaries, called the "brain trust", and who apparently influence the President, are the shallows which are now very vocal. But the American people represent the unfathomable deep, which though silent at the moment will yet become articulate. They are already becoming so, and I venture now to predict that when the American people again go to the polls to select a President they will, by an overwhelming majority, composed of the good men of all parties, sweep away this attempt to vest the mighty power of the American people in one man. If I did not think this, I would despair of the Republic. [Applause.]

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGugin].

Mr. McGUGIN. Mr. Chairman, we hear that it is necessary that the President have the power to negotiate foreign trade agreements, owing to the fact that other countries negotiate agreements very quickly.

This must be remembered, that other countries which negotiate trade agreements are countries that do not operate under a written constitution. This country operates under a written Constitution, and, say what you please, this bill does violate at least four provisions of the Constitution.

The first is the provision that all revenue legislation shall originate in the House. Another is that Congress shall levy taxes. Another, Congress shall regulate commerce between the countries and between the States; and whatever may be said, this bill is regulating commerce with foreign countries, which Congress alone has the power to do. If a treaty is

negotiated, it has to be approved by two thirds of the Members of the Senate. This is not a mere academic question. Only 3 years ago a prominent Democrat took the position that it was an irreparable error for Congress to transfer to the President a much milder control over tariff rates.

Let me read you some remarks by Secretary of State Cordell Hull when he was a Member of the House of Representatives. You will find it in volume 71, part 2, CONGRESSIONAL RECORD, first session of the Seventy-first Congress.

Mr. Hull said:

The proposed enlargement and broad expansion of the provisions and functions of the flexible-tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have or for a good man to want."

Such were the views of Cordell Hull 3 years ago when a Member of the House. Today he is asking Congress to yield a much greater power. I join with him in his statement of 3 years ago that it is "too much power for a bad man to have or for a good man to want."

In this connection I wish to extend my remarks, Mr. Chairman, by inserting quotations from various Members of Congress at that time.

The CHAIRMAN. Without objection, it is so ordered.

MR. GARNER

Mr. McGUGIN. From a speech by Vice President Garner when he was a Member of the House of Representatives from the State of Texas and the leader of the Democratic Party in the House, page 1080, volume 71, part 1, first session of the Seventy-first Congress:

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes.

Remember this, gentlemen: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and the Senate.

Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies, by a two-thirds vote, can take it away from the Executive.

If an ambitious man is in the White House, he will not surrender it. If a wise and patriotic man is in the White House, he may have a want of confidence in the Congress, so neither of them would be willing to give up the power.

MR. DOUGHTON

From speech of Mr. DOUGHTON, present Chairman of the Ways and Means Committee, taken from the CONGRESSIONAL RECORD, page 1474, volume 71, first session of the Seventy-first Congress:

The Fathers who framed the Constitution, wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible provision giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution. If the President is given the power to raise and lower rates 50 percent, he should be given the full responsibility for the making of all rates.

This provision, together with the one providing for the matter of appraisal to be finally lodged in the Secretary of the Treasury, will make the President, the Secretary of the Treasury, and certain bureau chiefs not only sole arbiters in all tariff matters but in deed and reality they will be sole dictators, and Congress and the customs courts, as far as tariff matters are concerned, might just as well be abolished.

MR. CRISP

From speech of Mr. Crisp, the former distinguished Democratic Member from the State of Georgia, while a member of the Ways and Means Committee, page 1349, volume 71, CONGRESSIONAL RECORD, first session of the Seventy-first Congress:

Gentlemen, think what a potential power the power to make tariff rates would be in an election year, to let the President of the United States have the right to write a tariff bill! Stop and think about it. Do you think there would be any dearth of campaign contributions?

O gentlemen, you are surrendering your right under the Constitution. Our forefathers fought for that right—the right that the elected Members of the people, the Representatives of the people, should alone have to levy taxes against them. [Applause.] And

here you are surrendering it; and when you have surrendered it, do not expect that you will get it back soon. If you should surrender this power and should pass a law to repeal it, the President could veto it, and it would take a two-thirds vote of both branches of Congress to override that veto, and it is seldom that either of the two great political parties in our country has a two-thirds vote in both branches of Congress.

O gentlemen, do not let the political exigencies of this case induce you to permit another entering wedge into the shrine of the Government as outlined by our forefathers, under which this Nation has grown and prospered until today it is the most powerful, the wealthiest, and most highly respected Nation on earth. [Applause.]

MR. STEAGALL

Speech by the Honorable HENRY STEAGALL, distinguished Democratic Member of this House and Chairman of the Committee on Banking and Currency, page 2007, volume '71, of the CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

Mr. Chairman, when this Congress meets, it is just as if every man, woman, and child under the flag that we honor had assembled here. It is the American people in their sovereign capacity who are assembled here now. We speak for them. If we fail in our duty from any cause or surrender our rights, it is a blow at free government. Yet we are taking orders like bootblacks. Such a procedure is calculated to reduce the voice of the average Member of this body to where he amounts to no more than a taxi driver in the city of Washington, as far as power and authority in the control of legislation is concerned. For one, I enter my protest. It involves a surrender of the people's rights, which should not be tolerated.

MR. GREENWOOD

Speech of Mr. Greenwood, former distinguished Democratic Member of the House, on page 1648, volume '71, CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

The so-called "flexible clause" delegates to the President of the United States the power to raise or lower rates.

This is delegating the legislative powers of Congress with respect to the taxing power of the Federal Government.

I am in favor of keeping the three departments separate and inviolate. I think it is better for the rights of the people for Congress to act in matters of legislation rather than delegating that power to the President. [Applause.]

Yea votes voting against the flexible provision: Bankhead, Buchanan, Byrns, Cochran of Missouri, Crisp, Douglas of Arizona, Garner, Hill of Washington, Hull of Tennessee, McCormack of Massachusetts, McDuffie, O'Connor of New York, Pou, Henry T. Rainey, Steagall, Vinson of Georgia.

The foregoing are some of the distinguished Democratic Members who voted for a motion to recommit, which motion was offered by Mr. Garner, and would have destroyed the present provisions providing for the powers of the President in changing tariff rates after findings of fact by the Tariff Commission. The opposition to placing this power in the hands of the President was based upon the claim that it was transferring too much power from the Congress to the President over the making of tariff rates. This was the principal reason given why these Members, together with other Members, voted for this motion to recommit. Today these same Members are advocating giving over to the President the power to make changes in the tariff rates without any findings of fact from the Tariff Commission. The power now being surrendered by Congress and given to the President is infinitely more power than that which was given in the Hawley-Smoot tariff bill; yet these gentlemen protested against the power in the Hawley-Smoot tariff bill because they thought that it was placing too much power in the hands of the President.

Assuming that owing to the ability of foreign countries to make tariff changes quickly that the United States in self-defense must be able to do likewise, there is still no occasion for giving this unlimited power to the President. In giving the President power to negotiate trade agreements we should at least insert the provision that such trade agreements shall go into effect immediately and remain effective unless within 60 legislative days after the execution of such trade agreements the House or the Senate shall by a majority vote decide against any specific trade agreement so executed by the President. If we are to have any regard whatever for the Constitution or for the rights of the people, then the people through their chosen representatives must at

least have some opportunity to check any trade agreement which the people regard as adverse to their interests.

Yielding the constitutional power which is vested in the Congress of the United States to the President of the United States is far more than an academic question. It is something which has not worked out successfully.

When we delegate powers to the President on the assumption that the President will carry them out, in actual fact they are carried out by some subordinates in the departments, and when they have carried them out they are not in accord with the statements of the President at the time he asked for the legislation.

The truth is, things are being done in the departments by men who were not elected by any constituency in America. Underlings and subordinates down in the departments are carrying out these matters because Congress has delegated the power to the President.

There are men in these departments whose conduct is not in keeping with the traditional Americanism. That challenge was hurled to the country yesterday before the Committee on Interstate and Foreign Commerce when a letter was read from Dr. Wirt, who quotes some member of the "brain trust" as having said:

We are on the inside. We control the avenues of influence. We can make the President believe that he is making decisions for himself.

We believe that we have Mr. Roosevelt in the middle of a swift stream, and that the current is so strong that he cannot turn back or escape from it. We believe that we can keep Mr. Roosevelt there until we are ready to supplant him with a Stalin. We think that Mr. Roosevelt is only the Kerensky of this revolution.

Mr. HARLAN. Mr. Chairman, will the gentleman yield? I should like to know the authority of that. Who is responsible for that statement? Who is that mysterious member of the "brain trust"?

Mr. MCGUGIN. If the gentleman will keep quiet, that is what I am coming to. That is a strong statement. It has come to the attention of a committee of this House and I say that the obligation is on that committee to bring Dr. Wirt before that committee and, under oath, make him tell who the man is that made that statement.

The President of the United States, the Congress, and the people of this country have a right to know whether Dr. Wirt told the truth when he quoted someone as having said that, and the country has a right to know who the man is connected with the "brain trust" that said it, if there is any such man. The time has come for a show-down on that.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MCGUGIN. I cannot yield. Aside from this I can point out to you some strong circumstances that men are running this Government contrary to the former expressed statements of the President, and contrary to the belief of Congress when Congress conveyed certain authority to the President. I refer to the broad powers we extended in the Agricultural Adjustment Act.

When we enacted the Agricultural Act Congress acted in good faith upon the message that the President sent to the Congress. Congress acted in good faith upon the pre-election speech of the President, but when the bill is taken to the Agricultural Department and is being administered, we find that it is not administered in keeping with the former statements of the President of the United States. Let me quote to you what President Roosevelt said in his pre-election speech at Topeka, Kans., wherein Mr. Roosevelt referred to President Hoover and his Farm Board:

When the futility of maintaining prices of wheat and cotton through so-called "stabilization" became apparent the President's Farm Board, of which his Secretary of Agriculture was a member, invented the cruel joke of advising farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth dairy cow. Surely they knew that his advice would not, indeed, could not be taken. It was probably offered as the foundation of an alibi. They wanted to be able to say to the farmers, "You did not do as we told you to do. Blame yourselves."

Such were the statements of Mr. Roosevelt before the election, in his speech at Topeka on September 29, 1932. Such

were his ideas pertaining to the farm program. Yet when we enacted legislation giving him power to administer that act he did what he had to do, he turned it over to the Agricultural Department. Then, when the Agricultural Department, under Professor Tugwell, administers that act, it pays no more attention to the expressed views of the President than it does to the expressed views of a newsboy on the street. So, what actually happens when Congress delegates its authority to the President is that the President does not carry it out, but some underlings down in the departments carry it out. When we enact this bill and convey to the President the authority to single out the particular industries which will be beheaded in this country as uneconomic he will not make the decisions, but underlings in these departments will make them, just as they are making them down in the Agricultural Department now. But that is not all.

Let me give you another illustration of how the Agriculture Department, in administering the Agricultural Adjustment Act, is betraying and repudiating every principle the President has ever uttered. The President, in his Topeka speech further said, speaking of his proposed farm plan:

The plan must not be coercive; it must be voluntary, and the individual producer at all times shall have the opportunity of nonparticipation if he so desires.

Yet one week ago today Member after Member stood on this floor and said that the voluntary allotments with respect to cotton had failed, and that we have to have a compulsory bill, and so the House passed the confiscatory cotton tax Bankhead bill.

The President in his message to Congress, when he asked for the adjustment act, said:

If a fair administrative trial of it is made and it does not produce the hoped-for results, I shall be the first to acknowledge it and advise you.

Now, when we find it has not produced the hoped-for results, does the Agricultural Department or anyone advise us that it has failed? No; they just simply say that now we must make it compulsory with the Bankhead bill.

The men who are actually administering that act in the Department of Agriculture under the domination of Mr. Tugwell have absolutely no regard for the views of President Roosevelt on the farm program as he has expressed them. Here is what the plan is and what Mr. Tugwell says the plan is:

For the first time the Government is thinking of the land as a whole. . . . For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources not merely for the benefit of those who happen to hold title to it.

From Professor Tugwell's recent speech at Philadelphia.

In the light of the experience of what has happened in the administration of the Agricultural Adjustment Act, it is clear that when this power is granted to the President, that in the administration of that power we shall find something entirely different from what we understand now are to be the accomplishments under this bill.

Such has been the situation under the agricultural act. Such were the regulations issued under the Economy Act. Without exception, when we have transferred congressional authority to the President, and when he turns it over to the subordinates to administer, they administer it to suit themselves and not at all in keeping with the expressed views of the President at the time he received the legislation. That is why it is dangerous for Congress to give this power away. Remember, if we be honest, when Congress passes this bill we are not in fact giving to President Roosevelt the power to do something. What we are doing is giving power to some "brain trusters" down in the Department of Agriculture and the Department of State to make trade agreements which no one in this House today believes will be made. That power is being taken away from Congress and given to men who are not in sympathy with the Republic under the Constitution, given to men who could not be elected to office by any constituency in the United States. Yet that is the danger involved in the policy of extending such authority.

In actual practice it is doubtful that we shall be able to open up farm markets. We are going to find that they will trade away American farm markets in the hope of finding some industrial markets abroad. Mr. Hull just came back from Argentina. What was the plan he brought back? Was it to sell more farm products? No. The suggestion was that if the Argentine would buy more American automobiles, America would buy more of Argentina's beef. The reason is obvious. If we make any trade agreements, they must be made in the Western Hemisphere, and we cannot find a country in the Western Hemisphere that will buy any of our farm products. They have farm products to sell. They will buy our manufactured products if we will buy their farm products.

If there were ever a political party in the history of this country which was simply talked and kidded out of power, it was the Republican Party as a result of the Hawley-Smoot tariff bill. From the enactment of that bill the Democratic press and Democratic orators vilified the bill from one end of this country to the other. They succeeded in making the majority of the American people believe that it was an iniquitous bill. Mr. Garner, Democratic leader in the House at the time of the enactment of the bill, bitterly criticized the bill, yet, thereafter, he was the Speaker of the House and in control of the House of Representatives. Under his leadership there was no effort made to change a single schedule in the bill. Mr. Collier criticized the bill at the time of its enactment and thereafter, he was Chairman of the Ways and Means Committee during an entire session of Congress. He did not undertake to change a single schedule in the bill. Mr. DOUGHTON criticized the bill at the time of its enactment. He has been chairman of the Ways and Means Committee during the special session of the Seventy-third Congress and thus far during this regular session of the Seventy-third Congress. He has never specified a single schedule in the bill which should be changed. Mr. RAINEY, at the time of the enactment of this bill, vilified the bill in all of its parts. He has been Speaker of the House during the special session and thus far during this regular session of the Seventy-third Congress. He has under his leadership something like 315 Democrats. He has never specified a single schedule in this bill which should be changed; yet, any day, he could take 215 Democratic Members and change every schedule in the bill.

I here insert some of the statements made pertaining to the Hawley-Smoot tariff bill by some prominent Democratic leaders at the time of the enactment of the bill:

MR. GARNER

Speech by Vice President Garner when he was a Democratic Representative from the State of Texas and leader of the Democratic Party in the House, page 1080, volume 71, CONGRESSIONAL RECORD, first session of the Seventy-first Congress:

This is what you have in this bill: First, you have surrendered your right for an indefinite period to raise or lower the rates, because there will be no occasion for another tariff bill until the American people rebel against the iniquity of what I believe to be the highest and most indefensible bill ever imposed upon the statute books. And you make the Secretary of the Treasury the absolute arbiter, and you have taken away from the courts the opportunity of the parties affected going into court and having them review the action of the Treasury Department.

MR. DOUGHTON

From a speech by Mr. DOUGHTON, present Chairman of the Ways and Means Committee, page 1474, volume 71, CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

When a Democrat refuses to give his support to this measure of abomination, so universally condemned, we are charged with being unwilling to give adequate protection to agriculture and other American industries.

MR. HILL

From a speech of Mr. SAMUEL B. HILL, of Washington, a distinguished Democratic Member of this House and a member of the Ways and Means Committee, page 1632, volume 71, of the CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

There is not a word in here that is for the benefit of the poor people, not a line in all your bill; but, on the other hand, every single schedule that you have operated on in that whole measure indicates that you are endeavoring to make the rich richer and the poor poorer. It is time now for somebody in authority to recognize that those who are actually supporting this Government should have decent consideration in legislation, instead of which you have brought out a bill to give the manufacturer the further right to reach into the pockets of the masses and take therefrom what they have labored to make. May God help you to go out and change this and make it an honest and a decent bill.

MR. COLLIER

Mr. Collier, former distinguished Democratic Member of the House of Representatives from the State of Mississippi and Chairman of the Ways and Means Committee during the Seventy-first Congress, had the following to say in part, taken from the CONGRESSIONAL RECORD, volume 71, page 1274, first session of the Seventy-first Congress:

Now, the gentleman from Texas, Mr. Garner, was not protesting so much against the rates, though he thought they were sectional, as against the administrative features of the bill. The gentleman from Illinois, Mr. RAINEY, and the gentleman from Tennessee, Mr. Hull, belong to another political school of thought and they were opposed to the general protective trend of the bill.

MR. COX

From speech of Mr. Cox, distinguished Democratic Member from the State of Georgia. Taken from page 1294, volume 71, CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

So far as I am concerned, it does not matter which party writes the tariff legislation. My concern is that it be written right. The bill before us is not in my judgment what it ought to be. It is a poor apology toward the fulfillment of the promise that both major parties made the country in their platforms in the recent political contest.

MR. RAINEY

The following is taken from a speech by Speaker RAINEY delivered in the House of Representatives when he was a Democratic member of the Ways and Means Committee. His speech begins on page 1143, volume 71, in the CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

I have no doubt that the Republican Party could do worse than this, but up to the present time they have not done worse than this in the history of tariff legislation in this country and in every other country in the world. This bill is a monstrosity without a parallel, indefensible in nearly every paragraph.

When Democrats revise the tariff—and they occasionally have done it—the method of doing it has been different from the Republican method. I served on the Ways and Means Committee during the preparation of the Underwood tariff bill. We considered, first of all, the economic effects of the rates we fixed. We consider their effect on the revenue of the United States. We consider whether or not there is a difference in labor costs at home and abroad. We take all those things into consideration and listen to all the evidence we can get, including the evidence of experts, and then with that information we revise the tariff.

It will be noted from the speech of Speaker RAINEY delivered at the time the Hawley-Smoot tariff bill was under consideration that he outlined the manner in which the Democratic Party enacted tariff bills. The Democratic procedure which he outlined at that time does not include giving blanket power to the President to make tariff changes. The procedure which he outlined provided for a constitutional enactment of tariff bills. Evidently between that time and this day, when Mr. RAINEY is Speaker of this House and in control of the House of Representatives, the Democratic Party has changed its procedure in the enactment of tariff bills. In fairness to the Democratic Party, a great and historic party, the program now suggested is not at all in keeping with the historical and traditional policies of the Democratic Party.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, in the spring of 1933 certain ominous outstanding facts pertaining to world trade were available to anyone interested. Briefly, they were that from 1929 to the spring of 1933 world commerce had decreased in value approximately 66 percent while the foreign commerce of the United States had decreased in value 75 percent. The United States was rapidly losing ground

among the commercial nations of the world, particularly in the South American market, where our neighbors and best customers ought to be. Concurrently with this loss in world commerce the index of our domestic trade showed the greatest depreciation of any of the large countries. Complete statistics will probably show that it was in the neighborhood of 46 percent.

Concurrently also with this calamity it developed that the great commercial countries of the world were rapidly adopting a new method for the control of foreign commerce. They were no longer relying principally on tariff restrictions either to protect their own producers or to acquire a foreign market. They were adopting quotas, import licenses, exchange pools, embargos, and a number of other regulations.

France had applied the quota system to over one third of her imports. Switzerland to over one fourth, and other countries, such as Germany, Poland, and Holland, in different proportions. There were very few countries in the world of any importance that were not using the control of foreign exchange, import licenses, and specific barter agreements along with tariff restrictions. The legislative machinery supporting these trade agreements allowed instantaneous changes and it was evident that the country employing these new instruments of commercial warfare, with their facility of change, had a very pronounced advantage over the American producers.

Obviously three things could be done. First, permit our foreign markets to be taken from us and remain aloof. Second, increase our tariff restrictions and accelerate this loss. Third, employ the instrumentalities of our commercial competitors and attempt to regain some of this world trade.

The inadvisability of continuing our present policy would seem to be obvious. A country that contains 6 percent of the world's population, but produces 58 percent of the world's corn, 52 percent of its cotton, 34½ percent of its coal, 46½ percent of its copper, and has manufacturing capacity, even at times of highest domestic consumption, of from 15 percent to 20 percent over domestic demand, must do one of two things—reduce production or find a market. From the termination of the World War to 1929 we found a market by selling on credit. This credit, of course, could not be indefinitely extended and our tariff provision prevented foreign sales on any other basis; therefore, our opportunity to sell on credit came to a sudden stop at the beginning of the depression.

With the advent of the present administration we have attempted under planned economy to reduce production, our second alternative, and our same reactionary friends who advocate that tariff system which caused our trouble in the first place, are now telling us that this reduction of production is uneconomic and ruinously expensive. For once they are absolutely right, and the whole program, so far as this attack is concerned, would be indefensible if it were not for purely an emergency remedy. Reduced production will ultimately lead to oppressive taxes, and a lower standard of living which we will not willingly tolerate. Therefore, the opening of larger markets and increased consumption, both on our part and that of our foreign customers, to keep pace with modern productive methods is the only way out.

But these same reactionaries tell us that we cannot attempt to find a market for our surplus because that will necessitate buying something from somewhere outside of America. They disagreed with William McKinley, the martyred leader of the Republican Party, himself an author of a high tariff bill, who in his last utterance at Buffalo said:

The period of exclusiveness is past. Commercial wars are unprofitable; reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

Even former President Hoover, the reactionary of reactionaries, and the man who led the cohorts of reactionary thought when this country was being sent to the brink of destruction, also said:

In determining changes in our tariffs, we must not fail to take into account the broad interests of the country as a whole and

such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a lesser amount of employment in imports.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. KNUTSON. Just what does the gentleman propose to buy abroad?

Mr. HARLAN. I may say to the gentleman from Minnesota that a very comprehensive survey is being made by experts of the Department of Commerce, but their report is not for publication at the present. To publish it now would do nothing but inject a lot of confusion and promote our old system of bloc voting, which has been the bane of every tariff law we have passed. Nothing is to be undertaken that has not been well considered, and nothing will be purchased that will materially injure any branch of American production.

Mr. KNUTSON. Very well. Will the gentleman yield further?

Mr. HARLAN. I do not have much time; I will yield if the gentleman will get me more time.

Mr. KNUTSON. Mr. Chairman, I yield the gentleman a minute.

If the gentleman were in charge of the administration of this law just what would he import?

Mr. HARLAN. Speaking for myself, I should import some Italian hats, some Dutch or Belgian lace, Irish linen; we could import probably many things, French wine and others. I have mentioned just a few of the things that we could import.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. VINSON of Kentucky. I may suggest to the gentleman from Minnesota that he need have no worry about his rye, for in 1932 only 7 bushels were imported, while for the period between 1929 and 1932 the value of the rye exported decreased from \$9,000,000 in 1929 to \$1,000,000 in 1932.

Mr. KNUTSON. But may I remind the gentleman from Kentucky that in 1932 prohibition was still in effect. I quoted figures for 1932. Let us have them.

Mr. VINSON of Kentucky. In my opinion, the 1932 figures will be still less; but I am giving official figures. I do not know whether the gentleman from Minnesota got his figures from a newspaper or not.

Mr. KNUTSON. We are giving official figures ourselves.

Mr. HARLAN. Let me say to the gentleman from Minnesota that we could import German cutlery made from Swedish steel. This steel, I am told, we cannot duplicate in this country. It is an entirely different kind of cutlery. We could import commodities of this kind which, while they bear the same general style of similar articles produced in this country, are yet of such a different quality that they supply a want that is entirely additional to those we have at present.

Mr. KNUTSON. Does the gentleman wish to intimate that there is more kick in European rye than there is in American rye?

Mr. HARLAN. I am not an authority on rye; the specialty of my district is Bourbon.

The situation of our own country is a shining example when compared with Europe, of the advantages of a free interchange of commerce over commercial restrictions. Here we are living in the largest free-trade market in the world, the United States of America. In this community we have demonstrated, as if in a laboratory, that each man and each community prospers best by producing and exchanging with others those commodities which each community and each individual makes most effectively.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. WOODRUFF. I want to suggest, if I may, that the 1932 election may be taken as a repudiation of that particu-

lar doctrine whether it be espoused by the Republican Party or by the Democratic Party.

Mr. HARLAN. The gentleman is entitled to his own interpretation of the 1932 election; frankly, I can see little connection.

Under the stimulation of this great market we have become world leaders in mass machine production. We have also become the world's largest per capita consumer.

Across the Atlantic we have exactly the opposite picture. Tariff walls and trade barriers have divided Europe into small trade-tight compartments. They have not been able to develop machine production as we know it because they are shut off from their natural market. They have specialized in hand production, with very limited use of machinery. The result is ineffectiveness, low wages, and a lower standard of living. We defend our tariff walls as a protection against this cheap labor. They build tariff walls against us because of our cheap machine labor—an obvious absurdity. The plain common sense and truth is that a great many of their hand-made commodities we never have made and are not temperamentally adapted to make. They are so different from our machine-made products as to supply in most cases an entirely different demand, a demand that is in addition to our present wants, a demand that seeks the artistic and beautiful, even though it is somewhat more expensive than uninspired utility. This demand is not in real competition with our machine-made products except to those highly imaginative gentlemen who conceived that bananas compete with apples and nonedible denatured cocoa oil competes with butter.

Just as we could use some of their laces, tapestries, linens, cutlery, and hats—just to mention a few—they could use quantities of our factory-made produce. They want it and need it but cannot get it because we will not accept the only thing they have to offer in payment. The exchange in both cases would cost little or nothing. From us it would be the produce of factories now idle; from them it would mean employment of hours now spent largely in worry.

Those who tell us that we must not trade with the world because a canning factory in Massachusetts or a hat factory in West Virginia will lose a few orders, forget two vital things: One, that all the canned fruit or hats we buy will probably be of a decidedly different quality than domestic machine-made production, and will supply a want entirely additional to the present demand for our domestic produce, and second that certainly everything that we buy will be paid for by the delivery of some other commodity which we make effectively with high wages, and greater profits, such as shoes, machinery, automobiles, or with farm produce now wasting in storage.

These same reactionaries also do not tell us how we are going to dispose of all the idle machinery, factory plants now available; or the 100,000,000 acres of fertile agricultural land which cannot be utilized for our own wants. What shall we do with the idle farmers and laborers when these plants and farms are permanently abandoned? There is but one answer—we must get a world outlet—we must increase our own consumption and raise our own standard of living, at the same time encouraging the higher standard of living in other parts of the world. We can easily absorb more of the commodities produced by the world in addition to our present wants, if thereby we can supply the world from our own surplus.

To accomplish this purpose, the adoption of the present bill is by far the most available method. Briefly, it authorizes the President to enter into contracts with foreign governments, granting trade concessions not in violation of any of our existing laws or treaties. These contracts will not require ratification by any branch of the Congress. To carry out such contracts, or for any other purpose, the President, by proclamation, may establish almost any other regulation or prohibition on foreign trade which he deems advisable, except that he cannot increase or decrease an import duty more than 50 percent or transfer any commodity between the free and dutiable lists.

Without going into the details of our tariff history, and of the powers that at different times have been granted to the President in declaring embargoes and other trade restrictions, since this has been covered very thoroughly by the majority report of the Committee on Ways and Means and also by the testimony introduced at the hearing, it is sufficient to say that this testimony is very clear—that the pending bill is an evolutionary step following our legislative methods from the beginning of the nineteenth century up to and including our last tariff enactment. It is the method which other nations have found effective in promoting their own trade at our expense. It will minimize the weaknesses of our present rigid tariff system. Some of these weaknesses are: Lack of stability in protection; failure as a revenue producer in depression period; local interests are protected at the expense of national interests; exporting interests are ignored; and, finally, inability to function effectively with rapidly changing conditions of our present domestic economic plan.

To my mind, however, the most important function of the proposed method of trade control is one that received very little, if any, attention during the hearing. Under these Presidential trade agreements it will be possible to establish a differential in tariff duties for the same commodity from the same country, depending upon the quantity imported. Let us consider an example: A very low rate may be made for, we will say, one fourth of 1 percent of our domestic consumption of some particular commodity. A higher rate for the next fourth of 1 percent, and for the last fraction of the permissible quota, before absolute prohibition is decreed, would amount to a rate high enough to be intended for almost complete prohibition. These higher-rate zones would become experimental zones of competition.

Those domestic industries which over a long period of years could not sell in competition with foreign producers in the domestic market in the higher tariff bracket would demonstrate to themselves and the world that they were too ineffective to be economically defensible. Capital invested in such industries could easily take notice; and as plants and machines became obsolete, this capital could flow into other channels without serious loss. Of course, it is entirely conceivable that from a viewpoint of military defense many industries which are not economically defensible ought to be maintained for our national safety, but this is a decidedly different question.

On the other hand, those domestic industries which could continuously sell in our market in competition with the low-tariff bracket import would demonstrate themselves to be effective and a safe place for capital investment.

Thus we could develop a laboratory with scientific data automatically and accurately produced to encourage our effective industries, promote our export, broaden the base of our imports, and create stability in our tariff revenue. There would then be no occasion for our present log-rolling, bloc-voting, local-interest type of tariff bills, which have caused so much scandal and corruption in the past, particularly during the last 12 years. We have no such accurate source of information now, and can never get it under the existing rigid tariff system.

In the past we Democrats, in our platform, have talked about rates "to insure equal competition." The Republican promise is equally benign when it agrees to secure rates "equalizing foreign and domestic costs." The simple fact is that both of these promises are chimera and nonsense.

There is no such thing as an American cost of production. Localities with cheap labor, available raw material, and cheap transportation have very different costs from other concerns in America manufacturing the same commodity under opposite conditions. The recent hearings before the N.R.A. board demonstrated that American industry did not even know, among the members of the same group, the labor cost or material cost in their own various industries in different parts of the country. Yet, many concerns with widely varying costs continue to exist in a country as large as ours because frequently the high-cost producer is near the market, while the low-cost producer either fails to ef-

fectively sell his commodity or is handicapped by large shipping costs. Foreign costs are even more impossible of attaining, because in that case, in addition to all the difficulties of obtaining domestic costs, the problem of absolute and relative costs is found to exist. For example, in some countries the monetary cost may be low, yet the relative cost, as considered with price indexes in other commodities, make these costs very high, or vice versa. If it were possible to arrive at a fair approximation of these costs, we would then be confronted with the high degree of variation in transoceanic shipping and the problem of equalizing seaboard costs with interior costs, which simply cannot be done. I believe that a frank statement from our Tariff Commission would admit that in all their decisions on these points they have attempted to do little else than make a benign guess.

With a system of graduated duties, however, it is obvious that the point where foreign and domestic goods could meet in free competition would be the exact amount of restriction necessary to equal foreign and domestic costs. If, in any contract period which cannot exceed 3 years in any event, it is found that the maximum import duty imposed is not sufficient to equalize the foreign and domestic costs, the manufacturer at least has the assurance under such a contract that the definite quota restriction will give him protection in any event. He does not have that assurance now under our tariff system.

In addition to this, when we confront a world of rising and falling currency values, the farce of the tariff promises of both parties is certainly apparent. This last difficulty absolutely demands a definite quota system to afford American industry the protection to which it is entitled. The American producer is asking no more than justice when he requires at least an approximation of the extent of the market which he may hope to supply. When the value of foreign currencies and international exchange is rising and falling like a mountain range, as it did in the midst of our recent panic, rigid tariff schedules furnish very little stable protection unless they are high enough to be absolute embargoes.

When the British Empire recently left the gold standard, it happened that American domestic trade also suddenly dropped. The natural conclusion of our producers was that British goods were flooding our market and driving out American competition. Many of us in Congress received such complaints. Investigation disclosed that in almost all cases, instead of an increase, there had been a decrease of British imports. Had our manufacturers felt secure behind a definite import quota, at least this stimulus to increase our local panic psychology would have been avoided.

Last June, during the first session of this Congress, I introduced House Resolution 179, requesting the Ways and Means Committee to investigate the import quota system with graduated duties. This bill was introduced without any knowledge whatsoever of the pending of our present plan. It was rather crude in its suggestion and unnecessarily cautious to avoid conflict with the unconditional most-favored-nation clauses in many of our treaties. Also, because of rather unfounded constitutional doubts over the question of delegating power over revenue-producing measures to the President, it recommended a system decidedly too rigid. However, with all its defects I am very much gratified that the basis of its plan can be carried out in the present bill and in a decidedly more effective manner. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, I was brought up on that old-fashioned southern doctrine of free trade and calomel. I know that some of you were brought up on a different theory. But, Mr. Chairman, we are not confronted with mere theories at this time in connection with the solution of some of these problems that are pressing down upon us. We are confronted with facts.

We have had at least a century of nationalism. The life and activities of Napoleon were responsible for the advent of nationalism. He probably did not realize that his life

was having that effect upon the world, but nevertheless it did. By reason of his military activities there was a unification of Italy, a unification of Germany, and a unification of Austria-Hungary. Concomitant with this movement in Europe certain political and economic forces resulted in the final unification of the United States at the end of the Civil War. From 1871, which was the date of the formation of the German Empire, we have seen these forces of nationalism in operation to the fullest extent in the world. Political nationalism immediately preceded economic nationalism. We saw nationalism at its zenith during the great World War. We have, therefore, had an opportunity to come to some conclusions about this theory. I am frank to say that we are applying the principles of nationalism in this country now. So far as I am concerned, and I am speaking for myself only, I wish it were possible to adopt a plan upon a broader principle than the one we are now trying to put into operation in regulating our internal affairs, but we are compelled to adjust our plan to existing world conditions. This is the inevitable result of the continued pursuance of a policy of high tariffs. If one country pursues the policy of high tariffs, it, of necessity, forces other countries to pursue a similar course. This is inevitable. We are forced to do it because other countries have been doing so, and other countries are forced to do it because we have been pursuing this policy.

I know that all reasonable people in this country think that we ought to look after ourselves first. I have no fault to find with this doctrine, but I say that in its practical application the doctrine is not diametrically opposed to the doctrine of international trade. There are people who disagree with me concerning this principle. There are people who think that the one doctrine in its application is diametrically opposite to the other. I do not subscribe to this view myself. I think we can successfully pursue a policy by which we can be permitted to trade profitably with other countries of the world. I believe we can work out a policy, if we will take the time to do it, which will enable us to do this and at the same time will not place us absolutely at the mercy of these other countries. We can adopt a plan which in its application will not wreck any substantial industries in this country and which will, at the same time, afford us a much-needed market for our troublesome agricultural surpluses. This is what is contemplated in the measure we are now considering.

Of course, the question has been asked time and again here, from what products would you take the tariff, if you had the privilege of doing it. This is a matter which is deserving of the most careful consideration of whoever has the responsibility of doing this. I submit that we can bargain with other countries so that trade relationships may be established and sustained that will be helpful.

There are some who take the position in their arguments, it seems, that any tariff agreement we enter into with another country must, of necessity, adversely affect some industries in this country. To advance such an argument as this is to admit that, as time goes on, we shall have no opportunity of elevating our standards of living. It is readily discernible to me that we could, by raising our standards of living, consume products produced by other countries which in no way would substantially interfere with any products produced in this country.

Now, Mr. Chairman, to go back to the plain facts of the case, it is simply a question of what we can do, as a practical proposition, at this time. We could talk here incessantly for 2 years in an academic discussion concerning the most commendable attributes of the theory of economic nationalism and the most commendable attributes supporting the theory of economic internationalism. At the end of that time we would wind up where we started. What we are confronted with today, as I view it, is a practical proposition. Can we, as a government, devise a plan which will enable us to trade profitably with other countries without at the same time wrecking any substantial industries in this country? I believe we can. Because of the intricacies involved in the successful prosecution of such a plan, it

would be impossible for the Congress to work out all the details. I think the right course to pursue is to give the executive arm of the Government a chance to expand our trade by virtue of the authority given to it under this law. The country has confidence in the ability and sincerity of the President. I think he will not abuse this authority when once it is given to him. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 8687) to amend the Tariff Act of 1930, had come to no resolution thereon.

DRAFTS DRAWN ON THE SECRETARY OF STATE BY AMERICAN EMBASSIES AT PETROGRAD AND CONSTANTINOPLE

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Claims and ordered printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1916, and April 21, 1917, in connection with the representation by the embassy of the interests of certain foreign governments and their nationals.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 24, 1934.

The SPEAKER laid before the House the following request from the Senate:

The Senate requests the House to return to the Senate the bill (S. 1699) "to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription."

The request was granted.

THE PRESERVATION AND IMPROVEMENT OF THE PUBLIC RANGE

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the public domain bill and to include therein the report of the Secretaries.

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a statement I made before the Public Lands Committee of the House February 19, 1934, in support of the bill H.R. 6462, and the reports thereon of the Secretary of the Interior and the Secretary of Agriculture, as follows:

Mr. Chairman and members of the committee, it is unnecessary for me to say that I claim no individual authorship of this bill H.R. 6462. It is a composite outgrowth of many years' consideration by former Congressman Colton, of Utah; French, of Idaho; Sinnott, of Oregon; Evans and Leavitt, of Montana; myself and several other western Congressmen—trying to bring about this legislation and establish practically the same policy concerning the use of the remaining 173,000,000 acres of public domain, as now prevails upon the 137,000,000 acres of forest reserves. All those colleagues and friends of mine for many years have left the House; and I cannot resist saying that when they retired, they carried with them a world of experience, good judgment, and valuable information. One of the last things that several of them said to me was to request that I reintroduce this bill and carry on their efforts and enact it into law if possible. They very earnestly felt that the policies and principles of the orderly control and systematic use of the remaining public domain are of the very greatest importance to the welfare and proper development of the 11 great States of the West.

Concerning the bill, the title speaks for itself. It reads as follows:

"To stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes."

It very adequately and frankly expresses the purposes and objects and gives a complete idea of the whole subject.

There are three things contained in this bill: The first is "to stop injury to the public grazing lands by preventing overgrazing and soil deterioration." That is a great, important, and far-reaching conservation provision that everybody in the United States should be interested in. The second purpose is "to provide for the orderly and better use, improvement, and development of those 173,000,000 acres of public lands." The third purpose of the bill is "to stabilize the livestock industry dependent upon the public range" that extends throughout those 11 Western States. All three of those purposes are of the greatest and highest possible importance, and I will take them up serially.

The official reports before you of both the Secretary of the Interior and the Secretary of Agriculture conclusively show what the rapidly increasing damage is to these lands because of erosion and overgrazing. Many thousands of acres that a few years ago were fine grazing lands are now nothing but barren wastes, sand dunes, and gravel beds, with scarcely a spear of grass or any other forage left on them. This deterioration is going on at an amazing pace. Naturally, many stockmen drive their stock wherever they can find good grazing, or any grazing; and they are not so much concerned about the future if they can find sufficient forage for the present.

If you gentlemen of the committee will read the very complete reports that were made in former years by Secretary Hyde, of the Department of Agriculture, and Secretary Wilbur, of the Interior Department, during the Hoover administration, you will find that they had made tremendously strong and statesmanlike reports on this matter. There has never been at any time the slightest tinge of politics in the consideration of this subject by the Departments or by this committee or by the House. Going back 12 or 15 years ago, when I had the honor of being the acting chairman of this committee, much of the time we frequently talked over this matter of the orderly control and proper and systematic use and development of our western country and discussed this matter of the stabilization of the stock industry on the public domain. You Members who do not live in that country may not realize that a herd of cattle or a flock of sheep are worth little or nothing unless the owner has a place to graze them; and in order to build up or maintain and stabilize the stock-raising industry there must be some assurance as to where and what kind of range they may have and depend upon for their stock, what they can definitely rely upon in the way of pasturage. Otherwise, there would be no permanence to the business. People who have herds would not be safe; they would have no credit with the banks for securing money. They cannot secure money from the banks if they cannot show that they have some definite and sufficient place on the range where their stock may be adequately grazed. At this time there are large areas where it is a free-for-all and general-grab and hold-if-you-can policy with roving herds using the range. There is no security or safety to honest stock business. We have had many sheep and cattle wars. For many years there has been more or less a kind of guerilla warfare going on between and among the sheepmen and cattlemen, with bitterness, strife, ill-will, and more or less litigation, and some sad killings. We want to terminate that condition. I fully realize the fears of some people about Federal regulations.

Nearly the entire population of the West 30 years ago put up a vehement, heroic, and desperately bitter fight against the establishment of the forest reserves. We insisted that it was a flagrant violation of our inherent, sacred, and inalienable rights, extending over a hundred years, to graze our stock on the open free range on the public lands. We insisted that Uncle Sam had no business to come in and regulate us by strong arm, or to charge us a grazing fee. We thoroughly believed that the Government was brazenly robbing us of one of our greatest western birthrights. We insisted that they had no right to tell us that we could only feed our stock here or there, as they saw fit; or that we could not feed them at some other place. We vehemently objected and vociferously swore at Gifford Pinchot; but we were unceremoniously overridden, in spite of everything we could do. Governor Pinchot was the leader in that movement. He was a crusader who for several years went all over that country making speeches; and President Theodore Roosevelt backed him up, and they carried out his policies. It was one of his greatest achievements to conserve the timber upon and bring about the orderly use of these 137 millions of acres of the public domain.

The original very laudable purpose of the Pinchot forest-reserve crusade was to save the forest and preserve the timber on the public domain from ruthless destruction and exploitation. But after President Roosevelt had put nearly one quarter of our entire States into a forest reserve, about half of which was either above or below the timber line and did not have a stick of merchantable timber on it, Senator Henry M. Teller, of Colorado, put a stop to that wholesale performance by passing the act of Congress of March 4, 1907, prohibiting the creation or extension of any more national forests except by act of Congress in Colorado, Idaho, Montana, Oregon, Washington, and Wyoming; and the act was reenacted on June 25, 1910; and in August 1924 the law was extended to California; and on June 15, 1926, it was extended to Arizona and New Mexico. Ever since, it has been the law applicable to those States; and ever since those dates, when any of us Members of Congress from those States have wanted to put any

more land in the forest reserve, we have had to do so by the passing of a special bill for that purpose. I have passed about half a dozen or more of them myself.

I will digress just a moment to say that Senator Teller was "Colorado's grand old man." He was our first and one of the most useful and practically efficient Senators Colorado has ever had. He was my ideal of a public servant. He grandly and proudly represented our "Centennial State" in the United States Senate from the time it was admitted into the Union on August 1, 1876, for nearly 30 years. And during President Arthur's administration he was, we think in Colorado, the best Secretary of the Interior our country has ever had, primarily because he knew the West much better than any of the rest of them. He voluntarily retired from the Senate on March 4, 1909, the day I entered the House.

There are now in the forest reserves about 137,500,000 acres. About 14,000,000 acres are in my own State, and I think about 10,000,000 acres of it is in my congressional district. All placed in forest reserves over our most persistent and vehement objections. What is the result? Today there is nobody anywhere in the United States who would vote to throw those lands open to unrestricted use and free looting. Times have changed. No human being who has any foresight at all would today consent to turn those lands back to the law of the jungle, to free-for-all exploitations, and to the control and occupation by the Winchester. Now, President Franklin D. Roosevelt and his Cabinet officials are vigorously trying to do with the remaining 173,000,000 acres of public domain just exactly what President Theodore Roosevelt and Gifford Pinchot did with the 137,000,000 acres that are in the forest reserves, trying to adopt some orderly process for the development and civilized use of those remaining lands outside of the forest reserves. We all now take off our hats to President Theodore Roosevelt, Governor Pinchot, and the other far-sighted conservationists in those former days. Within 5 years after this bill becomes a law, the entire country will pay the same tribute of respect to President Franklin D. Roosevelt and Secretaries Ickes and Wallace. Sometime all those lands will be administered by the same department. But it is not at all possible to do so at this time. It naturally looks as though that would be the ideal way of handling all that 300,000,000 acres of Uncle Sam's domain. But Secretary Fisher, Secretary Franklin K. Lane, Secretary Work, Wilbur, and several other Secretaries of the Interior have all for many years urged the enactment of this measure to give their Department some control over the public domain; but they have strenuously all this time insisted that so long as the patenting of all those lands, handling of the mineral rights, the oil rights, the land surveys, the geological surveys, and other matters are in progress, the handling of the public domain should necessarily remain exclusively within the jurisdiction of the Interior Department. But I can see no reason why they should not in a few years administer them in coordination with the Agricultural Department.

Our greatest trouble for many years was that we were unable to get those two Departments to agree on anything. Finally, however, we did get Secretary Hyde and Secretary Wilbur to come to an agreement upon the matter; and the present Secretary of Agriculture Wallace and the present Secretary of the Interior Ickes, have simply adopted the policy of their two predecessors. They have very forcibly reported in favor of this bill, which is the same as the bill which passed the House last May or June, except as to the last section, 13. I, and most of the committee, strenuously opposed that section 13 of the former bill. It was forced into the bill on the floor of the House by gentlemen who were trying to kill the bill. That section provided that the measure should not take effect in any State until it was adopted by the State legislature of that State. That would mean, as the Secretary of the Interior has well said, that the State legislatures would practically control the Interior Department in its administration of the public lands, which, of course, would not be tolerated. I omitted that section when I reintroduced this bill as H.R. 6462; and therefore we have removed the objection which is so strenuously made by both the Secretary of Agriculture and the Secretary of the Interior in their original reports. I made one other change in the bill: The Secretary of Agriculture asked that the division of the fees be made equal; that is, that 25 percent should go to the counties for roads and schools and that 25 percent should go for improvements; and I have written that provision in the bill, instead of making the division 15 and 85 percent as in the other bill, and to which objection was made. Therefore, those two main objections have been removed from the bill.

When the bill passed the House last year, and it went over to the Senate, Mr. Colton, Mr. French, Mr. Leavitt, and Mr. Evans of Montana, and several others of us went before the Senate Public Lands Committee and presented the bill very fully and forcibly. But at that time some of the Senators were talking about and hoping to pass a bill to cede all the public domain to the States. Principally, Senator Kendrick, of Wyoming, and Senator Walsh, of Montana, both of whom have since passed to their reward, and both of whom were wonderful men, felt that if they could transfer these lands to the States, the States might better administer them. But, as we very emphatically and I think conclusively stated to them, and as this committee and everybody else know, it is absolutely a human impossibility to convey the public domain to the States without reservations of the subsurface rights.

At first blush, that looks very simple and all right and fine for the States. But when you investigate the matter, when you study what it means and especially when you get the reaction from the very strong and wide-spread conservation sentiment throughout the country and encounter the very emphatic opposition of all the administration's forces of this and all former administrations,

you will find you are butting your head against a very solid stone wall.

When it comes to conveying the 173,000,000 acres of public domain that Uncle Sam owns, from the blue sky to the center of the earth, to the States, I know and all the old Members know that Congress will not vote for that kind of bill. I doubt if, after you study the matter, you could get half a dozen votes in this committee to do such a thing. You could not get the support of this or any other committee, and you could not get any appreciable support in the House for that sort of measure. It is utterly idle to talk about it at this time. It is a very much larger and more complicated subject than some of you may realize. President Hoover's large Public Lands Commission, which held meetings and hearings for some 2 years, recommended that the surface only of the public lands be conveyed to the States. However, no State would be willing to accept that kind of title. Therefore, there is an absolutely impassable barrier to anything of that kind; and it is a waste of time to discuss it. In the meantime, there have been several bills pending to set aside districts; and two of them have passed. Congressman Leavitt, of Montana, passed one creating the so-called "Mizpah-Pumpkin Creek" grazing district in Montana, turning it over to the Interior Department. I understand they are getting along satisfactorily with that one, and I think there was one other bill for that purpose. However, that is piecemeal work, and many of those bills have been held up for the past 2 or 3 years, in the hope that this general measure would pass. In that connection, I might say, I think, without any violation of confidence, that the Secretary of the Interior felt very greatly disappointed that we did not pass this bill last summer, because, I understand, he had hoped that he might establish many of these C.C.C. camps on the public domain, besides those on the forest reserves and in the national parks and monuments. He could have done an immense amount of work on the public domain with those boys, in the way of preventing fire hazards, of creating and preserving watering places, building trails, improving the range, and in a hundred other ways; but he said he would not do that so long as he had no control over it, and he has not done so. He would not make important improvements of that sort when anybody could come along and locate on it as a stock-raising homestead, and in that way monopolize the benefit of what had been done.

Therefore, with one exception in Wyoming, none of those camps have been located upon that great area of 173,000,000 acres. None was located there, although they might have had probably 40 or 50 of those camps out there, operating to the marvelous benefit of all those 11 States. He felt, apparently, that if Congress did not see fit to authorize a systematic, orderly development and use and control of that range, he ought not to assume the responsibility of spending public money upon it. Of course, this is entirely a matter for the determination of Congress. It is something that is entirely within our jurisdiction. The failure to pass the bill last June has worked a very great loss to hundreds of unemployed young men in those 11 States.

If I may digress a moment, the 640-acre stock-raising homestead law has been referred to frequently in this hearing. I think it would be interesting to the members of this committee for me to say that my relation to the bill creating that law was something similar to my relation to this pending bill. About 1913 Congressman Ferguson, of New Mexico, and I prepared the original draft of that law. And he introduced the bill and worked desperately hard for about 2 years, until he retired from Congress, trying to pass the bill, and his failure to do so was a very great disappointment to him. I reintroduced the bill, and after a struggle of a year or more succeeded in passing it. It became a law on December 29, 1916. I thought—and many of us western Members thought—it was a great piece of constructive legislation in behalf of settling up the public domain by homesteaders that could not make a living upon 160 acres of land. It has been a marvelously beneficial law. Up to June 30, 1933, 24,326,349 acres of land had gone to patent under that law and have been placed on the tax rolls of the counties in which they are situated. There are now pending applications under that law for about 17,000,000 acres more; and the total amount of land that has been heretofore designated and classified as subject to stock-raising homesteads throughout the West aggregates the gigantic amount of 124,669,640. In fact, 85 percent of all homestead applications made nowadays are under that law. I thought I was rendering a great service to our country in piloting that bill through Congress and was quite universally complimented for many years; but in recent years the law has been abused, especially in Colorado, and I understand to some extent in some other States. I think it has been and is now being used as a subterfuge in many cases.

I will not personally assume the responsibility of calling a large number of the applicants for entries "dummies"; but I will say that it is reported to me that not one out of a dozen of those so-called "stock-raising homestead entries" are actually occupied in good faith as a home by the homesteader and his family, really living and making a living on the 640 acres of land as the law contemplates. And for that reason I have been repeatedly appealed to to repeal that law. And the Commissioner of the General Land Office has repeatedly officially recommended that that law should be repealed. Many people complain that it has been used as a subterfuge, for large stockmen to control the range rather than in good faith to make actual homesteads. And I understand that the Land Office officials have canceled many entries for that purpose; and there have been a number of prose-

utions and some convictions for frauds perpetrated under that law. I introduced a general bill to repeal it in the last Congress; and I have introduced another bill, H.R. 2861, in this Congress to repeal the law as it affects the State of Colorado. But the law has been of very great benefit to the other States, and the sentiment in those States is very strongly opposed to its repeal. The Members from those States insist that the law has been tremendously beneficial in putting lands on the tax-roll that would never have been patented otherwise, and in requiring the owners to help support the schools and the county government. It has greatly helped in settling up the West. I think with the exception of the original 160-acre homestead law, no law has ever been enacted by Congress that has brought about the entry of as large a number of acres of land as this one law has. So that I am still really proud of being the nominal author of that law, notwithstanding I seriously deplore and regret the abuse and perversion that have been made of it in some localities.

Returning to the bill before us I may say this bill originally started with about a dozen lines, just putting all this public domain under the jurisdiction of the Interior Department, to be administered for the general welfare of the Government and for the public good. But we have been adding to it all the time until now the bill contains 10 pages, consisting quite largely of just unnecessary regulations written into the bill. The Secretary could do practically everything that is provided for in the bill if we had simply turned it over to him. Nearly all these things could be provided for by regulations. However, many people are not willing to just give carte blanche provisions of that kind in the bill. They, with some justification, feel that there are some things that they should specifically provide for or reserve in the law itself for their guaranty. There are several gentlemen here representing those various sentiments.

There are two distinguished lawyers here from my district, Mr. Dan H. Hughes, of Montrose, Colo., representing himself and also the proprietors of half a million sheep; and I bespeak for him a full hearing and the very careful consideration of this committee of whatever amendments he may offer. There is also here Mr. F. R. Carpenter, of Hayden, Colo., one of the most prominent and best-informed cattlemen in the State. He is in the city representing the cattlemen of western Colorado in connection with the bill making cattle a basic industry, and no one knows the range conditions of our State better than he, and he will frankly answer any questions anyone may ask about the range-cattle business. There are many other interests represented here. But I think all of them fully realize that we absolutely have got to sometime soon come to some system of governing the use of those public lands.

There are many vested rights, which should and must be respected and protected, which have grown up on the range. There are involved the rights of some who graze across State lines; and, naturally, they do not want those rights destroyed. They do not want to take any chances. Now, I have not the slightest objection to any reasonable amendments to this bill that will preserve those rights. They feel that if the number of stock, for instance, that some stockmen are running must be cut down, there should be a provision in this bill that the number of stock shall not be reduced more than 10 percent in any one year. I think that is a reasonable and fair request, so as not to put them out of business or to seriously injure them. Secretary Ickes has said to this committee that he is not in favor of reducing the herds, but of sending the excess number of stock to some other range. Certainly, as to those reasonable requests for common-sense regulations that are made in good faith, in order to protect vested rights, the committee should and undoubtedly will consider them very carefully and grant them. However, the principle, the main purpose or policy that is before the committee, is the conservation, the systematic use and orderly control of this vast public domain. Putting and maintaining it in a position where it will be of greater benefit and a greater asset to the public instead of being a liability, that is the question before this committee. If I may make a personal reference, I will say that I own three small ranches, and all of them are right adjoining the forest reserves and almost adjoining my home town of Glenwood Springs, Colo. I located and proved up upon one of them myself under the desert land law. So I have intimate personal knowledge of the forest reserves. Besides having some nine or ten millions of acres of forest reserves in my congressional district, I have something like that much public domain outside of the forest reserves; and I have lived right there nearly 50 years.

My father was a cattleman all his life, and I sat in a saddle most of the time for several years when I was a boy, and I have lived among stockmen all my life. The public domain and the forest reserves ramify every part of all of the 24 large counties in my district, which is the western half of Colorado. I travel over most of those counties nearly every year in an automobile, and I can tell usually within about a mile or so whether I am in a forest reserve or outside of it. I tell by the fact that the forage in the forest reserve is well preserved. It is being maintained and kept up; it is not overgrazed. But as soon as I get outside of the forest reserve, I notice the difference. In some places, even the grass roots have been pulled up. Of course, that is done by too many sheep. Mr. Chairman and members of the committee, it certainly does seem to me that in considering a far-sighted policy, we ought to seriously consider and give great weight to the judgment and wishes of our public officials who have the administration of the forest reserves and the public domain. All the

officials of our Government that have jurisdiction over both the public domain and the forest reserves are here before you. The forest reserve, represented here by Mr. F. A. Silcox, the Forester and Chief, and Associate Forester E. A. Sherman, and the Commissioner of the General Land Office, Mr. Fred W. Johnson, with his force, are present.

All those officials of both this administration and of President Hoover's administration have come before this committee, and all of them unanimously have appealed to you to favorably consider and report this bill. There is not a dissenting voice. They all join in requesting this legislation. They are not wedded definitely to the exact language of the bill. But, as the chairman has well said, there is not a line in these 10 pages that has not been gone over and over time and again. There is nothing that has been placed in here without careful consideration. There is no guess work about it. This bill has been before Congress year after year, and all its provisions have been very thoughtfully studied by this committee. It has also been carefully studied by the people generally throughout those 11 Western States, and some of the eastern people have taken an interest in it from a purely patriotic and conservation standpoint. They have been helpful to us. Of course, it more directly affects us. There are many millions of sheep and hundreds of thousands of head of cattle in those States, and it is very vital to our country that the stock-raising industry on that vast range be stabilized and systematized. That is what we are asking you to do. I have not the slightest desire or intention to do an injustice to any large stock owner. They are usually able to take care of themselves. And I have no objections to any necessary amendments to the bill to safeguard their vested rights. But I appeal to you most earnestly on behalf of the small ranchman, the little fellow—the homesteader with a few cows and work horses and possibly a few cattle or a little bunch of sheep. He is the man I am appealing for and am the most concerned about. I appeal to you to protect him and his family and his home and his little band of stock.

This law would be a godsend to those people who cannot come here and speak for themselves. This inaugurates a new policy; and, of course, we may get objections from some man here or there who fears this law might interfere with his range. Some of the large sheep outfits fear that the Secretary might regulate them more than they would like. Then some complain that there would be a double grazing charge. But I can say to the committee definitely, from my many conferences with both Secretaries Wilbur and Ickes, and Hyde and Wallace, and their assistants, with all of whom I have been closely associated—as some of you know because of my work on the Interior Department appropriation committee—that they have no thought of prescribing fees that will be any burden upon the stockmen. As Secretary Ickes has so stated to you, they have forces of men from the General Land Office and the Geological Survey, inspectors and others, working on the public domain. But they have no legal authority to say to a man, "Mr. Jones, you must not put more than so many head of cattle or so many head of sheep on this range, because it will not bear any more than that number, and you can put the rest of them over on another range which you can take." The western part of my congressional district was formerly the Ute Indian Reservation. It is the newer part of the "Centennial State." It is one of the greatest stock countries in the United States. I represent several thousand of cattlemen and sheepmen and many thousands of small ranchmen, homesteaders of very limited means. Having lived right among those people nearly all my life and having been supported by most of them and sent to Congress to represent them for nearly 26 years, I would be the last one in the world to try to inflict any hardship upon any one of them. Of course, it will take some time to readjust the grazing rights, but both Secretaries assure us that the Interior Department will have the full benefit and cooperation and experience of the Agricultural Department and the Forest Service in inaugurating practically the same system that is working so well on its forest reserves.

I firmly believe that this is a condition that we have got to face sooner or later. This law should have been enacted 20 years ago. I feel that it is a patriotic duty that we owe the country to take this bill up and amend it if and wherever necessary to protect all kinds of vested rights. If necessary, you should add provisions to take care of mining rights, vested rights in waterholes, and things of that kind. I believe the wording of the bill is broad enough to cover all those various phases. If you will take this bill up and analyze it, section by section, and go over it thoroughly, I do not believe that anybody's just rights will be violated. Of course, those are matters for you to consider. I ask you to give careful consideration to all the amendments that are proposed by the various interests.

In conclusion, if you will pardon a personal prophecy, I venture to predict that of all the very many vast, untried, and tremendously important bills we are enacting in this Seventy-third Congress that history will record that none of them are of more universal and far-reaching benefit to our country than this gigantic conservation measure, applying as it does to one ninth of the entire area of the United States; and that every one of you gentlemen and the gracious lady member of this committee in the years to come will be supremely proud of having taken part in placing this great measure upon the statute books of our country.

The endorsement of this measure by the President of the United States is contained in a letter to Secretary Ickes, which I will insert as a part of my remarks, as follows:

WHITE HOUSE,

Washington, D.C., February 21, 1934.

MY DEAR MR. SECRETARY: I have discussed with you and the Secretary of Agriculture, Congressman TAYLOR's bill, H.R. 6462, to give to the Secretary of the Interior the power of regulating grazing on the public domain.

I favor the principle of this bill; and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Very sincerely,

FRANKLIN D. ROOSEVELT.

I insert a letter from the Secretary of the Interior to the Chairman of the Rules Committee, which is self-explanatory, and is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, March 16, 1934.

HON. EDWARD W. POU,

Chairman Committee on Rules,

House of Representatives.

MY DEAR MR. POU: The Taylor grazing bill, H.R. 6462, reported favorably from the Public Lands Committee last week, has the endorsement of the President, and its passage is being strongly urged by both Secretary Wallace and myself.

I regard this bill as the most important measure which the Department of the Interior has before Congress this session, and anything which you can do to bring it before the House for consideration at an early date will be greatly appreciated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The Rules Committee has granted a rule for the consideration of the bill, authorizing 3 hours of general debate to be followed by the full consideration of the bill for amendments in the ordinary manner under the 5-minute rule.

I insert a letter of the former Secretary of the Interior, Ray Lyman Wilbur, to the chairman of this committee, dated May 9, 1932, as follows:

H.R. 11816 has received very careful consideration in this Department, and it is believed to be a workable and desirable piece of legislation. Its benefits will not only be local, but State- and Nation-wide.

I recommend early and favorable action.

Very truly yours,

RAY LYMAN WILBUR, Secretary.

The bill H.R. 11816 of the Seventy-second Congress was substantially the same as this bill 6462.

I also insert a part of a letter from the former Secretary of Agriculture, Arthur M. Hyde, to the chairman of this committee, dated May 7, 1932, in reference to H.R. 11816, as follows:

I am transmitting herewith a detailed analysis of this measure prepared at my request by the Chief of the Forest Service. I cannot too strongly urge that comprehensive legislation of this character receive your prompt and favorable consideration. The remaining public unreserved lands are too great a potential agricultural asset for the Nation to longer neglect and ignore. Their use should be regulated and their values conserved in a businesslike, common-sense way in the interest not only of the present users but their posterity as well.

Sincerely yours,

ARTHUR M. HYDE, Secretary.

I insert two reports by Secretary of the Interior Ickes and one by Secretary of Agriculture Wallace. These reports refer to the same bill. This bill was formerly introduced in the Seventy-second Congress by Congressman Colton, of Utah, and it passed in the House as H.R. 11816, and failed in the Senate. I reintroduced the bill on March 10, 1933, as H.R. 2835. I afterward eliminated the section 13 referred to in those reports and reintroduced the bill on January 5 of this year as H.R. 6462. All three bills are practically identical, excepting that the present bill does not contain the section 13 that both Secretaries, the General Land Office, and the Forest Service all vigorously opposed, and this bill authorizes 25 percent of the receipts from grazing fees to be expended upon improvements of the range, instead of 15 percent, as in the former bill.

TO PROVIDE FOR THE ORDERLY USE, IMPROVEMENT, AND PRESERVATION OF THE PUBLIC RANGE

REPORTS OF SECRETARY OF INTERIOR AND SECRETARY OF AGRICULTURE

The bill is analyzed and fully explained in the reports from the Secretary of the Interior and from the Secretary of Agriculture on H.R. 2835 (Congressman TAYLOR's previous grazing bill, which for all practical purposes is substantially the same as H.R. 6462), which reports are herein set out in full and made a part of this report.

DEPARTMENT OF THE INTERIOR,
Washington, June 2, 1933.

HON. RENÉ L. DEROUEN,
Chairman Committee on Public Lands,
House of Representatives.

MY DEAR MR. DEROUEN: Since May 22, when I submitted my report on H.R. 2835, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, I have given further consideration to the measure in connection with the administration of the provisions of the act of March 31, 1933, Public No. 5, Seventy-third Congress, known as the "Emergency Conservation Work Act" for the relief of unemployment through the performance of useful work, and in view of the rapidity with which important problems have developed and the necessity of formulating broad and comprehensive plans for carrying forward this important measure without interruption during the next 2 years, the following supplemental report is submitted:

The act of March 31, 1933, provides, among other things, for the—

"Prevention of . . . flood and soil erosion . . . and such other work on the public domain, national and State, and Government reservations incidental to or necessary in connection with any project of the character enumerated."

This has led Mr. Robert Fechner, Director of Emergency Conservation Work, the Advisory Council, and this Department, to give careful consideration to what might be done to prevent, or at least check in some degree, the injuries that are resulting to the public domain through the lack of adequate control or regulatory authority in this Department.

The United States Supreme Court has held that the public lands are a grazing common for the use of the public, and Congress has given this Department, which is charged with the administration of the public lands, but very limited authority to control their use. Through their abuse the balance of nature has been so disturbed that the 173,000,000 acres of the public domain that remain vacant, unappropriated, and unreserved stand in great need of work such as is contemplated by the aforesaid act. These lands are confined largely to 11 of the Western States, as follows: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

As distressing as the need is for arresting this deterioration and instituting restorative measures, it would be unsound, economically, to include such work in the conservation program in the absence of a satisfactory future control of the lands benefited and the permanency and continued maintenance of such projects.

The proposed bill, in addition to its inherent merits, would clothe this Department with the power to regulate the use of the remaining public lands as to justify the undertaking of important work looking to flood control, the protection of watersheds and water supplies, the checking of erosion, and the regulation of grazing, including the development of water holes and stock driveways. I cannot too earnestly emphasize the tremendous importance of the bill, which, if promptly enacted into law, would be a great step forward in the interest of true conservation and would furnish work upon which thousands of unemployed citizens could be engaged in the late fall and winter when work in the conservation camps in the higher altitudes of the national parks and forests will be impossible.

As to the bill itself, my report of May 22 calls attention to the objectionable feature of section 13. At the expense of repetition I again voice my opposition to vesting any State with veto power over the utilization by the Federal Government of its public lands. I also invite attention to the fact that when the bill was before the Seventy-second Congress, first session, as H.R. 11816, and favorably reported upon by this Department, section 10 provided for a payment of 25 percent of the moneys received from each grazing district, during any fiscal year, to the State in which the grazing district was situated. This proposed payment was, upon the committee's recommendation, increased by the House from 25 to 35 percent. Section 500, title 16, U.S.C., provides—"that 25 percent of all moneys received during any fiscal year from each national forest shall be paid at the end of such year by the Secretary of the Treasury to the State in which such national forest is situated . . ."

It will thus be seen that the percentage to be paid the States from funds derived from grazing on the public lands, under the proposed legislation, is 35, whereas the percentage to be paid the States from funds derived from grazing on the national forest is but 25.

As you of course know, the status of the lands within the national forest reservations is such that the Forest Service, Department of Agriculture, has been able lawfully to control and manage grazing upon the lands in such reservations, both as to the number of head to be grazed and the season of grazing. The improvement and development of the forest range under such control is unquestioned, but at the same time the regulating of the seasonal use of the forest areas has been one of the contributing factors in the overgrazing of the public lands.

H.R. 2835 will not only assist in stabilizing the livestock industry but will permit the coordinating of the grazing use of both the public lands and forest reservations. It will also prevent the disintegration and destruction of the public range and meet the crisis that will doubtless be reached in the fall and

winter when thousands of the emergency conservation workmen will be driven from their summer camps.

I again most earnestly recommend that H.R. 2835, when amended, be enacted into law.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

INTERIOR DEPARTMENT,
Washington, May 22, 1933.

HON. RENÉ L. DEROUEN,
Chairman Committee on the Public Lands,
House of Representatives.

MY DEAR MR. DEROUEN: I have received your request for report on H.R. 2835, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

With the exception of their mineral content and of limited areas suitable for cultivation after being reclaimed by the application of water, most of the remaining public domain is valuable chiefly for grazing. The policy of the Government has permitted or tolerated grazing on the unreserved public lands by sufferance without control or regulation. With the exception of two small areas in Montana and in California, where special acts have authorized regulation by the Secretary of the Interior, neither this Department nor any other department of the Government has the authority to prevent overgrazing or to in any manner protect or develop the forage on the public lands. The result has been overgrazing, diminution or destruction of the forage crops, with resultant soil deterioration and erosion. Moreover, in addition to destruction of the forage, which results in the public lands being incapable of sustaining the number of livestock which they could under proper control, those engaged in the livestock industry have no certainty of tenure in their grazing use of the public lands. This situation seems now to be thoroughly realized both by local organizations and individuals interested in the livestock industry and by Congress.

This Department has received numerous communications urging regulation and control of the grazing resources for the public benefit. It is believed to be in the interest of the public, of those engaged in the industry, and for the best protection, improvement, and development of the lands to have a uniform policy applicable to all the public lands in the Western States.

H.R. 2835, now 6462, as indicated by its title, is a general bill, applicable to all public lands of the United States outside of Alaska and not included in national forests, parks, and monuments, or Indian reservations.

Section 1 of the bill would authorize the Secretary of the Interior to establish grazing districts or additions thereto, subject to prior existing valid claims.

Section 2 would authorize the Secretary of the Interior to make the necessary rules and regulations and to do those things necessary to carry out the purposes of the act.

Section 3 would authorize the issuance of permits to graze livestock in such grazing districts to homesteaders, residents, and other owners of livestock, upon payment annually of reasonable fees, the permits to be issued to individuals, groups, or associations for not exceeding 10 years, but subject to renewal in the discretion of the Secretary of the Interior. The Secretary is authorized to specify from time to time the numbers of stock to be grazed and the seasons of use of such districts. Provision is made for remission, reduction, or refund of grazing fees during certain specified emergencies.

Section 4 permits the placing of such improvements as fences, wells, reservoirs, etc., upon permitted areas in connection with their development and use.

Section 5 authorizes the Secretary to permit limited free grazing within such districts of livestock kept for domestic purposes and also to permit the use under existing laws or future laws of timber, stone, gravel, etc., by bona-fide settlers, miners, residents, and prospectors.

Section 6 expressly continues in force in such districts, the laws of Congress authorizing the granting of rights-of-way and for the prospecting, locating, developing, entering, leasing, or patenting of the mineral resources.

Section 7 authorizes the Secretary of the Interior to examine and classify lands in grazing districts which are valuable and suitable for agriculture and to open such areas to homestead entry in tracts not exceeding 160 acres.

Section 8, recognizing that these districts will necessarily frequently contain lands in private ownership or owned by States or railroads, makes provision for the Secretary, in his discretion, to make exchanges of lands for the mutual benefit of those concerned.

Section 9 requires the Secretary to provide for suitable regulations for cooperation with local associations of stockmen and with such supervisory boards as may be named by such associations. The views of these boards are to be given consideration in the administration of the area. This section also authorizes the Secretary of the Interior to accept contributions toward the administration, protection, and improvement of the district.

Section 10 provides that all moneys received, except those under the preceding section 9 and under section 11 of the bill which relates to Indian lands, shall be deposited in the Treasury of the United States; and thereafter 15 percent of the moneys shall

be utilized for the improvement of the range and 35 percent of the receipts shall be paid by the Secretary of the Treasury to the State in which the district is situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the district is situated.

Section 11 deals with lands which have been ceded to the United States by Indians for disposition under the public-land laws upon condition that the receipts therefrom shall be credited to the Indians. It provides that all grazing fees, less 15 percent, shall be deposited to the credit of the Indians; also that, pending such final payment, the public-land laws of the United States relating to said Indian-ceded lands shall continue in operation subject to the supervision of the Secretary of the Interior.

Section 12 authorizes the Secretary of the Interior to cooperate with any department of the Government in carrying out the purposes of the act and in the coordination of range administration, particularly where the same stock grazes part time in a public-domain grazing district and part time in a national forest or other reservation.

Section 13 provides that the act shall not become effective in any State until after approval by the legislature of such State, and that each State may designate one or more representatives or officials with whom the Secretary of the Interior is authorized to make and enter into suitable agreements for cooperative administration of grazing on public lands and lands owned or controlled by the State which shall be subject to rules agreed upon and promulgated by "both the Secretary of the Interior and said State."

The first provision in said section 13 is unprecedented, so far as I am aware, in legislation affecting the public lands of the United States and has the effect of impairing or defeating the control of the United States over its own lands. In other words, it authorizes and vests in a State the veto power over utilization by the Federal Government of its public lands. The provision for agreements for cooperation in administering areas, including both public and State lands, contained in section 13 is unnecessary because such right exists in other provisions of the bill and under the general authority of the Secretary of the Interior.

The last provision, which requires the rules and regulations to be agreed upon both by the Secretary of the Interior and the State, again divests the United States of control of its own property and is in my opinion undesirable. Cooperation is provided for and contemplated in section 9 of the bill with local interests, and in section 12 of the bill, with other Government departments.

I therefore recommend that the bill be enacted into law, provided section 13 thereof is eliminated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE,
Washington, May 22, 1933.

Memorandum for the Secretary.

PROPOSED REPORT ON H.R. 2835, THE SO-CALLED "GRAZING BILL"

For more than 10 years the enactment of a law authorizing the regulation of stock grazing on the public domain has been under consideration by the Congress. It is the belief of the officials of this Office that during this entire period a majority of the Members of the House of Representatives and of the Senate favored such regulation, but that minor differences of opinion concerning matters not vital caused postponement of action.

The range users have never been entirely united in support of a particular measure. There have been differences of opinion between those having large outfits and those controlling only a few head of stock, and a wider difference of opinion between stockmen and sheep raisers.

A number of the States have objected upon the theory that the establishment of a grazing district would restrict the State in its indemnity selections.

Others object because they prefer an enlargement of the provisions of the stock-raising homestead law. The most recent objection urged against the control of grazing is from those advocating turning the lands over to the States. They express the fear that if the Federal Government enters upon a control policy it will not consent to giving the public lands to the several States.

Something must be done to protect the forage growths or the grazing value of the lands will be destroyed. As a matter of conservation it is essential that destructive overgrazing be ended.

FRED W. JOHNSON, Commissioner.

DEPARTMENT OF AGRICULTURE,
Washington, June 5, 1933.

HON. RENÉ L. DE ROUEN,

Chairman Committee on the Public Lands,

House of Representatives.

DEAR MR. DE ROUEN: Receipt is acknowledged of your letter of May 23 requesting the views of this Department upon the bill (H.R. 2835) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The subject of the bill is one of particular importance at the present moment. Under the provisions of the act approved March

31, 1933 (Public, No. 5, 73d Cong.) an opportunity now exists to conduct on the unreserved public lands a number of activities which will conserve and enhance their public values. The initiation of those activities will at the same time afford a wide field for constructive and creative work by the members of the Emergency Conservation Corps created by the act of March 31, 1933, and will afford many opportunities for profitable employment by members of the corps within their homes or adjoining States. These reasons in themselves would seem to warrant early and favorable consideration of the measure.

There are, however, a number of other important considerations of public interest which would seem to justify early and constructive action upon the bill. The 173,318,000 acres of unreserved and unappropriated public lands represent slightly more than 9 percent of the total land area of the continental United States. They occur in some degree in 24 of the States but all save a negligible part are now to be found in the 11 Western States commonly referred to as the "public-land States." These lands form large and important parts of the watersheds upon which the majority of the irrigation projects are dependent and of many streams of value for purposes of water transportation. They are in large part the bases of the western livestock industry, one of the major industries of the Western States, and any deterioration or improvement in their forage productive quality or value profoundly affects the economic interests of those States. This thought is strikingly confirmed by the concern now felt by some western transcontinental railroads over the falling-off in the volume of livestock shipments in recent years and in apparent relation to the decline in the productivity of the western range lands. Coincident with the main purposes or uses of these lands are certain related uses for purposes of outdoor recreation or as habitats for wild animals and birds.

There now is wide-spread recognition of the fact that the uncontrolled use of these lands during the past half century has gravely impaired their social and economic value. Unseasonal and excessive grazing has caused a progressive deterioration in the vegetative cover over much of the land, so that both in density and palatability it is markedly inferior to what it was during earlier stages of occupancy and use. A natural concomitant of the destruction or impairment of the protective vegetative cover has been an acceleration of soil movement or erosion, which not only has reduced the value of the lands from which the soil has been moved but has also reduced the value of irrigation and power reservoirs, canals, ditches, etc., through increased sedimentation. The impairment of the value of the lands themselves also impairs the value of other lands, utilities, and services.

In recognition of these facts the Department of Agriculture during the past quarter century consistently has advocated the systematic control and management of the public lands. The practicability and effectiveness of such management has abundantly been demonstrated within the national forests. The Department in its advocacy of public-land regulation has been motivated by two major objectives: One, a better correlation between the use of the national forests administered by the Department and the closely related use of the unreserved public lands; the other, the general purpose of the Department to promote the sound and systematic use and betterment of all lands chiefly valuable for farm-crop production or pasturage. Proper control and regulation of the unreserved public lands appreciably would simplify the work of this Department in national-forest management and in land economic problems.

In its present form, however, the bill H.R. 2835 contains three provisions to which this Department cannot give its approval. These provisions were not in the bill as originally introduced, but occur as amendments by the House Committee on Public Lands. Specifically they are as follows:

Page 6, lines 16, 17, and 18: The interpolation of the words "county or if any suitable lands cannot be found in the county, in any other part of the same . . ." unnecessarily restricts the exchange authority granted by this section in that before any exchange could be made it would be necessary to carefully determine and certify that no suitable lands could be selected in the county containing the offered lands. This seems to be a needless restriction. There is no such restriction in the General Exchange Act of March 20, 1922 (42 Stat. 465), applicable to national forests, and it is not apparent that one is necessary in the bill H.R. 2835. It, therefore, is recommended that the words quoted be deleted.

Page 8, line 23: Section 10 of the bill provides "an additional 35 percent of the money received from each grazing district during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which such grazing district is situated. . . ." The comparable payment from national-forest receipts under the provisions of the act approved May 23, 1908 (35 Stat. 260), is 25 percent. No reason is evident why the proportion of gross receipts from the grazing districts payable to the counties should be greater than the proportion payable from national-forest receipts. Careful studies hitherto made have demonstrated that 25 percent of national-forest gross receipts plus other expenditures by the Federal Government for road and trail construction, improvements, etc., generally approximate and sometimes exceed the maximum amount that the county probably could derive from the same lands were they subject to private appropriation and taxation. It should be remembered that while the lands which would be affected by the bill H.R. 2835 are in the main freely open to appropriation and entry, they have continued unappropriated, presumably because nobody considered

them worthy of appropriation, and at present the counties derive no revenues from them. An allowance of 35 percent of the gross receipts from the grazing districts which would be created by the bill H.R. 2835 therefore would seem to be in excess of the country's equitable share in the return from such lands, and I am strongly of the opinion that the percentage payable to the counties should not exceed 25 percent; accordingly I recommend that line 23 of page 8 should be so amended.

Section 13 of the act not only seems to contemplate but apparently would make mandatory "the cooperative administration of public grazing upon such public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof, which shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and said State." The effect of this section apparently would be to give a State containing unreserved and unappropriated public lands a dominant voice in determining the principles and plans of management to which such lands would be subject and thus would make it impossible for the Federal Government freely to adopt or execute desirable plans of land use and management except where State concurrence was secured. The preponderance of available factual data seems strongly to demonstrate that the requirements of public interest and safety will necessitate not only more carefully planned use of land but extensive programs of remedial action to check the adverse results of past abuse of lands. As the trend assumes more definite form it becomes increasingly apparent that the larger part of this program must be undertaken by the Federal Government. It, therefore, seems quite inappropriate for the Federal Government to enact legislation applicable to almost one tenth of its total land area which will impose additional restraint and restrictions upon such action as may be found necessary in the public interest. The retention in the bill of section 13 apparently would mean that while the Federal Government would have all of the expense of administering and improving the public lands, the States containing such lands would not only derive practically all of the benefits of such administration and improvement but also would largely have the power to determine the principles or forms of management and conditions of use. An opportunity thus is created for an aggressively presented local interest to dominate the broader and more important national interest. For the reasons given the total elimination of section 13 from the bill is recommended.

Subject to the changes herein proposed the bill H.R. 2835 would be entirely acceptable to the Department of Agriculture. The reasonable assumption is that the Department of the Interior, under the authority contained in the bill, would develop principles and plans of range management which in general would be in harmony with the system which has been developed within the national forests during the past 28 years. The stockmen using the national-forest ranges during the summer seasons thus would secure stability and certainty of tenure upon the unreserved public lands which form their spring and fall and sometimes their winter ranges, and thus could develop their enterprises in more permanent and constructive ways than is practicable under the hitherto prevailing conditions of complete uncertainty as to their continued use of the ranges upon which their operations depend. The proposed legislation would be beneficial not only to the two Departments concerned but to the great majority of the States containing unreserved and unappropriated public lands. As stated above, it also would be most timely to the degree that it makes possible constructive work on public lands under the provisions of the Emergency Conservation Act of March 31, 1933. I heartily recommend its enactment, if amended as suggested.

This matter was referred to the Budget Bureau, as required by Budget Circular 49, and under date of June 5 the Director of the Budget Bureau advised the Department as follows:

"You are advised that the expenditures contemplated would not be in conflict with the financial program of the President, if the proposed legislation were amended in accordance with the recommendations contained in your report, and if further amended to authorize annual appropriations for improvements, by striking out on page 8, line 21, the words 'made available', and inserting in lieu thereof the words 'authorized to be appropriated.'"

Very sincerely yours,

H. A. WALLACE, *Secretary.*

H.R. 8349—TOBACCO WAREHOUSE BILL

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House bill 8349, known as the "tobacco warehouse bill."

There was no objection.

Mr. FLANNAGAN. Mr. Speaker, on February 28, 1934, I introduced a bill, H.R. 8349, to regulate the sale of tobacco upon the warehouse floors scattered over several of the States of the Union. I desire to discuss the bill for a few minutes this morning in order to bring the matter to the attention of the Members of Congress, the tobacco growers, and warehousemen.

My study of the tobacco situation, and I have given considerable thought and study to the question during my service as a member of the Agriculture Committee for the past

3 years, leads me to the conclusion that the tobacco growers of our country from the time they take their tobacco to the warehouse until it is sold are absolutely at the mercy of the warehousemen and tobacco buyers. It is true that some of the States have tobacco laws regulating the marketing of tobacco, but most, if not all of these State laws, either do not go far enough or are dead letters. What we need is a uniform tobacco marketing act under Federal regulation that will be strictly and impartially enforced in every tobacco warehouse in the Union. The passage of such a law will not injure the warehousemen and buyers who are doing an honest and legitimate business and will bring untold benefits to the tobacco growers.

The only open criticism I have seen so far of the bill is that "it goes too far and does not constitute a wise step to follow the crop-reduction plan." In my opinion we need tobacco-warehouse legislation more today than ever before. We have asked the growers to reduce production, and when we do this we should certainly see that they are given every protection in marketing their tobacco so they will receive the highest price possible in order to compensate them, as far as possible, for the reduction in production.

To be perfectly frank my bill is drawn to protect the growers of tobacco and, in my opinion, will go a long way in protecting them. There is, however, nothing in the bill to which the warehousemen and buyers can take exception. If they are not guilty of the evils sought to be corrected, then, of course, the bill will not affect them. If they are guilty of these evils, then fairness and justice demands that they should be made to correct them.

In passing, I want to drop this thought: The growers had better be skeptical of the warehousemen and buyers who oppose this legislation.

TOBACCO WAREHOUSES ARE PUBLIC UTILITIES

Tobacco warehouses are public utilities and should be regulated as such. It is time that we faced the facts and protected the tobacco growers. We regulate by Federal legislation the cotton exchange, where cotton is sold; the wheat exchange where wheat is sold; the stockyards, where cattle are sold; but leave the tobacco grower at the mercy of the warehousemen and buyers.

No wonder the warehousemen and tobacco companies have grown rich. They have had good picking all these years and believe me they know how to pick. No wonder the tobacco companies, in spite of the depression, have been able to pay large salaries and show huge profits from year to year. Why, Mr. Grower, do you know that the American Tobacco Co. has been paying its president, George W. Hill, \$2,500,000 per year? And, Mr. Grower, let me tell you how these huge salaries are paid and these huge profits are made. These unconscionable salaries have been paid and these enormous profits have been made by robbing the tobacco growers out of their tobacco. I know that these are harsh words, but everyone who knows anything about the tobacco business knows that they are true.

I can prove my statement by giving just one example: Take a package of cigarettes made out of burley tobacco. At 15 cents per pound for burley tobacco—and the farmers are not getting that much—the tobacco in a package of cigarettes brings the tobacco grower just 0.9 of 1 cent. The factory cost for making the package of cigarettes is 0.7 of 1 cent, the cost for selling the package 0.3 of 1 cent, and the Government tax 4 cents on the package, making a total cost of 5.9 cents. The package of cigarettes retails for 15 cents, or two packages for 25 cents, leaving a profit of from 7 to 9 cents per package. If you will only stop and figure you will find that the same is true of cigars, smoking tobacco, and chewing tobacco. Now, the above figures are not guesswork. They were compiled by Dr. Jones of the tobacco section of the Department of Agriculture.

Now take the package of cigarettes. Listen. If the buyer increased the price of burley from 15 cents to 30 cents per pound, this advance in the price of tobacco would only increase the cost of producing a package of cigarettes nine tenths of 1 cent. It is evident, therefore, that the tobacco grower could be paid 100 percent more for his tobacco with-

out materially reducing the profits of the manufacturer and without increasing the cost to the consumer.

Now, in all fairness, I want to ask this question: Is it not about time that the profits from tobacco should be more equally distributed between the grower, the warehouseman, and the manufacturer? The consumer, for his chewing and smoking, pays a price that leaves a handsome profit. The trouble is the grower has been unable to share in the profit.

Another thing: Our present system of marketing tobacco is monopolistic. Warehouse services are governed by rules and regulations promulgated by what is known as "the board of trade." As strange as it may sound, the tobacco growers, however, while forced to use the facilities of the tobacco warehouse, if they market their crops, have no voice in promulgating the rules and regulations, that is, in fixing the charges or setting up the regulations under which their product is sold. It simply is not right. It is not fair. And it is the duty of the Government to step in and regulate this particular public utility, having for its object, as in other laws regulating public utilities, the protection of that part of the public affected, which, in this case, is the tobacco grower.

In sponsoring this legislation I am not unmindful of the fact that the warehousemen and buyers will attempt to defeat its passage. They are well organized, and many of them, through their hirelings, will put on an effective campaign of misrepresentation and deceit. I use the words "many of them" advisedly, because I know some of the warehousemen are sympathetic and will not oppose the bill. Oh, I know what is coming. I have already heard some of their insidious propaganda.

They will try in every conceivable way to create the impression that the bill is not in the interest of the growers, and that their sole object in opposing the bill is to protect the dear growers from the effects of such ill-considered legislation. Mr. Grower, you may not now suspect it, and when you remember some of your past experiences you may be a little shocked to hear it, but remember my words when I tell you that you are soon to be told that the best friends you ever had are the warehousemen and buyers.

In answer I say, "Beware of the Greeks bearing gifts."

They will tell you, Mr. Grower, that the bill goes too far.

Well, let me answer that argument: You can tell about any kind of a tale on a fellow if it is untrue. The moment you begin joking him about the truth you immediately hear the cry, "Old man, be careful, don't go too far."

They will tell you, Mr. Grower, that the bill is a radical, vicious piece of legislation.

In answer I say: If the usury laws which prohibit the charge of high and exorbitant interest rates are radical and vicious, then I admit that this bill which prohibits the charge of high and exorbitant commissions on tobacco sales is radical and vicious. If the law that prohibits an agent from acting in a dual capacity is radical and vicious, then I admit that this bill which prohibits a warehouseman from buying tobacco from a grower for his own account and then charging the grower for making the sale is radical and vicious. If the law which prohibits a merchant from short-weighting you is radical and vicious, then I will admit that this bill which prohibits the warehouseman from short-weighting the grower is radical and vicious. And if the laws against deceit, fraud, and trickery are radical and vicious, then I will admit that this bill which provides for the inspection and grading of all tobacco, thus prohibiting the fraud, deceit, and trickery that has been going on in selling tobacco of a certain grade as tobacco of a lower grade, thus robbing the grower of the higher price, is radical and vicious.

The best way, however, to find out if the bill is against the interest of the growers, if it goes too far, and if it is radical and vicious legislation, is to examine the bill. Now, let us for a few minutes dispassionately, honestly, and fairly examine the provisions of the bill.

OPENING DATE OF SALES

Under the bill the Secretary of Agriculture is authorized to designate the opening sale dates for the various types of tobacco markets.

This is a wise provision. Under the present system the growers of tobacco do not have any control over when the markets will open up. While there is good reason to believe that some of the markets should be opened sooner than they have heretofore opened, without some regulation the growers are left at the mercy of the buyers on such questions, because the buyers have always decided when the markets shall be opened, notwithstanding the fact that the growers may suffer considerable loss by not being able to market their tobacco when ready for market. Again, in some instances the buyers elect to stay on a particular market only during a given period, thus compelling undue haste and inexcusable congestion in marketing. Does this provision go too far?

ORDERLY MARKETING

The bill contains many wise provisions which will insure the orderly marketing of tobacco. Under our present system growers have to wait, sometimes for days, or else take their tobacco back home, due to the fact that the warehouse floors are full. And on many of the tobacco warehouse floors the congestion is so great that the tobacco is piled around in a haphazard sort of way, no regard whatever being paid to displaying the tobacco in such a way as to reveal its true grade. Tobacco, when piled around in such a haphazard way, does not reveal its true worth, and consequently brings a lower price, in many instances, than it should.

Under the bill we would have an orderly system of marketing. The bill provides that all growers shall be accorded the same privileges and services by the warehouseman; that the warehouseman shall assign floor space in the order applications are filed, keeping a book showing all reservations of floor space; that no person shall tamper with, molest, walk on, or in any way damage tobacco while on the floor; and that the warehouseman shall provide for each basket or container in which tobacco is offered for sale a ticket, upon which shall be designated the net weight of the tobacco, and so forth.

The bill also gives the Secretary of Agriculture, in addition to the specific powers enumerated above, very broad powers in making rules and regulations prescribing the method of handling tobacco.

Does this provision go too far?

If you are paying a man to serve you, is it going too far to demand that he render real and efficient service?

OVEREXPANSION

The bill provides that all warehousemen shall be licensed, and no person shall be granted a license to operate or conduct a tobacco warehouse unless such warehouse shall be found, upon investigation made by the Secretary of Agriculture, to be necessary.

The object of this provision is to keep the warehouse business from becoming overexpanded.

A casual study will convince any fair-minded man that there has been a considerable overexpansion of warehouse facilities in certain areas. The tobacco grower pays for these additional and unnecessary warehouses. Why? Simply because the warehouseman's chief source of revenue is the commissions he receives for selling the growers tobacco. If, for example, there is an overexpansion of 25 percent in warehouse facilities, this can only have one meaning and that is the tobacco growers, in order to maintain this overexpanded industry, are having to pay at least 25 percent more for selling tobacco than is justifiable. There are other evils of overexpansion, such as ruthless competition, and so forth, the expenses of which are all borne by the tobacco growers.

Surely it is not going too far in demanding that this additional burden shall not be saddled on the back of the tobacco grower.

RECORDS

The bill provides that all warehousemen shall keep books, records, and accounts, which shall fully disclose all transactions relating to the business of the warehouse, and the financial condition thereof, including the true ownership of such business, and that such records shall be open to the inspection of the Secretary of Agriculture or his duly authorized agents.

Is there anything wrong with this provision? Is not it right that the grower should know who is selling his tobacco? If the purchasers of tobacco, the great tobacco companies, are interested in the warehouse, or own the warehouse, is not the tobacco grower, who is the seller, entitled to this information? Is it going too far to provide the grower with information as to the financial responsibility of the warehouseman, who is his agent?

Moreover, because the warehouse system has come into being during the last 25 or 30 years without being under the direction of law, there is a great lack of uniformity in the method of keeping records. The Department of Agriculture is dependent upon the records kept by the warehousemen for valuable information, which it must in turn publish for the benefit of the tobacco grower. Is it unreasonable to ask that these records be kept in a proper manner?

BUYERS

The bill provides that the Secretary of Agriculture, if conditions warrant, may require all persons buying tobacco to first obtain a license; and makes it unlawful for any buyer to use any unfair, discriminatory, or deceptive practices in making his purchases; or for the buyer to conspire, combine, or agree or arrange with any other person, first, to apportion territory; second, to apportion purchases or sales of tobacco in commerce; and, third, to agree not to compete when tobacco is offered for sale.

These provisions are inserted to protect not only the growers but the warehousemen from the buyers.

There has been a feeling among the growers that the large buyers of tobacco have agreed in many cases to apportion territory; that is, the buyers get together and divide territory, with the understanding that there will be no competitive bidding in their respective territories. Many growers also believe that where more than one set of buyers are on a particular market, that in many cases they have a secret understanding to apportion purchases; that is, divide them up so that each will receive the poundage and grades desired. These practices certainly destroy competitive bidding, place the growers at the mercy of the large tobacco companies, and should be prohibited.

Moreover, everyone knows that the bully on every tobacco warehouse floor is the buyer. He dominates the board of trade and intimidates the warehouseman. In this connection let us for just a minute consider the position of the warehouseman; he is the farmer's selling agent, the farmer pays him a fee for his work, yet he is in such a position, under present warehouse conditions, that it is impossible for him to act independent of the buyers' wishes. We all know that the buyer is in a position to crucify any warehouseman and that the warehouseman is made to understand that fact.

WEIGHING TOBACCO

A great many evils have developed in connection with weighing tobacco. In some States there are no laws requiring the scales to be tested. In all States the tobacco grower is, more or less, at the mercy of the man operating the scales. And who is the man? I mean no disrespect when I tell you that he is a hireling of the warehouseman. He is selected by the warehouseman, paid by the warehouseman, and naturally if beholding to anyone is beholding to the man who furnishes his bread check. My feeling in the matter is that a weighman has a public responsibility and should be compelled to accept that responsibility. He should be a disinterested party of integrity and character beholding to neither buyer nor seller. Under our present system he may be a man of high character impressed with the public responsibility that is his, or he may be simply a hireling secured for the express purpose of certifying incorrect weights.

In some markets the usual practice is to set the scales up 5 pounds. In others 2 pounds. In other sections the custom has grown up to make all weights in multiples of five.

Now, what does the bill provide? Simply this: That no person shall weigh tobacco offered for sale in a warehouse without first receiving a Federal license; that before the warehouse is opened the scales shall be inspected and tested by a lawfully authorized inspector of weights and measures;

that after the warehouse opens the scales shall be tested for accuracy each day, which test shall be made by sealed weights; that each basket, container, or truck used in weighing shall be uniform in weight, within a maximum tolerance of 1 pound, and the weight clearly posted on each basket, container, and truck; that the weighman from time to time shall make a sworn report regarding the testing of the scales and the correctness of all weights made and certified by him; and that all tobacco delivered to a warehouse for sale shall be weighed at the time it is unloaded and a receipt given designating the true owner of the tobacco and the number of pounds.

If the warehousemen have been giving honest weights they should not object to this provision. If they have not been giving honest weights, isn't it right to compel them to do so? Surely no honest warehouseman can object to this section of the bill as going too far.

GRADING

One of the most important sections in the bill is the section providing that the Secretary of Agriculture may require tobacco offered for sale in any warehouse to be first inspected, graded, and classified by a grader in accordance with standards established by the Secretary. For this service the Secretary may cause to be collected a fee of 6 cents for each 100 pounds of tobacco sold.

What does this section mean? It simply means that all tobacco growers, rich and poor alike, will get what is justly coming to them out of their tobacco crop. Take for instance the small farmer who does not follow the market closely enough to know the prices of the different grades and does not know tobacco well enough to know the value of each grade, and there is no gainsaying the fact that under our present tobacco marketing system he is imposed upon. If he gets an honest grade the small expense of 6 cents per 100 pounds will only be a fraction of the benefits he will derive.

Now, it is common knowledge that tobacco of equal grades in the growers tobacco houses by some form of magic becomes of different grades on the warehouse floor. It is a matter also of common knowledge that the same tobacco if removed from the warehouse floor and then brought back, oftentimes changes its station and rank, in a few—very few—instances to a higher grade, but in most cases to a lower grade and at a considerable loss to the farmer. It is also common knowledge that the local influence of the grower has considerable weight in determining the grade of his tobacco.

Now, my friends, these things should not be; they are not right, and it is our duty to see that they are corrected, and in correcting them I do not believe we are going too far.

No one can object to this section who is willing to give his fellow man honest and just treatment.

In this connection I want to call attention to the fact that experiments carried on by the Department of Agriculture during the past 4 years with grading systems, partly subsidized and partly paid for by the growers, have convinced the Department that a unified, honest, and fair system of grading tobacco for sale should be established.

EXCESSIVE CHARGES

The bill provides that the Secretary of Agriculture shall from time to time make rules and regulations prescribing, among other things, the fees and commissions warehousemen shall charge for selling tobacco.

In some States the charges for selling tobacco are fixed by law. In others the question is left entirely to the warehousemen. Investigation shows that in some sections the charges for selling are 100 percent higher than in other sections. And, furthermore, I believe it is generally known that there has grown up a system of rebates and bonuses, which take many different forms, but all of which result in the small man being overcharged and the stronger and more favored undercharged.

Let me give you an example of these excessive charges. This is an actual case: A Virginia grower marketed his 1933 crop of 3,696 pounds and received therefor an average of 7.3 cents per pound, or, in dollars and cents, \$304.45. The ware-

house charges amounted to \$33.45, or 10.9 percent of the gross sale value. And this charge was made in spite of the Virginia law, section 1381 of the Virginia Code, which provides that the warehouseman shall only charge the grower 8 cents per hundred pounds. In other words, if the grower in this case had paid commissions according to the Virginia statute, he would have paid the warehouseman \$2.96, instead of \$33.45, for selling the tobacco. Think of the warehouseman actually boosting his commission 1,100 percent over the statutory law of his State.

Mr. Grower, did you know that under our present system of marketing tobacco that it costs about three times more to sell tobacco than any other basic farm product?

Certainly the tobacco growers should be protected against excessive charges and, as far as possible, a uniform system of charges set up and enforced by the Federal authorities. And certainly the vicious system of rebates and bonuses should be abolished and all growers treated alike.

No one who believes in doing the right thing can object to this provision in the bill, or be heard to cry that it is going too far.

SPECULATION

The bill provides that the warehouseman shall not be interested in any manner, financial or otherwise, in the purchase or resale of any tobacco brought in the warehouse operated by him, and further prohibits the warehouseman from speculating in or buying tobacco against orders. There is an exception in the bill permitting the warehouseman to buy and sell for the leaf account of the warehouse in order to protect the market in the sale of the farmer's tobacco.

Most of the warehousemen, I believe, operate on a legitimate basis. Acting as brokers, they do everything in their power to obtain fair prices for the farmers, and in many instances bid against unwilling buyers and take a loss on their leaf account in order to maintain reasonable prices on the market.

On the other hand, there are a great many instances in which warehousemen in collusion with pinhookers and speculators act in the dual capacity of selling agent and buyer. The warehouseman, as the agent of the grower, is paid to represent the grower, and has no right to speculate on the tobacco he receives a commission to sell. The practice is illegal, vicious, and works to the great detriment of the grower, and it is time we put a stop to such practice.

Why, only recently I was told that a certain warehouseman in Virginia admitted that last year he made \$30,000 speculating on the tobacco he received a commission to sell.

CONCLUSION

Under the new deal one of two things is going to happen: The present system of selling tobacco is going to be cleaned up as provided for in the bill I have introduced, or some similar bill, or the present system of selling tobacco is going to be destroyed. Mr. Warehouseman, I want you to get the force of that statement. In your might today you may consider the statement as only idle words, but mark what I say: Get behind this bill and help clean up the system, or defeat it and destroy your own business.

All of the growers I have heard from—and I have heard from thousands—are behind this bill. They need protection; and their agents, the warehousemen, should be in the forefront fighting for this bill in order to give them protection. And I want to say frankly that if this bill, or some similar bill that will protect the growers from the abuses of the present system, is not passed, then I am in favor of, and will fight for, some other tobacco marketing system that will insure the tobacco growers just and fair treatment in marketing their tobacco.

I know that some of the warehousemen entertain the views I have expressed, and I am glad to state that one of the warehousemen in my own district—Mr. Wells—is in sympathy with the bill.

The tobacco growers are entitled to share in the benefits of the new deal; and, by the Eternal, I am determined to see that they do.

Mr. Grower, I am waging this fight for you. It is your fight. We should win, because we are only asking for simple justice. If you want to help in this fight, and I know you do, then take the bill up immediately with your Congressman and Senators. Many of the warehousemen have been for weeks actively opposing this bill. They are organizing and are going to put up a determined fight. If we lose, it will be because the growers give up.

Mr. Grower, it is up to you.

MEETING AT 11 O'CLOCK

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next at 11 o'clock a.m.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, the following leaves of absence were granted:

To Mr. BANKHEAD, indefinitely, on account of illness.

To Mr. KYALE (at the request of Mr. BOILEAU), for today, on account of illness.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 60. An act for the relief of Richard J. Rooney; to the Committee on Claims.

S. 101. An act for the relief of Robert Gray Fry, deceased; to the Committee on Military Affairs.

S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; to the Committee on Claims.

S. 336. An act for the relief of Edward F. Gruver Co.; to the Committee on Claims.

S. 365. An act for relief of Archibald MacDonald; to the Committee on Claims.

S. 411. An act for the relief of the International Manufacturers' Sales Co. of America, Inc.; to the Committee on Claims.

S. 791. An act for the relief of Elmer Blair; to the Committee on Military Affairs.

S. 895. An act for the relief of Thomas J. Gardner; to the Committee on Military Affairs.

S. 1100. An act to require the furnishing of heat in living quarters in the District of Columbia; to the Committee on the District of Columbia.

S. 1361. An act for the relief of Obadiah Simpson; to the Committee on Military Affairs.

S. 1526. An act for the relief of Ann Engle; to the Committee on Claims.

S. 1574. An act to provide a government for American Samoa; to the Committee on Insular Affairs.

S. 1665. An act to provide for the establishment and maintenance, under the Bureau of Mines, of a research station at Salt Lake City, Utah; to the Committee on Mines and Mining.

S. 1758. An act for the relief of B. E. Dyson, former United States marshal, southern district of Florida; to the Committee on Claims.

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal; to the Committee on Military Affairs.

S. 1901. An act for the relief of William A. Delaney; to the Committee on Claims.

S. 2026. An act providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

S. 2266. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes; and

S. 2320. An act for the relief of the officers of the Russian Railway Service Corps, organized by the War Department under authority of the President of the United States for

service during the War with Germany; to the Committee on Military Affairs.

S. 2338. An act for the relief of Robert V. Rensch; and

S. 2467. An act for the relief of Ammon McClellan; to the Committee on Claims.

S. 2526. An act to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission; to the Committee on Military Affairs.

S. 2580. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia; to the Committee on the District of Columbia.

S. 2620. An act for the relief of N. W. Carrington and J. E. Mitchell; to the Committee on Claims.

S. 2629. An act establishing a fund for the propagation of salmon in the Columbia River district; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes; to the Committee on the Judiciary.

S. 2664. An act for the relief of John F. Korbel; to the Committee on Claims.

S. 2677. An act for the relief of Samuel L. Wells; to the Committee on Claims.

S. 2709. An act for the relief of Trifune Korac; to the Committee on Claims.

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; to the Committee on the Territories.

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; to the Committee on the Territories.

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; to the Committee on the Territories.

S. 2850. An act to amend section 13 of the Federal Reserve Act; to the Committee on Banking and Currency.

S. 2876. An act to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings; to the Committee on Indian Affairs.

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one-hundredth anniversary of the admission of the State of Arkansas into the Union; to the Committee on Coinage, Weights, and Measures.

S. 2925. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto; to the Committee on the District of Columbia.

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; to the Committee on Interstate and Foreign Commerce.

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the Province of Maryland; to the Committee on Coinage, Weights, and Measures.

S.J.Res. 21. Joint resolution authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3067. An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a joint resolution and bills of the House of the following titles:

H.J.Res. 207. Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products;

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army;

H.R. 6604. An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; and

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

AIR MAIL

Mr. ROMJUE. Mr. Speaker, I call up the conference report on the bill H.R. 7966, to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

Mr. SNELL. I should like to ask the gentleman if there is anything controversial in the report?

Mr. ROMJUE. No; the Senate and the House conferees have come to an agreement.

Mr. SNELL. Have the other members of the committee been notified that the gentleman was going to call this up?

Mr. ROMJUE. I have not seen the other members today, but the understanding was that it would be called up as soon as it was ready.

Mr. SNELL. It seems to me that it ought not to be called up while so few Members are present at this late hour in the afternoon.

Mr. GOSS. I would like to ask the gentleman if this is the bill that includes the per diem pay for officers and enlisted men of the Air Corps?

Mr. ROMJUE. I do not think this is the bill the gentleman has in mind.

Mr. SNELL. I think the gentleman ought to allow it to go over until Monday.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. ROMJUE. I yield.

Mrs. ROGERS of Massachusetts. I introduced a resolution today asking that these per diems be paid. I suppose it will go to the Committee on Appropriations. The men are now living like hoboes. I shall ask for an immediate hearing.

Mr. SNELL. I think the gentleman ought to let this go over until Monday.

Mr. ROMJUE. Very well; I will let it go over. I do not wish to insist under the circumstances.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 23 minutes p.m.) the House, under its previous order, adjourned until Monday, March 26, 1934, at 11 o'clock a.m.

COMMITTEE HEARING

COMMITTEE ON NAVAL AFFAIRS

(Monday, March 26, 10:30 a.m.)

Hearings in the committee room on S. 1103 and S. 1104, to authorize the Secretary of the Navy to proceed with certain public works at the naval air station, Pensacola, Fla.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

392. A message from the President of the United States, transmitting a report from the Secretary of State, recommending that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the Embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1915, and April 21, 1917, in connection with the representation by the Embassy of the interests of certain foreign governments and their nationals; to the Committee on Claims.

393. A letter from the Secretary of the Treasury, transmitting draft of a proposed joint resolution to amend the Settlement of War Claims Act of 1928; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GREEN: Committee on the Territories. H.R. 6013. A bill to authorize the sale of land and houses at Anchorage, Alaska; without amendment (Rept. No. 1049). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WELCH: A bill (H.R. 8818) to extend the benefits of the United States Public Health Service to fishermen, trapmen, net tenders, and other persons subject to the laws relating to American seamen; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. PRALL: A bill (H.R. 8819) to amend legislation relating to the Reconstruction Finance Corporation; to provide for the introduction of its books and accounts in evidence; to exempt it from the filing of appeal bonds in the courts of the United States and to give the district courts original jurisdiction over its suits where the matter in controversy does not exceed \$3,000; to broaden its powers to facilitate exports and imports; to lengthen the period for which it may make or extend loans; to empower it to adjust its claims against railroads under certain circumstances; to empower it to extend credit to maintain and increase employment, to assist in the refinancing and reduction of existing commercial and industrial debt burdens, and to facilitate the extension of credit to small concerns through existing channels; to permit it to advance further funds to protect loans already made to irrigation, drainage, and levee districts, and for self-liquidating projects; to authorize it to purchase evidences of indebtedness of mutual-insurance

companies, and to permit increases in the compensation of officers and employees of insurance companies in which the corporation has subscribed preferred stock; and for other purposes; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 8820) to amend section 1 of the act approved May 6, 1932 (47 Stat. 149, U.S.C., supp. VII, title 34, sec. 12); to the Committee on Naval Affairs.

By Mrs. ROGERS of Massachusetts: Joint resolution (H.J.Res. 306) making immediately available appropriations to pay Army air-mail pilots; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEAM: A bill (H.R. 8821) for the relief of Martin J. Maguire; to the Committee on Military Affairs.

By Mr. GLOVER: A bill (H.R. 8822) for the relief of Sam D. Carson; to the Committee on the Post Office and Post Roads.

By Mr. GRAY: A bill (H.R. 8823) granting a pension to Dilla Underwood; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H.R. 8824) granting a pension to Clarence J. Ericson; to the Committee on Invalid Pensions.

By Mr. LAMBERTSON: A bill (H.R. 8825) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H.R. 8826) for the relief of Minnie Admond; to the Committee on Claims.

By Mr. ROMJUE: A bill (H.R. 8827) granting a pension to Harry E. Duffield; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H.R. 8828) for the relief of Dr. Leslie J. Stauffer; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3230. By Mrs. CLARKE of New York: Petition of the Woman's Home Missionary Society, Methodist Episcopal Church, Milford, N.Y., favoring early hearings and action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3231. By Mr. ENGLEBRIGHT: Petition signed by 3,000 citizens of the Second Congressional District of California, with reference to interference of broadcasting of lawful programs to the public; to the Committee on Merchant Marine, Radio, and Fisheries.

3232. By Mr. FITZPATRICK: Petition of the Police Association, city of Yonkers, N.Y., urging 5-percent restoration of Federal salaries as of February 1 and restoration of 10 percent on July 1, 1934, and the elimination of payless furloughs; to the Committee on Appropriations.

3233. By Mr. FOCHT: Petition of various members of the Woman's Christian Temperance Union of McAlevys Fort and James Creek, Pa., endorsing House bill 6097, known as the "Patman motion-picture bill"; to the Committee on Interstate and Foreign Commerce.

3234. By Mr. LINDSAY: Petition of the Stag Laundry, Inc., Brooklyn, N.Y., urging defeat of the Wagner-Connelly bills; to the Committee on Labor.

3235. Also, telegram of Constantine Ronca, Brooklyn, N.Y., opposing the stock-exchange regulation bill in its present form; to the Committee on Interstate and Foreign Commerce.

3236. Also, petition of the Lobley Machine Works, Inc., Brooklyn, N.Y., protesting against the enactment of the Wagner-Connelly bills; to the Committee on Labor.

3237. Also, petition of the Sperry Products, Inc., Brooklyn, N.Y., opposing passage of the Wagner-Connelly bills; to the Committee on Labor.

3238. Also, petition of New York Typographical Union, No. 6, New York City, supporting the Connery 30-hour week bill; to the Committee on Labor.

3239. Also, petition of American Institute of Mining and Metallurgical Engineers, New York City, concerning the United States Bureau of Mines and the United States Geological Survey; to the Committee on Mines and Mining.

3240. Also, petition of the Greater New York-New Jersey Milk Institute, Inc., New York City, opposing the Connery bill (H.R. 8492); to the Committee on Labor.

3241. Also, telegram from the Standard Commercial Tobacco Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3242. Also, telegram from the Farr & Co., New York City, opposing passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3243. Also, telegram from Cohen, Goldman & Co., New York City, concerning the stock-exchange securities bill; to the Committee on Interstate and Foreign Commerce.

3244. Also, petition of the Philadelphia Chamber of Commerce, Philadelphia, Pa., urging defeat of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3245. Also, petition of the Chesapeake Steamship Co., Baltimore, Md., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3246. Also, petition of F. Weidner Printing & Publishing Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3247. Also, petition of Frederick Loeser & Co., Inc., Brooklyn, N.Y., protesting against the adoption of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3248. Also, telegram from the Bakelite Corporation, New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3249. Also, petition of the Collins & Aikman Corporation, New York City, opposing the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3250. Also, telegram from the New York Clothing Cutters Union, Local 4, A. C. W. of A., New York City, favoring the Wagner Labor Disputes Act; to the Committee on Labor.

3251. Also, petition of Benisch Bros., mausoleums and monuments, Brooklyn, N.Y., opposing the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3252. Also, petition of the Brooklyn Chamber of commerce, Brooklyn, N.Y., opposing House bill 8492; to the Committee on Labor.

3253. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, urging the Congress and the President of the United States to exercise their powers drastically to limit the importation of refined sugar from insular possessions of the United States and from foreign countries, and further urging the adoption of the Walsh amendment to the Costigan bill; to the Committee on Agriculture.

3254. Also, memorial of the City Council of Lynn, Mass., urging the naming of one of the new battleships the U.S.S. *Lynn*; to the Committee on Naval Affairs.

3255. By Mr. RICH: Petition of the Workers Council of the Presbyterian Sunday School of Port Allegany, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

3256. By Mr. RUDD: Petition of the Stag Laundry, Inc., Brooklyn, N.Y., urging defeat of the Wagner-Connery bills; to the Committee on Labor.

3257. Also, petition of Sperry Products, Inc., Manhattan Bridge Plaza, Brooklyn, N.Y., opposing passage of the Wagner-Connery bill; to the Committee on Labor.

3258. Also, petition of Charles B. Warren, New York City, opposing the passage of the Wagner Trade Disputes Act; to the Committee on Labor.

3259. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the Connery bill (H.R. 8492); to the Committee on Labor.

3260. Also, petition of the Greater New York-New Jersey Milk Institute, Inc., New York City, opposing the enactment of the Connery bill (H.R. 8492); to the Committee on Labor.

3261. Also, petition of New York Typographical Union, No. 6, New York City, favoring the enactment of the Connery 30-hour-week bill; to the Committee on Labor.

3262. Also, petition of the Philadelphia Chamber of Commerce, Philadelphia, Pa., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3263. Also, petition of the American Institute of Mining and Metallurgical Engineers, New York City, relating to the United States Bureau of Mines and the United States Geological Survey; to the Committee on Mines and Mining.

3264. Also, petition of Standard Commercial Tobacco Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3265. Also, petition of Cohen Goldman & Co., New York City, opposing the passage of the stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3266. Also, petition of Farr & Co., 90 Wall Street, New York City, opposing the passage of the Fletcher-Rayburn stock-control bill; to the Committee on Interstate and Foreign Commerce.

3267. Also, petition of Frederick Loeser & Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3268. Also, petition of Benisch Bros., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3269. By Mr. STOKES: Petition in the nature of a resolution of the Pennsylvania State Fish and Game Protective Association, consisting of 396 members, that where our industry pollutes water, and where practicable methods of treatment or disposal of those polluting wastes are known, that such industry be required as a part of its code to install and operate such treatment plant, and that where practicable methods for the wastes of any particular industry may at present be established or utilized for research to the end that proper methods may be developed for the treatment of all water; to the Committee on Merchant Marine, Radio, and Fisheries.

3270. By Mr. WOLCOTT: Petition of Mason L. Fish and 2,297 others, petitioning the Congress to take such action as is necessary to restore all benefits as of March 19, 1933, to disabled veterans with service-connected disabilities; to the Committee on Appropriations.

3271. Also, petition of Edward F. Jahr, of Sebewaing, Mich., and 27 others, urging amendment to House bill 7147 to include fresh water fisheries of the Great Lakes; also urging the passage of House bill 7419 to prohibit the importation of fish and fish products; to the Committee on Merchant Marine, Radio, and Fisheries.

3272. By Mr. BEITER: Petition of Woman's Home and Foreign Missionary Society, Buffalo, N.Y., urging hearings and favorable consideration of the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3273. By the SPEAKER: Petition of W. Deppe regarding persecution of certain judges in Federal courts and certain industrial pirates; to the Committee on the Judiciary.

SENATE

MONDAY, MARCH 26, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5363) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum, and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hayden	Reed
Ashurst	Couzens	Hebert	Robinson, Ark.
Bachman	Cutting	Johnson	Robinson, Ind.
Bailey	Davis	Kean	Russell
Bankhead	Dickinson	Lewis	Schall
Barbour	Dieterich	Logan	Sheppard
Barkley	Dill	Loneragan	Shipstead
Bone	Duffy	Long	Smith
Borah	Erickson	McAdoo	Stelwer
Brown	Fess	McCarran	Stephens
Bulkeley	Fletcher	McGill	Thomas, Okla.
Bulow	Frazier	McKellar	Thomas, Utah
Byrd	George	McNary	Thompson
Byrnes	Gibson	Neely	Townsend
Capper	Goldsborough	Norris	Tydings
Caraway	Gore	O'Mahoney	Vandenberg
Carey	Hale	Overton	Van Nuys
Clark	Harrison	Patterson	Wheeler
Connally	Hastings	Pittman	White
Coolidge	Hatch	Pope	

Mr. FRAZIER. I wish to announce that my colleague the junior Senator from North Dakota [Mr. NYE] is unavoidably absent on account of sickness in his family.

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK], the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], the Senator from Virginia [Mr. GLASS], the Senator from Iowa [Mr. MURPHY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Massachusetts [Mr. WALSH] are necessarily detained from the Senate.

I further wish to announce that the Senator from Utah [Mr. KING] is absent from the Senate attending a funeral.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is absent on account of illness; and that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

REPORT OF FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

The VICE PRESIDENT laid before the Senate a letter from the Federal Emergency Administrator of Public Works, transmitting, in response to Senate Resolution 190—requesting certain information concerning the organization, policies, and program of the Public Works Administration—a report of the business of the Administration from its organization to the period ended February 15, 1934, which, with the accompanying report, was referred to the Committee on Printing.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by councillors of the municipal government of Minalabac, Province of Camarines Sur, P.I., protesting against the alleged attitude of the Resident Commissioner of the Philippine Islands [Mr. OSIAS] relative to Philippine independence, and declaring "that his actions do not represent the sentiments of the majority of the Philippine Legislature nor of the Philippine people", which were ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from the Marina Home Owners' Protective Association, San Francisco, Calif., praying for amendment of the so-called "national securities exchange bill", so as to make its provisions less drastic, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from Mr. and Mrs. H. Potter, of Brooklyn, N.Y., praying for an adequate issuance of currency, the restoration of silver to be used along with gold, and that new currency be used to cancel interest-bearing bonds, which was referred to the Committee on Banking and Currency.

Mr. REED presented resolutions adopted by the Philadelphia (Pa.) Board of Trade, protesting against favorable consideration of the so-called "national securities exchange bill", for reasons therein set forth, which were referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 1432) for the relief of Henry Bartels, reported it without amendment and submitted a report (No. 549) thereon.

He also, from the same committee, to which was referred the bill (S. 1594) for the relief of William Edward Tidwell, reported it with an amendment and submitted a report (No. 550) thereon.

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 1884) to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends, reported it with amendments and submitted a report (No. 551) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2568) granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934, reported it with amendments and submitted a report (No. 552) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the nomination of Fred W. Catlett, of Washington, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice Russell Hawkins, deceased.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Brig. Gen. Harry Lee to be a major general (temporary) in the Marine Corps from the 1st day of March 1934, and also the nominations of sundry other officers in the Marine Corps.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of William T. Mahoney, of Alaska, to be United States marshal, division no. 1, District of Alaska, to succeed Albert White, resigned.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 3179) for the relief of John F. Budke; to the Committee on Military Affairs.

By Mr. SMITH:

A bill (S. 3180) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity-futures exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. NEELY:

A bill (S. 3181) granting a pension to Ellen Knight; to the Committee on Pensions.

By Mr. ASHURST:

A bill (S. 3182) to provide for the purchase of the surplus copper, heretofore mined and processed in the United States; to the Committee on Mines and Mining.

(By request.) A bill (S. 3183) to amend section 35 of the Criminal Code of the United States; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

A bill (S. 3184) for the relief of Eddie French; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 3185) to amend the Agricultural Adjustment Act, as amended, with respect to farm prices; to the Committee on Agriculture and Forestry.

By Mr. McCARRAN:

A bill (S. 3186) to provide compensation for disability or death resulting from injury to employees in certain employments in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

(Mr. McCARRAN introduced Senate bill 3187, which appears under a separate heading.)

By Mr. REED:

A bill (S. 3188) to amend section 3467 of the Revised Statutes; to the Committee on Finance.

REGULATION OF INTERSTATE TRANSPORTATION BY AIRCRAFT

Mr. McCARRAN. Mr. President, I ask unanimous consent to introduce a bill to provide for the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States. I ask that it be referred to the Committee on Commerce.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested.

Mr. BARKLEY. Mr. President, the Committee on Interstate Commerce usually has jurisdiction over measures affecting the transportation of passengers and commodities in interstate commerce. I note that the Senator asks that this bill go to the Committee on Commerce. Is there any special reason for not having it referred to the Interstate Commerce Committee?

Mr. McCARRAN. I think on this occasion there may be. If, after reading the bill when it shall have been printed, the Senator shall then think it should go to the Committee on Interstate Commerce, I may consider the matter with him.

Mr. BARKLEY. Very well.

The bill (S. 3187) to provide for the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

AMENDMENT TO REVENUE BILL—COPPER-BEARING ORES AND CONCENTRATES, ETC.

Mr. ASHURST submitted an amendment intended to be proposed by him to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENT OF THE BANKRUPTCY ACT

Mr. McCARRAN submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was ordered to lie on the table and to be printed.

CONSTRUCTION OF RURAL POST ROADS—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (S. 2102) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, as amended and supplemented, and for other purposes, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed.

TERMS OF AUTOMOBILE-LABOR SETTLEMENT—STATEMENT BY PRESIDENT ROOSEVELT

Mr. VANDENBERG. Mr. President, I ask unanimous consent to have printed in the RECORD the full text of President Roosevelt's statement announcing the terms of the automobile-labor settlement. I also ask that the statement be referred to the Senate Committee on Education and Labor, with the prayerful hope that it will have some effect on the consideration of the so-called "Wagner bill."

There being no objection, the statement was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

[From the Washington Post, Monday, Mar. 26, 1934]

PROVISIONS OF AUTO SETTLEMENT

(Following is the text of President Roosevelt's statement announcing terms of the automobile-labor settlement and outlining the policies of the administration in the Government's relationship to labor:)

"After many days of conferring in regard to the principles of employment in the automobile industry, the following statement covers the fundamentals:

"1. Reduced to plain language, section 7a of N.R.A. means—
"(a) Employees have the right to organize into a group or groups.

"(b) When such group or groups are organized they can choose representatives by free choice, and such representatives must be received collectively and thereby seek to straighten out disputes and improve conditions of employment.

"(c) Discrimination against employees because of their labor affiliations, or for any other unfair or unjust reason, is barred.

"A settlement and statement of procedure and principles is appended hereto.

"It has been offered by me to, and has been accepted by, the representatives of the employees and employers. It lives up to the principles of collective bargaining. I hope and believe that it opens up a chance for a square deal and fair treatment. It gives promise of sound industrial relations. It provides further for a board of three, of which the chairman will, as a neutral, represent the Government.

"In actual practice details and machinery will, of course, have to be worked out on the basis of common sense and justice, but the big point is that this broad purpose can develop with a tribunal which can handle practically every problem in an equitable way.

"PRINCIPLES OF SETTLEMENT

"Settlement of the threatened automobile strike is based on the following principles:

"1. The employers agree to bargain collectively with the freely chosen representatives of groups and not to discriminate in any way against any employee on the ground of his union-labor affiliations.

"2. If there be more than one group, each bargaining committee shall have total membership pro rata to the number of men each member represents.

"3. N.R.A. to set up within 24 hours a board, responsible to the President of the United States, to sit in Detroit to pass on all questions of representation, discharge, and discrimination. Decision of the board shall be final and binding on the employer and employees. Such a board to have access to all pay rolls and to all lists of claimed employee representation, and such board will be composed of (a) a labor representative; (b) an industry representative; (c) a neutral.

"In cases where no lists of employees claiming to be represented have been disclosed to the employer, there shall be no basis for a claim of discrimination. No such disclosure in a particular case shall be made without specific direction of the President.

"4. The Government makes it clear that it favors no particular union or particular form of employee organization or representation. The Government's only duty is to secure absolute and uninfluenced freedom of choice without coercion, restraint, or intimidation from any source.

"5. The industry understands that in reduction or increases of force such human relationships as married men with families shall come first, and then seniority, individual skill, and efficient service. After these factors have been considered, no greater proportion of outside union employees similarly situated shall be laid off than of other employees. By outside union employees is understood a laid-up member in good standing, or anyone legally obligated to pay up. An appeal shall lie in case of dispute on principles of paragraph 5 to the board of three.

"PRAISES COOPERATION

"In all the hectic experience of N.R.A., I have not seen more earnest and patriotic devotion than has been shown by both employers and employees in the automotive industry. They sat night and day for nearly 2 weeks without a single faltering or impatience. The result is one of the most encouraging incidents of the recovery program. It is a complete answer to those critics who have asserted that managers and employees can not cooperate for the public good without domination by selfish interest.

"In the settlement there is a framework for a new structure of industrial relations—a new basis of understanding between em-

ployers and employees. I should like you to know that in the settlement just reached in the automobile industry we have charted a new course in social engineering in the United States. It is my hope that out of this will come a new realization of the opportunities of capital and labor not only to compose their differences at the conference table and to recognize their respective rights and responsibilities but also to establish a foundation on which they can cooperate in bettering the human relationships involved in any large industrial enterprise.

"It is particularly fitting that this great step forward should be taken in an industry whose employers and employees have contributed so consistently and so substantially to the industrial and economic development of this country in the last quarter century. Having pioneered in mechanical invention to a point where the whole world marvels at the perfection and economy of American motor cars and their wide-spread ownership by our citizens in every walk of life, this industry has indicated now its willingness to undertake a pioneer effort in human engineering on a basis never before attempted.

"STRESSES ADVANCES

"In the settlement just accomplished two outstanding advances have been achieved. In the first place, we have set forth a basis on which, for the first time in any large industry, a more comprehensive, a more adequate, and a more equitable system of industrial relations may be built than ever before. It is my hope that this system may develop into a kind of works council in industry in which all groups of employees, whatever may be their choice of organization or form of representation, may participate in joint conferences with their employers, and I am assured by the industry that such is also their goal and wish.

"In the second place, we have for the first time written into an industrial settlement a definite rule for the equitable handling of reductions and increases of forces. It would be ideal if employment in all occupations could be more generally stabilized, but in the absence of that much-desired situation, if we can establish a formula which gives weight to the human factors as well as the economic, social, and organizational factors in relieving the hardship of seasonal layoff, we shall have accomplished a great deal. My view, and that of both employees and employers, is that we have measurably done so in this settlement.

"This is not a one-sided statute, and organizations of employees seeking to exercise their representative rights cannot at the same time be unmindful of their responsibilities.

"Industry's obligations are clearly set forth and its responsibilities are established. It is not too much to expect organizations of employees to observe the same ethical and moral responsibilities, even though they are not specifically prescribed by the statute. Only in this way can industry and its works go forward with a united front in their assault on depression and gain for both the desired benefits of continually better times."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2089. An act to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations; and

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes.

The message also announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to each of the following bills of the House:

H.R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes; and

H.R. 7966. An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

INCLUSION OF CATTLE AS A BASIC INDUSTRY—CONFERENCE REPORT

Mr. SMITH submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 6, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. There is authorized to be appropriated the sum of \$50,000,000 to enable the Secretary of Agriculture to make advances to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes, and to enable the Secretary of Agriculture, under rules and regulations to be promulgated by him and upon such terms as he may prescribe, to eliminate diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bangs' disease, and to make payments to owners with respect thereto."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "To amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes"; and the Senate agree to the same.

E. D. SMITH,
ELMER THOMAS,
GEO. MCGILL,
G. W. NORRIS,
CHAS. L. McNARY,

Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

PROSPERITY AND RATE REDUCTIONS—ADDRESS BY BASIL MANLY

Mr. COSTIGAN. Mr. President, on March 9, 1934, Hon. Basil Manly, Vice Chairman of the Federal Power Commission and former joint chairman with ex-President Taft of the War Labor Board, delivered before the City Club of Boston, a carefully considered and forceful address in which, in part, he stressed the value for industrial leaders and the public of mass production and distribution, with reasonably reduced rates, in the electric light and power industry. I ask unanimous consent to have this address printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am here today to tell you about the work of the Federal Power Commission and its relation to the efforts of citizens in every part of the country to secure cheap and abundant electricity.

The power question has become a national issue. It directly concerns every American household and every American business. Our domestic comfort as well as our national prestige depend upon our working out a practical and constructive solution of the many problems which it involves. That is the objective of the Federal Power Commission.

Such a program is necessary because the leaders of the industry failed to discharge the public trust which had been reposed in them. They have had an almost unrestricted opportunity to serve the public and build up a sound, well-managed industrial structure. But, with rare exceptions, they have been weighed in the balances and found wanting.

For many years before the crash of 1929 the utility magnates were sitting on top of the world. Their friends were entrenched in the seats of the mighty at Washington. They were free from any effective regulation by States or the Federal Government. Their stocks and bonds had been built up into an unstable pyramid, whose sole foundation was operating-company profit. But, in spite of the insecurity of this financial structure, their securities continued to sell at fantastic prices, because of the belief of investors in the honesty and integrity of the leaders of this great public-service industry.

The press agents and propagandists, lavishly financed by the power corporations, were teaching the public, as well as the chil-

dren in private and public schools, that the utilities were model corporations managed by archangels and supermen. Contributing generously to the campaign funds of both the great political parties, the financiers, promoters, and managers of the power industry felt secure against the growing opposition in both Houses of Congress and in the legislatures of widely scattered States.

Today these utilities are on trial to determine whether their responsible officers and directors now have sufficient courage, intelligence, and statesmanship to adjust their policies and methods to satisfy the demands of a public opinion that has been aroused in every section of the country.

I have no intention of reviewing here today the misdeeds of those who have wrecked great corporations, robbed the consuming public, ruined innocent investors, and sought corruptly to influence the schools, the colleges, and the public press of the Nation. The people now know the facts and are insistently demanding that the old order of things in this industry be ended forever.

It is sufficient to direct your attention to the fact that the difficulties under which the utilities are now laboring and the losses which innocent investors in their securities have suffered are the result of indefensible mismanagement, wreckage, and looting by corrupt or incompetent officials, directors, promoters, or financiers rather than the result of any policy or any punitive action on the part of the authorities of the Federal Government or those of any State.

Insull holding-company stocks and bonds are today almost worthless, not because of anything that has been done by Government officials but because Samuel Insull and his henchmen sold the public what were in effect counterfeit securities and then deliberately diverted to their own private gain the relatively small amount of real value that underlay them. And Insull's best defense, which is no defense in either law or ethics, is that he did only what other leaders of this great industry were doing.

It is true that public-utility securities are now depressed, but that is not due to Government competition in the Tennessee Valley or at Boulder Dam, or to any other policy of the Roosevelt administration, as the utility propagandists are seeking to make the public believe. The best proof of this is the fact that the price index of public-utility securities, as reported by the Wall Street Journal, reached its lowest level of 16.35 in July 1932, when Herbert Hoover was President of the United States. Now the public-utility-security index stands at about 26.50, representing an increase of 62 percent above the level at which it stood when Franklin Roosevelt was nominated.

The worst damage now being done to investors in utility stocks and bonds is coming from the calamity howlers of Wall Street, who are shouting from the housetops that the industry is being wrecked by the Federal Government's program for the development of great water-power resources, that would otherwise be running to waste, and by the efforts of the State commissions to reduce excessive rates for electric light and power.

These prophets of destruction are pursuing the same mad course in relation to the utilities that they followed for a generation with respect to the railroads. Resisting every public effort to secure lower railroad rates, to modernize equipment, to regulate securities in the interest of a sound financial structure, and to place the valuation of railroad properties on a basis of actual prudent investment, they so loaded the rail carriers down with high freight and passenger rates, excessive capitalization, and obsolete equipment that they were unable to meet the competition of buses, trucks, airplanes, and waterways. Today progressive railroad executives, under the inspiration and leadership of one of the ablest citizens of Massachusetts, Hon. Joseph B. Eastman, Federal Coordinator of Transportation, are cutting freight and passenger rates, installing modern high-speed equipment, and providing house-to-house freight delivery. These progressive policies are already building up freight and passenger traffic and restoring their railroads to a sound competitive basis.

The leaders of the electric utility industry in the present crisis have an exceptional opportunity to display industrial statesmanship and check the rising tide of public hostility and suspicion which the policies and events of recent years have directed against them. They can, if they choose, place the industry on a sounder and more enduring financial basis than it has ever enjoyed since Thomas A. Edison opened the Pearl Street station some 40 years ago. They are in control of an industry that is sound and relatively efficient from an operating standpoint. To succeed they must rebuild its financial structure and revolutionize its public policies.

First of all, they must immediately and voluntarily revise the rate structure for residential and small commercial consumers so as to give home owners and storekeepers cheaper rates and more desirable service. They must provide rates that will promote rather than discourage the use of electricity through the score of appliances that science has developed to lighten household burdens and increase domestic joys. The utilities will inevitably be repaid by an increase in the use of electric current that will not only expand the volume of business but materially straighten out the load curve and thus reduce unit costs of operation.

After they have taken this initial step of promotional rate reduction they must keep on reducing rates from time to time in progressive steps until a rate structure approximating that of the Tennessee Valley Authority has been put into effect throughout the length and breadth of the land. In pursuing this policy of progressive rate reduction they will not only bring back the sunshine of public favor which they once enjoyed but they will put

their companies in a sounder and more stable financial position than they have ever enjoyed.

This apparent paradox of securing larger and steadier profits by reducing residential and small commercial rates arises out of two fundamental principles, which every intelligent utility operator knows but which have never been understood by the bankers and financiers who control the industry and determine its policies.

The first of these principles is that there is no industry in which the expansion of mass production and mass distribution yields such handsome returns as in the electric light and power industry. The reason is so simple that even a child can understand it. After the distribution system is in place for a house or a store, every kilowatt-hour of energy sold to a customer over and above the amount necessary to cover fixed charges, maintenance, and commercial expense costs a utility nothing more than the bare operating expense. Even if you have an old, high-cost generating plant, in which your bare operating costs run as high as 6 or 7 mills, you can make money by inducing customers to use more current at 2 cents a kilowatt-hour after your basic costs have been provided for in the earlier steps of a promotional schedule. But if you have a really modern, low-cost plant, in which operating costs are 2 mills or less, the profit possibilities that flow from increasing the consumption of electricity are tremendous.

The second principle, which has been abundantly demonstrated during the depression, is that the business of supplying residential and small commercial consumers is, year in and year out, the steadiest that any utility can have. When a business slump comes, the industrial electric load fades away like the proverbial snowball in Hades. But no matter how hard the times, homes must be lighted, dinners must be cooked, and stores must display their wares.

It follows from these two principles that those utilities will be most enduringly prosperous which bend their energies to building up their domestic and commercial business to a high level of consumption and a high load factor through a policy of progressive rate reductions.

In support of the validity of these principles, I might cite the experience of many municipal plants, both in the United States and Canada, which have progressively reduced rates to very low levels with satisfactory financial results. I prefer, however, to describe the results achieved by a privately owned company located in the Nation's Capital which is some 200 miles from the source of its fuel supply and has almost no industrial load to boost its plant-capacity factor.

Ten years ago, after a period of endless litigation which had exasperated public opinion in Washington, the Potomac Electric Co. entered into a contract with the Public Service Commission of the District by which it agreed to reduce rates each year by an amount representing one half of its surplus earnings over and above 7½ percent on an agreed valuation of its property. For convenience, we will call this the "Washington plan." At that time the rate charged for domestic service was 10 cents a kilowatt-hour. In the first year, under this plan, rate reductions amounting to \$762,000 were made. The domestic rate was cut to 7½ cents.

The board of directors of this company, like those of every other utility with which I am acquainted, naturally expected that this would be the end of rate reductions, because it was impossible for them to conceive that there would be any profit at all, much less a surplus, after a 25-percent rate cut. But the principles which I have enunciated came into play, the people used more electricity, and each year a substantial surplus was piled up to be applied to rate reductions.

Every year for 10 years there has been a substantial rate reduction for the people of Washington, until today they have a rate schedule which approaches that announced by the Tennessee Valley Authority. They pay 8.9 cents for the first 50 kilowatt-hours, 3.3 cents for the next 50 kilowatt-hours, 2 cents for the next 100 kilowatt-hours, and 1.5 cents for everything over 200 kilowatt-hours. I use electricity in my home for lighting, cooking, refrigeration—in fact, everything except heating—and my bill for a 12-room house averages less than \$8 a month.

Now, what has happened to the poor utility company while this ruinous and unending series of rate reduction has been taking place? Get out your handkerchiefs and prepare to weep for the widows and orphans and other innocent investors who had put their savings in the bonds or preferred stock of this oppressed company. They couldn't buy its common stock because that was all held by the street-railway company.

In 1924, before this terrible rate-reduction policy went into effect, the company earned three and four tenths times its bond interest, after allowance for depreciation and taxes. That made it a fairly sound investment; but in 1932, after 8 years of rate reductions, and with rates less than a third what they were in 1925, the company earned 12 times its bond interest. At the same time the earnings on the common stock, which is tightly held by the street-railway company, have advanced under this policy of progressive rate reduction from \$26.90 in 1924 to \$68.08 in 1932.

These spectacular financial results, I want you to understand, have been achieved under a voluntary agreement and substantially without litigation, except for the proceedings relating to the recent successful move of the Public Service Commission to secure a more generous provision for continued rate reductions. This freedom from litigation and the complete elimination of the valuation controversy are, in my opinion, two of the most valuable features of the "Washington plan", because they not only remove an incentive for inefficiency and padding capital accounts, but give the responsible operating officials a chance to attend to business

and improve service instead of spending their time seeking to circumvent commissions and influence legislatures.

Before leaving this case of the electric rates in the Nation's Capital, I want to point out one other feature that is most impressive and which may perhaps penetrate even a Wall Street banker's intelligence. In 1924, when the domestic rate was 10 cents a kilowatt-hour, 25 cents out of every dollar of gross revenue taken in by the company was available for dividends, after the payment of interest, taxes, depreciation, and all expenses. In 1932, when the domestic schedule had been cut to a maximum of 3.9 cents, the balance available for dividends amounted to 40 cents out of every dollar of gross revenue. These facts and figures seem to demonstrate not only that this company has not been ruined by rate reductions but that it can, if it will, meet the Tennessee Valley rate schedule and, if necessary, go it one better.

This is true, I firmly believe, of every soundly financed and well-managed operating company that is not being bled by holding company or other parasitical affiliations. This view finds support in the recently expressed opinions of some of the more progressive leaders of the industry. Samuel Ferguson, of Hartford, Conn., one of the few utility executives who had the sanity and courage to stand out against the holding-company mania, recently said:

"Our ultimate goal is the complete electrification of every home with the use therein of from 300 to 600 kilowatt-hours per month for light, cooking, heating, refrigeration, hot water, and other uses. Recently the T.V.A., backed by the resources of the Federal Government, has avowed its intention of achieving a similar goal and it has been inferred that privately owned companies would suffer by comparison. Your company welcomes this challenge to match Yankee dollars and ingenuity against taxpayer dollars and the efficiency of governmental bodies." (From the *Electrical World*, Mar. 3, 1934, p. 319.)

If other utility executives and bankers will quit whining and show the same courage and business acumen, investors will have little to fear from public competition.

I have taken a long time to reach the question of the policy and activities of the Federal Power Commission, but I have felt that it was necessary first to lay before you the necessity for a national power program and to show you why I believe that the policy of securing for the people cheaper and more abundant electricity, which President Roosevelt has proclaimed, will not destroy the privately owned utilities, but that, if they will themselves adopt sound progressive policies, they will enter upon a period of enduring prosperity, such as could never have been attained under the leadership of the Insults and other plunderers who threatened the very existence of the industry.

The fundamental power policy of the Federal Power Commission and of President Roosevelt, as stated most fully in his Portland speech, is very simple. It avoids alike the extreme of State socialism on the one hand and economic anarchism on the other. It does not go along with those who demand Nation-wide public ownership and operation of the generation, transmission, and distribution of electricity. It refuses likewise to be misled by those anarchistic captains of industry who, while accepting the benefits that flow to them from the operation of a publicly regulated monopoly, resort to every device to escape regulation so that they may follow their own individualistic and destructive policies.

Because of the policy pursued by the Federal Power Commission during the Harding, Coolidge, and Hoover administrations, it has been generally assumed that the sole function and authority of the Commission is to supervise the development of the Nation's water-power resources by private interests. That is a complete misconception of the intent of Congress as embodied in the Federal Water Power Act of 1920. That act clearly contemplated not only the formulation of a national power program after a thorough survey of the Nation's power resources but specifically provided that the Commission should submit recommendations to Congress whenever it deemed that any project should be developed by the Federal Government itself. The debates in Congress when this act was under consideration demonstrate that it was intended that the Nation's power resources should be developed not solely for the profit of private corporations but primarily for the benefit of domestic, rural, and industrial consumers.

The present membership of the Federal Power Commission, with the approval of the President, is seeking earnestly to make this policy effective. Under the terms of the act it is proceeding as rapidly as possible to determine the actual legitimate cost of the projects developed by its licensees, so that this information may be available to State commissions and other regulatory bodies in fixing the rates to be charged for electricity generated from these resources. This involves not only careful ascertainment of the actual cost of the work but the elimination of excessive fees and charges imposed upon the project by holding companies and affiliated construction corporations. The aggregate cost of the projects before the Commission, as claimed by the licensees, amounts to approximately a billion dollars, and you will readily understand that a huge task is involved merely in the determination of the amount that should be allowed as the actual legitimate cost.

The Federal Water Power Act also conferred upon the Commission important regulatory powers which have been largely in abeyance for many years, but which the present membership of the Commission proposes to exercise in accordance with the authority provided by law.

The act also empowered the Commission to make a survey of the Nation's water-power resources and to classify the power sites in their relation to available markets. The obvious purpose of this authorization was to secure the necessary data for the formulation of a national power policy, so that, if the Government should de-

cide upon the public development of any of the Nation's power resources, those sites would be chosen which could be most cheaply developed and were most advantageously located in relation to available markets. This very important duty should have been performed years ago, but the Commission, as then constituted, did not have the funds for such a survey and did not choose to ask that they be provided by Congress. If this survey had been made, the program of the Public Works Administration would have been greatly accelerated. The Administration would have known exactly which power sites could be most advantageously developed and would have had available preliminary plans for their construction.

In order to remedy this failure to carry out the clear intent of Congress and further to provide for the correlation of the Government's activities in relation to the development of water power, President Roosevelt, under date of August 19, 1933, directed the Federal Power Commission to make a survey of the Nation's power resources and to examine and report upon applications for loans for the construction of power projects submitted to the Public Works Administration by States and municipalities.

The national power survey thus provided for is not an academic study. It is a practical undertaking of the greatest urgency. Since the crash of 1929 few new power projects have been constructed by private industry. As a result it is estimated by the *Electrical World*, the official organ of the utility industry, that when industrial activity is resumed on a normal basis the existing power capacity of the country will be 2,700,000 kilowatts short of supplying the demand. These estimates are more conservative than those independently arrived at by the General Electric Co., whose engineers estimate the shortage in 1935 at 4,200,000 kilowatts. To supply this capacity would require the development of a hundred large steam-electric or hydroelectric plants, the construction of each of which would require many months of labor, even if complete plans and specifications were available.

The seriousness of this situation is accentuated by review of the emergency which confronted the United States during the World War. At that time the Nation relied wholly upon the initiative of the public-utility corporations to supply the electrical energy which would be required to meet the Nation's needs. For nearly 3 years before we entered the conflict it was clear that we might be drawn in, but no adequate steps were taken to prepare for such an emergency. When war was declared and the industries of the United States were called on to produce to their utmost capacity, the electrical resources were entirely inadequate. Only by hasty interconnection of hitherto unrelated generating districts and the adoption of other expedients was the crisis met.

Intelligent national planning, for which this administration stands, requires that this situation be considered from the standpoint of the welfare of the whole country rather than the immediate interests of private corporations. With war clouds hovering over both Europe and Asia, it is imperative that effective steps be taken to insure an adequate supply of electric power under any conditions that may reasonably be contemplated.

The essential purpose of the National Power Survey is to determine the Nation's power requirements and ascertain the sources from which they can most economically and advantageously be supplied. It is not aimed exclusively at the development of water-power sites but contemplates the establishment and maintenance of that balance between hydroelectric power and steam-electric power which will give the Nation the most dependable sources of energy at the lowest possible rates.

Examination by the Federal Power Commission of those projects for power development submitted to the Public Works Administration as a basis for Federal loans is closely related to the development of such a national power policy. It is essential that the projects which are to be financed by Federal funds should be economically feasible and properly adapted to meet the Nation's needs for additional supplies of electrical energy. It is from this broad national standpoint that the Federal Power Commission has not hesitated to submit unfavorable recommendations on projects which it did not believe could be economically successful or which it did not conceive to be properly related to a well-balanced national plan.

Closely correlated with this basic idea of a national plan for the development of the Nation's power resources is that of securing the distribution of this power to the public at fair and reasonable rates. During the last session of Congress the Senate directed the Federal Power Commission to make a study of the cost of distribution of electrical energy in relation to the costs of generation and transmission. This investigation is now under way and when completed will afford a scientific basis for testing the reasonableness of the rates charged for electricity in all classes of service and under the varying conditions of widely diversified communities.

There is now pending before the House of Representatives, after having passed the Senate, a resolution, jointly introduced by Senator Norris, of Nebraska, and Representative RANKIN, of Mississippi, authorizing the Federal Power Commission to make an official compilation of electric rates in every community in the United States. The only published information now available with regard to electric rates is the rate book of the Edison Electric Institute, the successor of the National Electric Light Association. This publication, however, covers only 473 communities or less than 3 percent of all those served with electric power. It contains no information regarding charges for electric service in small communities which are notoriously subjected to excessive and unreasonable rates. I have recently examined a partial compilation of the rates charged small communities in one of the

Western States, in which the charges ranged as high as 20 cents and 25 cents per kilowatt-hour. I know personally of communities in the South, located within a few miles of hydroelectric power plants, where the costs are only a few mills a kilowatt-hour, which are paying 12 cents and 15 cents for their electricity.

Not only are the rates in many of these communities obviously excessive but the rate schedules themselves are so complicated that it would require a combination of Einstein and a Philadelphia lawyer to understand them. A recent investigation by one of the large utility companies, which is intelligently attempting to revise its rates to meet present-day standards, disclosed more than 800 separate and distinct electric rate schedules in effect in the territory which it serves in a part of two Middle Western States.

This investigation of electric rates will, I believe, be of the greatest value to the State commissions in their regulation of local rates but it will also benefit the private utility companies in enabling them to work out a rate structure which will be profitable to themselves and highly advantageous to domestic, rural, and small commercial consumers.

For many years the privately owned utilities have mapped out their own course without substantial restraint from any Federal or State authority. This course has been marked by the wreckage of great corporate systems, by the sale of securities which had no substantial value to innocent investors, employees, and consumers, by the imposition of excessive rates which discouraged the use of electricity, and by an attempt to corrupt and control public opinion, which the people of these United States will not tolerate.

We are now embarking upon a new era in which the utility corporations can, if they will, establish for themselves a sounder and more enduring basis of financial prosperity, but in which their performance in terms of rates and service will be measured by the yardstick of public competition, so far as is necessary to insure the supply of electricity required for national development and security and the sale of that electricity at rates which will be fair and reasonable to domestic, rural, and industrial consumers.

PLATFORM OF THE HEARST NEWSPAPERS

MR. SCHALL. Mr. President, I ask leave to insert in the RECORD an editorial from today's Washington Herald, which lays down an excellent Republican platform with which to meet the onslaught of Hitlerism, fascism, and bolshevism in 1934 and 1936. Around this platform should gather the Jeffersonian Democrats and the Lincoln Republicans whose phalanx should far outnumber the present conglomeration of demagogues, State Socialists, Communists, Bolsheviks, and international propagandists with their poisonous doctrines being taught in our schools and all the other "ists", "iks", or "ogues" that now constitute the Democratic Party.

Our virile advocacy and defense of the independence lived and expressed by Jefferson, the father of the Democratic Party, and the identical principles of Abraham Lincoln, founder of the Republican Party, will bring us back to mature leadership, sanity, and constitutional government.

If the purpose of this administration, which may be described as one where "a little child shall lead us", has been, as Dr. Wirt, of Gary, Ind., thinks, to bring us to destruction, turmoil, riot, and revolution, it has been an undeniable success. In July 1933, without the aid of insane doctrines, wheat was bringing \$1.20 a bushel; flax, oats, rye, barley, butter, and everything else were in proportion, and recovery would have been inevitable. After 30 days of the N.R.A.—the National Racketeers Association—wheat fell to 85 cents and everything else in proportion.

Building contracts right here in Washington for July 1933 amounted to \$990,000; in 30 days under the "national ruin act" they fell to \$52,000, and they have been falling ever since. Similar things happened all over the country. No wonder Dr. Wirt says this administration does not want recovery but is purposely planning for consternation, strikes, and turmoil in order that the Government may, through the bewilderment of the people, take over the sovereign power of the people and translate it into a permanent dictatorship through some Stalin, Hitler, or Mussolini.

Instead of the slogan "Roosevelt or destruction" it should read "Roosevelt and destruction."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Mar. 26, 1934]

THE POSITION OF THE HEARST NEWSPAPERS

For the benefit of uninformed Congressmen, it may be stated that the Hearst papers have increased wages and shortened hours in full accordance with every request and requirement of the N.R.A. But the Hearst papers have gone further, and made increases in

wages and decreases in hours in departments which the rules and regulations of the N.R.A. do not affect.

This seemed an equitable thing to do; and although the Hearst papers were not required to do it nor even requested to do it, they have made that voluntary and unsolicited contribution toward the plan and purpose of the N.R.A. recovery program.

Second, the Hearst papers, truly enough, are not altogether Democratic, but neither is the Democratic Party.

Indeed, so far has the Democratic Party of today departed from the principles of its great founder that Thomas Jefferson has been sympathetically referred to as "the forgotten man."

The so-called "Democratic Party" of the present day is a conglomerate party, a composite party, a mixed and mongrel party.

It contains some Democrats and more demagogues, some State Socialists, some Communists, and a sprinkling of Bolsheviks.

The party is mainly a party of malcontents; and if there are any "ists", "iks", or "ogues" in existence not included in the above list of fanatic and fantastic theorists, they doubtless, nevertheless, enjoy adequate representation in the hybrid Democratic Party and find sufficient bond of unity in envious opposition to anybody who possesses anything or who has accomplished anything.

No; the Hearst papers are not Democratic in the narrow party sense, nor again are they Republican.

In fact, they are not party organs of any kind.

They believe in the independence which Jefferson expressed in the great declaration of human rights and liberties which he conceived and which the valor of our fathers wrought into a living force to inspire our people and regenerate the world.

They believe in government by the Constitution of the United States and under the guarantees of liberty and opportunity and impartial justice which that instrument contains.

They do not believe in any radical departure from the spirit of the Constitution.

They do not believe in limitations upon liberty, restrictions upon opportunity, modifications or qualifications of essential justice and equality before the law.

They do not believe in any invasion of the inherent or inherited rights of the free citizens of this Republic.

They believe in American institutions and in the American system of government, which have been tried and proven by the power and by the progress and by the peacefulness and happiness and by the splendid success of this greatest of all nations upon the face of God's globe.

They do not believe in appropriating fragments of impractical policy picked up from the political scrap heaps of alien nations less free, less fortunate, less progressive, and less successful than our own.

They do not believe in so-called "innovations" which are actually as old as the history of human failure.

The Hearst papers believe in the elemental principles of Thomas Jefferson, founder of the Democratic Party, and in the almost identical principles of Abraham Lincoln, disciple of Jefferson and founder of the Republican Party; and the Hearst papers hold as their guiding policy in the honorable practice of the profession of independent journalism Lincoln's injunction to support any man when he is right and oppose him when he is wrong.

If that be party treason, make the most of it.

It is at least loyalty to the best interests of the Nation.

INDEPENDENT OFFICES APPROPRIATIONS

MR. BYRNES. Mr. President, on last Friday the Senate temporarily laid aside further action on the independent offices appropriation bill, at which time there was pending a motion, which I offered, that the Senate further insist upon its disagreement to the amendments of the House to the amendments of the Senate numbered 14 and 22, and further insist upon its amendment numbered 23. I desire to withdraw that motion. I understand the Senator from Nevada [Mr. McCARRAN] wishes to make a motion to concur in House amendment numbered 14. The Senator from Nevada is now in the chamber, and if he desires to make the motion to concur, I yield to him for that purpose.

MR. McCARRAN and MR. ASHURST addressed the Chair.

THE VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

MR. ASHURST. Will the Senator yield to me for a privileged matter?

MR. BYRNES. I yield first to the Senator from Nevada; I ask the Senator from Arizona that he kindly wait. The matter now pending is also privileged.

MR. ASHURST. Very well. I am glad to defer the matter I have in mind.

MR. McCARRAN. Mr. President, in reference to the independent offices appropriation bill, and as to amendment numbered 14, which is generally known and understood as the "pay restoration" amendment, I now move, sir, that the Senate concur in the House amendment to the amendment of the Senate numbered 14.

THE VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Nevada that the Senate

concur in the amendment of the House to the amendment of the Senate numbered 14.

Mr. BYRNES. Mr. President, with reference to the motion of the Senator from Nevada, I desire to say that the House amendment to the Senate amendment numbered 14 is the identical amendment which was reported by the Committee on Appropriations and later was acted upon in the Senate. I drafted the amendment originally, in the hope that it would bring together the varying views upon this question. The House has three times voted upon it. It is my hope that it will be disposed of on the floor of the Senate. If, however, the motion to concur shall not be agreed to, then, it is my purpose to move that the Senate further insist upon its disagreement to the House amendment to the Senate amendment numbered 14. In order that the managers of the conference on the part of the Senate may know the views of the Senate, and know how they may best represent the sentiment of the Senate, I ask for a roll call upon the question of concurring in the House amendment to Senate amendment numbered 14.

Mr. McCARRAN. Mr. President, in presenting this motion in order that my position may be thoroughly understood by those who supported the Senate amendment and also that their position may be thoroughly understood, let me say that I have not relinquished my idea that the best way to support the recovery of the Nation is to give to the laboring classes of the Nation the wherewithal with which to live. Inasmuch as the administration now in control of the Government has asked private industry of every class to increase wages and increase employment, I believed that it was for the best, and I still believe that it is for the best, that the greatest employer of labor in the country should set the example which it sought to have others follow and should put the Federal employees back on a reasonable wage-scale basis, such as they were on before the Economy Act came into existence. I still contend that even putting Federal labor back where it was before the Economy Act went into effect would not enable the employees to meet the increased cost of living which has come about since that act went into effect and since the new deal began to operate.

But, Mr. President, three times the House has voted on the amendment. The House of Representatives represents the people of the country. Three times by record vote they have gone on record as to the amendment. Three times they have failed to adopt the Senate amendment. In view of all the circumstances, I believe, as I have always believed, that discretion is the better part of valor and that two thirds of a loaf is better than no bread.

The laboring class of America want bread today. They want a living and they should have it. By the Senate amendment we have at least made progress toward the ultimate end we desire to attain—the restoration of a proper pay and compensation for the laborers of the country. By a restoration of 5 percent as of February 1 and a restoration of 5 percent more as of July 1, with the possibility and prevailing hope, as I hold it, that the Executive under the House amendment will see fit to restore the entire 15 percent within the proper time, I am willing to yield in order that those for whom we struggle here may have at least some benefit immediately. In the belief that such benefit will be afforded and in a spirit of fair play and hopefulness that those for whom we struggled will receive the greatest possible advantage within the shortest length of time, I have submitted the motion which I hope will prevail.

Mr. ROBINSON of Indiana. Mr. President, it seems most amazing to me that the administration should insist that employers in industry all over the United States should raise wages and place additional people on the pay roll, and at the same time the same administration should want to grind the Federal employees down to the lowest possible penny.

Of course, I agree with the Senator from Nevada [Mr. McCARRAN] on the proposition that two thirds of a loaf is better than no loaf at all. It may be possible that two thirds of restoration is all that can be gained for the Federal em-

ployees at this time. Nevertheless, Mr. President, it seems to me the amendment ought to have gone back to the House and that the Senate should have stood its ground, insisting to the last on full restoration not later than July 1.

The administration is spending billions of dollars without any coordinated audit of any kind. The truth of it is that nobody knows how many people are employed on any of the emergency rolls. But two groups apparently are discriminated against constantly by the administration, one the Federal employees of the United States, and the other the veterans of the United States. Personally, I should much rather have seen the Senate insist on its own amendments to the bill and refuse to make any further concessions whatever to the House.

So far as my own vote is concerned, I shall not yield.

Mr. McCARRAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. ROBINSON of Indiana. I yield.

Mr. McCARRAN. Does the Senator understand that my motion applies only to the amendment numbered 14, which has to do only with the restoration of pay, and does not relate to the veterans matter at all?

Mr. ROBINSON of Indiana. Yes; I understand that. I understand that the amendment dealing with veterans stands on its own bottom; but my own position is that the Senate should insist on its amendment and should insist on complete restoration of pay for Federal employees.

Mr. DICKINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. ROBINSON of Indiana. I yield.

Mr. DICKINSON. I wish to make the further suggestion that neither the Senate nor the House has done anything to restore the morale of the Federal employees, because the administration is still imposing upon them all the hobbles with reference to promotions that are automatic and promotions that are administrative. The administration still is preventing the filling of vacancies which would give an employee encouragement. In other words, the administration is doing everything possible against the employee's being encouraged to be an efficient and effective public servant.

Mr. ROBINSON of Indiana. Of course, there is no question about that. The other inconsistency that is inexplicable to me is the demand on the part of the administration that private business enterprises shall raise wages and add additional employees to their pay rolls—and we are all heartily in favor of that wherever it is possible to have it done—while at the same time taking just the opposite attitude toward Government employees.

Mr. DICKINSON. What kind of an eagle does the Senator think a Government employee ought to wear on the lapel of his coat under existing circumstances?

Mr. ROBINSON of Indiana. That is an interesting question.

Mr. BYRNES. Mr. President, because of the statement with reference to the attitude of the administration in this matter, I only want to say that the amendment which I offered in the Committee on Appropriations and which now is the House amendment was drafted by me after consulting only two members of the subcommittee of the Committee on Appropriations. I advised the members of the subcommittee and advised the members of the full committee that it represented my views and only my views.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the motion of the Senator from Nevada [Mr. McCARRAN] to concur in the amendment of the House to the amendment of the Senate numbered 14. On that question the yeas and nays are demanded. Is there a second?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island

[Mr. METCALF]. I understand that if he were present he would vote as I shall vote on this question. Therefore, being at liberty to vote, I vote "yea."

The roll call was concluded.

Mr. ROBINSON of Indiana. I have been requested to announce that if the senior Senator from West Virginia [Mr. HATFIELD] were present he would vote "nay" on this question.

Mr. FESS (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate Chamber; but I am advised that if he were present he would vote as I have voted. Therefore I will allow my vote to stand.

Mr. PATTERSON (after having voted in the negative). I understand that the Senator from New York [Mr. WAGNER] has not yet voted.

The PRESIDING OFFICER. The Senator from New York has not voted.

Mr. PATTERSON. I have a general pair with that Senator, and I shall therefore have to withdraw my vote.

Mr. CUTTING. The senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably detained. If present, he would vote "nay" on this question.

Mr. FLETCHER. I have a general pair with the Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to my colleague [Mr. TRAMMELL], and will vote. I vote "yea."

Mr. McADOO (after having voted in the affirmative). I have a general pair with the senior Senator from Connecticut [Mr. WALCOTT]. When I voted a moment ago I was under the impression that he was present. I transfer that pair to the senior Senator from Virginia [Mr. GLASS], and will allow my vote to stand.

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Florida [Mr. TRAMMELL], and the Senator from New York [Mr. WAGNER] are necessarily detained from the Senate on official business.

I also desire to announce that the Senator from Iowa [Mr. MURPHY] and the Senator from Massachusetts [Mr. WALSH] are attending an important meeting of the Committee on Education and Labor. If present, these Senators would vote "yea."

The Senator from Utah [Mr. KING] is absent attending a funeral.

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. AUSTIN] has a general pair with the Senator from Utah [Mr. KING], and that the Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from North Carolina [Mr. REYNOLDS].

The Senator from New Hampshire [Mr. KEYES] is detained at a meeting of the National Forest Reservation Commission.

The Senator from Connecticut [Mr. WALCOTT] is also detained in committee.

I also desire to announce the necessary absence of the Senator from South Dakota [Mr. NORBECK]. I am advised that if he were present he would vote "yea."

The result was announced—yeas 59, nays 19, as follows:

YEAS—59

Adams	Clark	Hatch	Pittman
Ashurst	Connally	Hayden	Pope
Bachman	Coolidge	Hebert	Robinson, Ark.
Bailey	Couzens	Kean	Russell
Bankhead	Cutting	Lewis	Sheppard
Barbour	Dieterich	Logan	Smith
Barkley	Dill	Loneragan	Steiwer
Bone	Duffy	McAdoo	Stephens
Brown	Erickson	McCarran	Thomas, Okla.
Bulkley	Fess	McGill	Thomas, Utah
Bulow	Fletcher	McKellar	Thompson
Byrd	Frazier	McNary	Tydings
Byrnes	Gore	Norris	Van Nuys
Capper	Harrison	O'Mahoney	Wheeler
Caraway	Hastings	Overton	

NAYS—19

Borah	Costigan	Dickinson	Gibson
Carey	Davis	George	Goldsborough

Hale	Neely	Schall	Vandenberg
Johnson	Reed	Shipstead	White
Long	Robinson, Ind.	Townsend	

NOT VOTING—18

Austin	Keyes	Norbeck	Wagner
Black	King	Nye	Walcott
Copeland	La Follette	Patterson	Walsh
Glass	Metcalfe	Reynolds	
Hatfield	Murphy	Trammell	

So Mr. McCARRAN's motion that the Senate concur in the amendment of the House to the amendment of the Senate no. 14 was agreed to.

Mr. BYRNES. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 22. This amendment comprises the veterans' provision.

I do not intend to discuss this subject, because it has been discussed approximately from February 1, when this bill was first before the Senate Appropriations Committee. It has been discussed in the other House and that body three times has voted upon it. Over the week-end I have read the debates in the House, and I have informally discussed the matter with the managers on the part of the House. They take the position, the House having voted three times, that they are bound by the action of the House, and do not intend to recede in any measure from the House provision.

The Senate has not voted upon the question, and I desire the Senate to act upon it, because, as one of the managers of the conference on the part of the Senate, if the Senate does not wish to concur, and determines that the conferees shall further insist upon the action of the Senate disagreeing to the House amendment, then when we go into conference I am going to stand by the action of the Senate and insist upon its position with reference to this title of the bill. If, on the other hand, the Senate shall concur in the amendment of the House to Senate amendment numbered 22, as it has been three times voted upon by the House, then the appropriation bill will be passed and will go to the White House.

As I say, the question has been before this body and before the other House since February 1. I am anxious to have it disposed of one way or the other. So far as the conferees are concerned, all we wish to know is what the Senate wants to have done with this part of the bill. If the Senate desires to concur in the action of the House, it can vote in favor of the motion to concur. If it does not desire to concur, and wishes the managers on the part of the Senate to continue the deadlock, I want the Senate, by roll call, to say so, and the conferees will do just what the Senate desires.

Mr. CUTTING and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and, if so, to whom?

Mr. BYRNES. I yield first to the Senator from New Mexico. Then I will yield to the Senator from Louisiana.

Mr. CUTTING. Mr. President, I was wondering whether there was not some other alternative besides the two mentioned by the Senator. Is it necessary for one House to yield in toto to the other, or else to maintain its own position indefinitely? Is not the idea of a conference that when the conferees representing the two Houses get together around the conference table and try to iron out the difficulties, they give and take on questions on which they can give and take? Is not that still possible?

Mr. BYRNES. Yes, Mr. President, the conferees have endeavored to do that. I will say to the Senator from New Mexico, however, that when the conferees on the part of the Senate on the independent offices bill at the last session of Congress receded and so reported to this body, the Senator from New Mexico rather severely criticized them for receding from the position taken by the Senate. Further, when the conferees were appointed upon this bill at this session, the Senator from New Mexico called the attention of the Chair to the statement in the Manual on Conferences with regard to the representation of the majority view. I was simply expressing my own personal opinion that if the amendment shall be sent back to conference—where we have already tried as diligently as any conferees could to bring about an agreement—with a vote of the Senate insisting fur-

ther upon its position, it will be practically impossible to secure an agreement.

Mr. President, the conferees on the part of the Senate did their best to bring about an agreement. In and out of the conference room I certainly have done everything in my power to bring about an agreement upon these controversial legislative proposals and have been doing so since the 1st of February. But now I admit that in recent weeks I have often heard managers on the part of the Senate criticized because the Senate conferees had receded, and I am frank to say that I want the Senate to vote and make known its wishes, and by the vote the managers on the part of the Senate will be guided.

Personally, I hope the Senate will concur. The amendment of the House does not represent my views at all. Nevertheless, I believe this bill should be disposed of, and since I do so believe, and because the House has three times voted upon the amendment and its conferees take the position that they are bound by that action of the House and are not going to recede, I am moving that the Senate concur. I hope the Senate will concur and that the bill will be disposed of.

Mr. REED. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. REED. Does the Senator know that the House, on its last vote, actually voted to accept the Senate amendment, but that the announcement of the vote was delayed for a considerable time—I know this because I was present—and finally one Representative was induced to switch?

Mr. BYRNES. No; the Senator is wrong. I will state to the Senator what did happen. When the conference met I told the conferees representing the Senate that having behind me a vote in the Senate of 65 to 15, it was useless to talk to us about receding; that they would have to go back to the House; that the Representative to whom the Senator from Pennsylvania has referred might again change his mind. They went back to the House, and by a majority of some fifty or sixty the House reiterated the position it had previously taken, and the conferees on the part of the House now say what the Representative from New York, the author of the amendment in dispute [Mr. TABER], said that he could not recall any previous occasion when the House or the Senate had three times voted and gone on record in favor of a proposal when the other House had not voted at all.

Mr. REED. It was evidently the second vote to which I was referring.

Mr. BYRNES. The Senator is referring to that vote, and was confused as to the votes. I took the same view the Senator from Pennsylvania entertains, and because of that the House again voted upon the matter.

Mr. ASHURST. I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ASHURST. Members of the Senate may not discuss or refer in debate to what took place in another branch of the Congress.

The PRESIDING OFFICER. The Chair is unaware of any Senate rule to that effect.

Mr. REED. Mr. President, that certainly would be a novel rule. We may not reflect disparagingly upon proceedings in the other House.

Mr. BYRNES. There has never been any other rule I have heard of in either House of Congress, and I think the Senator from Pennsylvania will agree that stating the fact that a Representative demanded a roll call is not reflecting upon his character in any way.

Mr. REED. Of course, I agree with the Senator as to that.

Mr. CUTTING. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. I yield.

Mr. CUTTING. Because the Senator sought to state my position a moment ago, I should like to make it plain. On another occasion I did criticize the members of a Senate conference committee for receding completely to the position of the House, and I could have done so in this case, I am free to say to the Senator. But I also criticize mem-

bers of a conference committee who insist unreasonably on the position of their own body so long as there is a chance of getting an agreement. I have felt, both in this matter and in others, that it might have been possible to obtain an agreement, say, about midway between the position of the Senate and the position of the House. That is what I had hoped would happen. Of course, I admit that we are now faced with a peculiar situation, and perhaps it may be necessary to adopt the course of action which the Senator approves.

Mr. BYRNES. Mr. President, on a former occasion the Senator criticized me, as a manager on the part of the Senate, for receding, and the Senator now frankly admits that, had we insisted, he might possibly have criticized us again. I do not want the Senator to criticize me, I do not like to have him criticize me. But I may be criticized whatever I do. I receded the last time, and he criticized me; and this time I agree, and he criticized me. I want to please him.

Mr. ADAMS. Mr. President, I should like to have the Senator from South Carolina give some detailed explanation of the differences between the two Houses in this matter. They are not clear to me.

Mr. BYRNES. Mr. President, I do hope the Senator will not insist on that, because if there is anything that has been discussed and written about in the newspapers morning, afternoon, and evening, it is the difference between these proposals. I am sure the Senator from Colorado is familiar with the Spanish-American War proposal in the House, and the one the Senate adopted, and also the provision as to presumptives adopted by the Senate and by the House. I hope the Senator will not ask me to go into that, because it would consume too long a time. I ask for a vote.

Mr. STEIWER. Mr. President, I have no desire to detain the Senate with respect to this matter; I lean toward concurrence, although I had hoped that the motion made by the Senator from South Carolina on last Friday or Saturday, to insist upon the Senate's position and to ask for a further conference, would prevail, in the thought that one more effort by the conferees might, in possibility, produce some result more favorable to the position of the Senate than an absolute concurrence. I am being told, however, by Representatives, just as we are told by the Senator from South Carolina, that there is little hope of any accomplishment in conference.

There is one matter to which I call attention. If we are to dispose of this question by voting upon the pending motion to concur, rather than upon the other motion, to send the amendment back to conference, we should consider that the House, in amending the Senate amendment, introduced some little obscurity, and possible inconsistent provisions, in the amendment. That can well be handled by an amendment, and I have had legislative counsel prepare an amendment, and very shortly I will offer it for the consideration of the Senate.

Before I do that, let me state to the Senate that the thing in controversy between the House and the Senate, so far as amendment no. 22 is concerned, is chiefly the difference between 75 percent restoration for certain World War veterans, as passed by the House, and 100 percent restoration as provided by the Senate amendment; and 75 percent restoration in the House provision, as against 90 percent in the Senate, for Spanish-American War veterans. Those are the money differences which affect the big groups.

In addition to that, there were some matters of lesser importance in the Senate amendments which were stricken from the bill by the House. One was a provision restoring a limited number of the emergency retired officers.

Another was a provision which increased the pensions of the widows and dependents of those lost upon the *Akron* and the *Shenandoah*.

Another amendment made by the House was in striking from the Senate language the Borah amendment, affecting the pay of Members of Congress, and of all those whose salaries are in excess of \$6,000 a year.

Those are the principal changes made in the House to the Senate amendments to the House bill.

I want at this time to send to the desk the following amendment, which I offer.

The PRESIDING OFFICER. The Senator from Oregon offers a preferential motion to concur with an amendment, which the clerk will report.

The Chief Clerk read as follows:

In section 27 strike out the second proviso.

In section 28 of said amendment strike out the second proviso in the fourth paragraph of section 20 of Public Law No. 78, Seventy-third Congress, as amended by such section, and insert in lieu thereof the following: "Provided further, That, subject to the limitations above prescribed, except as to receipt of compensation on March 19, 1933, and notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, or any other law, veterans whose disease, injury, or disability is established on or after this paragraph as amended takes effect as service connected in accordance with the provisions of section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933; but veterans whose disease, injury, or disability is reestablished as service connected under such section 200 by section 27 of title III of the Independent Offices Appropriation Act, 1935, shall be paid 75 percent of the compensation under the provisions of the World War Veterans' Act, 1924, as amended, and such rating schedule."

Mr. STEIWER. Mr. President, I ask the attention of Senators for 2 or 3 minutes. I think in that time I can explain the necessity for the amendment.

Those who listened to the reading of the amendment will see that it does not change the percentages. The amendment does not reflect an effort to increase the rate of restoration, upon which the House is insisting. Indeed, it accepts that rate. It therefore will not cost any additional money or increase the cost of the provisions to which the House has already agreed.

The necessity for the amendment grows out of the fact that in the whole amendment which we called the "Byrnes amendment" for convenience while the bill was before the Senate, there are a number of different sections. Among the sections are three that were taken out of the Legion's four-point program, with some slight modification. Two of those three sections became sections 27 and 28 of the bill.

Section 27 deals with entitlement and restores certain World War veterans, chiefly those belonging to the so-called "presumptive group", to the service-connected status enjoyed prior to March 20, 1933.

Section 28 is a protective section. It provides that those veterans so restored, and other World War veterans, should be restored upon a basis of 100 percent of the amount which they had received in compensation prior to the enactment of the economy bill—that is, March 20, 1933.

When the House came to deal with these two amendments they placed at the end of section 27 these words, and I read:

Provided, That the rate to be paid to anyone under this section shall be 75 percent of the amount received by him on March 19, 1933.

In section 28, in which the House made no amendment, we still have the Senate provision that the restoration shall be made upon the basis of 100 percent. And so the two sections are in conflict with each other.

The Veterans' Administration, in its study of this measure after the House amendments had been agreed to, sent a memorandum up to the conferees, and in this memorandum the lawyers of the Veterans' Administration point out this conflict and suggest that it ought to be dealt with or else we will have in one section of the law a provision that the presumptives shall be restored at the rate of 75 percent of their former rate and in the other provision of the law that they shall be restored 100 percent of their former rate.

I consulted the legislative council of the Senate concerning the contention made by the lawyers of the Veterans' Administration and I found that our own legislative council was in agreement with the position taken by the lawyers of the Veterans' Administration.

Therefore, it would seem necessary, in order to make sense out of the amendment, that we adopt an amendment which would remove the conflict.

The drafting room, in preparing the amendment which I have sent to the desk, has sought to cure the conflict by striking the language to which I have referred out of section 27, and placing it, with some modification, in section 28; so that there will be no limitation at all in section 27, and so that in section 28 there will be one consistent provision uncontradicted by any other part of the bill.

In order to make the amendment fit in section 28, the legislative counsel suggested a restatement of the language on page 43 of the bill, commencing in line 8. That restatement does not substantially change or modify the effect of the amendment, but it does make such a change that the language which the House added at the end of section 27 may be incorporated in the amendment without doing violence to any other language; and I call attention in that regard to the end of the amendment which has just been read, wherein it is stated:

But veterans whose disease, injury, or disability is reestablished as service-connected under such section 200 by section 27 of title III of the Independent Offices Appropriation Act, 1935, shall be paid 75 percent of the compensation under the provisions of the World War Veterans' Act, 1924, as amended, and such rating schedule.

In other words, Mr. President, we have taken away the amendment at the end of 27 as placed there by the House, moved it over into a restated proviso in section 28, and there have stated the same identical limitation of 75 percent upon which the House has voted and to which it has agreed upon three successive votes.

I hope, Mr. President, that this amendment may be agreed to; and I will say that, if it is agreed to, so far as I am concerned, I shall not resist the motion made by the Senator from South Carolina [Mr. BYRNES].

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Nebraska?

Mr. STEIWER. I yield.

Mr. NORRIS. I should like to get the Senator's idea of just how he can make his amendment apply now. The motion pending is one to recede, as I understand.

Mr. STEIWER. And concur.

Mr. NORRIS. To recede and concur. The Senator is offering this as an amendment?

Mr. STEIWER. Yes, Mr. President.

Mr. NORRIS. I understand.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield.

Mr. BYRNES. As I understand the situation, it is that in section 28 the provision is that there shall be no reduction, and the thought of the Senator from Oregon and the thought of the legislative council is that there will be a conflict of interpretation of that language and the language in section 27, which authorized a reduction to 75 percent, but not below 75 percent. If there was doubt in the mind of the officials interpreting it, and it were construed to be no reduction, then it would be exactly what the Senator has contended for. If, however, they construed it as the language of section 27 justifies, they would construe that it authorized a reduction in those cases to 75 percent. That is the fact?

Mr. STEIWER. I think that is right, Mr. President.

Mr. BYRNES. The Senator wants to have it inserted in order to avoid, if possible, misinterpretations by counsel. I have no objection to it, I admit, except this. The Senator knows that under the rules of the House—they were changed a few years ago—the House conferees cannot agree to the amendment because it is legislation on an appropriation bill, and under their rule they cannot agree in conference but must act upon the amendment on the floor of the House. I am wondering whether the necessity for clarification is so serious in the mind of the Senator as to cause him to believe that it is essential to take the action he proposes, or whether in view of the fact that the second section really authorizes exactly what he wants, he would object to concurring. I

have no serious objection to the amendment, except that when we agree to it and send it to the House, and it gets to the floor of the House, it is again presented for consideration and for amendment.

Mr. STEIWER. I do regard the amendment as of considerable importance. The only means by which the inconsistency in the law as it has come to us from the House could be avoided would be for the attorneys of the Veterans' Administration to say that in section 27 we have one provision, in section 28 another provision, and that because they are in conflict we will interpret the whole law, and will read out of the law the language that is in section 27. That, I think, has been suggested in the Veterans' Administration as a possible solution of this difficulty.

Mr. BYRNES. I would have no objection to supporting a resolution which would clarify the matter, if the Senator should offer it, so as to make the legislation plain, if we could get the bill passed without opening up the whole matter again on the floor of the House. I would be ready to join the Senator in supporting such a resolution.

Mr. STEIWER. Permit me to say that I have talked to a number of the Members of the House, who are very much interested in this legislation, including, I think, two members of the conference committee which represented the House, and I am told by all those with whom I have talked that inasmuch as this amendment does not change the amount and is merely a clarifying amendment, albeit a clarifying amendment of some little importance, they do not anticipate any trouble in obtaining the concurrence of the House with respect to it. I think there will be no great difficulty in that respect.

Mr. BYRNES. No; but the Senator does know that when it is offered it is then open to amendment by any one of the 435 Members on this question.

Mr. STEIWER. I think the Senator correctly states the parliamentary situation, but the House is just as anxious to secure the passage of the bill as we are.

Mr. BYRNES. If the Senator will agree to concur in the resolution, I will assure him of my hearty support of a resolution which would clarify the matter. I will join with him in endeavoring to have such a resolution adopted.

Mr. STEIWER. I am hesitant to decline an offer of that kind. I know it is made in the very best of faith. But the House might not concur in the views of the Senator from South Carolina and myself unless they are brought to them as a part of the bill.

Mr. BYRNES. If the House did not do so then they would not do so now.

Mr. STEIWER. I think the House would do so if it were brought to them as a part of the bill. Let us concur in the amendment to the motion made by the Senator from South Carolina.

Mr. BYRNES. I was making the offer based on the statement of the Senator from Oregon that the House would not object, because it was only for the purpose of clarification. I think the Senator is right so far as this particular amendment is concerned. My only concern is that under their rules it opens up the whole subject for further amendments, and we will have to come back to the Senate for further action on the bill.

Mr. STEIWER. That, I hope, is not going to happen.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the House amendment.

Mr. CUTTING. Mr. President, I hope, of course, that the Senator from South Carolina [Mr. BYRNES] will accept the clarifying amendment offered by the Senator from Oregon [Mr. STEIWER]. His acceptance of such an amendment would certainly make the whole situation much clearer in my own mind than it now is.

Mr. President, we have come to the point where it is perfectly clear that the Senate has to yield. Whether it yields today or yields tomorrow or next week is a comparatively unimportant point. I do not think we ought to yield so long as there is any chance of the other House conceding any material point or accepting some such amendment as

that offered by the Senator from Oregon which will strengthen the position which the Senate originally adopted in favor of the disabled veterans.

Even if we adopt the amendment of the Senator from Oregon, the fact remains that the Senate has been defeated while standing on grounds which it considered absolutely sound and which have never been opposed on a question of principle by any debater in either House of Congress.

We have been playing our part in a farce.

The whole idea of a conference, Mr. President, between two disagreeing Houses is that the managers on both sides, firmly convinced of the strength of the position taken respectively by the disagreeing Houses, should get together around the table, try to straighten out the differences and endeavor to come to some middle ground which both Houses can accept.

When the present conferees were appointed, I called attention to the rule in the Manual on Conferences that a majority of the managers on each side should represent the prevailing opinion of the House of Congress which they represent. The Senator from Missouri [Mr. CLARK] was at that time in the chair, and I certainly do not blame him for having appointed the conferees whom he did. I think any one of us sitting in the chair considers himself merely a lieutenant for the Vice President, the permanent presiding officer, and naturally acts in questions of appointment along the line which the permanent presiding officer would pursue.

Nevertheless, the fact remains that on this bill there were only two record votes on controversial subjects of major importance. The first one was as to the pay cut. That vote, which took place on February 21, 1934, was carried by a majority of 1—a vote of 41 to 40; and in the minority we find recorded the names of the Senator from South Carolina [Mr. BYRNES], the Senator from Virginia [Mr. GLASS], and the Senator from Georgia [Mr. RUSSELL], all three of whom were appointed as the majority members of the managers of the conference representing the Senate.

The other record vote, on the Steiwer-McCarran amendment concerning the Spanish-American War veterans was taken on February 26, 1934. The vote resulted yeas 51, nays 40, and among the 40 I find the names of the Senator from South Carolina [Mr. BYRNES], the Senator from Virginia [Mr. GLASS], and the Senator from Georgia [Mr. RUSSELL]. It is true that on the final vote on the veterans' amendment the Senator from Georgia [Mr. RUSSELL] voted with a majority of the Senate; but on the actual subjects which were principally in controversy and which were debated on the floor of the Senate it will be found that a majority of the managers of the conference represented the minority opinion of the Senate.

I do not allude to the amendment offered by the Senator from Idaho [Mr. BORAH], because, in the first place, I think it was improperly attached to the veterans' amendment, and, moreover, it does not seem to me to be one of the major subjects which were then in controversy. Still, if anyone should consider it a major subject, it will be found that the same statement applies to the amendment offered by the Senator from Idaho, namely, that a majority of the Senate conferees voted against the amendment offered by the Senator from Idaho, which amendment was adopted by the Senate.

Under those circumstances, Mr. President, what can be said about the system of conferences which we pursue? How can men properly represent an opinion with which they totally and conscientiously disagree? Any criticism which I am offering is not directed at the individuals who represented the Senate. They did merely what has been done from time immemorial, and it would have been strange if they had refused appointment under the circumstances. But I am criticising the system, and I think something has to be done about it before the Senate and House of Representatives may properly function together as concurrent legislative bodies.

I sympathize thoroughly with what the Senator from South Carolina [Mr. BYRNES] said a little while ago. He felt that, being out of sympathy with the majority sentiment of the

Senate, he would be criticised if he yielded to the wishes of the House of Representatives, and so he bent over backwards and insisted that the Senate's position must be maintained without striking out a word or a syllable. To my mind, both these attitudes are equally untenable when trying to iron out a question in conflict between the two Houses of Congress.

Of course there may be certain questions of principle where the Senate is on one side and the House of Representatives is on the other side. Some of these questions cannot be compromised; they have got to be decided yes or no; one House has got to yield. In most of these cases, however, and especially where the question at issue is one of rates or of sums of money, it is perfectly possible for the two Houses to compromise their differences. That is what I think the system of conferences was meant to promote.

As I understand, the conferees in this case felt bound on the one side and on the other to maintain the position adopted by the respective bodies which had appointed them as conferees. It seems very strange that not only did the Senate conferees represent the minority sentiment of the Senate, but it will be found by looking at the vote taken in the House on March 14, 1934, that when the Taber amendment, which was the prevailing view of the House, was adopted by a vote of 223 to 191, 4 of the 6 conferees representing the House voted with the minority. So we have a situation which seems to me perfectly preposterous. The House conferees are in disagreement with the position of the House and the Senate conferees are in disagreement with the position of the Senate.

I submit, human nature being what it is, that not much benefit can be obtained from a conference conducted by men under such circumstances. And, of course, the result was what might have been expected. The veterans' amendments have gone back to the House three times and the House has turned them down. Once, it is true, they were turned down by a majority of only 1 vote, but a majority of 1, of course, should bind the conferees of the body as much as a majority of a hundred. So, Mr. President, with the situation as it is, I do not believe that we are going to be able to do anything more for the veterans at this time than what is represented by the action of the House of Representatives.

Whether we should yield today or yield tomorrow, I am not prepared to say. In my judgment, it will depend very largely on what happens to the amendment offered now by the Senator from Oregon [Mr. STEIWER].

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Idaho?

Mr. CUTTING. I yield.

Mr. BORAH. As I understand the situation, if we support the motion made by the Senator from South Carolina, we lower the compensation of the veterans and increase our own.

Mr. CUTTING. Mr. President, I think the statement of the Senator from Idaho is correct. It is fair to say again that the House debated at great length the amendment offered by the Senator from Idaho and that there seemed to be very little sentiment over there in favor of it. Eventually we are going to have to yield on that point, I believe. I dislike to argue that particular subject because I voted against the amendment of the Senator from Idaho when it was offered, and therefore I might fail to do it justice; but I think the Senator's statement of the situation is absolutely correct.

Mr. President, the interesting thing to me in the whole debate is that there was not a single argument advanced on the floor of the Senate against the justice of the attitude taken by the Senate. The same thing applies almost literally to the debates in the House, although there were one or two Members who had some minor criticism to make of the Senate amendment. Practically the whole debate in both Houses of Congress has been relative solely to the ques-

tion of whether or not the President of the United States would sign or veto the bill in one form or another.

To my mind that is a secondary question. I can imagine, if this were the last day of the session and we were going to adjourn, that it might become a debatable point whether a Senator had better vote for something in which he disbelieved rather than have all legislation defeated. But that is not the position which we occupy today. We are going to be in session, I imagine, for a considerable length of time.

Furthermore, so far as the Senate is concerned, the veterans' amendments en bloc were adopted by a vote of 69 to 15 in the Senate, so it is obvious that a Presidential veto would have no effect so far as the Senate is concerned.

It is, of course, inconceivable that any Senator who voted for legislation on the basis of his conscience would thereafter vote against it because someone else might have differing views.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Kentucky?

Mr. CUTTING. I yield.

Mr. BARKLEY. While it is true that the amendment as finally perfected was adopted on roll call by a vote of 69 to 15, the real test came on the vote on the Steiwer-McCarran amendment.

Mr. CUTTING. That is the vote to which I am referring.

Mr. BARKLEY. Many voted on the final roll call against the Steiwer amendment which was substituted for the Senate provision.

Mr. CUTTING. To what particular amendment is the Senator referring? There were several Steiwer-McCarran amendments.

Mr. BARKLEY. There may have been two or three amendments put in the bill, but I refer to the final vote on the amendment after it was perfected.

Mr. CUTTING. I am referring to the final vote on the Steiwer-McCarran amendment, known now as "Senate amendment numbered 22."

Mr. BARKLEY. Many Senators who voted for that amendment as finally perfected voted against the various amendments that made it up piece by piece.

Mr. CUTTING. Only one of them was adopted by the Senate on a record vote, and that particular amendment will apparently go out now.

Mr. BARKLEY. There was no roll call, I believe, on the veterans' amendments, except the one particularly relating to the Spanish-American War veterans. If I am mistaken about that, I should like to be corrected.

Mr. CUTTING. That is correct.

Mr. BARKLEY. There was no real test in the Senate on the sentiment of the Senate upon the particular amendment that went in to make up and perfect the final amendment.

Mr. CUTTING. I completely disagree with the Senator in that respect. The Byrnes amendment, as amended by the amendments of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. McCARRAN], with everything in it which is now contained in the so-called "amendment numbered 22", everything that we are now discussing, was adopted by the Senate by a vote of 69 to 15, the Senator from Kentucky voting in the affirmative. Before that vote was taken the Senator from Arkansas [Mr. ROBINSON], the Democratic floor leader, warned Senators that the adoption of the Senate amendment would probably bring a veto. So did several other Senators likewise warn the Senate. I cannot conceive—in fact, I should be violating a rule of the Senate if I even suggested—that any Senator who, after that warning, voted for the amendment would thereafter, after the veto had actually come here, vote against it. In fact, I do not care to pursue any further a slanderous notion of that kind.

But there is something else at stake besides the question of a veto, which I regard as of secondary importance. The important factor is the attitude of the House of Representatives, the coordinate body at the other end of the Capitol.

That body, having all the facts before it, did what I think is very rarely done in that body. It three times took a record vote on the Senate proposals. Those proposals were defeated each time. I disagree with the attitude taken by the House of Representatives. I believe that the original Steiwer-McCarran veterans' amendment was sound in every respect and, so believing, I voted for it. Still, of course, in all legislation the time comes, if there is a diametrical divergence of opinion, when one House or the other has to yield.

I am quite convinced in this case that the Senate is going to have to yield, but I hope that the Senate will yield only after obtaining every inch of ground that it can in favor of the position we adopted by a vote of 69 to 15.

Mr. President, with regard to the vote in the House, I believe that Members who voted attached a great deal of importance to a letter which the legislative vice chairman of the American Legion sent to many Members of the House of Representatives. The letter was signed by John Thomas Taylor, vice president of the legislative committee of the Legion, and I desire to read it:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D.C., March 21, 1934.

MY DEAR CONGRESSMAN: Tomorrow, Thursday, you will again vote on the question of sustaining the House amendments to the independent offices bill, or concurring in the Senate amendments thereto.

It is our opinion that if the House recedes and concurs in the Senate amendments relative to World War veterans, the bill that will go to the President will be vetoed, in which event the veterans will obtain nothing by way of legislation.

The House amendments contain substantially three points of the American legion four-point program. A vote for them would at least be an effort to provide relief for the World War disabled which is the object of the American Legion.

We respectfully request that you lend your aid and assistance in seeing that the House insists upon its own amendments relative to World War veterans. We are convinced that if the bill goes to the President with the House amendments it will be signed.

Very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

Here we have the legislative committee of the American Legion assuring the Members of the House of Representatives, first, that if they adopt the Senate amendments the bill will be vetoed; second, that if they adopt the House amendments the bill will be signed.

I have no idea what authority the legislative committee of the Legion had for any such statement; and, of course, in the nature of events it will be impossible to prove both those assertions untrue. I disagree with the action taken by Mr. Taylor. I am sure he took it in good faith. Mr. Taylor is my friend. I have worked with him for years, and expect to work with him in the future, I think, however, that he made a mistake when he gave this advice to Members of one of the coordinate branches of Congress, and I think, frankly, the House made a mistake when it followed the suggestions and advice of Colonel Taylor.

Nevertheless, the fact remains the same. The House did adopt that suggestion. The House, no matter what the private beliefs of some of its Members may have been, voted against the Senate amendments; and, as I have said before, sooner or later we shall have to yield to the force of facts.

Whether we yield today or whether we yield tomorrow, I desire to serve notice on the Senate, for my own part, that this fight has just begun; that this is not the end of the fight for justice to the disabled veterans of the World War and of previous wars. The soundness and justice of the presumptive clause which was passed after discussion, but without a record vote, in both Houses of Congress back in 1924 was never disputed for a moment until the past year or so. In 1930, when it was proposed to prolong the presumptive period from 5 years to 10, Mr. Hoover vetoed it on the ground, then first suggested, that to pass such legislation would be a legislative lie. In spite of that statement, reiterated on two consecutive vetoes—one with respect to the Spanish-American veterans and one with respect to the World War veterans—there were only six Members of the Senate of the United States who agreed with Mr. Hoover

in his attitude. Sixty-six Members, including every man who then sat on the Democratic side of the aisle, voted against Mr. Hoover and in favor of extending the presumptive period from 5 years to 10.

Now, when it is proposed to preserve for these veterans what they have had by law since 1924, we hear not a word of argument. We hear not a word against the justice of the principle. We merely hear suggestions that somebody else, in some other position, may disagree with us.

Mr. President, these veterans have arranged their lives according to the action of Congress taken in 1924. They have married, they have begotten children, they have made the whole plans for their future existence, confiding in what they believe was a pledge of their Government. Even if the principle was wrong, even if we should criticize the law of 1924 as a historical fact, it remains a fact. That law established the principle under which we have been acting for 10 long years.

Are we going to turn out in the street those men—every one of them helpless, every one of them incapable of earning a living—because of any objection raised at this late hour? I hope not; and I say that regardless of the fate of the legislation which is before us at the moment, regardless of whether the bill goes back to conference or whether we concur in the House amendment at the present time, the fight for justice for these men is going on, and there will continue to be Members of this body who will delight to wage it.

Mr. ROBINSON of Indiana. Mr. President, what is going on now is precisely the carrying on in this Government of a policy that has been continuing since the 4th of last March. The discrimination against the veterans of the United States has been such that the entire country is thoroughly convinced of its unfairness.

The Senate did not do any particular justice to these veterans when it added amendments to the independent offices appropriation bill. True, the Senate amendments were more generous than those suggested by the House, but they fell far short of justice. Now it is proposed that the Senate even withdraw some of the benefits that it had held out toward those who wore the uniform and agree with the House of Representatives in the amendments that have been suggested over there.

I can learn only one reason for this proposal in inquiring around about the matter, and that is that somehow or other somebody has an idea that possibly the President of the United States might veto the bill if it should contain the Senate amendments. Mr. President, that is his responsibility. We have ours here; and it is up to us to do justice to these men who have worn the uniform and to be fair with them, regardless of what the attitude of the President may be. On the other hand, it is suggested that even if the House amendments should be accepted by the Senate and added to the bill, the Chief Executive will veto it.

So I have been unable to find anybody who understands just what is in the President's mind. Accordingly, it seems to me, the sensible thing to do would be to attempt to extend some element of justice to the veterans, who have been kicked around like dogs for the past year, ever since this administration came into power. Let us go ahead and do our job. If the President should veto the bill, let him take the responsibility, and let us then pass the bill over his veto. Let us stand for justice. God knows, the veterans of the United States have had little of it during the past year.

The entire Economy Act, so-called, should be repealed. Every line of it should be repealed, and some of us have tried to have it repealed in toto during this session, but we have not been able to get enough support to have it done. We will never rest content, however, until we shall have wiped that blot off the escutcheon of the United States. Ultimately it will have to go, every bit of it.

Of course, I cannot agree to concur in the House amendments. We have spent untold billions of dollars here during the past year in an orgy of extravagance such as the world never has seen before, and yet we kick the veterans

out of the hospitals as if they were dogs. Now, when it comes to a few dollars that may represent the difference between living with some degree of comfort and actual starvation, we undertake to yield to the House with amendments that are positively inadequate so far as the veterans are concerned.

Mr. President, as I see the matter, I agree with the Senator from New Mexico [Mr. CUTTING], at least to this extent: The battle has just begun. We propose to press the fight until the veterans of the United States have some degree of justice from the Government which they served and for which they sacrificed.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The Senator will state it.

Mr. VANDENBERG. Is the pending vote upon the Steiwer motion to concur with an amendment the final vote, or is it exclusively a vote upon the Steiwer amendment?

The PRESIDING OFFICER. The vote will be upon the Steiwer amendment.

Mr. VANDENBERG. Will there be subsequently an independent vote on a motion to concur?

The PRESIDING OFFICER. After that will come a vote on the motion to concur in the amendment as amended.

Mr. WALSH. Mr. President, I should like to ask the Senator from South Carolina [Mr. BYRNES] a question. Do I understand the Senator's position to be that he personally does not approve the amendments adopted by the House relating to veterans?

Mr. BYRNES. No; I do not.

Mr. WALSH. But the Senator is advocating concurrence of the Senate in the House proposal as the most satisfactory way of ending the disputes over veterans' legislation that have taken place between the two branches of the Government.

Mr. BYRNES. That is the statement I have made.

Mr. WALSH. Personally, I shall support the position taken by the Senator from South Carolina, but for the reason that I favor the House amendments and hope that they may become law. The amendments adopted by the House, I understand, embody the American Legion program and also appear to be a satisfactory adjustment of the dispute between the Executive and the Congress as to the rate upon which Spanish War veterans are to be restored to the pension lists. It was apparent that the Senate amendments would never be approved by the Executive, especially after the Senate fixed the limit of 90 percent upon Spanish War pensions and when the President conceded 75 percent to those who appealed to him and also by adding without a record vote many amendments that exceed the demands of veterans' organizations.

I believe the American Legion program, as finally presented to the Congress, was fair and reasonable. It dealt only with actually disabled veterans. In my opinion, every doubt, where a veteran is actually disabled, ought to be resolved in favor of the veterans. I favored the amendment offered that would accomplish this end when this bill was before the Senate, but unfortunately the Senate loaded the bill with other blanket amendments which it was evident the President would not accept.

The Senate, by its avalanche of amendments, regardless of merit under existing economic conditions, put itself in the position where the President could charge it with sending him a bill for approval that put willful-misconduct veterans, after-war veterans, high-salaried veterans with non-service-connected disabilities, and remarried widows of veterans back on the pension roll, in addition to returning to the pension roll between two and three thousand emergency officers at rates ranging from \$106 to \$416 a month, each based upon the same disability that an enlisted man receives \$30 a month for, and which they would receive without this law. We will be doing the veterans of this country a disservice when we place back into the hands of their enemies the same weapons or some cases to destroy them with before the American people that they had be-

fore the enactment of the Economy Act in March 1933. My belief is that a real friend of the veterans should want to put back as many deserving and meritorious cases as possible, and not only make no effort to restore undeserving cases or grant special and unwarranted benefits to any veterans but should assist in purging the pension rolls of all cases that should not be on it.

Since the Senate amendments went to the House, the House has eliminated some of the Senate amendments that exceeded the requests of veteran organizations and retained the presumptive principle of giving compensation to veterans actually disabled. The these reasons I favor concurring in the House amendments.

Mr. STEIWER. Mr. President, earlier in the debate I attempted to state the attitude of the legal division of the Veterans' Administration in the interpretation made of sections 27 and 28 of the bill. I think there is no controversy upon the subject, but in order that the RECORD may show exactly what was said in the analysis made by the Veterans' Administration, I want to read a brief paragraph from the memorandum which they submitted to the Chairman of the Committee on Appropriations. The part I read relates to section 28, which is the section making complete restoration of the compensation payments to certain types of veterans. I mention that, because it is necessary to bear in mind that they are talking about section 28 in order to understand the paragraph which I now read:

The House of Representatives approved this section as written without amendment, but in view of the limitation of 75 percent of payments in cases where service connection was severed under Public, No. 2, or Public, No. 78, and restored the amendment, contained in section 27 of this title, the question is raised as to the interpretation to be placed upon this particular section. It is believed that clarification will be necessary as under this section no reductions are authorized in such cases.

Mr. President, I have one other matter to which I should like to make brief reference, and with respect to which I invite the attention of the Senator from South Carolina. He made the statement that he had no objection to the clarifying amendment which I had offered, except by reason of the parliamentary situation in the House of Representatives. As I understood his contention, it was to the effect that if the Senate agreed to the amendment which is now pending, because it is in the nature of an amendment on an appropriation bill, when it went back to the House of Representatives it would be open to further amendment, and therefore possibly to prolonged delay.

I always like to agree with the Senator from South Carolina and to accommodate him, because he is always so accommodating to me, and therefore, acting strictly upon impulse, and without consideration, I agreed with him, and stated that I thought his position so taken was correct.

On reflection, it seems to me that we were both in error. The situation, Senators will observe, is this: The House passed the independent offices appropriation bill, the Senate placed an amendment upon the bill, the House then amended the amendment, and we now propose to amend the amendment of the House. This amendment is in order, because not in the third degree, but any other or further amendment would be out of order in either body. I think there can be no controversy of that proposition, and to make sure that my opinion was reasonably correct, I consulted the Senator from Missouri [Mr. CLARK], who was in the chair at the time, and he coincided in my view. Our own parliamentarian, without claiming to be an authority on the House rules, also coincided with my view.

I have here the House Manual, and from it let me read just one paragraph, which I think makes the situation clear. I read:

A bill originating in one House is passed by the other with an amendment.

The originating House agrees to their amendment with an amendment. The other may agree to their amendment with an amendment, that being only in the second and not the third degree; for, as to the amending House, the first amendment with which they passed the bill is a part of its text. It is the only text they have agreed to. The amendment to that text by the originating House therefore is only in the first degree, and the

amendment to that again by the amending House is only in the second, to wit, an amendment to an amendment, and so admissible.

Mr. President, the offer now made is of an amendment to the amendment. It is admissible, but it is the last amendment which can be made.

If I am right in this—and I appeal to the good judgment of the Senator from South Carolina, now that his attention is directed to it—the suggestion made by the Senator is not in point. The only suggestion he made, therefore, no longer is to be considered, and this amendment offered by me will stand before the Senate without valid objection.

Mr. BORAH. Mr. President, we are proceeding under a unanimous-consent agreement, in accordance with which there is to be a limitation of debate on the Bankhead bill at 4 o'clock. We have now consumed nearly 2 hours of the time. I wonder whether it would not be possible to have an agreement that the unanimous-consent agreement entered into on Saturday to limit debate upon the Bankhead bill be modified. I do not desire to delay action on the pending question, nor do I desire to limit debate upon it.

Mr. McNARY. Mr. President, the agreement entered into Saturday, late in the afternoon, was in pursuance of a proposal I made, that we limit debate on the Bankhead bill at 4 o'clock today.

Mr. BORAH. That is as I understood.

Mr. McNARY. In view of the absence of the Senator having the cotton bill in charge, as well as in the absence of the Democratic leader, I think we should have a quorum called. I am heartily in accord with the general purpose of the suggestion made by the Senator from Idaho.

Mr. BORAH. Instead of calling a quorum, suppose we wait for a while. Perhaps the Democratic leader will be in the Chamber in a few moments.

Mr. BYRNES. Mr. President, I think the Senator's suggestion is apt. The Senator from Arkansas will probably be in the Chamber in a few moments, and can respond to the suggestion of the Senator from Idaho.

Mr. McCARRAN. Mr. President, addressing myself to the amendment now pending, offered by the Senator from Oregon [Mr. STEIWER], and addressing myself to the subject generally, I believe that the amendment offered by the Senator from Oregon is entirely and positively essential. I believe it is essential in order that the will of the House of Representatives may be carried out, if for no other reason, because it is undoubtedly an amendment inserted out of place, and the amendment of the Senator from Oregon is a clarifying amendment, which will carry out the spirit and will of those who offer it. Enough of that.

Now, addressing myself to the primary subject, the life of a nation, regardless of its condition, depends upon its militant forces. It makes no difference how we may adhere to pacifism, it makes no difference how we may love peace, from time immemorial the armies of a nation have been its backbone, and the militant forces of a nation spell its history. The armies of the United States have written the history of this country.

Mr. President, a nation lives in its militant forces in three distinct stages. The first is preparation for defense, in which those of us who believe in a virile national life are always interested. I should like to see the navy of this country carry the flag of the United States into foreign waters where it might be loved, where other flags were only feared. I should like to see a standing army of reasonable strength, so that nations might look upon us with a degree of respect. That is enough for preparation.

Then, when the hour of war comes, every sinew and every muscle of a nation is strained, and no one questions that there is one thing all desire; namely, to win the war. Everything is conscripted so that the war shall be won. Whether right or wrong, we are then in the battle, and we propose to win.

Then comes the third stage, the stage which looks back on those who won the war, looks back upon them with an eye of consolation, in the first place, and an eye of gratitude in the second, always looking to the future, because how will

we build the army of tomorrow save and except by our example and precept set as to the army of yesterday? If we are to forget those who bared their breasts to the foe during the World War and during the Spanish-American War, what are we to say to those whom we would call to war tomorrow, if war should come? Are we going to say to them, "We have set the example for you; we have forgotten your brothers who bore arms in our defense from 1917 to 1919; we have cast them out of beds which Government money provided in order that they might be cared for; we have thrown them out on the street, and we have said to communities, 'You will bear the burden of these afflicted men, although they became afflicted because they responded to the Nation's call?'"

I say that by the care we give to the army of yesterday we may call with confidence on the army of tomorrow. If Senators do not think there will be an army of tomorrow, then those who believe in Sacred Writ should remember that the Nazarene said there will be "wars and rumors of wars" until the end of time. So the army of tomorrow is the thing we may think of, and national integrity and national destiny are in our hands today.

Why have we struggled here during the special session and during the present session to take care of the veterans of former wars? When I say "take care of the veterans of former wars" I have reference to those wars which are within our own recollection and some which are not within our recollection. If there ever was a class of soldiers that gave their all to our Nation in her hour of need, it was the class of soldiers that went into the Spanish-American War. If there ever were soldiers who were mistreated by a Nation, it was the soldiers of the Spanish-American War, because they went into the Army at a time when we were not prepared for war, and they went into it at a time when our Nation was calling for volunteers, and the red blood of America was ready to go, even though the hardship in itself was sufficient to take life.

Some of those soldiers never gained the dignity of a battlefield, but they went into camps that were unprepared for their reception; they were compelled to endure climatic conditions which were not at all conducive to their welfare or to their health, and they left behind them the virility of youth and manhood, and many of them, thousands of them, came back broken wrecks, glad to get out of the service, not waiting to be examined, never caring what would happen to them; they only saw the future and went on.

When we compare the system of examination of the discharged soldier of the Spanish-American War with the system of examination, in all its detail, that was resorted to when the soldiers of the World War went out of the service, we will see that the Spanish-American War veteran had no consideration whatever given him. He simply went out of the service. He thought he was healthy, although he had gone through pestilence-ridden camps, had gone into foreign fields, had battled against foreign foes, and had inherited the ills that come from such conditions.

For those veterans of foreign wars we have here struggled. We asked for a restoration of 90 percent. That was the amendment that was adopted by the Senate. It went over to the House of Representatives, and by three record votes they refused to adopt our amendment. They did adopt an amendment of 75 percent.

At least we have made progress. At least we have done something for that particular class of veterans.

Then we come to the World War veteran, and I want to say to those who were so kind as to adhere to my views during the time when the amendments were pending in the Senate, that my one consolation is that we have made progress for the soldiers of the past wars. We have gained for them some solace, some relief, some advantage. The battle is only in the making, for tomorrow we will carry it on again. But the Steiwer amendment now offered to the House amendment is entirely essential for the purpose of clarification, and I ask those who are interested in this matter to stand together and vote for the Steiwer amendment so that the whole situation may be clarified, and the

House amendment, with the clarification, may become law, as I hope it will.

Mr. BONE. Mr. President, in view of the very aggressive and very vigorous and able fight made by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] in the last session and also in this session, and their very wide knowledge of veterans' problems, I will ask, if I may, a question of the Senator from Oregon, because it is a matter of intense interest to myself and my colleague [Mr. DILL]. I should like to ask the Senator from Oregon if he sincerely believes that the bill in its present form, as amended by the House, is the best that we can hope to put through the present Congress for the veterans of the United States? If the Senator would frankly answer that I should be very happy.

Mr. STEIWER. Mr. President, of course the attitude that might be taken by the House under every conceivable kind of condition is merely a matter of speculation and judgment. But to answer the Senator's question, I do believe that we will gain more for the veterans, and come nearer to accomplishing justice, by concurring with the amendment at this time than we would by prolonging the struggle. The House has three times voted on this proposition. Their last vote demonstrated a stronger sentiment to remain adamant than their earlier vote, and it would seem that nothing could be gained by prolonging the struggle at this time.

I ought to say in fairness to myself rather than in answer to the Senator's question that I am not satisfied with the attitude which the House of Representatives has taken. I am not satisfied with respect to the Spanish-American War veterans, in cutting the restoration down to 75 percent, and particularly in excluding from the restored class that great group of nonparticipating veterans who enlisted after August 12, 1898. I think we are working an injustice upon that great group. But in the face of the possibility of veto, in the face of the attitude of the House, I have reached the conclusion that it is better for us to concur, in the knowledge, of course, that concurrence would pass the bill, and in the hope that it might avoid a veto, and in the further hope that if there is a veto we would feel that there was some chance of passing the bill over the veto.

I feel sure that if we adhere to the Senate's position we should have no chance at all of passing the bill over a veto, and all the effort that has been made in behalf of the worthy veterans who are covered by this act would go for nothing.

Mr. BONE. Mr. President, I thank the Senator for his statement.

Mr. WALSH. Mr. President, like many other Senators I have had a large number of requests from veterans' organizations and others to define my position on the bonus and on veterans' legislation in general.

A few days ago I drafted a statement for the press setting forth my views, and I now ask that that statement be printed in the RECORD in connection with this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement referred to is as follows:

The question of the payment in cash of the adjusted-compensation certificates held by veterans is once again before Congress, and many appeals for it that grip my sympathies are constantly urged. It includes paying 10 years' interest not yet due upon certificates not payable until 1945. The cash payment at this time is opposed by President Roosevelt, as it was by his Republican predecessors.

I urged and voted for outright and immediate cash settlement of the bonus when Congress first dealt with the matter. Thereafter and prior to the 1929 collapse I continued to favor cash settlement and so voted at every opportunity. Now, unfortunately, new obstacles exist which cannot be waived aside without serious consequences to the whole country.

With the prostration of industry, the tremendously diminished Government tax revenues, the huge deficits in the Federal Treasury which 1 year ago was imperiling our national solvency, the laying upon the Treasury the requirement to procure funds to pay immediately in cash \$2,000,000,000 or more of certificates 10 or more years in advance of their maturity date became a very different matter.

Against the dictates of my personal desires, which have prompted me until this depression overtook us to support wholeheartedly the most liberal and generous benefits requested by the veterans and their organizations, I have felt, and still feel, constrained to

heed the warnings of the Treasury that the payment of a cash bonus at this time would greatly jeopardize the Government's finances and its credit—the very foundation of any national economy recovery.

If it could be definitely asserted that the depths of the depression had been reached and we were on the upturn, we might be able to defend this expenditure in view of the distressed condition of many veterans. But the depression is far indeed from being over. It is believed by many that were it not for the vast Government expenditures, reaching billions, of borrowed money during the past year, we would have had more distress and suffering than in any period since the depression began. Neither can I agree that because we have borrowed billions for relief of one kind or another we should borrow this two billion.

What the future presents in relieving the vast army of unemployed, and the necessity of relief not only to veterans and their families but also to from 10 to 25 percent of the people, who are in actual want and through no fault of their own are and will be for a long time to come dependent upon the Public Treasury for food, clothing, and shelter, cannot be foreseen. As recent as last November one agency of the Government estimated that there were 5,000,000 destitute children in the country.

One need not be an alarmist to assert that he who dares suggest the year when these vast expenditures of a primary obligation will end would be a reckless prophet. We spent billions of dollars last year for relief of various kinds. Some of this money went directly—more of it indirectly—to bonus-certificate holders and their families and millions of other unemployed citizens. The same amounts of even more may be required for several years to come to protect the homes and savings of our people and to succor those in want and to keep many in private industry employed through Government aid of various kinds.

There is a limit to what the Government can borrow. It is my personal view we are well up to that limit now. Yet the starving, the homeless, the sick and disabled, and all those who are unable to care for themselves must be sustained and cared for at whatever cost. This must always be our first consideration.

I have for some time been convinced that the one absolute necessity above all others in importance to assure future recovery was to wall in the Treasury and credit of the country so that it would not become engulfed in the maelstrom of this depression. Many who have given this problem special and careful consideration believe that this is a weakness in our present program of recovery; namely, that the Treasury is not being sufficiently guarded. All must agree that if conditions get worse the one, indeed the only, prop upon which to rebuild is an unimpaired public credit.

I cannot be a party, whatever the political consequences may be, to blocking the fundamental recovery program of the President by financially impairing the credit of the country upon which he must almost entirely depend. He says the payment of this large sum of money under present conditions would be a serious impediment to his efforts. He is our Commander in Chief in this battle against a depression that is defying all human agencies successfully to combat. Whatever differences we may have over minor expenditures and policies, I cannot forsake the trench in which he is now fighting by authorizing a payment not yet due from the Public Treasury of such vast proportions which he says cannot be undertaken without defeating his efforts for recovery.

When and if our President gives to Congress his assurance that the bonus certificates can be paid in cash without peril to the Treasury and that he favors their payment, I shall be only too happy so to vote.

The payment of the bonus stands on a very different footing from the questions involved with reference to our treatment of and our obligations to those of our Spanish and World War veterans who are sick or disabled. Their just claims for compensation, for hospitalization, for pensions, and for the support of their dependents ought not to be denied or postponed, even though some percentage reductions may be necessary.

I have always stood for the liberal recognition of these claims. I have been against any policy which sought to impose technical barriers against their recognition. Better that some unworthy claims be paid than that one worthy claimant be refused.

The Economy Act of last year worked much injustice upon disabled veterans. Congress and the President have made several efforts and are now doing their best to correct these injustices and to restore, so far as practicable, the pensions and compensation to their former level. It has been a situation where there was grave risk that the consequence of going too far in that direction might be no restoration at all.

The program of the American Legion as finally presented to Congress at this session is in large measure eminently fair and reasonable. I have given and will continue to give it my support. It deals only with actually disabled veterans. In determining the question of whether a disability is of service origin every doubt should be resolved in favor of the veteran. That ought to be our firm policy in dealing with compensation claims. To whatever extent it is necessary to write it into the law to accomplish that end I shall lend my aid.

Mr. LONG. Mr. President, I shall vote for the amendment of the Senator from Oregon [Mr. STEIWER] to the motion to concur in the House amendment, but I am going to vote against concurring in the House amendment, although I know that amendment is going to be adopted, and that it

is, in the opinion of many, expedient to accept it. I cannot gain my own consent, Mr. President, by reason of what appear to be some of the necessities, to place my vote on record to decrease the allotment that the soldiers had before the passage of the Economy Act. I do not care to have my vote go on record, regardless of any apparent necessity to decrease what was being allowed to the soldiers under the Republican administration before the Democratic Party came into power.

I send to the desk an editorial appearing in the Harrisburg Morning Telegraph, of Harrisburg, Pa., entitled "Circulators", as well as an article appearing in the Harrisburg Telegraph entitled "Business and the Bonus", and ask to have them printed in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The newspaper editorial and article are as follows:

[From the Harrisburg Morning Telegraph]

CIRCULATORS

At least one merchant of Harrisburg proved the bonus paid by the State to her soldier veterans would soon find its way into the channels of trade. His store was crowded; almost a hundred chairs of his shoe store being occupied by customers at one time. This merchant has no doubt of the immediate substantial effect on business of a revision of compensation for the veterans of Pennsylvania. And thousands more checks are still to come.

[From the Harrisburg Telegraph, Harrisburg, Pa., Monday, Mar. 19, 1934]

BUSINESS AND THE BONUS

Harrisburg shops and larger stores have no reason to doubt the material results of the soldiers' bonus distribution which found its way into the streams of trade almost immediately following the issue of several thousand checks of the Commonwealth of Pennsylvania. One shoe merchant's experience will illustrate.

C. B. Rodney, the Walnut Street shoe dealer, asked the effect of the bonus on his business, replied:

"I did a larger volume of trade on Friday morning than on the whole day of the Saturday previous. Customers crowded the store and bought freely. We have more than 90 chairs, and at one time every one was occupied by a customer. One buyer selected three pairs of the better grade shoes."

Mr. Rodney also mentioned the large bills that came with the bonus rush and the unexpected difficulty in changing these large notes, many being of the \$50 denomination. Mr. Rodney said further: "I observed to one veteran the rather unusual size of the notes and he laughed with the remark that it also had been a long time since he saw a \$50 bill."

Mr. GLASS. Mr. President, as Chairman of the Appropriations Committee of the Senate, I was opposed to the amendments to the independent offices appropriation bill adopted by the Senate. I am in lesser degree opposed to the amendments adopted by the House of Representatives, and I shall, therefore, vote against the motion to concur in the House amendment to the Senate amendment, although I frankly state that I think that is the speediest way to determine this question. The bill will then go to the President, and we shall see what the President will do about it.

Mr. BYRNES. Mr. President, this morning, when the Senator from Oregon [Mr. STEIWER] presented his amendment, I said I had no objection to the amendment itself, inasmuch as it had for its purpose clarifying inconsistent language, and that I objected only because I believed that under the rules of the other House it would be open to amendment there and thus the discussion and controversy with reference to this bill would further be prolonged. The Senator from Oregon at that time was disposed to agree with me in the statement I made as to the rules of the other House. He has since investigated the matter, and I have also investigated it; and, if the statement of the Senator from Oregon is correct, the amendment would be in the third degree and would therefore not be open to amendment. So, even though it may prolong for some time the consideration of this bill, I have no objection to the amendment of the Senator from Oregon. There will not be the possibility of offering amendments to that amendment when the action of the Senate shall be reported to the other House, and the possibility of such further amendment, as I stated this morning, was my objection to it.

Mr. President, while making that statement, as I am on my feet, I simply want to add a few words with reference to what has been stated by the Senator from New Mexico [Mr. CUTTING] as to the conference. I would not prolong a discussion with him on that subject, particularly when he states that the criticism is as to the system, but I want the record to show that, so far as the system is concerned, the Senator could have no complaint to make on the pending measure, inasmuch as the Senate conferees have not receded from a single amendment that was added to the bill by the Senate. On the contrary, in the conference report which has been adopted, the House conferees receded on every amendment; and, as to these legislative proposals, the Senate conferees have not receded but have come back to the Senate to let the Senate act. I hope the motion to concur will be adopted.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on the amendment of the Senator from Oregon [Mr. STEIWER] to the amendment of the House to the amendment of the Senate numbered 22.

The amendment to the amendment of the House to the amendment of the Senate no. 22 was agreed to.

The PRESIDING OFFICER. The question is now on concurring in the House amendment as amended to Senate amendment numbered 22.

Mr. McNARY. Mr. President, several Senators are absent, and, as they desire to be present, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Oregon suggests the absence of a quorum, and the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Robinson, Ark.
Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Loneragan	Smith
Barkley	Duffy	Long	Stelwer
Black	Erickson	McAdoo	Stephens
Bone	Fess	McCarran	Thomas, Okla.
Borah	Fletcher	McGill	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Murphy	Vandenberg
Byrd	Glass	Neely	Van Nuys
Byrnes	Goldsborough	Norris	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Hastings	Patterson	Wheeler
Clark	Hatch	Pittman	White
Connally	Hatfield	Pope	
Coolidge	Hayden	Reed	
Copeland	Hebert	Reynolds	

Mr. LEWIS. I desire to announce that the Senator from Utah [Mr. KING] is necessarily absent from the Senate in attendance upon a funeral.

I further desire to announce that the Senator from Florida [Mr. TRAMMELL] and the Senator from Maryland [Mr. TYDINGS] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. WALSH. Mr. President, on a vote of this importance, I think we should have a roll call, and I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina [Mr. BYRNES] to concur in the amendment of the House as amended to the amendment of the Senate numbered 22, on which the yeas and nays are demanded.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the junior Senator from North Dakota [Mr. NYE] is unavoidably absent. If present, he would vote "nay."

The roll call was concluded.

Mr. LEWIS. I announce the absence of the Senator from Maryland [Mr. TYDINGS] on official business. He is paired with the Senator from Rhode Island [Mr. METCALF]. I am

authorized to say that, were the Senator from Maryland [Mr. TYDINGS] present, he would vote "yea."

I also announce that the Senator from Mississippi [Mr. HARRISON] and the Senator from Florida [Mr. TRAMMELL] are detained on official business, and that the Senator from Utah [Mr. KING] is absent in attendance upon a funeral.

Mr. FLETCHER. I have a general pair with the Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to my colleague the junior Senator from Florida [Mr. TRAMMELL] and vote "yea."

Mr. ROBINSON of Indiana. I am authorized to announce that if the senior Senator from West Virginia [Mr. HATFIELD] were present he would vote "nay." He is detained from the Senate by illness.

Mr. McNARY (after having voted in the negative). I have a general pair with the senior Senator from Mississippi [Mr. HARRISON] who, I am informed, is absent on official business. Therefore I withdraw my vote.

Mr. HEBERT. My colleague the senior Senator from Rhode Island [Mr. METCALF] is necessarily absent. I am authorized to say that if he were present he would vote "nay" on this question.

I desire to announce the pair of the Senator from North Dakota [Mr. NYE] with the Senator from Utah [Mr. KING]. If present, the Senator from North Dakota would vote "nay", and the Senator from Utah would vote "yea."

The result was announced—yeas 48, nays 39, as follows:

YEAS—48

Adams	Connally	Logan	Robinson, Ark.
Bachman	Coolidge	Loung	Russell
Bailey	Couzens	McAdoo	Sheppard
Bankhead	Dieterich	McCarran	Smith
Barkley	Duffy	McGill	Steiwer
Black	Erickson	McKellar	Stephens
Brown	Fletcher	Murphy	Thomas, Okla.
Bulkley	Gore	O'Mahoney	Thomas, Utah
Bulow	Hatch	Pittman	Thompson
Byrnes	Hayden	Pope	Van Nuys
Caraway	Keyes	Reed	Wagner
Clark	Lewis	Reynolds	Walsh

NAYS—39

Ashurst	Cutting	Hale	Patterson
Austin	Davis	Hastings	Robinson, Ind.
Barbour	Dickinson	Hebert	Schall
Bone	Dill	Johnson	Shipstead
Borah	Fess	Kean	Townsend
Byrd	Frazier	La Follette	Vandenberg
Capper	George	Long	Walcott
Carey	Gibson	Neely	Wheeler
Copeland	Glass	Norris	White
Costigan	Goldsborough	Overton	

NOT VOTING—9

Harrison	McNary	Norbeck	Trammell
Hatfield	Metcalf	Nye	Tydings
King			

So the motion of Mr. BYRNES to concur in the amendment of the House, as amended, to Senate amendment no. 22 was agreed to.

Mr. BYRNES. Mr. President, there is still a controversy between the two Houses on one other amendment, no. 23. It has reference only to a section number. Inasmuch as the matter must go back to the House because of the Steiwer amendment to the House amendment, I move that the Senate further insist upon its amendment numbered 23.

The motion was agreed to.

Mr. REED. Mr. President, I was necessarily called from the Chamber at the time the roll call was ordered upon the amendment just adopted. I did not have an opportunity before the vote was taken to explain the reason which impelled me to vote for the motion of the Senator from South Carolina [Mr. BYRNES]. I think it is only justice to myself and those who feel as I do that the explanation should now be made.

I was impelled so to vote because of the realization that insistence upon the Senate amendment, even if we were victorious over the House of Representatives, would lead us straight into a veto. I have been told that the veto message had already been written, based upon the ground that the Senate had made an inadvertent mistake in extending the benefits to the so-called "misconduct" cases. None of us was conscious that that was the effect of the Senate

amendment at the time we adopted it, but undoubtedly it would be so construed, and a veto based upon that ground would undoubtedly be sustained.

For that reason the officials of the Veterans' associations asked us to vote for concurrence in the House amendment. I think it only fair for those of us who voted for the motion of the Senator from South Carolina to have it distinctly understood by the veterans themselves that their representatives here have urged that action upon us. That appears by a letter already in the CONGRESSIONAL RECORD from the legislative representative of the American Legion. It is also the opinion of other veterans' representatives with whom we have consulted in recent hours. It does not involve any surrender of our opinion that the purpose of the Steiwer-McCarran amendment was a just purpose; and I think I speak the thought of the Senator from Oregon [Mr. STEIWER] as well as my own when I say that the best interests of the veterans were subserved by an affirmative vote on this motion.

Mr. CUTTING. Mr. President—

Mr. REED. I yield to the Senator from New Mexico.

Mr. CUTTING. I certainly am not criticizing the way the Senator voted. I think it was extremely doubtful which way one should vote under the circumstances, as I tried to say a little while ago. If we had not yielded today, we should have had to yield tomorrow; but I wonder whether the Senator's position is well taken insofar as he bases our reasons for voting on the desires of the legislative committee of the American Legion. I understand there are a number of other veterans' organizations which have been consistently opposed to the House amendments. Furthermore, does not the Senator think there were a great many Members of Congress on both sides of the Capitol who were quite as well able to form their own judgments as to what may be the best thing to do for the veterans at some particular stage of the procedure as is the legislative committee of the American Legion?

Mr. REED. Oh, I think so and I do not think they ought to control our votes by any means; but this was an embarrassing vote, because a vote either "yea" or "nay" was easily susceptible of misunderstanding.

Mr. CUTTING. I admit that very frankly.

Mr. REED. And I know that the Senator from New Mexico, whose friendliness for the disabled veteran has been consistent, must have felt the same embarrassment.

Mr. CONNALLY. Mr. President, I desire to briefly state some of the reasons causing me to vote to concur in the House amendments on veterans' compensation and pension provisions of the bill.

It is entirely true, according to my view, as suggested by the Senator from New Mexico [Mr. CUTTING], that to fail to concur in the House amendment probably would deny to veterans relief to which they are entitled and which they cannot secure under existing law and regulations. The Senate amendments to the bill, of course, are much more liberal than those of the House as the bill came to the Senate from that body, and more liberal than the amendments upon which the House now insists. If the Senate insists upon its amendments there will either be no bill enacted or it will be vetoed if passed.

At this time I desire to point out that when the original Economy Act was pending here in March 1933 I offered an amendment providing that the compensation rates carried in the law and in the regulations prior to that act should not be cut more than 25 percent in the case of World War veterans with service-connected disabilities and in the case of Spanish-American War veterans. Later, about a year ago, when veteran and pension legislation was being considered on the independent offices bill, I offered a similar amendment, which was adopted by the Senate, the Vice President casting the deciding vote. The House refused to accept that amendment, but used it as a basis for a compromise, which was much less liberal than the Senate amendment. It served a useful purpose, because it secured for World War veterans and Spanish War veterans much more liberal treatment than they could otherwise secure.

When the independent offices bill was before the Senate on February 26, 1934, I voted for the amendment providing that cuts in Spanish War pensions could not be more than 25 percent, or a 75-percent rate on Spanish-American War pensions, because I knew that this was the highest possible rate the veterans of that war could obtain. I did not vote against the Spanish War veterans; I voted for them. That amendment was defeated; and I then voted for the Steiwer-McCarran amendment in its entirety, which carried the 90-percent rate on Spanish-American War pensions, as well as rates on World War compensation advocated by the American Legion and other veteran organizations. Since that action was taken by the Senate, the House of Representatives on three different occasions, on record roll-call votes, has refused to agree to the Senate amendments on veterans' affairs. There is no hope of obtaining favorable action on the veterans' amendments as they passed the Senate; and it is a question either of agreeing to the House amendments to this bill and securing some relief for disabled veterans, or of voting down those amendments and having them receive none. This course offers the only hope to secure increased benefits to the disabled veterans, and I propose to vote for substance instead of form. I propose to vote for real relief instead of making gestures.

Those, Mr. President, are the reasons which impelled me to vote to concur in the House amendments to this bill relating to veterans' compensation and Spanish War pensions. These provisions as to Spanish War veterans are practically what I proposed in March 1933, and the World War rates are in substance the same as carried in my amendment of March 1933, and later on the independent offices bill a year ago. If either of my amendments had been accepted by the House and became a law, much suffering and injustice would have been prevented.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, in view of the fact that the Senate has consumed 2½ hours today in the discussion of the conference report on the independent offices appropriation bill, and at the suggestion of several Senators, I ask unanimous consent that the agreement under which the Senate is proceeding with regard to House bill 8402, the so-called "Bankhead cotton bill", be modified so that after tomorrow at 12 o'clock noon no Senator shall speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be offered thereto.

The effect of this change will be to leave the debate untrammelled by limitation during the remainder of the day, and it will also give approximately the same amount of time for debate that would have been had if the conference report had not been taken up.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that the agreement heretofore entered into for the consideration of the unfinished business be modified by the provision that after the meeting of the Senate at noon tomorrow no Senator shall speak oftener than once or longer than 15 minutes on the bill or any amendment thereto.

Mr. McNARY. Mr. President, I am sure that change meets with the general consent of Senators on this side of the aisle, and I hope the request may be agreed to.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement requested by the Senator from Arkansas? The Chair hears none, and it is so ordered.

ADJUSTED COMPENSATION OF WORLD WAR VETERANS

Mr. LONG. Mr. President, I desire to ask unanimous consent that following the passage or disposal of the Bankhead bill, the bonus bill be made the unfinished business of the Senate.

The PRESIDING OFFICER. The Senator from Louisiana asks unanimous consent that after the present unfinished business shall have been disposed of, the bonus bill shall be made the unfinished business.

Mr. ROBINSON of Arkansas. I shall have to object to that.

The PRESIDING OFFICER. The Senator from Arkansas objects.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the Senate amendment to House amendment to Senate amendment no. 22 to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, and that the House had receded from its disagreement to the amendment of the Senate no. 23 to the said bill and concurred therein.

REGULATION OF COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. LEWIS. Mr. President, I desire to address myself to what may be said to be the reasons which justify such measures as the one now before the Senate, designated as a cotton-control bill, presented by the Senator from Alabama [Mr. BANKHEAD]. I do not profess any knowledge, as to cotton in its relation to the market or the farm, comparable to that which the eminent Senator from South Carolina [Mr. SMITH], the chairman of the Committee on Agriculture and Forestry, and the Senator from Alabama [Mr. BANKHEAD] no doubt present in support of this bill.

Mr. President, I desire to bring to the attention of the Senate a consideration which is brought to my mind by the public press of this morning and yesterday as reported in the proceedings of the Parliament of England, the Orders in Council of Britain, the legislation of France, and the immediate order that has transpired in Italy in connection with the colleague countries.

The condition of the United States today, as to its foreign trade, must be viewed with a perfectly plain vision on the part of America. The United States may desire to increase her export trade, and greatly deplores the loss of that which she has suffered, for it cannot be held out with any hope to its own people that there can be an immediate restoration from the difficult situation under which they have labored as a reward to them for their patience, for the present conditions clearly suggest that, as to export trade, the foreign lands of every clime are opposing the United States, and are taking every step that is conceivable, through practical operation, to obstruct and debar us from opportunity.

We note, sir, that Great Britain has proceeded by a tariff policy that lays a barrier against us, but which is within her power and her authority. France has entered into an agreement with five different countries to give precedence to their own commodities, in every respect, over everything and anything which may come from the United States. Italy frankly confides to the world her policy is one of retaliation as against our trade, insofar as concerns entering into relations with other lands which give them precedences in exchange for that which Italy is so soon to enjoy from those with whom she has entered into arrangements.

Mr. President, very shortly there will be presented to this honorable body a suggestion from an eminent and authoritative source looking to some remedy as to our export trade, and we turn to ask ourselves the question, What is to be done? Unless something shall be done by this country which will remove the antagonisms which literally hiss their curses against us and will lift the bars which now are dropped down as an obstruction toward our entrance into the world with our exports, then we will have no exporta-

tions, and the markets which we had hoped to obtain in behalf of our home people will have been wholly denied and will wholly fail.

We all rejoice in the prospect that the distinguished President, and the sense of our community at large, without regard to party, may bring some result of repair—it may be by the tender of measures which go by the alluring name of "reciprocity", or it may take on some other form which will be satisfactory in its result to our people. But we cannot be blind to the truth that the length of time this will occupy must diminish the hopes of our people proportionately, and leave them for a considerable season before they can enjoy the results, however propitiously put before the country.

The President of the United States is today in an interesting position, and, for our country, we must look upon him as occupying a station that has been paralleled many times just about this long after inauguration. The President of the United States now confronts a test, and it is about this time following inauguration when similar tests of the support of the President have awakened into conflict and rivalry during every administration from that of William McKinley. I speak something of personal knowledge of the period from the McKinley administration; what preceded McKinley's administration is not borne unto me other than as others would gather it from repairing to history. It fell to me to enter the House of Representatives for the first time during the McKinley administration, and it is because I am able to trace events from that administration to the present time that I say it is about after this length of time from inauguration that there arises opposition to the President in power, wherever partisan purposes may profit by it or personal concern or local benefit may follow from it.

The President of the United States of today confronts before the country the following questions: Is the country with him? Is Congress against him? Will Congress support the mandate which came from the popular vote which placed the President in position, and authorized his advocacy of measures such as he stated were the issues as presented by him in public addresses before the country? Will the country recognize the changes which have transpired in respect of commerce and business throughout the world, and note the mishap which has followed America in an experience of loss, and something of the despair she is compelled to endure as the result of that which has transpired?

Shall not the President have a right to submit the query to this Congress, Are you with me, or are you against me? Has not the country the right to know whether the measures submitted by the President are going to receive the support of Congress? Has not the President the right to know whether those who come as the agents of the people are going to aid in carrying out the measures as submitted by the President in expression of what he feels to be for the welfare of his people?

Mr. President, if, for partisan purpose on the one hand, or the demands of local benefit on the other, or, filling in the triangle, because of any personal obstacle or personal disappointment of the individual, there shall begin obstruction to the policy of the President as sent to the Congress to be executed, we might as well despair of any results to the people which could repair their wrongs or could restore their rights.

We have observed, through the experiences of other Presidents, a situation similar to that of today, except that it may be said that a greater support from the public heart of America is given to the present President of the United States than that which we have seen at any other period in our lifetime extended to any other President who has been honored in the position where sits Franklin D. Roosevelt.

Mr. President, since it is plain that foreign trade cannot be looked to to repair the losses of our country, and that the farmer from his farm and the manufacturer from his factory must wait only in hope, but not be able to realize in the present a return sufficient either to increase his busi-

ness or to repair his losses, we turn to ask, What other steps can be taken?

The trade of this country is about 90 percent the result either of the industry of the manufacturer or of the farmer; and since there is so little to be hoped for immediately from the export trade against which foreign countries are now leveling their cannon of legislation and rearing their barriers of obstruction, we are confronted with the query, What can be done as to the domestic trade in order to help the citizen at home in his local pursuits?

If continuous production in any line, either on the farm or in the factory, shall continue to result in a surplus beyond the capacity of the people to purchase, and then result concomitantly in very low prices to be obtained by those who do produce, the conclusion can be but one, in the final analysis—a loss to those who produce and, therefore, an inability on the part of those who would consume to purchase.

How shall this be remedied? There is a bill before this body spoken of as the "cotton bill." I am not an expert upon the subject in its relation to the farm or the factory. True, I was reared in the State of Georgia, a cotton-producing State, and am not without some knowledge of the problems of the South, and great sympathy for their miseries and that which they have had to endure in their losses and in their despair. But I speak rather upon the general subject. Shall there not be some step accepted by our country whereby we may limit production in order that, as a result of that limitation, there shall be a market for that which is produced, and that market at such a price as will give such profit or compensation to the producer as will induce him to continue to produce and will give him compensation for his undertaking? In the meantime, does not that also produce the result that that which he obtains from his product becomes that with which he buys other products, and he becomes the consumer? More people are put to toil, and more wages are given to the toiler.

It may be that there are some who are not occupying themselves in the same pursuit in a manner as before; but as nature gives us equality that enables us to repair our misfortunes, it may be trusted that those who temporarily are suspended from employment, or from its pursuit, will find something else that will become their life in their undertaking or become their habit in nature, and in the final end no great loss will transpire.

The measure presented by the eminent representative of the crop from the South, cotton, deals with a very serious question, the seriousness of which the world little realizes. Cotton heretofore has been produced largely in the South. It has had a very large trade abroad. As I remarked a while ago, if I may be pardoned the personal reference, I have my interest in the South, where my forefathers have lived for generations, and where I lived in my childhood and in my youth. I know its problems as a cotton-producing section. As I traveled across Egypt, I realized the widening domain that was awakening as a competitor to the South. Then in Australia I beheld the rapid growth of their farms, and the multiplication of the land areas wherein cotton is produced. Then I returned with great gladness to see in our own great country in the West a new production of this great staple. As I saw all this, I marveled that the southern planter who produces cotton does not realize how very great is his peril and that, if something is not done that shall limit his production and place him upon the same paying market, there is no recourse for him beyond bankruptcy. That means the abandonment of his farm. It means a loss of comfort and dignity. His children will become wanderers and wayfarers wherever they may go, to city or to country.

This illustration which I draw is applicable to every other form of production in the land and justifies the new departure upon which we are now entering—of some form of control of production in order that the production that may come forth may have compensation and lend encouragement to other producers, and that new fields of operation may

be found to make up whatever may be lost temporarily so that disadvantage shall not come from that which is withheld.

Mr. President, I rise to ask whether there ever has been a time in the emergencies of any country when its citizens have not had to surrender a temporary advantage in order to avoid suffering from a greater and multiplied disadvantage?

Caesar is descending upon Rome. The imperial city is crowded with the thousands who come down from the hills, whom history records in a single expression as "the Goths and the Vandals", who in after times became possessed of the government. This eminent soldier, who had also written his Commentaries with the aid of his secretaries, saw that the necessity at first was to provide something for the farmer whose corn was losing markets. He also saw to it that the one whom we now speak of as the weaver, who with magic fingers in different forms of necromancy produces the results which we speak of as carpeting, literally of the earth, and the metal worker, and others, were all placed under a form of industrial operation such as we speak of today as the code. A form of limitation by the order of this great general and administrator was placed upon products, and it gave to Rome her chance to reestablish herself, by which she became the competitor of Egypt, and avoided the Egyptians overrunning her, and saved herself from destruction, and enabled the great poet to write of—

The glory that was Greece
And the grandeur that was Rome.

Mr. President, we turn to contemplate for a moment the condition that came upon England after she ceased to be under Gaul. When it was discovered that the wool from her farms could not have an outlet, France having placed a barrier growing out of previous wars, England did not hesitate to adopt, through the strategy of her statesmen and the wisdom of her philosophers, a system that placed a limitation upon the products which came from her soil as well as those which came from industry. A market price was secured, and something was had in that which went forward to her neighboring lands, which we speak of as exports.

It cannot be lost to the memory that as the manufacturers came along in Germany and Germany became a great manufacturing country and the supreme quality of her mechanical arts became recognized by the other nations of the world, Germany summoned the master minds of the fine portions of her land, which were not then an empire, and submitted to them a proposition for lessening manufacturing, giving as a reason, among others, the absence of coal sufficient to justify those exaggerated and enlarged undertakings. In this manner Germany began to build a market. She secured profits to her own people, gains to her country, and welfare to her citizens, which induced her to advance farther; and then she began the very first definite move out to that portion of the world of which she subsequently became a colonizer, known as "West and Central Africa."

I mention these incidents—not unfamiliar, of course, to the Senators who do me the honor to hear my observations—merely that it may be seen that what has been undertaken here in behalf of cotton, one of the prime crops of our country, is no novelty in the creation of man, and is now being presented to meet a necessity very like that which has faced other countries of the earth, and which they have met in similar manner.

We turn, of course, now and then for solace to Ecclesiastes, where it was said by the author that he beheld under the sun nothing new.

Mr. President, that for which I ask consideration is not primarily the cotton bill. I do not speak to the bill other than in its general terms. I beg to advise the Senate, however, that the example being set here must be followed as to all other products in America at this particular time, or there will arise from every portion of the country a demand that that be done. I now advert particularly to the imperial West, of which I am one of the voices; and in order that it may have an example which may guide it along the road looking to its protection and to the preservation of its people, I am pleased to point for justification to the bill pre-

sented by the Senator from Alabama in behalf of this great crop, cotton, and what the advocates of the bill feel will be its successful result.

Mr. BAILEY. Mr. President, will the Senator yield to me for a question?

Mr. LEWIS. I yield to the Senator from North Carolina.

Mr. BAILEY. I wish to know if we are to gather from the Senator's remarks that the American Republic in the year 1934 is to look to the European monarchies of the sixteenth century for an example.

Mr. LEWIS. I answer that whenever an example has been set to mankind, and mankind has profited by it, and it parallels in its exact experience that of today, it is an example to be followed, and one that it would be profitable to follow, although I must say to my able friend from North Carolina that it is not necessary to return to them. I merely call to the attention of my able friend and the Senators about me how the views expressed here today in behalf of the bill called the "cotton bill" are not original, but similar utterances have been previously made in connection with just such emergencies as that which confronts our land today.

I rather would invite my able friend's attention to the point I prefer to stress and that is, that when the President of the United States finds it necessary, in obedience to what he feels is the will of the people, as expressed to him through the ballot box, to order or request his congressional aids to consider legislation of this form as that which can repair the losses and meet the conditions of distress, that he may alleviate them and wholly restore our country's prosperity, we should turn to realize that the President's order and request to the body is a mere compliance with the order he has obtained from the ballot box when he was placed in power. We should realize that he is fulfilling a trust; and we, the Congress, his colleagues, should consider that we too owe an obligation to the country of fulfilling the order of the ballot box in compliance with the requests of the President wherever we can do so without complete violation of conscience, or what we feel is a deliberate assault upon the interests and welfare of the country.

Mr. President, I particularly desire to stress that it is not sufficient as a justification for our opposition that we ourselves individually may feel that the President is wrong. The President of the United States, coming directly from the people, has the right to be wrong. He may be wrong according to the estimate of some other man; he may be wrong according to the measure of some other community; but if he is fulfilling the directions of the people who placed him in office, at the same time giving him instructions as to the method of relief they seek, however wrong it may appear to be to the individual here and there, whose private fortune or personal interests it may affect, that cannot be a justification for opposition to the measure. The measure has a right to have its trial and its experiment to be explored in order to test its efficacy.

I, therefore, merely rise to call attention, sir, that conditions in our country and countries abroad call for action by us, not so much, sir, merely to fulfill a hope that there may be a restoration of exports through some adjustment between ourselves and foreign countries as to announce that that hope is so far from realization, and before it can be reached in its undertaking will have so many obstructions from statesmen who may honestly differ as to processes and from a public that may oppose the measures undertaken, that in the meantime our first obligation is to consider conditions at home, to ascertain what may be done to secure the market at home, and give relief to our own producers of farm and factory. So whatever the limitations of the measure now proposed in the application of the remedies it suggests, as an example, sir, I give it my approval because I find it tends in the direction of the current program of relief to America, if America is to enjoy such in the present era. I thank the Senate.

Mr. BORAH. Mr. President, the able Senator from Alabama [Mr. BANKHEAD], who opened the debate, and who is the author of the pending measure, indicated in his remarks

that as it affects a local problem and a local question, those representing that section of the country should be permitted, in a large measure, to have the approval of those who come from other sections.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER (Mr. Erickson in the chair). Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BANKHEAD. I am quite sure the Senator from Idaho will recall that during the course of my discussion I pointed out the very great direct interest all the industries of this country have in this program, and also, from my standpoint, its effect on the welfare of the people at large.

Mr. BORAH. I was going to say, Mr. President, that if this measure affected solely and alone the region of country in which cotton is produced, I think we would all be disposed to accept the judgment of those from that section, for there is no group of men in this body who know better the problems of their own particular locality and are more capable of presenting them than those who represent the States where cotton is grown. If this measure in any sense could be confined in its effect and operation to the South, or to that portion of the country where cotton is grown, I certainly should not take the time of the Senate in discussing it. But it is a measure which involves, first, a very grave constitutional question, and secondly, the establishment of what may be considered a national policy. Undoubtedly, as indicated just now by the able Senator from Illinois [Mr. Lewis], if applied to cotton, it must inevitably find its way to other portions of the country and control the production of other crops. Therefore, in discussing this measure we are not in any sense at all impeaching or controverting the ability of those who are especially familiar with the cotton situation to represent the views of the cotton growers.

Mr. President, there is a constitutional question here involved, but I am not going to discuss it at length. I am not going to discuss it at length for the reason that, in my judgment, it presents no graver question of constitutional law than other measures which the Congress has passed with reference to national recovery. I have felt that a number of provisions in the Agricultural Adjustment Act run distinctly counter to the plain provisions of the Constitution, and while I have felt, and now feel, that there are provisions in the National Recovery Act equally objectionable, the courts have not as yet passed upon them. If the courts should sustain them, this bill, in my judgment, would have to be accepted under the principles which would be announced in order to sustain provisions of the other measures.

Therefore, I do not feel disposed to discuss the constitutional question, further than to explain my personal view and in a sense to explain my vote. It is admitted by the terms of the bill and in the discussion on the floor that we are dealing with a product which is not in interstate commerce; under the decisions of the Supreme Court in no sense could it be regarded as interstate commerce. I do not believe that the able Senator himself who spoke in behalf of his bill would undertake to maintain that the interstate-commerce clause would justify this measure.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BANKHEAD. I do not know whether the distinguished and able Senator from Idaho heard my full discussion on Saturday, but, whether he did or not, permit me to point out to him at this time that it is likely that a greater proportion of cotton and the manufactured products of cotton within the States where cotton is grown move in interstate and foreign commerce than any other commodity produced in America.

Mr. BORAH. Certainly; that will be conceded, Mr. President, but it does not in any way change the principle of law which I have announced, because until it does begin to move in interstate commerce it is not subject to the will of Congress or to the legislative power of Congress

under the interstate-commerce clause of the Constitution. The fact that it may move at some time in interstate commerce is not sufficient to authorize Congress to legislate concerning the commodity under the commerce clause of the Constitution. I need not cite decisions to sustain that principle of constitutional law. So long as it is intrastate as a commodity, so long as it is not in the channels of interstate trade, it cannot be legislated upon by the Congress, although it may thereafter, at some time or other, move in its entirety in interstate commerce. Clearly the measure itself discloses that we are dealing with this product before it enters interstate commerce, and, indeed, we are attempting by the terms of the measure itself to prevent its going into interstate commerce, that is, that portion of it as to which we propose to legislate.

Mr. President, I do not think that the taxing power can be invoked to sustain this measure. The only decision which has been called to our attention which would apparently sustain the view that this bill is within the taxing power of Congress is that in the oleomargarine case, and I do not believe that case in any sense announces a principle which would justify the measure which is now before us. It must be borne in mind that there the Congress was dealing with a commodity known as "oleomargarine" and seeking to distinguish it from butter, and by the exercise of its power laid a tax on oleomargarine. I think the Court went to the limit in sustaining that law. But suppose, instead of its having dealt with oleomargarine in contradistinction to butter, it had dealt with butter solely, and had undertaken to impose a tax upon pure butter in excess of a certain quantity of butter produced; that would be this bill; and that is not the measure upon which the Court passed.

Mr. BANKHEAD. Mr. President, let me ask the Senator what he has to say about the bank-note tax, which prevented entirely the issuance of bank notes by the State banks? I refer to the Veazie case.

Mr. BORAH. The Congress of the United States is given express power with reference to money and the establishment of a monetary system, and the Court undertook to sustain the act referred to upon that theory.

Mr. BANKHEAD. It sustained, however, as I think the Senator will admit, the tax regardless of the other theory.

Mr. BORAH. It sustained the tax because the Court found special provision in the Constitution authorizing the Congress to deal with the entire subject matter; and the Congress, having power to deal with the subject matter in any respect, had the power to deal with it as an entirety and completely; it might do whatever the Congress thought was sufficient and efficient to establish a proper monetary or banking system in the United States.

If the effect of the establishment of that system was to prevent the States from having a certain monetary system, it was perfectly legitimate, for the reason that the power was originally lodged with Congress to treat with the entire subject; and that is not the principle with which we are here dealing.

It must be borne in mind that this decision, the Oleomargarine case, was by a divided court. In the decision it is stated:

As we have said, it has been conclusively settled by this Court that the tendency of that article to deceive the public into buying it for butter is such that the States may, in the exertion of their police powers, without violating the due process clause of the fourteenth amendment, absolutely prohibit the manufacture of the article. It hence results that, even although it be true that the effect of the tax in question is to repress the manufacture of artificially colored oleomargarine, it cannot be said that such repression destroys rights which no free government could destroy, and therefore no ground exists to sustain the proposition that the judiciary may invoke an implied prohibition upon the theory that to do so is essential to save such rights from destruction.

We are dealing here with a perfectly legitimate commodity, with a perfectly legitimate article of trade and commerce. It is not deleterious; it is not obnoxious to the public interest; it is not deceptive; there is no fraud connected with it in any way; but here is a legitimate subject of trade and commerce. Now, I ask, can the Congress of the United

States, under the guise of laying a tax, prohibit the shipment of a perfectly legitimate subject of trade in interstate commerce? Has it ever been done? We have prohibited the sending of lottery tickets through the mails; we have prohibited the carrying of women across State lines for illicit purposes; we have taxed oleomargarine because of the deception and the fraud which it works; we have taken hold of those subjects which in some way were injurious, or were thought to be injurious to the public, and either through a special provision of one kind or another we have undertaken to control and limit action in regard to them.

Mr. HEBERT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Rhode Island?

Mr. BORAH. I will yield in just a moment.

But, as said by the Supreme Court in a case which I shall read in a few moments, to concede to the Congress the power by its own interdiction to prohibit a perfectly legitimate product of commerce to enter into interstate trade is to take away the very foundation of the Government itself.

I yield now to the Senator from Rhode Island.

Mr. HEBERT. The Senator is quoting from the opinion in *McCray* against United States, involving the oleomargarine case, reported in One Hundred and Ninety-fifth United States Reports?

Mr. BORAH. Yes; I was quoting from that.

Mr. HEBERT. I invite the attention of the Senator to the last paragraph in that decision which to my mind is a very strong argument against the principle involved in the pending bill.

Mr. BORAH. Yes; I am going to read that now:

Let us concede that if a case was presented where the abuse of the taxing power was so extreme as to be beyond the principles which we have previously stated, and where it was plain to the judicial mind that the power had been called into play not for revenue but solely for the purpose of destroying rights which could not be rightfully destroyed consistently with the principles of freedom and justice upon which the Constitution rests, that it would be the duty of the courts to say that such an arbitrary act was not merely an abuse of a delegated power, but was the exercise of an authority not conferred.

The Senator from Alabama by his bill is saying to the small farmer of the South that he shall produce only a small amount of cotton or, if he produces more, he shall not be permitted to ship it in interstate commerce. What is the matter with that cotton? Why not permit it to be shipped in interstate commerce? The cotton is inherently sound. It is a legitimate article of trade. It is proposed that we shall use the taxing power to preclude a citizen of the United States from enjoying the right to sell his property in the ordinary course of trade. My own view is that we have no such power. That a measure which purports to do that thing not only is without authority of the Constitution but runs counter to the most fundamental principles of free government.

As I said a moment ago I do not say that the Court will not sustain the bill. I do not know what that tribunal will do. If they should sustain other provisions of the Agricultural Adjustment Act, I think this bill would have to be sustained. I am simply recording my own view which must be my guide in casting my vote. I must construe the Constitution myself for myself in voting on measures here. And I entertain no doubt as to the unconstitutional import of this bill. I can find no possible justification for the exercise of the taxing power to keep out of trade a legitimate subject of commerce. It is not imposing a tax for revenue, it is assessing a fine under the guise of a tax.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BANKHEAD. While the Senator has before him the *McCray* case, from which he is reading, I invite his attention to page 60, near the bottom of the page, to a proposition which is fully supported by this decision from the very first statement in it to the last:

The proposition that where a tax is imposed which is within the grant of powers—

I assume that no one disputes the right of Congress to levy an excise tax—

the proposition that where a tax is imposed which is within the grant of powers, and which does not conflict with any express constitutional limitation, the courts may hold the tax to be void because it is deemed that the tax is too high, is absolutely disposed of by the opinions in the cases hitherto cited, and which expressly hold, to repeat again the language of one of the cases (*Spencer against Merchant*) that "The judicial department cannot prescribe to the legislative department limitations upon the exercise of its acknowledged powers. The power to tax may be exercised oppressively upon persons, but the responsibility of the legislature is not to the courts but to the people by whom its members are elected."

Mr. BORAH. I do not dispute the proposition the Senator states at all. There is no argument about it.

Mr. BANKHEAD. That goes to the proposition the Senator has been arguing.

Mr. BORAH. No; it does not.

Mr. BANKHEAD. The Senator has been arguing that a tax laid upon an article which may move in interstate commerce, or that the Senator insists does not but may move in interstate commerce, is an undue burden and interference with interstate commerce. Here a tax was laid upon oleomargarine that was unjust, an excise tax. Nobody disputes it. But the principle of the power to levy the tax, whether upon colored or uncolored oleomargarine, is unquestioned, and the amount of the tax under this decision cannot be questioned by the courts.

Mr. BORAH. In order that the Senator and I may not take our time in controverting things about which we agree, I concede that if the Congress has the power, then the Court cannot restrain the exercise of that power to whatever extent the Congress may choose to go. We are now discussing the question of whether or not the Congress has the power, through the guise of taxation or otherwise, to prohibit the shipment in interstate trade of a pure, unadulterated, legitimate subject of commerce and trade. That is the subject I am discussing.

Mr. BANKHEAD. Is the Senator addressing himself to unconstitutionality of the bill? I understood he was not going to do that.

Mr. BORAH. I have stated that I simply desire to state my position regarding it, and I do not propose to take much time of the Senate in further discussing it.

I call attention to one sentence which I think is important. Speaking of the power to regulate commerce—and it would be the same, in my judgment, in reference to taxation—the Court said in the *Dagenhart* case:

The power conferred is to regulate, and the very terms of the grant would seem to repel the contention that only prohibition of movement in interstate commerce was embraced. And the cogency of this is manifest, since if the doctrine were applied to those manifold and important subjects of interstate commerce as to which Congress from the beginning has regulated, not prohibited, the existence of government under the Constitution would be no longer possible.

Is it contended that the Congress of the United States has the power, by taxation or otherwise, to prohibit any legitimate subject of trade that it sees fit to prohibit?

Mr. BANKHEAD. Is that question addressed to me?

Mr. BORAH. It is addressed to the country. Has the Congress of the United States the power under the Constitution to say to a man who has 10 bales of cotton, "You may not ship that cotton in interstate commerce"? I think it is a very, very extraordinary power.

I read a paragraph from the child-labor tax case, and then I shall pass from this constitutional question:

Or does it regulate by the use of the so-called "tax" as a penalty?

I call particular attention to this matter:

If it were an excise on a commodity or other thing of value, we might not be permitted under previous decisions of this Court to infer solely from its heavy burden that the act intends a prohibition instead of a tax. But this act is more. It provides a heavy exaction for a departure from a detailed and specified course of conduct in business. That course of business is that employers shall employ in mines and quarries children of an age greater than 16 years; in mills and factories, children of an age greater

than 14 years; and shall prevent children of less than 16 years in mills and factories from working more than 8 hours a day or 6 days in the week. If an employer departs from this prescribed course of business, he is to pay to the Government 0.1 of his entire net income in the business for a full year.

It was held that that tax was void; that that could not be done under the guise of the taxing clause.

Mr. President, I say that when the authorities find that the party is proposing to ship in interstate commerce above a certain amount allotted to him and that there is assessed against him a tax of 50 percent of the value, that is manifestly on the face of it a punishment for the doing of a legitimate thing, and it seems to me that it is indefensible.

Mr. President, it has been said that the southern cotton planters are all in favor of the bill, that 90 percent of them are in favor of it. I do not believe 10 percent of the cotton planters of the South are in favor of this bill. They are in favor of a higher price for their cotton, and undoubtedly they would be in favor of any reasonable attempt to control the production of cotton. But when we consider the terms of the bill, the penalties which are assessed, and the fact that a man may be sent to prison for violating a regulation of the Department of Agriculture in a legitimate occupation which he has pursued for half a century or less, I do not believe the people would accept any such proposition.

I do not know, of course, just what the number of people is who are opposed to the bill. I know it is very large. I do know the southern people. I admire the southern character. I do not know of any people who desire more freedom, more independence, more liberty to pursue their legitimate rights without embarrassment than the people of the South. I do not believe any people on the round globe are so free of the taint of Communism. I doubt very much if anyone will ever be able to get them to accept a strait-jacket like this.

Let us read the bill, a most extraordinary measure, it seems to me. Even if we concede the purpose to be legitimate, yet the terms and conditions of the bill are exceptional:

When the Secretary of Agriculture finds for the crop year 1935-36 that two thirds of the persons who own, rent, share-crop, or control land in the United States on which cotton is produced favor a levy of a tax on the ginning of cotton in excess of an allotment made to meet the probable market requirements and determines that such a tax is required to carry out the policy declared in section 1, the Secretary shall ascertain from an investigation of the available supply of cotton and the probable market requirements the quantity of cotton that should be allotted, in accordance with the policy declared in section 1, for marketing in the channels of interstate and foreign commerce, from production of cotton during the succeeding cotton crop year, exempt from the payment of taxes thereon.

What happens? The taxes are laid as a result of a popular vote, as it were. We are not levying the tax ourselves. We are giving to the Secretary of Agriculture the power to levy the tax, and the Secretary of Agriculture cannot exercise the power until he has taken a plebiscite of the voters. Thus the power to levy a tax is to be twice removed from the body which alone has that power.

For the crop year 1934-35, 10,000,000 bales is hereby fixed as the maximum amount of cotton of the crop harvested in the crop year 1934-35, that may be marketed exempt from payment of the tax herein levied. Except as provided in section 2, the allotment plan and the tax is hereby declared to be in effect for the crop year 1934-35.

SEC. 4. (a) There is hereby levied and assessed on the ginning of cotton hereafter harvested during a crop year with respect to which this act is in effect, a tax at the rate per pound of the lint cotton produced from ginning, of 50 percent of the average central market price per pound of lint cotton, but in no event less than 5 cents per pound.

Is that a tax, or is that a fine? When a man has a certain number of bales of cotton which may go into interstate commerce, and we find that he has a bale of cotton which may not go into interstate commerce, and we tax him 50 percent of the value of the product, is that a fine? Is that a punishment or is that a tax? Is it laid for the purpose of collecting revenue, or is it laid for the purpose of punishing a man for exercising his legitimate rights and pursuing a legitimate industry?

On the face of the matter, when the court comes to speak of this bill, it will say that the objective sought is that of

punishment of the person who undertakes to engage in interstate commerce.

If the cotton was harvested during a crop year with respect to which the tax is in effect, the tax shall apply even if the ginning occurs after the expiration of such crop year.

Now we come to the punitive provisions of the bill:

Except as may be permitted by regulations prescribed by the Commissioner, with the approval of the Secretary of the Treasury, with due regard for the protection of the revenue, no person shall (1) transport, except for storing or warehousing, under the provisions of section 4 (f) beyond the boundaries of the county where produced any lint cotton to which a bale tag issued under this act is not attached.

What are we doing here? We are prohibiting internal transportation. We are saying that a man shall not ship from one county to another without the consent of the National Government. I do not believe it will be contended that that is valid.

Mr. BANKHEAD. Mr. President, I assume the Senator understands that that relates only to cotton upon which the Government has a lien for a tax which has not been paid.

Mr. BORAH. Yes; I understand that. The bill goes on:

Or (2) sell, purchase, or open any bale of lint cotton to which a bale tag issued under this act is not attached.

That does not change the principle which I was undertaking to express, it seems to me.

(d) Any person who willfully violates any provision of this act, or who willfully fails to pay, when due, any tax imposed under this act, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag or certificate of exemption made or used under this act, or who uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag or certificate of exemption, or any plate or die used, or which may be used in the manufacture thereof, or has in his possession only bale tag which should have been destroyed as required by this act, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such bale tag or certificate of exemption, or who reuses any bale tag required to be destroyed by this act, or who places any cotton in any bale which has been filled and stamped, tagged, or otherwise identified under this act, without destroying the bale tag previously affixed to such bale, or who affixes any bale tag issued under this act to any bale of lint cotton on which any tax due is unpaid, or who makes any false statement in any application for bale tags or certificates of exemption under this act, or who has in his possession any such bale tags or certificates of exemption obtained by him otherwise than as provided in this act, shall on conviction be punished by a fine not exceeding \$1,000 or by imprisonment for not exceeding 1 year, or both.

There are some things in that provision for which I think it would be perfectly proper to inflict punishment. If a person is guilty of fraud, or guilty of deception, or guilty of forgery, or anything of that kind, undoubtedly the Congress has a right to fine him a thousand dollars, or any other reasonable amount that the Congress sees fit; but the bill says:

Any person * * * who willfully fails to pay when due any tax imposed under this act.

In other words, if a person is unable to meet his obligations and declines to pay, or refuses to pay, does he not do it willfully or purposely?

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I do.

Mr. BANKHEAD. The Senator will find, if he will examine the measure, that the tax is not due until the producer sells the cotton. If any tax at all is due under the proposed statute the Senator is criticizing, it is not due until the producer sells the cotton, because there is no tax due on reserved cotton. If he removes or disposes of the other cotton, there is no tax due on it until he sells it, and then, of course, he has the money out of which to pay the tax. If he puts the money in his pocket and goes off and deprives the Government of the tax, I do not think the punishment is too severe; but if the Senator thinks it is, I am perfectly willing to modify it. I just want to make the law effective, that is all.

Mr. BORAH. The bill says:

(e) Any person who willfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this act * * * shall * * * be punished by a fine not exceeding \$200.

Mr. BANKHEAD. That is taken from the Agricultural Adjustment Act. It has been in effect now for a year, and I have not heard of anybody improperly being sent to the penitentiary.

Mr. BORAH. No; and I do not think the Senator ever will, because I think the authorities are afraid to test it. Ever since I have been in the Senate, however, I have been protesting against making the violation of a regulation promulgated by a Cabinet officer a crime. A man ought not to be convicted of crime for violating anything less than the law made by the lawmaking body of the United States, or of the State, if the transaction be within a State.

I said a moment ago that I do not think the South as a whole, or the small planters of the South, are in favor of this bill; and I do not think they are. I have here a letter from North Carolina which says:

If you will go into the history of all the men visiting in Washington urging the above legislation, you will find that most of them are landowners who have overproduced for years and therefore are fully protected under the proposed bills.

I will hand these letters to the author of the bill if he desires to see them.

I have a telegram this morning reading as follows:

Please vote against Bankhead bill. Small cotton farmers oppose it. Will ruin dairy and livestock industry in South, where feed is already scarce and high. Farmers' endorsement obtained by high-pressure methods through professional agriculture bureaucrats.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I do.

Mr. SMITH. May I ask the Senator to read again the part of that letter which says that the passage of the bill would ruin the dairy interests of the South—for what reason?

Mr. BORAH. I read it just as it is written here.

Mr. SMITH. Yes; but I ask the Senator if he will read it again.

Mr. BORAH. The writer of the letter says:

Please vote against Bankhead bill. Small cotton farmers oppose it. Will ruin dairy and livestock industry in South.

Mr. SMITH. It seems to me that is a contradiction in terms, if the Senator will realize that on the land which the Government rents, which has been taken out of production under this voluntary reduction program, an abundance of feed and food for cattle can be raised. So it seems to me that instead of injuring the dairy industry, the passage of this bill would be the very source of promoting it.

Mr. BORAH. Southern Congressmen who know more about this matter, of course, than I do—not more than the Senator from South Carolina does—took the same position in the debate in the House.

Mr. SMITH. Yes; some few of them.

Will the Senator allow me here to repeat what I said last Saturday? The Secretary of Agriculture informs us that he sent out questionnaires along the line of the voluntary entrance into binding contracts by farmers to reduce their acreage. He sent questionnaires to those who had entered into the voluntary reduction program, and asked them how they felt in this emergency toward the Congress, passing a compulsory act looking toward making absolutely certain the amount to which they were trying to reduce their production; and according to a statement from the Secretary of Agriculture a tremendous majority of the cotton producers—and those were the smaller ones—answered in the affirmative.

Mr. BORAH. Perhaps some of them were like this gentleman, who writes me, speaking of the bill, as follows:

It will not be any good for us little fellows. We have been made to endorse the bill, but we do not want it. We little fellows will get the worst hurt by it. We want you to do everything you can against it.

Mr. SMITH. The little fellow is the very one who will get the benefit of it, as a matter of course, because in the voluntary reduction plan he was the very one who was taken care of better than the larger one.

Mr. BORAH. There is a difference of opinion about that, as the Senator knows.

Mr. SMITH. Yes; and there is a difference of method of getting this propaganda to us. When the Senator stops to think that a ginner gets the same amount for ginning cotton whether the price is 5 cents or 50 cents, he will realize that what he is after is the number of bales to gin. The man who operates the compress gets the same, whether the price is 5 cents or 50 cents a pound. What he wants is bales. The same freight is paid, whether the price is high or low.

Mr. BORAH. I yield for a question.

Mr. SMITH. I thought the Senator wanted some enlightenment from those who do know the problem. I agree with the Senator, if he will allow me to make this statement:

I am no more in favor of this interference by the Federal Government in the internal affairs of a State than the Senator from Idaho is; but conditions arise, and this is one, where a majority have entered into a voluntary reduction which may be defeated by seasons or by the 15 percent who have not come in.

Mr. BORAH. Mr. President, the Senator from South Carolina spoke of the reduction of the cotton crop and how that had benefited the small cotton producer. I read from a southern newspaper, the Tulsa Tribune, which says:

The Tribune said of the "plow up" cotton program, which is popularly supposed to have been born in the fertile brain of a Columbia University professor who probably never saw a cotton farmer, exactly what Norman Thomas said of it at Tyronza, Ark., last week. We said it was crazy economics. That is what it is. Cotton growers who do not have a whole pair of overalls or whose children do not have enough clothes to cover their nakedness have been bullied into plowing up their cotton and signing crop-reduction agreements. Landlords have taken land away from their tenants, in order to obtain the Government bonus, and left them with no means of support. Such a program is not only crazy economics but is viciously unjust. It is a thing that no American citizen should countenance.

There is, to be sure, more money circulating in the cotton country. But a miracle would have to be worked to entitle the program to the support of anybody who knows actual conditions. For every cotton farmer who has been given relief a dozen have been penalized.

Mr. SMITH. Mr. President, from what paper is the Senator reading?

Mr. BORAH. The Tulsa Tribune.

Mr. SMITH. That is from out in Oklahoma?

Mr. BORAH. Yes.

Mr. SMITH. I will not take the Senator's time; but in my own time I shall prove to him that the reduction program did not reduce the production of cotton by the farmer by 1 pound or 1 ounce, because the Government substituted out of the carry-over, pound for pound, and even more than the farmer would have produced had he planted the acreage which he abandoned. Where he did not elect to make cotton the Government paid the tenant, the share-cropper, for the acreage. The statement read by the Senator is an infamous misrepresentation of the facts, as I know, because I went all over my State and found that every tenant got his pro-rata share of the benefits.

Mr. FESS. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield for a question.

Mr. FESS. Will the Senator yield to permit the insertion after the Senator's remarks of an article from the Manning News, of South Carolina, which gives information along the line of that the Senator from Idaho is giving?

Mr. SMITH. I am perfectly familiar with the man who writes for that paper, too?

Mr. FESS. Will the Senator from Idaho permit me to have this inserted in the RECORD?

Mr. BORAH. I have no objection, if it is inserted at the close of my remarks.

Mr. FESS. I ask unanimous consent to have inserted in the RECORD this article from the Manning (S.C.) Times.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. SMITH. I shall take occasion to answer that.

The PRESIDING OFFICER. The Senator from Idaho has the floor. If any Senator desires to interrupt him, he should address the Chair.

Mr. BORAH. Mr. President, I desire to quote from an article in the Texas Weekly, January 20, 1934, page 4, where it is said:

[From the Texas Weekly, Saturday, Jan. 20, 1934]

THE CRIME OF AN EXTRA BALE—BANKHEAD BILL, IF ENACTED INTO LAW, WOULD MEAN GOVERNMENT OWNERSHIP OF THE FARMER'S LAND, HIS IMPLEMENTS, AND EVEN OF THE FARMER HIMSELF. FINE OR IMPRISONMENT PROVIDED

Believe it or not, there is now pending in Congress a bill which provides that the Secretary of Agriculture "shall apportion to each farm the number of bales of cotton for which license to gin will be issued", and which also provides that any person who "violates any of the provisions of this act or regulations shall, upon conviction thereof, be fined not more than \$250 or imprisoned not more than 60 days", and that "each bale of cotton ginned without a producer's license shall be a separate offense." The bill is known as the "Bankhead bill", having been introduced by Senator JOHN H. BANKHEAD, of Alabama, and it is said to have powerful support.

The bill would make it the duty of the Secretary of Agriculture each year to ascertain, from investigation of the available supply of cotton and probable market requirements, the quantity of cotton "should be offered for sale in markets from production of cotton during the succeeding crop year." Then the Secretary "shall apportion to cotton-producing States the number of standard bales of 500 pounds weight that may be ginned in each State" and the apportionment of each State shall be apportioned to each farm in the State. "A license shall be issued for each bale allotted a landowner under such regulations relating to overweights as the Secretary may make." And no farmer will be permitted to have ginned a single bale of cotton for which he has no license. The proposal is that a new crime be created, the crime of the extra bale! Incidentally the bill provides arbitrarily that "for the crop year 1934-35 the quantity of cotton for which licenses to gin may be issued shall not exceed 9,000,000 bales."

The bill has been changed so as to make that 10,000,000 bales.

Discussing this extraordinary measure in its issue of last Tuesday, the Dallas News says: "The introduction into Congress of such a measure as the Bankhead control bill is not startling. No measure merely introduced into Congress startles anyone any more. But the report that administration leaders are supporting the bill is a little breathtaking to Americans who still think straight according to the old American ideals. If the Government can control 'down to each plot of ground' the production of cotton, then the Government can—and inevitably will—control all crop and livestock production on all plots of ground. When the Government does this, it has taken over ownership of the farmer's land and implements and the farmer himself. What does title to property mean without the right to manage it? What does freedom mean without the liberty to direct one's productive efforts according to one's own ideas of economic self-interest, excepting for moral restraint?"

Mr. President, that paragraph discloses the reason for my keen interest in this bill. I think I know that if this bill shall be enacted and control is taken of cotton, wheat areas will be subjected to the same principle and the same rule, the cattle industry will be subjected to the same rule, and all the industries of the country will be subject to the plan and management and control indicated in the pending bill.

I could very well forego any discussion of a measure which related solely to one locality or portion of the country, although I would have some difficulty in convincing myself that this measure would be of any benefit to the cotton raiser; but I am interested for the reason that, as has been indicated by those in authority, this is the beginning of a national plan and is the start of a movement which has for its objective and purpose the planning and controlling of the productive forces of this country as an entirety.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. Does not the Senator know that the farm-animal industry has already been taken possession of, and that several million sows have already been slaughtered to keep them from having pigs?

Mr. BORAH. Yes; I do know that. And I cannot believe in any such program.

Mr. GLASS. I do not know why they should have made that discrimination against the sow.

Mr. SMITH. It was against the pig.

Mr. BORAH. This writer further says:

"The enactment of the Bankhead bill", the News continues, "would be a long step to the left, and it would make necessary further steps in the same direction, because it would make Government permanently responsible for many inequitable and oppressive conditions in the current economic problem. It would freeze laissez faire at its lowest and worst and leave the thawing to bureaucracy. What, for example, would the Government do about the problem of the big landowner and producer? What would it do about the millions of tenants? When the Government has taken out of the farmer's hands the running of his farm, will it take over the responsibility of the mortgage? In justice it will have to do so."

"There is strong support for the Bankhead bill, according to report," says the News, "and yet there would be more bellowing on Capitol Hill than has been heard in a decade if someone should even hint that there is one Communist among Congressmen. Whether the Bankhead bill be communistic or State syndicalistic, it is unreasonably radical. The American people have accepted extreme measures as a way out of the depression, but they are not yet willing to see individual economic enterprise become the vassal of bureaucracy. They have not given up the idea that democracy in its essentials may be restored—and the Bankhead bill is not the way back to democracy."

All of which we unhesitatingly endorse. But there are practical arguments against the measure also. First of all, in the face of the cotton plan for 1934 which is being put in effect by the Agricultural Adjustment Administration such a measure is unnecessary. The new contracts are being signed by cotton producers throughout the South, and within another 10 days it is expected that agreements will have been reached for the retirement of enough land to hold the total cotton acreage down to 25,000,000 acres. An average yield of 180 pounds to the acre on that acreage would mean a 9,000,000-bale crop, and only on two occasions since the World War, besides last season, was there an average yield of as much as 180 pounds to the acre. An ordinary growing year would mean a total production of much less than 9,000,000 bales. And it would require an average price of 14.6 cents a pound to make a 9,000,000-bale crop produce a money return equivalent to that of the past season's crop.

Another practical argument against allotting a certain number of bales to each farm is that it would promote expensive production, because the average farmer would make sure of producing his allotment by planting a maximum of acreage necessary to the production of that amount of cotton. The result would be that a large percentage of the cotton farmers would produce more than the allotment, thus creating waste and running up the cost of producing that covered by the ginning license.

However, as suggested by the News, the chief objection to the measure is that it would mean practical Government ownership of the farmer's land and tools and of the farmer himself. Also it would accentuate existing inequalities, giving an immense advantage to the owner of a large tract of land and working a serious hardship on the owner of a small tract on which even a maximum production would mean only a bare subsistence return.

It is to be hoped that the reports that have come from Washington to the effect that this measure has the support of administration leaders are without adequate foundation in fact. The present cotton plan is bad enough without such a measure as the Bankhead bill.

I presume it must be conceded that this bill is supposed to take care only of a very small minority. It is for the purpose of punishing some individual or a small minority who may not have joined in the reduction plan which has heretofore been obtaining. Certainly, if the consent were unanimous among the cotton producers, there would be no occasion for the bill, and it is therefore really an attempt to coerce the last single individual into producing cotton in accordance with the rules and regulations of the Secretary of Agriculture.

Mr. President, on page 10 of the issue of the Texas Weekly of February 3, 1934, there are quoted a number of paragraphs from different newspapers of the South. Without taking the time to read them, I ask that I may have them inserted in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit B.)

Mr. BORAH. Mr. President, I have said all I wished to say in regard to the bill. I desired merely to explain my reason for voting against the measure and to be prepared against another day in case a similar movement should be proposed as against the wheat acreage of the United States and in relation to other products about which I have more immediate concern and about which I have greater knowledge. I could not under the circumstances sit silent and in a sense be estopped from offering my views later.

EXHIBIT A

[From the Manning (S.C.) Times]

All right, here we are and we are tempted to say something about the cotton-reduction plan as outlined by those in authority, while we think it a fine idea to get the supply in line with the demand, but we are wondering if we are not going too strong with the reduction to meet the situation desired. Suppose we get this year's crop down to 8 to 10 million bales, and the price gets up to 20 cents the pound, will the majority be benefited or a minority? To illustrate, those who have for all these many years looked to the fall of the year to make their money to supply themselves with clothing and shoes and enough groceries to carry them through the winter will be disappointed; then, too, here is another fact that we cannot get around, and that is this: With high prices of raw cotton, naturally we are going to have high prices to pay for the manufactured goods from the raw material. Still further, we cannot get away from another fact, and that is these millions upon top of millions of dollars are invested in cotton ginning and cotton oil-mill machinery that is going to be frozen investments; then, too, let us not forget the further fact that, with short-term ginning and short-term operating of the oil mills that leads to unemployment, the very thing that the United States Government is spending even billions of dollars right now to hedge off; and, still further in our humble opinion, there is another situation that should be thought about by those in authority and that is engineering his reduction game, and that is much foodstuff in the way of hulls and cottonseed meal for cattle will be taken off the market, and then shortening for mankind also is cut off; as to just what it is all about remains yet to be seen. Then there is still another fact, and that is that thousands upon thousands of cotton buyers, saying the least of it, term for work is going to be cut short, and the thousands of people that are now working to bring about this reduction will have to continue in the service of the Government, as we see it, to a very large extent to see that the program now being put on is carried out. The pay must come from somewhere, cotton or otherwise, and our opinion is that Government employees are reasonably well paid, saying the least of it. While we hope that we are mistaken as to the above, and that it will prove a material blessing to all concerned, and maybe it will. We are not questioning the sincerity of anyone who is sponsoring the movement. While it could be possible that too few are doing the thinking for the many, sometimes we are tempted to believe that too few people are consulted in regard to many great projects that are put over by those in authority that do not bring the relief and prosperity that are planned.

EXHIBIT B

[From the Texas Weekly, Feb. 3, 1934]

One of the pressing reasons why a balanced economic system must be sought is that the Government is intending forcibly to restrict production of such agricultural products as cotton upon which Texas and the South are largely dependent for their welfare. The Hallettsville Tribune reproduced excerpts from an article by Mr. Miller, and the Stephenville Empire-Tribune offers these thoughtful observations on the Bankhead bill:

"There is a bill pending in Congress which provides that the Secretary of Agriculture shall apportion to each farmer the number of bales of cotton for which license to gin will be issued" * * *. Senator JOHN H. BANKHEAD of Alabama introduced the bill, and it goes by his name. Reports from Washington indicate that the proposed measure has powerful support.

"The probable result of such legislation is expressed by the Dallas News * * *. The News, it seems, makes it clear that such a measure would be the final blow to the farmer's initiative, that with such a provision in force the farmer would be owned and in bondage. Efforts at enterprise on his part would be useless.

"Another strong argument against the bill", the Empire-Tribune continues, "is one set forth by Dale Miller in the Texas Weekly. It is Miller's opinion that allotting a certain number of bales to each farm would promote expensive production, because the average farmer would make sure of producing his allotment by planting a maximum of acreage necessary to the production of that amount of cotton. The result would be that a large percentage of the cotton farmers would produce more than the allotment, thus creating waste and running up the cost of producing that covered by the ginning license.

"There could be such a thing as a cotton shortage, too. If consumption would be increased to normal, it is obvious that there would be an undersupply instead of a surplus."

Mr. SMITH. Mr. President, of course, I shall not attempt to argue here any question concerning the constitutionality of the pending bill. As I said on Saturday, I repeat today that I do not think that strictly it would come within the constitutional right; but we have done in the existing emergency so many things, and are now prosecuting so many activities which are no more radical than this, that I think, being equal in their departure from the constitutional sanction, the cotton measure has more excuse for consideration than perhaps any other emergency legislation which has been proposed.

Mr. President, my reason for saying that is this: The Senator has questioned here, by authority of some articles he has read, the benefits that would accrue to the individual planter. He read from an article which appeared, I believe, in the Dallas News, to the effect that people suffered from the plow-up. As a matter of fact, Mr. President, I was the author of that movement. I advocated it on the ground that the Government had a year's supply of American cotton already in hand. It had obtained a part of it through the unfortunate Farm Board. Another part it had taken as collateral against seed loans. Still another part it had taken under what was known as the "10-cent proposition", guaranteeing to the one who would accept a 10-cent basis middling price that if he would enter into a contract to reduce his acreage in 1934 the Government would take what cotton he had made in 1933 and advance him 10 cents a pound on it.

Let us see what the condition was. I know how the Senator from Idaho feels about the question of constitutionality, but I want him to see wherein there was great benefit rather than hardship to the individual planter.

The Government said: "After you reduce your acreage 25 percent, you will get the actual 10-year average, or 5-year average, of what you produced on that 25-percent acreage."

Mr. BORAH. That is, get it out of the United States Treasury.

Mr. SMITH. No. Let me explain. I will repeat what I said Saturday. The Government said, "If you will reduce your acreage 25 percent, get your books and show what your average production was on that 25 percent of your land, and the Government will furnish you bale for bale and pound for pound in what the Government holds at 6 cents a pound; that is, the Government will charge you 6 cents a pound, and if by virtue of the acreage reduction the price of cotton shall rise, the Government will give you the difference between the 6 cents and whatever the rise is."

What are the facts? The farmer made an average crop on the 75-percent acreage. Although he did not plant on 25 percent of his land, his increase on the remainder of his land gave him for the unplanted 25 percent the equivalent of his 5-year average. Every cotton producer knows that it costs from 12 to 14 cents on the average to raise a pound of cotton in the South. What occurred? Cotton went up to 10 cents a pound. The Government deducted its 6 cents, and sent the farmer a check for \$20. The Government did not lose a penny, and the farmer got \$20 a bale on what he did not produce. So that neither the Government nor the farmer lost a thing, and both of them came out in the clear. I defy any man to dispute that statement.

Mr. CAREY. Mr. President, the Senator said the Government did not lose a penny. What did the Government pay for the cotton?

Mr. SMITH. The Government had paid for the cotton and settled for it with the Farm Board. Some of it did not cost more than 5¼ cents. Some of it cost more. I am not advised as to what was the average cost.

Mr. CAREY. Of course the Government lost the difference in the average price.

Mr. SMITH. I am not speaking of what the Government had done before I made by proposition. I made the proposition that the Government should go on the market and buy it at the market price, which was then 5¼ cents and 6 cents.

I have stated the facts with reference to the cotton farmer who reduced his acreage under the plan which was criticized in the article which the Senator read, which stated that there was a loss to the farmer and a loss to the country, when, as a matter of fact, every pound destroyed was duplicated by the Government out of the cotton it held. The Government is now disposing of that cotton. It has sent the farmer a check for \$20 a bale for the allocation of cotton the Government had, which it sold to him at 6 cents. In addition to that, every farmer who reduced his acreage had the privilege of planting anything on that abandoned acreage for home consumption that he saw fit. So that with

what he made on the 75 percent of his land, plus what the Government furnished him in lieu of a full crop, the effect being to reduce the crop by 4,000,000 bales, the price rose from 5 cents to 10 cents, and now 12 cents, and the Government has gotten back every nickel and the farmer has gotten from \$25 to \$30 a bale. No law was ever enacted on a more constructive or economically sound principle than that.

Mr. BORAH. If such power can be exercised, what is the necessity for this bill?

Mr. SMITH. I will now show the Senator. We had on August 1, 1932, twelve and one half to thirteen million bales of cotton as a carry-over. That means that by virtue of the slump in the export of cotton and the terrific drop in domestic consumption, the world's consumption, both export and domestic, decreased from 15,000,000 bales plus to about 12,000,000 bales. That went on for 3 or 4 years until, on August 1, 1932, we had a carry-over or surplus of 12,000,000 bales of cotton, enough cotton to have supplied the then demands of the world if we had not planted a single cotton seed in the South. If we were to make a full crop again, and pile it up, it would weigh as an incubus upon the industry to depress the price. The problem was, therefore, how could we possibly get rid of this tremendous surplus?

At this point the Government intervened in and said, "If you will reduce your acreage 25 percent, we will give you 4 cents a pound for your cotton over a 5-year average on that acreage."

Every man in this Chamber and in the other House who is familiar with cotton production knows that there is no other plant so sensitive to the seasons as is cotton. Last year was preeminently a cotton year, and in spite of the fact that we took from ten to fifteen million acres out of production, we made about an average crop on what was left of about 13,000,000 bales. Had the whole acreage been left in production, the estimated yield would have been about 17,000,000 bales, adding to the surplus at least 2,000,000 bales if the world consumed 15,000,000 bales, so that on August 1, 1934, we would have had a carry-over of 14,000,000 bales of cotton; but in spite of its being an extraordinary cotton year, we reduced the carry-over by 4,000,000 bales.

Every planter in the South recognized that the exigencies of the weather could not be controlled by him and that he could reduce his acreage and still be disappointed by having a production in excess of what he had hoped for. In addition to that, there were 10 percent of the cotton growers who, as in the case in every other business, would not enter into the acreage-reduction plan. They would go to the meetings, and whoop as loudly as anybody; but when the pinch came, they thought their neighbor would reduce and they would increase, which they did. Not only that, but many who did decrease their acreage increased their fertilizer, trying to make more cotton on land on which they had said they wanted to reduce production.

When Mr. Wallace called me down to the Department and asked me what I thought about the compulsory plan, saying that he was opposed to it, I told him that I, too, was opposed to it. I said, "Never will I join in it unless and except you put it up to the cotton growers of the South. You have every facility to do so; you have the emergency credit system under the Smith Loan Act, and your agents touch every single cotton grower in the South. Prepare a questionnaire, explain what the plan is, and secure the reaction of the cotton farmer."

Mr. BORAH. I will ask the Senator if he has one of those questionnaires?

Mr. SMITH. The Senator can get a copy from the Secretary of Agriculture, and I should be delighted to furnish it to the Senate.

Mr. BORAH. One was sent to me, but I do not know whether or not it is correct.

Mr. SMITH. They replied to the questionnaire, but, in view of the fact that about 10 or 15 percent would not enter into the plan, and others would use more fertilizer, and there also might be an extraordinarily good crop year, it became necessary to secure the enactment of legislation in order to make all conform to an actual commercial standard,

namely, a 10,000,000-bale crop, and in order that we would not have more than 3,000,000 bales which is necessary at the end of old season to carry into a new one. Every millman and every clothmaker will testify that it is absolutely essential for the welfare of the trade to have at least three and a half or four million bales of old cotton carried over. The great majority said, "We are willing, we are anxious for you to put us all in the same category and restrict us to a production of 10,000,000 bales, so that the slacker, the man who will not come in and help us get rid of this tremendous and disastrous surplus may be forced to come in. Let us get him in." I say let us coerce him in.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. Yes; I yield.

Mr. BORAH. That is precisely what I say.

Mr. SMITH. I know it is.

Mr. BORAH. The proponents of this bill are invoking the taxing power of the United States in order to punish an individual.

Mr. SMITH. Yes.

Mr. BORAH. That is precisely what they are doing.

Mr. SMITH. That is precisely what I am saying, that if 85 percent of the producers believe certain action is essential to their salvation and they can find a temporary remedy, they should have it applied. I should not like to have a major operation for appendicitis every year, but, God knows, if I were suffering from appendicitis I would go and have my appendix taken out, hoping to get well and then go on and attend to my business. The farmers have got this horrible appendix, and we are asking the Federal Government to help us cut it out; let the surgeon sew us up, and then take its hands off and let us alone.

Mr. BORAH. Because the Senator must have his appendix out, he would not compel his neighbor to have his out also, would he?

Mr. SMITH. If he were suffering from appendicitis I would, if it were contagious, as the cotton situation seems to be.

Mr. BORAH. We have an admission now as to exactly what it is sought to cover by this bill.

Mr. SMITH. Yes, sir.

Mr. BORAH. And that is that a small percentage of the cotton growers will not go along with what the Senator says is the program, and, therefore, the proponents of this bill are going to invoke the taxing power of the United States for the sole purpose of driving them into it.

Mr. SMITH. I admit frankly, without any subterfuge, that that is what I am driving at; just as the Congress passed the Draft Act to force men to enter the Army and fight and did not dare risk voluntary service—and this is war.

Mr. BORAH. I did not vote for the Draft Act. I did not believe in it.

Mr. SMITH. Yes, that is the Senator's opinion; but a majority thought otherwise; and I hope to God a majority of the Congress will think otherwise in respect to the pending measure. The Senator and I cannot have our opinions accepted all the time.

Mr. BORAH. I think it is a pretty serious proposition when it is sought by the taxing power of the United States to take away a man's liberty to pursue his peaceful and legitimate vocation.

Mr. SMITH. If the Senator from Idaho can get the consent of his mind to the proposition that 10 percent of greedy and avaricious men can keep in bondage 85 or 90 percent, and that they are entitled to pursue their way and have this horrible condition continue in my section, and if the Senator is not willing to strain even the Constitution to relieve the rank and file, then I am mistaken in the Senator from Idaho.

Mr. BORAH. Mr. President, as I understand, this Government was organized and is maintained for the purpose of protecting the rights and the liberties of the minority.

Without that, it would not be worthy of the name of a government.

Mr. SMITH. Mr. President, I was of the opinion that, being a representative form of government, we were governed by majorities. I know that the welfare of the minority should be protected if such protection does not jeopardize the welfare of the majority; but what kind of a doctrine is it that a minority which threatens the welfare of a whole community may invoke the Constitution and destroy the majority?

Mr. BORAH. That is exactly the kind of doctrine that Lenin set up in Russia; when a few of the tillers of the soil claimed the right to possess some of the things which they had produced, a very small minority, he invoked the powers of the dictatorship for the purpose of driving them into the penitentiary.

Mr. SMITH. I am not talking about the powers of a dictatorship.

Mr. BORAH. What is a dictatorship? This would be congressional dictatorship.

Mr. SMITH. I am invoking the power of the majority affected by this condition; and that is the reason I am advocating the bill.

Mr. BORAH. That is exactly what Lenin did. He invoked the power of the majority, and he was the majority. He had behind him about 80 or 85 percent of the tillers of the soil of Russia.

Mr. SMITH. Is that what the Senator is trying to do now?

Mr. BORAH. The kulaks, as he called them, did nothing more than to acquire property and seek to hold that property; and the minority in this instance are seeking to do no more than to avail themselves of the channels of interstate trade, which is protected by the Constitution of the United States.

Mr. SMITH. Oh, yes; that is a fine theory when it does not doom to peonage every other man in the Cotton Belt.

Mr. President, I am not going to stand on the floor of the Senate and have the Senator from Idaho or any other Senator challenge my loyalty to individualism and to the sovereign power of the States; but, since we in the Cotton Belt have gotten into the unspeakable condition in which we now are, with banks paralyzed, with trade paralyzed, we ask the Federal Government to invoke the taxing power upon the voluntary request of from 85 to 90 percent of those in distress, who say, "We want to be bound temporarily until the trade may be assured that neither the exigencies of season nor the selfishness of 15 percent of the planters shall abort and make futile our efforts to recover from this incubus."

Mr. President, the proposition, outside the taxing feature, is identical with what was done last year. The Government proposes to reimburse the cotton growers for the acreage removed from production. It is desired now to reduce the cotton acreage 15 percent more, making the entire reduction 40 percent, not for the purpose of reducing cotton production in America to American consumption, but to get rid of the load of the surplus which has been accumulated during the dark days of this horrible depression. The Government has come in and offered to give a rental for the acres taken out of cotton cultivation and, with permission to the owner of the land or the tenant of the land, he may plant anything for home consumption he may see fit.

Mr. VANDENBERG. Mr. President, what does the Senator mean by "home consumption" in that respect? Is that a specific provision of the bill?

Mr. SMITH. Yes. It means that he may plant anything with which to feed his stock or any grain for his home consumption, or he may produce milk or butter for consumption on his own place.

Mr. VANDENBERG. He is confined to the production of a commodity which he will consume this year?

Mr. SMITH. Yes; to be grown on the acreage which the Government rents but not on the remainder of his land—only on that which he has leased to the Government.

Mr. VANDENBERG. In other words, the cotton growers cannot use, we will say, this 25 percent of retired acreage substantially to increase dairy products or other crops in the South?

Mr. SMITH. That is correct; the cotton growers cannot substantially increase their wheat crop or their corn crop. It would not be fair to say to the South, "Go on and plant wheat for the market, plant corn for the market." The Government has leased the land so that all interests may be dealt with fairly.

Mr. VANDENBERG. Is there anything in this bill that warrants the statement the Senator is now making?

Mr. SMITH. Certainly it is in the bill; and it is one provision against which some of the farmers are protesting. I will ask the Senator to look at page 9 of the bill.

Mr. President, it is all very well to talk about appropriating billions of dollars for the railroads, for insurance companies and banks; it is all right to provide \$3,300,000,000 for the N.R.A. and many hundred millions for the C.W.A.; but when we want to try to help the fellow who feeds us and clothes us and shoes us, that is a gray horse with a gingham tail. [Laughter.]

There are 6,000,000 actual farmers, each with an average family of 4, a total of 24,000,000 American citizens struggling every day even to hold onto their ownership of the land, with taxes and mortgages dispossessing them and putting them into the breadline; and when we ask here on this floor for \$100,000,000 to help them stay in their homes and maintain their self-respect and love for the flag, the caviling crowd here and elsewhere cut it down to \$40,000,000. They have paid back 90 percent plus out of the miserable amount they got, and that in spite of the Gethsemane through which they have passed.

Go into the average farmer's home in America. See the condition of his bedroom, the condition of his sittingroom, the condition of his home in general. Yet the average production of these voiceless and helpless ones spells the luxury we find in our restaurants here in the Capitol, spells the upkeep of every metropolitan center in America. We are fed by the products that the farmer himself produces in poverty. We wear the clothing made out of the raw material he produces. Our feet are shod with the results of his labor. Yet the minute we talk on the floor of the Senate about helping him, the Constitution is invoked; and if that is not done, then the amount asked is reduced to the point where it is ridiculous and impracticable.

Two billion dollars are appropriated to build new homes for people, and only \$40,000,000 appropriated to keep people in the homes which they have owned and are about to lose, to enable them to retain their self-respect, to enable them to feed and clothe us. Then Senators read some journals inspired by the ginners who get the same ginning fee whether cotton is 5 cents or 50 cents a pound.

The Senator from Oklahoma [Mr. THOMAS] and I sat in a conference in which the head of the National Ginners pleaded for more bales. That is what they want. The press men said, "Give us more bales." Of course, the wolf wants as many lambs to eat as he can get. [Laughter.] That is his business. Every cotton speculator gets the same percentage under the fifth or the sixth contract whether cotton is 5 cents or 50 cents a pound. They are organized, and the arguments published in their organs appear very persuasive. One of the basic arguments used by them is, "We have millions invested in cottonseed-oil mills and in gins." I said there was an Ethiopian in the woodpile. As soon as I read it I discovered the bug under the chip. The ginners want more cotton because they will get more money. They want more seed because then the seed men can press out more oil.

We do not find the old farmer getting publicity in the press, but only those who farm the farmer. The farmer has not the time; and if he had the time, I would wager any reasonable amount he could not get an article published in the press. The minute he protests against his poverty and his rags and conditions which cause his children to be ignorant, he is called a Bolshevik. I say now that Bolsheviks are

being made by the hundreds and thousands as a result of the stupid manner in which we are treating the yeomen of this country, who have always saved America when her independence was threatened.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. SMITH. I yield.

Mr. McNARY. I hesitate to disturb the Senator in his oratorical flight, but I really should like to have a point cleared up a little. The Senator correctly describes the condition of agriculture in the South which obtained a year ago, but is it not a fact, in view of the amount of money that has gone to the South during the last 5 or 6 months, that the standard of living has greatly improved? As I recall the figures about \$120,000,000 has gone to the cotton farmers of the South during the last 5 months on account of distributing the processing tax, and about \$116,000,000 has been paid to them through the collection of this tax. The condition the Senator is describing so pitifully does not obtain today by virtue of an act of Congress passed here last April, as the result of which many millions of dollars have gone into the South for the benefit of southern farmers.

Mr. SMITH. Let me answer the Senator. He must have thought we were very near prosperity if two or three hundred million dollars could bring the people back, who in 1929 got \$1,500,000,000 for their cotton crop, and even then could barely make ends meet.

Mr. McNARY. I am not quarreling about the price. I am asking if there has not been a substantial improvement.

Mr. SMITH. There has been much less debt incurred, but the cotton farmer has nothing with which to buy new equipment. He has nothing with which to improve the condition of his home. He just went a little less in debt.

Mr. McNARY. Is it not true that when the Agricultural Adjustment Act became effective last spring cotton was selling at 5½ cents a pound and is now worth 9½ or 10 cents a pound?

Mr. SMITH. That is true, but it costs him 15 cents to make the cotton.

Mr. McNARY. I should like to know if the enactment of this bill will assure any greater sum being brought to the cotton producer than would be brought to him under the Agricultural Adjustment Act if it were left alone to work in its own field.

Mr. SMITH. Oh, unquestionably.

Mr. McNARY. I should like to have the Senator from South Carolina answer a further question. It is thought by the Department, under the machinery they now have and which they are invoking under the Agricultural Adjustment Act, that this year there will be a reduction of some 25,000,000 acres by the voluntary action of the farmers of the country reducing their acreage. It is thought that the processing tax may be estimated at from \$135,000,000 to \$140,000,000, which is \$15,000,000 or \$20,000,000 in excess of the sum paid the farmers this year. What provision of the pending bill can the Senator cite which, if the bill shall be passed, will insure a larger income to the cotton farmer than if the Agricultural Adjustment Act shall be left to operate exclusively in its own field?

Mr. SMITH. For the same reason that everybody looked last year for a crop not to exceed 10,000,000 bales, when as a matter of fact 13,000,000 bales were produced. I could read from official figures issued by the Department of Commerce through the Bureau of the Census to prove that we made 3,000,000 more bales last year on 4,000,000 less acres than we did the previous year.

What we desire is this: The trade is already saved. If we cut down acreage 40 percent and plant 60 percent, with increased fertilizer and an excellent season, with 15 percent not affected at all, we will make just as much cotton as we made last year, and the price will go back to 8 cents a pound.

The exigencies of the weather are beyond our control, as is the amount of fertilizer which may be used to increase

the crop indefinitely, because on 1 acre in my State, by high cultivation and artificial irrigation, 4 bales of cotton were grown. That is an extreme example, but it shows the possibilities. What we wanted to do was to assure the trade that we would get rid of the surplus by August 1, 1935. Therefore, if we can pass this bill and guarantee that only 10,000,000 bales will reach commerce, with the 10,000,000 bales we already have, which will be available August 1, we shall then have as the American supply of cotton for 1934-35, 20,000,000 bales; and if consumption shall proceed at its present pace, we will consume fifteen and a half million bales in 1934-35. That will leave on August 1, 1936, only about 5,000,000 bales, which is only a million and a half bales above what the trade must have in stock. Thus the miserable incubus will have been removed. The passage of this bill will serve notice that the trade can count on only 20,000,000 bales. It will stimulate the price to the point where what cotton we do make will bring us more profit than if we produced a larger quantity. The very statement of the case should be sufficient. We practically failed in our production of cotton last year, and the rise in the price of cotton up to 10 and 11 cents still lacks from 4 to 5 cents a pound of being what it cost to make it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. McNARY. I concede that the Senator from South Carolina probably knows more about the practical culture of cotton than any other Member of either branch of the Congress. With that as a preliminary remark, I desire to state that I read in the hearing before the Senator's committee that Mr. Johnson, introduced by the Secretary of Agriculture, said there was a profit in cotton at the present price.

Mr. SMITH. Yes, sir; and Mr. Johnson is the president of an English syndicate that plants 40,000 acres of cotton for the benefit of European competitors. If the Senator wants to take Mr. Johnson's testimony, let him take it.

Mr. McNARY. I am not taking his testimony altogether. I am considering the very fine estimate placed by the Secretary of Agriculture upon this gentleman, who is head of the cotton division of the Democratic administration.

Mr. SMITH. Yes; and we have men in the cotton division from Sweden, where they make magnificent cotton in a foot of snow at 10,000 feet elevation. We have them down there—oh, yes! I guess we have wheat men down there who may have come from the Arctic Circle. I think so. [Laughter.]

Mr. McNARY. If I cannot rely upon the administration of the Senator's party for an estimate of an individual connected with it, where shall I go?

Mr. SMITH. The Senator from Oregon is in the same fix that he was in under his beautiful Republican administration, because I sent down and got the names of those in charge of the cotton division at that time, and there was not one of them from south of Michigan—not one—and I believe the same bunch is there now.

Mr. President, I want to appeal to my friends on the Republican side of the Chamber. One of the happiest results of my experience here for a quarter of a century is that on their side of the Chamber I have as warm and appreciative and appreciated friends as I have in this Chamber; and I do feel that I have never come here and asked them to inject a false principle into our real life.

Mr. McNARY. Mr. President, will the Senator yield again?

Mr. SMITH. I yield.

Mr. McNARY. I do not want to be insistent, but I should like to press this question again: There is now operating in this field, under the administration of the Senator's party, the so-called "Agricultural Adjustment Act", which brought the farmers of the South last year about \$120,000,000.

Mr. SMITH. Yes.

Mr. McNARY. And which it is anticipated will bring them at least \$25,000,000 more this year.

Mr. SMITH. I think it will bring them three or four hundred million dollars more if this bill shall pass.

Mr. McNARY. Very well. I desire to know what additional benefits over existing law will be received by the farmers of the South by the supplementation of this bill, and how does the Senator arrive at these figures? The Senator has not discussed that phase of the question at all.

Mr. SMITH. How do I arrive at what figures?

Mr. McNARY. The figures of the higher amount that will be derived if the so-called "Bankhead bill" shall be passed over and above the benefits which will be derived through the existing law.

Mr. SMITH. Because the trades say, "We do not know what quantity of cotton you are going to make; but if you pass the Bankhead bill, we will know to a certainty what we can depend on for our supply."

Mr. McNARY. I think the Senator wants to be fair in his presentation.

Mr. SMITH. I cannot be any fairer than I am.

Mr. McNARY. That is not going very far.

Mr. SMITH. Well, it is owing to the receiver, and not the distributor. [Laughter.]

Mr. McNARY. With cotton at 10½ or 11 cents a pound today, and assuming that the Agricultural Adjustment Act will maintain cotton at the present parity price—

Mr. SMITH. The present price is not the parity price.

Mr. McNARY. The present price, then.

Mr. SMITH. Very well; but do not call it "parity."

Mr. McNARY. That may be a little higher. What additional amount of money per pound will the maker of cotton receive under the Bankhead bill than if it should not be passed, and the present statute should be permitted to exist without supplementation?

Mr. SMITH. I have tried to tell the Senator.

Mr. McNARY. The Senator may have tried, but he has not done it.

Mr. SMITH. I cannot furnish the Senator brains to take in a simple fact. [Laughter.] If I could, he would not ask the question.

The trades are holding the price where it now is because they have no certainty how much cotton will be added to the surplus. Under the Bankhead bill, they will know to a certainty that there will not be in excess of nineteen to twenty million bales. Therefore, having a certainty that they will not be flooded with the same surplus, the price will naturally go up. I will guarantee the assertion that if the Bankhead bill shall pass, with the proper amendments which the Senator from Alabama will offer so as not to make it obnoxious, cotton will go to what is now the parity price under the N.R.A., 15 cents a pound. That is where it will go.

In addition to that, the farmers themselves hold an equity in nearly 4,000,000 bales of cotton held by the Government. They will get a benefit from that if the price shall go to 15 cents per pound. They will get more for what they make, and they will get 4 cents a pound for the cotton they do not make on the abandoned acreage. That means that with a guaranteed supply of American cotton, the maximum of which will not exceed 20,000,000 bales, and the world consuming fifteen and a half or sixteen million bales, the operation will be complete. I think then we can just let the patient recover and return to his normal condition.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. McNARY. I appreciate the interest the Senator has in this proposed legislation, as a grower of cotton, one of the largest in the South. I am speaking from a non-grower's standpoint. The Secretary of Agriculture of the Senator's administration, Mr. Wallace, and his two able assistants, Mr. Johnston and Mr. Cobb, say the same price level will be attained by permitting the bill we passed last April to operate as if we passed the Bankhead bill.

Mr. SMITH. Must I beg my colleague, whom I love and respect generally, not to quote Mr. Wallace to me, or Mr. Oscar Johnston, or any of the other gentlemen who, if they knew just twice as much about the subject as they do, would still have only a half-knowledge of it? [Laughter.]

Mr. McNARY. The able Senator has answered my question. In other words, he would not believe the Secretary of Agriculture or anyone associated with him.

Mr. SMITH. No; I would not believe the Secretary of Agriculture on the cotton question, and he will tell the Senator that he knows nothing about it. He does not hesitate to say so. He is an honest man, and I respect him and think a lot of him; and he frankly admits that he does not know anything about the cotton question. He does not belong to the "brain rust." I started to say "brain trust", but I will say "brain rust." [Laughter.] I do not think he fits into that.

I have found him to be a modest gentleman who is seeking the truth; and I am surprised to find my friend from Oregon rising here and quoting experts from Alaska as to how to grow cotton down in the semitropics. That is about our general method of getting experts. Referring to the tremendous surplus of experts we have, someone defined them by saying that an expert, in the common acceptance of the term, is a damned fool away from home [laughter], and that seems to me about to fit.

Mr. President, I have stated my case. I have given the facts. I have said, and repeat, that I do not endorse the principle of Federal interference in the affairs of a State, especially when such interference seems to be unconstitutional; but I am willing to try this measure, as I believe it will result in the salvation of my people, and 85 percent of them have asked for it.

The Senator from Idaho has quoted the Dallas News here. Find out who are the major operators around Dallas. The Senator from Ohio [Mr. Fess] has inserted in the Record an article from a Manning, S.C., paper, and the writer of the article frankly says the passage of this bill would jeopardize the investment in cottonseed mills in that vicinity. We find thousands of defenders of organized capital, but precious few voices raised for the man who is voiceless here.

Mr. FESS. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. FESS. I appreciate the Senator's sincerity in everything he says. I am wondering whether we are not embarrassed by a measure of this kind when we think of the amount of time and energy and money we have expended in building up the Agricultural Department to the point where it has the largest collection of experts in the world and when we think of the great sums expended annually for the land-grant college work and agricultural experiment stations, having followed the Senator in his advocacy of the agricultural extension work, in all of which the emphasis is placed on production. The population is constantly growing, the demand for food will be constantly greater, and there is a fixed acreage from which food can be produced. Now, after all this money has been expended to make the acre produce more, we have come to the point where we say to the farmer, "We will penalize you if you do produce more." Is not that a striking inconsistency?

Mr. SMITH. Mr. President, let me call the Senator's attention to where the fallacy lies. We have spent all the years up to this time teaching the farmer how to grow more, and have never tried to teach him how to market what he grew.

Mr. FESS. I think there is truth in that.

Mr. SMITH. Not a single effort was made to teach him the economics of distribution. Millions and millions of dollars of expenditure are making 2 blades of grass grow where 1 grew before, but no attention has been paid to teaching the farmer how to find a market for the 2 blades. Now attention has been paid to trying to aid the farmer in finding a profit for what he does make, and we have a storm of objection.

Mr. President, I had not intended to take the floor again on this bill after my remarks on Saturday, but I wish every farmer in the United States could sit in these galleries for 1 day and see how many real sincere friends he has. I should like to have him see them. We will strain at a gnat and swallow a camel if something is proposed for the benefit

of a railroad, or a bank, or for a home loan, or C.W.A., or P.W.A., or the other alphabetical things, but there is objection if we propose something for the man who toils in the summer's sun and the winter's cold, with covering so scarce and bedding so thin that he and his on these bitter nights must sit up all night to keep a fire going, and then at the crack of day be out to do the chores, improperly clad, with hope almost destroyed in his heart; but out of the aggregate of his pittance he makes it possible for us to enjoy the luxury of a Senate restaurant, to clothe ourselves with that which he starves himself to produce. Yet men sit here and talk about statesmanship and patriotism.

Mr. President, there are two kinds of patriots in the United States. One is the "p-a-y-t-r-i-o-t", and God knows there is a bunch of those. Then there is the "p-a-t-r-i-o-t." The supply of the latter kind is as thin as hempseed, but you will find plenty of patriots when you speak about organized forces.

Mr. President, I am not going to stand here and inveigh against organized forces, because I believe they have built America, and made possible the splendid estate which we all enjoy. But the discoveries of genius were not their work. God touched the brain of man to perform the miracles which are being performed every day, but that inspired brain does not get the money return from what it discovers. We are making labor-saving devices in the United States, and the wonderful facilities for transportation and communication a juggernaut car to crush the life out of the teeming masses of America. We have converted the blessings of God into a veritable human curse. As we devise the machines which release human hands from toil, we put those human hands in the road and under the hard heel of destitution and poverty, and deny men their just equity in the discoveries of science.

We have come to the birth of a new era, and here we are invoking in the Senate men to rise to the occasion and lay aside prejudice, and help us out.

Men cry "Constitution!" "Constitution!" If we do not watch our step, we will pass through an experience that will write a new constitution, and see that it is lived up to.

Mr. ROBINSON of Arkansas. Mr. President, with the consent of the Senator from South Carolina [Mr. SMITH], I should like to ask a question concerning the effect of section 5 of the bill. I should also like to have the attention of the Senator from Alabama [Mr. BANKHEAD].

The assertion has been made by persons connected with the cotton trade that under the provisions of the bill the entire amount which may be produced in a State in which cotton mills are located could be consumed by the mills without payment of the tax.

Mr. BANKHEAD. Mr. President, the tax is levied on the ginning of cotton, and the tax is on lint cotton.

Turn to definition (f) on page 22:

The term "lint cotton" means the fiber taken from the seed cotton by ginning.

In other words, whether the seed is separated from the lint at a cotton mill or at a gin the tax is paid.

Mr. ROBINSON of Arkansas. I take it, then, that it is not true that mills in the State of Alabama, for instance, might have their entire supply, up to the amount of the cotton production in the State, without payment of the tax?

Mr. BANKHEAD. A mill in Alabama cannot use a pound of lint cotton without paying the tax on it.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. BAILEY obtained the floor.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Ohio?

Mr. BAILEY. I yield.

Mr. FESS. Mr. President, on the evening of the 20th of March Capt. Eddie Rickenbacker made an address to the board of trade of this city. I have read the address carefully, and it is filled with information on the progress of aviation. He painted the picture of the small beginnings and the rapid progress of aviation. I will not take time to

read excerpts from the address, but I ask unanimous consent to have it inserted in the RECORD, together with some editorials and letters.

Mr. ROBINSON of Arkansas. Mr. President, there was so much confusion that I could not hear what the Senator was saying. What is the address to which he refers?

Mr. FESS. An address by Capt. Eddie Rickenbacker before the board of trade of this city on the evening of March 20.

Mr. McKELLAR. Mr. President, will not the Senator withhold his request, and let me look at the address for just a moment?

Mr. FESS. I am glad to hand it to the Senator.

Mr. President, there has come to my hand from the Department of Commerce its latest bulletin, issued on March 15. This bulletin especially refers to casualties in aviation during the last year, and states:

American-operated scheduled air-passenger lines flew 7,159,106 miles for each of the four fatal accidents occurring during the last half of 1933, according to the Commerce Department's semi-annual report on civil-aircraft accidents in scheduled air-transport services covering the period July-December 1933.

The 4 fatal accidents included 2 in which passengers were fatally injured. There were 6 passenger fatalities; and as the passenger-miles flown were 122,157,686, the number of passenger-miles flown per passenger fatality was 20,359,614. (A passenger-mile is the equivalent of 1 passenger flown 1 mile.) For the full year 1933, there were 8 passenger fatalities and 24,850,010 passenger-miles flown for each one.

I do not ask that anything further from the bulletin be inserted. I only wanted to have that fact brought to the attention of the Senate.

Mr. President, is there objection to the insertion of the editorials to which I have referred?

Mr. McKELLAR. I have not seen the editorials.

Mr. FESS. Does the Senator object to the editorials being inserted in the RECORD?

Mr. McKELLAR. To what do the editorials relate?

Mr. FESS. To the air-mail situation, and they are from newspapers all over the country.

Mr. McKELLAR. Will the Senator let me see them for just a moment in order to look them over?

Mr. FESS. I will be very glad to do so. I do not want to take the time, Mr. President, from the Senator from North Carolina; but if these editorials are not permitted to be inserted in the RECORD, I shall read them. But I will not take the time from the Senator from North Carolina.

Mr. ROBINSON of Arkansas. I suggest to the Senator that he renew his suggestion a little later.

Mr. FESS. Very well.

Mr. FESS subsequently said: Mr. President, I ask unanimous consent to insert in the RECORD the address of Captain Rickenbacker, and also the editorials, with all personal opinions omitted.

Mr. McKELLAR. I have no objection. I have read the address and the editorials. I do not agree with them at all, but I have no objection to their being printed.

Mr. ROBINSON of Arkansas. I have no objection.

There being no objection, the address and editorials were ordered to be printed in the RECORD, as follows:

CAPT. E. V. RICKENBACKER'S ADDRESS BEFORE THE WASHINGTON (D.C.) BOARD OF TRADE, MARCH 20, 1934

Mr. Toastmaster, ladies, and gentlemen, it is my great privilege to be here tonight and try to picture for you the present situation in aviation, as I see it.

I do not propose in this address to discuss the cancellation of the air-mail contracts. The issues in that action are being threshed out in another forum. I myself confidently believe that the air mail will be put back into the hands of the commercial companies, and I believe on terms that will undertake to be fair to the companies and to the Government, and that will also be fair to the country, and stimulative of progress in commercial aviation.

The one reason why this air-mail problem has developed so rapidly into this snarl is that the representatives of the Government and the representatives of the companies are still so disturbed and stirred over the difficulties that cancellation has made for the companies and for the Government that each side is thinking largely in terms of personalities instead of in terms of the fundamental questions at issue.

Why do I have a supreme confidence that the ultimate outcome will be satisfactory to the companies, to the Government,

and to aviation? I'll tell you why I hold the confidence I do. It is because in my opinion the final judgment for all parties at interest will be directed from the White House. And I know that the President of these United States is fair-minded and is air-minded. That is, I think, sufficient good reason for my faith that this issue which has swept over the entire Nation and caused such bitterness will be decided by the President in the spirit of the square deal and with equal and exact justice to all.

In any modern industry improvements in equipment and mechanics come so fast that they often overshadow policy. We who are so interested in these things are prone to lose sight of the fact that policy should lead mechanics into progress.

The policy on which the aviation industry has been operating until a recent date was stated in 1926. Briefly, it was that for national defense the United States needs a reserve of aircraft-manufacturing plants capable of meeting war-time requirements. To keep these plants 50 percent busy there should be orders from the Army and Navy air forces, the private pilots of the country, developed and encouraged by the Department of Commerce, and orders for transport equipment from the air lines aided by Government funds paid for flying the mail.

The policy based on that foundation has been successful, and I will soon explain why. Eight years have elapsed, and 8 years is a long time in aviation.

Let us see where this policy has brought us in 8 years.

Five weeks ago the air lines of the United States were carrying an average of 1,500 passengers, the equivalent of 675,000 letters, and about 5,000 pounds of express every 24 hours. Nearly half of that traffic was flown at night.

We had in service—all lines combined—600 airplanes, 1 for every 9 Pullman cars. Every airline company was proud of its record because it was completing more than 85 percent of its schedules. Service was being improved month by month, year after year. From 23 cities and towns served by air transport in 1926 the number had grown to 178 early this year. We served directly the trading areas for about 60 percent of the population. We served directly about 90 percent of the manufacturing facilities of the Nation. Our speed had increased. From 100 miles an hour 2 or 3 years ago it had jumped to 180 miles; yes, 200 miles an hour—more than 3 miles a minute, this year.

All told, our domestic and international airlines had nearly trebled the length of their routes in 5 years—from about 16,000 miles in 1928 to more than 47,000 miles of routes in 1933.

Those lines with air-mail contracts were doing nearly all the flying. In other words, they were providing most of the service.

The contract mail lines were flying an average of about 150,000 miles every 24 hours. The nonmail lines were averaging about 7,000 miles, flying only in daylight.

The mail lines were doing more than 26,000 miles of flying without mail every 24 hours, for which they received only revenues from passengers and express traffic.

The contract mail lines were flying day and night. The rules varied somewhat on different lines, but in general they required that a pilot must first have had at least 1,200 hours as an aviator before he could take charge of a plane. There were about six employees on the ground for every pilot in the air, to see that he made his trip safely and efficiently. The planes were in the hands of trained mechanics 2 hours for every hour spent in flight. That cost money, and it was worth the expense. The lines had established and completely equipped flying bases, repair shops, radio and weather-reporting stations, and testing depots for equipment at 162 airports in the United States.

This is only part of the picture. The aviation industry as a whole employs 20,000 persons directly and 75,000 indirectly. I believe that more than 100,000 wage earners make a living through aviation enterprises and the allied industries.

There are 450,000 aviation stockholders distributed in every section of the country.

There are no less than 100,000,000 users of the air mail. More than 2,000,000 persons use it every day, including the person who mails a letter and one who receives it and the others directly affected by that letter.

Our air-transport industry was one of the first to cooperate with the N.R.A. The air-transport code, which became effective last November, provided for a 15-percent increase in employment and a 20-percent increase in pay-roll expenditures. The contract air-mail lines last year ordered upward of \$8,000,000 worth of new equipment. Actual production of more than a hundred new transport planes for the air lines in 1933 increased the total commercial airplane production value 164 percent. The contract-mail lines were spending a very large part of their revenues on new equipment.

Their revenues came from three sources—passenger, express, and mail traffic. Mail payments formed about half of the average airline revenues.

The Budget for the present fiscal year, ending next June 30, provided \$14,000,000 for domestic air-mail payments.

For that amount the lines were scheduled to do about 36,500,000 miles of flying with mail. That represented an average payment of about 38 cents a mile.

Now you have heard much talk about overpayments, subsidies, and the like.

I want to say a word about these payments. Congress in its air-mail legislation at intervals declared a national policy which had for its purpose the development of an air transport system second to none on land or sea or in the air over the other coun-

tries. The purpose was to develop a fast, reliable, safe, and comfortable service for all three classes of traffic—passenger, express, and mail.

It was taken for granted that the growth of traffic would ultimately make air transport profitable—profitable for the lines and their 450,000 stockholders; profitable for the people of the Nation, speeding up business and travel; profitable for the Government as a self-supporting arm of the national defense; profitable for the Post Office Department, which could make a profit on contract air-mail operations.

That, my friends, was the intent of Congress in passing air-mail legislation. By adopting that policy Congress lent an ear to the hundreds of communities which clamored for air transport service.

What happened to that plan? Why was it not carried out? What happened to create a situation which became apparent more than a year ago?

More than a year ago the contract mail operators were unhappy and dissatisfied. They were losing money. They were not growing as rapidly as they should, as they knew they could grow.

First among the causes, of course, was the depression. But here, unlike other industries, air transportation had more than held its own. It had increased employment and improved its service every year.

The actual source of the trouble was the air-mail rate. In July 1932 air-mail postage was increased from 5 cents an ounce to 8 cents and 13 cents for each additional ounce. That automatically reduced air-mail poundage by 24 percent. Last year the lines carried about seven and a half million pounds, an amount equal only to that of 1929, when the industry was just beginning to creep out of the experimental stage.

Obviously there was only one remedy for that. The air-mail structure should be reorganized. The air-postage rate should be reduced. The public should no longer be penalized, or taxed, for using the air-mail service.

Many Nation-wide surveys among all classes of business and industry showed that we should have lower air-mail postage. There was plenty of evidence to prove that three classes of air mail would be popular, say a 5-cent letter, a 3-cent lettergram, combining letter and envelope in one sheet of paper, and a 2-cent air postcard. Such rates would popularize air transportation. The Government could not lose. It risked nothing. It was at liberty to change the rate of payment to the lines. The Postmaster General might reduce the rates of payment at will. In this prospect the operators had only one concern. They alone knew the exact cost of operations. They knew the difference between safe, efficient, fast transport and cheap transport. I use the word "cheap" in its true sense. They knew that it would be quite possible to put a parachute on a pilot, and let him take off in an open-cockpit plane, in daylight, with a light load of mail, possibly 100 pounds. The pilot might fly his course as long as he could see it; and then come down. If he didn't see a good landing field, he could jump. Such mail service, without passengers, might be provided for about 20 cents a mile. But who would want it?

Throughout the development of the airline network there had been keen competition. Each line, regardless of whether it operated over exclusive territory or not, had tried to improve its service, developing better planes, improved servicing facilities, and more expert personnel, which comes only with years of training, discipline, and experience. The air lines conducted a continuous program of improvement, because it was good business to do so.

From any viewpoint, no line could afford to cease development work and risk having competitors extend operations into its territory with better planes and more reliable service.

During 1933, due to aggressive traffic promotion and improved equipment, the contract mail lines increased their passenger and express business to such an extent that they looked forward to this year as one of great promise, a year in which they would play their part in speeding the Nation back to recovery, a year which would see vastly improved passenger and express service, and with the cooperation of the Post Office Department, a new air-mail program, one calculated to become increasingly profitable to the Government and the public.

That, my friends, was the picture last January.

Tonight the air lines of the United States are operating without mail contracts.

Tonight the aircraft equipment of our air forces is being closely scrutinized. It has been stated here in Washington that the products of our airplane and engine plants are not as good as those of other nations. These other nations do not agree, apparently, with that statement. In 1933, 32 percent of our aircraft-equipment production was sold in other countries. Other great nations were sending representatives here to buy our planes and engines and navigational devices; and in many instances were trying to secure rights to manufacture our products abroad.

This foreign market, which is greater in percentage than the foreign market for American automobile products, has been obtained in the face of the keenest European competition. European governments are using every means within their power to discredit American aircraft products and to take these markets for their own. During the last 3 months Washington has become infested with foreign propagandists, intent upon using disgruntled and unpatriotic Americans, among other means, to discredit and retard American aviation. They have attacked our air transport and our aircraft manufacturers, knowing that the two are interdependent; and that to weaken one weakens the other.

This campaign has gone on long enough. Its end is in sight. We are fortunate in having a President whose experience in national defense has ranged over 16 years. He has demonstrated his constructive forward-looking policy with his Navy program. Unless I misinterpret the press, he is about to do the same with aviation. I, for one, am sure of this, now that he has taken matters into his own hands.

Let us see what may be expected of aviation within the next few years as a result of a new policy which, I believe, is forthcoming.

In the light of what we know to be technically possible, we may be sure of transport planes soon making 250 miles an hour and military planes doing 300 miles an hour. Incidentally, do not be misled by reports that our own air forces have permitted their equipment to lag behind that of other nations in performance. Type for type our air-force planes equal any built abroad. They are just as fast and they will fly as high and perform just as well in a flight or raid. In the quality of our bombers and fighters we are ahead of the rest of the world.

We are weak in numbers. We are not keeping pace with other powers in experimental work of the kind which requires 3 years for final development. The reason is that Congress has not appropriated enough money for air-force equipment, development, and training. I repeat, however, that in quality we are the equal of others.

Let us get back to air transportation. Two years of intensive development work in close cooperation between designer, builder, and air-line operators are required to produce transport planes of outstanding performance. We cannot discontinue that development today and hope to be the equal of other nations in 2 years. We must carry on. I am confident that we shall be permitted to do it.

In that event we can be sure of passenger, mail, and express services spanning this continent in 10 hours from coast to coast. We can count upon a trans-Atlantic service only 15 hours between terminals. We can be sure of a trans-Pacific air service at no less than 2 miles a minute, and eventually faster than that. We now have in our Pan-American Airways System transportation to the most distant capitals in South America within 7 days. In the next few months, with the new equipment, that time will be cut to 5 days. Knowing what that will mean to our people traveling between the two continents or delivering merchandise, I venture to predict that even this time will be further reduced.

Don't for a moment believe that technical progress has even approached a halting point. The number of aircraft inventions acknowledged by the Patent Office here last year was the greatest of any year in history, and 100 percent over the previous year. Time must elapse before those inventions are translated into everyday practical use.

Yet we are not taking anywhere near full advantage of what we have available today. To limit air transport to 168 cities and towns in our big country is utterly unthinkable. Instead of 168 towns we must have thousands of towns served by air transport.

Our present air-mail line network is a fairly comprehensive trunk-line system, quite capable of absorbing the passenger, express, and mail traffic fed into it by scores of branch lines crisscrossing every State. It must be so. It cannot be stopped. Halted temporarily perhaps, but only for the time being. Not one of the executives of these air lines has believed for an instant that the years of pioneering and the expenditure of capital, the devotion to an ideal bent on making this a flying age—not one of these men has permitted himself to believe that this private initiative would be thrown into the discard.

We in the industry have studied the development of surface transportation. We know precisely how the railroad and the motor car revolutionized our life, both as a nation and as individuals. Theirs was a struggle at first. They made mistakes, as have we. Their technical development followed close upon the facilities made available. The steel rail paved the way for fast trains and luxury. The paved highway opened wide the door of a new world for the motorist.

The airplane will do that.

In each form of surface transportation, as it developed, there became apparent a need for a change in public policy to guide it into the clear, straight path of its rightful destiny. So, too, the airplane. We look forward to a magnificent broadening of the various uses for this fast transportation. We realize that the Nation today has the most air-minded President in its history.

President Roosevelt is keenly aware of the vast, the limitless possibilities of this our heritage of the air. He proves that by the fact that he has taken much of his time to devote personal attention to this problem. To his new policy we look forward with confidence.

I thank you.

[Editorial from the Chicago Journal of Commerce, Wednesday, Feb. 21, 1934]

HOW MANY MORE?

Whatever may come out of the air-mail-contract tangle—and there is no reason for much sympathy for former Postmaster General Brown's part in the lettings—it must be apparent to all Members of Congress, including Chairman BLACK, of the Senate investigating committee, that measures placed before Congress should be read, reread, debated, and studied before they are acted upon. The McNary-Watres Act, upon which air-mail-contract lettings were based, has been shown by the committee to have been as full of holes as a Swiss cheese. The theory of seniority

equities which brought the 1930 conference of air-line officials into being is the case in point and the reason for the charge of collusion which Postmaster General Farley made but has not yet proved.

If measures establishing subsidies for air lines were not read carefully by Senators and Congressmen previous to 1930, what are we to say of the mass of legislation that is being choked in and out of both Houses in the present speedy session? What is to be said of the "gag" rule which closed effective lips in the House when the debate on the tax-adjustment measure was in progress? It may be true that the measure was drawn up by experts who know more than any of the Members of Congress what provisions belong in such a measure, but it is a poor Congressman—one not worth his salt—that will permit himself to be gagged on such controversial measures.

What shall we say of the action of the House Coinage Committee on the Gold Reserve Act and the speedy action taken on the floor? Is not the quantity of gold allowed in the dollar of importance to the people of the United States? Did not the measure enacted, take from the value of the citizen's dollar 41 cents in gold? Is this unimportant in Congress's handling of other people's money?

The McNary-Watres Act may have been passed without adequate debate and skull-racking study, but if it was, what may be said of the present crop of new laws? Perhaps we shall only perceive the loopholes in the distant future.

[Editorial from the News-Sentinel, Fort Wayne, Ind., Friday, Feb. 23, 1934]

INTO THE VALLEY OF DEATH

The time has passed when any of us can bother to discuss coldly and academically the relative merits of Army and private transport mail-carrying.

The question should now be waived as to whether, given a proper period of preparation, the Army might satisfactorily handle the mails.

The issue of air-mail graft or impropriety, now under investigation, has become subordinate to the issue of how much longer the slaughter of Army pilots and the destruction of Army planes is to be permitted to go on.

The tragic death of half a dozen Army pilots in the last few days—which "Ace" Eddie Rickenbacker calls "legalized murder"—and the total loss of about twice that number of Army planes, may well be written down in history as another Balaklava.

As in the famous decimation of the glorious Six Hundred in the Charge of the Light Brigade, so with the Army pilots commanded to fly the mails—"theirs not to reason why, theirs but to do or die."

There is an old saying among aviators that a smart pilot knows when to turn back. But the Army men, as smart as any of them, are given no option. In the Army, an order is an order; and just the other day, a brigadier general was quoted as having said that the Army would "fly the mails through hell and high water and in spite of death."

That's Balaklava stuff. That's nonsense. That's needless sacrifice of human life.

These gallant Army pilots who have laid down their lives in pressing ahead through snow and ice, under the strain of orders and intent upon saving the face of the Army Air Service, are simply handicapped by lack of experience and equipment for their tasks in the mail service, just as commercial transport pilots who have been successfully carrying the mails might easily come to disaster if suddenly called upon for Army service.

Assuming that the Postmaster General's charges of enormous fraud and shameless collusion among privately owned carriers is 100 percent true, assuming that the \$46,000,000 which he estimates as the unnecessary burden placed upon the taxpayers, still must we not conclude that the loss of life and destruction of planes which have occurred in the few days following transfer of the mails to the Army custody more than offset the potential monetary economy for which Mr. Farley is striving?

Clearly, some steps should be taken at Washington for preventing the collapse of air-mail service which commercial contractors have built up to efficiency over the last decade.

Readers of the News-Sentinel are well aware that this newspaper has no brief for collusion and graft in the Air Mail Service, any more than in any other service. Corruption should be completely swept from the service. But neither that nor any other good purpose can be achieved by slaughtering Army pilots.

[Editorial from the Prescott (Ariz.) Courier, Tuesday, Feb. 20, 1934]

THE PRESIDENT AND THE AIR LINES

In canceling the air-mail contracts of every aviation company in the land because of apparent irregularities on the part of a few, President Roosevelt seems to have acted with undue haste. He did not receive the response of acclaim that usually attends his moves.

Because the various air lines, aided by mail contracts, have been prospering so that the United States today leads the world in commercial aviation, the drastic order of the Chief Executive unjustly might be accused of falling in line with the belief of some of his subordinates, whose utterances and activities leave the impression with the public that every person in the country who makes a profit in business is a crook. Not having been success-

ful in ventures themselves, they simply cannot understand how any honest person honestly can earn a dollar in any line of work. The President's secretary says the order of cancellation came from the Postmaster General, not from the White House, which shifts the responsibility not at all, as no Cabinet officer would make a move his Chief did not authorize.

The statement of Col. Charles A. Lindbergh that the Presidential edict "does not discriminate between innocence and guilt and places no premium on honest business" will go a long way with the American people. And the observation of Will Rogers, "Its like finding a crooked railroad president, then stopping all the trains", will win more earnest thought than all the political clamor of the year could bring.

The United States gave the railroads millions of acres of land in the pioneering stage of rail development; and European nations today are subsidizing steamship lines and airplane systems by direct payments of cash for carrying mail; this as a means of encouraging private shipping and to help aviation along until it can go alone. America easily leads the world in commercial aviation, a superiority directly due to mail contracts, which now are wholly taken away.

Heretofore the President has "backed up" in instances where he has been convinced a wrong has been committed, or in response to the wild complaints of those about him. In present circumstances he could gain wide-spread commendation by revoking his order wherever no proof of graft exists, and wait until the chaff is winnowed from the grain. People generally are for a square deal, and they could not give endorsement to any gesture, from any person which condemns the guiltless without benefit of trial.

[Editorial from the San Francisco Chronicle, Wednesday, Feb. 21, 1934]

WHO IS RIGHT ON AIR MAIL By Chester H. Rowell

Ever since Lindbergh's protest on the cancellation of the air-mail contracts, there has been a systematic campaign, not to prove Lindbergh wrong—events, indeed, have proved him right—but to undermine his popularity. Much has been made of the alleged discourtesy of giving out the dispatch before the President had read it, and of the quibble that it was not the President but the Postmaster General, by his authority, who ordered the cancellation. The manner of answering the communication itself was intended to create the impression that America's foremost aviator was an unimportant youngster who did not know what he was talking about. And insinuations were made, without stopping to investigate, that he had made huge profits on his air options. It turns out that the guesses on his profits were 20 times too high, and that he has since reinvested even this moderate sum in the stock of the companies he serves, so far with no dividends.

The psychology of the whole campaign—and we are in an era of government by psychology—is the assumption that the people support President Roosevelt, not because he is right, but because he is popular, and that in a difference of opinion between him and another man, also popular, they would have no way to know with which to agree. Therefore, Colonel Lindbergh must be made unpopular, to establish the presumption that he is wrong.

The fact is that, in this matter, it is the popular President who is wrong and the popular aviator who is right. The real question is not who is unpopular—they both are—but who is right. Wrong does not become right because Roosevelt does it, and right would not become wrong by making Lindbergh unpopular. The decision must rest not on the man but on the facts. And Roosevelt, by getting his facts from Postmaster General Farley and Senator BLACK before they found them out themselves, is the one who acted without knowledge, as well as without consideration for the consequences. Now, the finest air service in the world, America's pride and protection, is taking those consequences.

This is the first time in America that men were punished first, sentenced afterward, convicted still later, and tried not at all. It is a reversal of all the processes of justice. Even if the result had been just, this would have been the wrong order. And the facts, as now belatedly coming out, show that it was wholly unjustified. The vague talk of fraud has been withdrawn, there being no evidence of it whatever, and the collusion, which is the only present charge, turns out to have been the public compliance of the air transport companies with the announced request of the Government, carrying out the policy of Congress.

These air-mail contracts were frank subsidies, to build up the service. Their cost, under the Coolidge administration, was considerably more, and under the Hoover administration a little more, than the air postage receipts. The consolidation of lines was in accordance with the policy of Congress on the railroads; of the States, on truck and bus lines; and of the Government, on transportation generally. The subsidy accomplished its purpose. It did build up the finest air transport service in the world.

None of that service has yet made profits or paid dividends, though some individuals did make money (and others lost) gambling on the stock market. But it has reached a point where new contracts, reducing the compensation for carrying the mail to the actual postal receipts, might very properly have been arranged. Instead, the entire service has been disrupted, without saving to the Government, and with great injury to both the mail and the passenger service.

If the present plan is carried out, it will mean two parallel lines over every route, one carrying mail and the other passengers, both losing money and both curtailing service. The Army cannot

carry passengers; and if it finally gives way to new private companies, these companies will either confine themselves to mail or else compete with existing companies for a passenger traffic which is not yet profitable to one, and would be ruinous divided between two. The punishment will be to the American people.

Such a question cannot be considered in mere terms of the popularity of one man or another. Neither is it a legitimate weapon for the effort of Farley to get Brown. It would not even be fitting punishment for frauds, if later evidence, there is none yet, should show that any were committed. Penalty for such wrongs should be visited on those who did them. But it should be after trial, not before it. Even if Brown was wrong in his interpretation of the law and of the intent of Congress, that should be ascertained first and the action then undone. But not by punishing those who, by Brown's authority, carried out his direction. And least of all by substituting for a service which was working magnificently and about to work better a bifurcated service which will inevitably work worse.

The only hope, of which there are some signs, is that the whole thing was a bluff and that the service will soon be back in the old hands under revised contracts. But even if that right thing should be done this was the wrong way to begin it.

[Editorial from the Army and Navy Register, Saturday, Feb. 24, 1934]

THE AIR-MAIL TRAGEDY

The precipitate action of President Roosevelt in canceling all air-mail contracts and turning operation of this great system over to the Army on short notice is bringing tragic results. Already several officers have been killed, and the end is not in sight. Every loyal citizen will applaud efforts to eliminate graft in the Government. Wholesale fraud is hardly believable. However, where graft actually exists it should be established by legal procedure and the guilty punished to the limit of the law. At the same time, the existing air-mail contracts should have been enforced until such time as the guilty officials and corporations, clearly indicated, could have been properly dealt with.

The Commander in Chief ordered Army flyers to undertake this work. They responded in true military spirit, although their airplanes, equipment, and training are not suited for such work. The unusual weather put the final handicap on the Army Air Corps and the tragedy in human lives is the result. More deliberate, reasoned procedure and less politics, as clearly indicated in efforts of the Senate to establish air-mail graft, would have reduced loss of life to a minimum. It would have resulted in punishment of the guilty rather than the innocent Army officers and their families.

[Editorial from the Business Week, Feb. 24, 1934]

HOW TO SALVAGE THE AIR MAIL

The air-mail contract cancellation affair leaves a bad taste.

It interrupts an efficient, smooth-running service of which every American was proud. It jeopardizes lives and equipment of the Army. If allowed to stand exactly as promulgated, it would cripple air transport.

It has a political flavor; the inference is bound to be drawn that this was in part motivated, consciously or subconsciously, by a desire to discredit acts of the Hoover administration. Up to now the Roosevelt group has not conspicuously indulged in that form of petty politics.

Worst of all, the act has the unmistakable air of having been decided upon impetuously. That is a disquieting thought. If the administration is impulsive and headlong once, it may be again, in an even more critical matter.

Postmaster General Farley suggested to Colonel Lindbergh that, if the colonel knew all the facts, he would not feel that any injustice had been done or would be done. Then Mr. Farley issued a long letter, presumably the administration's complete statement of its grounds for summary action. As such it falls far short of justifying the course chosen.

To us it appears that the Hoover-Brown policy aimed at building up an efficient Air Mail Service and, simultaneously, a good passenger-transport system. Aiming at this, support was thrown to the strong, well-organized groups. The device of granting extensions seems to have been stretched beyond the intent of Congress—all to the same end.

It appears there was much money made in certain air stocks. But there is no evidence of improper considerations having been demanded or volunteered in return for contracts.

It does appear that the big operators carved up the map among themselves. But they did so at the direct invitation of the Government then in power.

That is not the way Roosevelt would have done the thing. It is abhorrent to his whole philosophy. He feels it is just the kind of favoring big fellows that the people voted against in November 1932. We may grant his sincerity. But it was possible to get a new air-mail deal without sweeping and indiscriminate extinction of all air transport companies.

The deed is done. Now the problem is to turn the situation to the best advantage possible. There probably is something to be gained from a new deal all around; let us have it.

We do not believe the sentence of execution passed on the air transport companies will be allowed to stand as written. We doubt if the 5-year prohibition against their rebidding will be rigidly enforced. The personnel that carried the mails until February 19 probably will carry it again, and soon.

But this time on a better basis. The scheme devised by Representative MEAD for payment on a mileage-poundage rate, together with plans to increase the volume of air mail by reducing postage and offering special services, seems well considered. It will get rid of the smell of disguised subsidy; it will be as welcome to the operators as to the Government and the public.

[Article from the Pittsburgh Post-Gazette, Saturday, Feb. 24, 1934]

BLAME AIR-MAIL CRASHES ON PLANES, INEXPERIENCE—EXPERTS IN TRANSPORT FIELD PRAISE ARMY FLIERS' COURAGE, BUT HIT LACK OF TRAINING FOR JOB AND EQUIPMENT OF SHIPS

By Con McFaddon, Post-Gazette staff writer

Improper equipment of Uncle Sam's Army planes and lack of proper experience on the part of Army fliers are blamed by persons familiar with the situation for the difficulties the Air Corps is encountering in carrying the air mail.

The six fatalities and numerous crashes that have resulted in the injury of several officers and the loss of eight planes also are laid to these factors.

Bitter criticism has been launched at the Government, but for the Army fliers there is the highest praise for the gallant and courageous manner in which they are going about their difficult task.

It has been estimated the casualty cost of Uncle Sam's first 5 days in the air-mail business has amounted to \$300,000, based on the cost of the eight planes, Government insurance, and the cost of training the men killed.

The crack-ups occurred during bad weather, with storms and fog along the mail routes. Neither the fliers nor the planes now carrying the mails are equipped to fly in such conditions, according to persons conversant with air transportation affairs.

Army pilots, they point out, have little or no experience in instrument flying, or blind flying. Under Department of Commerce regulations and rules of the air transportation companies, commercial pilots are required to have 20 hours' experience flying in a hooded cockpit, relying entirely on their instruments in taking off, cruising, and landing.

The service fliers are additionally handicapped because they are not familiar with the routes they are forced to fly with the mail.

Before a commercial pilot is put in charge of a plane, he first must travel over the route as copilot, on some lines, as long as 6 months, to familiarize himself with the country over which he is to fly.

In general, it is pointed out, economy measures have resulted in limiting the number of hours Army fliers spend in the air. The service pilots do comparatively little cross-country flying, this rarely at night, and then mostly under favorable conditions.

It is in the matter of equipment that the Army fliers are at the greatest disadvantage, airmen say. Army planes are built for maneuverability. Stability is a minor consideration, whereas designers and engineers have been bending their efforts for years to develop the stability of the commercial craft.

Army planes carry few instruments, and these generally are obsolete. The equipment of most of the ships now hauling the mail consists of a radio, a compass, and a turn-and-bank indicator.

The radios are out of date, limited in range, and nondependable. Fixed firmly to the instrument panel, they are affected by every vibration of the motor and plane and easily get out of order. The compasses and turn-and-bank indicator are of out-moded types and low in efficiency.

Only once since the Army has been handling the mail has the ground crew at county airport been able to contact a mail pilot while in flight.

Commercial planes are years ahead of the Army ships in the instruments they carry. They include an artificial horizon and a radiobeam. All instruments are in duplicate and are insulated by live rubber against vibration. The radio also is seated in live rubber or suspended on rubber cords.

Few, if any, Army planes are equipped with the radiobeam which shows any deviation from the plotted course.

As one flier put it, "Flying the mail in a commercial plane is child's play compared to the job the soldiers have."

There are other factors that add to the worries of the Army mailman. Owing to the sudden manner in which the job was given to the Air Corps, the service has been unable to establish proper communications. The pilot who cracked up near Uniontown Thursday was missing from 2 o'clock in the morning until nearly noon.

Maps have not been properly developed. Some of the planes pressed into use are not fitted for the job. Lieut. Corley McDarmont, commandant at Rodgers Field, advised against the use of certain types of pursuit planes but some still are bringing the mail to County Airport.

The Army fliers are on the spot, it is pointed out. They are taking chances they would not risk otherwise to maintain the tradition of the corps.

[Editorial from the Ohio State Journal, Saturday, Feb. 24, 1934]

ENOUGH AIR-MAIL DEATHS

Something will be done—and, of course, soon—to return the air mail to private, commercial, competent hands. The error of the sudden cancellation of private contracts has been proved to the satisfaction of the country, and the Government will not be able to hold out much longer against public opinion.

In the meantime, until definite plans are formulated, the carrying of the air mail ought to be halted completely. There can be no justification for a continuation of the slaughter of life, limb, and property of the Army Air Corps, which has shocked the Nation during the past week.

Coincident with the practical failure of the new deal in air mail, former Postmaster General Walter F. Brown has been on the Senate committee witness stand all week, longer than any witness ever was. His testimony is generally construed to have been a boomerang to the unfriendly purposes of the committee.

More important, the aviation industry of the United States—the greatest in the world—stands as living witness to the success of the Hoover and Coolidge air-mail-subsidy program.

[Editorial from the Harrisburg Telegraph, Mar. 1, 1934]

POLITICS IN AIR-MAIL TALK

C. B. Allen contributes to the New York Herald Tribune a startling story on the effort of the Roosevelt administration to take over the aviation industry. He intimates that the whole thing was a political scheme to grab off still more patronage and power. Air lines thrown into the whirlpool of disorder believe they were voided to open up new fields of patronage. It is further pointed out that one of the big four systems, friendly to the Roosevelt regime, has escaped all retribution. It is said to be the company which flew Roosevelt to the Chicago convention and the same company that later maintained a heavy loss servicing the Democratic South and Southwest.

It is felt quite generally that the administration must clear its skirts of suspicion that there was something behind this breaking down of the air-mail system and refusal to give the companies having contracts a hearing. Mr. Allen suggests that in aviation circles doubts resolve themselves into the single query of whether Postmaster General James A. Farley was permitted to scrap the entire air-mail set-up for the public good or simply for the purpose of breaking this particular patronage oyster wide open and dishing out the heart of it, not to the groups that have made America's air transportation a model for the rest of the world, but to those who have played along with the present administration.

Congress has put forward the naive suggestion, says this writer, and embodied it in projected legislation which is hailed as an administration measure that the erstwhile air-mail carriers whose contracts were canceled because of fraud and collusion be absolved by special amendment to the law of 1872, "provided they can show to the satisfaction of the courts or the Post Office Department that their hands were clean."

A growing impression at Washington seems to indicate that the air-mail companies which have invested millions of dollars in preparing for the service of air-mail contracts will again be given consideration after some flat provisions of the law which will cut down the appropriations for this service.

Undoubtedly there has been a revulsion of feeling in Congress since the tragic deaths of several Army aviators in endeavoring to carry on the Air Mail Service as developed by commercial organizations. There is also at Washington a feeling among flying men that inaccurate weather data have been responsible for some serious accidents. Errors are blamed on the local airport pride in politics. Pilots are inclined to lay the blame to either or both of two causes—that in some instances local airport pride leads to a species of optimism concerning flying conditions, the net result of which is a broadcasting tending to keep planes headed for a particular field, although they are certain to encounter extremely hazardous weather before they arrive; in other cases the charge that the Government employees whose duty it is to assemble, analyze, and broadcast flying-weather conditions are in some instances political appointees with little or no experience in such matters, and not much more interest, who have replaced reasonably efficient operators.

The Army fliers can have no such help. The air line—being closed down by imperial order—will not maintain a weather bureau to amuse themselves. They will not get much from the United States Weather Bureau. That is an archaic institution. I think they predict weather from the pains in their corns.

One benefit may result from this disaster. Admittedly, the Army officers should know the country better than they do. It would be a fine idea if every mail plane carried an Army officer—riding there for observation and experience.

[Editorial from the Kansas City Kansan, Mar. 2, 1934]

THE IMPULSIVE AIR-MAIL ACT

Word comes that the administration already is turning attention toward returning the air mail to private commercial carriers within a few weeks or months. It was asserted at the outset of the pending course of events that such would be done in time after new contracts could be negotiated. It was not to be the Army's permanent job to carry the mail.

This recent air-mail policy has been the first move by the administration that has aroused wide-spread criticism. The majority has been pretty noticeably with the administration on virtually everything else that has been attempted. But a sudden reversal of policy of the past few years which had been directed toward building up commercial air lines appeared too drastic. It cost the jobs of hundreds of air line employees. And turning the air mail over to the Army fliers, who were not familiar with routes and were not trained in that sort of work, came at a most inauspicious time. Accidents have taken a heavy toll of life among them.

The result is that a bad taste is being left in nearly everybody's mouth. The air lines which lost their contracts are threatened with having to close down—some of them already have done so. The air line employees are losing their jobs. The Army fliers are losing their lives. The public is wondering if it all is necessary.

Through all the criticism that arises, there is no disposition to discourage the uncovering of graft in the high places, if there has been graft. Those guilty should be punished. Moreover, if the air-mail policies of the past are considered too costly or if it is thought that they should be altered in one way or another, the matter surely should be given a full airing.

The criticism centers mainly upon the manner in which the whole matter has been handled. "Worst of all", remarks *Business Week* magazine, expressing a rather typical view, "the act has the unmistakable air of having been decided upon impetuously." Affairs of this kind demand more than impulsive action. Those guilty of grafting should be brought to justice. If the Hoover-Brown policy aimed at building up an efficient air mail and passenger service through Government aid is not wanted, then let it be changed in an orderly manner. But sudden canceling of all existing contracts has gone further than necessary.

Alert political observer that he is, President Roosevelt surely will heed the criticism that this move has aroused and will return the air mail to commercial carriers at an early date.

[Article from the Washington Herald, Mar. 4, 1934]

SPEAKER RAINEY'S ERROR

Much as we esteem Speaker RAINEY we are afraid that he shows but little respect for the heroism of the gallant young officers of the Army Air Corps who have recently been sent to an unnecessary death and little knowledge of the cause of their sacrifice when he attempts to justify it by such ill-considered assertions as the following:

"If there was legalized murder connected with the Army's mail operation, as stated on the floor of the House, it can be charged to prior failure to see that the Army Air Corps was properly equipped, the planes properly constructed, and the pilots properly trained."

It is clear that the Speaker of the House has not been told the difference between a plane designed and equipped to transport mail and passengers over a Federal airway, and a military plane designed and equipped for military missions.

To order air transport pilots to execute military missions in planes designed and equipped for transporting mail and passengers would be to condemn them to legalized murder.

To order military pilots to fly the mails in planes neither designed nor equipped for that mission, before the pilots were permitted to familiarize themselves with their routes, has been proved to be legalized murder, as has been so declared on the floor of the House and in many newspapers and around the hearthstones of hundreds of thousands of American homes.

If Speaker RAINEY had taken the trouble to secure accurate and unbiased information before he undertook to instruct the public in regard to aviation, he would have found how far from the truth his assertions are.

As Speaker of the House, Mr. RAINEY ought to know that the naval air force of the United States is first in strength and first in efficiency among the naval air forces of the world.

As Speaker of the House, Mr. RAINEY ought to know that the only reason why the military air force of the United States is third in strength, instead of first today, is because of the well-nigh criminal negligence of the House, which has refused in recent years, and is refusing now, to take the lead in appropriating money to build up this force to equality with the strongest in the world.

As Speaker of the House, Mr. RAINEY ought to know that until a fortnight ago the United States had the best commercial air force in the world.

This force has been dealt a crippling blow by the arbitrary cancellation of all domestic air-mail contracts upon the allegation yet to be proved to the satisfaction of any court of the land that were contaminated by fraud.

Instead of reflecting on the deserved fame of America's defenders who fly the colors, the passengers, and the mails, Speaker RAINEY would represent the State of Illinois better in the House of Representatives by raising his voice and casting his vote in support of the recommendations of the Secretary of War for an adequate congressional appropriation to be used in the immediate building up of the Army Air Corps to equality with the strongest.

That might not be the course of political expediency, Mr. RAINEY, but it would be the course of genuine patriotism.

[Editorial from the Kansas City Star, Mar. 8, 1934]

BACK TO CIVILIAN AIR MAIL

The President's letter on the air-mail situation is recognition of the too hasty action taken in canceling all contracts and disrupting the Air Mail Service. That it has been disrupted any user of air mail can testify. The Army had not the equipment or the specialized training necessary to carry the air mail efficiently. Since the Army fliers took over the service, air-mail patrons have found the ordinary railroad mail far more dependable for prompt delivery of letters.

The proposals in Mr. Roosevelt's letter for the prompt return of the service to civilian companies are generally sound. They lay down a policy that in most respects is for the public interest.

There may be a question whether the limitation of contracts to 3 years is wise; whether it would allow companies sufficient time to establish themselves.

The important defect in the plan is the insistence that no contract should be made with any company "any of whose officers were party to the obtaining of former contracts under circumstances that were clearly contrary to good faith and public policy."

This proposal would mean a wholesale penalizing of competent companies, of their stockholders, and of the public which they are prepared to serve efficiently, without trial, and on the mere investigation of the Senate committee. Guilt is personal. If any official is proved guilty of corruption, he should be proceeded against and punished.

But it is unfair and contrary to the public interest to bar well-equipped companies from carrying the mails merely on the suspicion that some of their officials have been guilty of bad faith and offending against public policy.

Obviously, the public interest requires the prompt restoration of the civilian air service with honest payments for honest service. It also requires that competent companies be not barred from bidding on the assumption, without trial, that some of their officers have been offenders.

[Editorial from the Ohio State Journal, Mar. 9, 1934]

REBUILDING THE AIR MAIL

In its sudden decision to pave the way for a return of the air-mail contracts to private commercial companies, the administration doubtlessly is attempting to rectify, as soon as possible, the error it made when the contracts were summarily canceled, and an unexpected burden was thrown upon the unprepared Army Air Service.

As it turned out, the Government's action disrupted the Air Mail Service even more than was at first believed it would. The death of several Army fliers who took over the job not only revealed a weakness in Army equipment and training but caused, as a precautionary measure, a further curtailment of service than was planned. As a result there are few people today who know which mails are going by air and which are going by train. Complaints of irregular deliveries have been frequent and delays are numerous.

Unless the service gets back on some kind of dependable and adequate schedule soon, commercial aviation will have been given a blow from which it will take a long time to recover, and which can hardly be excused by the undeserved rebuke given Colonel Lindbergh and, by implication, all others who took exception, for his criticism of the transfer.

If the time comes again when it is necessary for the Army to take over the job of flying the mails it is to be hoped that it will be adequately equipped with ships and instruments, and will include in its personnel fliers who have had enough training to venture into the kinds of weather which commercial pilots take as a matter of course.

The intention now to build up the Government's air service doubtlessly includes plans to do away with the weakness revealed by the Army's experiment with delivering the mails. Among the new ships to be built for military use the country will hope there is a plentiful sprinkling of the kind that will be good for cross-country and bad-weather flying and which are equipped with the modern devices necessary to make them ready for any service.

[Editorial from the Washington Post, Mar. 16, 1934]

THE UNCORRECTED BLUNDER

The administration would conserve both dignity and self-respect if it would realize that a mistaken policy cannot be smoothed over either by condemnation or blandishment of those who disagree on matters of principle. With extraordinary ineptness both methods have been tried in the case of Colonel Lindbergh. The natural result has been a stinging retort, requiring reiteration before Secretary Dern could be made to understand that the country's most distinguished aviator means what he says.

Of course, it is never pleasant to admit a major error of policy. But when such errors are made, an acid test of moral and intellectual stature is willingness to assume responsibility and to retract, both in words and deeds. To refuse to do so is to exhibit that stubbornness which is the enemy, not the aid, of leadership. And in the case of an administration which has freely admitted the experimental character of its policy, refusal to turn back from a false trail is the more surprising.

It needs only the disastrous and chaotic results to date to show that the present air-mail policy is leading nowhere. Indeed, each new attempt at justification seems more distasteful than the last. Yesterday Major General Foulois asserted that the costs to date are outweighed by the effectiveness of the training afforded Army fliers. The intimation that this important commercial service should be regarded in the same light as an R.O.T.C. is scarcely encouraging. By the same token the railroads might be turned over to the Army Engineer Corps. Perhaps schedules would be somewhat disorganized, but we would have what General Foulois is quoted as calling "an ideal peace-time test" of military training.

"I believe", says Colonel Lindbergh, "that the use of the Army Air Corps to carry the air mail was unwarranted and contrary to American principle."

That may not be the last word on the subject. But why not is still to be demonstrated.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. BAILEY. Mr. President, in the course of the discussion of the proposed legislation a great deal has been said about cotton. I do not think the real question here is the question of cotton or the prices of cotton. The bill presents to the Congress and to the people of this country more clearly than any of those which have preceded it the question of human liberty. I propose to discuss the bill rather briefly in the light of that sole proposition.

What does the bill propose? It proposes that the Federal Government shall determine for the individual farmer how many bales of cotton he may gin out of his annual crop. And by way of determining it, every right he ever had to plant, cultivate, and to reap is referred to the Department of Agriculture of the United States and the Bureau of Internal Revenue, and he is told by the authority of law that if he undertakes to gin one bale more than the Secretary of Agriculture says he may produce and sell, he shall suffer a penalty of 50 percent of the market value of it.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. HASTINGS. I think the Senator from Alabama announced that he had an amendment in which he proposed to make the penalty 75 percent.

Mr. BAILEY. That is thoroughly in accord with the spirit of the bill, and if it is to pass in any form I would just as leave it pass with a 75-percent tax or penalty as a 50-percent tax or penalty.

Mr. CLARK. Or 100.

Mr. BAILEY. Or 100. But I was raising the question now of what the bill proposed, and the farmer who unfortunately, or who by the fortune of a good Providence, produces one bale more than the Secretary of Agriculture says he may produce, either pays the penalty of 50 percent of its value, and therefore takes the loss in the cost of production, or stores it in the seed in order that it may rot through the winter. That is the situation.

Hear me, Mr. President and Senators. If the Federal Government can do that it can do anything, and we do not have a Republic, we have a tyranny. If the Federal Government can do that, there is not a vestige of State rights left in America.

The proposed legislation is the first since I have been here which proposed to take from the people themselves the rights declared by the Declaration of Independence to be inalienable. Although we may be dubious about what the Supreme Court may say in one case or another, thank God, I have not a question of what the Supreme Court will say about the calm proposal of the Federal Government to deny the inherent right of human liberty and lower the dignity of the human soul that goes with that denial.

I could discuss the economic aspects, and I should like to do it, and I may do it before I take my seat; but I do think, Mr. President, and from the depths of my soul I state that I believe we have come to the crucial hour of decision in the Congress and in the country.

It is going to be a free republic or it is going to be a regimented socialistic communism, and if this legislation goes through the latter will be indicated, and at least it will have the imprimatur of the Congress, but not mine.

I know what will happen to it when it gets to the Supreme Court. It will be thrown out. But, mind you, this bill is quite artfully contrived. It is not intended that the victims of the bill, the farmers whose liberties are destroyed, shall have the opportunity to get into the courts until the work of the bill has been done. I protest against that as nothing less than usurpation.

Those are strong words, but the time for strong words in America has come, Mr. President.

The bill provides that no one can bring an action for a refund of the taxes paid under the bill until 6 months after he has made demand therefor. The farmer goes forth now to sow, but he does not reap his cotton until August, and he does not reap it in a big way until September, and he can gin his quota in September and part of October, but when he comes to the first sale in excess of his quota it will be October. He pays his tax under protest. He files his claim of refund, and he is required by this unconstitutional law to wait until April 1935 before he can appeal to the judicial department of the Government to vindicate his rights as a free man. That is in the bill. There is no necessity for it. I impugn no motives. I let it speak for itself. But I do say that good faith with men whose liberties are being taken away from them ought to require that they have a recourse this side of 13 months from today to test the constitutionality of the bill that deprives them of rights which they and their fathers have enjoyed from Magna Carta until this good hour.

I was amazed this morning when I heard the distinguished senior Senator from Illinois [Mr. LEWIS] invoke the tyranny of Henry VIII and the arbitrary self-will of Queen Elizabeth as an example for the American Republic in the present hour.

Suppose the farmer gets to his district court of the United States in April 1935. He will be fortunate if the case can be tried within 6 months, and that will put him to September 1935. And suppose he loses, and he goes on his procedure of appeal; I think it perfectly safe to say he will be fortunate if he can reach the Supreme Court of the United States within 12 months, and that puts him until October 1936.

Meanwhile the tax has been collected twice. Meanwhile he has been deprived of his liberties twice. Meanwhile Mr. Wallace, our Commisar of Agriculture, will have carried out the sublime conception contained in his recent pamphlet *America Must Choose*. Meanwhile he will have carried that out and moved from the Southern States a million human beings. I shall be there when he undertakes to move them. But it is in the pamphlet *America Must Choose*, and if she chooses the nationalistic conception or policy she is promptly told that it may be necessary for the Federal Government to move a million human beings from the land of their fathers.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. FESS. I have been wondering where those people would be taken.

Mr. BAILEY. I will say in courtesy to the Senator that if they must move we might go, like some of our Quaker ancestors did, to Ohio and Indiana; but we would much prefer to stay in our own sunny clime. [Laughter.]

Mr. FESS. When it comes to moving, will anyone in the territory to which they are to be moved be consulted?

Mr. BAILEY. I do not quite grasp the question. I think we would be welcomed with open arms in Indiana and Ohio.

Mr. FESS. I am sure Ohio would open her arms to welcome anyone who came from North Carolina; but would Ohio be consulted before that is done?

Mr. BAILEY. I have not heard that she would, nor have I heard to what country he would have them moved.

But I bear testimony here in the Senate—and I think testimony ought to be borne here—that the Secretary of Agriculture has issued a command to us, "America must choose." I deny that America has to choose. America never has chosen. America has lived and grown and flourished and there never has been a man in America big enough to tell us that America must choose or that America must move, or whether or not America will choose.

Mr. FESS. The Senator will recall that when Bonar Law was the Premier he thought one solution of the unemployment problem of Great Britain was to move the unemployed to the colonies. With it went three proposals he had in mind. He found after he undertook to carry it out practically that they would have to have sent with them sufficient

funds and equipment and also get the permission of the colonies to which they were to be moved, all of which failed and the matter was dropped.

Mr. BAILEY. Of course. But if human liberty fails in America, no man may say when he will be ordered to move, or whither.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly.

Mr. VANDENBERG. Under the terms of the pending bill the Secretary of Agriculture might not move the poor farmers to Ohio. He might simply move them into jail as a result of their violation of his ipsi dixit.

Mr. BAILEY. I am glad the Senator read that into the course of my remarks. I might come to that, but I wish to dwell around this point a moment. The Secretary of Agriculture does say, in an essay prepared with all deliberation, printed in the Atlantic Monthly, afterward printed in pamphlet form, printed in the New York Times, very widely circulated, that it may be necessary to move a million men or a million human beings from the South—the land of their fathers. Think of the arrogance of that! Think of the ignorance of that! Think of the contumely of a Cabinet officer assuming that the Federal Government could ever move anybody from anywhere! What a commentary, Mr. President, on modern America's conception of the noblest gift of God to man, to wit, human liberty!

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Missouri?

Mr. BAILEY. I am glad to yield.

Mr. CLARK. I do not wish to interrupt the Senator, but merely to call his attention to the fact that when the Secretary of Agriculture was before the Committee on Finance, in response to a question which I think was asked by the Senator from Michigan [Mr. VANDENBERG] about that very point, the Secretary disavowed any intention of arrogance or any dictatorial quality in his article, and said very simply, and apparently from the heart, that it was simply an excellent and logical discussion of the situation; in other words, that it is his opinion in his own words.

Mr. BAILEY. If the Federal Government can tell the farmer how much cotton he shall produce, either by way of putting a tax penalty on him or otherwise, it can move him. I will stand on that proposition. It can then tell me what sort of hat I shall wear or whether I shall wear any at all. It can then tell me, as the British Government told its subjects in the reign of Queen Elizabeth, in what sort of clothes I shall be buried.

It was in that same period that the tillage laws of England were enacted, by which it was undertaken to do precisely what we are now asked to do—limit the tillage of land. But I had thought, with three centuries of human struggle and noble aspirations and with the sacred blood of that revolution which we fought, that at least my land and the people who are my people had parted with that once and forever, and that really the grand distinction between this country and all the others is the distinction that we would not stand for that but that we are the children and the heirs of liberty.

Mr. President, it will be noted that I am not talking about cotton. I am talking about human rights and human liberty. I shall say a word about the Constitution.

I hear it said here so often that it is needless to make discussion as to the constitutionality of a question here. I hear the word "futile" used with respect to it. Probably no more cynical commentary could be made upon our life than that. Probably nothing could so feed the fires of pessimism as that. What is the Constitution for? Should I answer that question in the Senate of the United States?

On the day I walked down the aisle of this Chamber, not a Senator but merely a Senator-elect, why was I required to stand yonder and take one oath before I could be a Senator of the United States? The answer is in the oath that I took. On the threshold of this office and this duty here, this responsibility and this law-making power here, I swore to maintain and defend the Constitution of the United

States against all enemies, domestic and foreign. I repeat, I am not afraid of the foreign enemies of the Constitution of the United States, but I do deeply fear the domestic enemies.

Why did I take that oath? Because I was being vested with power and with a trust, and I was taking the bonds of the Constitution about me in order that I might be restrained from usurping power, the opportunity to do which would be given me by my station here. We take no oath to serve the people; we take no oath to obey the President; we take no oath of fealty even to the Government of the United States; but we take the oath by way of solemnly signing the contract, the covenant which is the very heart and life of the Republic; and then tell me that it is a futile thing.

Why, those who ask me to vote for this legislation are asking me to take from the American people powers which I solemnly swore I never would take from them when I swore to support the Constitution.

Not only does this proposal strike at my oath, but it strikes deeper than that. If there were no oath to bind me, if I were just a citizen out on the street, and if I had a million acres in cotton, by the higher law of a great inheritance, by the unspeakable obligation which I owe to those who shall come after me by reason of what I have received from those who went before me, whose faces and forms I no longer may see but whose names and whose goodness I shall never forget, I would stand here, or I would stand there on the street, and I would protest with my latest breath against the acts of a congress or a government that would undertake to limit the liberties of my fellow beings in the slightest degree, for any cause whatsoever.

Mr. President, probably the most contemptible figure in the Scriptures, outside of Judas Iscariot, is the figure of Esau. He sold his birthright for a mess of pottage. He came in from the hunt to his father's tent. He smelled the odor of the cooking meat. Unwilling to go to the pains required to feed himself, he sold all he ever received or hoped to receive from Isaac for the mess of pottage.

This depression has taken much from us, Mr. President. It may take much more of material things from us. I should hate that; but when it begins to take from us and when we become parties to taking from our fellow beings in America the rights which the Government was ordained to maintain, then I revolt. It is too much.

There are concessions I will make to this depression. There are points in which I will yield; but I will not yield human liberty for any price, to anybody, in any cause. When I do may my right hand lose its cunning, and the place that knows me now know me no more forever!

So, Mr. President, I am reminding my fellow Senators that this bill is not a cotton bill. It is a liberty bill—or, in the reverse, in actuality, it is a slavery bill. It is not an economic bill; it is an organic bill. If this bill shall pass the Congress, and the Supreme Court shall uphold it, I shall know that the end of all things has come in America, and I shall prepare for the socialistic regime and the dictator; for if this bill shall go through, we may take from the people any right that they have.

Something has been said here about the farmers being for this bill. I have on my desk some resolutions passed by the agricultural editors of America. They ask that this bill shall not pass until it shall have been submitted to the farmers for a vote. I have some other resolutions of a similar sort. I have a letter from Mr. Clarence Poe, the editor of the Progressive Farmer, a paper with perhaps a million circulation, printed in part in my city and circulated in my State. Even they are asking that there shall be a vote.

Well, Mr. President, it may not be so important to have a vote. I would rather that were done. If we are going to take the liberties of human beings from them in America, I think we might have the decency to ask them for their consent, since we sit here by their leave; but I go a little further.

If every man in America should ask me to vote to destroy the liberties of the American people, I would not do it. It is not a matter of popular vote, and I do not believe there is

power in America to destroy the essential liberties of human beings. There cannot be while the Constitution lasts.

Mr. President, I shall finish in a moment. I know the hour is late. I will ask Senators to hear me while I conclude.

I believe America needs an education in the value of human liberty right now more than she needs all the money and all the prosperity that God, in His goodness, might pour out upon us.

Mr. President, I think we have used the word "liberty" without thinking about its meaning. It has become rather ritualistic. I think the Fourth of July long ago lost its significance. I think we see the flag and forget that it is the flag of liberty. We sing the hymn—

My country 'tis of thee,
Sweet land of liberty—

with never a thought of its meaning.

I walk around this Capitol scene, and I see the symbols of liberty, but very infrequently do I hear anyone dwell on the meaning of liberty to human beings and on the value of freedom to men and women.

I would to God that by some means I could find the power to say here, and say somewhere else where America might hear it, what freedom means, what liberty means, to men like ourselves and like our fellowmen.

O Mr. President, it is more than cotton, it is more than balanced budgets, it is more than victories on battlefields. The highest spiritual value in the national life is liberty. The soul of the Republic is liberty. The source of the inspiration which makes the citizen is liberty.

As I have said, I stand here and see the symbols. I have stood before the monument to Daniel Webster on one of the public squares here and read the language inscribed there:

Liberty and union, now and forever, one and inseparable!

And I have wondered just what was in his mind, just whence came the inspiration.

"Liberty and union, one and inseparable." The historian might say that the great Senator and statesman was arguing that we had to preserve the Union in order to preserve liberty. Oh, no! "One and inseparable." We have to preserve liberty in order to preserve the Union. He meant both.

Every now and then I go to the railroad station to take the train for my home in North Carolina, and I see before the station the figure of Columbus on the prow of his ship, coming across the Atlantic in the spirit of liberty, and opening up all this New World to the human race, and I observe that he looks to the dome of the Capitol of the United States, on which stands another symbol of liberty.

Then I look upon the face of the Union Station and I read the legend:

Sweetener of hall and of hut.
Bringer of life out of naught.
Freedom: O fairest of all the daughters of time and of thought.

I pray God, Mr. President, that we may not even give here the appearance of undertaking to take from the farmers of my land their freedom, even though we should say they wish it to be done. I devoutly pray that come what may, though all of material value may be taken, the blessings of liberty may be preserved to us and our children even as brave fathers preserved it for us.

TITLE OF UNITED STATES TO LANDS IN TERRITORIES AND INSULAR POSSESSIONS—POSTPONEMENT OF A BILL

Mr. ROBINSON of Arkansas. Mr. President, on March 20 the Senate passed the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription. An identical House bill having been passed, the Senate adopted a resolution asking the House to return to the Senate the bill mentioned. I understand that the Senate bill has been returned by the House, and I move that the votes by which the Senate bill was ordered to be engrossed for a third reading, read the third time, and passed, may be reconsidered and that the bill be indefinitely postponed.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Without objection, it is so ordered.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of the Senate proceedings.)

HOUSE BILL REFERRED

The bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates was read twice by its title and referred to the Committee on Finance.

AUTHORITY TO SIGN AN ENROLLED BILL

Mr. ROBINSON of Arkansas. Mr. President, I ask that the proposed order which I send to the desk may be read and entered.

The PRESIDING OFFICER (Mr. HATCH in the chair). The proposed order will be read.

The order was read, agreed to, and entered, as follows:

Ordered, That the President of the Senate be, and he is hereby, authorized to sign, after the adjournment or recess of the Senate today, the enrolled bill H.R. 6663, the independent offices appropriation bill.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, March 27, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 26 (legislative day of Mar. 20), 1934

ASSISTANT COMMISSIONER OF PATENTS

Leslie Frazer, of Utah, to be Assistant Commissioner of Patents, vice Fred M. Hopkins.

APPOINTMENT IN THE NAVY

MARINE CORPS

James L. Beam, a citizen of Illinois, to be a second lieutenant in the Marine Corps, revocable for 2 years from the 1st day of June 1933, to correct a mistake in the name and in the date from which he takes rank, as previously nominated and confirmed.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 26, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God of wisdom and our Heavenly Father, too, reveal Thyself to our thoughts by breathing upon us the spirit of good will and cooperation and by relieving us of any fear or discouragement. All things shall be made plain when we are in Thy presence. Come forth, blessed Master, as a messenger of a good day, and may we open our minds to appropriate Thy teaching. May we all rejoice that we are heirs of a common salvation, children of a common Father, and as servants of the public; may we be bound together by a common aspiration. We beseech Thee that Thou wouldst keep us this day without sin and steadfast in all good works to the honor and glory of Thy holy name. Amen.

The Journal of the proceedings of Saturday, March 24, 1934, was read and approved.

CATTLE AS BASIC AGRICULTURAL COMMODITY

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H.R. 7478) to amend the Agricultural Adjustment Act, so as to include cattle as a basic agricultural

commodity, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Texas calls up the conference report upon the bill H.R. 7478, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478, Rept. No. 1051) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 6, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. There is authorized to be appropriated the sum of \$50,000,000 to enable the Secretary of Agriculture to make advances to the Federal Surplus Relief Corporation for the purchase of dairy and beef products for distribution for relief purposes, and to enable the Secretary of Agriculture, under rules and regulations to be promulgated by him and upon such terms as he may prescribe, to eliminate diseased dairy and beef cattle, including cattle suffering from tuberculosis or Bangs' disease, and to make payments to owners with respect thereto."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert: "To amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes"; and the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

E. D. SMITH,
ELMER THOMAS,
GEO. MCGILL,
G. W. NORRIS,
CHAS. L. McNARY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment strikes out the provision of the House bill authorizing the making of advance rental and benefit payments in the case of the dairy and beef-cattle industries, and inserts a broader provision which makes the sums, when appropriated, available for any of the purposes of section 12 (a) and (b) of the Agricultural Adjustment Act and to support and balance the markets for such industries. The House recedes.

On amendment no. 2: This amendment includes peanuts as basic agricultural commodities under the Agricultural Adjustment Act and defines processing thereof for the purposes of that act, and the House recedes.

On amendment no. 3: This amendment includes rye, flax, and barley as basic agricultural commodities under the Agricultural Adjustment Act; and the House recedes.

On amendment no. 4: This amendment includes grain sorghums as basic agricultural commodities under the Agricultural Adjustment Act; and the House recedes.

On amendment no. 5: The effect of this amendment is to authorize the appropriation of \$150,000,000 for the elimination of diseased dairy and beef cattle, the purchase and transfer of dairy cows to farms which do not have dairy stock for the purpose of supplying milk and milk products for noncommercial family use, and for the purchase of dairy and beef products for distribution for relief purposes. Not to exceed \$50,000,000 of the sum authorized may be used for the last-stated purpose. The amendment further specifies that no processing tax should be levied to reimburse the expenditures authorized.

The House recedes with an amendment which reduces the authorization from \$150,000,000 to \$50,000,000. These amounts, if and when appropriated by Congress, are to be used for the elimination of diseased dairy and beef cattle and for the purchase of dairy and beef products for distribution for relief purposes.

The provision of the Senate amendment making new funds available for the purchase and transfer of dairy cows to farms which do not have dairy stock and for the purpose of supplying milk and milk products for noncommercial family use are eliminated.

The provision of the Senate amendment that no processing tax shall be levied to reimburse expenditures under this section is eliminated, for the proceeds of processing taxes under existing law are not available except for the purposes of section 12 (b) of the Agricultural Adjustment Act and therefore would not be available for the purpose of reimbursing appropriations made under authority of this act.

On amendment no. 6: This amendment amends the provision of the Agricultural Adjustment Act which authorizes the Secretary of Agriculture to enter into marketing agreements. It broadens the class of parties with whom agreements can be made to include producers, and clarifies the provision so that express authorization is given to enter into agreements with parties handling agricultural commodities and products in competition with or affecting interstate or foreign commerce.

On amendment no. 7: This amendment amends the provision of the Agricultural Adjustment Act which determines the fair exchange value of basic agricultural commodities by inserting a provision including interest on mortgages, taxes, and freight rates as elements in the determination of current average farm price and fair exchange value. The Senate recedes.

On amendment to the title: The House recedes with a clerical amendment to the title.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

Mr. JONES. Mr. Speaker, I think the statement fully explains the essence of the conference report, and unless someone wants to ask some questions I move the previous question on the conference report.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. SNELL. As I look over amendment numbered 5—I understand that is the one I had some conversation with the gentleman about the other day—it seems to me that that is in fairly good shape. I wish the gentleman would tell us briefly about it.

Mr. JONES. That provides for an additional authorization of \$50,000,000 to follow out substantially two of the purposes named in the La Follette amendment, one the distribution of beef and dairy products through the Surplus Relief Corporation, and then the use of the funds in carrying out the program for the elimination of tubercular livestock and stock afflicted with other diseases.

Mr. SNELL. And the gentleman is of opinion that that is about all that could be consistently used during the next year?

Mr. JONES. Yes. Of course there is no limit as to how much could be used for relief purposes, but this will provide for a reasonable program. I want to be perfectly fair. This is merely an authorization. We are going to endeavor to get the money; but whatever money is available, the money in either fund may be used for these purposes, and I am thoroughly in accord with the purposes suggested by the gentleman.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. HOPE. For the purpose of the RECORD, because certain Members have asked me concerning it, is it not true that the \$50,000,000 will be an outside appropriation, not to be reimbursed from the processing tax?

Mr. JONES. That is clear enough. Certainly the \$50,000,000 is not subject to the processing tax. This would make it available for that purpose, even though the other fund may be reduced. As a matter of fact, it is not mandatory as to the repayment of any of these funds. No doubt there will be a replenishment of at least a portion, but the funds provided in the original bill may be used for any of the purposes outlined in the amendment.

Mr. BOILEAU. Do I understand the \$50,000,000 is an additional amount over and above the \$200,000,000?

Mr. JONES. Yes; in the authorization.

Mr. BOILEAU. So that the total amount of the bill is \$250,000,000?

Mr. JONES. Yes.

Mr. BOILEAU. That is what I understood.

Mr. JONES. Mr. Speaker, I move the previous question. The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

POST-OFFICE SITE, SAN ANTONIO, TEX.—REREERENCE OF A BILL

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to transfer consideration of the bill (H.R. 8514) authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property, from the Committee on the Post Office and Post Roads to the Committee on Public Buildings and Grounds. The chairman of each of these respective committees has agreed to this re-reference and requested that I ask unanimous consent that it be done.

The SPEAKER. The gentleman from Texas asks unanimous consent to refer the bill H.R. 8514 from the Committee on the Post Office and Post Roads to the Committee on Public Buildings and Grounds. Is there objection?

There was no objection.

USE OF EQUIPMENT, ETC., FOR AIR MAIL

Mr. ROMJUE. Mr. Speaker, I call up the conference report upon the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Missouri calls up the conference report on the bill H.R. 7966, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department, for carrying the mails by air, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "pension at the rate prescribed in part 1, Veterans' Regulation No. 1 (a), and amendments thereto: *Provided*, That in the event of injury of any such officer or enlisted man the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by Veterans' Regulation No. 3 (a): *Provided further*, That choice shall be made of the benefits provided in sections 4 and 5 of this act"; and the Senate agree to the same.

M. A. ROMJUE,
W. F. BRUNNER,
HARRY L. HAINES,
FRANK H. FOSS,
CLYDE KELLY,

Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
THOS. D. SCHALL,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department, for carrying the mails by air, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon:

On amendment no. 1: Provides that airplanes placed at the disposal of the Postmaster General by the Secretary of War for the transportation of the mail by air shall be fully equipped for safe night and day flying, and that pilots assigned to such airplanes shall be fully and adequately trained in the use of such special equipment.

On amendment no. 2: The amendment added by the Senate to section 4 of the bill did not change the intent of the proposal made by the House but merely clarified the meaning, that the pensions prescribed therein were to be determined pursuant to the rating schedule authorized by veterans' regulation no. 3 (a). The proviso added to section 4 by the conferees eliminates the possibility of interpreting the act to provide for the payment of pension benefits as provided by section 4 and the benefits provided by section 5 to the same person.

On amendment no. 3: This amendment directs the Postmaster General to make a report to the Congress of every payment made by him under this act, including the cost of transporting the mail by the War Department, on the first day of the next session of the Congress.

M. A. ROMJUE,
W. F. BRUNNER,
HARRY L. HAINES,
CLYDE KELLY,
FRANK H. FOSS,

Managers on the part of the House.

Mr. ROMJUE. Mr. Speaker, I move the previous question on the conference report.

Mr. SNELL. Mr. Speaker, before the gentleman does that, will he yield?

Mr. ROMJUE. Yes.

Mr. SNELL. Will the gentleman explain the change in the language that is contained in the conference report, in lieu of the matter inserted?

Mr. ROMJUE. Does the gentleman refer to amendment no. 2?

Mr. SNELL. Yes.

Mr. ROMJUE. After the bill had passed the House it went to the Senate, and there seemed to be a conflict in the two sections, 4 and 5, as passed in the Senate. The conferees got together and an amendment was offered by the gentleman from Pennsylvania [Mr. KELLY]. The gentleman from Massachusetts [Mr. FOSS] is familiar with the matter as is every member of the conference. We unanimously agreed that that was the best way to proceed in the matter; afterward the report went back to the Senate, and the conference report was adopted. The Senate has approved the conference report. Sections 4 and 5 were not quite clear as to the possibility of whether or not a man might not claim under both sections at the same time. Of course, the Senate conferees indicated that that was not the intention, but still it was not clear.

Mr. SNELL. Then this really is an amendment to straighten out the meaning of sections 4 and 5?

Mr. ROMJUE. Yes.

Mr. SNELL. And it is clear now so that everybody can understand it?

Mr. ROMJUE. That is what we think.

Mr. SNELL. Very well.

Mr. ROMJUE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

ELECTRIFICATION OF STEAM RAILROADS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2950) to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. SNELL. Mr. Speaker, I reserve the right to object.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Is it necessary to ask unanimous consent to call up a District of Columbia bill today?

The SPEAKER. The Chair is advised it is not.

Mr. SNELL. Have any of the members of the Committee on the District of Columbia had notice that this bill was going to be called up today?

Mr. PALMISANO. Today is District day?

Mr. SNELL. But it was understood we would go on with the discussion of the tariff bill.

Mr. PALMISANO. I understand that unanimous consent is not necessary.

The SPEAKER. It is not necessary.

Mr. SNELL. I think we ought to have notice of this kind of legislation when it is coming up.

Mr. BYRNS. But this is District day.

Mr. SNELL. I understand that, but it was understood that we were to go along with the debate on the tariff bill.

Mr. BYRNS. I do not know of any such understanding made on the floor of the House. This is District day, and I take it that any legislation which has been recommended is in order.

Mr. SNELL. The chairman of the committee asked to meet at 11 o'clock today so that we could go along with the debate on the tariff bill. That is the understanding I had. I do not know that there is any objection to this bill, but

I think the Members should be notified when you are going to bring up matters of this character.

Mr. PALMISANO. I may say, if the gentleman will allow me to explain the bill, that I do not believe there will be any objection to the bill. This is a Senate bill. The District Committee reported favorably a similar bill in the House. It is to give a permit to the Pennsylvania Railroad in order that they may be able to electrify their line from New York to the District of Columbia. As I understand now, they are unable to obtain a permit in the District of Columbia under the law. This simply gives them that right. It means that a great number of men will be employed.

Mr. SNELL. Mr. Speaker, it is the principle that I am objecting to. I am not going to object to this bill, because I think I am for it, probably; but I think we should be notified what the program is going to be each day. If we are going to take up District of Columbia bills when it was the general understanding of the House that we would go along with the debate on the tariff bill, I think we are entitled to know.

Mr. BYRNS. The rules of the House provide for 2 days each month for the consideration of District of Columbia legislation. Whenever District bills are reported, and on the calendar, with a favorable report from the committee, it seems to me the members of that committee ought to know that when District day arrives those bills may be called up.

Mr. SNELL. But we have never obeyed that rule, and the understanding was that we were to meet at 11 o'clock so that we could go on with the debate on the tariff bill. I am not going to object to this bill, but I am making a general objection to calling up matters like this in advance.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That steam-railroad companies now operating within the District of Columbia are hereby authorized, after approval of their detailed plans and issuance of a permit by the Commissioners of the District of Columbia, to electrify their lines within the District of Columbia and across the Anacostia and Potomac Rivers with an alternating current overhead catenary or other type of electrification system, with all necessary transmission, signal, and communication conductors and equipment, poles, conduits, underground and overhead construction, substations, and any other structures necessary in such electrification, the provisions of any law or laws to the contrary notwithstanding.

Sec. 2. Submarine cables may be used at drawbridge openings, provided previous approval shall have been obtained from the War Department.

Sec. 3. Where necessary for such electrification, the Commissioners of the District of Columbia may issue permits to construct conduit systems through or under the surfaces of public streets or other District of Columbia or United States property: *Provided, however,* That three ducts therein shall be reserved for the use of the United States and the District of Columbia.

Sec. 4. Nothing herein contained shall be construed as limiting or abridging the authority of the War Department, the Commissioners of the District of Columbia, or of the Interstate Commerce Commission.

Sec. 5. The said railroad companies shall be liable for any accident to, or injuries sustained by, any person by reason of any act or omission of the railroad companies or by their agents or servants during the construction, installation, maintenance, or operation of the electrical equipment and apparatus of the railroad trains.

Mr. MAPES. Mr. Speaker, reserving the right to object, I should like to ask the gentleman if this bill was submitted to the Interstate Commerce Commission before action was taken on it by the Committee on the District of Columbia?

Mr. PALMISANO. I do not believe there has been a report from the Interstate Commerce Commission, but, as I understand, it is a local matter. The Pennsylvania Railroad has set up the poles and wires to the line of the District of Columbia. They are now unable to proceed unless they obtain a permit from the District of Columbia.

Mr. MAPES. Did the Committee on the District of Columbia hold hearings on the bill?

Mr. PALMISANO. Well, the committee passed on it. The committee reported favorably on the bill. I cannot say whether hearings were held or not.

Mr. MAPES. Did the District Committee hold hearings?

Mr. PALMISANO. The bill passed the Senate, and I understand hearings were held there. There was no hearing

in the House committee, except that we took the matter up in the regular way, and there seemed to be no objection.

Mr. MAPES. I have not read the bill, but I notice in the reading of it by the Clerk there is a provision requiring the Interstate Commerce Commission to take some action in connection with this electrification. It seems to me it is a matter of such importance that it ought to be referred to the Interstate Commerce Commission before the House acts upon it.

Mr. PALMISANO. As I understand, there has not been any objection anywhere.

Mr. MAPES. It provides for underground cables; it provides for other things, and it is a matter of importance, I think, the gentleman will concede. For all I know it is all right, but it ought to be passed upon by some responsible agency of the Government, and it seems to me it should be referred to the Interstate Commerce Commission before we act upon it blindly here.

Mr. BYRNS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BYRNS. Press reports state that the Reconstruction Finance Corporation has loaned \$60,000,000 to the Pennsylvania Railroad—and I am confirmed in that recollection by the gentleman from Louisiana [Mr. SANDLIN]—for the purpose of doing this work. I take it that it is thoroughly agreeable with the Interstate Commerce Commission, since the Government has allocated that amount of money for the purpose of doing this work.

Mr. HASTINGS. And the bill has already passed the Senate.

Mr. BYRNS. The bill has already passed the Senate, and has been recommended by the House committee.

Mr. MAPES. It may be that the assumption of the gentleman from Tennessee [Mr. BYRNS] is correct. It may have been referred to the Interstate Commerce Commission. I do not know. My point is that before acting upon an important measure of this kind, the House should have before it something more than an assumption that it has been referred to the Interstate Commerce Commission. We should have a definite report from the Interstate Commerce Commission before acting upon it.

Mr. BYRNS. The gentleman, of course, knows that the Reconstruction Finance Corporation would not have taken the step of loaning that immense amount of money without entire approval by the Interstate Commerce Commission.

Now, that being so, and the Senate having passed this bill, and the House committee having favorably recommended it, it seems to me, since it involves simply the question of a permit to enable this railroad to proceed with the work of electrifying its lines between Washington and New York City, that this bill should be passed. The gentleman from Maryland has stated that without this permit the railroad will be unable to proceed and to put these men to work.

Mr. MAPES. My position, Mr. Speaker, is simply this: I assume this is a perfectly good bill, but from hearing it read it occurs to me that there are several important affirmative provisions in it, and it should not be passed by the House without the approval of the Interstate Commerce Commission. This approval can be obtained without any difficulty. For myself, I would not want to take the responsibility of acting upon it without the affirmative approval of the Interstate Commerce Commission.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. BULWINKLE. Has not the Interstate Commerce Commission already approved the electrification and the work being done by the Pennsylvania Railroad?

Mr. MAPES. I do not know whether it has or not.

Mr. BULWINKLE. It is bound to have approved it, for the railroad has borrowed the money for this purpose from the Reconstruction Finance Corporation.

Mr. MAPES. I do not know whether the Interstate Commerce Commission has approved this bill. Reference is made in the bill to underground cables and other important matters. It is not a very difficult thing to secure the approval of the Commission if the project meets with its

approval; and it is my belief that we should have knowledge of the attitude of the Interstate Commerce Commission before we act upon the bill.

Mr. BULWINKLE. I might say to the gentleman from Michigan that the Interstate Commerce Commission did approve the loan which is being made by the Reconstruction Finance Corporation to carry out the work.

Mr. BYRNS. I think that is sufficient answer to the gentleman from Michigan.

Mr. PALMISANO. This bill only permits the District Commissioners to grant a license to do the very thing that is stated in the bill.

Mr. MAPES. Will the gentleman again read the reference in the bill to the Interstate Commerce Commission?

Mr. PALMISANO. That is section 4 of the bill. It reads as follows:

Sec. 4. Nothing herein contained shall be construed as limiting or abridging the authority of the War Department, the Commissioners of the District of Columbia, or of the Interstate Commerce Commission.

There is nothing in this bill that would limit their rights.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. BLANTON. This bill merely permits them to exercise in the District of Columbia those rights that they exercise everywhere else between here and New York in the electrification of this railroad. It gives them no additional franchise of any kind. I think the bill is all right.

Mr. MAPES. It provides for the laying of certain underground cables.

Mr. BLANTON. That is absolutely necessary. The Commissioners still have control of all these matters, for the bill itself retains jurisdiction and control in the Commissioners and the Interstate Commerce Commission.

Mr. MAPES. Mr. Speaker, I think it is a very easy matter to have this bill passed upon by the Interstate Commerce Commission. I dislike to object, but—

Mr. BYRNS. Mr. Speaker, I make the point of order that it is too late to object. This is District day, and it is in order to call the bill up for consideration.

Mr. BLANTON. This bill is called up as a matter of right.

The SPEAKER. The point of order is sustained.

Mr. MAPES. Mr. Speaker, I listened very carefully as the bill was called up and watched the proceedings with that point in mind. After the colloquy with the gentleman from New York, the Republican leader, nothing was said except that the Clerk would report the bill.

Mr. BLANTON. But this is District of Columbia day, and the District of Columbia Committee has a right to be recognized to call a District of Columbia bill up as a matter of right.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman from Michigan yield?

Mr. MAPES. I yield.

Mr. COCHRAN of Missouri. Why should the Interstate Commerce Commission pass upon a matter that deals solely with the District of Columbia? This bill simply extends power to the District Commissioners to take care of a local situation. It is not a matter for the Interstate Commerce Commission.

Mr. MAPES. Because it pertains to a railroad and should have the approval of the Interstate Commerce Commission.

Mr. BYRNS. Does the gentleman believe that the Reconstruction Finance Corporation would approve a loan of \$60,000,000 to this railroad unless the Interstate Commerce Commission had passed upon it?

Mr. MAPES. I do not think we are acting with a due sense of responsibility if we pass this bill without the approval of the Commission.

Mr. BYRNS. Does the gentleman, merely upon that sort of an objection, wish to delay this opportunity for employment another 2 weeks—merely because the gentleman thinks this ought to be again submitted to the Interstate Commerce Commission?

Mr. MAPES. When the gentleman says "again submitted", is he speaking accurately? I have been trying to find out if it has been submitted to the Interstate Commerce Commission at all.

Mr. BYRNS. It was not submitted by the House committee, but I assume it was by the Senate committee.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. I asked the Chair whether unanimous consent was necessary to call up this bill and the Chair ruled that it was not necessary.

The SPEAKER. That was the ruling of the Chair.

Mr. MAPES. Mr. Speaker, I have no desire to be technical in this. If the gentleman from Maryland wishes to move that the House consider this legislation, of course, I cannot object to that, but I do object to taking it up by unanimous consent.

The SPEAKER. This bill is on the House Calendar.

Mr. MAPES. But no effort has been made to call it up except by unanimous consent, and unanimous consent has not yet been given.

The SPEAKER. This is District of Columbia day, and the Acting Chairman of the District Committee, by direction of that committee, may call this bill up as a matter of right. The Chair will say that a similar House bill was favorably reported by the District Committee and placed on the House Calendar before the Senate bill came over. Under rule XXIV, clause 2, the Committee on the District of Columbia could dispose of this bill under the provisions of clause 1 of the same rule or the committee could dispose of it under clause 8 of that rule.

Mr. PALMISANO. Mr. Speaker, I move that the House consider the bill (S. 2950) to authorize steam railroads to electrify their lines within the District of Columbia and for other purposes.

The motion was agreed to.

Mr. MAPES. Mr. Speaker, I could not hear the motion or the statement of the Speaker. May I ask what the status of the bill is at this time?

The SPEAKER. It is before the House for consideration.

Mr. BLANTON. Under the rules of the House.

The SPEAKER. It is before the House under the rules of the House. The Clerk will report the bill.

The Clerk again read the Senate bill.

Mr. PALMISANO. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

BUILDING-AND-LOAN ASSOCIATIONS

Mr. PALMISANO. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 2089) to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations.

The SPEAKER. The Clerk will report the bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Code of the District of Columbia (31 Stat. 1300; D.C. Code, title 5, ch. 3) is amended by adding at the end of title 5, chapter 3, thereof, the following new sections:

"Sec. 55. Personal property: The board of directors of any building association incorporated or unincorporated, organized and existing under the laws of the District of Columbia, to do or now doing, in the District of Columbia, a building-association business, in their discretion, may purchase the bonds of the Home Owners' Loan Corporation created pursuant to the authority of the Home Owners' Loan Act of 1933, approved June 13, 1933 (and said association is hereby permitted to carry said bonds as an asset at the par value of said bonds) or may subscribe and pay for shares of any Federal corporation created or authorized by law to lend money to building-and-loan associations.

"Sec. 56. Any building association incorporated or unincorporated, organized and existing under the laws of the District of Columbia, to do or now doing, in the District of Columbia, a building-association business, is authorized and empowered to exchange mortgages or deeds of trust or the notes or bonds se-

cured thereby or other obligations and liens secured on real estate or any real estate, which it may have or hold, for the bonds of the Home Owners' Loan Corporation created pursuant to the authority of the Home Owners' Loan Act of 1933, approved June 13, 1933, and said association is hereby authorized to carry said bonds as an asset at the par value of said bonds."

Mr. PALMISANO. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

RECIPROCAL TRADE AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, regardless of the attitude toward this proposed legislation, everybody must recognize it as a very important item of proposed legislation. Some question has been raised as to the constitutionality of this proposed legislation. I lay no claim to being a constitutional lawyer, but I think I know as much about the Constitution as some constitutional lawyers. If I were able to do it, there are two or three things I should like to do. I should like to take the strut out of statesmanship, and I should like to bring the Constitution within the comprehension of the average person in America.

Those of us who are lawyers and those of us who claim to be statesmen are a great deal like doctors; we are somewhat opposed to using terms that folks can understand. I sometimes think if we statesmen were to pursue the methods of the chemist, or rather, if the chemist were to pursue the policy of ours, if he were asked to ascertain the composition of some representative samples taken from a mountain, instead of analyzing the samples he would analyze the mountain out of which the samples came and go through a process of high-sounding reasoning and deduction as to what is the probable contents of the samples.

Now, as a matter of fact, there is not anything very difficult of understanding about the constitutionality of this bill. It is a plain question of whether or not Congress has the power to delegate to the President the responsibility contained in the bill, and this is not a new question in America. From the beginning of the Government, Congress has found it necessary to make delegations of power to the Chief Executive similar to, though not as extensive as, those proposed by this bill. The principle is identical. The degree is different, but principle and not degree is the test which determines constitutional power.

During Washington's first administration the Congress gave to the Chief Executive the power to levy a prohibition against the ships of foreign countries if, in the judgment of the Executive, this was necessary in order properly to protect the public interest. There was a long series of legislation of this sort. The constitutionality was tested first in the Supreme Court and determined in the opinion cited in 7 Cranch., known as the "Brig Aurora."

I shall not take time to discuss this decision, because it is referred to in One Hundred and Forty-third United States Reports, which is perhaps the leading case. This is the case of *Field against Clark*. This matter reached the Supreme Court when it was required to construe Federal statutes which, while levying a tax upon sugar, leather, tea, and other articles, provided, in substance, that the President might suspend these tariff rates in the event he could make a favorable trade with foreign nations.

You will observe the discretion that was lodged in the President in this case. The President's discretion was as broad as the field of American commerce. It is true he was given a limited number of articles with which he could trade with foreign countries, but the principle and power are the same as though he had been given the entire list of commodities.

This power of Congress to so empower the President was tested in this case, *Field against Clark*. The question was raised that section 3 of said act was unconstitutional and void in that it delegated to the President the power to legislate, the power to deal with import duties, which power, by section 1 of article VIII of the Constitution, is vested in the Congress.

In this opinion the Court reviewed the former acts of Congress from Washington's administration down, to which I have referred, approved them and held that in the acts under challenge there was no unconstitutional attempt to delegate powers to the President. I will call your attention to section 3 of the act under examination in that case. This reading is perhaps not very interesting. I appreciate the attention that the Members of Congress are giving to this rather dry statement of a very important matter.

This is section 3 of the act to which I have referred:

With a view to secure reciprocal trade with countries producing the following articles and for this purpose on and after the 1st day of January 1892, whenever and so often as the President shall be satisfied that the government of any country producing and exporting sugar, molasses, coffee, tea, and hides, raw and uncured, or any other such article, imposes duties or other exactions upon the agricultural or other products of the United States—

And so forth.

In the event the President became convinced of these facts and then became convinced of the opportunity of making a good bargain—this is the plain common-sense translation of the language—the President was authorized to make a trade agreement and in making that trade to modify an existing rate.

The Court here refers to the decision in the case of the brig *Aurora* (7 Cr.), to which I have referred, and approved that decision. I am proceeding as rapidly as I can because I do not want to take too much of your time.

Among the declarations of the Court in this opinion is this one:

If we find the Congress has frequently, from the organization of the Government to the present time, conferred upon the President powers with reference to trade and commerce like those conferred by the third section of the act of October 1, 1890, the fact is entitled to great weight in determining the question before us.

Which was a question of constitutionality.

This pronouncement of the Court is important because of the fact that since the beginning of the Government powers similar to that sought to be conferred by the bill now under consideration were conferred by the Congress upon the Chief Executive. The Supreme Court pronounced the rule of construction in this case, of *Field versus Clark*, which is the present rule of construction, that long-continued governmental practice is to be given great consideration.

Now, you will recall the language contained in the act, construed in the *One Hundred and Forty-third United States*, referred to—

That at any time after the passage of this act it shall be lawful for the President of the United States, if he shall deem it expedient—

And so forth.

You have heard a good deal in the argument with reference to the unconstitutionality of this bill that it does not put up a definite yardstick. There can be no broader yardstick than that contained in the act approved by the Supreme Court, in which it held that a delegation to the discretion of the President by the Congress to act whenever he, the President, should deem it expedient, when he examined the facts and matured a judgment he should put into operation powers conferred upon him by the Congress if he deemed it expedient.

I continue to quote from *Field versus Clark*:

While some of these precedents are stronger—

The Court is referring now to the legislative precedents to which I have referred—

than others in their application to the case before us, they all show that in the judgment of the legislative branch of the Government—

Now, pay particular attention to this, if you please—

It is often desirable, if not essential, for the protection of the interests of our people against the unfriendly and discriminating regulations established by foreign governments, in the interests of their people, to invest the President with large discretion in matters arising out of the execution of statutes relating to trade and commerce with other nations * * * as given by so many acts of Congress and embracing almost the entire period of our national existence should not be overruled, unless upon a conviction that such legislation was clearly incompatible with the supreme law of the land.

And, again, the Court holds in this case—and I am referring extensively to this decision, because it clearly is the leading case in the United States, establishing the power of the Congress to make this character of delegation of authority to the President which is embodied in the bill under consideration. The first of these acts to which the Court refers was that of June 1, 1794, and was during Washington's first administration.

He was given power to lift certain restrictions on international commerce and to reestablish them whenever in his opinion—not the opinion of Congress—the public safety required. If not in this act the power to reestablish was given, it certainly was given by a subsequent act, the one construed in *Seventh Cranch* referred to.

This is interesting in view of the fact that while it is held that Congress cannot delegate to the President legislative power, it is also held that the delegation of this sort of power, the sort proposed by this bill to be delegated, is not a legislative power or authority.

With your permission, I am going to move across a considerable period of time in our governmental history and direct your attention now to a comparatively recent case—the case of *Hampton & Co. against the United States*, reported in *Two Hundred and Seventy-sixth United States Reports*. Opinion by Mr. Chief Justice Taft.

I think this is the only other authority to which I shall refer, although I have a memorandum of others.

This case arose under the flexible-tariff provision of the tariffs acts, with which you are all familiar. The contention was made in that case that Congress had no constitutional authority to make that delegation to the Chief Executive. In other words, it was attacked as an attempt to delegate to the Chief Executive the power to make a law.

The Court passed squarely on that question and held in that case, in that situation Congress had not delegated legislative power to the President. The Court recognized, of course, the great power that had been delegated to the President, but held it was within constitutional warrant.

Chief Justice Taft, in the rendition of this opinion, likened the power exercised by the President under the flexible provision to the power exercised by the Interstate Commerce Commission. It is like that power. These powers come from the same source, and their delegation is subject to identically the same constitutional limitations. When you contemplate the powers exercised by the Interstate Commerce Commission under the delegation by the Congress, you may quite appreciate within what scope the powers of Congress can be delegated to the Chief Executive under the provisions of the Constitution dealing with the revenue.

This opinion, if you will take occasion to examine it, if you have the interest to do it, you will find that it and the opinion which I cited in the *One Hundred and Forty-third United States* cover the whole field. In other words, it is not at all necessary to make an examination of any other authority in order to understand exactly what is the holding of the Supreme Court of the United States in regard to this sort of legislation.

Perhaps it would be worth while for me to take a little time to call attention to section 315—I believe that is the act of 1922—

Mr. SAMUEL B. HILL. Section 315 corresponds to section 350.

Mr. SUMNERS of Texas. Section 315 provides:

That in order to regulate the foreign commerce of the United States and to put into force and effect the policy of the Congress by this act intended, whenever the President, upon investigation of the differences in costs of production of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country, he shall, by said investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in any rate of duty provided in this act shown by said ascertained differences in such costs of production necessary to equalize the same.

Here is something that possibly a good many have overlooked. I had until I made this examination. In section (c) of this act it is provided that in ascertaining the difference between the cost of production under the previous subdivisions, (a) and (b) of this section, the President, insofar as he finds it practicable, shall take into consideration the difference in conditions in production, including wage, cost of material, and other items, in the cost of production of such articles in the United States and in competing territory. Then follows 2 and 3 and 4, and 4 is a very interesting provision. It is as follows:

Any other advantage or disadvantage in competition.

Therefore, we have a law on the statute books now which authorizes the President of the United States in modifying the rate fixed by the Congress up or down 50 percent to take into consideration what we know as the cost-of-production difference, and then any other advantage or disadvantage in competition. That is as broad as the earth. It is difficult to conceive of any motive or reason or justification that a President would like to have actuate him in changing tariff rates which he wants to change that could not be covered in under that language.

I want now to refer you to the language of Chief Justice Taft, already referred to, in which he declared that the same principal which permits Congress to delegate power to fix railroad rates authorizes Congress to delegate power to fix custom rates.

This is what the Court held:

The same principle that permits Congress to exercise its rate-making power in interstate commerce by declaring the rule which shall prevail in the legislative fixing of rates and enables it to remit to a rate-making body created in accordance with this provision the fixing of such rates justifies a similar provision for the fixing of customs duties on imported merchandise.

After one reads that declaration by the Supreme Court and calls to mind the wide range of discretion exercised by the Interstate Commerce Commission of the United States in fixing rates, any lingering doubt as to the constitutionality of this bill disappears. I have not tried to make a constitutional argument of the orthodox sort. I hope I may have been of some assistance even to those who do not agree with my conclusions.

I am going to yield now for a few minutes to any inquiries that Members may desire to put to me. How much time have I remaining?

The CHAIRMAN. Seven minutes.

Mr. SUMNERS of Texas. I am going to ask the chairman for just a few minutes more in order that I may yield for a few questions.

Mr. DOUGHTON. I yield the gentleman 10 minutes more.

Mr. SUMNERS of Texas. I should be glad to yield to any questions. This House is a very interesting body to me. I have found that most people who ask questions in this House want some information. Of course, occasionally someone will ask a question to trip one up, but that is all right.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MAY. I have been trying to follow the argument of the gentleman, and from what I have heard I have the idea that the sum and substance of the holding in the case in the One Hundred and Forty-third United States Reports and the subsequent case by Chief Justice Taft is that the Congress does not delegate to the President legislative authority, but mere power to deal with the legislation submitted to him, and leaves entirely to the President the exercise of discretion as to the time, the necessity, and the methods of applying the legislation to the particular questions which he has to consider, and that it is not in fact a delegation of legislative authority, but merely a delegation of power to deal with legislation that has already been enacted.

Mr. SUMNERS of Texas. That is what the courts hold with regard to the powers which have heretofore been delegated by the Congress to the President. That is what the courts have held with regard to the extraordinary powers that have been delegated by Congress to the Interstate Commerce Commission, and there are some other decisions, a number of them, dealing with the constitutionality of the delegation of power which Congress has delegated to various other agencies of the Government which exercise discretion. In this particular case, to translate the language of this bill into simple language, it is this: If enacted, it would carry with it a declaration on the part of Congress that the job of rehabilitating this country has not been completed. It seems to me to indicate a judgment on the part of Congress that one of the chief difficulties of ours, or the chief diseases, lies in our economic circulatory system. I like to use that expression because a long time ago I coined the phrase, and I never have been able to get anybody to repeat it. We have about all the things we need in this country and in the world, plenty of everything, but they do not circulate. We have just as definite an economic circulatory system as a doctor can find in the human body. We have an economic circulatory system in the world of which we are a part. No man lives unto himself and no nation can live unto itself.

We are a part of the business of the world. We are a part of the economic body of the world. This bill recognizes that we are in an unusual situation. Possibly the Congress would not be willing to express a judgment as to what ought to be done and project that judgment into the period between this Congress and the next Congress, because things are too much in a state of flux. That is one reason why this bill is proposed.

Now, by this bill what you propose to do is to say to the President of the United States, "We are concerned to see normal economic circulation revived in this country and revived in the world, and we give you authority to do what you can to help in that regard, taking care of the interest of our people. You are authorized to move to the right or the left, up or down, and if you find that movement in either of those directions carry you into greater difficulty, carries you not to the goal, then you can change your direction, and change before too great harm may be done to our hope and to the world's hope of recovery. While we must preserve our unrivaled nationalism and guard our economic independence, insofar as it exists, it would seem an impossible thing for us to reach a happy, secure, economic stability in which the other nations have no part.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Texas [Mr. SUMNERS] 10 additional minutes.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. TERRELL of Texas. I have read the decision to which the gentleman has referred and note carefully that the Court holds that this delegation of taxing power is not a delegation of the power. For instance, if the President raises a tariff duty 50 percent, as he is authorized to do under the law, the Court holds that he is not levying a tax on the people. That is what I understand to be the holding of the Court.

Mr. SUMNERS of Texas. I do not think that is the holding.

Mr. TERRELL of Texas. I think that is exactly what it holds. I think it is, and I want to know the gentleman's opinion as to whether or not he is levying a tax if he raises the duty to 50 percent, because taxing is the power of Congress and not the power of anybody else.

Mr. SUMNERS of Texas. Possibly the gentleman is right.

Mr. MOTT. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MOTT. I should like to ask the distinguished jurist—

Mr. SUMNERS of Texas. That is not I.

Mr. MOTT. I think it is. I should like to ask the distinguished jurist if he does not think there is a fundamental difference between Congress setting up a commission like the Interstate Commerce Commission, for the purpose of regulating domestic utilities by fixing rates, and Congress delegating to the Executive legislative authority to make tariffs?

Mr. SUMNERS of Texas. Yes; there would be a difference if the gentleman's premise were sound.

Mr. MOTT. I understood the gentleman to draw a parallel between those two actions of Congress, and to say that they were similar.

Mr. SUMNERS of Texas. Perhaps I can state my view on what I believe is part of that which is in the gentleman's mind. When Congress delegates power to the President it does not thereby delegate power to the Chief Executive as such. It delegates power to an individual who is defined and located by the description of the office which he holds.

Mr. MOTT. If the gentleman please, I did not say the executive department. I said "Executive", and by that I meant the President.

Mr. SUMNERS of Texas. Yes. I may have involved myself in trying to be clear. The delegation of power to the President, insofar as its constitutionality is concerned, is the same as the delegation of power to any other person, not the President.

Mr. MOTT. I can see that distinction; but is not the power delegated an entirely different kind of power? Is not the power delegated to the Interstate Commerce Commission to regulate domestic utilities by fixing rates entirely different than the power which this bill proposes to delegate to the President, to exercise a function formerly exercised by Congress?

Mr. SUMNERS of Texas. May I say to my friend that the power of Congress to regulate rates in interstate commerce is identically the same sort of power which the Congress holds under the Constitution to regulate import duties. That is what I am trying to say. So a delegation to an agency to deal with one, insofar as constitutional questions are concerned, seems to me to be identical with the delegation of power to deal with the other. I am afraid that is as clear as I can make it. That is my view, and that is the best I can do about it.

Mr. MOTT. That is clear. But does not the gentleman think there is a difference between the power impliedly in Congress to regulate domestic utilities by fixing a rate, and the specific power of making tariffs, which is given to the Congress by the Constitution?

Mr. SUMNERS of Texas. No; not insofar as the nature of the power or insofar as the ability to Congress to delegate is concerned. That is the best I can do about it. I may be wrong, of course. I think not.

Mr. GILCHRIST. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. GILCHRIST. I wish the gentleman knew how much I appreciated his opinion, and he would then know why I am asking this question. In the Hampton case, Two Hundred and Seventy-sixth United States Reports, the question before the Court was one in which the Tariff Commission had indeed found, and had indeed told, the President what it regarded as the difference in cost of production. Is that a correct statement of the case?

Mr. SUMNERS of Texas. I assume that is correct; yes.

Mr. GILCHRIST. Now, if that is true, then insofar as the Court discussed any other proposition in the case, as, for example, the general omnibus provisions of the act

whereby the President could change tariffs for any other reason, that discussion would not be appropriate to the real decision if the facts were such as were based on the difference in cost of production.

Mr. SUMNERS of Texas. I think the gentleman is largely correct in his conclusion. I do believe, however, in reading this case, that the Chief Justice anticipated questions that might arise, and did intend to pronounce the judgment of the Supreme Court not only with regard to this matter but with regard to the closely associated collateral matters which he might expect to come.

For instance, the declaration of the Court in this case with regard to the Interstate Commerce Commission in a very definite sense is obiter, but that pronouncement was so related to the thing decided and is so obviously sound that it may be given full credit as a definite determination by the court of last resort of the fact of law embodied in the words which I have quoted.

Mr. GILCHRIST. I am simply pointing out that those things are not really within the case so far as the decision itself is concerned.

Mr. SUMNERS of Texas. That is right.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. JENKINS of Ohio. I have followed the gentleman's discussion very closely. From what I understood him to say, he considers this law as a continuation of the policy laid down in the flexible clause of the present tariff act.

Mr. SUMNERS of Texas. It is an extension of the same power.

Mr. JENKINS of Ohio. If it is an extension of the flexible provision, how can the gentleman square his vote against the flexible provision 2 years ago with his present advocacy of this power?

Mr. SUMNERS of Texas. Of course the gentleman is not asking me a question that deals with the constitutionality of this bill, the thing at the moment being considered; but I will answer him.

Mr. JENKINS of Ohio. I think the gentleman would not vote for anything that was not constitutional.

Mr. SUMNERS of Texas. I voted against it before. The gentleman would not want to hold me to vote for everything just because it was constitutional.

Mr. JENKINS of Ohio. I do not think the gentleman would vote for any bill that was not constitutional.

Mr. SUMNERS of Texas. I voted against it before, whatever you may want to make of that.

Mr. TOBEY. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. TOBEY. I want to read the gentleman three short paragraphs and ask him a question at the conclusion. This is from a statement made on the floor of the House February 13, 1932, by the gentleman from Texas [Mr. SUMNERS]:

There is a tendency in this country manifested when we come to write a tariff bill to surrender the powers which Nature says belong to the representative branch.

They are being surrendered to the Executive. That is the truth of it; and we are accumulating about the President of the United States powers so great that no human being in human history has been able, and no human being ever will be able, to possess without their abusive exercise. I mean God Almighty has put that limitation upon human capacity.

When we come to deal with our powers and responsibilities, gentlemen of the Congress, let us not try to hide ourselves and protect ourselves against the people through the shifting of powers to the Executive—powers which belong to us.

Does the gentleman still feel that way?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman from Texas.

Mr. SUMNERS of Texas. I think the statements of Mr. SUMNERS on the floor under the circumstances under which they were uttered were very wise statements. [Laughter.] And if anybody believes that I believe in these concentrations of Federal power as a permanent policy of government or as a policy under normal conditions, he is very much mistaken. I not only do not like these concentrations of

power in the Federal Government but I do not like the concentration of power in the executive branch of the Government.

As I view this situation and as I have tried to state it several times on the floor of the House, we are not privileged now to deal with the economic conditions of this country safely. We passed that day and that opportunity while you were saying everything will be all right around the corner. Great difficulties were challenging us to meet the situation, but you were going along saying, "Everything will be all right—just around the corner."

I stated on the floor of the House during the last administration and tried to point out to my colleagues that we were headed for the rocks. The only response I got was "No, no." Now, we do not have the privilege of proceeding safely any more than a nation at war has the privilege of proceeding safely. We are engaged in the greatest economic war that ever challenged the genius of the statesmanship and of the people of any age or generation; and now we are paying the penalty and the House is having to do dangerous things in order to save our very economic existence. If during the 12 years that preceded this administration—and I am not speaking only of the Republicans, I am speaking of the American people. I tried in my small way to rouse this Congress to a consciousness of its danger. I went to my own people and told them we were headed for the rocks; and nobody would listen. The man in the White House then, Mr. Hoover, I do not hold entirely responsible; it was the responsibility of the American people. The point I am trying to bring home to you gentlemen on the Republican side is that you fiddled while Rome was catching fire. Now we have got to try to put out the flames. I do not place all the responsibility on that side. I want that understood, for the gentleman has quoted what I said some years ago. What I said then was right, and sound under normal conditions.

A good many people seem to feel that we have about reached the shore and they are beginning to rock the boat. Every Republican voted against this bill in the committee; every Democrat voted for it in the committee. That is a dangerous sign. Over all this country we see people, it seems to me, who just a year ago were crying out for salvation, willing to do anything; now, when the President is trying to bring the ship to shore, the ship which has the whole United States aboard, they have forgotten their danger, having had a little taste of profits and dividends, and are rocking the boat.

If I am quoted on this next statement I hope the statement will be balanced up. Laboring men who have not had a job for 2 years and who now have a little taste of employment are looking around for an excuse to strike. Republicans who have been going along with the administration, standing shoulder to shoulder with the administration, are now playing for political advantage. Over on the Democratic side we are rowing about this thing, that thing, and the other thing. I am not criticizing you. The election is mighty close. If our situations were changed around I guess we would be doing the same thing. I am not putting on airs or assuming any "holier than thou" attitude, but may I say to the Democratic side and to the Republican side, and I hope I will not appear presumptuous, and to the great captains of industry and finance and to the laboring men, and to the people as a whole, that we have not reached the shore. We are in the middle of the stream, and we are living on borrowed money. This thing which a lot of people are mistaking for normal prosperity is the result of a shot in the arm and we have been borrowing the money to buy the dope.

I want to tell you right now, and I say to the American people today, that this Nation is on the brink yet. Of course, we all get irritated at some of these generals and professors telling the American people what to do, but I imagine they are worn to a frazzle. I imagine they are worn out. The point is when you rock the boat the other fellow is in you rock the boat you are in. We are all in the same boat. That is what I am trying to say. [Applause.]

May I tell you right now that this is no time to try to play any funny stuff. If there ever was a time in the history of the Nation when conditions challenged us to forget our personal interests and to put our hands to the oar and devote ourselves to trying to reach shore, it is this minute.

I am uneasy about the rows and controversies developing all over the United States. I do not think Mr. Roosevelt is other than a mortal. He makes mistakes. But there is a man who is giving his life in an effort to save his people. He is entitled to the confidence and support of everyone who has any concern for their own self-interests. He has not had a chance to do this thing properly. I do not like to see all these professors brought in. Professors are mighty good to instruct and advise, but they are mighty poor to direct and determine. They are all right in their job, but this is not their job. But they were about all he could get, because the truth is that most of us statesmen have been looking no further into the mysteries of statecraft, not much further, than the next election.

The President hoped to have a little time to orient himself before he had to tackle the job, but you will remember that the music of the bands that celebrated his inauguration was marred by the crashing of banks all over the Nation the very day of the celebration. When the responsibilities came he did not have a minute. The banks, the railroads, the life-insurance companies, the whole economic structure, was tottering and about to fall.

Up to this time in the main he has been trying to do two things. He has been trying to prevent that structure from falling, and at the same time keeping millions of idle people from starving. But the real work of construction and reconstruction in the main is yet to be done. The Democrats and the Republicans deep down under the skin are the same sort of people. I do not claim for the right-hand side of this Chamber one thing that I do not yield to the men and women on the left-hand side of this Chamber. I have never seen the time since I have been here when we were faced with a real crisis, and the men on the Republican side realized that the crisis was at hand, that they did not rise to as high a level of statesmanship as anybody on the Democratic side. At this time I am trying to speak to my people. You are not Democrats or Republicans in the hour of your Nation's danger. You are the representatives of a people who are looking to you in this hour of great peril. We are operating under a war psychology.

As I have tried to say two or three times, it is a very interesting fact that the Anglo-Saxon people, our people, who have operated a parliamentary system of government for over a thousand years, have developed certain governmental instincts. One of the governmental instincts which Anglo-Saxon people have developed is to scent the existence of a crisis that requires a quicker pick-up and a stronger power than the ordinary Anglo-Saxon institutions afford. Under such circumstances, en masse they turn from the ordinary operation of their governmental machines and concentrate governmental powers in their Executive. We have had the remarkable genius, however, of concentrating those powers and at the same time retaining the power to control their exercise and the power of recapture and redistribute them.

We are in one of those hours now. With all due respect, it is positively ridiculous for a man to stand on the floor of this House, when our country is at war with economic conditions and the whole nation is operating under a war psychology, and undertake to measure human conduct and legislative duty in this hour by the standards which the people observe under ordinary conditions. That is the answer to my friend, the distinguished gentleman who asked me with regard to what I said 2 years ago. I hope conditions will permit me to say that something less than 2 years from now I want these plans to be successful but not satisfactory. I believe in the people, in their ability, and in their right to govern themselves. No people can remain free who lose the capacity for self-government. That capacity can be preserved only by its exercise. If I did not believe that we could turn from this unsatisfactory condition and go back

to a condition of local and individual responsibility, I would say let the crash come now. I would rather have liberty and distributed responsibility than a half cent more per pound for my pigs. [Applause.] We have been a foolish generation, a childish generation. We have gone head-on into this awful mess. We have got to stand together or we fall separately.

The first thing to do now is to get shoulder to shoulder and work together. We are all in the same boat. I think you Republicans will pick up a good many votes, anyhow, next time. If we could get some like BERT SNELL and quite a lot of others over there I would not mind it so much. Of course, I would hate to give up any of the boys on this side, but in your desire to get votes do not rock the boat. The swimming will be just as hard for BERT SNELL and his crowd if you turn the boat over as it is going to be for the boys on this side and for our people.

There are some dangerous indications abroad in the land. I do not like this sort of legislation any more than you do. But the big job is to restore trade, to revive commodity circularization.

We have permitted whatever opportunity we had to proceed in the ordinary way to go by.

Quick action, ability quickly to back up if hurtful results begin to be manifest—these are demanded by the difficulties in which we are involved. That is why we have now to give these powers to the President.

I cannot just exactly tell you where I started and I am certainly not sure where I have arrived, but I know my time is out, and I thank you very much for the privilege of talking with you. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Missouri [Mr. DICKINSON].

RECIPROCAL TARIFF AGREEMENTS

Mr. DICKINSON. Mr. Chairman, H.R. 8687 is a bill to amend the Tariff Act of 1930. Its purpose is the promotion of foreign trade. The surplus products of farm and factory should find a market in all foreign lands. Depression unparalleled in our history invites an earnest effort to restore prosperity to our common country. Unemployment is abroad in the land. A united appeal from the masses for relief should spur Congress to action. In response to this demand this bill is proposed and presented to Congress by the Ways and Means Committee at the instance of President Roosevelt, and its early passage urged upon this body. Confidence in the President is invited.

Trade and commerce are a necessity to the prosperity of nations and those nations in all ages that have encouraged commerce have grown in wealth and power. Note the life and history of Rome, Spain, Great Britain, and Japan. Ancient Rome became great and powerful through the extension of her trade and commerce with all nations and the Roman Empire dominated the known world. When she lost her world trade and commerce, her power and wealth were gone and isolation became her heritage. When Spain lost her foreign trade and her colonies to other countries, this once proud nation of extensive commerce dropped to a third-rate power, and might now be classed as a self-contained nation living within its own borders a life of isolation, her world influence largely gone. The power and wealth and influence of Great Britain is due to her trade and commerce with all the peoples of all climes and her trading vessels plow the waves of all seas, her commerce extends over all lands and the sun never ceases to shine upon her British colonies and possessions. Whenever she loses her trade and commerce, isolation will be her heritage and her power as a great nation of world-wide influence will have ended. Japan, uncivilized, lived in darkness and ignorance of the outside world until a great American steered his United States vessel into the harbor of Japan and there opened its eyes to the fact that there was an outside world with which it could trade. Today Japan is no longer a nation of isolation, but ranks as a first-class nation, conscious of its strength and power, seeking commerce and trade with all nations.

Many nations have tried by force to extend their trade and commerce to increase their wealth and to secure prosperity and to avoid the isolation, that brings decay. The great cities of the United States owe their large populations and accumulated wealth to the fact that they are located on the borders of the oceans and on great lakes and rivers where they can enjoy more favorable commerce.

This proposed bill follows the Democratic platform at Chicago in 1932, upon which the Democratic Party went to the country with its nominees and won a great victory at the polls in November 1932. The authority here sought to be given to the President to enter into foreign trade agreements with foreign governments by which our products of farm and factory can be sold in foreign markets is the same kind of authority given by other governments to their chief executives. Shall we sit idly by and refuse to give to our President by act of Congress the needed authority to increase our commerce and the larger export of our surplus products? To refuse would be to declare for the doctrine of isolation, which has darkened every nation in the past, that has built and maintained high walls of protection against trade with other nations. To maintain these high walls is to invite retaliation and reduce our exports to foreign markets. As other nations and governments have trusted their high executives with this authority, the same power should be given our President, who will safeguard the rights of the people of the United States and all its interests and industries. Let us not take too much counsel of our fears but rather have confidence and hope that our condition may be improved by an increased sale of our foreign products.

The weak countries in all ages are those that have darkened their lands by avoiding foreign trade, and the civilized and strong nations are those that have engaged in trade and commerce with other nations. You are invited by the minority not to have confidence in the President. I am told that the Republican minority is united in opposition to this bill. This is evidenced by the Republican minority report of the Ways and Means Committee in their apparent partisan opposition. Our Republican friends have little right to complain of our President, who has been generous to them in a largely nonpartisan administration. The doctrine of isolation that they advocate for our country and their party creed, which they proclaim in their opposition to this bill, will not avail them, nor restore them to power. They may forsake the doctrines proclaimed by their great leaders, James G. Blaine, William McKinley, and Theodore Roosevelt, and they may repudiate the recent utterances of Ogden L. Mills in his speech at Topeka, Kans., and they may now seek a new cry of isolation for their party creed, and call it America self-contained, but it will not avail them. The hope of the Nation will not rest on the desert of isolation. The argument against the constitutionality of this measure, in my judgment, will break down, answered so often by the Supreme Court in passing on somewhat similar provisions in prior tariff laws. I invite your attention to that part of the majority report, which, on pages 9, 10, and 11 of said report, so fully discusses this question.

The alarming decrease in our export trade calls for action to remedy this condition. We must increase our sales or lessen our production, lessen the employment of labor, lessen the return to prosperity from the deep depression into which our country was driven after 12 years of Republican rule. Trade and commerce with all nations has been the creed and doctrine upon which our country has grown great in wealth and prosperity. Let us not abandon that healthful policy that has enabled the United States to dispose of its surplus products to meet the needs of other countries.

Reciprocal tariff agreements have been long advocated in the past by prominent statesmen of the United States. This question comes to the front now, because of the break-down in world commerce, and while other nations are seeking, through trade agreements and tariff bargaining to increase their commerce, this country should be active in increasing her commerce with foreign nations at the earliest possible

date, so that the United States, by proper agreements, may dispose of her surplus products of farm and factory wherever possible. To effectuate that purpose it seems necessary by appropriate legislation to grant to the Chief Executive the power to promote foreign trade by reasonable and mutual agreements that may be beneficial and helpful to the contracting countries. Friendly trade with all nations would not only tend to increase the wealth of the trading nations but should tend to produce friendship and cordial relations and lessen the chances of war and world disturbances, and at the same time lower the high-tariff walls that destroy trade and commerce; that tend to impoverish the nations that cannot dispose of their surplus products. Discriminatory tariff rates in retaliation by one country against another should be avoided in the interest of peace and commerce.

We cannot afford to stand still and invite decay by neglecting to act, where action is necessary, or else our foreign trade may entirely disappear. Other nations are seeking new fields of commerce with other countries, and we must act quickly, and we can only do so by Executive action, and secure beneficial trade agreements by which foreign nations will purchase our surplus products rather than seek other markets.

Let me here quote brief extracts from the hearings before the Ways and Means Committee. The President in his message asking for this authority said:

World trade has declined with startling rapidity. Our exports in 1933 were but 52 percent of the 1929 volume and 32 percent of the 1929 value. Other governments are winning their share of international trade by negotiated reciprocal trade agreements. If American agriculture and industrial interests are to retain their deserved place in this trade the American Government must be in a position to bargain for that place by rapid and decisive negotiation. Legislation such as this is an essential step in the progress of national economic recovery.

Secretary of State Hull in his testimony before our committee quoted President McKinley, who said, "Commercial wars are unprofitable." He further stated:

The total exports of the United States fell from \$5,157,000,000 in 1929 to \$1,149,000,000 in 1933, while imports fell from \$4,339,000,000 in 1929 to \$1,122,000,000 in 1933.

He further said:

International commerce on a fair and mutually profitable basis is the greatest civilizer and peacemaker in the experience of the human race.

The whole purpose, of course, is to promote primarily our domestic prosperity—that is, the primary and paramount purpose. We must have a market for our surplus products. Secretary of Commerce Roper said:

The falling off of our foreign trade with other nations during the last 4 years has been among the major forces in paralyzing our economic system.

Mr. O'Brien, Chairman of the Tariff Commission, appointed by a Republican President, said:

Whatever may be said about our tariff policy, as it applied during the last 150 years, we have reached the point now where under existing conditions, if we are to keep pace with the rest of the world, we must take action similar to the action they have taken with reference to negotiating trade agreements.

Assistant Secretary of State Sayres said:

The power which this bill would grant is not in any sense a drastic departure from the power which has been exercised many times before in the history of our country by the President of the United States within the confines of power delegated to him by Congress—it is of the same kind carried on for the promotion of commerce from the earliest days. The loss of foreign markets to farmers means a lessened production, decreased acreage, and no surplus from agriculture, means also a loss to industry and closed factories, a discharge of labor, and increased unemployment.

Let us not abandon our foreign trade without a trial through Executive power to extend our needed foreign markets. Let us not withdraw our freight vessels from the high seas and tie them up in harbors there to decay, because of the end of commerce with foreign countries. If any foreign trade agreement fails to bring helpful results, it can be quickly terminated under the terms of the last section (b) of this bill, which reads as follows:

Every foreign-trade agreement concluded pursuant to this act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than 3 years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than 6 months' notice.

A failure to pass this bill will be taken and understood as a want of confidence in the President of the United States. Whom the people trust with great power, Representatives in Congress can well afford to trust with reasonable power to negotiate trade agreements to increase our foreign trade. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 1 hour to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, no one who respects the constitutional limitations which insure the orderly operation of this Government can look upon this bill, with anything but amazement and dismay.

It is amazing that the party in power should be so lacking in the sense of responsibility as to make a proposal to demoralize the operations of government. It is shocking that this outrageous proposal is made in the name of economic equilibrium and recovery.

But amazement deepens into dismay when it is realized that the Democratic Party not only intends to perpetrate this outrage upon the Constitution, but possesses the power to accomplish its purpose temporarily. During the period between enactment of this measure and the inevitable judgment that will declare it null and void, the Government, industry, and individual citizens will suffer incalculable injury.

The first and most important power conferred upon Congress is the power to lay and collect taxes and duties. This is the power of life and death, not only over the Government, but over industry and individuals. The people conferred this power upon Congress and denied it to any other agent. Congress cannot divest itself of this power while the Constitution lives. It may try to do so, but its attempt will merely lead to damage, confusion, and failure.

I indict this bill as unconstitutional to the core, because it attempts to rob Congress of its power to lay and collect duties.

The most important power of this House is the exclusive power to originate bills for raising revenue. The people require this House to determine how and to what extent they shall be taxed.

The House cannot divest itself of this authority. Congress must control all the sources of revenue. Unless the House ascertains these sources and provides for the national finances, the Government cannot endure. It would be impossible to regulate the income and expenditures of the Government if any agency other than Congress should have power to raise revenue.

This bill attempts to violate the Constitution by depriving this House of the right to originate bills for raising revenue.

We all know that the American Union was established as a result of conflicts over commerce and the impossibility of regulating foreign commerce by the separate States. The power to regulate foreign commerce is vested in Congress by the Constitution. Next to the power to tax, the regulation of commerce is perhaps the most important authority conferred upon Congress.

Yet this bill proposes to take away from Congress its power to regulate commerce. If this bill becomes law, Congress will have abdicated its power. The President will become the lawmaking power in all that pertains to commercial relations with all foreign nations. He will not only have power to raise or lower duties but he will be empowered to impose import quotas and licenses, discriminate in exchange and clearing regulations, and set up restrictions requiring that imported goods shall contain a certain proportion of domestic produce. He can raise consular and other administrative fees. He can require goods to be marked in such manner as to restrict or increase imports from certain countries. He can impose sanitary regulations as a means of

regulating commerce. He can discriminate between foreign nations, favoring some and antagonizing others.

It is idle to say that Congress will have power to regulate foreign commerce after it has granted to the President these unlimited powers. Congress will be unable to determine the sum total of revenue if the President is empowered to fix the rates of duty on imported goods. He will have control over the revenue to a great extent by controlling foreign commerce.

In another vital particular this bill attempts to violate the Constitution. It proposes to transfer the treaty-making power to the Executive. I oppose this attempt with all the force at my command, because it is a furtive effort to accomplish by indirect means the destruction of the power of Congress to lay and collect duties and of the power of this House to originate bills for raising revenue.

We are denied information regarding all of the ultimate objectives of this measure; just another measure the people must not know about until it is too late. Rumor has it we have agents in Europe making deals now. One is for free cement from Belgium. How will the cement manufacturers from the Atlantic seaboard like that? Another is free lumber from Russia. How will the Northwest like that? And there are many others, all of which means destruction of American industries. Spokesmen of the administration have admitted that one of the purposes of the measure is to destroy some of the industries of the United States. How many industries are to be destroyed is not disclosed, but apparently any industry which does not produce goods as cheaply as they can be obtained from foreign countries is marked for destruction.

The Secretary of Agriculture specifically mentioned the sugar-beet industry, the cane-sugar industry, the lace-making and fine textile industry, and the toy industry as scheduled for extinction. He described them as "inefficient", and announced that all inefficient industries must be destroyed, so that more efficient foreign industries may supply this market.

This process of destruction is to be merciful, according to Secretary Wallace. Industry is to be destroyed by slow torture instead of by a single deathblow. He said:

The procedure should be slow, should be careful, taking into account the fact, we will say, for instance, that here are certain workers who have spent their whole lifetime working in a factory of this type and, if there is a rapid loss in markets for the goods produced through that factory, an injustice might be done, and that fair warning should be given.

Thank the Lord he is even that much interested in American industry.

Although Secretary Wallace admits that 5,000,000 Americans are employed in what he describes as "inefficient industries", he would destroy those industries. I call your attention to this extract from the hearings before the Committee on Ways and Means on March 8:

Mr. WALLACE. I can conceive of a situation where Germany, for instance, might be willing to lower the tariff on lard in case she could move, we will say, some toys into the United States.

Mr. REED. Well, would you favor lowering the tariffs on things Germany produces and ships to this country and which we produce here in our own country?

Mr. WALLACE. If Germany can produce them more efficiently than we can, it would be of benefit to our consumers, and our consumers certainly represent the eventually dominant interest in our population. * * * Germany has a large number of small industries.

Mr. KNUTSON. Are they efficient?

Mr. WALLACE. They seem to be more efficient than our own; they are willing to sell at lower prices. The Germans are undoubtedly able to sell toys for less than our people are able to sell toys. * * *

Secretary Wallace thinks they are efficient because they are willing to sell for less than we do. If Americans worked as long hours and for as low wages as the Germans, they would equal that efficiency. Or, in other words, he would reduce American labor to the same plane as German labor or destroy them entirely. And if you pass this bill he will have more to do with its administration than any other man, for he has had a taste of the taxing power

through the processing tax, and would be willing to have more.

Mr. TREADWAY. You would not approve of the expansion of the growing of cane sugar in Florida?

Mr. WALLACE. I would not, unless it is an efficient industry, and it is clearly not; they cannot produce as cheaply there as they do in Cuba.

Mr. TREADWAY. They can employ American hands.

Mr. WALLACE. We will have more net material welfare if we produce things we can produce efficiently and exchange them for goods produced more efficiently elsewhere.

From this statement you can see what will happen to your sugar industry.

This astounding revolution in American financial and commercial policy is not to be a mere emergency expedient. It is to be a permanent alienation of the powers of Congress. It is to make the Executive a permanent dictator over national revenue and commerce. I deny that the language purporting to limit tariff treaties to 3 years has any such meaning. The bill makes such agreements or treaties subject to termination, but they do not automatically terminate. They remain in full force and effect unless formal notice of termination is given in advance of expiration.

The spokesmen of the administration in advocating this bill plainly give notice that it is permanent legislation. Congress is duly warned that it need not expect to recapture its powers if this bill should withstand the judicial test.

I have no doubt that this measure, if enacted, would be kicked out of court as unconstitutional, but great damage would be done in the meantime.

Secretary Hull told the Committee on Ways and Means that much could be done in executive tariff lawmaking before this bill could be made void by the courts. He said he had in mind the phases of the bill which might be unconstitutional, but he made it plain that the bill should be enacted, even if it is unconstitutional. Here is what he said:

I have in mind all these phases, but at the same time I am literally moved, driven, and kicked into another line of thinking, which related to 30,000,000 unemployed people in the world. * * *

Mr. TREADWAY. If those 30,000,000 people scattered throughout the world and their families are a first consideration, should not that clause of the Constitution be amended in order to take care of the 30,000,000 people and not to violate the Constitution directly by legislative action?

Mr. HULL. That is what they said to Abraham Lincoln when he had to suspend one or two phases for the time being.

So, ostensibly for the time being, to help 30,000,000 people in foreign countries, the Secretary of State is willing to suspend one or two phases of the Constitution.

But is Congress willing? Is the Supreme Court willing? Are the people of the United States willing to destroy the safeguards of their liberty?

We have the solemn judicial admonition of Chief Justice Taft, in the majority opinion of the United States in the case of Hampton, Jr., against United States, that—

It is a breach of the national fundamental law if Congress gives up its legislative power and transfers it to the President or to the judiciary branch.

In meeting the economic emergency let us not make a bad matter worse by violating fundamental law. Let us not create a jungle in which we would wander blindly until extricated by the Supreme Court. Let us solve emergency problems by law and not by outrage of law. Let us give to the President powers that will be effective because they are constitutional—not deceptive and futile appearances of power that cannot withstand the blast of judicial condemnation. Let us not cheat the people by pretending that relief can be given by setting aside the Constitution. While we are trying to help the people, let us not rob them of their guaranties of safety against unbridled excesses of power.

Now is the time for sane thinking, not hysterical leaps into unknown difficulties which would increase our national hardships. We cannot afford to delude ourselves or the people at this critical time. As honest legislators, we know that we cannot strip Congress of its constitutional powers. Why not be honest with ourselves and the people?

The pending bill represents the acme of Democratic inconsistencies. It is the culmination of one attack after another upon the Constitution. It is the capstone to the monument of powers abdicated by the Congress and delegated to the President. It is a complete about-face of the President and the Democratic Party.

Two years ago they sought to take from the then President his limited powers under the flexible provision of the Republican tariff act to change rates of duty and to require him to recommend to Congress any increase or decrease in duties proposed by the Tariff Commission. The Democratic Party at that time would not trust even limited powers to the President, but would require him to come to Congress for approval of his recommendations, and that party undertook to justify their position on constitutional grounds.

Now, however, they go farther in this bill by clothing the President with what is practically plenary power to make rates of duty within the limitation of 50 percent of existing rates. From the President's action there would be no appeal.

The Democratic platform of 1932 advocated "a competitive tariff for revenue", with a fact-finding tariff commission free from Executive interference. On this plank the Democratic candidate for President, now the incumbent of the White House, stood unequivocally. In his Albany speech of July 30, 1932, he said:

It is a difficult and highly technical matter to determine standards and costs of production abroad and at home. A commission of experts can be trusted to find such facts, but not to dictate policies. The facts should be left to speak for themselves free from Presidential interference.

Note that the Democratic platform and the Democratic candidate were both opposed to "Presidential interference", and yet within the brief period of 2 years we find the President changing front on this question just as he changed front on his promise to preserve "a sound currency at all hazards."

In proposing the delegation of the autocratic power conferred by this bill, the President undertakes to give assurance "that no sound and important American interest will be injuriously disturbed."

When we remember the assurance given us by the President that he would administer the Economy Act with justice and sympathy toward veterans, which assurance caused many of us to support that measure, we cannot now but wonder what reliance may be placed in this latest assurance when we realize that by this bill you are placing the fate and destiny of our entire commercial structure in the hands of one man—power to use in his discretion. I declare and challenge successful contradiction that this is the first time in all our history that such grant of power has been proposed without recourse to Congress for approval of Presidential acts.

When the Democratic Party in this House 2 years ago sought to wrest from President Hoover his authority under the present law, they argued in favor of the prerogatives of Congress under the Constitution. Foremost was the able and distinguished gentleman from Alabama [Mr. BANKHEAD]. What my friend said then is even more applicable today in respect to the pending bill. He said:

Here in this body and in the body at the other end of the Capitol under the Constitution are joined the powers to devise and frame legislation affecting the revenues of this country and its domestic and foreign economic policies as far as they are affected by the tariff. This bill . . . is but a return to the Congress of the United States of that original power and jurisdiction affecting these measures which, in my opinion, should never have been taken away from it and vested exclusively in the Executive of this country (CONGRESSIONAL RECORD, Jan. 8, 1932, p. 1508).

That is what my friend from Alabama said when we had a Republican President. I am waiting with much interest to see what he will say and how he will vote on the present bill affecting a Democratic President. Let us see who is playing politics.

Likewise, my genial friend, my colleague from New York, Mr. O'CONNOR, joined the gentleman from Alabama in protecting the constitutional rights of Congress.

Since Woodrow Wilson—

He said—

the Democratic Party has stood for the proposition of taking the tariff out of politics and against the other extreme of putting it up there in the Executive Mansion (CONGRESSIONAL RECORD, Jan. 8, 1932, p. 1510).

The gentleman from Indiana [Mr. GREENWOOD], the present Democratic whip, was equally vehement. He said:

The travesty in any tariff law, I think, has been to delegate the authority with reference to the creation of tariff duties and tax legislation to the Executive Department. I think it is contrary to the traditions of our Government, although the Supreme Court may have ruled that it is constitutional; still as a traditional policy of our country, I, as one Democrat, think I voice the sentiment of the majority of my party—I am opposed to the President of the United States enacting tariff duties or tariff fundamentals. (CONGRESSIONAL RECORD, Jan. 8, 1932, p. 1511.)

The gentleman from Kentucky [Mr. VINSON], a present member of the Ways and Means Committee, complained bitterly against delegating tariff authority to the President and the supine relinquishment of legislative power to the Executive.

We do not advocate—

He exclaimed—

autocracy and bureaucracy, yet there are men who permit their growth in the name of expediency. . . . The Fathers who wrote the Constitution never contemplated the placing of the power to fix rates in the hands of the President. (CONGRESSIONAL RECORD, Jan. 8, 1932, p. 1538.)

But, Mr. Chairman, these expressions from our Democratic friends in the last Congress were but feeble echoes of the implications and denunciations hurled at the flexible provision of the Hawley-Smoot Act of 1930.

With no intention to further embarrass our Democratic friends, but with a view to refreshing their memories, let me quote briefly from the remarks of some of our distinguished Democratic friends made upon this floor at that time. We then had with us the present distinguished Secretary of State, Mr. Hull, for whom I have profound regard and respect. Judge Hull regarded flexible tariff provisions as "subversive of the plain functions of Congress" and an "unjustifiable arrogance of power and authority to the President."

Later on, in another body, he referred to the power granted to the President as a—

Vast and uncontrolled power larger than had been surrendered by one great coordinate department of the Government to another since the British House of Commons wrenched the taxing power from an autocratic King.

And yet today we find our able Secretary of State advocating the passage of the pending bill, of which I might say he is the chief proponent.

The present Chairman of the Ways and Means Committee, the genial gentleman from North Carolina [Mr. DOUGLTON], was also solicitous for observing the constitutional rights of Congress. He said:

The fathers who framed the Constitution, wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible provision giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution. (CONGRESSIONAL RECORD, May 17, 1929, p. 1474.)

In the same tenor spoke our distinguished Democratic friend, the former Speaker of the House, Mr. Garner; our friend the former Member from Georgia, Mr. Crisp; Judge Ragon, of Arkansas; the late lamented Mr. Collier, from Mississippi; and other prominent Democrats, whose remarks I will not now take the time to quote, but will insert them in the RECORD at this point.

HON. HARRY C. CANFIELD

(CONGRESSIONAL RECORD, May 17, 1929, p. 1484)

In my opinion, what is even worse than the raising of tariff schedules beyond all reason is the continuing of the flexible clause that is in the present law; and, in addition to that, in this bill you have given power to the Secretary of the Treasury and his subordinates to determine the value of any import brought into this country.

If this bill is passed, you will surrender the rights of Congress, to the executive branch of the Government, and will destroy the right of the judiciary, as far as customs are concerned.

I am a believer in the Tariff Commission. I believe this body should be a nonpartisan, fact-finding body; and I also believe that after this body has made a thorough examination of any rate that is not satisfactory that these facts should be turned over to Congress and on these findings of fact the Congress should act.

HON. CHARLES F. CRISP

(CONGRESSIONAL RECORD, May 15, 1929, p. 1349)

Gentlemen, think what a potential power the power to make tariff rates would be in an election year, to let the President of the United States have the right to write a tariff bill. Stop and think about it. Do you think there would be any dearth of campaign contributions?

O gentlemen, you are surrendering your right under the Constitution. Our forefathers fought for that right—the right that the elected Members of the people, the Representatives of the people, should alone have to levy taxes against them. [Applause.] And here you are surrendering it; and when you have surrendered it, do not expect that you will get it back soon. If you should surrender this power and should pass a law to repeal it, the President could veto it, and it would take a two-thirds vote of both branches of Congress to override that veto, and it is seldom that either of the two great political parties in our country has a two-thirds vote in both branches of Congress.

O gentlemen, do not let the political exigencies of this case induce you to permit another entering wedge into the shrine of the Government as outlined by our forefathers, under which this Nation has grown and prospered until today it is the most powerful, the wealthiest, and most highly respected nation on earth.

HON. CORDELL HULL

(CONGRESSIONAL RECORD, May 13, 1929, p. 1212)

The proposed enlargement and broad expansion of the provisions and functions of the flexible clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on the basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have or for a good man to want."

HON. JOHN N. GARNER

(CONGRESSIONAL RECORD, May 9, 1929, p. 1080)

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes.

Remember this, gentlemen: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and Senate.

Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies by a two-thirds vote can take it away from the Executive.

If an ambitious man is in the White House, he will not surrender it. If a wise and patriotic man is in the White House, he may have a want of confidence in the Congress, so neither of them would be willing to give up the power.

This is what you have in this bill: First, you have surrendered your right for an indefinite period to raise or lower the rates, because there will be no occasion for another tariff bill until the American people rebel against the iniquity of what I believe to be the highest and most indefensible bill ever imposed upon the statute books. And you make the Secretary of the Treasury the absolute arbiter, and you have taken away from the courts the opportunity of the parties affected going into court and having them review the action of the Treasury Department.

HON. HENRY T. RAINET

(CONGRESSIONAL RECORD, Jan. 9, 1932, p. 1595)

This bill increases your power; it gives you more authority over the tariff reductions or tariff increases; it takes away the idea that you can correct the tariff by raising it 50 percent or lowering it 50 percent.

It takes away from the President the power that you gave him in order to avoid the responsibilities of the office to which you were elected. This bill will place more work on this House, and you are to do that in order to earn the salaries you are receiving. If you do not, the time will come when the electorate will demand that the salaries of Members of Congress be reduced until they are commensurate with the service that you actually render. You cannot render service by shirking responsibilities and by shirking work in these matters. We are giving back to you the authority over your own tariff.

Now, here is the best and most complete of all arguments against giving this plenary power to the President to fix duties and to negotiate trade agreements with foreign countries.

This was made when the Democrats in Congress were "all het up" over the proposal for a flexible provision in the tariff.

But before I read this let me here explain the exact difference between the Republican proposal then made and now the law and the Democratic proposal contained in this bill.

Ours was that the President could raise or lower to the extent of 50 percent the existing duty on any imported article—upon the recommendation of the Tariff Commission—after ascertaining facts. Keep that in mind, after ascertaining the facts, where all interested parties had an opportunity to be heard. Nothing secret or covered up.

What is the Democratic proposal? That the President can do this without the recommendation of the Tariff Commission, without any ascertainment of facts or consultation of interested parties, but just according to his dictation. And added to that is the right to negotiate trade agreements with foreign countries, and none of these agreements are in any way subject to legislative review.

This is the official record of a protest made on September 30, 1929, against the flexible-tariff plan by the then Democratic minority in the Senate Finance Committee. Signed by Senator PAT HARRISON, Democrat, Mississippi, present chairman of the committee, and now in charge of the Roosevelt legislation. The protest was seconded by the following Senators, all Democrats: Senators KING, Utah; GEORGE, Georgia; WALSH, Massachusetts; BARKLEY, Kentucky; THOMAS, Oklahoma; and CONNALLY, Texas, each still Members of the Senate.

The interesting historical document reads:

A question of far-reaching consequences transcending consideration of party prompts us to issue a public statement in relation to the so-called "flexible provisions" of the tariff bill now pending before the Senate.

The question involved is one that in our opinion strikes at the very roots of constitutional government. It concerns the preservation unimpaired or the abandonment of the power of levying taxes by that branch of the Government which the forefathers agreed should alone be charged with that duty and responsibility.

Whatever argument could be advanced during the war and immediately following for delegation to a degree of the taxing power to the Executive, unquestionably no longer exists. To incorporate now in the law any recognition of the right of the Executive to impose taxes without the concurrence of the legislative branch is without justification.

Authority in the Executive to make the laws that govern the course of commerce through taxation is especially objectionable. It is an entering wedge toward the destruction of a basic principle of representative government for which the independence of the country was attained and which was secured permanently in the Constitution.

The statement then further attacks the flexible-tariff proposal, and continues:

The principle is: Are taxation laws and their application to be made virtually in secret, whatever may be said about a limiting rule, or are they to be enacted by the responsible representatives of the people in the Congress, where public debate is held and a public record made of each official's conduct?

The arbitrary exercise of the taxing power, all the more dangerous if disguised and not obvious, in its basic character, is tyranny. Resistance to the impairment of this popular right has largely occasioned many of the wars and revolutions of the past.

Calling attention to their attempts to secure Tariff Commission responsibility for the tariff changes, the Democrats declared:

For the purpose of preventing apprehended congressional delay an amendment has been made providing for the submission of the reports to the Congress by the President, and, furthermore, an amendment will be presented strictly limiting action by the Congress to matters germane to the particular subject matter or rates recommended by the President after investigation by the Tariff Commission.

We do not hesitate to say that if this extraordinary, and what we believe to be unconstitutional, authority passes now from the Congress it is questionable if there will ever again be a tariff bill originated and enacted by the Congress.

It is our solemn judgment that hereafter all taxation through the tariff and regulation of commerce thereby will be made by the Executive. It is the inherent tendency of this tariff-changing device and the apparently conscious purpose of its proponents to use it to keep the tariff out of Congress, where it is such an embarrassing business, as everybody knows, to the party that profits politically by it. So also it will be of distinct advantage to the interests that are the direct beneficiaries of the tariff.

In an age where there has been a steady tendency to rob the individual citizen of his power and influence in his government through bureaucracy, we deem it our duty to vigorously protest any further encroachments in this direction, and especially with respect to taxation.

In the hope of arousing the people, regardless of party, to take a broad and public view of this important question, we make this appeal.

It will be interesting to note what these same distinguished gentlemen will say about this much further reaching proposal of President Roosevelt.

Mr. Chairman, never have I known of nor do I think there ever was a more complete stultification of views upon a fundamental question than is exhibited in the bill under consideration on the part of our Democratic friends.

For in this bill sent here by the President Congress is commanded to surrender absolutely to one man, without let or hindrance, the sole power to arbitrarily make tariff rates. Neither the industries to be affected nor labor in those industries will be vouchsafed even a hearing. We will not know what the rates are until they are proclaimed by the President.

I invite your attention to the statement made by Mr. Matthew Woll, vice president of the American Federation of Labor, on March 6, 1934, just 2 weeks ago, at the Bar Association of New York City. Mr. Woll said:

In venturing into and applying the method of process of trade treaties with foreign governments it is essential that workers should have an opportunity to be heard. It is equally important that participation of labor, as at present made possible and available, through an appeal to Congress and through direct representation on the Tariff Commission, should in no way be lessened, but be increased.

Mr. Woll, in the same statement, with which I heartily agree, urged the enlargement of our domestic purchasing power and of increasing and protecting our home markets. On this point he said:

As against all these urgencies for increased export trade, reciprocal trade treaties, and other devices to that end, America's wage earners raise the more important issue of enlarging our domestic purchasing power and of increasing and protecting our home markets.

Government statistics clearly indicate more than 92 percent of the products of American labor and American agriculture are consumed in America. While this is an average figure of all commodities and include such important commodities as cotton, which is widely exported, it does indicate how great a domestic market we have in our own free-trade area. This great American consumption of American goods is largely due to the high standards of life and work which prevail in our country and have been established in the main through the untiring efforts of American organized labor. Our present problem is, rather, that of extending this home consuming power, in view of the constant losses which our producers of cotton, wheat, lumber, and other products have suffered and will increasingly suffer in the world markets by reason of a constantly growing competition from other nations.

Mr. Chairman, while I am in favor of reciprocal tariff agreements such as were contemplated under the McKinley and Dingley tariff laws which would not be disadvantageous to our domestic market but upon terms representing true reciprocity, I am unalterably opposed to opening our markets to foreign-made goods by bartering away our American industry.

What we need, in my judgment, is restoration of confidence by removing the uncertainty surrounding our currency; by taking business out of the strait-jacket into which it is encased; by true economy; by stopping profligate expenditures; and by balancing the National Budget.

I am too much wedded to our American home market to stand by and see it destroyed by the invasion of products from the Old World, even though it were possible to restore our export trade by opening wide our doors to foreign-made goods.

I am opposed to any discrimination in this onslaught upon our home producers. The depression through which we have gone and are still going, despite all the proposed remedies of the new deal, was not caused by the present tariff law so bitterly condemned by our Democratic friends, but which they have not had the courage to change; that law has stood as a bulwark against more aggravated depression by protecting our industries and the labor employed by them and from ravishment and destruction by an influx of foreign-made goods seeking the best market in the world. We could not continue to produce from foreigners if foreigners are to produce for us. We must not at this time seek foreign markets at the expense of American consumers, nor yield our markets

to foreign goods at the expense of the American wage earner. American wages is the hub of the tariff question from the American viewpoint.

The question is one of wages, reduction of wages, or no wages, and it matters little what cause contributed to their present level. Such causes could create but they could not maintain in the face of foreign invasion. In mistaken zeal for export trade we must not lose sight of the fundamental question of wages and the standard of living in this country.

Again I agree with Mr. Matthew Woll, representing the American Federation of Labor, when he said in the statement to which I referred a moment ago:

Is it possible that those who favor entering into reciprocal tariff treaties with foreign nations expect that those nations, where weekly hours exceeding 50 and 60 per week are not uncommon, are going to permit Americans to dictate to them what legislation or laws they shall enact for their people?

Unless this can be done, is it reasonable to suppose the products of American industries, with America's industrial workers producing for not more than 30 or 35 or even 40 hours per week, with wages which will permit of their retaining the American standards of living, can compete in the American market with products of foreign countries?

Unless it is intended to scrap the N.I.R.A. and force America's industrial workers to compete on an almost equal footing with the low-wage workers of Europe and Asia, there is no possible benefit to accrue from the fundamental change of government and new tariff policy proposed and involved.

Mr. Chairman, a favorite shibboleth of the Democratic Party throughout its vacillating history on the tariff question, one and the only one to which they have consistently adhered, is, "Capture the markets of the world." If they want to capture the world markets, why do they not have the courage to tell us openly and honestly how they propose to do it? Why this secrecy? Are you ashamed of your program?

When I recall the words of that distinguished statesman, the former Speaker of the House, Thomas B. Reed, and his homely illustration of Aesop's fable of the dog who lost his succulent shoulder of mutton by glibly jumping for the reflection in the stream, the question then, as now, was whether the tariff be lowered in order to open the markets of the world to American products.

The markets of the world—

Said Mr. Reed—

how broad and cold these words are. They stretch from the frozen regions of the North Pole across the blazing Tropics, to the high-bound shores of the Antarctic Continent—all this we can have if we will but give up the little handbreadth called the United States of America.

To hear these rhetoricians declaim you would imagine the markets of the world a vast vacuum waiting till now for American goods to break through, rush in, and fill the yawning void.

The dog in Aesop's Fables—

Mr. Reed said—

trotted along and looked over the side of the brink and he saw the markets of the world and dived for them. A minute after he was crawling up the bank the wettest, the sickest, the nastiest, and most muttonless dog that ever swam ashore.

Mr. Chairman, wherein would the American workingman advantage if we gain the world markets and he loses his job? We who believe in the principle of protection welcome discussion of the tariff question at any time, but the country expected that after the unbridled and vociferous maledictions and condemnation heaped upon the Hawley-Smoot Act by our Democratic friends in the last campaign, charging it with being responsible for the depression, there would at least be some attempt on their part when in control of the Government as they are now, to revise the rates of duty in that act in accordance with their widely proclaimed intention so to do.

When we asked you in the Seventy-second Congress why you did not act, you told us the reason you did not present your tariff program was because of a Republican President and it would not get anywhere. What is your excuse now? You have undisputed control of both branches of Congress and your own President, who sees eye to eye with you on

the tariff. You do not have the courage in the face of the coming elections to tell the people of this country what the articles are on which you propose to reduce the tariff. The only thing you have the courage to say now is, "Let George do it."

And instead of applying yourselves to that task as you had solemnly promised in your platform and in your speeches on the stump, the only interest you have displayed in the subject has been two bills—the one in the last Congress to which I have referred, restoring to Congress its power to legislate on the subject of the tariff, and the other the pending bill, neither of which changed or proposes to change any tariff rate by Congress itself.

It is obvious, therefore, that the reckless denunciation of the Hawley-Smoot Tariff Act was mere vaporous hypocrisy. The distinguished Speaker of the House, Mr. RAINEY, replying to the taunts that his party had failed to carry out their threat or to fulfill their promise to reduce tariff rates, replied, dramatically:

Lower this tariff drastically? You (Republicans) will not do it, and we (Democrats) do not dare to do it with conditions as they are. We do not want this market flooded with products of cheap labor in other countries.

What Speaker RAINEY so well said at that time we Republicans say now. We do not want this country flooded with cheap, foreign-made goods. Whether tariff rates be reduced by Congress or by dictum of the President, we will not sell our birthright—the American market—for a foreign mess of pottage.

Mr. Chairman, in this bill sent here by the President a supine, spineless, sycophantic Congress is commanded to surrender absolutely to one man—the President of the United States—without let or hindrance, the sole power, arbitrarily to make tariff rates. I repeat that no such astounding and amazing grant of power ever before was requested, suggested, or dreamed of in all of our history and political philosophy.

It constitutes an affront to the Congress, the peoples' chosen representatives, and is an invitation to them to violate their oath of office which each man here has taken to support and defend the Constitution.

It is an insult to our intelligence and a brazen, arrogant, and presumptuous assault upon a constitutional power which alone resides in the Congress of the United States; and no exigency, real or fancied, nor can any plea of emergency condone, justify, or mitigate its evil purposes and consequences.

It is proposed not only to rob the Senate of its constitutional prerogative to ratify treaties, but it also takes away from the Congress its authority to raise revenue, for it has been recognized that in the making of tariff treaties the House of Representatives, where revenue bills must originate, has coequal power with the Senate. This power belongs to the Senate and House of Representatives jointly to authorize negotiations of tariff treaties; and to the Senate alone to ratify such treaties; and this power cannot be taken away except by due constitutional process of amendment to the Constitution. Neither can it be superseded even on the plea of emergency.

In this connection I am pleased to quote the words of the distinguished Senator from Idaho [Mr. BORAH]. Said he in discussing the proposed emergency clause of the so-called "Black bill":

A constitutional government such as we have is the expression of the will of the people crystallized into the Constitution; and no power can change or suspend it except the power which makes it, and that is the people of the United States. It is the difference between a government of law and a government of men; between that of a republic, a democracy, and that of a dictatorship. Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the government, within the Constitution, has all the powers granted to it, which are necessary to preserve its existence.

No power exists anywhere, in the Congress or in the courts, or in any body which Congress can create, to change the Constitution, either by suspension or otherwise, * * * not for 1 hour. If for 1 hour, it could be for 1 or 10 years. If for a day, it might be for 4 years, as in Germany, where all constitutional government, all forms of a republic, have been made to give way to a dictatorship.

Mr. Chairman, I think it is agreed that Alexander Hamilton was in favor of a strong central government. It is a popular, although fallacious, idea that Hamilton, if he could have had his way, preferred a military form of government with a strong iron hand at the head. Be that as it may, he was jealous in his advocacy for the adoption of the Constitution as written in the convention. Among the great arguments for its adoption which he set forth in the *Federalist Papers* is one on the treaty-making power of the Executive, which should arrest our attention and careful thought at this time.

Hamilton wrote:

The President is to have power "by and with the advice and consent of the Senate to make treaties, provided two thirds of the Senators present concur."

However proper or safe it may be in governments where the executive magistrate is a hereditary monarch to commit to him the entire power to make treaties, it would be utterly unsafe and improper to intrust that power to an elective magistrate for 4 years' duration. * * * An ambitious man might make his own aggrandizement, by the aid of a foreign power, the price of his treachery to his constituents. The history of human conduct does not warrant that exalted opinion of human virtue which would make it wise in a nation to commit interests of so delicate and momentous a kind as those which concern its intercourse with the rest of the world to the sole disposal of a magistrate created and circumstanced as would be a President of the United States.

Is the Congress, having become accustomed to the transfer of its constitutional powers to the Chief Magistrate, abjectly to complete the job, empty itself of all power and surrender complete obedience to the President? The answer to this question may be found in a succession of acts since March 4, 1933, by which Congress, little by little, abdicated its powers and conferred them upon the Executive. This legislative Caesarian food of questionable constitutionality has whetted the appetite of the President for more and greater powers until in the pending monstrous proposition we have the culmination of one assault after another upon the vitals of our republican form of government. This is not a partisan view of the proposed encroachment. It is shared in by thinking men and women of this Republic who hold dear our constitutional form of government.

Listen to what a distinguished Democratic Senator from North Carolina, Senator BAILEY, had to say upon this subject:

The Republic is not going by arms. * * * She is not going by sedition and conspiracy. This Republic will go when American liberty goes, in every step we take, giving way here and giving way there, negating personal liberty, almost unawares—here and here, there and there, forgetting the great traditions of the past that ought to guide us, forgetting the great standards by means of which the Republic has ever lived and must live, forgetting the spiritual fountains that have made her the source of light and life for 144 years. When we forget, when we cease to exercise vigilance, we begin to see the Republic taking a transformation and losing a character which amounts to more than revolution.

Yet and still, this patriotic appeal, this wise Democratic admonition goes unheeded, and however much or blandly the President's subservient apologists may disclaim his desire for a dictatorship, there is evidence in this latest proposed surrender to him that we are rushing headlong toward absolutism. Already you have placed in his hands the destiny of American industry, American labor, and American agriculture, and the welfare of 125,000,000 subjects in the domestic field, and now he asks or commands that you grant him unbridled, unrestrained power in the domain of international commerce to determine rates of duty—which he calls a tax—on the imports of foreign goods into the American market in competition with the products of American labor and of the American farmer.

With this power the question of international debts is so closely interwoven, that the President will tell you later, that to accomplish my full purpose—to fully support my position—you must grant me the further power to settle international debts. And if Congress is as supine then as you are now, it will not have the courage to refuse.

Every American citizen ought to stand aghast at such a proposal, and their representatives in the Congress of the United States ought to respond to the President's demand for

omnipotency by an emphatic "no" that will reecho throughout the bounds of this Republic and awaken its citizens to the sense of their insecurity and to the imminent destruction of their constitutional liberties.

It is high time, Mr. Chairman, that the American people exercise vigilance and hold fast to their form of government before it is altogether too late. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, much has been said in regard to this tariff question, and if I were to talk all the afternoon, probably, I would not say anything particularly new.

We have heard these arguments throughout the years. It occurs to me that in one sense of the word the measure before us is not a tariff measure. It is a delegation of power to fix tariffs to the President of the United States. So that we are not dealing with a tariff measure, in the sense of fixing rates, but on the other hand, it is the most far-reaching tariff measure ever before any Congress, because of the power which it gives the President.

If the time had come when I believed the Congress should delegate this power, I still would be opposed to delegating the power to this particular administration, and my reason for this can best be illustrated in the following manner: If I had a child that I was not able to raise in my own home, in seeking a place for this child I would seek out a home that loved children, that had at heart their welfare and wanted to bring them forward as good citizens. I would not seek a home where they did not care for children and thought there were too many children in the world already. This illustrates the reason I would not delegate this authority to this particular administration.

The President of the United States is listening to the "brain trust." He is listening to professors in respect to this matter. These men are opposed to protection for any industry. I want to call your attention to just one little bit of testimony taken before the Committee on Agriculture. Mr. Weaver, one of these professors from the Agriculture Department, was before that committee and he said, in talking about the sugar bill, that it is the policy of the administration to eliminate the industry before it gets any bigger, and Mr. Tugwell, who followed him, was asked whether or not he approved and whether or not that was the attitude of the Department of Agriculture. Mr. Tugwell, referring to Mr. Weaver, said:

I think he believes that no industry is entitled to support by tariffs, and I may say, personally, that I agree with him. I see no reason why it should be.

I am not willing to trust the tariff-making power of this country to an administration that has no sympathy whatever with the protective tariff under which we have lived in this country.

The sugar bill, to which I have referred for the last few days, has apparently been shelved and I am wondering if this is because of the fact that if the pending bill is enacted, then the administration can do all that it had intended to do to the sugar industry by and under and by virtue of that law, and will not need the enactment of the sugar bill which has been before the Committee on Agriculture.

This pending measure gives authority to the President of the United States overnight the power to summarily reduce tariffs 50 percent without any hearing before any commission and without consultation with anybody. In other words, he can deal with this question just as he dealt with the air-mail contracts, and I am going to venture the assertion that there has not been any action of this administration that has caused the straight-thinking business people of the country to lose confidence in it more than has the canceling of all air-mail contracts without a hearing involving as it does the welfare of thousands of our citizens. The people are waiting, and not any too patiently, an opportunity to express their disapproval of any further delegation of power that belongs to this Congress to the President of the United States. Pass this bill and you give to Professor Tugwell and others that much more of a free hand to put into

effect in this country their doctrines of socialism and communism.

I represent largely an agricultural district. I have been unable to figure out where, by any trade agreements that this bill authorizes the President to enter into, any benefit can come to agriculture. In other words, the products that would come in here would no doubt be the raw products that would more or less compete with agricultural products and we would send out manufactured articles and the farmer would be the sufferer under such legislation. [Applause.] I am unwilling to commit the authority to fix tariff rates into the hands of the traditional enemies of the protective tariff.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Chairman, the pending bill, H.R. 8687, reported to the House by the Ways and Means Committee, is in response to a message of the President of the United States sent to Congress on March 2, 1934, and is a most important administration measure.

On this bill, as has been the case on previous tariff measures, the two great political parties of this country are definitely divided. That was to be expected, because that is in keeping with the history and traditions of these great parties in this Nation. The 25 members of the Ways and Means Committee divided exactly along party lines. The 15 majority members voted for the measure and the 10 minority members voted against it.

In approaching the discussion of this subject it is important that we bear in mind conditions which makes such legislation necessary. A few days more than a year ago the Democratic Party assumed control of the affairs of this Government of ours after the Republican Party had been in control of the affairs of our Nation for 12 years.

Without entering into any discussion as to the reasons, or without attempting to assign the causes, it might be well for us to remind ourselves in passing of some conditions that existed in this Nation of ours at that time.

The industry of this Nation was paralyzed, the wheels of commerce were ceasing to turn, and agriculture was bleeding at every pore. The American farmers were receiving the lowest prices for their commodities than had been received in the recorded history of our Nation.

From twelve to fifteen million of American citizens were anxiously walking the streets and highways of this land vainly seeking an opportunity to work and make a living for themselves and their families. At the very hour when the newly elected President of the Nation stood before this Capitol to take the oath of office the banks of practically all the States of the Union were closed. The business of this Nation was paralyzed, and we were in the worst economic condition we have ever found ourselves in the history of the country.

Now, with that situation existing throughout the length and breadth of this country, this great President of ours, who had been chosen as the leader of the American people, came forward with a recovery program. He reminded the Congress of the necessary enactment of certain legislation which was designed and intended to improve conditions and effectuate recovery in the affairs of this country of ours and in the affairs of the American people.

During the last year legislation has been passed as a part of this recovery program, which conferred on the President of the United States certain broad discretionary authority insofar as the domestic affairs of this country are concerned. The passing of these various measures conferred on the President broad discretionary authority with reference to the internal or domestic affairs of the people of this country.

The pending bill simply goes one step further in this recovery program and confers upon the President of the United States the same type of broad discretionary authority insofar as our international trade relations are concerned. That is the purpose of this bill and is exactly what it does.

It might be well for us to remind ourselves of some of the conditions that exist in this and other countries of the

world as we determine the question of the feasibility of enacting legislation of this type.

Let us for a moment think of the world-trade conditions. During recent years the world has been experiencing a period of acute economic distress and suffering.

The President, addressing the Congress, speaking of the decline of world trade, had this to say:

Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of the 1929 volume. Measured in terms of dollars, it has fallen to 35 percent.

Then the Secretary of State, appearing before the Committee on Ways and Means when this bill was under consideration, made this statement:

According to reliable estimates, if world trade had gone forward with the annual ratio of gain existing before the war, the nations during the intervening years would have had some \$275,000,000,000 more than they have actually enjoyed; and according to these estimates, if world trade had thus progressed, there would be today an annual international commerce of nearly \$50,000,000,000 instead of the pitiable figure of less than \$12,000,000,000 for 1933. International trade has steadily grown less each year since 1929. The reduction of international trade in the amount of \$40,000,000,000 means a reduction of the world production by \$40,000,000,000, and this means a reduction in consumption of a like amount, and this means correspondingly low standards of living.

That was the expression of the Secretary of State as he appeared before the committee giving us an idea of the world economic conditions as they exist today.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. CULKIN. The Secretary of State is, of course, a very distinguished and charming and able gentleman.

Mr. COOPER of Tennessee. The gentleman cannot too highly compliment the Secretary of State, as far as I am concerned.

Mr. CULKIN. He served here in the House, and at that time, as I recall him, he was distinctly an avowed free trader. He did not believe in any tariff.

Mr. COOPER of Tennessee. I seriously doubt whether the distinguished gentleman from New York has a right to so characterize the Secretary of State.

Mr. CULKIN. That is the way I construed his attitude. The gentleman from Tennessee is making a most delightful speech, and I dislike to interrupt him, but what I am interested in is how we are going to deal with a case like that of Japan under the favored-nation clause. In Japan men get as little as 12 cents a day and women 7 cents a day. How is the gentleman going to handle a situation like that under this proposed measure?

Mr. COOPER of Tennessee. The gentleman compliments me. I am not going to execute this law. If I should have that duty assigned to me, I would certainly make a most careful investigation into all existing conditions and circumstances, and if I had the opportunity to meet Japan across the table, I would try to make the best possible trade I could for the people of this country, and I have no doubt that that is what the President of the United States will do under the authority of this measure.

Mr. CULKIN. Then I assume the gentleman would favor the Japanese workman getting more pay?

Mr. COOPER of Tennessee. I would be delighted to see them get more pay.

Mr. SAMUEL B. HILL. If the United States should be unable to negotiate a reciprocal trade agreement of advantage to us, certainly we would not in that case be in any worse condition than we are now.

Mr. COOPER of Tennessee. It should always be borne in mind that the President of the United States representing the whole people of the United States, and who enjoys as great a degree of confidence of the people of this country as has ever been enjoyed by any man, when he sits down at the table with the representative of another country, will endeavor to do the best he can for the people of this country. It is not within the realms of probability that he is going to forget the welfare and interest of the American people. Furthermore, as suggested by the gentleman from Washington [Mr. SAMUEL B. HILL], unless the type and kind of trade

agreement that does impress him as being to the interest and advantage of the people of this country can be made, he simply does not have to trade at all.

Mr. CULKIN. Mr. Chairman, will the gentleman yield for a brief question?

Mr. COOPER of Tennessee. Yes.

Mr. CULKIN. The gentleman has noted the suggestion of the administration or some of the gentlemen in the administration of the Agricultural Department urging a reduction in the production of beet sugar in America. I assume that the gentleman is in favor of that?

Mr. COOPER of Tennessee. No; the distinguished gentleman from New York is not undertaking to quote me on the beet-sugar industry because I have given no utterance on the subject.

Mr. CULKIN. Is it not a fact that these tariff negotiations must result in that sort of bargaining?

Mr. COOPER of Tennessee. Not at all. I have heard some statements made here during the course of this debate upon what different officials of the Government may have said on the beet-sugar question and other questions, but it is rather significant to me to note that none of those who, in all probability, will have charge of the administration of this measure have been quoted in that connection. Of course, these trade agreements are to be negotiated by the President of the United States. Naturally international affairs are conducted through the State Department. Somebody has quoted some third or fourth or fifth assistant or some other subordinate in the Agricultural Department. There is nothing here to indicate that he would have any voice in these affairs at all. I commend to the distinguished gentleman from New York [Mr. CULKIN] the statement of the Secretary of Agriculture himself when he appeared before the committee. He said, in substance, as I now recall it: "I say now, as I have on all other occasions, so far as the sugar question is concerned, that I do not think our production of cane and beet sugar should be further expanded in this country"; and that is as far as he went, and he stated that that is as far as he has gone at any time.

As one who tried to place a fair construction on the statements of the Secretary of Agriculture, Mr. Wallace, and every other witness who appeared before the Committee on Ways and Means, I say to the gentleman that I got no impression that the Secretary of Agriculture had in mind to do any such things or attempt to do any such things as gentlemen on the floor here have indicated they are fearful he might do.

Mr. CULKIN. Will the gentleman yield further?

Mr. COOPER of Tennessee. Briefly, if you please.

Mr. CULKIN. The gentleman states that the negotiation of these tariff treaties will be in the hands of the Secretary of State?

Mr. COOPER of Tennessee. I said to the gentleman that, of course, international relations are, in the very nature of things, primarily the functions of the State Department.

Mr. CULKIN. And it involves very difficult and intricate negotiation. The President, of course, could not do that individually; but what I wish to ask the gentleman is, if it is not a fact that the difference between Professor Moley, the distinguished editor of Today, and the present distinguished Secretary of State lies in the fact that Professor Moley was for a vigorous nationalism and the present Secretary of State is for an internationalism; is that not true?

Mr. COOPER of Tennessee. The gentleman from New York has the same right to form his opinions as to what differences may have existed between those gentlemen as I have. I am not disposed to enter into any discussion of any differences that may have developed between the Secretary of State and the Assistant Secretary of State. That is a matter aside from this question.

Mr. WOODRUFF. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. WOODRUFF. I had not thought to interrupt the gentleman from Tennessee. I am very much interested in what he has to say, and I should not have interrupted him if he had not yielded to others. I want to ask the gentle-

man if he seriously believes that the President of the United States, with all the present duties of that office devolving upon him, will have time to personally negotiate treaties or make the investigations that are necessary if we are to enter into trade agreements upon a basis that will be equitable to the people of the United States.

Mr. COOPER of Tennessee. I submit to my distinguished colleague from Michigan that the bill itself speaks on that point in the language contained on page 2, as he well knows, for I recall that he asked the same question many times during the hearings. On page 2, lines 9 and 10:

The President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States—

And so forth.

The language of this act is what you and I have to vote on. The provisions of the bill itself are what we answer "yea" or "nay" on when the Clerk calls our names. That is what the bill provides. I have no doubt that the President of the United States will faithfully perform the trust that is imposed in him by the Congress of the United States.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. FITZPATRICK. And the gentleman is not afraid that the President of the United States will make any trade or agreement that will be detrimental to the people of this country?

Mr. COOPER of Tennessee. Not at all; no, sir; and I hope to touch upon that point in a few moments, if I may use a little of my time.

Mr. WOODRUFF. Will the gentleman yield for one further question, and then I will not ask him to yield further, unless he expresses a desire to be very generous to other Members in yielding. I want to ask my friend if this bill, along with the other powers which it extends to the President, will create additional time at the disposal of the President of the United States in which he may give proper consideration to the great duties devolving upon him under the provisions of the bill?

Mr. COOPER of Tennessee. I respectfully submit to the distinguished gentleman from Michigan that the answer I have endeavored to give him is a fair answer to that question and includes the question which he has very kindly submitted to me.

Mr. FORD. May I answer that question for the gentleman?

Mr. COOPER of Tennessee. I yield.

Mr. FORD. Who thought that the President of the United States would be called upon to settle the automobile trouble in this country, and that he would be able to find time for that? Who has the temerity to say that he did not do a good job of it? [Applause.]

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. COOPER of Tennessee. I will yield to the gentleman from Minnesota, and then I must decline to yield further.

Mr. CHRISTIANSON. I am asking this question, not to embarrass the gentleman but to get some information that will enable me to act intelligently upon this bill. I am worried about the effect of the so-called "favored-nation" treaties.

Suppose, for instance, the President should find it desirable to make a treaty with Sweden, which manufactures matches, permitting the exchange of American commodities, say, wheat for matches, upon a reciprocal basis? Japan, I understand, has a treaty containing the favored-nations clause. Would the entering into of a treaty with Sweden automatically authorize or permit Japan to enjoy the same privilege that we give to Sweden under the operation of the favored-nation clauses?

Mr. COOPER of Tennessee. I assume my distinguished colleague understands the operation of the favored-nation treaties.

Mr. CHRISTIANSON. If I understood that fully, I would not have asked the question.

Mr. COOPER of Tennessee. I may not be able to fully answer the gentleman in the time I have, but my conception of it is that when different nations enter into those treaties with the so-called "favored-nation" clause in the treaty—and I might say that we have 48 of that type treaties now—it simply means that a provision is contained therein to the effect that if you accord certain treatment to other nations you are bound to accord similar treatment to me as one of the nations having negotiated a favored-nation treaty with you.

Mr. CHRISTIANSON. So, if we accorded to Sweden the privilege of exporting matches to the United States with a reduction of 50 percent in the duty upon those matches, automatically the duty upon matches from Japan would be reduced 50 percent also, despite the fact that, of course, Japanese laborers receive very much less pay than the laborers in Sweden?

Mr. COOPER of Tennessee. Of course, our distinguished colleague may apply the interpretation which I have endeavored to give him, as I understood it, to any condition existing in the nations of the world.

Mr. SAMUEL B. HILL. I know the gentleman will not have time to answer all of these questions in detail, and I commend the gentleman from Minnesota that he take the hearings at page 365 and following pages, where the Assistant Secretary of State went into that question and explained it rather fully.

Mr. COOPER of Tennessee. I thank the gentleman from Washington.

Mr. Chairman, as I was endeavoring to touch briefly upon the situation of world-trade conditions at the time I was interrupted by these various questions, I should like to return for the moment to that subject in order that we may have very definitely in mind some of the conditions existing throughout the world that impressed me at least with the importance of this country giving consideration to these conditions, and especially as they apply to the trade of this country.

The total exports of the United States fell from \$5,241,000,000 in 1929 to \$1,675,000,000 in 1933, while the imports fell from \$4,399,000,000 in 1929 to \$1,449,000,000 in 1933. The decline in American commerce has steadily continued.

The point is that in this great shrinkage of world trade we are not only losing in the same proportion as other nations of the world but we are losing at a greater rate than the other countries of the world. Many of the markets we are now losing, of course, are being taken by other countries of the world. Under our present arrangement and under conditions as they now exist, we have not been able to hold our own in world trade affairs.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I would prefer not to yield unless it is for a question along this particular line.

Mr. WOODRUFF. The question I wish to ask is on this particular point. In the gentleman's opinion what effect does the increased cost of production in this country have on the diminution of our foreign trade, which trade we are losing to countries having lower costs of production? In other words, the cost of products manufactured in France is more nearly on a par with the cost of products manufactured in Italy than is the cost of products manufactured in the United States, because of our high wage scale, high cost of living, and our high standard of living. Does not the gentleman feel that one reason for the higher cost of our products is our standard of living, and does this not have some effect upon international trade?

Mr. COOPER of Tennessee. I say to the gentleman very frankly that I have no doubt the points mentioned by him enter into the picture and have some bearing on it, of course, but I do not think they are the controlling elements by any means. Many phases of the matter must be taken into consideration.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. SAMUEL B. HILL. The increased cost of production under the N.R.A. is offset almost equally by the depreciation of the dollar.

Mr. COOPER of Tennessee. Of course, that is true. The question of the value of the dollar and other matters related to it naturally enter into a consideration of this whole subject.

Now, passing for a moment, if I may, to the question of our diminished share of this world trade, I shall call attention briefly to a few figures that indicate the true situation on this point.

The American share of the import trade of the world in 1929 amounted to 12.19 percent; and our share of the export trade of the world in that same year amounted to 15.61 percent. In 1932 the American share had fallen to 9.58 percent of the imports of the world, and to 12.39 percent of the exports.

In other words, whereas in 1929 the United States enjoyed 13.83 percent of the total world trade, in 1932 its share had fallen to 10.92 percent.

This reflects the situation that exists today insofar as the international trade affairs of our country are concerned.

One very important thing for us to bear in mind is the ever-increasing tendency of the other nations of the world to equip themselves with the necessary machinery to meet quickly the changing trade conditions of the world. They are resorting to all types of devices and what might be characterized as schemes to hold their own in this competition for international trade, and we are simply to be left behind because under our system we are not equipped with the necessary machinery to keep pace with the others in this competition for international trade.

The Secretary of State, I now recall, told the committee that of the 65 countries of the world practically all have some form of trade barriers. The practice of erecting trade barriers is continuing and increasing all the time.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 additional minutes to the gentleman from Tennessee.

Mr. COOPER of Tennessee. I also recall that during the hearings it was shown to your committee that some 68 or 69 tariff-quota agreements have been made by European countries since January of last year, showing the ever-increasing tendency of these other countries of the world to enter into trade agreements and quotas and arrangements among themselves and constantly to erect trade barriers. Thus we find it difficult to undertake international trade with them.

Reference has been made several times to different countries that may have something to export to us. As I endeavored to point out a few moments ago, I have no doubt at all that the President of the United States is going to consider the interest of all the American people and of the industries of this country when these trade agreements are negotiated and entered into.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. TREADWAY. Admitting the interest, of course, of the President in protecting American industries, will the gentleman not be good enough to point out to us what particular articles he considers will be used to increase our importations?

Mr. COOPER of Tennessee. I say to our distinguished colleague from Massachusetts that I am not prepared at the moment to do that. I would not do it if I had the information. I do not think it is a sound business principle to send the person with whom you expect to make a trade advance information on the points you have in mind. [Applause.] That is just the common-sense viewpoint.

Mr. TREADWAY. I think the gentleman's answer is as explicit and as plain as was made by any person advocating the passage of this bill before the committee. In other words, will not the gentleman admit that he is not willing to confide to the American people in what lines the importations will be increased under the proposed bill?

Mr. COOPER of Tennessee. I do not think the information is at present available; and, as I said a moment ago, even if it were available, it would be the height of folly and entirely out of keeping with the sound Yankee trading principles of the distinguished gentleman from Massachusetts to give out his thunder and trading material before he meets the other man in the trade and finds out what he may have.

Mr. TREADWAY. May I suggest to the gentleman that the distinguished Assistant Secretary of State in advocating the measure unconsciously admitted one day that foreign countries had approached the State Department with certain suggestions. What is the gentleman's idea? If those suggestions are in the hands of the State Department, why should they not be in the hands of the Congress?

Mr. COOPER of Tennessee. I am sure the distinguished gentleman, upon reflection, will realize that question hardly does him credit.

Mr. TREADWAY. I may say to the gentleman that I have reflected on it so long that I am thoroughly convinced of the merit of the question and the undesirability from the standpoint of the Democrats of answering the question.

Mr. COOPER of Tennessee. Of course, I am sure the gentleman will readily appreciate that, even if the State Department has been approached, as the Assistant Secretary stated, and I have no doubt they have, they cannot come here and state the whole proposal and put out all the details and information in reference to the negotiations that they expect to enter into through diplomatic relations. The question hardly does the author the credit to which I think he is entitled.

The distinguished gentleman from New York made reference during the course of his remarks—and I have never seen the gentleman labor harder on any subject than he did on the speech he made here today—to one item he claimed he had gleaned from the hearings held on this bill. This was with reference to toys. He made some remark as to the proposition that this country might export quantities of lard and hog products, as well as agricultural products, to Germany in exchange for toys. I just took occasion hurriedly to look up the situation with reference to the importation of toys, which seemed to alarm him so much in connection with this bill. The latest figures I was able to secure for the year 1931 showed domestic production of toys in 1931 to be \$68,307,000. The imports in 1933 of dolls, toys, and parts amounted to \$2,225,000, or 3 percent. This 3-percent importation of that commodity is disturbing and scaring the gentleman to death. Similar figures might be cited as to many other points that seem to be disturbing some of the gentlemen on the minority side who are opposed to this measure.

As was shown during the hearings on this bill, there are 29 separate countries each of which is the principal source of supply of commodities to the United States. These countries also furnish a market for 85 percent of our exports. With this kind of a situation existing so far as concerns 29 countries of the world, the principal sources of supply for leading commodities that this country imports, and at the same time furnishing a market for 85 percent of our exports, certainly it is within the range of possibility that we may sit down at a table with representatives of countries of that kind and be able to do some business that would be very definitely in the interests of agriculture and the business of this country. According to the figures given by the Secretary of Agriculture when he appeared before the Ways and Means Committee, we are exporting some 55 or 60 percent of our cotton, some 20 percent of our wheat, and some 40 percent of our tobacco, as I recall the figures now, about half of our packing-house lard and exporting considerable quantities of many other agricultural products. With these ever-shrinking foreign markets, what is going to become of the agriculture of this country? What is going to become of affairs in this country when the purchasing power of agriculture shrinks even further? It is of the highest importance that we negotiate these trade agreements with other countries of the world to the end that we may sit down at the table with them and in a spirit of

friendliness which should prevail between the nations of the world as it should between individuals, say to them: "Now, here, we have certain products in this country of ours that you need. You have to import them. You have to get them from somewhere in the world outside of your own country. You have certain things that we need and can use. Let us see if we cannot do some business on a simple, common-sense, American business basis." If we can, all very well and good. The President may enter into such trade agreements. If he cannot do it to the advantage of the American people he simply does not have to make the trade. He does not have to enter into the agreement.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COOPER of Tennessee. Mr. Chairman, I want to call attention especially to what impresses me as the principal objection raised to this bill by our distinguished colleagues on the left. This has been very properly termed a fear of what might happen. In this connection I simply invite attention to the expression of the President of the United States himself. We may theorize and generalize all we please, we may build up straw men to knock down. We may try to find something to scare ourselves, we may manufacture all kinds of objections and think up all types of things that might happen, but after all, as I pointed out a few moments ago, the very specific and definite language of this bill itself provides that the authority shall be vested in the President of the United States. It imposes upon him the responsibility and the duty of finding that these conditions exist before he can exercise the authority that is conferred under the provisions of this measure. I invite attention to the expression of the President in transmitting this subject-matter to Congress for consideration in his message of March 2, 1934. The pending bill is the result of this message. On page 2 of the message there is the following:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this, the highest consideration of the position of the different branches of American production is required.

That is the expression of the President himself in his message on this subject.

As was indicated by the question of the distinguished gentleman from New York, I have no doubt that our great President will exercise this discretion in the interest of all the people of this country. I do not think there is anything to cause alarm in the record of that great patriot and statesman, that man who is giving his very life in the service of the people of this country and the service of the whole people of the Nation, whose confidence he enjoys to a greater extent than any other man, I think, in the history of the Nation, the greatest leader the Nation has seen for a half century or more. Certainly there is no American interest that has any reason to fear or feel disturbed about the exercise of discretion by that type of patriot and statesman who is in charge of the affairs of this great Government of ours. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, ladies, and gentlemen: For the past few days the House has had the privilege of listening to a very able discussion of the measure before us.

Members on the Democratic side have presented their theory with great candor and ability. On the Republican side our membership has rallied to the defense of the traditions of our party with great ability. I dare say few speeches have ever been made in this Congress that will surpass the speech made this afternoon by our distinguished floor leader, the gentleman from New York [Mr. SNELL].

This is a very important measure. I think we are at the parting of the ways with reference to party policy concerning the tariff. We are about to make an important decision here. If the Democrats pass this bill, which no doubt they

will, they will find themselves diametrically opposed to the traditions of their party. They are, apparently, bound to follow their leader, the President, without regard to where he leads them. I have no desire to detract from his work in any way, but I want to say to you that, today, the Democratic Party is marching directly opposite to the position taken by Thomas Jefferson and its great leaders from Jefferson down to this day, especially the leaders for the past 75 years. I know that in their hearts a great many of the good Democrats agree with me in this respect.

I have the honor of following on the floor here today my good friend from Tennessee [Mr. COOPER], a distinguished member of the Ways and Means Committee, a fine, upstanding, young man; and if he stays in this Congress as long as his predecessor, Finis Garrett, his record will, no doubt, shine with that distinguished Tennessean and with the other Tennessean [Mr. BYRNS], who is now the floor leader of the Democrats.

However, my distinguished friend the gentleman from Tennessee [Mr. COOPER] gives his case away completely this afternoon. He states here that the President will sit down at a table and will discuss with the envoys of Japan and make his decision then. This is the whole crux of this bill. When the President makes this decision he will be levying a duty, he will be levying a tax, which, according to the Constitution, is absolutely within the province of the Congress and is not in any way within the province of the President. So I say to you that he refutes his own position entirely, as well as the position taken by the Democratic Party throughout the ages.

The gentleman from Tennessee says that the President of the United States will not do anything wrong. It is a great compliment to our theory of government, the greatest compliment anyone can pay us, that not from the days of George Washington down to today has any President ever sold out the country. None of our Presidents, Democratic or Republican, has ever been guilty wilfully of doing anything that he felt would react against his country, but a number of them have done things that were not for the best interests of the country. I am perfectly willing to admit that probably many Republican Presidents have done things that were not for the best interests of the country, and likewise I would have to assert that many Democrats have done things that were not for the best interests of the country. They were all honest, but they were not all right all the time. It is in that spirit I voice my opposition to this bill.

The burden of the song of every Democrat who has spoken on this measure has been that we need this legislation to encourage our imports. Let me give you a few figures that will completely answer this statement.

Every month since June of 1933, without exception, has shown an increase in our imports and exports over the like periods of the preceding year. If our imports and exports are increasing every month, why should we tamper with them by invoking a proposition we know nothing about? Why should we deviate from the time-honored policies of both parties, to keep within the province of the Congress the duties that the Constitution gives it? The following table will show the movements of imports and exports into and from America for the period since June 1933:

MERCHANDISE EXPORTS
[Based upon official Department of Commerce statistics]
(By months)

Month	Year			Percent increase
	1934	1933	1932	
July.....		144,109	106,830	
August.....		131,473	108,599	
September.....		160,119	132,037	
October.....		193,069	153,090	
November.....		184,256	138,834	
December.....		192,627	131,614	
January.....	172,000	120,589		
7 months, ending January.....	1,177,654	891,593		32

MERCHANDISE IMPORTS

[Based upon official Department of Commerce statistics]
(By months)

Month	Year			Percent increase
	1934	1933	1932	
July.....		142,980	79,421	
August.....		154,918	91,102	
September.....		146,643	98,411	
October.....		150,867	105,499	
November.....		128,541	104,468	
December.....		133,518	97,087	
January.....	129,000	96,006		
7 months, ending January.....	986,467	671,994		47

Unlike most tariff bills this bill is a short one. Reducing it to simple language and omitting nonessentials it could be expressed about as follows:

For the purpose of expanding foreign markets for the products of the United States, by regulating the admission of foreign goods into the United States, the President, whenever he finds that any existing duties or import restrictions are unduly burdening and restricting foreign trade, is authorized:

First. To enter into foreign trade agreements with foreign governments, and

Second. To proclaim such modification of existing duties as are required to carry out any such foreign agreement. But he cannot increase or decrease by more than 50 percent any existing rate, or transfer any article from the dutiable to the free list. Cuba is to be given preference on her exports. The President is given the right to suspend modifications of duties made by him to countries which accord discriminatory treatment to American commerce. The President may at any time terminate such modifications.

Every foreign trade agreement concluded pursuant to this act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than 3 years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than 6 months' notice.

By this bill Congress gives the President authority to enter into secret contracts with foreign nations with relation to tariffs. When the Constitution gives Congress certain powers it at the same time enjoins upon Congress the duty of assuming these powers. A surrender of these duties by Congress is a dereliction of its duty. The Constitution gives the President certain powers. When he assumes the powers given to another branch of the Government even though surrendered to him by such other branch because of its weakness, he is assuming powers not intended for him and the assumption of the same by him tends to weaken the Government. Our Government is strongest when each of the three divisions are capable of functioning completely and without surrender.

By this bill no time limit is provided for its termination. The language is ambiguous and uncertain. The last paragraph seeks to define a time for limitation, but to my mind this bill gives the President the right to use his discretion without much limitation either as to time or substance. By removing the required formula "difference in cost of production", the bill practically nullifies the whole law, for 50-percent limitation will then be uncertain.

In the advocacy of this measure we see a complete reversal of position by the leaders of the majority party from that expressed by them when the 1930 Tariff Act was under consideration in the House. At that time the flexible-tariff provision was adopted. Its constitutionality was assailed by the Democrats most vigorously. In that bill Congress designated specifically what could and could not be done, and the Executive was given specific authority. He was not given unlimited discretion. That bill provided that the President could alter the rates fixed by Congress when and if the Tariff Commission, after investigation as to the cost of production here and abroad, recommended certain changes in the rate. Under that bill the President had no power to do anything of his own volition. The powers

given him were powers to do certain things when and if a fact-finding agency would find certain facts for him. If the Democrats strained at this surrender of power by the legislative branch to the President, it is difficult to reconcile their conduct then with their conduct now, when they rush to support and pass a bill giving the President unlimited power to bargain for tariff rates and to do so at his own discretion and secretly and without any accountability to anyone for what he might do.

In that connection, I want to discuss the line of argument of my friend from Tennessee. Ladies and gentlemen, there is one thing that has made American diplomacy distinctive. Our diplomacy differs from that of every other diplomacy in that ours has been open and aboveboard. The diplomacy of foreign countries has been secret, and in that system we have seen chicanery; in that we have seen deceit. If we ever come to the time and place when we must deal secretly, and without taking into our confidence the American people, it will be a colossal mistake. Talk about democracy! Talk about State rights! When this President has served his term out, his new deal will have wrecked the proud traditions of the Democratic Party and they will be walking by the still waters in solemn contemplation. This country is not yet ready for dictatorship and Russian socialism. Rugged individualism is safer than ragged socialism. Whether to be proud, free citizens or servile subjects is the question we must soon decide if we continue this course of surrender of legislative authority to satiate Executive thirst for power. Someone in the course of this debate suggests McKinley, the great protector of American industry, might have favored this legislation, and that this legislation is in line with the McKinley tariff bill. Let no one be deceived by this insinuation. McKinley, the representative of my State on the Ways and Means Committee, which assignment I have now the honor to hold, was great as a Governor of a great State, and great as President of our country, but his greatest service to America is seen in his efforts to enact legislation that brought the country out from under the Grover Cleveland depression. The McKinley tariff bill carried no dictatorial powers to the President.

No! McKinley's greatest accomplishment was not in his having been President. When the impartial historian writes the story of Major McKinley and his contributions to the welfare of his country he will say, although his record as a soldier was one of which any soldier might well be proud, and although his record as a Governor of a great State was an illustrious one, and although his record as a peace-time and a war-time President was equal to the best, still his work as the Chairman of the Ways and Means Committee of the House of Representatives in connection with tariff measures that bear his name was his greatest contribution to the welfare and growth of his country, for it contributed mightily toward making the United States the greatest nation in the world. [Applause.]

In determining whether one should support the measure, he can ask himself two questions?

First, Is it constitutional?

Second, Is it right as a policy?

A negative answer to either of these queries will be sufficient to call for a rejection of the bill. To favor this bill one must answer affirmatively both of these queries.

Is the bill constitutional? Does it provide for a surrender by Congress of its power "to lay and collect duties and imports" and "to regulate commerce with foreign nations", as provided in section 8 of article I of the Constitution?

As with probably every provision of the Constitution, courts through judicial decisions have run out every possible implication, so the courts have been called upon frequently to interpret the language above referred to. There is no question but that Congress can designate an agency to carry into execution its enactments. It can lay down the rule by which something is to be done, and this rule is thereby a part of the law. When such agencies perform according to that rule they are not enacting legislation but are executing legislation. The Congress is in effect authorizing and instructing such agency to perform in a certain way. But if

such agency attempted to use its own discretion in making or changing such rule it would be exceeding its authority, and even if Congress would attempt to give such agency the authority to change such rule its efforts would be null and void, for before such agency can have a right to legislate it must get it from a higher source than Congress. It must receive it from the Constitution, which is the same source from which Congress received its authority to legislate.

Before the President can legislate he must get the authority from some source. As yet the Constitution has not given him that authority, "the right to lay duties" and "to regulate commerce with foreign nations" is exclusively the power of Congress. Congress has no right to pass this authority on to someone else. If the makers of the Constitution wished that to be done, it is safe to assume that they would have said so.

Witnesses in behalf of the administration—for this is the administration's bill—at the hearings before the Ways and Means Committee set out in great detail their views as to the constitutionality of this bill, but through it all they have failed to draw the distinction between provisions granting the Executive the power to find facts, then apply them according to a prescribed rule, and provisions giving the Executive the power to enter into secret negotiations without any prescribed rule except the rule of his own arbitrary discretion. This bill seeks to give the Executive power which the Congress cannot give away and which the Executive has no right to receive. Of all State court decisions dealing with this subject probably the decision of Judge Ranney, of Ohio, is the most quoted. Judge Ranney is by many considered the John Marshall of the Ohio Supreme Court. In the case of *Railroad v. Commissioners* (1 Ohio Stat. 88) he says:

The true distinction is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution to be exercised under and in pursuance of law. The first cannot be done; to the latter no valid objection can be made.

Probably the most decisive Federal decision on this subject is that found in *Field v. Clark* (143 U.S. 649). The court in that case says:

That Congress cannot delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution. The act of October 1, 1890, in the particular case under consideration, is not inconsistent with that principle. It does not, in any real sense, invest the President with the power of legislation. For the purpose of securing reciprocal trade with countries and exporting sugar, molasses, coffee, tea, and hides, Congress itself determined that the provisions of the act of October 1, 1890, permitting the free introduction of such articles should be suspended as to any country producing and exporting them, that imposed exactions and duties on the agricultural and other products of the United States which the President deemed, that is, which he found to be reciprocally unequal and unreasonable, Congress itself prescribed in advance the duties to be levied, collected, and paid on sugar, molasses, coffee, tea, or hides produced by or exported from such designated country while the suspension lasted. Nothing involving the expediency or the just operation of such legislation was left to the determination of the President. The words "he may deem" in the third section, of course, implied that the President would examine the commercial regulations of other countries producing and exporting sugar, molasses, coffee, tea, and hides, and form a judgment as to whether they were reciprocally equal and reasonable, or the contrary, in their effect upon American products. But when he ascertained the fact that duties and exactions, reciprocally unequal and unreasonable, were imposed upon the agricultural or other products of the United States by a country producing and exporting sugar, molasses, coffee, tea, or hides, it became his duty to issue a proclamation declaring the suspension as to that country, which Congress had determined should occur. He had no discretion in the premises except in respect to the duration of the suspension so ordered. But that related only to the enforcement of the policy established by Congress. As the suspension was absolutely required when the President ascertained the existence of a particular fact, it cannot be said that in ascertaining that fact and in issuing his proclamation, in obedience to the legislative will, he exercised the function of making laws. Legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was simply in execution of the act of Congress. It was not the making of law. He was the mere agent of the law-making department to ascertain and declare the event upon which its expressed will was to take effect. It was a part of the law itself as it left the hands of Congress that the provisions, full and complete in them-

selves, permitting the free introduction of sugar, molasses, coffee, tea, and hides from particular countries should be suspended in a given contingency and that in case of such suspensions certain duties should be imposed.

At this point I want to take up the cases cited a few minutes ago by the distinguished gentleman from Texas [Mr. SUMNERS]. I was very much pleased, and listened with a degree of interest to the gentleman from Texas, and I was interested in the strategy of the distinguished Chairman of the Ways and Means Committee in thrusting Mr. SUMNERS in at, perhaps, the most strategic position in the debate. Why did he do that? Because he knows the high standing the gentleman from Texas enjoys with the Membership on both sides of the aisle, not only in scholarship but as a real gentleman.

Mr. SUMNERS gave you the development of this question as it took its course through devious legislative enactments and through intricate court decisions.

I make this positive statement—and I think I have read all the leading decisions on this proposition—that in no decision anywhere has any court ever stated that the Congress of the United States has any right to delegate its power of legislation to any President or anyone else, and that the President of the United States has no right to fix tariff duties.

That runs through every decision from the first case under Washington. In that case the President was given no power to levy a tax or to levy a duty.

His powers were strictly powers of administration, and this is the case on down to the great case of *Field v. Clark* (143 U.S. 649) cited by the distinguished gentleman from Texas. Let me read to you what that decision is. Just as Mr. SUMNERS said, it is difficult to discuss these dry questions, because they involve intricate propositions of law, but here is some language in this decision that I think anybody can understand. He need not be a lawyer or a Congressman, because it is written out clearly. I quote:

Congress itself prescribed in advance the duties to be levied. Nothing involving the expediency or the just operation of such legislation was left to the determination of the President.

The gentleman will note that it provides specifically in that case that nothing was left to the President to do except to follow the law laid down by Congress. Again I quote:

The words "he may deem" in the third section implied that the President would examine the commercial regulations of other countries producing sugar, and when he ascertained the fact that duties and exactions reciprocally unequal and uneven were imposed on the agricultural or other products of the United States by a country exporting sugar, it became his duty to issue a proclamation declaring suspension as to that country.

His duty is laid down specifically as to what he must do when somebody else has made certain findings.

He had no discretion in the premises except with respect to the duration and suspension so ordered.

That is one thing that I should like to impress upon you. The President had no discretion with respect to anything except the time limit. That related only to the enforcement of a policy established by Congress.

Again I quote:

As the suspension was absolutely required when the President ascertained the existence of a particular fact, it cannot be said that in ascertaining that fact and in issuing his proclamation in obedience to legislative will, he exercised the functions of making laws.

There is no case—and I defy anybody to produce a decision from any court—upholding the constitutionality of any law that gives to the President the right to levy a tax. If he is given the right to levy a tax in this bill, what is he going to do about it? When he sits around the table with Japan, as my friend from Tennessee says, what is he going to do if he is not going to agree on a tax? And I say to you that that is the very thing that he has no right to do.

Mr. TREADWAY. If the gentleman will yield there, I shall be glad to yield him more time.

Mr. JENKINS of Ohio. Certainly, I am glad to yield so that the House may receive an important message from the Senate. I yield back the remainder of my time.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 8687) to amend the Tariff Act of 1930 and had come to no resolution thereon.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935—MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference upon the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate no. 14; agrees to the amendment of the House to the amendment of the Senate no. 22, with an amendment; and further insist upon its amendment no. 23 to said bill.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table and for consideration at this time the conference report upon the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments thereto and consider the Senate amendments at this time.

The SPEAKER. The gentleman from Virginia asks unanimous consent to take from the Speaker's table the bill H.R. 6663, with Senate amendments thereto and consider the same at this time. Is there objection?

Mr. CONNERY. Mr. Speaker, I reserve the right to object in order to ask the gentleman to yield to me for a statement.

Mr. WOODRUM. I should be very glad to give the gentleman some time if this consent is granted.

Mr. CONNERY. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Resolved, That the Senate agree to the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, no. 14, and agree to the amendment of the House of Representatives to the amendment of Senate no. 22 with an amendment as follows:

"In section 27 of said amendment strike out the second proviso.

"In section 28 of said amendment strike out the second proviso in the fourth paragraph of section 20 of Public Law No. 78, Seventy-third Congress, as amended by such section, and insert in lieu thereof the following:

"*Provided further*, That subject to the limitations above prescribed, except as to receipt of compensation on March 19, 1933, and notwithstanding the provisions of Public Act No. 2, Seventy-third Congress, or any other law, veterans whose disease, injury, or disability is established on or after this paragraph as amended takes effect as service connected in accordance with the provisions of section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933; but veterans whose disease, injury, or disability is reestablished as service connected under such section 200 by section 27 of title III of the Independent Offices Appropriation Act, 1935, shall be paid 75 percent of the compensation under the provisions of the World War Veterans' Act, 1924, as amended and such rating schedule."

The Senate further insists on its amendment no. 23.

Mr. WOODRUM. Mr. Speaker, I move that the House concur in Senate amendment to the House amendment to the Senate amendment numbered 22, and on that I ask recognition.

Mr. Speaker, I shall take just as little time of the House as possible. The bill has been entirely disposed of, so far as the legislative body is concerned, with the exception of

this brief Senate clarifying amendment to amendment numbered 22, which is the veterans' amendment, and the Senate insists on its disagreement to changing a section number, which of course was necessary in order to get that matter disposed of.

In order that the record may be perfectly clear, let me say that I did not vote for the House amendment to the Senate amendment respecting veterans for reasons that I have stated many times and I shall not elaborate upon them now. I merely say this in passing, that I believe this amendment to be contrary to the President's position on veterans' relief.

In the last Congress we gave the President very broad powers respecting veterans' payments. That the so-called "economy bill" was in some respects too drastic, all of us agree, and the President recognizing this fact, has since the economy bill, revised the regulations in more than 50 particulars, reinstating more than \$117,000,000 annually of the benefits that were taken away by the act.

The revisions were made as and when it was shown that deserving cases were not being taken care of. The provisions of the present bill as it is about to be adopted is in direct conflict with the program of the President, and as approved by the last Congress. I think the bill should have gone to a free conference. Therefore, I did not vote for the House amendment.

I did not believe it was the best way to ultimately actually get further concessions for deserving veterans. With respect to that, I have not changed my mind, but when the House three times emphatically took its position on this matter, as your representative and as a conferee, I am very glad to be able to come back and say that the Senate has receded on both of these important amendments, and accepted the House provisions.

With respect to the pay-cut amendment, which, as you will recall, is the 5-and-5 proposition, 5 percent February 1 and 5 percent July 1, the Senate accepted that. The Senate very reluctantly accepted the House provision with reference to veterans, making this clarifying amendment, as they are pleased to call it, with respect to the presumptive cases. The language which they have inserted is simply this: You will recall that the so-called "Taber amendment" was the Steiwer-McCarran Senate amendment with merely little interlineations providing that, instead of the presumptive cases receiving complete restoration at 100 percent as provided in the Senate amendment, they should receive 75 percent. That amendment was naturally prepared hurriedly, and after the smoke of battle had cleared away and the legislative experts began to examine it, a question arose as to whether or not it might be possible, under a literal construction, to apply that 75-percent reduction to the direct service-connected cases, as well as the presumptive cases; and in order to avoid any such possible construction, this clarifying language was suggested.

Mr. BROWNING. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BROWNING. The only thing which the clarifying amendment of the Senate does is to guarantee there will be no reduction to those who had been left on, under the regulations now in force, and the only thing it does is to limit it entirely to the presumptive cases for the 75-percent maximum.

Mr. WOODRUM. That is exactly my understanding of it.

Mr. BROWNING. From the standpoint of the veteran the Senate amendment is very welcome. In fact, it improves the Taber amendment to some extent.

Mr. WOODRUM. I think it does.

Mr. BROWNING. I think it is entirely satisfactory.

Mr. WOODRUM. I hope very much it will be the pleasure of the House to accept this slight modification to our amendment, which will complete the action on this bill as far as the legislative branch of the body is concerned.

Mr. KVALE. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. KVALE. Knowing the gentleman as I do, I want to speak for many of my colleagues when I say I know the gentleman is very glad to be able to bring back this gener-

ous compromise and give the veterans as much as the bill does carry.

Mr. WOODRUM. Mr. Speaker, I reserve the balance of my time, and I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, first of all I wish to thank the Speaker of this House for his courtesy to me during the past hectic days of the discussion of veterans and Government employees' pay legislation in recognizing me to make the motions to concur in the Senate amendments; and, second, I wish to thank the gentleman from Virginia [Mr. WOODRUM] for the uniform courtesy he showed in yielding time to those of us who were trying to obtain concurrence in the Senate amendments for the veterans and Government employees. Both the Speaker and the gentleman from Virginia have been very fair.

UNDER THE PRESENT PARLIAMENTARY SITUATION

If I could see any advantage to the veterans or Government workers at this time in going along further with the fight to try to obtain concurrence in the Senate amendments, I would do so. I want to say that I have no regrets whatsoever for the fight that I carried on to try to obtain concurrence in the Senate amendments. I think the Senate amendments were amendments which would do justice to the underpaid Government employees and to the veterans not only of the World War but of the Spanish-American War. So I have no hesitancy in saying that at no time in the past, nor at the present, nor in the future do I expect to regret my course.

Mr. KVALE. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. KVALE. I think the RECORD should show that if it had not been for the fight so gallantly waged by the gentleman from Massachusetts [Mr. CONNERY] and others who assisted him, the veterans today would not be getting the 75 percent which was set up as the wall beyond which we could not go in effecting this compromise. I think the RECORD should show that.

Mr. CONNERY. I thank my good friend from Minnesota. If the bill becomes a law, the benefits which the veterans will receive will certainly be due to the fight which we put up to concur in the Senate amendments. And the Government workers will get the 5, 5, 5, which they would not have obtained if we had not made that fight.

Mr. CULKIN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CULKIN. The veterans, as suggested by the gentleman from Minnesota [Mr. KVALE], will not get anything unless the President signs this bill, will they?

Mr. CONNERY. No. I hope the President will sign it.

Mr. CULKIN. Well, will he sign it?

Mr. CONNERY. I have no knowledge of what the President will do.

Mr. Speaker, I do not desire to take any further time of the House. With the foregoing statement I have made, of course I expect to vote to concur in the Senate amendment to the House amendment to the Senate amendment.

And in doing this I wish to say that I thank all the Members who stood with me in that fight for the veterans and the Government employees.

Mr. WOODRUM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia that the House concur in the Senate amendment to the House amendment to Senate amendment no. 22.

The motion was agreed to.

Mr. WOODRUM. Mr. Speaker, I move that the House recede and concur in amendment no. 23, which merely changes a section number.

The Clerk read the Senate amendment, as follows:

Page 36, line 13, strike out the figure "24" and insert the figure "40".

Mr. RANKIN. Mr. Speaker, will the gentleman from Virginia inform the House what effect this amendment has?

Mr. WOODRUM. It is merely a change of section numbers.

Mr. RANKIN. What change was made in Senate amendment 22, if any?

Mr. WOODRUM. The Senate added a clarifying amendment providing that the 75-percent reduction should not apply to direct cases.

Mr. RANKIN. I thank the gentleman.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the motion to recede and concur in Senate amendment no. 23.

The motion was agreed to.

On motion of Mr. WOODRUM, a motion to reconsider the votes by which action was taken on the Senate amendments was laid on the table.

ROLL CALLS NOS. 113 AND 114

Mr. ADAMS. Mr. Speaker, on Thursday I was unavoidably detained in my State and not able to be present at roll calls nos. 113 and 114. Had I been present, I would have voted "nay."

RECIPROCAL TRADE AGREEMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 10 additional minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I am indeed proud and glad to have had the privilege to yield some of my time, and especially my place, on this legislative day for the bringing in of this report by the committee dealing with the veterans' problems. I am glad to add, if I may, to what the chairman of the subcommittee and our distinguished colleague from Massachusetts had to say with reference to the culmination of this great and just task, that the Republican Membership furnished a solid front in support of relief for the veterans and Government workers, and it will be worthy of note that on one vote on this important measure in the House every Republican who voted, voted in favor of the Senate amendments providing for the maximum benefit to veterans and to the Government workers.

Now, to recur to the subject we were discussing, the great tariff question, I want to say that if this bill becomes a law in spite of its unconstitutionality, it might not for that reason alone carry any destructive consequences, for sometimes good is done even in violation of the Constitution. But the enforcement of this bill will, I think, prove very destructive to business for business will still be kept in a state of uncertainty. I can see that if carried out fairly and honestly there might be some good to some persons and industries, but on the whole, the injury that will follow such an imposition upon the individual free initiative of our people will be very disastrous.

This bill provides for the enforcement of a new principle in government. Gradually for years the Executive has invaded functions of the legislative branch of government. Sometimes by surrender of power by weak legislatures or a weak Congress and quite often by the usurpation of legislative power by a selfish Executive. Not since the foundation of the Republic have we seen any President so free and ready to accept and request additional Executive power as the present incumbent. All this is done upon the theory that the country is in a terrible emergency, or that it is in line with the President's program of recovery. We are not in such an emergency as will call for any unusual interpretation of the Constitution, but the enactment of this legislation will tend to add to the confusion of that emergency.

Nobody seriously contends that the President has any program of economy now. With the national debt exceeding that of any time since the establishment of the Republic and still mounting at the rate of twenty millions per day, it is small wonder the President has forgotten his promise of last year to balance the Budget if it took all summer to do it. The cry of "Balance the Budget" is now met with a smile and dismissed as a joke much as is that other famous sentence, "He kept us out of war."

The tariff is a national policy. It is more; it is a part of the business structure of the Nation. It is the policy that represents the difference between being an agricultural province and being the greatest Nation that the world ever knew. Had we not followed this policy almost from the beginning we would yet be an agricultural nation raising food for the other nations of the world. If this policy is directly responsible for our growth, financial and material, it should not be cast aside now in our days of depression. Tried and true doctrines should not be rejected for untried theories of a few communistic intellectuals. It should not be endangered by having it placed in the hands of one individual whose party has openly opposed it for generations, although the individual members of which party have always been ready to accept its benefits in their local districts. When the tariff needs to be changed, it should be changed by its friends and not by its enemies.

I once heard Uncle Joe Cannon say that he would sooner turn his children over to a stepmother than to turn the country over to the Democrats. I am much in the same attitude when I contemplate the Democrats attempting to change the tariff laws. Every attempt at tariff legislation by the Democratic Party has proven disastrous to the Nation. We should not be lulled into discarding a well-tryed policy by pleas that we should assist the President in his recovery program, or that we are confronted with an emergency. The real reason for the desire of the President to pass this bill is that he believes that to bring into this country more imports will tend to increase our exports, which he thinks will be to our advantage. I hope that the President and his Secretary of State, Mr. Hull, are sincere in their beliefs. Secretary Hull has been an ardent opponent of the tariff through his long and distinguished career. He opposed every Republican tariff measure presented during his long service in the House and in the Senate. Should the President be guided by Secretary Hull in his negotiations for tariff agreements, it may be expected that all agreements that he might make will be in line with the philosophy of Secretary Hull. Indeed it is not unreasonable to suppose that since it will be physically impossible for the President to make these secret agreements, these agreements will be made largely through the office of the Secretary of State. If they are, you may expect an old-fashioned Grover Cleveland tariff.

How Secretary Hull can justify his championship of this bill, giving such unlimited and unconstitutional power to the President to outdo the flexible provision of the present tariff law, in the light of his vigorous former opposition to the flexible tariff, is difficult to understand. When the Smoot-Hawley tariff bill was under consideration Secretary Hull claimed that it was unconstitutional and that it constituted an "unjust arrogance of power and authority to the President", and that the power granted to the President was a "vast and uncontrolled power", larger than that of an aristocratic king. This bill far exceeds the flexible-tariff provisions of the Smoot-Hawley Act. Will Secretary Hull follow this bill into its far outreaches or will he hark back to his lifelong tendencies toward free trade? Wait and see. Either course is dangerous.

The reasons Secretary Wallace has for supporting this measure are in line with the philosophy that controls the actions of his Department. This is the philosophy of Tugwell and Mordacai Ezekiel and of Frank and Frankfurter and all the other radicals who are leading us straight to Russian sovietism. They want a dictator. They favor regulation of agriculture. They demand cooperation through compulsion. They believe that we should buy where we can

buy the cheapest. Their main idea is to destroy surplus. Their theories will Russianize America. Some of them affiliate with the Civil Liberties Union, which believes that the red flag of communism should fly above the American flag. They are internationalists. Secretary Wallace, in his pamphlet *America Must Choose*, says:

Revision of our tariff downward will have far better prospects if our new deal succeeds than if it fails.

Further in the same pamphlet he says:

A truly practical readjustment of our own tariff policy would involve the careful examination of every product produced in the United States or imported, and the determination of just which of our monopolistic or inefficient industries we are willing to expose to real foreign competition. This problem should be approached from the point of view of a long-time national plan which we are willing to follow for at least 20 or 30 years, even if some of our friends get hurt, and howl continuously to high heaven.

This is an augury of what to expect from Mr. Wallace if he has any part in making up the President's mind as to whether to reduce tariff rates, and there is no doubt but that he, Secretary Hull, and Secretary Roper will be the President's advisers.

If this bill becomes a law the President, who now has the power to control every business in the land, will have the power to say whose business shall be permitted to continue and whose business, according to Mr. Wallace, "will have to be retired." Can we then sing, "Long may our land be bright with freedom's holy light"? More appropriately shall we sing the song of the Soviet. My colleagues, this philosophy, if adopted, marks the beginning of the decadence of the greatest Nation that the world ever knew. Shall we break upon the shoals of communism because a lot of Communists are now holding high places in our Government? Shall we disintegrate by scattering our substance to the other nations of the world under the philosophy of internationalism? Shall we further encourage dictatorship? I say no! I should rather die with rugged individualism than to live with ragged communism. I should rather the free American citizen pass on into history as a contribution to civilization than to see him transferred into a servile subject. My friends, the question is, Shall we be free citizens or servile subjects? Mr. Wallace says America must choose. I have already chosen.

For a long time I have had no patience with the clamor that our success lies in friendly international agreements. We already have friendly international agreements that show a balance in favor of our Government of about fifteen thousand millions that we will never collect and of about twenty thousand millions that our American citizens will never collect. When these countries develop a conscience that tells them that common honesty is yet a virtue it will be plenty of time for us to make secret trade agreements with them.

For a long time I have felt that since we do one half of the business of the world with ourselves we are not so bad off. If 3 years ago our President had refused to grant a moratorium to European nations and had recommended that they themselves call a moratorium on national chicanery and dishonesty, the world would be in better shape today. We have been made puppets of by European diplomats. Europe today has recovered from the depression much faster and further than we have. As proof of this, let me read a letter that I received yesterday from a constituent of mine who is a manufacturer and business man of rare acumen:

Your circular letter of March 7, regarding the bill which Mr. Roosevelt has ordered to be introduced in Congress, giving him dictatorial powers with reference to the control of tariff rates, etc. Answer to your letter has been delayed owing to the fact that I have been absent.

I have just returned from a couple of months in England and France, where I called upon a number of firms in the same business that we are in. Strange to say, all of them were very busy, and one of the general managers volunteered the information that his firm had just finished the best year in its history.

It was interesting to me to note that apparently both of these countries are recovering industrially without the benefit of the N.R.A., limitless spending of money on public works, and numerous other panaceas in which the present administration places so much faith. The tariff is of only indirect interest to us. We do

not export to any great extent and do not use any imported materials. However, we realize that the tariff is of immense importance to American industry, and we would hesitate to see Congress abdicate any more of its power.

Our duty and our opportunity is here at home. Let us quit our interference with and entrance into the business affairs of all our people and allow them once more to draw a free breath. Give the American citizen a free chance and he will demonstrate that his genius for accomplishment is superior to dictatorial edicts. If we need to make these trade agreements, why not make them through the Tariff Commission, for they will have to be made by someone for the President? Why have them made through doubtful friends of our country and in secret? Publicity is the greatest guaranty to honesty and the greatest antidote to crookedness.

In 1929 our total volume of business was \$100,000,000,000. Those were the days when business was normal in all directions. At that time ninety billions of this business was done among ourselves—Americans on both ends of the deal. Ten billions was done with foreign countries, six billions in exports, and four billions in imports, 67 percent of which came in duty free—a balance of two billions in our favor. Why hamper the ninety billions just for a chance to make a small percentage of two billions. We have no fear of losing all our foreign trade. Foreigners will always want to deal in the world's largest market. There are no manufactured articles that we cannot make in America. Coffee, tea, silk, and rubber are our most necessary imports. Coffee will always be purchasable from Puerto Rico and Central and South America. Tea, silk, and rubber will always be for sale if we have the money. America can be practically self-contained.

Let us devote ourselves to a program of building up our own business. European countries are already dedicated to such a course, which accounts for our loss of foreign trade. I am not in favor of a plan of isolation. Neither do I fail to appreciate the importance of imports and exports. Still I am not in favor of scrapping the Constitution or scattering our domestic business in order to win trade from those who owe us, unless they are willing to credit it on account of the debts they owe us. We will never regain this trade. Why waste our energies in trying to regain it? Samuel Crowther, one of the Nation's greatest economists, has written a wonderful book on this and kindred subjects. I think he must have written his book before giving it a title. It is a story of the greatness and sufficiency of our great country. The title of his book is "America—Self Contained." This distinguished economist student and patriot yet thinks that American freedom and initiative should not be supplanted by enforced cooperation, regimented labor, controlled production under threat of penitentiary punishment. In his testimony before the Committee on Ways and Means he says—

I have objection to this bill because it conveys broad discretionary powers upon the President without initiating a policy within which that power is to be exercised—without initiating a national policy and without any capacity for review.

With reference to the importance of a revival of our foreign trade he says—

I think we are wasting our energy. It is dead beyond the point of revival.

It has been suggested that the foreign debts are involved in this bill. It is stoutly denied by the Secretary of State and others, but Samuel Crowther maintains that it is impossible to separate them, and he says with reference to them, "This bill recognizes the worthlessness", meaning the worthlessness of the debt. In his book, *America—Self Contained*, Mr. Crowther says:

The great majority of the industrialists of the country are agreed that their possible foreign business is of slight consequence as compared with the future of the home market.

If the President is not expecting to carry out the plan of Secretary Wallace to eliminate the inefficient industries, there is absolutely no reason for the passage of this bill. If he is expecting to carry it out, then the bill should be

passed. If he is to act upon the facts found for him by a governmental agency, he already has the most efficient agency at his command—the Tariff Commission. I may be too much exercised about this—I admit that I am much exercised—for I fear a surrender of this power by Congress to the Executive marks a long step in the wrong direction. To give any one man the right to annihilate one industry and to advance another is going too far. If the President is to annihilate the inefficient, how is he to determine which to annihilate? However much fault some people find with our legislative system, it is nearer to the people than any other branch of our Government. What will happen under this bill? The sugar producers will be the first to feel the iron heel of dictatorship, for Secretary Wallace has already put the sign of destruction on it. I am wondering if it will reach the pottery industry of the great State of Ohio. The greatest pottery-manufacturing section in the United States, if not in the world, centers in Ohio. In fact, many great industrial, financial, agricultural, commercial, and moral organizations and movements center in that great empire known as "Ohio." The following figures show the production of pottery in the past few years: 1929, 30,000,000 dozen, valued at \$33,500,000; 1930, 25,000,000 dozen, valued at \$27,500,000; 1931, 20,000,000 dozen, valued at \$23,300,000; 1932, 17,000,000 dozen, valued at \$16,300,000; 1933, 19,194,948 dozen.

This industry employs about 20,000 men in normal times. Mr. Dowsing, testifying before the committee, testified that he represented the Pottery Manufacturers Association and that they opposed this bill, maintaining that it carried very many dangerous possibilities to the pottery business. The pottery business in the United States is a perfect illustration of a domestic business. No pottery made in the United States is exported. It is impossible for American manufacturers to compete with the cheap foreign labor. The American product is equal to the product of any country in quality. If the tariff is reduced on pottery, the American pottery industry will be ruined. At the present time the pottery industry requires a 75-percent to 85-percent duty protection in order to compete with foreign manufacturers. The pottery industry is not asking for an embargo against pottery from England, France, Germany, and other European countries, but it is asking for a duty that equals the difference in cost of production. But if a duty were placed high enough to keep out Japanese goods, it would amount to an embargo against European pottery, for Japan with its cheap labor can make cups and saucers for 10 or 12 cents per dozen which would cost three or four times that much here. The only way to control Japanese importations of pottery is by a quota. Now, if those industries that cannot compete with Japanese cheap labor are to be considered as inefficient and are marked for annihilation, then the pottery industry in the United States had as well give up the ghost. This is a most appropriate illustration of what may happen. Suppose Secretary Wallace and his communistic cohorts and Secretary Hull and his free-trade cohorts can see where it would be greatly to the advantage of the cotton producers of the South to trade their cotton for Japanese silk and pottery, and for the farmers to trade their lard and meats and grains to Japan for cheap tile, brick, and pottery, what is to prevent them from doing so? If they mean to carry out this plan, the pottery and clay-products business offers as good an opportunity as any other. Of course my people in Ohio would raise a tremendous objection; but, as we are a great Republican State and as this is a great protected industry, we are in poor position to demand that we escape the executioner's ax. I hope it will not fall on this industry but it may do so, and that is one good and sufficient reason why I am against it. I cite this illustration the better to show the people of my State what dangerous possibilities this bill contains.

I may be too much exercised about this. I admit I am much exercised. How is he to do it, this President or any future President who is called upon to select the inefficient? It is a very difficult task to perform.

However much fault some people find with our legislative system, it is nearer to the people than any other branch of our Government.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield at that point?

Mr. JENKINS of Ohio. I would rather not yield until I have completed the main part of my speech.

Mr. SAMUEL B. HILL. I wish to ask a question right in this connection.

The representative of the pottery industry said he asked for an embargo.

Mr. JENKINS of Ohio. No; I beg to differ with the gentleman from Washington in that respect. I read his testimony very carefully. He said he did not ask for an embargo against European countries, but if they were to deal with Japan they must have an embargo. Why? He said because in Japan they make these articles so cheaply it would take at least a 300-percent tariff to meet Japanese competition.

Were our President to sit in at a reciprocal trade conference with Japan, what would Japan ask to trade? Pottery. And should the President make such a deal with Japan, then it is good-bye to the pottery industry of my State, which does an annual business of over \$33,000,000.

Mr. Chairman, I repeat, it is a serious proposition to the pottery industry of my State; and to the gentleman from West Virginia, who is listening so attentively, I will say it is a serious proposition to West Virginia. It is a great industry, but it has been put on the trading block, and nobody in it has any heart to proceed; nobody has any heart to expand his business, because it is on the trading block; it is going to be talked about when the Japanese envoys get around the table with the President of the United States, as the gentleman from Tennessee says; and if they say it is an inefficient industry, such as Secretary Wallace talks about, then it is good-bye to the pottery industry of Ohio.

You can go down to the 10-cent store now, if you want, and buy pottery made in Japan by cheap labor for 10 cents a dozen. You can buy them much cheaper than we can make them here. No manufacturer in the United States can compete with Japan on cheap pottery. What applies to the pottery business may just as well apply to any other industry that is protected by a tariff.

Now, I must proceed. I have many other reasons I could assign why I am opposed to this bill.

To summarize my opposition to this bill:

First. The passage of this bill is not necessary, for the benefits that might accrue under it can be secured under the present tariff organization.

Second. It is unconstitutional.

Third. The amount of imports in normal times is only about 3 or 4 percent of the goods consumed in the United States, and 67 percent of those are on the free list.

Fourth. We do one half of the business of the world in the United States, and all nations are glad to deal with us and send their surplus to the greatest market in the world.

Fifth. Our concern should be greater for the ninety or ninety-five billions in business done among ourselves than the five or ten billions done with all the rest of the world.

Sixth. No further grant of power should be given to the President. Republics are ruled by the people and not by dictators.

Seventh. Protective tariff is largely responsible for the growth of the Nation. It is a Republican policy. It has been opposed by the Democrats. It should not be changed by its enemies.

Eighth. Increase of imports does not relieve unemployment in our country.

Ninth. It is un-American for any one man to have the authority to say that any certain industry must be annihilated and that certain other industries should be encouraged and expanded. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, members of the Committee, H.R. 8430 has for its object the granting of authority to the President to make foreign-trade agreements by increasing

or decreasing, not to exceed more than 50 percent, existing tariff rates for the purpose of expanding our foreign markets and establishing and maintaining a better relationship with foreign nations, for the benefit of agriculture, industry, and commerce.

During the entire history of our Nation there has always been a great diversity of opinion among the followers of the Democratic and Republican Parties as to the best procedure affecting imports or tariffs. I have heard it contended that the Democratic Party was never for a tariff and that we were "free-traders." As a matter of fact, in the early history of our Government, and for the first 50 years of its existence, at a time when democracy was ruling this Nation, building the cornerstones and laying the foundations upon which our great structure was builded, our party stood for a tariff. It threw its arms of protection around the infant industries in order that they might develop and not be crushed by foreign wealthy powers. This continued until this child grew to full manhood and became rich and omnipotent. At this time it was discovered that the protected industries were coming to the Congress demanding and receiving a protection for their own personal gain, and that it was necessary to protect the public as against these selfish interests. It was then that the Republican Party took up their battle and gave to industry a greater protection, culminating in the Smoot-Hawley-Grundy tariff law.

When this tariff bill of 1930 was pending President Hoover, in his message, stated that there were a few revisions that should be made, and Speaker Longworth, in his opening address of that session, declared that there were very few changes that should be made. No sooner had the committee started its work than these financiers, rich omnipotent protected industries, began to exert their influence, and, as a result, they enacted the most outrageous high protective tariff ever known in the history of the Nation. During its pendency over 40 of the leading nations of the world protested and begged that the law be not enacted. They held their hands up in holy horror, and at last declared if such a law were passed barring their goods from American markets, that they would pass retaliatory laws. As a result, nations that scarcely knew what it was to collect an import duty not only passed high-tariff laws but established embargoes, prohibitions, and quotas which were prohibitive as against America, a simple example being that the tariff on a Ford car in France is as much as the purchase price in this country. American industries established branches and others established industries in Canada and foreign countries in order to avoid the embargoes and tariffs imposed on American goods.

We are a surplus-producing nation, both in agriculture and in industry, and being barred on the foreign markets and unable to dispose of our surplus, it accumulated here at home, causing a financial panic and a depression never known in the history of our Nation. Farmers were unable to sell their products and could not buy from the local merchants, the local merchants could not buy from the wholesalers, and the wholesalers from the factories. Thus these industries ceased to operate, their men were thrown out of employment, they were unable to meet their obligations, like the farmers; bank failures and bankruptcy appeared on every hand and the poor and laboring class of people numbered 13,000,000 of unemployed, resulting, for the first time, in this Nation being required to feed and clothe its people at Federal expense. All of which was due to this outrageous Smoot-Hawley robber tariff law, engineered by Grundy, of Pennsylvania, who contended that no one but the manufacturers who had contributed money to the Republican campaign funds should have any voice in the matter.

It is a striking illustration that agriculture and industry should go hand in hand. When the farmer fails to prosper and has no money with which to buy, industry suffers. By reason of these high tariff walls existing in foreign countries in retaliation and as a punishment for the Smoot-Hawley law, we have not attempted to amend that law, because we can accomplish no good by so doing. Unless there are radical changes made by foreign-trade agreements, we will

probably never in our lives see another general tariff law enacted. Still there are some of our Republican colleagues today, in a half-hearted way, defending this law, notwithstanding the fact that it has been overwhelmingly repudiated at the hands of the American electorate. They constitute the remnants of the old Hoover regime which would not give a dime to feed or clothe the poor of the Nation, which they ridiculed as a dole, but relented to loan money to buy feed for the jackasses. It is interesting to note that Senator Smoot, Senator Grundy, and Representative Hawley were immediately retired to the shades of quiet and peaceful domestic life. One half of the former Republicans of this Nation deserted their party at the last election as a retaliation, due to conditions brought about by this tariff law, which further protected industry and the unjust accumulation of wealth into the hands of a few. Labor never received its portion of protection. The protection went not into labor or the Federal Treasury, but into the swollen pockets of wealth. If labor received this protection and we can live unto ourselves, why the panic and national calamity?

Prior to 1930 we were exporting \$5,000,000,000 annually of our surplus, 40 percent being agricultural and 60 percent industrial. Last year our exports were approximately \$1,000,000,000. Our imports in 1929 were \$368,000,000, while in 1933 they were \$96,000,000. We cannot expect to have an export trade without a considerable import trade. It is absolutely imperative that something be done to expand our foreign trade and dispose of our surplus.

This measure represents a Democratic remedy. The Republicans have no remedy, but are still wedded to their golden calf, the high protective tariff. We cannot stand still, we must either go forward or backward. It is impossible for us to operate under our tariff laws under present conditions. It takes about 6 months to have hearings and obtain a ruling, raising, or lowering the tariff under the flexible provision. Practically all the nations of continental Europe, as well as England and many of the Latin American countries, have vested authority in the executive branch of their governments to negotiate duties below those in their tariff schedules in the course of reciprocal negotiations with other countries. In many countries this executive authority goes so far as to make changes over night. This means that we stand no chance for restoration of our lost markets without being able to deal quickly. Certainly the Congress cannot make these negotiations. International commerce conducted on a fair, mutual, and profitable basis, such as contemplated in this bill, is calculated to add materially in the restoration of prosperity and serve as a great civilizer and peacemaker. The question today is what are we going to do to regain our foreign trade? We know we have lost it and we must set up some agency to regain it. All the other nations of the world are making reciprocal commercial agreements between one another. We are doing practically nothing because of a lack of authority. I was startled to hear my Republican colleague [Mr. JENKINS of Ohio], just preceding me, make the same remark he and other Republican committee members have advanced. "It is no use to worry about our foreign markets, as they are gone never to be regained." Is such Republican political propaganda sound or reasonable? The purpose of this bill is to vest authority in the President to set up an agency through the Secretary of State to break down the barriers, go into the open markets and create a demand for our surplus. It may sound good for our Republican colleagues to preach isolation, to contend that we can build a Chinese wall around our Nation and live by ourselves. This is probably true. The Indians used to do so, but if we expect to keep step in the march of time and to prosper in the future, as we have in the past, we cannot live unto ourselves, but must trade and exchange goods with our neighbors.

Mr. DARDEN. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Virginia.

Mr. DARDEN. Would we not sacrifice 60 percent of the cotton trade of the world? Sixty percent of our cotton

moves abroad. Unless we are to develop our foreign markets, have we not of necessity got to give that trade up?

Mr. FULLER. Certainly.

FOR WHAT DO WE TRADE?

The minority members in the committee and here on the floor of the House have insisted on wanting to know what specific articles we expect to barter or trade. Seeking, of course, to get someone to specify an article which is grown or manufactured in this country with a view of advancing the further argument that the object of the bill is to destroy American industry. They seek not relief from the condition they brought about but political advantage. The answer is, We expect to deal, swap, and trade, and make reciprocal agreements concerning things which come to this country in exchange for our surpluses, the same as we did before the Smoot-Hawley tariff law. If David Harum were alive and figuring on making a horse swap with the deacon, he would not let everyone know the procedure he would follow nor the tactics he would resort to in making a swap. Neither is it good public policy, nor in keeping with his position, for Secretary of State Hull, who will have this matter in charge, to let the nations of the world know in answering questions before the committee as to what articles he expected to barter and trade. Such a procedure would forewarn the other nations. It is no trouble to conceive of thousands of articles that we could make reciprocal agreements concerning, to be imported and sold in this country, in exchange for our surplus manufactured and agricultural products. Forty-eight nations of the world are busily engaged in entering into these kind of agreements. It is not a matter of retaliation with us, but a matter of self-defense. Under this bill we can develop a stable situation with regard to a foreign market.

With the rapid changes in the tariffs, embargoes, exchange restrictions, and quotas, no business man knows how to plan ahead. He is afraid to ship a cargo to a foreign market without a reciprocal trade agreement with that nation, fearing when his cargo arrives there would be an embargo or such restrictions that he would lose his shipment.

It either means that foreign purchasing power for agricultural surpluses be restored or that we continue with the present emergency and undesirable task of retiring surplus acres and the imposition of processing taxes.

THE DELEGATION OF AUTHORITY

It is contended by many of our Republican colleagues that this bill is unconstitutional for the reason it delegates authority to the President to levy taxes, which authority, under the Constitution, is vested in the Congress. This measure carries no such authority. It simply authorizes the President, probably acting through the Secretary of State, to act as an instrumentality to carry out our tariff law with power to raise or lower tariffs, the same as is now vested in the Tariff Commission. It is not a delegated authority. Under the Smoot-Hawley tariff law the President now has practically the last word in tariff questions to the extent of 50 percent. He names the Tariff Commission, and it is reasonable to conclude that if he wants the tariff raised or lowered 50 percent, as now authorized under the law, that he would be able to carry out his purpose. The contention that leading Democratic statesman contended the Smoot-Hawley law was unconstitutional because it vested authority in the President and the Tariff Commission to raise or lower the tariff does not rise to the dignity of an argument for the unconstitutionality of this measure. This is an emergency measure and no one contemplates or desires that it shall be a permanent law. Since the creation of our Government authority in numerous instances has been vested in our Chief Executive by Congress to enter into various reciprocal trade agreements without reporting and receiving the approval of the Senate.

LACK OF CONFIDENCE

It is natural, if only for political purposes, that our Republican colleagues would be opposed to any measure that we proposed affecting the tariff. But how a Democratic Mem-

ber can oppose this measure is more than I can comprehend. Their argument must be based wholly and entirely upon a lack of confidence in our President. Of course, he cannot make all of the agreements; but it is fair to conclude that he will know the substance of every agreement he approves. Some of the representatives of the sugar industry are skeptical and fearful that he will ruin their industry. In my opinion, such a fear is wholly unfounded. Personally, I am in favor of a reasonable and fair protection of this industry; but if they are entirely inefficient and living and prospering at the expense of the consuming public, they have no right to complain, nor has any other industry that is wholly inefficient. Certainly its friends will not concede the sugar industry is inefficient. This Government does not levy a tax and pass it on to the consumer to take care of the professional, business, and agricultural interests; and no industry has a right to exact that it should be maintained at the expense of the taxpayers.

I represent the greatest tomato-canning industry in America, situated in the Ozark Mountains. This area cans one third of all the tomatoes consumed in America. It could be driven out of business and into the hands of bankruptcy in 30 days if Italy were permitted to ship unrestricted canned tomatoes into this country. But I have no fear of our great leader crippling this industry. He has demonstrated by his entire program that his main and first object is to restore agriculture. Agriculture need have no fear of trade agreements being entered into that will permit other nations to ship their goods here in competition. In my opinion, instead of injuring the manufacturing industries, it will be of untold value. No one in this House would be in favor of adding an additional burden during these trying and panicky times to striving agriculture, business, and industry.

This is not a jump in the dark; it is a conservative measure, to be executed by the world's greatest statesman. Let us not be doubting Thomases and stand still, groping in the dark; but, rather, let us present a solid phalanx with a firm determination that we will back our President in this worthy undertaking to restore peace and prosperity to this Nation. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time to the gentleman from Arkansas [Mr. GLOVER] as he may desire.

Mr. GLOVER. Mr. Chairman, we are now considering an amendment to the Smoot-Hawley tariff bill of 1930, which is H.R. 8667. This bill does not go as far as I had hoped it would. I was hopeful that a general tariff bill would be brought in by the Committee on Ways and Means, which would give us a chance to revise and lower many tariff schedules which we believe should be lowered.

A tariff bill should not be written in haste, as we all know, because it requires careful study for each item. What we need is a well-balanced tariff, which will not aid a privileged class to the detriment of the masses.

The tariff bill of 1930 is the highest ever written, and it has had the effect of driving away from us our foreign trade, which we enjoyed for so many years and will enjoy again when this question is settled right. When the Smoot-Hawley bill was passed, it built, as it were, a wall around the United States so high that other nations could not trade with us. Other nations are thinking for themselves just like we are, and have passed retaliatory measures against us, and as a result of the legislation on both sides we have been standing here idle counting our fingers, for we had no money to count, and other nations have been doing the same thing.

This bill seeks to tear down that barrier and give the power to make reciprocal trade agreements with any country we may desire to, by reducing our tariff not exceeding 50 percent and they reducing theirs the same. If we can induce a few of the large nations to enter into this kind of agreement, we shall never again have a surplus of anything. If the world were properly fed and properly clothed, we would have no surplus. The trouble now is we are in need of everything and nothing to buy with. The purchasing power must be restored or our people will continue to suffer.

The manufacturing interests have always been protected with a high tariff, and the man who produces the raw material is forced to sell on a market which is not protected at whatever he can get for it, and then buy what he has to buy on a market that is protected. Almost everything a man uses from the cradle to the grave is protected by a high tariff. A farmer will raise a 4-year-old beef steer, butcher it, take the hide to town, and sell it to one man; he will then go across the street and buy a pair of hame strings, and the tariff put on leather makes them so high it takes practically all he got for the whole beef hide to pay for the two hame strings. The same is true with practically everything we have to buy.

Much has been said about giving too much power to one man as President. I agree with that line of thought, but much depends on who is President. I am sure the present President, Mr. Roosevelt, will not abuse this power in the least but that he will use it to help pull us out of the dilemma we found ourselves in on the 4th of last March. Too much cannot be said in praise of our great leader, Franklin D. Roosevelt. He admits that he, as well as anyone else, will make mistakes when trying emergency measures to pull us out of the distressing conditions we had drifted into. It is far better to try and not succeed than to fail to try and let humanity suffer.

The President, addressing the Congress, speaking of the decline in world trade, said:

Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of its 1929 volume; measured in terms of dollars, it has fallen to 35 percent.

The Secretary of State, in his testimony before the committee March 8, 1934, said:

According to reliable estimates, if world trade had gone forward with the annual ratio of gain existing before the war, the nations during the intervening years would have had some \$275,000,000,000 more than they have actually enjoyed. And according to these estimates, if world trade had thus progressed there would be today an annual international commerce of near \$50,000,000,000 instead of the pitiable figures of less than \$12,000,000,000 for 1933.

International trade has steadily grown less each year since 1929. The reduction of international trade in the amount of \$40,000,000,000 means the reduction of world production by \$40,000,000,000, and this means a reduction in consumption of a like amount and this means correspondingly lower standards of living.

President Roosevelt in his message to Congress stated:

Other governments are to an ever-increasing extent winning their share of international trade by negotiated, reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation based upon a carefully considered program and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries, it cannot adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore, a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason, any smaller degree of authority in the hands of the Executive would be ineffective. The executive branches of virtually all other important trading countries already possess some such power.

We must safeguard our export industries. If the United States is to regain prosperity and not sacrifice large and important agricultural and commercial interests which give employment to millions of the workers of the country, it must sell certain of its surplus products abroad. As stated by the President in his message to Congress:

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereals, and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive capacity in foreign markets and will thereby be spared, in part at least, the heartbreaking readjustments that must be necessary if the shrinkage of American foreign commerce remains permanent.

The main purpose of the bill is to build up foreign trade. Section 350 (a) reads as follows:

For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds that the existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred, is authorized from time to time—

(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign-trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly, except that nothing in this section shall be construed to prevent the granting of exclusive preferential treatment to articles the growth, produce, or manufacture of the Republic of Cuba: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

(b) As used in this section, the term "duties and other import restrictions" includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions, other than duties, imposed on importation or imposed for the regulation of imports.

Let us pass this bill; and if the tariff is not corrected, then let us rewrite the tariff bill and make it just and fair to all men. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. There is no dispute as to the desirability of the revival and expansion of international trade in the interest both of agriculture and of industry. There is no doubt a sense in which America can be regarded as the greatest—perhaps the only free-trade nation in the world—since we have absolute freedom of trade between the 48 sovereign States, many of which compare favorably in size and wealth, in diversification of activities, and even in population, with independent nations situated in other parts of the globe. If any nation can stand economic isolation, we can. We consume more than 90 percent of what we produce, and our home markets must be preserved at all cost. Nevertheless, if so confined, the restoration of normal conditions at home would bring a prosperity so far below that which we formerly enjoyed, and which we hope to recover, as to satisfy no one. William McKinley himself, the arch apostle of protection, said more than 30 years ago that "the period of exclusiveness is past." He recognized the necessity of finding foreign markets for our surplus products, and advocated a broad and enlightened policy of commercial expansion. That has been good Republican doctrine from that day to this. And it is equally good Republican doctrine that one method of furthering that end is through reciprocal trade arrangements with other nations, which can and should be accomplished without compromising the principle of protection. The Republican platform in 1900 contained this plank:

We favor the . . . policy of reciprocity so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

It is not contrary to Republican policy even to advocate certain reductions in tariff rates in the interest of trade

expansion, where changed conditions of relative cost of production make this possible without involving unfair and ruinous competition. Unfortunately this pathway is pretty effectively barred by the increased cost of production under the codes of the N.R.A. European and Asiatic goods, made with long hours of work, low wages, often sweatshop conditions, are even now leaping over our tariff walls, flooding us with foreign-made goods, and threatening the existence of many of our industries. If it is desirable for American industry to be protected from cutthroat competition at home, it is most assuredly right that it should be protected from cutthroat competition of foreign manufacturers.

It is also recognized by the Members on both sides of the House, excepting only the silver bloc, that the development of international trade is conditioned, in the last analysis, by the exchange of goods and services for goods and services. This is true, subject only to the limitation that the amount received by citizens of other lands for their investments in American securities in excess of the amount received by Americans for investments abroad and the amounts spent by American tourists abroad in excess of the amount spent by foreign tourists in this country must be taken into the reckoning.

Finally, the principle of a flexible tariff, permitting the changing or rates within limits by the President under definite conditions imposed by Congress, is a Republican contribution to tariff policy. But note that the President, under the present tariff law, relying on the results reached by a fact-finding nonpartisan Commission, is merely authorized to carry out the expressed will of Congress by changing rates to meet changed relative costs of production so as to maintain fair and reasonable competition.

This bill proposes something totally different. There are no conditions imposed; there is no fact-finding body involved. The President is not instructed to carry out the will of Congress, but is authorized to follow his own sweet will. He is given absolute power of life and death over our industries. There can be no doubt as to the intention of the administration.

Mr. Wallace, whose bill this is, let the cat out of the bag during the hearings on this measure. Here is one passage among many that might be quoted:

Mr. WALLACE. I think it would be quite possible to increase Germany's purchasing power for our lard. Germany, in the old days, was the leading consumer of American lard. Germany today has a tariff of 16 cents a pound on lard, which is nearly three times the present price of lard in this country. Lard is an important product to your State and to my State. I think we should increase Germany's purchasing power for lard very materially in case we import a normal quantity of German goods.

Mr. KNUTSON. What would we bring in from Germany?

Mr. WALLACE. Germany has a large number of small industries.

Mr. KNUTSON. Are they efficient?

Mr. WALLACE. They seem to be more efficient than our own; they are willing to sell at lower prices. The Germans are undoubtedly able to sell toys for less than our people are able to sell toys.

Here is the yardstick that is to be used. Willingness to sell at lower prices is the mark of superior efficiency. If that is a sound doctrine, why should not the cutthroat competitor, working with child labor and under sweatshop conditions, be declared the efficient producer? If this yardstick is used, there is scarcely anything that we make that Japan cannot produce and sell, even after paying transportation and tariff charges, for less than our people can sell similar articles. She can produce more cheaply because she has all our latest machinery and because she pays starvation wages and exacts long hours of toil.

The application of the principle enunciated by Mr. Wallace would threaten nearly all of our industries. They are having a hard battle to keep going as it is. They cannot stand the uncertainty this bill will create. The President is here authorized to act without the check of any impartial nonpartisan fact-finding body, and without granting a hearing to the industries affected. Our industries cannot stand it to have this sword of Damocles hanging, always hanging, over their heads.

If industry is dependent on the prosperity of the farmer, it is at least equally true that the farmer is dependent on

the prosperity of industry. How long, how long will it be before we take to heart the simple truth that there can be no real recovery, no enduring reemployment, until industry is given a chance to thrive and prosper?

But there is an even greater menace in the bill under consideration. Congress in the special session granted the President vast powers on the pretext that they were war-time emergency powers, and with the understanding that they were temporary in character and would soon be relinquished. But the lust for power is an appetite that grows by what it feeds on. The President's demands now know no limit. This Congress, abjectly surrendering to his dictatorship, has enormously extended his powers through the \$2,000,000,000 currency and credit control bill and the cotton control bill. This bill represents the culminating effort to wrest from Congress its last remaining vestige of power. We have no right to surrender this power. To do so would be a direct violation of our oath to uphold the Constitution. I have excellent authority for this statement. When the bill was under consideration, 5 years ago, which proposed to give the President the right to modify rates, although that power was merely to carry out the expressed purpose of Congress, our Democratic statesmen were up in arms. Here is what one of them said, speaking from the other end of the Capitol:

I should like to read a few of the statements of these gentlemen, statements which have not as yet appeared in this discussion, but, asking unanimous consent to include them in the RECORD, in order to save time, I shall press on.

The CHAIRMAN (Mr. HAINES). The gentleman from Connecticut asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection?

There was no objection.

Mr. BAKEWELL. Listen to this from a distinguished statesman at the other end of the Capitol, October 1, 1929, page 4094:

Senator WAGNER. After the Tariff Commission has made an investigation and recommended a change in duty, who is to enact that recommendation into law? The President takes the position that he alone is competent to act with the necessary dispatch to afford adequate relief. It is my view that if a new duty is to become effective, if a greater tax burden is to be imposed upon the people of the United States, the change must secure both congressional and Presidential approval, as in the case of the enactment of every other law. The issue is not between a flexible and an inflexible tariff; the true line of division is between an Executive tariff and a congressional tariff.

Here is the statement of another eminent Democrat, also made at the other end of the Capitol, October 1, 1929, page 4106:

Senator WALSH of Massachusetts. Gentlemen, you are engaged in an assault upon parliamentary government. No one can foresee where this movement will lead or end. One thing is certain: It risks the beginning of the end of that fundamental principle upon which our institutions were built, our happiness secured, and our prosperity maintained up to the present hour. This proposed change would not even be thought of except it is the fashion of the time to belittle and discredit parliamentary government. But the tragedy of it all is that we ourselves are joining in the movement to undermine parliamentary government, which means to put ourselves in the limbo of rejected things.

And here is a gem from Texas, October 1, 1929, pages 4101 and 4102:

Senator SHEPPARD. Mr. President, the Constitution of the United States provides that all legislative powers granted by its terms shall be vested in Congress.

Congress cannot relieve itself, therefore, of the legislative function without violating the Constitution, the instrument which every Member of the two Houses of Congress has sworn to support and to defend.

It would be difficult to imagine a more serious question than the one before us.

It is the question of whether we are about to delegate a legislative power to the President of the United States.

What is that power?

The life and death of many industries, the welfare of multitudes of men, women, and children would be made to depend on the will or the mood of one man—perhaps on what he ate for breakfast.

The Constitution makes Congress the sole legislative instrumentality. Not only does it vest the law-making power in Congress,

but it goes further and specifically ordains that Congress shall levy duties.

The proposal under debate substitutes the President for Congress in the matter of levying duties within limits alarmingly wide. Tariff taxes touch humanity at every step from infancy to dissolution. The power to tax is the power to destroy.

The proposal confronting us clothes the President with legislative power.

It merges the Capitol into the White House.

It deposits the dead body of a suicide Congress at the feet of Herbert Hoover.

The measure under consideration enables the President to make law—to legislate.

It destroys so far as its operation is concerned one of the most vital features of our system of free government—the separation of the executive, legislative, and judicial functions.

Mr. Chairman, ancient civilization rested upon slave labor. Aristotle, the greatest intellect that ever lived, in defending this institution said that if there had been no slavery there would have been no leisure, and without leisure there could have been no civilization. But, he added, with prophetic vision: "If only the shuttle could weave without the hand to guide it, there would be no necessity for slave labor."

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman from Connecticut 7 additional minutes.

Mr. BAKEWELL. Now the shuttle does weave without the hand to guide it. Science and invention have made such tremendous strides, have given us such complete control over the forces of nature, that now it is possible for the first time in history for all men to live in freedom and with leisure and be able to enjoy and contribute to the blessings of civilization; but, Mr. Chairman, these developments have come with such bewildering rapidity that we are in danger of being overwhelmed by our very victories over nature and nature's forces. Selfishness and greed have not been slow to seize their opportunity; folly has done its share; and chaos has resulted. It is necessary to bring order out of chaos, and this can only be done by finding a better balance between production and consumption, a better distribution, a more even-handed justice; but this itself would be of little value if it were purchased at the price of the loss of our liberty and of that individual independence and initiative which constitute our most precious heritage.

When this administration came into power we had hopes that we were to have a leadership which would find the way out while still preserving our liberties, but as the months have rolled on, huge bureaucracies have been piled on huge bureaucracies, measure after measure has been sent down and ordered passed, measures which show that we are being pushed more and more to the left. It is becoming increasingly evident that the political philosophy underlying these measures is not that of our fathers, not the philosophy of Washington and Jefferson and Lincoln. It is an alien political philosophy, sired in Germany and damned in Russia.

If we follow this through to its logical end, we shall find that just at the time when we might all have been free we shall all be in chains, living under a completely regimented system.

The President in a recent speech said that he was sometimes amused and sometimes sad over such suggestions. It would be well if he were to take to heart his own counsel when he said, "We must think things through." It were well if he would take a few days off and think through to the bitter end the implications of some of these measures that have had their origin in brain storms of the visionaries who constitute the kitchen-brains cabinet of this administration. It is high time to call a halt. Here and now is the appointed place and time.

If you continue to follow along the path you are now following, you will find in the end that you have sold our birthright of freedom for a mess of communist pottage, and this period of our history, which started out with a promise so fair, shall be known in history as the era of the great betrayal.

You gentlemen on the Democratic side of the House are on record with respect to your own opinion on these matters. You cannot go back on those opinions. If you were honest then, you must still believe those things to be true.

Mention has been made of coming elections. If you continue to vote simply under orders, turning yourselves into a herd of dumb, unreasoning cattle that understand no language but the crack of the whip, if you are fearful of getting on the Speaker's blacklist and losing administration support in the coming election, you will vote for this measure; but if you use your judgment, you will vote against it, unless you were insincere in what you said a few years ago. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I listened with marked attention to the brilliant speech of the distinguished gentleman from Pennsylvania [Mr. BECK], in the House on Saturday last, against the pending bill (H.R. 8687) granting tariff powers to the President, and also read his speech in the RECORD.

It is always an education to listen to the gentleman from Pennsylvania. I doubt whether any Member of either House is his match in the discussion of constitutional law, embellished with a wealth of parliamentary history, and adorned with a felicity and eloquence of expression which always make it a pleasure to listen to him.

This is not in the nature of a reply. I am only a very humble self-made member of the profession of which he has long been one of the national leaders. I have neither the knowledge of constitutional law nor of history, requisite to a reply to the gentleman from Pennsylvania. Even if I had these qualifications, my viewpoint would not permit me to dispute his claims regarding the great change which has been wrought in government in the United States in the last 50 years, converting it, to quote him, "from a federation of States into a unitary socialistic State." My answer would be in the nature of a confession and avoidance. I would say that these things have been and are because they had to be. I would plead that what has happened to the Constitution was only incidental to what has happened to the economic life of America.

He begins with the creation of the Interstate Commerce Commission in 1887 as a manifest point of departure from the old constitutional distribution of powers between the Federal and State Governments, followed by the creation of the Department of Agriculture in 1888 and the Sherman antitrust law in 1890, and following on down to the present program, which for the time being is virtually submerging the State in the scheme of American Government.

The situation is proof of the axiom that "necessity knows no law." One sentence in the Constitution, the power given Congress "to regulate commerce among the several States", now outweighs the rest of the Constitution. It is difficult to believe that the framers of the Constitution ever anticipated the interpretations which have been placed on the commerce clause. It is quite likely that as the gentleman from Pennsylvania states, this power was intended to prevent intermeddling by the States against each other. For the sake of argument, let us admit the gentleman's whole case down to and including his observations on the recent milk decision by the Supreme Court, in which he states that "the Court proceeded to reconcile the acts of Congress with an extraordinary latitudinarian interpretation of the Constitution", and let us direct a brief inquiry into the proposition whether history and experience hold out any hope that a government of the people might carry on and liberty survive the transformations being wrought in the structure and functions of government.

I find some hope in the reflections aroused in my mind while reading the speech. The gentleman properly referred to England as the "mother of parliaments." The British Parliament was necessarily the model from which the framers of the American Constitution builded, although with substantial modifications. But he could not have referred to England as the mother of constitutions, because England has no written constitution.

At this point my mind recalled the only effort I made while in Congress many years ago, which attracted any considerable mention. It was a speech based upon President Taft's veto of the resolution admitting Arizona to statehood, because of the radical nature of its constitution.

In that speech I pointed out that the British executive had not exercised the veto power in 250 years. I also pointed out that the British courts had no power to hold invalid an act of Parliament. At this time I want to add that the British House of Lords cannot reject an act passed three successive times by the House of Commons. It appears, therefore, that the oldest, most substantial and successful democracy in the world carries on without the distribution or even the existence of governmental powers which have been considered fundamental by a people not inherently different than their forebears, the American people.

One further point of difference between the British and American systems may be noted at this time and that is that the Commons, the latest addition in point of time to the British structure of government, has become the head of the system. The last is first. The House of Commons, elected by the people, through its ministry, governs the British Empire. It rules kings, lords, and courts. It is supreme.

In the American system the counterpart of the House of Commons—that is, the House of Representatives—was intended by the framers of the Constitution to occupy in our scheme of government the position now occupied by the British Commons. The Constitution vested in it the power to control the purse strings, which means the control of government. If the House of Representatives does not now occupy the high station contemplated by the framers of the Constitution, I want to point out that it is not, like the Constitution, the victim of changes wrought by the law-making power. The law creating and empowering Congress stands as originally written, except for amendments adopted by the people on its initiation. But the Congress has suffered, and I now speak of it as one of the three coordinate branches of government embracing both Houses. It has become subordinated to the Executive, far subordinated. It does not enjoy that place in the popular esteem held by another coordinate branch, the Supreme Court. And as between the two bodies of the legislative branch, the popular branch has become the lesser. Therefore, in the American scheme of government, the first is last. The House, it is true, still enjoys the power of initiation in matters of raising revenue, but the right of amendment and the exercise of that right by the other body makes it only a right of initiation. There is no comparison between the powers of the House of Commons and the House of Representatives.

This, however, is not the main question. The main question is the status of the Congress as a whole. A question mark has been placed behind it. The question is whether it is not outmoded and overloaded, whether it is not in the same category with the Constitution and from the same causes.

I read a statement made by Thomas A. Edison some years ago, of which I cannot quote the text, but the substance was that the structure of modern civilization had become so weighty and complex that the human mind was not capable of sustaining it and that the whole structure was in danger of a break-down.

The present bill before the House illustrates the situation. It is a bill transferring tariff powers within defined limits from the Congress to the President. It is pointed out by the Republicans that when the President was granted such powers in the Smoot-Hawley tariff bill, only 3 years ago, the powers of the President being conditioned on the findings of the Federal Tariff Commission, that the Democrats unanimously opposed it as a transfer of legislative powers to the Executive. Now, say the Republicans, opposing this bill, the Democrats are proposing to vest this power in the President directly. Both are right. The power vested in the President by the Smoot-Hawley tariff bill, through the agency of the Federal Tariff Commission, was, like the

original creation of the Commission itself, a recognition of the fact that the Congress, overburdened as it is with multitudes of great new questions, could no longer deal with the vast complexities and intricacies of tariff legislation. Both parties have been borne along on the same stream. These powers had to be handed over to a commission created to exercise them.

It is now recognized that in the rapidly fluxing tariff changes of the world, we cannot even await the slow action of a Commission. Foreign tariffs change overnight.

And what is true of the tariff is true of transportation, of communication, of the banking and monetary systems, of internal revenue, of internal improvements, of the entire recovery program, and of every major national policy. The utmost that the Congress can do, and do intelligently, is to lay down policies and define limits, and it is difficult even to find time to do this.

In the old days the problems of government were few and political, now they are many and are economic and sociological. The former school of statesmanship has passed out. This is the day of the economist and sociologist. I am only able to apprehend this situation, not to meet it. Parliaments and constitutions are in the crucible. Whatever happens to them, humanity, liberty, and progress will survive. Even if this be a revolution, it is only a passing phase. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I am inclined to feel that the main purpose of this bill is to enter into some reciprocal trade agreements for the advantage of some industry and the disadvantage of some others.

There is no question in my mind but if the administration is authorized to enter into these agreements somebody is going to be hurt. No industry in this country will be materially benefited as a result of the trade agreement, unless there is a corresponding damage to some other industry.

I have been very attentive to the debate, hoping that some gentleman will get up and state upon what commodity the tariff is to be reduced. For some reason or other we have not received much information along that line. It would seem that if the administration believes that it can effectually make trade agreements it must have in mind some particular industry that could be dealt with with material advantage to American industry without harming any other industry.

It seems to me that we should be given that information. I do not feel that we can properly act on this bill without receiving information from the administration as to what commodities it is intended to revise the tariff schedules. In the absence of such information, I for one cannot support this bill.

Mr. McCORMACK. Will the gentleman yield?

Mr. BOILEAU. Gladly.

Mr. McCORMACK. The gentleman is a progressive, is he?

Mr. BOILEAU. Yes.

Mr. McCORMACK. Does not the gentleman realize that all of the progressive element in other countries have supported similar measures to this?

Mr. BOILEAU. I have not heard of any country so progressive that they would give us an advantage on a tariff measure.

Mr. McCORMACK. My question is whether or not the progressives of other countries have not supported similar measures?

Mr. BOILEAU. Some progressives in this country have taken that attitude on this question, but I cannot agree with them.

The gentleman from Arkansas [Mr. FULLER] made a statement a little while ago to the effect that if we were to lower the tariff rates on tomatoes Italy could come in here

and drive his people out of business. He said, however, in the next breath that he is sure in his own mind that our President is not going to permit his tomato industry to be ruined. Somebody will get the ax. It probably will not be the tomato industry, which is confined to some extent to the gentleman's district, but it may be the paper and pulp industry that exists in my district; and, although the gentleman from Arkansas may have some assurance that they are not going to interfere with his industry, I have no such assurance with reference to the industries in my district, and I am not willing to give to any individual—the President of the United States or anyone else—the power to lower tariff rates in such a way as to ruin an industry which means so much to the district in which I live.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. SAMUEL B. HILL. The paper and pulp industry is now on the free list.

Mr. BOILEAU. I appreciate that fact, but this bill gives the President the right to enter into trade agreements.

Mr. FULLER. They cannot raise the duty there under this law.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. WOODRUFF. While under the bill the President cannot raise the rates on those articles that come in on the free list under this bill, he is given the privilege of freezing those items on the free list. That is inserted in this bill for a purpose that no reasonable man can understand, because it does not mean a thing in the world except that in trading with foreign countries we cannot trade with the only thing that we have to trade with.

Mr. BOILEAU. I appreciate that fact, and also the fact that the power to enter into these trade agreements is not going to redound to the interest of industry here.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. McCORMACK. My friend has an independent mind, and I respect him. The gentleman ought to realize that the probable field of success of such agreements would be in the freezing of commodities on the free list. That is where the greatest field presents itself for the making of reciprocal trade agreements.

Mr. WOODRUFF. Will the gentleman yield to me there?

Mr. BOILEAU. Yes.

Mr. WOODRUFF. To say in response to the gentleman from Massachusetts [Mr. McCORMACK] that this bill gives the President no power to take any article from the free list, he is given the power to freeze something there. We pretend to give him that power, although it is something he cannot use, because it is only by act of Congress that anything can be taken from the free list. It is a lot of "hoey", as we say in Michigan.

Mr. BOILEAU. I think that description would apply generally to all of the provisions of the bill.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. TREADWAY. In view of the interruptions the gentleman has had, I yield him 3 minutes additional time.

Mr. BOILEAU. I thank the gentleman. In considering this legislation from any angle, it must be evident that if we are to enter into any trade agreements and give an advantage to some particular industry, some other American industry is going to be hurt; and it would seem to me that the only fair thing for the administration and the members of this committee to do is to give this House some information as to what commodities are to have their tariff schedules reduced.

Mr. MILLARD. Say sugar.

Mr. BOILEAU. The suggestion is made with reference to sugar. I have the pleasure of serving on the Committee

on Agriculture, and the other day we heard a certain representative from the Agricultural Department come before our committee and say that he believes that we should reduce the tariff on sugar because it is an inefficient industry. I pressed the gentleman for further information as to what he meant by an inefficient industry, and he said in effect that any industry that cannot stand on its own feet, any industry that needs the protection of a tariff, is an inefficient industry. If that is the case I must say that the dairy industry is inefficient, because we need tariff for the protection of the dairy industry, and we need a tariff for the protection of practically every other industry in this country to protect our standard of living. I am not fearful that this legislation will result in reducing tariff protection from butter fat or milk and cream. I do not believe the President for the present would reduce the tariff on those commodities, but I do not want to give anybody the power to do so if he should see fit to do so, especially if he has to take advice from the agricultural experts who claim that any agricultural commodity, such as dairy products, that is in need of tariff protection is an inefficient industry. I do not believe any man should have that power, and I, for one, so long as I am a Member of this House will not give the President or anybody else that power.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. VINSON of Kentucky. I am well acquainted with the gentleman from Wisconsin and have great admiration for his ability and his purpose, and without in any sense reflecting upon him I want him at his leisure to insert in the RECORD that statement of the Secretary of Agriculture which said that all industries that had a tariff protection were inefficient.

Mr. BOILEAU. Mr. Chairman, for the first time since I have been a Member of this House I shall take advantage of the privilege to extend my remarks in the RECORD, and I shall insert that quotation.

Mr. VINSON of Kentucky. The gentleman recognizes, because of the thoroughness of his study, that our imports in 1933 declined to \$1,400,000,000 plus. I know further the gentleman recognizes back in 1929 our imports totaled \$4,400,000,000. In other words, in 1929 we had three times as many imports as we had in 1933, and in this connection I want the gentleman to point out any industry in this country, except those which were particularly tariff hogs, holloing because of any deflated Treasury condition or lack of revenues and dividends.

Mr. BOILEAU. Well, the gentleman made reference to the reduction in the value of our imports. I wish to say also that the value of American industry materially declined during that same period of time. We should look at the entire picture, if we are to consider the loss in imports.

Mr. TREADWAY. I yield the gentleman 3 additional minutes, as I would like to ask him a question.

Mr. BOILEAU. I gladly yield to the gentleman from Massachusetts.

Mr. TREADWAY. The gentleman from Kentucky has called attention to the testimony of Secretary Wallace before the Committee on Agriculture, and I have no doubt the gentleman from Wisconsin [Mr. BOILEAU] can substantiate what he was quoting.

Mr. BOILEAU. If the gentleman will permit me, I did not say it was Secretary Wallace. I said it was a representative of the Department of Agriculture.

Mr. TREADWAY. It is the same thing. He spoke for the Secretary.

Mr. BOILEAU. Well, I wanted to have that clear.

Mr. TREADWAY. I want to call the gentleman's attention, and also the attention of the gentleman from Kentucky to the statement appearing on page 57 of the hearings before the Committee on Ways and Means:

Secretary WALLACE. I can conceive of a situation where Germany, for instance, might be willing to lower the tariff on lard, in case she could move, we will say, some toys into the United States.

Mr. REED. Would you favor lowering the tariff on things Germany produces and ships to this country, and which we produce here in our own country?

Secretary WALLACE. If Germany can produce them more efficiently than we can, it would be of benefit to our customers, as our consumers certainly represent the eventually dominant interest in our population.

Does that not say that Mr. Wallace wants to include importation from Germany of articles that we make in this country?

Mr. BOILEAU. I think the gentleman is absolutely correct.

Mr. VINSON of Kentucky. Will the gentleman yield right there?

Mr. BOILEAU. No. I do not yield until I have made one statement.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MILLARD. Mr. Chairman, a point of order. The gentleman does not yield.

Mr. VINSON of Kentucky. The gentleman from Wisconsin certainly does not need any help from the gentleman from New York.

Mr. MILLARD. I think the gentleman does not need any help from the gentleman from Kentucky.

Mr. VINSON of Kentucky. The gentleman does not need any help from the gentleman from New York.

Mr. MILLARD. Mr. Chairman, I raise the point of order that the gentleman does not yield to the gentleman from Kentucky.

The CHAIRMAN. The point of order is well taken.

Mr. VINSON of Kentucky. Does the gentleman yield?

Mr. BOILEAU. In just a moment I will yield. I want to say in reference to this entire tariff question that I perhaps go a little further than most any Member of this House would go. I would not say that I would be in favor of an absolute embargo against any commodity that we can produce in this country, but I will say that so long as there are millions of men unemployed in the United States, so long as we are spending billions of dollars trying to give employment to those men in the United States, so long as we have a condition where men are looking for employment, I, for one, will not permit tariff barriers to be put down to take any of those men out of employment or to permit any foreign labor to come in further competition with American labor. [Applause.]

Mr. VINSON of Kentucky. Will the gentleman yield now?

Mr. BOILEAU. I yield.

Mr. VINSON of Kentucky. What I want to keep clear is the statement of the gentleman with reference to what Secretary Wallace said pertaining to tariff industry.

Mr. BOILEAU. I want to keep it straight.

Now, I do not yield further until I make this statement. I did not say Secretary Wallace made that statement.

Mr. VINSON of Kentucky. Who made the statement?

Mr. BOILEAU. I said that I would put that in the RECORD. It was a representative from the Department of Agriculture.

Mr. VINSON of Kentucky. Was it Mr. Weaver?

Mr. BOILEAU. There were three gentlemen who testified. I am not sure of the name at this time. I will put it in the RECORD.

Mr. VINSON of Kentucky. The gentleman knows that Mr. Weaver's statement was repudiated by the Secretary of Agriculture, with reference to his sugar statement.

Mr. BOILEAU. The only thing I can say is that I will put in the quotation if it has not been taken out of the remarks. Sometimes men who give testimony change it completely while revising their remarks.

Mr. VINSON of Kentucky. But I have heard so many misstatements as to what Secretary Wallace has said that I am tired of hearing the statements go unchallenged.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. BOILEAU. The gentleman did not hear me say anything about Secretary Wallace.

Under leave to revise and extend my remarks, I include herein a part of the testimony of Mr. A. J. S. Weaver, Chief of the Sugar and Rice Division of the Agricultural Adjustment Administration, given at a hearing before the House Committee on Agriculture on February 19, 1934:

Mr. BOILEAU. Just one further question: As I understand it, there is a limitation as to production of domestic sugar in the bill.

Mr. WEAVER. Yes.

Mr. BOILEAU. What is the economic justification for limiting the domestic production of an agricultural commodity produced in this country, when we are already producing less than a third of our domestic consumption?

Mr. WEAVER. There are two, I think.

One is the cost of an expansion of the industry to the consumer. The other is the cost of the expansion of the industry to farmers through a curtailment of their market for other agricultural goods which may be exchanged for sugar in areas outside of continental United States.

Mr. BOILEAU. Do I understand, then, that because it is necessary to protect a domestic product by a tariff you consider it uneconomic, unsound, to produce sugar in this country because we must have a tariff in order to protect domestic production?

Mr. WEAVER. It is expensive to the consumer.

Mr. BOILEAU. It is expensive to the consumer, you say?

Mr. WEAVER. It is expensive to the consumer, and the cost to the consumer is far out of proportion, we think, to the benefits to the producers.

Mr. BOILEAU. Well, there are other commodities, including agricultural commodities, that we must protect by a tariff, are there not?

Mr. WEAVER. There are many commodities which are protected by the tariff, although, as we all know, most agricultural tariffs are of doubtful benefit to the producers.

Mr. BOILEAU. Well, yes; but this is one where there certainly is protection to the domestic producer, is there not?

Mr. WEAVER. Yes; but the costs are far out of proportion to the benefits. I think the figures in the President's message are approximately correct. That is to say, that virtually, that you are guaranteeing an income, gross income, to producers of continental beets and cane of \$60,000,000 and it costs \$200,000,000 to the consumers.

Mr. BOILEAU. Do you want to say, then, as a general statement, that those agricultural commodities that require a protective tariff are necessarily economically not justified for production in this country?

Mr. WEAVER. Well, I would like to know what commodities you have in mind. There might be some.

Mr. BOILEAU. Well, for instance, there is a tariff that is rather high on dairy products. It is necessary to have that tariff in order to protect the domestic dairyman.

Mr. WEAVER. I would rather not comment upon that particular tariff. My impression is, as to most agricultural tariffs, that they are of doubtful benefit to agriculture as a whole.

Mr. BOILEAU. I disagree with that, of course.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, we are now acting, as far as the tariff is concerned in this country, under a nonpartisan body, the Tariff Commission, which has the power of regulating tariffs on imports to the extent of 50 percent of those articles that already have a duty. As to any other commodities that are coming into this country, we can, by an act of Congress, put a tariff on those commodities if the Members of Congress see fit to do so. Is this not fair; is it not just? Then why change a perfectly good, sound, sensible law.

I am firmly convinced of the fact that the regulation of these tariffs is a wise set-up for the benefit of this country. It gives an opportunity to make such adjustments in the tariff as the American people feel should be made, providing the Tariff Commission and the President of the United States can be convinced that it is the right thing to do.

We have heard discussed from the floor of the House the fact that the tariff is for the benefit of the American manufacturer. We agree to that. We agree that it is not only for the benefit of the American manufacturer, but also for the benefit of American labor. It is of benefit to all people in all walks of life in America. Not only do we benefit American labor but we benefit the American farmer. You Members of Congress should realize that every product grown by our American farmers has a tariff on it. On wheat there is a tariff of 42 cents a bushel, on oats 16½ cents a bushel, on corn 25 cents a bushel, on cotton 7 cents a pound, on wool 34 cents a pound, on whole milk 6½ cents a gallon, on but-

ter 14 cents a pound, and all other farm commodities have a tariff. Who would take them off of farm products?

Statements have gone out from Members of Congress that we do not protect American agriculture. For the life of me I cannot see why any Member of Congress should make such a statement as that. It is certainly far from the facts and the truth.

This bill calls for trade agreements to be executed by the President of the United States. Is it possible that the Senate is going to pass such a bill as this and give up its rights, inherent under the Constitution? Is it possible that we as Members of Congress are going to pass over all rights we have inherited under the Constitution to the President of the United States?

It has been emphatically impressed upon my mind during the past 10 days that one of two things should happen, either that the American Congress—that means the House of Representatives and the Senate—should assert their rights under the Constitution or they should go home. I am just about sick and tired of the things we are doing here in Congress—passing the buck to the President because we are afraid to assume responsibility.

I have the highest regard and respect for the President of the United States, but, Mr. Chairman, when we turn over to him, and he in turn must turn over to various department heads the authority which is delegated to him, because there is no man under the heavens big enough to assume all the obligations and duties we are trying to shirk and pass up to the President just because we are not big enough and will not stand up here and assume those responsibilities—I say it is about time for us either to assume our responsibilities under the Constitution or go home.

Should the Senate turn over to the President of the United States its right to make treaties? Neither Washington, Jefferson, Lincoln, McKinley, Cleveland, Wilson, nor Coolidge, were they alive today, would be able to recognize the Constitution of this country; it would be a matter of history to them.

I think that today we are setting up what might well be called the Soviet Union of the States of America under the greatest dictator the world has ever known; and I predict that in less than 2 years, unless Congress assumes its responsibility, just that fate will befall this country and our Constitution will not be recognizable. I say to you Senators: Wake up! I say to you Representatives: Wake up! I say to the American people: Wake up! Or something will befall this country that none of us wants to see.

On last Thursday the gentleman from North Carolina [Mr. DOUGHTON], the chairman of the committee, made the following statement, as appears from the RECORD:

I am sure the President will not enter into any negotiations or agreements whereby any industry of the United States will be injured.

I say to the distinguished gentleman from North Carolina and to the Members of the House that during the past 2 weeks the Joint Committee on Printing have been discussing the matter of contracts for paper for the Printing Office for the next 3 months. When we came to the question of newsprint, I asked the chairman why it was that Canadian and foreign newsprint manufacturers were able to quote a much lower price than American manufacturers. The statement was made in reply that operating under the N.R.A. our costs were increased; also, that foreign paper came in free of duty. I asked why it would not be a good thing to place a sufficient duty on newsprint that the American manufacturers might operate under the N.R.A. and pay the wages that the N.R.A. requires the manufacturers to pay. In reply to this one of the Senators made the statement that I raised an improper question at this time.

Mr. W. W. Pickard, who is in charge of the paper industry under the N.R.A., made the statement before our committee that he had taken the matter up with the President in discussing the question whether it would not be a good thing to make some kind of an agreement with Canada whereby they would raise the price of their newsprint paper

so that American manufacturers might get some of the business. He made the remark that the President of the United States said, "I hate to see a tree cut"; and that the newsprint industry had better go out of business.

To show you what the newsprint industry means to this country I wrote the Department of Commerce asking for the capital invested in this industry, the number of plants engaged in it, and where they were located, and the number of people employed. Their reply is dated March 22, 1934, and I read it to you:

DEPARTMENT OF COMMERCE,
Washington, March 22, 1934.

HON. ROBERT F. RICH,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: Your letter of March 17, addressed to the Hon. Daniel C. Roper, Secretary of Commerce, has been referred to this office for reply.

I am informed by the Forest Products Division that a total of 27 newsprint establishments were in operation in June 1933. These mills have an aggregate capital of approximately \$200,000,000. In normal times, according to a report by the Association of Newsprint Manufacturers, they gave employment to 9,000 factory workers, but at the time the report was submitted this number had declined to 6,560, while the companies' pay rolls had shrunk to \$7,150,000.

Most newsprint mills are located in small towns. In the report mentioned above only three of the mills were reported as located in towns of more than 15,000 population, 11 were located in towns of 5,000 to 15,000, and 13 in towns of less than 5,000. Lockwood's Directory of the Allied Trades, published in 1932, and which probably applied to operating conditions in 1931, or early in 1932, listed a total of 31 establishments manufacturing newsprint. Of this total 10 were reported in the State of New York, 5 in Minnesota, 4 each in Washington and Maine, 3 in Wisconsin, and 5 in other States. Enclosed you will find a table showing production by States for the calendar year 1929, compiled by the Bureau of the Census; also a table showing employment, pay rolls, and annual average earnings for the year 1928, 1930, 1932, and the first 6 months of 1933.

Trusting that this information will be of value to you, I am,
Very truly yours,

WILLARD L. THORP, Director.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. RICH. May I say to the gentleman from Wisconsin the President says that the newsprint industry in that part of the country might just as well fold up.

In 1933 the number of employees were 6,560, the pay roll \$7,150,000, or an average annual pay roll of \$1,090.

In 1932 the number of employees were 6,790, the pay roll \$7,850,000, and the average annual pay roll per worker \$1,155. In 1930 the number of employees were 8,340, the pay roll \$12,750,000, and the average annual pay roll per worker \$1,530. In 1928 the number of employees were 8,960, pay roll \$13,500,000, and the average annual pay roll per worker \$1,510.

The production by States is as follows: For New York, in 1929, 235,072 tons; Maine, 560,626; Wisconsin, 103,458; Minnesota, 121,563; Washington, 140,016; and all other States, 248,434 tons. Besides the number of workers engaged in these plants, it takes two or three times as many workers, because of the industries in existence in those particular States, to keep them in operation. The men who cut the wood, the farmers who sell paper wood, and many other people. May I say also that Mr. W. W. Pickard, of the N.R.A., who gave the Joint Committee on Printing information, stated that about 65 percent of the newsprint came from Canada, 5 percent from abroad, and 30 percent from America. Are we going to fold up 30 percent of the newsprint industry in this country because we put into the hands of the President of the United States this power? I say no. I say it is time for us to stop such foolishness. It is time for us to resume our authority as men and do what we were sent here for. We do not want to pass our rights over to someone in some department, not the President of the United States, because he must depend on somebody else for his information and guidance. I myself do not like the way some of his advisers are directing affairs. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, the policies of the administration as carried out through the Secretary of Agriculture in his efforts to relieve the farmer have always appeared to me to be the wildest of theories. I have wondered for some time just what benefits, if any, the Pennsylvania farmer was receiving from this program, and I am pleased to submit herewith a statement of one of the outstanding farmers in my district, Mr. John W. Cox, of Wilmington Township, Lawrence County, Pa., carried in the New Castle News, Friday, March 23, 1934.

It is encouraging to know that men and women on the farm are rising to the point of demanding common sense from those who administer the agricultural policies of the Federal Government. Congress will do well to heed the protests of practical farmers, who speak from years of experience, rather than those who theorize and do their farming at a mahogany desk.

There is much in this statement that we Members of Congress can profit from. I commend it to you all and suggest that we too adopt the same militant attitude. I might add that Mr. Cox does not know that I am presenting his statement to you; however, I feel certain he does not object if his words of wisdom are passed on to Congress. I am proud to number him among my constituents.

J. W. COX WRITES MORE ABOUT UNITED STATES HOG TAX

I have received congratulations and favorable comments from so many people on my newspaper article published on January 12 on Hog Tax and Farm Relief that I feel encouraged to make more protests against the payment of this unjust and exorbitant tax. I also feel encouraged to continue my efforts in behalf of the Pennsylvania farmer.

Recently I received a letter from the revenue collector, which reads as follows:

MARCH 13, 1934.

J. W. Cox,
Route 5, New Castle, Pa.:

You have been listed by this office as a processor of hogs under the Agricultural Adjustment Act, which became effective as to that commodity on November 25, 1933.

Our records fail to indicate any return as a processor of hogs has been filed by you with this office. If you have slaughtered any hogs for market since the effective date of this act, return should be made on P.T. Form 4 for each month any slaughtering was done.

The rates of tax for the various months per hundred pounds live weight are as follows:

November, 50 cents; December and January, \$1; February, \$1.50; and beginning March 1, \$2.25.

P.T. Forms 4 and 29 have been previously furnished you.

PRODUCERS

If you are a producer (that is, owner of the hog at the time of farrowing), no return is required until your sales or exchanges of pork products for the marketing year which began November 5, 1933, exceed 300 pounds, dressed weight.

In case your sales during the marketing year exceed 1,000 pounds dressed pork, you thereby lost the credit of 300 pounds' exemption and must include the 300 pounds for which exemption was taken in your return for the month that your sales exceed 1,000 pounds and pay on same.

If no processing has been done or if you are a producer and your sales and exchanges of pork products have not exceeded 300 pounds, please so advise, using the enclosed envelop, without postage, for making such reply.

DAVID L. LAWRENCE,
Collector of Internal Revenue.

This newspaper article is my reply to this letter.

In my former article I used the soft pedal, but it is out of order now and I will use the medium one. I do not believe that the hog tax is constitutional. If the Government only took 4 or 5 pigs out of every 100, it would be a tax; but when they confiscate from 20 to 35 out of every 100 it would constitute wholesale robbery, and that never was favored by the Government until recently, when they commenced to collect the hog tax.

You may think that I am Scotch. It is enough to make a Scotchman out of a spendthrift to buy western feed, pay a high freight rate, feed it into hogs, and then have the Government confiscate 35 percent of them, without giving anything in return, and hand it over to the western farmers.

The western farmers had their balmy days, when many of them worked during the summertime and spent the winters in Florida while the eastern farmers were working.

At the present time the tax is 2¼ cents per 100 pounds live weight. The tax on a 400-pound hog would be \$9. A 400-pound hog will dress about 320 pounds. At 8 cents, the top market price per pound dressed, it would bring \$25.60. Tax, \$9. Balance left

after paying tax, \$16.60. Tax 35 percent for a hog that cost about \$30 for feed and labor at 10 cents per hour.

Mr. Reader, suppose that you had a herd of 100 nice fat hogs, and some Government official would come around and drive 35 of them away; what would you think? You would probably want to send for that Mercer County man.

A New Castle merchant told me that if he was a farmer he would go to jail before he would pay any hog tax. I said I did not think that it would be much disgrace to go to jail for that. "No", he said, "I think that it would be an honor."

We have been accustomed to saving some hams to sell to our customers in the summer, but we did not save any this winter, except for our own use. We ground them into sausage and sold it before the price got as high as it is now. When our customers come around next summer and want to get one of those country-cured, hickory-smoked hams, they will be disappointed.

Farmers, take courage. We have the sympathy of the professional and business men who, I think, will render financial aid if necessary. We also have the consumers on our side.

Even the most ardent Democrat, if honest and intelligent, will admit that the Agricultural Adjustment Act will work a hardship on the eastern farmer. If he does not admit it, he automatically puts himself into another class.

The administration leaders will tell us that the eastern farmers will profit in the higher prices that they will receive for their pork next year, but how can they profit if they do not have any for sale? The eastern farmers are dependent on the West for much of their feed; and the corn-reduction program, which is a detriment to many of the eastern farmers, will force the price of grain up to where the farmers cannot afford to buy it and feed it into pigs with the possibility of a high tax on the pork. Instead of accepting some of the Government's easy money to decrease his crop acreage, he is going to be forced to increase his grain acreage wherever possible or go short on feed.

The majority of the eastern farmers cannot share in the wheat-reduction program, as they need all the straw that they can produce for bedding for their stock. The southern cotton growers received \$112,000,000 last year to destroy their cotton and are to receive \$125,000,000 in 1934 to reduce the acreage, \$237,000,000. That seems like an immense sum to hand to those cotton growers so that they can sit around and enjoy themselves.

If we don't make a strong protest, we will be taxed on our cows, calves, chickens, eggs, and everything that we produce. I am opposed to the destruction of property and strikes such as the western farmers pulled off, but they succeeded in inducing the administration leaders to tax the eastern farmers and hand the money over to them. Something must be done, and done soon, to relieve this situation.

I quote from a bulletin issued by the Secretary of Agriculture, hog regulations made by the Secretary of Agriculture with the approval of the President under the Agricultural Adjustment Act. I think that President Roosevelt is sincere in trying to be helpful and on account of not being familiar with farm conditions is an innocent party to this adjustment act. It is not too late to remedy this situation and we are hoping that President Roosevelt will give it consideration soon. He promised that if he made mistakes that he would correct them.

Nearly all of the hog producers in this locality are hog processors as there is very little demand for live hogs.

A farmer from a neighboring township came to see me a few evenings ago to get some information regarding the hog tax. He regretted that he had sent to the revenue office for information and gave them possession of his name. He thinks that the only farmers that they will collect from are the ones whose names they now have.

They may create a lot of new jobs and put a man into every county in the United States at a high salary to check on every farmer who raised a hog and make him swear what he did with every pound of the meat.

I quote from the Pennsylvania Farmer the experience of a Northampton County farmer: "I did not know to whom to pay the tax and figure the exemption, so I wrote to our county agent. He wrote me giving me what knowledge he had and referred me to a collector for our county. I wrote him for blanks and information. None came. So I wrote to our Representative in Washington who sent me bulletins and amendments thereto. About 3 weeks later the collector came in person to me to 'fix up my tax.' I had my reports ready, but here is where the joker comes in. Because of ignorance of the law in this case I owed a penalty besides of 25 percent for November and December, by the time that I knew what and where and who and how. Another pleasant surprise because I could not get around to the right party in time who wanted my dollars."

It isn't high time—the time is just about past doing any good for us eastern farmers to wake up and plan our course or else we take the course of least resistance. The more we think over this sudden overproduction scare the more it seems nothing more than an excuse to tax everything we buy or sell to the limit of our endurance, and yet our public-school history teaches us to honor the noble heroes of pioneer days when they staged the Boston Tea Party.

This farmer surely has a grievance, and he expresses it in a mild way. Our administration leaders tell us that the way to bring back prosperity is to relieve the farmer and increase his purchasing power.

If one listens to the talks over the radio by the Government officials, it sounds rosy; but if you want to learn the true situation, ask some farmer.

I do not want to be so pessimistic, but I am driven to it. While I am in the proper mood I want to take a whack at our Pennsylvania State Legislature. While the taxpayers have been demanding economy they have continued squandering the State's money. At one of the recent sessions a bill was passed creating a milk-control board, consisting of three members, with an annual salary of \$6,000 each. Total, \$18,000 for salaries, and \$100,000 for operating expenses. All legislative members who voted for that bill should be left at home the next session. Taxpayers, wake up. Talk will not get you very far. Get into action and do something. Comments on this letter, both favorable and unfavorable, will be appreciated. If the necessity exists and I get sufficient encouragement, I will write again, using the hard pedal.

JOHN W. COX,
Wilmington Township, Lawrence County.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8687) to amend the Tariff Act of 1930, had come to no resolution thereon.

HOUSE RESOLUTION 236

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, for a number of years I have been one of the board of trustees of a Negro community center in my home city known as "Hering House." I drew the deed of trust whereby a generous and public-spirited woman conveyed property worth many thousands of dollars to this board for the use of the colored citizens of South Bend. It serves the several purposes of a Y.M.C.A., Y.W.C.A., and a community center. It works in closest cooperation with the white Y.M.C.A. and with the other social, religious, relief, and employment agencies of the city. It has been a creator of character. It has promoted harmony and understanding among all classes in our community.

No one who has given his time and means to its support has ever regretted it. I doubt if any dollar dedicated to character building and citizenship goes farther than it does there. My work on that board has been one of the things in my life in which I have the greatest satisfaction.

It was natural, therefore, that I listened with sympathetic interest to the speech made the other day by the gentleman from Illinois [Mr. DE PRIEST]. I wish to commend him for his temperate and restrained remarks. He touched a high note when he said:

I have repudiated communism everywhere.

What he said confirms my own experience with the Negro race. They have been and are and will remain as loyal to the flag as any group in this country.

I think Mr. DE PRIEST's resolution should be adopted by the unanimous vote of the House. It does not attempt to prejudge or solve in advance any issue that is involved. It simply asks for an investigation by a committee of this House of a policy that was first established some 12 years ago and has since prevailed during three Republican and the present Democratic administration. It is not a partisan or political question.

Let the House, representing every congressional district in the Nation, appoint a fair-minded committee to work out a solution of this question that will promote good feeling among all classes of our citizens.

WHO DEFEATED THE ST. LAWRENCE WATERWAY TREATY?

Mr. PEAVEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PEAVEY. Mr. Speaker, every daily newspaper in Wisconsin is lamenting the defeat of the St. Lawrence Waterway Treaty, yet not a single editor mentions the prime cause of

the 46 to 42 vote in the Senate, with a two-thirds vote necessary to adopt the treaty.

During the past 15 years Wisconsin and other Northwestern States have paid nearly a half million dollars to the St. Lawrence Tidewater Association or Charles P. Craig on the assumption that Craig and his association were pushing the waterway. Wisconsin alone has contributed more than \$50,000.

This association's public record shows:

First. That it has never been militantly for the waterway.

Second. That it has always been indifferent and half-hearted in its support but militant in arousing opposition to the waterway.

Third. Until the treaty was actually introduced in the Senate the State of Illinois paid Craig's association thousands of dollars annually, and Illinois along with the railroad owners in New York has led the opposition to the waterway.

Fourth. The association wants a waterway on paper for political purposes, and their own acts and official record over the last 15 years proves they have never served any other purpose.

I contend the association never secured a single one of those 46 affirmative votes while its lukewarm lip service interspersed with enemy trades of dealing with the opposition doubtless contributed at least one half of those who cast the 42 votes against the treaty.

The association was deaf and dumb during the days preceding the vote. Then came defeat and immediately the association launches a campaign for a revised treaty to please the Illinois and other opponents of the waterway. On the strength of this new betrayal the association hopes to perpetuate itself in office and cash incomes. The people of the Northwestern States will continue to pay.

For 15 years the cause of the St. Lawrence waterway has been in the hands of its enemies and Wisconsin newspaperdom laments the effect and continues to ignore the cause. All of which causes this writer to join the Biblical character, Job, in the lament, "How long, O Lord, how long."

The St. Lawrence Tidewater Association lent its services to the Hoover campaign in 1928 and again in 1932. Early in 1928 I introduced a resolution urging immediate action on the St. Lawrence waterway and immediately Frank B. Kellogg, then Secretary of State, called me to his office and asked me not to press my resolution. He showed me the confidential draft of a treaty with Canada and said that arrangements had been about completed looking to the nomination of Hoover and his election would insure the building of the waterway. Kellogg and Craig both told Members of Congress and the people of the Northwest to elect Hoover and we would get the waterway.

In 1928 the people did elect Hoover. He was President for 4 years and never even brought the treaty up for ratification. He betrayed the people of the Northwest who voted for him on that issue. The Tidewater Association betrayed them because never once during those 4 years Hoover was in office did Mr. Craig's association ever complain or insist that action on the treaty be had. Not once during those 4 years or since has Mr. Craig's association done a single act offensive to the Morgan-controlled railroad interests in New York or the power interests who own and operate the Chicago Drainage Canal.

Not a single opponent of the waterway has ever charged or expressed any resentment against Mr. Craig or the association because of their activities in behalf of the waterway.

Think of it! This association was paid over \$500,000 in public cash, no accounting, no expense vouchers, no real records, over a period of 15 years, and they did not do enough for the waterway to incur the ire or even displeasure of a single opponent.

The people of Wisconsin and the Northwestern States want a waterway on the water to lower their cost of transportation on everything they sell and almost everything they buy. We want the waterway to restore water transportation, the one natural resource belonging to the Great Lakes States.

You will never get it with a milk-and-water organization representing us, like the St. Lawrence Tidewater Association want a waterway on paper for political purposes and to preserve their soft and extremely lucrative jobs.

If it had not been for President Roosevelt's support of the treaty, the waterway would never have had a chance of passage in the Senate. Everyone knows that. Yet the association under Mr. Craig was an active partisan supporter of Mr. Hoover in the last campaign and Hoover's backers were the Morgan-Mellon crowd who are fighting the waterway.

Once again I join Job in his deep and earnest lament, "How long, O Lord, how long."

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 315

Resolved, That notwithstanding the adjournment of the House, the Speaker be, and he is hereby, authorized to sign enrolled bill of the House H.R. 6663, the independent offices appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The resolution was agreed to.

STATE, JUSTICE, COMMERCE, AND LABOR DEPARTMENTS APPROPRIATION BILL, 1935

Mr. OLIVER of Alabama. Mr. Speaker, I call up a conference report on the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

Mr. CONNERY. Will the gentleman withhold his unanimous-consent request for the present?

Mr. OLIVER of Alabama. Yes.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent at this point to insert in the Record the following tribute from various sections of the country other than his own, which they have recently paid to Representative WILLIAM B. OLIVER on the anniversary of 20 years' service as a Member of the House from the State of Alabama.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Everyone knows of the high esteem and respect in which the people of the State of Alabama hold the Honorable WILLIAM B. OLIVER. The following tributes from sections of the country other than his own have recently been paid to Representative WILLIAM B. OLIVER, of Alabama, on the anniversary of his 20 years of service as a Member of the House from Alabama:

Secretary of State Cordell Hull:

"The completion of 20 consecutive years of service in the House of Representatives is an event which calls for congratulations from the friends of the Member who has achieved so long a record. The congratulations, however, which I am offering to my friend, WILLIAM BACON OLIVER, on this occasion are not so much based on the length of his service, impressive though it is, as upon the scrupulous, conscientious, and able manner in which he has discharged the responsibilities intrusted to him.

"During my period of service in the House of Representatives it was my pleasure to know him as a colleague and as a friend. I had occasion then to become familiar with the high-minded manner in which he represented his district and with the wisdom which he brought to bear upon our national problems.

"I am therefore happy to pay tribute to this prominent citizen of Alabama and leader in our National Congress, and to offer to him and to the people of his State my congratulations at this milestone in a record which we hope will reach far into the future."

In a letter addressed to Congressman OLIVER by Attorney General Cummings he said:

"The records disclose that you have served the people of the Sixth Congressional District of Alabama in the House of Representatives for 20 years.

"It is, of course, common knowledge that your distinguished service has not been confined to your constituency. As the head of the Department of Justice, whose officers have been in intimate contact with you for many years, permit me to express my appreciation for your sympathetic cooperation and constant interest in the welfare and efficiency of this Department. Law enforcement in

the United States owes much to your earnest and sincere work and helpful suggestions.

"I congratulate you upon the results of your long service. I congratulate the people of your district for their wisdom in retaining you in their and the country's service."

Secretary of the Navy Claude Swanson:

"I have known the ability and courage of my old friend from Alabama since my days in the United States Senate. I have always known the responsible position he has held as a leader in the party and in the House since the very first days he entered Congress two decades ago. He has shown the qualities of statesmanship that I am always proud to see in Members from the South. Always interested in the welfare of his State and his section, he has always shown that broad-minded nationalism which truly indicates a great American. We are all proud of him."

Secretary of Commerce Daniel C. Roper:

"I believe he is now rounding out two decades of service in the House of Representatives. It has been my pleasure to observe him intimately these 20 years, and I want to congratulate him on the splendid record which he has made during this time."

"Many men serve effectively and conscientiously for their districts, but few men serve their districts and the entire country as effectively. The former is a good Congressman; the latter is a statesman. These critical times emphasize the importance to the country of the breadth of service which comprehends our entire country. As a friend and as an American citizen I take pride in his record and in his conscientious and able service on the Appropriations Committee. I hope that he will be able to render many more years of such service, and I trust that many years of service lie before him."

Secretary of Labor Frances Perkins:

"Congratulations to Representative OLIVER in his 20 years of loyal and devoted service in his district, State, and Nation. It has been marked by courage, intelligence, and vision in the performance of tasks performed in the interests of all of the people of the Republic. During the past year it has been a source of gratification and pleasure to know him."

Speaker of the House of Representatives HENRY T. RAINES:

"As a member of the Appropriations Committee of the House he has handled the bills committed to his care with a wisdom and a thoroughness that has saved thousands of dollars to the taxpayers and to the Treasury. In the momentous days of the past year he has not only given loyal and devoted support to President Roosevelt but he has been a valiant champion of the new-deal program."

"In felicitating him on his twentieth anniversary of service in the House of Representatives I do so in the belief that he is now at the point of his greatest service to his constituents and to the country. I am confident that my appreciation of him and his services is shared by all of the Members of the House of Representatives, irrespective of party lines, and that his very high standing in the Congress must be a source of gratification to his constituents."

Senator JOSEPH ROBINSON, of Arkansas, Democratic floor leader:

"There is no better-liked Member of the House than Representative OLIVER. There is no leader so responsive to a call from his leader at the White House. During the many years I have known him he has been an effective public servant to his district and State. He has always exhibited those qualities of statesmanship which have marked our most noted Members of either body of Congress."

Representative JOSEPH BYRNS, of Tennessee, Democratic floor leader:

"No man in the House has rendered more devoted and faithful life service to his district, State, and Nation than BUCK OLIVER, who has just completed 20 years of service in the House. I served with him for many years on the Appropriations Committee. I know that his influence is felt in all of our legislative deliberations. In addition to that, he is one of the most influential and popular Members of the House. The people of his district are to be congratulated on their representation here."

Senator McKELLAR, of Tennessee:

"I have known Representative OLIVER since our days in the University of Alabama and he has always been one of my closest friends. I wish to join with others in congratulating him on his long service as a Member of the House. I know that he has devoted his life to the service of his district and State, and it is gratifying to know that this service has been recognized by his fellow Alabamians. He has shown those qualities of statesmanship which have marked the greatest figures in our national history."

Representative SNELL, of New York, Republican floor leader:

"Although on the opposite side of the aisle, I have always admired the ability and courage with which Representative OLIVER has handled his appropriation bills, whether in the majority or in the minority. He has always been eminently fair to Members on both sides. This has enabled him to do much effective work for his party. I admire his statesmanlike qualities."

Representative BUCHANAN, of Texas, Chairman of the Appropriations Committee:

"Representative OLIVER has been one of the most valuable members of my committee. He has helped save his country millions of dollars each year. To him has been entrusted some of the most important appropriation bills, including those for the Navy and other large Federal departments. He is an expert in fiscal matters and his judgment is trusted by me and every other member of our committee."

Mrs. GREENWAY, Representative from Arizona:

"Some people are truly what the rest of us would like to be, and Congressman OLIVER is an example. He possesses self-restraint

that bespeaks wisdom and strength, modesty that evidences the habit of power, and a presence that all unconsciously revives and sustains one's faith in the ideal of public service. To hear his least comment is to recognize a statesman."

Representative CONNERY, Chairman of the Labor Committee, Massachusetts:

"Representative OLIVER is one of my close personal friends. I have always admired him as one of our finest Members; courteous, kindly, able, and courageous. In those matters in which I have been particularly interested Mr. OLIVER has always exhibited the keenest and most sympathetic interest. He has the courage of his convictions and always votes as he believes is in the best interest of his country. No Member of the House enjoys in larger degree the respect and confidence of his colleagues than Mr. OLIVER, on both sides of the aisle. In presenting important appropriation bills assigned to him he is always informative and his remarks carry conviction. I may say he is one of the most indispensable Members of the House."

Representative TABER, of New York, member of the Appropriations Committee:

"For 12 years Representative OLIVER and I have been on the committee together. During that time he and I have been close personal friends. There is no man who gives more of himself to the public service than he does. I am delighted to congratulate him on his 20 years as a Member of the House."

Representative COOPER of Ohio, Republican member of Interstate Commerce Committee:

"Congressman OLIVER has been in Congress as long as I have. He has been a worthy foe on the other side of the aisle. We have always seen eye to eye on labor problems. He has always been a friend of organized labor and the workingman. I congratulate him on his long service."

Representative PATMAN, of Texas:

"I think Congressman OLIVER is one of the most sincere and able men in the House. He has as many friends as any other Member of the House. I think this is particularly important in view of the fact that as a Congressman he has two constituencies—one his district and one the House. A Representative cannot work as effectively for his district unless he is popular in his House district. I have been most impressed with the efficient and courageous manner with which Mr. OLIVER has been able to handle the important bills assigned to him on the floor."

EXTENSION OF REMARKS

Mr. BOILEAU. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by including a certain portion of the hearings before the Committee on Agriculture on the sugar bill in order to give the information requested by the gentleman from Kentucky.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

STATE, JUSTICE, COMMERCE, AND LABOR DEPARTMENTS APPROPRIATION BILL, 1935

The SPEAKER. The Clerk will report the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513; Rept. 1050) "making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 9, 17, 20, 28, 33, 35, and 36.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 10, 11, 12, 13, 14, 16, 18, 22, 23, 25, 26, 27, 29, 30, 31, 32, 34, 37, 39, 42, and 43, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided further, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light in an amount exceeding \$3,000 for an ambassador or a minister, and not exceeding \$1,700 for any other Foreign Service officer"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment, insert the following: "Provided further, That no part of the appropriation made herein shall be expended for the purchase of old buildings"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and not to exceed \$1,700 for any one person"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That the maximum allowance to any officer shall not exceed \$1,700"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "not to exceed \$1,700 for any person"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$165,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,700,000, of which not less than \$200,000 shall be expended for veterans' placement service and"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 5, 8, 19, and 21.

WILLIAM B. OLIVER,
ANTHONY J. GRIFFIN,
CLIFFORD A. WOODRUM,
ROBERT L. BACON,
FLORENCE P. KAHN,

Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL, Jr.,
GERALD P. NYE,
KEY PITTMAN,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying report as to each of such amendments, namely:

STATE DEPARTMENT

On amendment no. 2: Allows \$1,454,000 for living quarters allowances of Foreign Service officers, as provided by the Senate, instead of \$500,000, as appropriated by the House.

On amendment no. 3: Allows \$2,225,955 for allowances for rent, heat, fuel, and light allowances in the Foreign Service, State Department, as provided by the Senate, instead of \$1,271,955, as provided by the House, and makes \$238,000 immediately available.

On amendment no. 4: Places a limitation on rent, heat, fuel, and light allowances to prohibit use of the appropriation to pay ambassadors or ministers more than \$3,000 each

annually and Foreign Service officers more than \$1,700 each per annum.

On amendment no. 6: Agree to the Senate amendment appropriating \$1,165,000 for Foreign Service buildings, with an amendment prohibiting the use of the appropriation for the purchase of old buildings.

On amendment no. 7: Restores the limitation proposed by the House on the appropriation for rescue, relief, and protection of American seamen preventing use of the appropriation to pay steamship owners or operators for transporting shipwrecked seamen if the last previous service of the seaman was on a vessel of such owner or operator and was not terminated by desertion.

On amendment no. 9: Appropriates \$54,200 for technical investigations under the International Joint Commission, as proposed by the House, instead of \$74,200, as proposed by the Senate.

JUSTICE DEPARTMENT

On amendment no. 10: Grants an appropriation of \$1,216,500 for salaries in the office of the Attorney General, as proposed by the Senate, instead of \$1,044,230, as provided by the House.

On amendment no. 11: Makes an appropriation of \$10,130, as proposed by the Senate, for purchase of books, Department of Justice, instead of \$8,500, as provided by the House.

On amendment no. 12: Makes an appropriation of \$86,000, as proposed by the Senate, for contingent expenses, Department of Justice, instead of \$85,000, as proposed by the House.

On amendment no. 13: Makes an appropriation of \$282,000, as proposed by the Senate, for printing and binding, Department of Justice, instead of \$275,000, as proposed by the House.

On amendment no. 14: Appropriates \$37,000 for traveling and miscellaneous expenses, as proposed by the Senate, instead of \$25,000, as provided by the House.

On amendment no. 15: Amends the Senate amendment in striking out the limitation on heat, light, fuel, and rent allowances for employees of the United States Court for China by increasing the limitation to not to exceed \$1,700 to any one person.

On amendment no. 16: Corrects a typographical error in transformation of a line in the bill.

On no. 17: Appropriates \$2,344,580 for salaries and expenses of district attorneys, as proposed by the House, instead of \$2,494,580, as provided by the Senate.

On no. 18: Makes \$50,000 of the appropriation for salaries and expenses of special attorneys immediately available as proposed by the Senate.

On no. 20: Strikes out the amendment inserted by the Senate placing certain limitations upon the use of the prison industries working capital fund.

COMMERCE DEPARTMENT

On no. 22: Appropriates \$40,000 for expenses of the Federal Employment Stabilization Board, as proposed by the Senate, instead of \$30,000, as provided by the House.

On no. 23: Increases the amount expendable for personal services in Washington by the Federal Employment Stabilization Board by \$10,000, as proposed by the Senate, consistent with action taken on amendment no. 22.

On no. 24: Amends the Senate amendment striking out the limitation on heat, light, fuel, and rent allowances for officers in the Foreign Commerce Service of the Bureau of Foreign and Domestic Commerce by increasing the limitation to not to exceed \$1,700 to any one officer.

On no. 25: Corrects an error in spelling of a word as proposed by the Senate.

On no. 26: Inserts the appropriation of \$57,125 for salaries and expenses under the appropriation heading "Fishery industries", Department of Commerce, as proposed by the Senate, instead of \$58,840, as proposed by the House.

On no. 27: Restores the paragraph of appropriation for enforcement of the black bass law, Department of Commerce, as proposed by the Senate.

On no. 28: Strikes out the amendment proposed by the Senate for the survey of fishes in the State of Mississippi.

On no. 29: Appropriates \$30,000 as provided by the Senate for purchase of books, Patent Office, instead of \$25,000, as proposed by the House.

On no. 30: Corrects a code title reference.

On no. 31: Corrects an omission of a word.

On no. 32: Corrects spelling of a word.

On no. 33: Strikes out the limitation inserted by the Senate prohibiting use of funds appropriated for the Shipping Board for maintenance of a sea-service bureau.

On no. 34: Corrects an omission of a word.

LABOR DEPARTMENT

On no. 35: Appropriates \$53,000 as proposed by the House for contingent expenses, Department of Labor, instead of \$57,100, as provided by the Senate.

On no. 36: Strikes out the limitation on salaries of commissioners of conciliation proposed by the Senate.

On no. 37: Allows \$22,600 of the appropriation for the Immigration and Naturalization Service to be used for living-quarters allowances, as proposed by the Senate, instead of \$7,000, as provided by the House.

On no. 38: Amends the Senate amendment in striking out the limitation on heat, light, rent, and fuel allowances for employees of the Immigration and Naturalization Service stationed abroad, by increasing the limitation to not to exceed \$1,700 for any one person.

On no. 39: Appropriates \$3,700,000, as proposed by the Senate, for the United States Employment Service, instead of \$1,590,000, as provided by the House.

On no. 40: Amends the Senate amendment increasing the amount available by the United States Employment Service for personal services in the District of Columbia from \$135,000 to \$190,000 by making the figure \$165,000.

On no. 41: Amends the Senate amendment by providing that \$200,000 of the appropriation for the United States Employment Service shall be expended for veterans' placement service.

On no. 42: Authorizes not more than \$3,000,000 to be apportioned to the States under the Wagner-Peyser Act by the United States Employment Service, as agreed to by the Senate, instead of \$1,125,000, as agreed to by the House.

On no. 43: Inserts the amendment proposed by the Senate preventing the use of any appropriation in the act to pay any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of such nomination.

WILLIAM B. OLIVER,
ANTHONY J. GRIFFIN,
C. W. WOODRUM,
ROBERT L. BACON,
FLORENCE P. KAHN,

Managers on the part of the House.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. SNELL. So far as I know, there is no opposition on this side to the conference report, but the gentleman from New York [Mr. FISH] and the gentleman from Illinois [Mr. BRITTEN] would like a few minutes on the conference report.

Mr. OLIVER of Alabama. I may say to the gentleman from New York that the senior minority member of the subcommittee [Mr. BACON] was called away on account of a death in his family. He told me that he was in hearty concurrence with the conference report.

Mr. SNELL. He so advised me.

Mr. OLIVER of Alabama. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, at the outset of my remarks, I want to commend the distinguished services of our colleague, WILLIAM B. OLIVER, who has now served in this House for 20 years. He is even known up in the wicked North, in my district, where he has a friend in Col. James E. Dedman, who is in charge of the Castle Point Hospital, and every time I see him he wants to know how his old friend, BUCK OLIVER, is. Belonging to the other party, I am glad to state, without fear of contradiction, that Representative

OLIVER is an outstanding leader of his party and typifies in the House, from long training and experience, what a Member with such seniority should be. He has the ability, industry, and knowledge to legislate properly and intelligently; and as a ranking Republican member of the Committee on Foreign Affairs, I want to commend him for his knowledge of foreign affairs upon the Appropriations Committee and congratulate him on the way he has handled such appropriations in his committee. [Applause.] I know full well that all Members of the House on this side join with me in hoping he will be here for another 20 years. [Applause.]

I wish to say a few words about that part of this conference report which calls for an appropriation of \$1,100,000 for an embassy at Moscow.

About 4 months ago, when the President suddenly determined on recognizing Soviet Russia, the members of the "brain trust" who were most active in trying to show preference to Russia, told the American people that we would do a billion dollars' worth of trade if we merely recognized the Soviet Government and that it would buy hundreds of millions of dollars' worth of cotton from us.

I take this occasion to point out that last year, or in 1933, we only did \$8,717,000 worth of export trade with Russia, and in 1932 our exports amounted to \$12,466,000, and yet we are providing an embassy over there that will cost probably \$1,200,000 before we are through, or one seventh of the amount of our export trade. We exported to Germany about \$139,000,000 worth of our goods in 1933, and we have no embassy building there.

I am not opposing this appropriation. So long as we have recognized Soviet Russia, we should have an embassy, and we should have a dignified embassy, but I am pointing out that if we are going to build an embassy in Moscow we at least should build one in Berlin and one in Rome. Over 100 American citizens will go to Berlin and Rome for every one that goes to Moscow; and so far as trade is concerned, our trade with both of the other countries is at least 10 times as much as it is with Russia.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. FISH. Yes.

Mr. OLIVER of Alabama. I recognize the importance of our trade with both of the countries to which the gentleman has referred. I think a mistake was made by the Foreign Building Commission in the purchase of old buildings in Berlin and also in Rome. The gentleman from New York will recall that we now own a building in Rome and one in Berlin, the one in Berlin cost about \$1,750,000, and the one in Rome about \$1,250,000. We had hoped that one of the buildings in Rome could be transformed into a residence, but later we found this to be impracticable. I feel the purchase was a mistake and for that reason we inserted in this bill a proviso that no part of this money should be used for the purchase of old buildings.

Mr. FISH. After we have passed this legislation and provide this money for building an American Embassy building in Moscow, I hope the gentleman will help to provide sufficient funds to build one in Berlin and one in Rome.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Speaker, I yield the gentleman 2 additional minutes, and I may say to the gentleman that we do own a building in Berlin which cost \$1,750,000.

Mr. FISH. That building burned down.

Mr. OLIVER of Alabama. No.

Mr. FISH. It was gutted by a fire and is not being used.

We do not own the ground at Moscow; we take it on a 99-year lease, and therefore we do not control the land. It is located 2½ miles out of the center of Moscow. How American citizens are going to get there, I do not know. There are no taxicabs. It is out of the center of the city where the hotels are located and where business will be done. You might as well build an embassy in Chevy Chase as to build this where we are building it.

It is a beautiful location in a park on the Moscow River and will make a beautiful residence for the Ambassador, but as far as the American citizens are concerned, I do not

know how they are going to get there unless we establish a fleet of taxicabs.

I made a few remarks the other day in which I said I had come to the conclusion that Mr. William C. Bullitt, our Ambassador, was a pretty smart man, that he knew a good deal about Russia and might be smart enough to be able to take care of himself. Only yesterday, however, I read in a newspaper that our new Ambassador at Moscow for whom we are providing this palatial residence, is about to enter into an agreement with high Soviet officials in an effort to have the United States and Soviet Russia enter into the League of Nations together. That is the report in the newspaper. I hope we are not paying an American Ambassador to go to Moscow in order to get us into the League of Nations with Soviet Russia. I believe in keeping out of entangling alliances, and in not getting into any agreement with Soviet Russia or any other foreign nation for the purpose of entering the League of Nations. [Applause.]

Mr. OLIVER of Alabama. Mr. Speaker, in view of the very gracious remarks of my good friend, the gentleman from New York, it is difficult for me just now to disagree with him about anything. [Laughter.]

I may say that the President of the United States from newspaper statements is not at this time in favor of our entering the League of Nations. [Applause.] I will say to the gentleman that the cost of the Embassy in Moscow is to be less than the cost of the Embassy in Tokyo, and it is thought that the Embassy they have planned in Moscow will be far more complete. It is a beautiful location, as reported to the committee, and the committee seemed to be in full agreement as to the suitability of the site.

The President sent a very strong letter to both the House and the Senate in favor of this program. It involves a 99-year lease at a nominal yearly payment of \$2,000, which is less than one half of 1 percent of the actual value of the land, the conferees were informed.

I now yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, before I address myself to the conference report, I would like to take this opportunity to say something about my good friend Buck in addition to what my colleague from New York has just said.

The gentleman from Alabama knows a lot about foreign affairs, but I want to say that he knows more about naval affairs than he does about foreign affairs. He is highly regarded for the work he has done on the Naval Affairs Legislative Committee as well as on the Appropriations Committee during his 20 years in Congress. While we all love you, Buck, some of us had an idea that you might want to go to the Senate some day from your State, so I hope you will not stay here for another 20 years, because you will then be too old to go to the Senate. Your constituents do themselves proud when they reelect you from time to time.

I rose to call attention to one or two items in the conference report. There appears to be a million dollars additional in the first item, amendment numbered 2, and another million in amendment numbered 3. They are very much alike, one applying to living-quarters allowances, amendment numbered 2, and the other applying to allowances for rent and heat, and so forth. They are very much alike, yet there is a million dollars added in each of these instances. How does that come about?

Mr. OLIVER of Alabama. While the gentleman is correct in stating that there is an increase—to be exact, \$954,000—in both amendment no. 2 and amendment no. 3, amendment no. 2 merely increases the amount of the limitation by that sum while amendment no. 3 actually increases the appropriation.

Mr. BRITTEN. Why was it necessary to increase the House appropriation \$1,000,000 in each instance?

Mr. OLIVER of Alabama. The appropriation was increased only to the extent of \$954,000, as indicated by amendment no. 3. The House appropriation carried a very limited amount for that purpose, and the State Department, with the approval of the Budget, recommended that additional

sum on account of the unusual conditions now prevailing abroad in many countries. We have put the same limitation on the amount that may be expended that has been carried in former years, and the whole matter will be very carefully watched, with a view to seeing that no excessive allowances are made to any Ambassador, Foreign Service officers, or clerks.

Mr. BRITTEN. By the usual allowances the gentleman means the \$3,000 in one instance and the \$1,700 in the other for the Foreign Service officer?

Mr. OLIVER of Alabama. Yes; the amounts you mention are the maximum limits.

Mr. BRITTEN. Is any of this amount made necessary by the exchange situation in the past year because we have gone off the gold standard?

Mr. OLIVER of Alabama. That may enter into it, but this appropriation will be taken into account in any sums hereafter submitted for deficiency appropriations to cover the exchange situation the gentleman refers to.

Mr. BRITTEN. I listened with considerable interest to the gentleman from New York [Mr. FISH] in what I will not call his opposition to the \$1,165,000 appropriation for a new building in Moscow, and I think that when we aim to appropriate \$1,000,000 for an embassy or an embassy residence in a country like Russia, where the location of the capital is always in doubt, that we should be very careful. The capital has changed several times. We have had one experience in Turkey in that respect, where we had a very beautiful legation building at Constantinople, and when the Government became weak they just moved the capital 1,000 miles or more to the east. China has done the same. I have been in Russia during recent years, and my impression is that there is danger in erecting any million-dollar building in Moscow because of the instability of the Government itself.

Gentlemen may say that the Government has been going on for 8 or 9 years, and that it is not unstable, but the capital of Russia was at one time in Peterhoff, named after Peter the Great. It was then moved from there to St. Petersburg, and that still was named after Peter the Great. The name of St. Petersburg was then changed to Leningrad, and it stayed there for a while, and finally was moved to Moscow. My impression is that the logical place for the capital is not Moscow but the place where the capital was for a long time, Leningrad. They may move back there, and if they did, the rental of a building over there would be vastly to our advantage rather than putting up a million-dollar structure, which would be useless for any local use, because the Russians do not live as we do. I am glad that the House conferees insisted on amending the amendment by providing for a new building and not the purchase of an old one, because I had carried in my files for some time this notation about the Embassy in Moscow that our Ambassador had gotten over there and had purchased an enormous building. The report that I have in mind states:

Ambassador Bullitt (William C.) will sleep in a baby-blue bedroom, adjoining a bathroom 25 feet square, surrounded by all the glories of the Czarist era.

The embassy is the palatial 40-room mansion of Russia's former sugar king (Tverkov) and has been re-done for Bullitt, but all of the dangling chandeliers and stained-glass windows and marble staircases and heavy damask hangings of the vanished days have been preserved.

A dining room will seat 300 people.

The show place of the embassy is the ballroom, surrounded by marble columns and decorated with crystal chandeliers 10 feet in diameter.

The reception hall will accommodate 40 couples for dancing.

There are eight master bedrooms.

The building was completed just before the World War. The owner was shot during the revolution, and the building has since been used by various Bolshevik political bureaus.

That type of building could always be sold for something over there in the event of the removal of the capital, but the kind of building that we are going to build for more than a million and a quarter would be useless to Russians in any walk of life. I think the gentleman's amendment is good, because it will provide for the expenditure of American money for American type of construction.

Mr. OLIVER of Alabama. I do not know whether that is an accurate description of the building the gentleman refers to or not.

Mr. BRITTEN. This came from over there.

Mr. OLIVER of Alabama. If the full allowance which the State Department is permitted to make for rent, heat, and light is made to the Ambassador to Russia, he will still have to pay a very substantial amount as rent for this building. The building program which we are here providing funds for does not contemplate simply a residence for the Ambassador, but there will be quarters for all of our Foreign Service representatives who are stationed at Moscow. Likewise, there will be offices for all representatives from the different departments of our Government who may be stationed there.

Mr. BRITTEN. It is an Embassy for official purposes and a residence as well?

Mr. OLIVER of Alabama. Yes.

Mr. BRITTEN. That is the idea of the plan?

Mr. OLIVER of Alabama. Yes.

Mr. BRITTEN. I am very glad to have the gentleman's viewpoint, because I regard his opinion very highly, but I am sorry that at this time, when there is so much being said about Red activities—and there is a great deal of it in the big cities especially, much more than most of us comprehend—we should at this time be more or less throwing a flower or a kiss to the Bolsheviks in Russia. Call them what you please—Communists, Soviet States, or otherwise. I think it will be misconstrued. It will look like a little flattery. It will look as though we are going out of our way to cater to the Russians when, as the gentleman from New York said awhile ago, we might be catering in some other more desirable direction.

Mr. OLIVER of Alabama. May I say to the gentleman that I recognize there are differences of opinion, of course, as to the probable effect of the President's recognition of Russia, but I believe those who are best acquainted with conditions throughout the world feel that in recognizing Russia the President has done much to silence all rumors of war in the near future and has made a real contribution to world peace.

Mr. BRITTEN. I am not complaining about the recognition of Russia. I was speaking of the unwisdom of spending all this money now in Russia, at a time when there is so much unrest and so much fear of Communist propaganda here.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. CONNERY. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. CONNERY. I simply wish to ask the gentleman some questions. Of course, my tribute to my friend and colleague from Alabama is in the Record, which I have asked unanimous consent to extend, together with the Members of the House, the distinguished Cabinet members, and other people.

Mr. OLIVER of Alabama. All of which are very deeply appreciated.

Mr. CONNERY. The gentleman deserves all of that tribute. I should like to ask the gentleman if the entire \$4,000,000 for the Unemployment Service is now in the bill?

Mr. OLIVER of Alabama. No. It is \$3,700,000.

Mr. CONNERY. When the Wagner-Peyser bill was before the Committee on Labor we brought in the three legislative representatives of the veterans' organizations, the Veterans of Foreign Wars, the Disabled Veterans' organization, and the American Legion, on the question of offering an amendment to the bill which would provide for separate offices for the veterans. It was made very plain at that time, when those amendments were passed, that a separate office was to be set up every place where we had an employment office, for the purpose of obtaining positions for veterans, and they were to be in charge of a veteran. Since the law went into effect they have not been doing that, have they?

Mr. OLIVER of Alabama. No; they have not.

Mr. CONNERY. Yet it is clearly written into the bill, because we felt that a disabled veteran coming into a United States employment office would find it more difficult to get a position than an ordinary man, because a manufacturer would not want a disabled veteran, and we felt a veteran should be in charge of the office, or at least a veteran should be in charge of the veterans' part of it, to try to get positions for the disabled men. Did anything come up about that in the conference?

Mr. OLIVER of Alabama. Permit me to say that the statements made by my friend the gentleman from Massachusetts when this bill was before the House led me to conclude when we were in conference that there should be a proviso requiring that the minimum amount to be expended for veterans' placement service should be not less than \$200,000, and such a proviso is carried in the conference report, which sum is an increase of \$56,000 over what the Bureau stated they expected to spend for this service. In view of the gentleman's statement as to what the committee, of which he is the distinguished chairman, felt was the purpose and intent of that legislation, and how he felt it should be construed by the Department of Labor, I am confident they will make a liberal allowance for the veterans' placement service. They cannot spend less than \$200,000.

Mr. CONNERY. One thing more. We have unemployment set-ups in many of the States, and the Government is going to cooperate with them, under the Wagner-Peyser bill. Will they take care of the States that do not have those set-ups?

Mr. OLIVER of Alabama. Yes.

Mr. CONNERY. In other words, will they go into States to try to encourage those employment offices?

Mr. OLIVER of Alabama. I am glad the gentleman asked that question, because I think every Member will be interested in this statement. The gentleman has correctly stated that the Wagner-Peyser Act provided that for the first 2 years the appropriations might be expended in setting up Federal employment offices without requiring the States to match the allocations made to the States.

We find that for the first year the Department had not been carrying out the law in this regard. So after this bill went to the Senate, and after the House had denied the full amount recommended by the Budget, since we did not want to pile up appropriations unless they were to be spent, I conferred with the Secretary of Labor and found that she was entirely sympathetic to setting up immediately these Federal employment offices in every State, under authority vested in the Secretary by the Wagner-Peyser law, and there will be speedily set up in every State employment offices within the limits of the amounts which the appropriations for the fiscal years 1934 and 1935 allow to the several States for this purpose. Forty legislatures meet early in 1935, and if these employment offices are rendering a worthwhile service we feel sure that the States will see that the offices are continued by matching Federal appropriations for the fiscal year 1936, since the law requires this beginning with the fiscal year 1936.

Mr. CONNERY. I thank the gentleman.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. Can the gentleman inform us what the architecture of this building will be? There is a rumor that it will be something like our university down at Monticello, Va.

Mr. OLIVER of Alabama. I think that is the tentative plan they are considering.

Mr. GOSS. Has it been approved?

Mr. OLIVER of Alabama. I cannot say it has been approved. A commission composed of 3 Cabinet officers, 2 members from the Foreign Affairs Committee of the House, and 2 members from the Foreign Relations Committee of the Senate constitute the Foreign Building Commission and are clothed with full authority to determine the type and character of the buildings to be constructed within the limits of the appropriation carried.

Mr. GOSS. Is it to be built by Russian labor?

Mr. OLIVER of Alabama. I think only unskilled Russian labor will be used; and all of the material except such as cannot be transported at a reasonable cost will be purchased and transported from this country.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first Senate amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 1: Page 5, line 6, strike out the word "appropriation" and insert "or any existing appropriation for printing and binding of these papers."

Mr. OLIVER of Alabama. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 5: Page 9, after line 14, insert:

"COST OF LIVING ALLOWANCE, FOREIGN SERVICE OFFICERS

"For allowances to diplomatic, consular, and Foreign Service officers and clerks, wherever the cost of living may be proportionately so high that, in the opinion of the Secretary of State, such allowances are necessary to enable such officers and clerks to carry on their work efficiently, as authorized by the act approved February 23, 1931 (U.S.C., supp. VI, title 22, secs. 12, 23a), \$300,000, of which amount not to exceed \$100,000 shall be immediately available."

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate no. 5 and agree to the same with the following amendment:

The Clerk read as follows:

Mr. OLIVER of Alabama, moves that the House recede from its disagreement to the amendment of Senate no. 5 and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"COST OF LIVING ALLOWANCE, FOREIGN SERVICE OFFICERS

"To carry out the provisions of the act approved February 23, 1931 (U.S.C., supp. VI, title 22, secs. 12, 23c) relating to allowances and/or additional compensation to diplomatic, consular, and Foreign Service officers and/or clerks when such allowances and/or additional compensation are necessary to enable such officers and/or clerks to carry on their work efficiently: *Provided*, That such allowances and/or additional compensation shall be granted only in the discretion of the President, and under such regulations as he may prescribe, \$300,000, of which amount not to exceed \$100,000 shall be immediately available."

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 8: Page 15, lines 2 and 3, strike out "\$3,500; in all, \$579,948" and insert the following: "\$4,075; in all, \$580,523, together with such additional sums, due to increases in rates of exchange as may be necessary to pay in foreign currencies the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation for the fiscal years 1934 and 1935."

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate no. 8 and agree to the same with the following amendment.

The Clerk read as follows:

Mr. OLIVER of Alabama moves that the House recede from its disagreement to the amendment of the Senate no. 8 and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "\$3,500; in all, \$579,948, together with such additional sums, due to increases in rates of exchange as may be necessary to pay in foreign currencies the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation for the fiscal years 1934 and 1935."

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 19: Page 33, line 15, after "\$10,000", insert the following: "*Provided further*, That reports be submitted to the Congress on the 1st day of July and January showing the names of the persons employed hereunder, the annual rate of compensation or amount of any fee paid to each, together with a description of their duties."

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 21: Page 44, after line 23, insert the following: "*Provided*, That a report be submitted to Congress on the 1st day of the next regular session showing the names of the persons employed hereunder, the annual rate of compensation paid to each, together with a description of their duties."

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

Mr. OLIVER of Alabama. Mr. Speaker, I think this statement will prove of interest: All of the increases inserted by the Senate represent Budget estimates submitted by the President to the Senate after the bill left the House. It may be of interest also to know that for the fiscal year 1932 there was appropriated for these four departments \$139,069,937.34. The pending bill for these same four departments carries \$88,884,522, showing a saving since the fiscal year 1932 of \$50,185,415.34. [Applause.]

On motion of Mr. OLIVER of Alabama, a motion to reconsider the votes by which the action was taken on the Senate amendments was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BACON, indefinitely, on account of death in family.

To Mr. BECK (at the request of Mr. DARROW), for three days.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7966. An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Tuesday, March 27, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

(Tuesday, Mar. 27, 10:30 a.m.)

The Naval Affairs Committee will hold hearings in the committee room on H.R. 8820, to amend section 1 of an act approved May 6, 1932, and will continue hearings on S. 1103

and S. 1104, to authorize the Secretary of the Navy to proceed with certain public works at the naval air station at Pensacola, Fla.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Mar. 27, 10 a.m.)

Hearing on railroads—full crew, car length, and 6-hour-day bills.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. S. 2999. An act to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes; with amendment (Rept. No. 1075). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Claims. H.R. 529. A bill for the relief of Morris Spirt; with amendment (Rept. No. 1052). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 1792. A bill for the relief of Michael Petrucelli; with amendment (Rept. No. 1053). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 2671. A bill for the relief of R. A. Chambers; with amendment (Rept. No. 1054). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 2674. A bill for the relief of the estate of Ambrose R. Tracy and his children; without amendment (Rept. No. 1055). Referred to the Committee of the Whole House.

Mr. THOM: Committee on Claims. H.R. 3243. A bill for the relief of Harry E. Good, administrator de bonis non of the estate of Ephraim N. Good, deceased; with amendment (Rept. No. 1056). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 3782. A bill for the relief of Gladding, McBean & Co.; with amendment (Rept. No. 1057). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 4446. A bill for the relief of E. E. Hall; with amendment (Rept. No. 1058). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 4672. A bill for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey; with amendment (Rept. No. 1059). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 5409. A bill for the relief of Lawrence S. Copeland; with amendment (Rept. No. 1060). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 5584. A bill for the relief of William J. Kenely; with amendment (Rept. No. 1061). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 5835. A bill for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce; without amendment (Rept. No. 1062). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 5947. A bill authorizing adjustment of the claim of the Western Union Telegraph Co.; with amendment (Rept. No. 1063). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 6350. A bill for the relief of Arthur Smith; with amendment (Rept. No. 1064). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 6945. A bill for the relief of John B. Grayson; with amendment (Rept. No. 1065). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 6998. A bill for the relief of Capt. Frank J. McCormack; with amendment (Rept. No. 1066). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 7736. A bill for the relief of Rocco D'Amato; with amendment (Rept. No. 1067). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8650. A bill for the relief of B. J. Sample; with amendment (Rept. No. 1068). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8688. A bill for the relief of Stella E. Whitmore; without amendment (Rept. No. 1069). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8727. A bill for the relief of the First State Bank & Trust Co., of Mission, Tex.; without amendment (Rept. No. 1070). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. S. 870. An act for the relief of L. R. Smith; with amendment (Rept. No. 1071). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 1540. An act for the relief of the Concrete Engineering Co.; with amendment (Rept. No. 1072). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. S. 2139. An act for the relief of the Western Union Telegraph Co.; with amendment (Rept. No. 1073). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. S. 2688. An act to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and citizens' military training camps; without amendment (Rept. No. 1074). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. S. 2002. An act for the relief of R. S. Howard Co., Inc.; with amendment (Rept. No. 1076). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Post Office and Post Roads was discharged from the consideration of the bill (H.R. 8514) authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; and the same was referred to the Committee on Public Buildings and Grounds.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H.R. 8829) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; to the Committee on Agriculture.

By Mr. PRALL: A bill (H.R. 8830) authorizing the Interboro Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across New York Bay between Brooklyn and Staten Island; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKSTEIN: A bill (H.R. 8831) to provide for additional compensation to jurors in criminal cases; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H.R. 8832) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1893, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MALONEY of Connecticut: A bill (H.R. 8833) to authorize the coinage of 50-cent pieces in commemoration

of the three hundredth anniversary of the founding of the Colony of Connecticut; to the Committee on Coinage, Weights, and Measures.

By Mr. BOEHNE: A bill (H.R. 8834) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; to the Committee on Interstate and Foreign Commerce.

By Mr. LUNDEEN: A bill (H.R. 8835) authorizing the establishment of a filing and indexing service for useful Government publications; to the Committee on the Library.

By Mr. SCRUGHAM: A bill (H.R. 8836) to amend the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

By Mr. BULWINKLE: Resolution (H.Res. 313) to create a select committee to investigate certain statements made by one Dr. William A. Wirt, and for other purposes; to the Committee on Rules.

Also, resolution (H.Res. 314) to provide for expenses for the investigation of House Resolution 313; to the Committee on Accounts.

By Mr. BAILEY: Joint resolution (H.J.Res. 307) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H.R. 8837) for the relief of Joseph Edward Zins; to the Committee on Naval Affairs.

By Mr. BLAND: A bill (H.R. 8838) granting a pension to Neva Dobbins; to the Committee on Pensions.

By Mr. CARTER of California: A bill (H.R. 8839) granting a pension to Maud E. Murphy; to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H.R. 8840) for the relief of William Zeiss; to the Committee on Claims.

By Mr. GRANFIELD: A bill (H.R. 8841) for the relief of Edward H. Baines; to the Committee on the Civil Service.

By Mr. GRISWOLD: A bill (H.R. 8842) for the relief of Arthur Smith; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H.R. 8843) authorizing the President to appoint Henry Beckwith Taliaferro, formerly an ensign, United States Navy, to his former rank as ensign, United States Navy; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3274. By Mr. BOYLAN: Resolution adopted at the regular meeting of the New York Typographical Union, No. 6, New York City, favoring the Connery 30-hour week bill; to the Committee on Labor.

3275. Also, letter from the Wholesale Marble Dealers Credit Association, New York City, favoring House bills 7481 and 8278; to the Committee on Appropriations.

3276. Also, resolution adopted by the American Institute of Mining and Metallurgical Engineers, New York City, urging adequate support for the Bureau of Mines and Geological Survey; to the Committee on Agriculture.

3277. Also, letter from the Central Trades and Labor Council of Greater New York and Vicinity, New York City, endorsing the protest submitted by the New York Letter Carriers' Association, Branch No. 36, against wage reductions and payless furloughs; to the Committee on the Post Office and Post Roads.

3278. By Mr. CARTER of California: Petition of the Council of the City of Alameda, Calif., No. 1829, opposing the 5 cents a pound excise tax on coconut oil; to the Committee on Ways and Means.

3279. By Mr. CULKIN: Resolution of Hope Grange, No. 115, favoring the enactment of House bill 6612, prohibiting the manufacture and sale of butter substitutes in the United States; to the Committee on Agriculture.

3280. By Mr. CULLEN: Petition of the Typographical Union, No. 6, New York City, urging the enactment of the Connery 30-hour work week bill; to the Committee on Labor.

3281. Also, petition of the Joint Committee of Teachers' Organizations, New York City, urging the Congress to investigate and determine if and why the Federal Government, which has billions of dollars to loan, deliberately discriminates against the city of New York in its ruling upon the city's application for a loan of only \$23,000,000 upon ample security in bonds of the city of New York; to the Committee on Banking and Currency.

3282. By Mr. DE ROUEN: Petition of the First Christian Church and the Church of the Nazarene, of Lake Charles, La., protesting against the enactment of House bill 7129, or any other similar bill; to the Committee on the Judiciary.

3283. By Mr. FITZPATRICK: Petition of the Joint Committee of Teachers' Organizations, New York City, N.Y., relative to the loan applied for by the city of New York for \$23,000,000 to continue and extend the city's subway construction program; to the Committee on Banking and Currency.

3284. Also, petition of the Twelfth Ward Democratic Organization of the city of Yonkers, N.Y., urging the restoration of the full pay cut to Federal employees; to the Committee on Appropriations.

3285. By Mr. FORD: Resolution of the board of directors of the Young Women's Christian Association of Los Angeles, urging favorable action on the Patman motion-picture bill, H.R. 6097, providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3286. Also, resolution of the Los Angeles Central Labor Council, urging the establishment of a maximum work week of 30 hours in industry; to the Committee on Labor.

3287. By Mr. JOHNSON of Texas: Petition of J. E. Rittersbacher, president of American Well & Prospecting Co. of Corsicana, Tex., opposing the Wagner bill, S. 2926; to the Committee on Labor.

3288. Also, petition of Brazos County Chapter, Texas Reserve Officers' Association, urging increased appropriation for Reserve officers' training; to the Committee on Appropriations.

3289. By Mr. LINDSAY: Petition of R. A. Corroon, president and chairman American Equitable Assurance Co., of New York, and other companies, opposing the Securities Act and exchange bill; to the Committee on Interstate and Foreign Commerce.

3290. Also, petition of the Reynolds Metals Co., New York City, opposing the national securities exchange bill; to the Committee on Interstate and Foreign Commerce.

3291. Also, petition of the Pittsburgh Tube Co., Pittsburgh, Pa., opposing the Wagner-Connery bills; to the Committee on Labor.

3292. Also, petition of the H. Kohnstamm & Co., Inc., New York City, opposing the Wagner labor dispute bill; to the Committee on Labor.

3293. Also, petition of the Pilgrim Laundry, Inc., Brooklyn, N.Y., opposing the Wagner bill; to the Committee on Labor.

3294. Also, petition of the Hauck Manufacturing Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3295. Also, petition of the American Fruit and Vegetable Shippers Association, Chicago, Ill., concerning processing tax levied on jute bags; to the Committee on Ways and Means.

3296. By Mr. RUDD: Petition of Harry L. Denzler, Herman M. Dederer, Stanley Waitkus, and Richard R. Roberts, of Brooklyn, N.Y., opposing the passage of the Wagner-Connery bill; to the Committee on Labor.

3297. Also, petition of Hon. Frank J. Ryan, deputy commissioner, department of taxation and finance, New York City, favoring the enactment of House bill 8544; to the Committee on Ways and Means.

3298. Also, petition of H. Kohnstamm & Co., Inc., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3299. Also, petition of R. A. Corroon, chairman and president American Equitable Insurance Co., of New York, Globe & Republic Insurance Co., of America, Knickerbocker Insurance Co., of New York, Merchants & Manufacturers Fire Insurance Co., New York Fire Insurance Co., opposing the passage of the Fletcher-Rayburn stock-control bills; to the Committee on Interstate and Foreign Commerce.

3300. Also, petition of the Pittsburgh Tube Co., Pittsburgh, Pa., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3301. Also, petition of the Reynolds Metals Co., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3302. Also, petition of the Hauck Manufacturing Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills, S. 2926 and H.R. 8423; to the Committee on Labor.

3303. By Mr. TREADWAY: Resolution of Woman's Christian Temperance Union of Adams, Mass., urging early hearings and favorable action on House bill 6097, providing higher moral standards for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, MARCH 27, 1934

(Legislative day of Tuesday, Mar. 29, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Saturday, March 24, and Monday, March 26, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Robinson, Ark.
Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Davis	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lorergan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McAdoo	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Tompson
Bulkley	George	Murphy	Townsend
Bulow	Gibson	Neely	Vandenberg
Byrd	Glass	Norris	Van Nuys
Byrnes	Goldsborough	Nye	Wagner
Capper	Gore	O'Mahoney	Walcott
Caraway	Hale	Overton	Walsh
Carey	Harrison	Patterson	Wheeler
Clark	Hastings	Pittman	White
Connally	Hatch	Pope	
Coolidge	Hatfield	Reed	
Copeland	Hayden	Reynolds	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

SIGNING BY VICE PRESIDENT OF INDEPENDENT OFFICES APPROPRIATION BILL

The VICE PRESIDENT. The Chair lays before the Senate a statement which the Clerk will read.

The Chief Clerk read as follows:

The Chair desires to announce that, under authority of the order of the Senate, he signed, after the recess on yesterday, the enrolled bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes, said bill having previously been reported by the Committee on Enrolled Bills as having been examined and found truly enrolled.

REPEAL OF ALASKA PROHIBITION LAW

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Maryland [Mr. TYDINGS], Chairman of the Committee on Territories and Insular Affairs, is necessarily absent on business of the Senate. I wish to present a concurrent resolution and ask unanimous consent for its immediate consideration out of order.

The bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, contains the following provision:

Provided, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.

In the opinion of many authorities, including the Chief Executive, and, I think, also the Attorney General, that proviso is unconstitutional. I am, therefore, presenting for the Senator from Maryland [Mr. TYDINGS] a concurrent resolution requesting that the President return Senate bill 2729 to the Senate in order that it may be revised. I ask unanimous consent for the present consideration of the concurrent resolution.

There being no objection, the concurrent resolution (S.Con.Res. 11) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the President is requested to return to the Senate the bill (S. 2729, 73d Cong., 2d sess.) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

SUPPLEMENTAL ESTIMATE FOR THE LEGISLATIVE ESTABLISHMENT (S.DOC. NO. 165)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, under the Architect of the Capitol, fiscal year 1935, for maintenance, Senate Office Building, in the sum of \$84,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the mayor and council of the Borough of Cresskill, Bergen County, N.J., favoring the passage of the so-called "Kenney bill", being House bill 3082, to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for municipalities, which were referred to the Committee on Banking and Currency.

Mr. TYDINGS presented a petition of sundry citizens, being members of the Farmers Union, of Carroll County, Md., praying for the enactment of the so-called "Frazier-Lemke farm loan bill", which was referred to the Committee on Agriculture and Forestry.

He also presented petitions of sundry citizens of Cumberland, Md., and Chicago and vicinity, in the State of Illinois, praying for the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by Royal Lodge, No. 198, B'rith Sholom, and Crotona Lodge, No. 560, Independent Order of B'rith Abraham, both of New York City; M. Breitbard Lodge, No. 99, Independent Order of B'rith Abraham, of Brooklyn, N.Y.; and Galveston Lodge, No. 461, Independent Order of B'rith Abraham, of Galveston, Tex., favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens, being members of the Farmers Union of Carroll County, Md., remonstrating against expenditures to build up the Navy to treaty strength, and favoring the adoption of the so-called "Nye resolution" providing for a Senate investigation regarding arms, armaments, and munitions, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Exchange Club, of Poughkeepsie, N.Y., favoring the securing of a free port site for Poughkeepsie, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the executive committee of the Richmond County Division, National War Veterans Association, Inc., of Staten Island, N.Y., favoring the establishment of a free port on Staten Island, N.Y., which was referred to the Committee on Commerce.

He also presented a resolution adopted by Typographical Union, No. 6, of New York City, N.Y., favoring the passage of 30-hour-work-week legislation without reduction of existing wage standards, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by Madison County Pomona Grange, of Cazenovia, N.Y., favoring the imposition of an excise tax of 5 cents per pound upon all coconut oil used in the United States, which was referred to the Committee on Finance.

He also presented a resolution adopted by Morrisville Grange, No. 1149, Patrons of Husbandry, of Morrisville, N.Y., favoring the imposition of a 5-cent tax on imported coconut and sesame oils used in the manufacture of butter substitutes, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Building Managers Association of Buffalo, N.Y., protesting against the adoption of a provision in House bill 7835, the revenue bill, applying to personal holding companies that are defined so as to include companies with a small number of stockholders deriving 80 percent or more of their income from rent, securities, etc., which was referred to the Committee on Finance.

He also presented resolutions adopted by Royal Lodge, No. 198, B'rith Sholom, and Crotona Lodge, No. 560, Independent Order of B'rith Abraham, both of New York City, and Jehuda Horowitz Lodge, No. 35, Independent Order of B'rith Abraham, of Brooklyn, all in the State of New York, favoring the adoption of Senate Resolution 154, opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Brookville (N.Y.) Democratic Club, protesting against the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a petition of members of the Silver Springs (N.Y.) Methodist Episcopal Sunday School, praying for the participation of the United States in the World Court and its entrance into the League of Nations, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Division 292, Brotherhood of Locomotive Engineers, of Middletown, N.Y., favoring the passage of legislation placing commercial motor and water carriers under the authority and control of the Interstate Commerce Commission, which was referred to the Committee on Interstate Commerce.

He also presented petitions of sundry citizens and religious organizations of the State of New York praying for the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce,

which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Holly Lodge, No. 70, Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, of Buffalo, N.Y., protesting against consolidation of the railroads in the United States, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Rochester Council, No. 178, Knights of Columbus, of Rochester, N.Y., protesting against the passage of legislation permitting the importation of contraceptive devices and allowing the transmission of such devices and information relative thereto through the mails, which was referred to the Committee on the Judiciary.

He also presented a petition of members of Mount Washington Presbyterian Church, of New York City, N.Y., praying for the passage of antilynching legislation, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the executive board of the Albany Inter-Racial Council, Inc., of Albany, N.Y., favoring the passage of antilynching legislation, which was referred to the Committee on the Judiciary.

He also presented a petition of members of the Silver Springs (N.Y.) Methodist Episcopal Sunday School, praying for and endorsing investigation of excessive profits alleged to be made by air and army contractors, and also that such inquiry include munition makers, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Young People's Epworth League of the Methodist Episcopal Church of Canandaigua, N.Y., favoring the prevention of war, the prohibition of shipment of arms and munitions to any foreign country, and protesting against war propaganda, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by a mass meeting of postal employees in New York City held under the auspices of the Metropolitan Joint Conference of Affiliated Postal Employees, protesting against the issuance of a recent order by the Post Office Department relative to the furloughing of postal employees and requesting its immediate cancelation, and favoring the prompt and full restoration of salaries reduced under the so-called "Economy Act" and the repeal of provisions of that act prohibiting the filling of vacancies and authorizing payless furloughs, which was referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. THOMPSON, from the Committee on Indian Affairs, to which was referred the bill (S. 2566) authorizing the conveyance of certain lands to the State of Nebraska, reported it with an amendment and submitted a report (No. 553) thereon.

Mr. BONE, from the Committee on Agriculture and Forestry, submitted a report (No. 554) to accompany the bill (H.R. 6525) to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930, heretofore reported by him from that committee without amendment.

Mr. BANKHEAD, from the Committee on Banking and Currency, to which was referred the bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, reported it with an amendment and submitted a report (No. 555) thereon.

Mr. COOLIDGE, from the Committee on Immigration, to which was referred the bill (H.R. 3521) to reduce certain fees in naturalization proceedings, and for other purposes, reported it with amendments and submitted a report (No. 556) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (S. 1442) for the relief of John O'Gorman, reported it with an amendment and submitted a report (No. 557) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH (for Mr. TRAMMELL), from the Committee on Naval Affairs, reported favorably the nomination of Maj. Gen. (temporary) John R. Russell to be the Major General Commandant of the Marine Corps for a period of 4 years from the 1st day of March 1934.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

INTERNAL-REVENUE TAXATION

Mr. HARRISON. Mr. President, I had expected, on behalf of the Finance Committee, to be able today to report House bill 7835, being the tax bill. I have the report ready, but I find that we have received only the proofs of the bill itself, and copies for Senators and the press will not be available until tomorrow. Therefore, in order to avoid confusion, I shall withhold submitting the report to the Senate until tomorrow, when copies of the report and bill will be available to Senators as well as to the press. I hope that we may be able to take up the tax bill on the following day, Thursday, for consideration by the Senate.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 3189) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of William E. B. Grant; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3190) authorizing the appointment and retirement of S. Meredith Strong as a major, Medical Corps, United States Army; and

A bill (S. 3191) for the relief of Lucien Treadway; to the Committee on Military Affairs.

A bill (S. 3192) for the relief of Arthur Hansel; to the Committee on Claims.

A bill (S. 3193) authorizing the retirement of Joseph F. Becker as a lieutenant commander, United States Navy;

A bill (S. 3194) for the relief of Franklin Scott Irby;

A bill (S. 3195) to correct the naval record of Arthur Noble; and

A bill (S. 3196) to correct the naval record of Alfred Joseph Pratt; to the Committee on Naval Affairs.

By Mr. DILL:

A bill (S. 3197) for the relief of Ira M. Kurtz; to the Committee on Claims.

(By request.) A bill (S. 3198) to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", approved September 26, 1914 (U.S.C., title 15, ch. 2, secs. 41-51); to the Committee on Interstate Commerce.

By Mr. REED:

A bill (S. 3199) for the relief of Thomas A. Coyne; to the Committee on Military Affairs.

By Mr. VAN NUYS:

A bill (S. 3200) to amend the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. HASTINGS:

A bill (S. 3201) for the relief of Robert Wolfe; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 3202) to correct the military record of Robert George Lechleiter; to the Committee on Military Affairs.

By Mr. SMITH (by request):

A bill (S. 3203) to amend an act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine", approved August 2, 1886, as amended, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. JOHNSON:

A bill (S. 3204) for the relief of Frank R. Carpenter, alias Frank R. Carvin; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 3205) for the relief of Orson Thomas; to the Committee on Claims.

A bill (S. 3206) authorizing a preliminary examination and survey of the Green River, Utah; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 3207) for the relief of Eugene J. Pettus; to the Committee on Military Affairs.

By Mr. BACHMAN:

A bill (S. 3208) granting a pension to Thomas A. Yadon; to the Committee on Pensions.

By Mr. ASHURST (by request):

A bill (S. 3209) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against Weirton Steel Co. and other cases; to the Committee on the Judiciary.

REMONETIZATION OF SILVER—ADDRESS BY SENATOR WHEELER

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the RECORD a very illuminating and interesting address delivered by the Senator from Montana [Mr. WHEELER] at Chicago on the 21st of this month before the Chicago Association of Commerce, pertaining to the remonetization of silver.

There being no objection, the address was ordered to be printed in the RECORD as follows:

The present generation of Americans look upon bimetalism as Bryanism and do not take the trouble to study the history or science of money as well understood long prior to the Bryan campaign.

The truth is that Alexander Hamilton, the greatest Secretary of the Treasury, in the minds of many Republicans, up to the advent of Andrew Mellon, in his able and invaluable report of 1791, on the establishment of the mint, declared that "to annul the use of either gold or silver as money is to abridge the quantity of circulating medium and is liable to all the objections which arise from a comparison of the benefits of a full circulation with the evils of a scanty circulation. It seems most advisable not to attach the unit to either of the metals because this cannot be done effectually without destroying the office and character of them as money, and reducing it to the situation of mere merchandise." How true those words of Hamilton have proved to be.

THE PRESENT GENERATION OF AMERICANS

As late as in May 1894 a cable message was sent to the Lord Mayor of London by leading United States Senators of both parties, as follows:

"We desire to express our cordial sympathy with the movement to promote the restoration of silver by international agreement in aid of which we understand a meeting is to be held today under Your Lordship's presidency. We believe that the free coinage of both gold and silver by international agreement at a fixed ratio would secure to mankind the blessing of a sufficient volume of metallic money, and, what is hardly less important, secure to the world of trade immunity from violent exchange fluctuations."

Who do you suppose were among the signers of that cablegram? Henry Cabot Lodge, Republican Senator from Massachusetts; W. E. Chandler, Republican, from New Hampshire; Nelson W. Aldrich, Republican, from Rhode Island; Shelby M. Cullom, Republican, from Ohio; W. B. Allison, Republican, from Iowa; Calvin S. Brice, Democrat, from Ohio; S. S. Platt, Republican, from Connecticut; A. P. Gorman, Democrat, from Maryland; John Sherman, Republican, from Ohio, Secretary of Treasury under Hayes and Secretary of State under McKinley.

It should be remembered that these men, conservative Republicans and Democrats that they were, were for the remonetization of silver at a definite fixed ratio, believing that it would be to the best interests of the people of the world. They wanted an international agreement, which was unobtainable then and has been ever since, because Great Britain wanted then, and wants today, cheap raw materials from India and America. These men were afraid at that time that because of the fact that we were a debtor nation and owed Great Britain and other European countries large sums of money that we could not maintain the bimetallic system alone.

Since the war that has completely changed, and I have no doubt but that if these great statesmen, both Democrats and Republicans alike, were in the Senate today they would stand shoulder to shoulder with those of us who are fighting for this country to remonetize silver independently and alone. They would have the foresight to see and know that this country, being the greatest creditor nation in the world and occupying a position in finance and leadership such as no other nation has ever occupied, can remonetize silver, and thereby force England and other countries, if they want to retain their oriental business, to do the same thing.

To those of you who fear that we would be flooded with silver let me say to you that the only way you can lose your gold,

provided there was no embargo on it, would be by having trade balances run against you over a period of years.

If we should remonetize silver, we would prevent the Orient from dumping their products upon us and we would make it possible for them to buy from us, which they are practically unable to do today. It would raise the cost of production to their manufacturers as well as the cost of production of their raw materials.

These Senators who signed the cablegram call attention to exchange fluctuation, the very thing from which the world has been suffering since the war, and suffering from it because of the fact that there is not a sufficient amount of gold to meet the new demands of commerce and trade even in the Western World. A further reason is the fact that practically two countries have cornered the gold of the world and other countries have been unable to get what we call primary money upon which to base their currency and their credit.

The World War brought about a complete disruption of monetary stability everywhere. At the end of the conflict, all the countries of the world were off the gold standard, either through suspension of redemption or through embargoes on gold exports, and the foreign exchange rates fluctuated widely in spite of attempts made by countries to minimize these oscillations by means of control devices. For a period of several years after the war, the United States was the only country that had returned to the full gold standard.

The international bankers met at Brussels in 1920 and in Genoa in 1922, with the distinct purpose in view of placing the countries of the world back on the gold standard. They stated in substance that a return to the gold standard was indispensable to economic reconstruction. Between 1923 and 1929, in part as a result of international cooperation, as in the case of Austria, Hungary, and Germany, and in part as a result of independent action, virtually the whole world returned to a gold standard either formally or de facto. The notable exceptions were China and Persia, which were on the silver standard, and Brazil, Spain, Turkey, and several smaller countries, which were still operating on the basis of inconvertible paper.

A second break-down of the gold standard occurred after the economic depression was well under way until practically every nation in the world abandoned the gold standard, and depreciated currencies followed in its wake. England depreciated her currency approximately 33 percent, Argentina about 40 percent, and Japan about 60 percent.

There are three kinds of money in every capitalistic state; primary money, currency money, and credit or debt money. Under the right rule of capitalism there are fixed proportions of these three moneys if a sound and adequate money is available. The proportions are these: \$1 of basic money, \$2.50 of currency, \$12 of credit.

When France and the United States obtained 70 percent of all the monetary gold in the world, the rest of the countries which had been on the gold standard lost their primary money. If they wanted to regain that primary money, it became necessary for them to contract their currency and their credit; in other words, deflate—drive the prices of their commodities down so that they could sell them cheaper on the world market; increase their trade balances. The other alternative was for them to depreciate their currencies or, in other words, issue paper money and issue credit, regardless of the amount of gold which they had, and thus recapture their trade in the world markets.

They followed the latter course, and practically every nation in the world went off the gold standard. I think it is of the greatest importance that we understand and appreciate what effect depreciated currencies have had upon our trade and commerce.

When England went off the gold standard and her currencies depreciated 30 percent, did that give England any advantage in the world markets? It certainly did. Ex-President Hoover stated: "The depreciation of foreign currencies lowers the cost of production abroad compared to our costs of production." If the depreciation of foreign currencies lowers the cost of production, as President Hoover correctly stated, Japan with her depreciated currency of 60 percent, Argentina with a depreciated currency of 40 percent, and China with a depreciated currency by reason of the low price of silver, have a distinct advantage over the producers of raw materials and producers of manufactured articles in the United States of America.

The president of the Chamber of Commerce of the United States made the statement some time ago to this effect: "Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products."

When England went off of the gold standard many of her statesmen boasted of the fact that she would have an advantage by reason of her depreciated currency, but when I stood upon the floor of the Senate and called attention to the fact that the low price of silver meant depreciated currencies in China and the Orient, few, if any, at first gave heed to my remarks because of the prejudice that existed since the campaign of '96.

Let me repeat, low-price silver means depreciated currencies in the Orient; depreciated currencies in the Orient mean lower cost of production to her manufacturers, her cotton and wheat producers, and inability on her part to purchase manufactured goods from this country because, to the extent that she has silver, her buying power is decreased.

Is it not about time that the people of the United States lay aside not only their racial and religious prejudices but that they likewise lay aside their economic prejudices; that they stop fol-

lowing a few international bankers who have for the past few years dominated our economic, financial, and political life to the great detriment of the American people? They have by their false doctrines brought us right up to the abyss.

Let us see what the demonetization of silver has done to the manufacturers of this country.

I obtained the following figures from the United States Department of Commerce: In 1912 the number of cotton spindles in Japan was 2,177,000, and in 1932, 7,965,000. In 1912 Japan had 22,000 looms, and in 1932, 79,000. During this same 20-year period from 1912 to 1932 her exports of cotton goods increased as follows: Number of yards exported to China in 1912 was 168,000,000, and in 1932, 194,000,000. This increase was not very great, due to the fact that China was also developing her textile industry during this same period of time. But let us see what happened in other countries.

In 1912 Japan exported to India 8,000,000 square yards, and in 1932, 645,000,000 square yards. During this same period of 20 years her exports to East India increased from 2,000,000 yards to 352,000,000 yards, and to Egypt the increase was from 36,000 yards to 195,000,000 yards; in Australia the increase was from 3,000,000 yards to 36,000,000 yards; in the Philippines, from 5,000,000 yards to 21,000,000; and to South America, from 76,000 yards in 1912 to 27,000,000 in 1932.

In China the number of spindles in 1915 was 1,009,000, and in 1932 had increased to 4,612,000, while during this same period the number of looms in China increased from 4,564 to 40,000, while the increase in the production of cotton yarn was about 225,000,000 pounds in 1915 to about 933,000,000 pounds in 1932, and her increase in the production of cotton cloth was from 50,000,000 yards in 1915 to 800,000,000 yards in 1932.

In India the increase in production in the textile industry was not as pronounced as in China or Japan, yet we have a considerable development. The number of spindles in India in 1912 was 6,464,000, and in 1932, 9,508,000; the number of looms was 89,000 in 1912, and 186,000 in 1932. The production of cotton yarn in India was 683,000 pounds in 1912, and in 1932, 1,016,000 pounds. The production of cotton cloth increased from 2,350,000,000 yards in 1912 to 4,670,000,000 yards in 1932.

During this same time American exports of cotton cloth decreased as follows: To British India, from 13,748,000 yards in 1913 to only 2,048,000 yards in 1932; to China our exports decreased from 80,462,000 square yards in 1913 to 1,420,000 yards in 1932.

There are some so-called "economists" who claim that the demonetization of silver did not materially affect our foreign commerce because nations try to balance their imports with their exports. The fallacy of this is apparent when we study the above figures furnished by the Department of Commerce. No juggling of figures or economic theories can alter the fact that low production costs in the Orient are driving our textile manufacturers out of the world markets and threatening to capture our home market as well.

On January 4, 1934, an Associated Press dispatch was to this effect:

"The United States may expect a restricted market for its raw cotton in Japan this year as a result of an Indo-Japanese commercial agreement obligating Japan to buy 1,500,000 bales of Indian raw cotton annually.

"This is in return for exportation of 400,000,000 square yards of Japanese cotton textiles to India each year."

I have always contended that the low price of silver would not only increase the number of spindles in the manufacturing plants of the Orient, but it would likewise force those countries into the production of raw materials, as they could not long afford to buy raw materials from a gold-standard country.

The President recognized this situation when he, by his silver proclamation, entered upon the policy of buying newly mined American silver, but the effect of that was not, I am sure, what the President expected it to be, because the purchase of newly mined silver could not and did not affect the world price of commodities. The President's proclamation amounted only to giving a subsidy to the silver-mining companies of America for newly mined silver, but if you remonetized silver under my bill you would not only increase the purchasing power of the people of silver-using countries but the value of all property in those countries in terms of money would increase many times.

It is a fact, not a theory, supported not only by the best known authorities but by the common sense of every individual who carefully investigates the situation that the bullion value of silver directly influences and governs the price of wheat, cotton, and all other products raised in nations on a silver monetary basis. Anyone of ordinary intelligence or rightfully outside the wards of idiocy or the insane asylums appreciates the fact that the products of all nations on a gold monetary basis which are sold in competition with similar products raised by nations on a silver monetary basis are also directly affected by the bullion value of silver. The prices of such products rise as the bullion value of silver rises and fall as the bullion value of silver falls. In evidence of the correctness of these statements I quote from the report of the British Royal Commission on gold and silver, held in 1887. Before this commission Mr. J. Shield Nicholson, professor of political economy at the University of Edinburgh, and one of the most distinguished economists of Great Britain, gave his evidence in reference to the effect of the competition of India on the price of American and English wheat. The following question, which is precisely to the point, was put to Mr. Nicholson by a member of the commission:

"Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think that tying gold and silver again would raise the price of English and American wheat by 25 percent?"

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

"Now it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree. For India, being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at the present time will give the Indian price in silver and he can buy his silver for less gold, and thus in competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus, a rise of silver would, on this view, raise the price of wheat to a corresponding degree."

Should anyone desire further evidence on this point we would call their attention to Mr. Daniel's work on the Industrial Competition of Asia; also Mr. Bagehot's work on the Depreciation of Silver. Mr. Bagehot, in his work just referred to, on page 54, very tersely expresses this fact, as follows:

"The necessary effect of a depreciation of silver as against gold is to give us a bounty on exports from India and the other silver-using countries to England. An English merchant can now buy many more rupees than he formerly could with the same number of sovereigns, and therefore he can import from India, though prices at Calcutta are not at a level at which it would have paid him to operate if he had not had the novel facility in getting rupees."

At a meeting of the British and colonial chambers of commerce held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker, and ex-Mayor of London, made the following statement:

"The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

No better arguments in favor of the free and unlimited coinage of silver can be advanced in the United States than the arguments of the gold monometallists advanced in Europe. The conditions are exactly reversed on the two continents. The United States are producers of breadstuffs and raw materials—exporters; Europe, or particularly Great Britain, are consumers of breadstuffs and raw materials—importers.

The terrible irony of the situation is in the fact that as gold appreciates in value due to our large stocks of monetary gold, and to the so-called "stability" of our monetary system, and our great commercial and industrial strength, the prices of commodities fall, while nations not able to maintain the gold standard, and whose currencies depreciate accordingly, enjoy commercial advantages due to their depreciated currency over those countries which are strong enough to remain on the gold standard. That is why, in England and in other countries that have depreciated their currencies, conditions have been improving and unemployment has decreased. What at first thought appears to be a blessing becomes the curse. What shall it profit a country if it gain all the gold of the world and lose its commerce?

Many remedies have been tried during the past few years to restore prosperity, but they have failed because they did not go to the roots of our economic ills. They aimed to relieve the situation but not to cure it, in the hope that in some mysterious manner prosperity would suddenly appear around that famous corner. Changes were made in our banking laws, liberalizing them in the interests of the bankers; tariff measures were passed with the assurance that prosperity would return within 60 days after the passage of the bill; millions of peoples' money were given to the railroads, the big banks, and insurance companies, but still the depression continued, and as the days lengthened into months and the months into years, our economic conditions gradually became worse; more farmers were losing their farms through foreclosure or bankruptcy; more home owners were losing their homes through tax sales; more railroads were going into the hands of receivers; more banks were failing, bringing ruin to their depositors; and more people were joining the ranks of the unemployed, tramping the streets in search of food and clothing.

The administration under the leadership of President Roosevelt has sought to prevent European countries with their depreciated currencies from gaining an advantage over the United States in the world markets by cutting the gold content of the dollar. He has sought to aid the banks, and by cutting down the acreage under the so-called "allotment plan" he has sought to help the farmers. He has put 4,000,000 people to work under the C.W.A.

All of these things which he has adopted were probably necessary in order to prevent one of the most serious crises that this country has ever seen. I feel, however, that when I'm proposing the remonetization of silver that I am offering something which is more fundamental and far-reaching than anything that has yet been done. I say more fundamental because it will take men off the C.W.A. and put them back into legitimate enterprise; it will make it unnecessary to pay farmers not to produce, because it will open up new markets for their products; it will make it unnecessary to kill hogs and pigs for fertilizer, because it will provide money with which the unemployed can buy them.

No one can say we are suffering from overproduction of food and clothes when men, women, and children are going hungry.

What I seek to do is to give these people not a dole but the means with which to purchase our goods. I propose to double the primary money of the world, thereby doubling the currency, creating purchasing power where none exists today, and do it on a sound, stable basis. I would stabilize the currencies of the world on a bimetallic base and then we could open up the avenues of trade that have been clogged by quotas and tariffs.

More than 2 years ago, at the close of my speech in the Senate of the United States, I said:

"I assert and challenge intelligent criticism—not mere denial—of the following statements:

"First, the enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of 20 times the amount of primary money thus added to the world's stock.

"Second, Within 1 year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

"Third, The purchasing power of over 50 percent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to \$130, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

"Within 2 years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

"The unemployed-labor problem would be rapidly solved.

"Both capital and labor would be benefited.

"Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

"It would relieve starvation in the midst of plenty.

"This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

"The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value."

Since I made this declaration on the floor of the Senate no man has accepted the challenge and brought forth any valid reason or argument to show why the passage of my bill would not accomplish these things.

Questions have been raised, and some have expressed fears, but no argument has been brought forth that would tend to prove the unsoundness of my bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate nos. 1, 19, and 21 to the bill and concurred therein, and that the House had receded from its disagreement to the amendments of the Senate nos. 5 and 8 to the bill and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2089. An act to amend the Code of Laws for the District of Columbia approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations;

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes; and

H.R. 7966. An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

REGULATION OF COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign com-

merce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. BANKHEAD. On behalf of the committee, I desire to offer certain amendments.

The VICE PRESIDENT. The Senator from Alabama has certain committee amendments, the Chair understands, which he wishes to have considered by the Senate. The first amendment offered by the Senator from Alabama will be stated.

The CHIEF CLERK. On page 4, line 13, it is proposed to strike out "50" and to insert in lieu thereof "75"; and on page 4, line 14, to strike out "5" and to insert in lieu thereof "8."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BANKHEAD. I send to the desk another amendment in behalf of the committee.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 6, after line 10, it is proposed to strike out subsection (f) and insert in lieu thereof the following:

(f) A producer who harvests more cotton than his allotment may, in a subsequent year when the tax is in effect, and said producer does not harvest in said subsequent year the amount of cotton for which he holds allotment certificates, pay the ginning tax on said excess cotton with exemption certificates issued to him for said subsequent year.

A producer to whom a certificate of exemption is issued but not used during the crop year for which it is issued by reason of the producer to whom it was issued not producing as much cotton as his certificates of exemption covered, may use said certificate of exemption in any other year when the allotment and tax are made applicable.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BANKHEAD. I have another amendment of a clerical nature, which I present at this time.

Mr. BORAH. Mr. President, I wish to ask the Senator from Alabama a question to ascertain if I understand the amendment which was agreed to a moment ago. It had reference to the amount of tax that should be levied. Does the amendment increase the tax from 50 to 75 percent?

Mr. BANKHEAD. Yes. I now offer another amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. On page 16, line 12, after the word "transport", it is proposed to strike out the words "except for storing or warehousing under the provisions of section 4 (f)."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BANKHEAD. I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. In section 23, page 22, it is proposed to strike out in lines 18 and 19 the words "500 pounds of lint cotton" and insert in lieu thereof the words "a package containing 500 pounds average gross weight."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The CHIEF CLERK. Also on page 3, line 17, after the word "thereon", it is proposed to strike out the following:

The provisions of this subsection shall apply with respect to the crop year 1936-37 in the same amount as in the case of the crop year 1935-36.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMITH. Mr. President, I wish to have the attention of the author of the bill. On page 9, line 18, I wish to offer a further amendment to clarify the purpose. I read the entire text so it may be understood:

No certificate of exemption shall be issued and no allotment shall be made to any producer unless he agrees to comply with such conditions and limitations on the production of agricultural commodities by him as the Secretary of Agriculture may, from time to time, prescribe to assure the cooperation of such producer in the reduction programs of the Agricultural Adjustment Administration and to prevent expansion of competitive production—

And so forth. After the word "expansion" I should like to insert the words "of lands leased by the Government", so that it would not take in all the lands of individuals.

Mr. BANKHEAD. I have no objection to that amendment.

Mr. SMITH. I offer the amendment. On page 9, at the beginning of line 18, after the word "expansion", insert the words "on lands leased by the Government."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BAILEY. Mr. President, I desire to offer an amendment. I propose to insert at the proper place in the bill the following proviso:

Provided, In no event shall the producer be taxed or penalized in the ginning or otherwise on the first eight bales of 500 pounds weight.

The VICE PRESIDENT. The clerk will report the amendment for the information of the Senate.

The CHIEF CLERK. The Senator from North Carolina proposes to insert at the proper place the following:

Provided, In no event shall the producer be taxed or penalized in the ginning or otherwise on the first eight bales of 500 pounds weight.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMITH. Mr. President, if I understand it correctly, the amendment, if agreed to, simply means that production may be increased in an unlimited way without tax. In other words, we might as well not pass the bill.

Mr. BAILEY. Mr. President, however that may be, I do not believe the Congress of the United States is going to deprive a million humble farmers, either in the South or elsewhere in our land, of the privilege of producing annually eight bales of cotton each. Eight bales of cotton at the present market price would amount to \$480. That is \$60 per bale. The farmer could not make a living at that rate, because the \$480 is not profit. The \$480 is gross income.

Let us look at the facts about this matter. There are 2,000,000 cotton farms in the 13 States comprising the Cotton Belt. Nine hundred thousand of those farms are cultivated by tenants, share tenants, cash tenants, or what we call "cropper tenants." The share tenants and the cropper tenants hold their tenure and cultivate their land on condition that they divide the crop with the landlord. If the tenant divides it half and half, that gives the 900,000 share tenants 4 bales each on the average, or \$240 at present prices. But that is not profit; that is gross. Sometimes the crop is divided in thirds, all depending on who furnishes the stock and who furnishes the fertilizer, whether the tenant furnishes it all or whether it is furnished by the owner. But if the share tenant gets two thirds of \$480, he would get \$320. He would not be far above the level of Old World conditions if at all above it.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. I yield.

Mr. LONG. One thing that has worried me about this proposed legislation is whether, without some such provision as the Senator is proposing, we are not going to force a feudal condition in cotton production. That is one thing that has worried me about the bill.

Mr. BAILEY. I will say to the Senator that if the bill shall be passed there will be farmers in the South who have large plantations and who produce from 500 to 5,000 bales of cotton who will be able to stand it, and who, I will agree for the purposes of the argument, might profit by it. But what shall the Congress of the United States say to 900,000 families who make their living by way of producing cotton under the tenant system?

Mr. President, if there is going to be a limit upon the production of cotton, to be sure we will undertake to fix that limit in response to motives of simple humanity. They shall not muzzle the ox that treads out the corn. The bruised reed we will not break and the smoking flax we will not quench. Those who produce hundreds and thousands

of bales of cotton can afford it; but I tell you in all earnestness that 900,000 of the humbler types—men like ourselves, men with the breath of God in their spirits, and made in His likeness, and only a little lower than the angels, notwithstanding their poverty; men like ourselves in humble condition, and therefore helpless—are entitled to the consideration of a Congress that professes to represent a civilized people.

This bill is inequitable. It is unjust. It is ruinous. If it should be enacted, and the Supreme Court should sustain it, the prophecy of the Secretary of Agriculture will come true, and a million human beings will have to move from the South.

Mr. LONG. Mr. President, where did he say that?

Mr. BAILEY. The Senator asks me where that was said. I stated yesterday that Mr. Secretary Wallace, in his rather famous pamphlet entitled "America Must Choose", in stating the theory of nationalism, went on to say that if this Government shall follow the policy of nationalism—and it has been following it recently more than it has any other line of action—we may have to move a million people from the South. That is what he said.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. NORRIS in the chair). Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. I do.

Mr. LONG. I desire to profess my profound ignorance of the ethics of the Cabinet. Being a Senator, probably I ought to have paid more attention to a Cabinet member. I cannot believe my mind if that is correct, and the Secretary of Agriculture is going to move them out of the South.

Mr. BAILEY. He did not say that he would move them. He said it might be necessary to move them. The language was, "We may have to move them."

Mr. LONG. The South is the only place where the poor man can live the year around and not freeze to death, whether he can get anything to eat or wear or not. I do not understand how the Secretary of Agriculture could arrive at that conclusion.

Mr. BAILEY. Mr. President, the South is a good place to live. I make no comparisons. Every man loves his native soil; but it seems to me that the Divine Providence laid off that land down there in order that those of us who had to come up through the great tribulation of a long poverty might come up unimpaired; and I would that we might say for the unemployed all over this land that they could do as our fathers and ourselves did in that long period of ruin and of prostration.

I have a letter here which I am going to ask to have printed in the RECORD. It is from Dr. Clarence Poe, editor of the Progressive Farmer and Southern Ruralist, published at Raleigh, Birmingham, Memphis, and Dallas. The letter is dated February 28. Dr. Poe has some title to represent the farmers. I know his whole life. He came from a little farm in Chatham County, in my State. He had, I think, some 6 months of free-school education. He created a great journal with over a million of circulation, and he could not have done it if he had not had, during all the long years since he has had charge of that paper—and it is now 36 years—the confidence of the farmers of the South.

I will read one paragraph:

At the same time, as I pointed out in my article, *The Right of the Little Man to Live*—

That is an editorial in his paper—

there ought to be a reasonable minimum below which we would not require a farmer to cut his acreage. This minimum ought to depend somewhat upon the number of persons in the farmer's immediate family. Probably no one who has been growing cotton or tobacco should be required to drop below 5 acres of tobacco or 8 bales of cotton.

I am not out of line with the foremost agricultural editor in the South when I offer this amendment.

Now that farmers have organized themselves and made cotton and tobacco decently profitable, I do not think that outsiders should be permitted to come in and oversupply the market. The young farmer who has just come of age, or the man who farmed

up to 2 or 3 years ago and lost his farm through foreclosure, such cases should be taken care of by some such method as that of allowing the county committees to allot 5 or 10 percent of the total acreage of the county to deserving cases of this kind.

I ask to have the whole letter printed in the RECORD, and in perfect candor I want to say that Mr. Poe is for this legislation. I am not; but he is for my amendment, and that is where we get together.

I send the letter to the desk and ask to have it printed in full in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PROGRESSIVE FARMER AND SOUTHERN RURALIST,
Raleigh, N.C., February 28, 1934.

Senator J. W. BAILEY,
Washington, D.C.

DEAR SENATOR BAILEY: I appreciate very much your thoughtful letter of February 26. I regretted missing you Saturday morning, and I was unable to get back later in the day.

My feeling is that growers of tobacco and cotton who will not cooperate in acreage reduction must positively be prevented from getting greater advantages from this acreage-reduction program than the cooperating growers themselves get—and, of course, if a farmer plants his full former acreage and at the same time gets the benefit in price from the reduced acreage of other growers, he would benefit more than the cooperating farmers themselves. This, I repeat, must be prevented.

At the same time, as I pointed out in my article *The Right of the Little Man to Live*, there ought to be a reasonable minimum below which we would not require a farmer to cut his acreage. This minimum ought to depend somewhat upon the number of persons in the farmer's immediate family. Probably no one who has been growing cotton or tobacco should be required to drop below 5 acres of tobacco or 8 bales of cotton. Now that farmers have organized themselves and made cotton and tobacco decently profitable, I do not think that outsiders should be permitted to come in and oversupply the market. The young farmer who has just come of age, or the man who farmed up to 2 or 3 years ago and lost his farm through foreclosure, such cases should be taken care of by some such method as that of allowing the county committees to allot 5 or 10 percent of the total acreage of the county to deserving cases of this kind. But I repeat that I do not think that persons without such a definite agricultural history should have allotments this year.

I was in Washington last week attending a conference of agricultural editors from all over the Nation—47 of them in all, with a combined subscription list of about 15,000,000. I was made chairman of the committee on resolutions, and these resolutions were unanimously adopted in the form of an open letter to President Roosevelt, Secretary Wallace, and Chester C. Davis. Friday afternoon we called on the President and presented these resolutions and on Saturday presented them to Secretary Wallace and Mr. Davis. It seems to me that they were of sufficient importance to have had the attention of the Associated Press, but so far as I know, have nowhere been published in full. It occurs to me that you may wish to consider putting them in the CONGRESSIONAL RECORD.

From the copy herewith please note section 6 of the Bankhead bill. When I called to see Senator BANKHEAD Saturday morning I found him very strongly opposed to a referendum this year, as he took the position that the questionnaire sent out by Secretary Wallace was sufficient to show that the farmers wanted this measure. I told him that I had no doubt in the world about farmers wanting the bill, but that the important thing is to extend the principles of our political democracy into our new economic democracy by having the adoption of the plan depend upon a direct vote, "consent of the governed." Every farmer who votes for the measure will feel that it is up to him to defend and justify the wisdom of his choice; in this way a strong supporting public opinion will be developed. On the other hand, if the plan is forced on the farmers by Congress or the administration, tens of thousands who favor the principle of the measure will nevertheless resent the method of adopting it.

Senator BANKHEAD thinks that the fact that cotton planting has started in Texas, etc., makes it too late for a referendum this year. But, with the measure dead sure to be approved if submitted by referendum, these early-planting cotton farmers can govern themselves accordingly and no harm will be done.

At the same time such a referendum should not be on the basis of a mail ballot but rather on the basis of a New England town meeting, which has been called the purest democracy in the world. Let the farmers come to community meetings, hear all the arguments pro and con, and then cast their ballots. With communication as fast as it is now, there is no reason why this should not be done on 10 days' notice.

Again thanking you for your letter, and with all good wishes, I am,

Yours sincerely,

CLARENCE POE,
President and Editor.

Mr. BAILEY. I have here also some resolutions addressed to the President of the United States and signed by a committee composed of Clarence Poe, chairman; Dan A. Wal-

lace, of *The Farmer*, St. Paul, Minn.; E. R. Eastman, of the *American Agriculturist*, New York, N.Y.; Clarence Roberts, of the *Oklahoma Farmer-Stockman*, Oklahoma City, Okla.; J. G. Watson, of the *New England Homestead*, Springfield, Mass.; and C. V. Gregory, of the *Prairie Farmer*, Chicago, Ill. While these resolutions support the principle of the bill, they also declare that nothing of this sort ought to be done without a reference to the farmers concerned, in order that their will may be ascertained.

I send the resolutions to the desk and ask that they be printed as a part of my remarks.

There being no objection, the resolutions were ordered to be printed in the *Record*, as follows:

WASHINGTON, D.C., February 23, 1934.

HIS EXCELLENCY PRESIDENT FRANKLIN D. ROOSEVELT,
HON. HENRY A. WALLACE, *Secretary of Agriculture*.
MR. CHESTER C. DAVIS, *Chief of Agricultural Adjustment Administration*, Washington, D.C.

GENTLEMEN: The agricultural editors of America, meeting by request of the Secretary of Agriculture for the purpose of reviewing the activities and policies of the administration as they affect the welfare of American farmers and their families, respectfully beg leave to present a few fundamental principles we feel deserving of especial emphasis.

At the outset we desire to say that we appreciate the spirit of courage in which the Department of Agriculture and the Agricultural Adjustment Administration have met the difficult problems with which they have been faced—the willingness to dare and adventure and pioneer in order to achieve results.

At the same time we feel that there are certain fixed and definite objectives to which all pioneering should be directed, and we would summarize some of these as follows:

(1) We believe the supreme objective of the official agricultural efforts should be the preservation of the American farm home and the elevation of its living standards, and that in all cases of conflict between commercialized agriculture and the family (sized) farm the civic and social values of the farm home are so momentous that the influence of the Government should be used for its perpetuation and support. The weakening of the farm home would be too high a price to pay for lowered food costs of the American Nation.

(2) We believe that a continuing study of land utilization should be made, but with the primary concern for people rather than the land itself, and with results dependent chiefly upon voluntary action growing out of fuller information as to land values and potentialities. Both on the lands regarded as marginal and all others taxation and other governmental policies should be used to penalize the neglect of soil fertility and to reward its conservation.

(3) Efficiency of crop and animal production deserves no less emphasis now than in former years and should be matched with equal efficiency in farm marketing and business policies. The farmer in the past has had too much drudgery, too little leisure and recreation. Through constantly increasing efficiency and lowered production costs the farm family should be able to shorten its hours of labor and yet supply market needs, giving opportunity for more leisure and a richer social, intellectual, and community life.

(4) Under these new conditions the American farm home assumes enlarged dignity and opportunity. A Nation-wide campaign should be conducted to provide modern equipment and conveniences for all farm homes now without them, and we especially welcome proposals looking to more practicable and economical financing of their purchase. New outlets for industry and new opportunities for industrial reemployment would be largely afforded by better equipment of America's rural homes.

(5) While American farmers need and desire the active and powerful help of the Government in solving the gigantic problems confronting them, American agriculture cannot achieve proper dignity, nor can it be regarded as having really succeeded, no matter how great its financial prosperity may be, unless it has developed its own strong leadership, leading and interpreting an informed and organized rural public opinion. To this end, we believe that the administration should much more definitely foster and encourage the cooperative movement among farmers and should recognize and utilize all constructively minded farm organizations.

(6) Both as a proper recognition of the rights of farmers involved and for the purpose of securing that supporting public opinion so essential in democracy, it is our belief that measures involving major departures in farm practice, of which the Bankhead bill is an example, no matter how beneficent or patriotic in purpose, should be formally submitted for direct personal vote by the growers concerned.

(7) It is our conviction that neither American agriculture nor the American people as a whole can prosper adequately without perpetual effort to protect and enlarge our foreign markets; and to this end we urge that the utmost utilization be made of all practicable forms of reciprocity and international readjustment.

(8) We heartily approve the action of the President of the United States in calling for a general reduction of interest rates as both a justifiable and necessary aid to national business and agricultural recovery.

Unanimously approved by American Agricultural Editors Conference in Washington, February 23, 1934.

CLARENCE POE, *Chairman*,
Progressive Farmer and Southern Ruralist, Raleigh, N.C.,
DAN A. WALLACE,
The Farmer, St. Paul, Minn.,
E. R. EASTMAN,
American Agriculturist, New York, N.Y.,
CLARENCE ROBERTS,
Oklahoma Farmer-Stockman, Oklahoma City, Okla.,
J. G. WATSON,
New England Homestead, Springfield, Mass.,
C. V. GREGORY,
Prairie Farmer, Chicago, Ill.,
Committee.

MR. BAILEY. Mr. President, on that point I am going to recur for a moment or two to the Constitution. I am perfectly satisfied that this bill is not only unconstitutional but so unconstitutional that the Supreme Court, whether it considers the matter economically or legalistically or juridically, will be compelled to throw it out. It happens that I am recurring to the theme of the constitutionality of the bill because I discovered since I spoke on yesterday two opinions of the Supreme Court of the United States, relevant and apropos, handed down within the present year, 1934.

I shall read now from the unpublished opinion in *Federal Compress & Warehouse Co. and others against McLean*, to be reported in *Two Hundred and Ninetieth United States Reports*, and decided January 8, 1934, Mr. Justice Stone having written the opinion. He said:

It is clear that by all accepted tests the cotton—

Fortunately, we are not going to have to draw an analogy between cotton and some other product. The opinion is on the subject of cotton.

the cotton, while in appellant's warehouse, has not begun to move in interstate commerce and hence is not a subject of interstate commerce immune from local taxation.

There is the cotton that has been ginned. There is the cotton in the warehouse. There is the cotton ready for transportation; but the Supreme Court says that the cotton in the warehouse, after being picked and ginned, has not begun to move in interstate commerce and is not a subject of interstate commerce immune from local taxation.

When it comes to rest there, its intrastate journey, whether by truck or by rail, comes to an end; and although in the ordinary course of business the cotton would ultimately reach points outside the State, its journey interstate does not begin and so it does not become exempt from local tax until its shipment to points of destination outside the State. Before shipping orders are given, it has no ascertainable destination without the State, and in the meantime, until surrender of the warehouse receipts, it is subject to the exclusive control of the owner.

Now let me read again. Here is a decision of the Supreme Court of the United States dated March 12, 1934, just about 16 or 17 days ago, and written by Mr. Justice Brandeis. The title of the case is *Chassaniol v. Greenwood*. It is reported in *Two Hundred and Ninety-first United States Reports*, and the page has not yet been indicated. Says the opinion:

Chassaniol contends that all the cotton is in interstate or foreign commerce from the moment it leaves the gin for Greenwood (in Mississippi) or at least from the moment it is purchased at Greenwood by the buyer.

Realize, if you please, that the theory here is that the cotton is in interstate commerce, and this bill declares that it is *prima facie* in interstate commerce when it comes to the gin.

The argument is that already at that time the cotton is destined for ultimate shipment to some other State or country—

Precisely the argument here—

and that to tax the occupation of the cotton buyer burdens interstate commerce, since the buyer at Greenwood is the instrumentality by which the interstate transaction is initiated. The

business involved is substantially like that described in *Federal Compress Co. v. McLean*—

From which I have just read—

and the rule there declared must govern here. Ginning cotton—

Let us be thankful that we are right on the point—

Ginning cotton, transporting it to Greenwood, and warehousing, buying, and compressing it there, are each, like the growing of it—

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. BAILEY. I will take 15 minutes more on my amendment, and then I will ask for more on the other amendments. I think that is the rule.

The PRESIDING OFFICER. The Senator's amendment is the one pending.

Mr. LONG. The Senator may take 15 minutes on the bill.

Mr. BAILEY. I will speak on the bill for 15 minutes.

The PRESIDING OFFICER. The Senator has 15 minutes on the bill.

Mr. BAILEY. The opinion I was reading continues:

Ginning cotton, transporting it to Greenwood, and warehousing, buying, and compressing it there, are each, like the growing of it, steps in preparation for the sale and shipment in interstate or foreign commerce. But each step prior to the sale and shipment is a transaction local to Mississippi; a transaction in intrastate commerce. Hence those engaged in performing any such local function may be subjected to an occupation tax, just as the property used, or processed, by them may be subjected to a property tax.

Mr. President, here are two opinions, handed down within the last 90 days, and each of them holds that cotton prior to its shipment in interstate commerce is governed by the State and is under the intrastate limitations with respect to the power of Congress to regulate interstate commerce.

I do not know whether the authors of this bill were advertent to these opinions, almost precisely in point, or not; but I undertake to maintain that when a bill of this character is proposed here, within 16 or 17 days after an opinion by the Supreme Court, handed down by Mr. Justice Brandeis, it is, to say the least—and I say it most respectfully—in the nature of a total disregard of the guidance which we ought to look for from the Supreme Court of the United States as to the constitutionality of legislation.

I was saying yesterday that the pending bill could not be tested within 2 years; yet, with these decisions before the Congress and before the farmers, we are asked to pass a bill concerning which, as definitely as the Supreme Court could speak, under the circumstances, it has spoken in final and definitive terms.

Now, one other case, not on cotton. I read from *United States v. E. C. Knight Co.* (156 U.S. 1):

Commerce succeeds to manufacture, and is not a part of it. The fact that an article is manufactured for export to another State does not of itself make it an article of interstate commerce. If the national power extends to all contracts and combinations in manufacture, agriculture, mining, and other productive industries whose ultimate result may affect external commerce, comparatively little of business operations and affairs would be left for State control.

Mr. President, that is not just some man making a speech in the Senate; that is a declaration of the Supreme Court, and in the light of which we are acting here.

But let me read again, this time an opinion handed down by Mr. Justice McKenna in the case of *Heisler v. The Thomas Colliery Co.* (260 U.S. Repts), the date being as recent as 1922:

If the possibility or, indeed, certainty of exportation of a product or articles from a State determines it to be in interstate commerce before the commencement of its movement from the State, it would seem to follow that it is in such commerce from the instant of its growth or production; and in the case of coals, as they lie in the ground. The result would be curious. It would nationalize all industries.

"It would nationalize all industries." The words are prophetic.

It would nationalize and withdraw from State jurisdiction and deliver to Federal commercial control the fruits of California and the South, the wheat of the West and its meats, the cotton of the South, the shoes of Massachusetts, and the woolen indus-

tries of other States, at the very inception of their production or growth; that is, the fruits unpicked, the cotton and wheat ungathered, hides and flesh of cattle yet on the hoof, wool yet unshorn, and coal yet unmined, because they are, in varying percentages, destined for and surely to be exported to States other than those of their production.

Here are recent cases which cannot leave a doubt, in my mind, and which I do not think can leave a doubt in anyone's mind—but I say that with great respect—of the unconstitutionality of the pending measure.

Mr. President, I did not intend to delay the Senate this morning or to speak further. On yesterday I spoke at some length on the liberty aspects of the proposed legislation. I am going to conclude now with a word or two on the economic aspect of it.

The South no longer has a monopoly in the production of cotton. We produce about 13,000,000 bales annually, the rest of the world produces 12,000,000 annually, and the rest of the world increased its production last year by 1,600,000 bales.

I do not think it is a matter for dispute that in Africa, off the dam at Assuan, England has 12,000,000 acres of land under irrigation and ready to put it into cotton. In India England has 15,000,000 acres of land ready to put into cotton. For 30 years the foreign production has been increasing from six and a half million bales a year until it has reached nearly double that amount, or 12,000,000 bales.

Let the National Government, assuming it can, give its orders and impose its penalties to cut off the production of cotton in the South; the whole effect will be to increase the production abroad, to deprive America of its great export crop, and to leave 13 American States in helpless competition with tens of millions of acres under cheap labor throughout the world.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Vermont?

Mr. BAILEY. I yield.

Mr. AUSTIN. I should like to ask the Senator if he is aware that cotton can be grown 10 degrees farther north in China than in the United States.

Mr. BAILEY. I have so understood. But I have been very recently informed that Great Britain is holding in reserve and under irrigation 12,000,000 acres in the Nile Valley and in India 15,000,000 acres, awaiting the hour when the Congress of the United States shall put chains upon 2,000,000 farmers, bind them helplessly while the world takes the market that has supported them for a full century.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Ohio?

Mr. BAILEY. I yield.

Mr. FESS. The Senator is now discussing a phase of the subject I have not as yet heard discussed. It was suggested to me by an expert that the operation of the reduction program could not affect seriously the domestic grower or manufacturer, but if there was any advantage taken of it at all it would be in the export or foreign countries. Has the Senator given any consideration to that phase of the question?

Mr. BAILEY. I have given a great deal of consideration to it. For 30 solid years I have heard the old, familiar statement that the South had a monopoly of cotton, and year after year, for 30 years, I have seen the nations of the earth increase their output, until today, I think, the statistics will show the South produces 52 percent and the balance of the world 48 percent. I have heard, again, that nowhere else save in the Southern States can acceptable cotton be produced; that we produce cotton the like of which no one else can produce. But at the same time, I have seen the cotton from other lands constantly expanding its market, and at the expense of cotton from our Southern States.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BAILEY. May I now not have the 15 minutes on an amendment?

The PRESIDING OFFICER. There is no amendment pending.

Mr. BAILEY. I will offer one, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, it is necessary for me to be absent from the Senate for an hour or two on the business of the Senate, and before leaving I should like to submit a request for unanimous consent. I have consulted with the Senator from Oregon [Mr. McNARY] and I understand the request meets his approval.

The request is that after the pending bill shall have been disposed of the Senate proceed to the consideration of unobjected bills on the calendar.

Mr. LONG. Mr. President, I shall object to unanimous consent until there is something done about the bonus bill. The bonus bill has passed the House. We have been trying to get it placed in a position where it may be voted on by the Senate.

The PRESIDING OFFICER. The Chair is informed, he will say to the Senator from Louisiana, that the bill in question was referred to the Finance Committee yesterday.

Mr. LONG. I did not so understand. I was not here at the time.

Mr. ROBINSON of Arkansas. Mr. President, I submit the request for unanimous consent that after the pending bill shall have been disposed of the Senate proceed to the consideration of unobjected bills on the calendar.

The PRESIDING OFFICER. Is there objection to the request for unanimous consent? The Chair hears none, and it is so ordered.

Mr. BAILEY. Mr. President, I send forward two amendments.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator indulge me just a moment?

Mr. BAILEY. Certainly.

Mr. ROBINSON of Arkansas. I realize, Mr. President, that there are many things that may be said touching various phases of the pending bill; but in relation to the amendment of the Senator from North Carolina, which I understand is the pending question—

Mr. BAILEY. And which, I think, was adopted; was it not?

The PRESIDING OFFICER. The amendment has been agreed to.

Mr. ROBINSON of Arkansas. I did not so understand.

Mr. LONG. Yes; it has been agreed to.

Mr. BANKHEAD. Mr. President, what was the question?

Mr. ROBINSON of Arkansas. The statement was that the amendment of the Senator from North Carolina was agreed to.

Mr. BANKHEAD. No, Mr. President; it was not agreed to.

Mr. BAILEY. There was a vote had, and I think the Vice President was in the chair at the time.

The PRESIDING OFFICER. The Chair will state that that occurred prior to the taking of the chair by the present occupant; but the Chair is informed by the clerk that the amendment of the Senator from North Carolina has been agreed to.

Mr. ROBINSON of Arkansas. I knew that the Senator from Alabama [Mr. BANKHEAD] was trying to get recognition; and he had stated to me that he desired to state his position in opposition to the amendment. I presume the Senator from North Carolina will not object to reconsideration of the vote by which the amendment was agreed to?

Mr. BAILEY. Not at all. I am perfectly willing that the vote be reconsidered. I give the Senator from Arkansas full assurance as to that.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to is reconsidered.

Mr. ROBINSON of Arkansas. Mr. President, I wish to make a brief statement about the amendment of the Senator from North Carolina.

Mr. BAILEY. Mr. President, may I interrupt to say that I will hold the floor in order to answer the question of the

Senator from Ohio [Mr. FESS]; but I desire to hold the floor while I am in my seat.

Mr. ROBINSON of Arkansas. I thought perhaps the Senator had better let me use my own time, and save for himself as much time as the Senator has left.

The PRESIDING OFFICER. The Chair will say to the Senator from North Carolina that he cannot hold the floor and proceed after the Senator from Arkansas has concluded.

Mr. ROBINSON of Arkansas. I understood the Senator from North Carolina had consumed all the time he has for the present, until another amendment shall be offered.

Mr. BAILEY. I have sent forward two amendments.

Mr. ROBINSON of Arkansas. Yes; but the pending question is on the first amendment of the Senator from North Carolina. I do not wish to raise any technical question about the matter, but merely to state my position on the first amendment of the Senator from North Carolina.

Inasmuch, Mr. President, as the average production of cotton, I understand, is seven bales per cotton farmer, or less, it seems to me that the incorporation of the Senator's amendment would defeat all or the greater part of what the bill seeks to do. I do not believe the amendment should be agreed to by those who are in sympathy with the proposed legislation.

The incorporation of an amendment which would permit every cotton farmer in the United States to grow eight bales which would be tax free would mean that at least 16,000,000 bales could be grown and sent into commerce without the payment of any tax, and as that is a larger crop than usually is grown, and a much larger production than is contemplated by the bill, I think the amendment should not be agreed to.

Mr. BAILEY. Mr. President, may I interrupt the Senator?

Mr. ROBINSON of Arkansas. Of course, I yield to the Senator from North Carolina.

Mr. BAILEY. That would not be effective in the way the Senator says if the crop-production program were put on a basis so as to protect the small producer and let the big producer suffer the reduction.

Mr. ROBINSON of Arkansas. Mr. President, I think it would, for the reason I have just stated. Inasmuch as there are more than 2,000,000 cotton producers in the United States, that of itself, assuming the maximum production as to each farmer, would mean an aggregate production of 16,000,000 bales or more, and if the annual cotton crop is to be placed at that amount, it is utterly useless, as I see it, to pass the bill.

That is all I wish to say on this subject.

Mr. BAILEY. Mr. President, I understand my time is up. I wish to make my apologies to the Senator from Ohio [Mr. FESS] for not being able, on account of the rules of the Senate, to respond fully to a very interesting question.

The PRESIDING OFFICER. The question is on the amendment of the Senator from North Carolina.

Mr. HASTINGS and Mr. BANKHEAD rose.

The PRESIDING OFFICER. The Chair recognizes the Senator from Delaware.

Mr. REYNOLDS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from North Carolina?

Mr. HASTINGS. I yield.

Mr. REYNOLDS. I move to amend the amendment of the senior Senator from North Carolina by changing the figure "8" to "6", so as to make the amount stated in the amendment 6 bales instead of 8 bales.

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from North Carolina for that purpose?

Mr. HASTINGS. I yield.

The PRESIDING OFFICER. The question is on the amendment of the junior Senator from North Carolina [Mr. REYNOLDS] to the amendment of the senior Senator from

North Carolina [Mr. BAILEY], to strike out "8" and insert "6."

Mr. LONG. I understand the junior Senator from North Carolina has moved to cut the per farmer allowance to 6 bales instead of 8 bales. Is that the amendment?

Mr. REYNOLDS. Yes.

Mr. BAILEY. Mr. President, I shall accept that amendment, and I ask the clerk to make the change on the amendment from "8" to "6."

Mr. KING. Mr. President—

The PRESIDING OFFICER. The Senator from Delaware has the floor. Does the Senator from Delaware yield to the Senator from Utah?

Mr. HASTINGS. I yield.

Mr. KING. Mr. President, I will pretermit for a moment the question I was about to ask.

Mr. HASTINGS. Mr. President, I agree with other Senators who have expressed the opinion that the bill is unconstitutional. It seems to me, if there be any Constitution left, that must be so.

I was particularly interested in the analysis made by the senior Senator from North Carolina [Mr. BAILEY] as to the length of time it would take a cotton grower to get the question before the courts. That, to my mind, is a very serious matter. I agree with him also when he says that this proposed legislation goes further than any legislation enacted during the past year. To my mind it is the most dangerous of all and starts us upon a path the end of which no man can see.

Mr. President, I have observed from this discussion the following facts:

America produces about 54 percent of the world's supply of cotton. We consume in this country about 40 percent of the American production. Our consumption, therefore, amounts to 21.6 percent of the total production. We export 32.4 percent of the total production, and the balance of 46 percent is produced in other countries. Last year 10,000,000 acres were removed from production by means of contracts under the A.A.A. at a cost to the American citizens of \$100,000,000; this year it is proposed to remove 15,000,000 acres, or 40 percent, from production at an estimated cost of \$135,000,000. The reduction in acreage last year at a cost of \$100,000,000 was not effective, and the amount produced was about the same as was produced the previous year, namely, 13,000,000 bales. It is now proposed to put a prohibitive tax on all cotton produced in excess of 10,000,000 bales.

The American consumer has been taxed for the benefit of the cotton producer. We can all understand how much the cotton grower would be interested in that tax. What we will have difficulty in explaining is why the cotton grower wants us to impose a tax of 75 percent upon all the cotton he grows above a specified amount. It is an anomaly in American politics. We have been assured that the author of the bill is depending upon the taxing power of Congress to sustain its constitutionality. It therefore becomes a revenue measure. The very fact that the request for a tax is presented by one who is so much interested in the persons who produce the commodity, is sufficient answer to the suggestion that it is for the purpose of raising revenue. It is special legislation for a special class; and, more than that, it is made compulsory upon at least a minority of that class who do not want it. It is an endeavor to control an agricultural commodity, the successful growth of which depends upon the character of the soil, the fertilizer used, the skill in planting and cultivating, and last, but not least, the weather conditions prevailing during the period of its growth. Think of having lived long enough to see legislation of this character seriously considered by the Congress of the United States.

This proposed legislation has no kin to the depression. The senior Senator from South Carolina [Mr. SMITH], an acknowledged authority, calls attention to the fact that 43,000,000 acres produced 14,000,000 bales in 1929, while 38,000,000 acres produced 17,000,000 bales in 1931. This was about 5,000,000 bales more than the average consumption.

It thus appears that, while this bill is, like most acts placed on the statute books in these days, enacted in the name of emergency, it is, in fact, nothing more than another plan to further the idea of the present administration of planning for both industry and the farmer, and the operation of both from Washington.

Why do we not give one new scheme an opportunity to work before we try another? The \$100,000,000 we gave the cotton farmer last year was not enough; the plan did not work. Now we propose to give him \$135,000,000 this year. It may be that will work. We have reduced the gold content of the dollar to 59 cents, and the President may reduce it to 50 cents. We have been assured that this has increased the price of farm products. The N.R.A. was supposed to do the same thing. The new tariff bill recommended by the President it is supposed will also help. We have been assured by all who speak for the administration that business has greatly improved and that the improvement is growing rapidly.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Louisiana?

Mr. HASTINGS. I yield.

Mr. LONG. Is the Senator taking that as a basis for his argument, that business has materially improved?

Mr. HASTINGS. No; I am pointing out that, if it is improving as rapidly as is contended, we ought to stop some of this dangerous legislation.

Mr. LONG. But does not the Senator know, in his mind and heart, that that is not so?

Mr. HASTINGS. That what is not so?

Mr. LONG. That business has improved materially?

Mr. HASTINGS. I do not care to comment upon that. I do not think it has greatly improved, but we all hope that it will soon improve.

If these things be true, we ought to let up a little with these new experiments. We ought to let some of the irons cool before we place more in the fire. We ought to remember that these experiments affect about 125,000,000 people. We ought not to gamble with their welfare. We should be reasonably certain that the plan will work before adopting it. We should have some idea of where we are going before we start; and, if it be a new place and a new route, we should try to find some well-known American principles to serve as guideposts. We cannot safely leave the Federal Constitution and hope to retain our Republican form of government. More than that, we ought not to try to devise some scheme of avoiding the Constitution by using the taxing power, as is proposed in this bill, as a subterfuge to accomplish some other purpose. The taxing power is an essential power. We are using it now to the distress of many and we will be compelled to use it in the future so drastically that it will seriously affect every class of our citizens. Let us not abuse that power, hoping that the Supreme Court will sustain us.

We are told that 46 percent of all the cotton produced is produced in foreign countries. I wonder whether the passage of this bill would not increase the production abroad? I am also wondering what effect this reduction is to have upon the unemployed in the South. What is to happen to the man in the South who has spent his life in tilling a few acres of cotton?

I have seen, time and again in my State, energetic and skillful farmers caring for their orchards. I have seen the crop so affected by frost or cold weather as to result in no crop at all. On the other hand, I have seen the crop so large and the price so low that it was not worth gathering. In both instances the farmer sustained a great loss and a great disappointment. I have never heard it suggested until recently that these situations, these hardships, could be relieved by legislation, either State or Federal. Why do we try to fool ourselves, to fool the farmers by this kind of bunk?

The majority party had better call a halt before it is too late. Notwithstanding the statement of Mr. Farley that the new deal is merely following the 1932 Democratic platform, I think when the American people even casually can-

vass the legislation which has been and which will be enacted they will see that the new deal and the Democratic platform have no relation to each other. The American people have not by their votes approved more than two or three of the major things that have been done. I say, they have not approved by their votes. I do not say they do not approve; I do not know. I do think the successful propaganda for this administration makes them seem to approve. But the mere fact that this administration was given control of the Government by a large majority does not give it a license to fasten upon the people a lot of costly experiments. As late as September 14, 1932, Mr. Roosevelt, speaking of his farm plan, said:

The plan must not be coercive; it must be voluntary, and the individual producer at all times shall have the opportunity of nonparticipation if he so desires.

What we have done and what we are about to do leaves the business man, the farmer, and the wage earner in so uncertain a position that we shall, in my judgment, find this country at the tail end of world recovery.

Mr. DICKINSON. Mr. President, may I inquire whether there is an amendment now pending?

The PRESIDING OFFICER. The amendment of the Senator from North Carolina [Mr. BAILEY], as modified, is pending.

Mr. DICKINSON. I will take time on the amendment, and also on the bill.

The PRESIDING OFFICER. The Senator will have half an hour.

Mr. DICKINSON. Mr. President, this bill is presumed to be supplemental to the Agricultural Adjustment Act, which has been previously passed. I think we ought to take into account some of the things that have been happening in the past few months, and then decide whether or not we are pursuing a safe course in proposing to enact this legislation.

In the House hearings, on page 139, I note this letter sent to Mr. JONES, Chairman of the Agricultural Committee of the House:

THE WHITE HOUSE,
Washington, February 16, 1934.

HON. MARVIN JONES,
Committee on Agriculture,
The Capitol, Washington, D.C.

MY DEAR MR. CHAIRMAN: As you know, I have watched the cotton problem with the deepest attention during all these months. I believe that the gains which have been made—and they are very substantial—must be consolidated, and, insofar as possible, made permanent. To do this, however, reasonable assurance of crop limitation must be obtained.

In this objective the great majority of cotton farmers are in agreement. I am told that the present poll by the Department of Agriculture shows that at least 95 percent of the replies are in favor of some form of control.

My study of the various methods suggested leads me to believe that the Bankhead bills in principle best cover the situation. I hope that in the continuing emergency your committee can take action.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

I invite attention to that statement, and then I invite attention to a statement made on September 14, 1932, when the people were being asked to change the political leadership in the country. At Topeka, Kans., the outline of the farm plan by President Roosevelt, then Democratic nominee for the Presidency, was given, and in his six-point program no. 4 was as follows:

Fourth. It must make use of existing agencies and, so far as possible, be decentralized in its administration, so that the chief responsibility for its operation will rest with locality rather than with newly created bureaucratic machinery in Washington.

I invite attention to the fact that there have never been as many new bureaus and as much centralized control or such an effort to have centralized control as is included in the Agricultural Adjustment Act, already a law, and in the present Bankhead bill as supplemental legislation therefor. In other words, under the Bankhead bill we are coming to where we are asking that everything be regulated clear down to the type of crop, the acreage to be planted, whether or not we may use additional fertilizer, what we shall do with the

land after it is taken out of cultivation, whether or not we are going to limit the number of sows that may be farrowed, the number of acres of corn that may be planted. All of that is going to be regimented under bureaucratic control in Washington, D.C.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The dangerous trend of the movement about which the Senator is talking, it seems to me, lies in the rapid increase from one step to another, at first mild, then a second and then a third and then a fourth, each progressively less mild. Is it not true the President spoke definitely against compulsory control?

Mr. DICKINSON. Absolutely. I have further quotations here about that very point.

Mr. FESS. Is it not true that Secretary Wallace has never been in favor of it?

Mr. DICKINSON. That is true.

Mr. FESS. What is the explanation of the drift we are taking, and what will be the end of it?

Mr. DICKINSON. The best explanation is the fact that this Government has led everybody to believe that they ought to bring their troubles to Washington and lay them on the front doorsteps of the White House. I shall show before I get through the amount of money they have sought in order to convince the people that the Government is going to do everything for them that they ought to be doing in their own behalf. As one Democratic Congressman said the other day—I do not know his name—"I voted for the Bankhead bill because I want to be reelected in 1934, but it will mean my defeat in 1936."

The temperament is such that the administration is leading the people to where they think the Government will do everything for them and that is the serious danger of the whole situation. It is the reason why there is a growing fear all along the line that we are leading the Government into fields where it cannot retract and that in the end it will be destroyed if we go much further.

Referring to the agricultural conference, President Roosevelt said in his Topeka speech:

It took the amazing position—

That means the Federal Farm Board, because he was talking about the former administration.

It took the amazing position that production should be reduced to the demands of the domestic market by the cheerful means, it appeared, of starving out the farmers who had formerly exported to Europe.

And yet what is proposed here? Not only are we going to limit the acreage, but if the producers raise more than the total of 10,000,000 bales of cotton we are going to confiscate the excess by taxation. No such use of the taxing power was ever before made. The right to tax has always been said to be the right to destroy. Here is a situation where it is said by the administration, "Go down on your farm. Plow your acres. Plant your field. But if you raise a little more than some bureaucratic chief in Washington thinks you ought to raise, we are going to confiscate it and take it away from you. Breed your sows for farrowing, but if 10 sows average 8 pigs apiece, when they are only entitled to have 6, we will confiscate the other 2." Out in the Midwestern States, where the Presiding Officer [Mr. NORRIS] and I live, a pig is almost a member of the family, and to say that we are going to confiscate hogs and have 6,000,000 more of them die in vain is absolutely repulsive to the pork producers of the country all along the line.

What further did the President say? Remember this was only in 1932. These were the platform pledges upon which Mr. Roosevelt was asking the votes of the people in order to carry out the great recovery program which has been inaugurated. In criticism of the Farm Board, he said further:

When the futility of maintaining prices of wheat and cotton, through so-called "stabilization", became apparent, the Farm Board . . . invented the cruel joke of advising farm-

ers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth dairy cow.

A cruel joke, and yet we are here enacting into law, under the leadership of the present administration, exactly that thing and also saying "in case you happen to have a little surplus, we will take it away from you by this grand old process of the taxing power."

Mr. REYNOLDS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. DICKINSON. I yield.

Mr. REYNOLDS. In the face of millions of people who are undernourished, in the face of equally as many millions of people who are without raiment, cotton or otherwise, and in view of the further fact that we are making expenditures of millions of dollars for the purpose of absolutely destroying clothing and food, and in particular reference to cotton, the subject in which we are now interesting ourselves, does not the Senator think that the Government would save a great deal of money if we would now encourage the return of the boll weevil and the corn borer? A number of years ago we spent millions of dollars—

Mr. DICKINSON. Let me suggest that I do not want the Senator to take my time. I am limited, he will remember.

Mr. REYNOLDS. I am going to speak in a little while and I shall be glad to give the Senator part of my time. [Laughter.] We spent millions of dollars in arresting the boll weevil which was destroying the cotton. Now we are about to spend millions of dollars to do the very thing we asked the boll weevil not to do. [Laughter.]

Mr. DICKINSON. I concur in the thought expressed by the Senator.

I want to go further with this quotation. I did not get through with it all:

Surely they knew that this advice would not, indeed, could not, be taken.

Oh, but it is not advice any more. It is no longer a voluntary program of cooperation which they asked of the farmer under the other measure. No; it is coercion now. They are going to recommend everything from Washington clear down and put on the farmer's fence post a sign reading, "This man is entitled to plant so many acres of cotton. If he raises any more than that, if the Lord happens to send him a favorable season, we are going to confiscate over and above so many bales and take it away from him by the old-fashioned plan of the taxing power."

Roosevelt further said:

It was probably offered as the foundation of an alibi. They wanted to be able to say to the farmers: "You did not do as we told you to do. Blame yourselves."

As a matter of fact, what did the farmers do? They cut down their acreage under the Agricultural Adjustment Act, it is true, and raised just as much cotton as they did before. The reason for all this uncertainty is the fact that the limitation asked by the Senator from Alabama [Mr. BANKHEAD] does not determine the amount of the crop. In other words, there are so many phases of the whole scheme that are so uncertain, that are not dependable in the doing of the things it is claimed will be done, that they absolutely will not control the price equation.

I believe if the truth were told, we would have to admit that the increase in the price of cotton now is largely due to the fact that we deflated our dollar, or we brought about inflation to the point where the Japanese yen would buy about twice as much cotton as it formerly bought, and therefore we have had an increase in the exports to European markets.

Mr. LONG. Mr. President, would the Senator from Iowa object if in order to decrease the hog supply we propagated hog cholera, and in order to decrease the cattle supply we propagated the cattle worm, and in order to reduce the cotton supply we propagated the pink boll worm? Perhaps we on the two sides might get together on something of that kind.

Mr. DICKINSON. If we are going to have any Government proposals like this one, I am not sure but that I would rather have something that I know will be certain in its effect. What is going to happen here is that we are going to spend all kinds of money, and in the end it will not bring about the desired result; and I am going to show in a little while the facts as to the expenditure of some of this money.

Senators talk about the cotton situation. In 1919 the cotton crop of this country was worth a little over \$2,000,000,000. In 1923 it was worth a little over a billion and a half. In 1928 it was worth a little over a billion and a third. In 1932 it was worth a little over \$397,000,000; and the crop for the present year, 1933, is worth about \$485,000,000.

The Senator from South Carolina [Mr. SMITH] tried to show here yesterday that the cotton situation is different from the situation of practically any other type of farm commodity. I do not know anything about cotton, so far as the crop is concerned. I can read figures. I can see what the crop is. I find, as I have stated, that there is a decrease from \$2,000,000,000 in 1919 to approximately \$400,000,000 in 1932.

Now let us take corn. The corn crop in 1917 was worth \$4,000,000,000. In 1932 it was worth \$566,000,000. In other words, we have had a larger percentage of decrease in dollar return in the corn crop than we have in cotton. In a little while I will insert some amazing statistics as to what has been done with reference to benefits to cotton and with reference to other commodities.

Take wheat. In 1919 the wheat crop was worth \$2,000,000,000. In 1932 it was worth \$254,000,000. For the present year, 1933, it is worth \$395,000,000.

In other words, the decrease in every one of these commodities is in excess of the decrease in cotton. Therefore, cotton is not an exception to the general rule.

But let us go further than that. You can go into any line of endeavor in the United States and find the same thing. I can take you into cities and show you 15 or 20 stories on the top of office buildings that have never been opened up. Why? Because there are no tenants for them. The builders produced too much office space. I suppose what the Government ought to do is to go out and rent that office space, just as we are going to say here that we are going to rent land if the owners will let it lie idle or take it out of crop production.

Why is not the man who honestly went ahead and erected an office building, or constructed store buildings, or built hotels or apartment houses entitled to his return, just the same as anybody else?

What I am trying to show is that this type of remedy does not reach the real situation, and therefore is not practical, and will not be effective.

I suggest that Senators read the hearings with reference to the confidence that the Secretary of Agriculture has in this control. He says that he does not want to restrict the crop unless the farmers are willing to cooperate; and yet we have a tax here by which it is going to be coercive, not cooperative. On the other hand, we find that cooperation under the Agricultural Adjustment Act has not brought about the desired result and is not going to bring it about. Therefore, we are simply flying off on another tangent that will not do the things that we desire to do.

Oh, yes; a processing tax is to be imposed. All this money is to be paid back by a processing tax; and the advocates of the bill say that the processing tax is going to do the very things that they suggest here all along the line, and all this money is going to be paid back into the Federal Treasury.

Up until the 22d day of March the processing tax brought in \$235,476,841.86. For the entire month of March up to that date the total collections were a little over \$34,000,000. It will be necessary to collect at least 60 percent more processing tax than is now being collected in order to come anywhere near meeting the demand so far as balancing the expenditures is concerned.

The estimated output for the year 1934 is \$855,000,000. The processing tax to date has reached a little bit over 25 percent of that, and the big part of that is the processing tax that was levied on the stocks on hand at the time the tax was put into effect.

What is the trouble with this whole thing? The fact is that the processing tax is merely a matter of locking the whole machinery; that is all. When the processing tax is put on it reflects itself in the price of the commodity. Textiles go higher if they are made out of cotton. Therefore people buy less, and when they buy less there is less use for cotton, and therefore the whole process simply locks itself. When the processing tax is applied to pork what is done? One of two things. Either it is taken out of what is paid to the farmer who raised the hogs or it is taken out of the consumer. The best evidence I can find is that about 70 percent of the processing tax is now paid by the farmer who produces the hog, and only 30 percent of it is passed on. When the farmers begin to pass it on what happens? Why, the consumers simply use a substitute meat. Yet Congress has now permitted a processing tax to be levied on meats. It is permitting it to be levied on peanuts. It is permitting it to be levied on all kinds of different grains, like barley, rye, and so forth; and Congress is now going to permit the processing tax to be levied on all the commodities that are described in the conference report that is now pending here.

I do not know why in the world we should not stop, look, and listen, because the processing tax is simply the brake by which we are attempting to secure benefits, but in the end it is a detriment to the whole interest of the commodity on which it is levied. It has proven so in the case of pork. It has proven so in the case of cotton. It will prove more so as time goes on; and yet this is the program upon which we have entered. It is a program that I believe in the end will wreck itself unless we as a Congress stop it before it goes too far.

The PRESIDING OFFICER (Mr. MURPHY in the chair). The Senator's time on the amendment has expired. He may speak now on the bill.

Mr. DICKINSON. I will take my time on the bill.

In order that Senators may understand just what has been done, I advise every Senator to get a copy of the report on the administration of the Agricultural Adjustment Act from May 1933 to February 1934. It contains an amazing lot of information. In order that Senators may understand it, I desire to read a little comment with reference thereto from yesterday's New York Times. It is very illuminating:

In its effort to improve farm prices the A.A.A. has initiated crop-curtailment plans in the case of tobacco, corn, and hogs, as well as wheat and cotton, and has similar plans in preparation for other farm commodities.

Those are the commodities to which I have just referred.

It recognizes the criticism frequently made of these activities, that it is attempting to curtail the production of food and materials for clothing precisely at a time when many people go hungry or are poorly clothed. But it insists that, paradoxically, farm surpluses are in themselves one cause of city bread lines, since such surpluses drive down farm prices, destroy the purchasing power of rural communities, curtail their orders for city goods and close down factories and mines.

If the processing tax is taken out of the price paid to the farmer, remember that not only is that being done but it is being done more viciously, and at a higher rate, than if things were permitted to take their natural course.

Both for this reason, and because the tariff war in which all nations are engaged has greatly restricted foreign trade, the A.A.A. believes that a substantial reduction of output is essential if American agriculture is to be placed on a sound basis. Only one of its curtailment plans has as yet been put to a test. Last autumn southern planters took 10,000,000 acres of cotton out of production, but cultivated so intensively what remained that (favored also by good weather) the estimated crop exceeded that of the preceding year.

To farmers who agree to curtail their acreage, cash benefits are paid. Detailed accounts of these are given in the present report. They show, up to the end of 1933, total payments of \$131,000,000 to producers of wheat, cotton, and tobacco in 44 States. Some interesting contrasts appear when these figures are analyzed on a geographical basis. Thus the six New England States—

I want the Senator from New Hampshire [Mr. KEYES] to hear this:

Thus the six New England States have received a total of \$252,000. But six Southern States—Alabama, Georgia, Mississippi, Arkansas, Oklahoma, and Texas—have received \$95,332,000. On a per capita basis, the share of these Southern States is 177 times as large as that of the New England group. These figures suggest the redistribution of wealth—

I am sure the Senator from Louisiana [Mr. LONG] is listening—

These figures suggest the redistribution of wealth, which is now in progress as a means of correcting the earlier disparity.

In order that Senators may understand this fully, I ask unanimous consent to have inserted at this point in my remarks, exhibit no. 6, found at page 296 of the report on the administration of the Agricultural Adjustment Act, showing the benefits and the amount paid to each State. The total is \$181,207,519.80.

The PRESIDING OFFICER. Without objection, the exhibit will be printed in the RECORD.

The exhibit is as follows:

EXHIBIT 6

Summary of expenditures through Dec. 31, 1933, analyzed by State and character

State	Total expenditures	Character of expenditures		
		General administration	Rental and benefits	Removal of surplus
Washington, D.C.	\$3,206,582.61	\$2,845,399.60		\$361,183.01
Alabama	9,918,696.37	381,639.12	\$9,537,007.25	
Arizona	276,143.76	7,949.60	268,194.15	
Arkansas	10,952,641.08	285,042.26	10,667,598.82	
California	271,823.52	28,470.05	243,353.47	
Colorado	297,835.55	30,417.15	267,418.40	
Connecticut	178,087.62	8,329.63	169,757.99	
Delaware	69,453.22	3,021.82	66,431.40	
Florida	345,662.94	22,506.80	323,156.14	
Georgia	8,228,522.70	302,301.83	7,926,220.87	
Hawaii	2,266.53	2,266.53	(1)	
Idaho	39,618.82	27,238.02	12,380.80	
Illinois	23,649,620.61	65,358.00	649,567.84	22,934,694.77
Indiana	1,006,610.05	49,876.83	956,733.22	
Iowa	194,244.35	13,147.95	181,096.40	
Kansas	7,508,460.93	68,349.92	7,440,111.01	
Kentucky	168,331.08	14,905.28	153,425.80	
Louisiana	5,140,380.64	170,537.70	4,969,842.94	
Maine	1,306.35	1,306.35	(1)	
Maryland	528,861.54	30,136.24	498,725.30	
Massachusetts	93,759.12	15,446.02	78,313.10	
Michigan	398,247.33	32,496.53	365,750.80	
Minnesota	3,044,698.82	45,161.32	529,682.31	2,469,855.19
Mississippi	10,245,075.06	320,237.49	9,924,837.57	
Missouri	5,357,314.62	75,135.60	2,550,283.22	2,731,895.80
Montana	41,648.09	41,648.09	(2)	
Nebraska	15,440,206.43	63,484.02	1,011,917.17	14,364,805.29
Nevada	18,668.19	2,677.39	15,988.80	
New Hampshire	3,611.72	1,857.52	1,754.20	
New Jersey	21,631.49	15,483.69	6,147.80	
New Mexico	538,738.51	11,006.17	527,732.34	
New York	76,888.79	46,080.16	30,808.63	
North Carolina	2,977,590.28	147,673.56	2,829,916.72	
North Dakota	46,752.86	46,752.86	(2)	
Ohio	1,271,135.11	76,531.73	1,194,603.38	
Oklahoma	12,966,181.53	220,660.27	12,745,521.26	
Oregon	81,244.88	20,283.08	60,961.80	
Pennsylvania	458,136.38	39,254.75	418,881.63	
Rhode Island	1,390.91	1,390.91	(1)	
South Carolina	4,871,796.59	186,866.40	4,684,930.19	
South Dakota	756,351.99	56,626.39	699,725.60	
Tennessee	3,463,767.45	106,319.86	3,357,447.59	
Texas	45,311,937.94	731,060.57	44,580,877.37	
Utah	258,236.55	14,305.75	243,930.80	
Vermont	4,884.09	2,499.64	2,384.45	
Virginia	506,504.00	46,490.88	460,013.12	
Washington	499,235.46	17,213.78	482,021.68	
West Virginia	57,866.58	14,701.18	43,165.40	
Wisconsin	393,307.48	33,534.04	359,773.44	
Wyoming	15,563.23	11,537.63	4,025.60	
Total	181,207,519.80	6,802,668.16	131,076,487.50	43,328,364.14

¹ Payments with respect to wheat commenced subsequent to the date of this statement.

² No contracts received as of the date of this statement which will result in rental or benefit payments.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. The only trouble with the Senator's reference there is that while the money has apparently been spent, the source from which the funds are to come is what is worrying us. If we knew that it was going to be put on some shoulders other than our own, we could feel somewhat encouraged over what the Senator has been reading.

Mr. DICKINSON. Mr. President, the question of liberty is involved. I do not believe it is the duty of the Government, or ever should be the duty of the Government, to go out and say to a man how many acres he shall plant, or how he shall plant them, or how many cattle he shall breed, or how many sows shall be farrowed. I do not believe the Government ought to be in that kind of business at all. It is destructive of the very things for which we have stood, as was shown so ably by the senior Senator from North Carolina [Mr. BAILEY] in his speech on liberty.

Mr. President, I ask to have inserted in the RECORD a short reference to Aesop's Fables, returning to a time 2,450 years ago, with reference to the wolf which said that if living in civilization meant that he would have to suffer having the hair worn from his neck by a collar that restricted his liberty, he would go back into the wilderness and fight for his living. I ask unanimous consent that at this point in the RECORD there be inserted this fable.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

There was once a well-fed town dog who slipped his leash and rambled out into the country. On the edge of the forest he met a gaunt and feeble wolf who was starving to death. The dog was contemptuous. "This is all your own fault," said he. "It all comes of your irregular and ill-planned life. Why don't you get yourself steady employment as a watchdog, where food would be given you every day and you'd never have to worry about a living?" "Yes; why don't I?" said the wolf meekly. "I'm so nearly gone that if I knew where to get such employment I believe I'd take it."

"If you really mean that," said the dog, "just follow me back to town and I'll see that you get a place." So off they trotted together toward town. But on the way the wolf looked his friend over and asked him how it happened that the hair was all worn away from his neck. The dog explained that it was collar worn—that he was tied up most of the time and that the chafing came from straining at the leash. "But, of course, that's nothing compared with the ease I enjoy."

"Oh, isn't it?" said the wolf, as he turned in his tracks and trotted briskly back into the forest. According to Aesop, the moral to this story is: "Better to starve in freedom than be a fat slave."

Mr. DICKINSON. Mr. President, I also ask that an editorial from the Red Oak Express, entitled "Give Thought to the Future of Your Liberties", be inserted in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Red Oak (Iowa) Express]

GIVE THOUGHT TO THE FUTURE OF YOUR LIBERTIES

The President's message clearly revealed that he has in mind plans which would completely revolutionize our social, economic, and governmental precedents. The President views the need as a "tremendous readjustment of our national life", and he promises a "permanent change in our social and economic arrangements."

The program of the new deal was sprung as an emergency measure and was so accepted by the public, which placed its faith and trust in the one man Franklin Roosevelt. Under the stress of conditions the public signed away some rights and surrendered personal licenses for what was believed to be for a period of temporary adjustments.

Now the vision of the President engulfs permanent and radical changes in our economic system—a program so drastic that it would make the people subservient to the State rather than the State subservient to the people. The objective is Government ownership, Government control, Government jobs, Government spending, greater Government taxes. This is the direction in which we have been rapidly drifting under the leadership of a President whose idealism and love of fellowmen prompts him to strive for the utopia of prosperity and happiness for his countrymen.

The sincerity of his conception, we do not question. The world has progressed on the ideals of great leaders. Woodrow Wilson gave his life for an ideal. Fundamentally he was right, but his idealism was too far advanced for the age in which he lived. The powers that Congress have given the President were emergency powers, and they were entrusted to him because the public did and does have faith in his integrity and confidence in his purpose. But Mr. Roosevelt will not always be President. In his place others will follow. Will they hold the confidence of the public and will they be true to their trusts? Peering into the future, there is grave danger in tampering with constitutional changes, sloughing off democratic principles, relinquishing individual rights and centralizing authority in Government during a period of national distress when it is difficult to get a proper and unbiased perspective.

Freedom, individuality, and initiative are counterparts of happiness. These characteristics have been ground into our souls since the landing of the Pilgrims. We fought for these forces in 1775, and we have cherished them since. In a moment of dreamy idealism and depression loyalty we should not toss overboard that which man has struggled to get and maintain through centuries of slow progress.

We must admit that a democracy has its failings. It progresses through trial and error, but in the long run the rule of the people is better for the rank and file than the people under rule. Autocracy springs from dictatorships and dictators arise when the people once lose their initiative and individuality in governing themselves.

We do not impugn the motives of the President. He is actuated by the desire to serve his people and surround them with comforts and happiness. His sincerity is beyond question. But the President must allocate duties to subordinates whose intents and purposes may not be of the same high purposes. The power that he and his subordinates may wield with honesty and fairness today may be violated by future rulers. Perhaps we can trust Mr. Roosevelt, but can we intrust our freedom, liberty, and pursuit of happiness to those who may succeed him, no matter from what political party they may spring?

When the President plainly states that he looks forward to permanent changes in our social and economic program and then he proposes greater concentration of power in the hands of a few men, we wonder if the suggestion does not occasion a respite for serious thought and study of our future. The trend at the moment may not be so serious, but the gradual drifting from democracy to concentrated governmental power gives rise to concern for the future. At least this is the time for discussion and determining our future course. It is easier to retain our principles of democracy now than to try and rescue them after we have let them slip away. Give thought to the future of your liberties.

Mr. DICKINSON. Mr. President, at the present time we are encouraging foreign trade. We are setting up a new bank, with \$100,000,000, to encourage trade with Russia. I wonder what Russia is going to want to sell us. I have here the last report with reference to the tremendous experiment that is being put on over in Russia, and I find that there has been an increase in the yield of wheat, between 1932 and 1933, of 10.3 percent, in the case of rye an increase of 9.5 percent, an increase in all of such items all along the line. Why is that? Russia is getting more intensive cultivation. Yet we are going to have trade relations with Russia. What are they to sell us? They are going to sell us some of the very things whose production we are attempting to forbid under this machinery.

Now, let us go from the grains to the livestock. Hogs are raised in Russia. Some reference has been made to Iowa hogs, and we do think a lot of hogs out in Iowa. They are the cash in the pocketbooks. What do we find as to hogs in Russia? There was an increase in the number of hogs produced in Russia from 3,428 to 7,247 thousand head, an increase of practically 53 percent.

Is it supposed that we will sell much of our cured hams in Russia if we are going right on to establish trade relations with a country which produces in excess of the former amounts produced the very things whose production we are trying to curtail under this tremendous machinery being set up here legislatively in this country?

I ask unanimous consent that two tables, one covering grain, and the other covering livestock, from the Economic Review of the Soviet Union, be inserted in the RECORD as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Grain

	1932			1933		
	Sown area (mill. ha.)	Yield (centners per ha.)	Harvest (thousand tons)	Sown area (mill. ha.)	Yield (centners per ha.)	Harvest (thousand tons)
Wheat.....	34.63	7.4	20,250.0	33.24	10.8	27,726.8
Rye.....	25.20	8.4	22,020.0	25.38	9.5	24,185.7
Barley.....	6.30	6.7	5,030.0	7.26	9.7	7,048.4
Oats.....	14.40	7.3	11,240.0	16.68	9.2	15,410.9
Millet.....	7.68	5.6	4,330.0	8.85	5.5	4,825.7
Corn.....	3.50	9.3	3,430.0	3.96	12.1	4,800.4
Buckwheat.....	1.66	5.6	920.0	2.04	5.5	1,265.2
Others.....	6.34		2,650.0	3.94		3,739.2
Total.....	99.71	7.0	69,870.0	101,351.5	8.8	89,802.3

Livestock (thousand head at end of year)

	1923	1930	1932	1933	1934 (prog.)
State farms:					
Cattle.....	180	741	2,100	2,500	4,250
Cows.....	60	306	1,150		1,850
Sheep and goats.....	747	2,754	4,400	5,000	7,247
Hogs.....	50	181	950	1,500	3,423
Collective farms:					
Cattle.....	152	201	5,390	5,668	6,250
Cows.....					2,950
Sheep and goats.....	223		5,800	7,300	7,800
Hogs.....	45	396	2,369	2,678	3,450

Mr. DICKINSON. Mr. President, I find in a Hearst newspaper of yesterday a statement with reference to liberty of the individual. I refer to an editorial which appeared in the Washington Herald. I do not ask that it all be inserted in the RECORD, but I ask that there be inserted in the RECORD that portion of the editorial which has reference to the Jeffersonian principles of government, and that which has to do with preserving the rights and the liberties of the American people.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Mar. 26, 1934]

THE POSITION OF THE HEARST NEWSPAPERS

In fact, they are not party organs of any kind.

They believe in the independence which Jefferson expressed in the great declaration of human rights and liberties which he conceived, and which the valor of our fathers wrought into a living force to inspire our people and regenerate the world.

They believe in government by the Constitution of the United States and under the guaranties of liberty and opportunity and impartial justice which that instrument contains.

They do not believe in any radical departure from the spirit of the Constitution.

They do not believe in limitations upon liberty, restrictions upon opportunity, modifications or qualifications of essential justice and equality before the law.

They do not believe in any invasion of the inherent or inherited rights of the free citizens of this Republic.

They believe in American institutions and in the American system of government, which have been tried and proven by the power and by the progress and by the peacefulness and happiness and by the splendid success of this greatest of all nations upon the face of God's globe.

They do not believe in appropriating fragments of impractical policy picked up from the political scrap heaps of alien nations less free, less fortunate, less progressive, and less successful than our own.

They do not believe in so-called "innovations" which are actually as old as the history of human failure.

The Hearst papers believe in the elemental principles of Thomas Jefferson, founder of the Democratic Party, and in the almost identical principles of Abraham Lincoln, disciple of Jefferson and founder of the Republican Party; and the Hearst papers hold as their guiding policy in the honorable practice of the profession of independent journalism, Lincoln's injunction to support any man when he is right and oppose him when he is wrong.

If that be party treason, make the most of it.

It is at least loyalty to the best interests of the Nation.

Mr. DICKINSON. Mr. President, I think this bill would be absolutely impractical in its operation. I do not believe it is constitutional. I am fully convinced it would be no more beneficial in its effect than has been much of the legislation we have already passed. I believe it would be a great disappointment to the cotton farmers of the South. I hope we will at least have the courage here in the Congress to say that the emergency does not permit us to lose all of our balance and that we will not follow the emergency into a lot of entangling, misguided legislative policies which will handicap recovery in the days that are to come.

The PRESIDING OFFICER. The Senator's time on the amendment and on the bill has expired.

APPROPRIATIONS FOR THE STATE, JUSTICE, ETC., DEPARTMENTS

The PRESIDING OFFICER (Mr. MURPHY in the chair) laid before the Senate the action of the House of Representatives, receding from its disagreement to the amendments of the Senate nos. 1, 19, and 21 to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, and concurring therein.

Also receding from its disagreement to the amendment of the Senate no. 5 and concurring therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"COST-OF-LIVING ALLOWANCE, FOREIGN SERVICE OFFICERS

"To carry out the provisions of the act approved February 23, 1931 (U.S.C., supp. VI, title 22, secs. 12, 23c) relating to allowances and/or additional compensation to diplomatic, consular, and Foreign Service officers and/or clerks when such allowances and/or additional compensation are necessary to enable such officers and/or clerks to carry on their work efficiently: *Provided*, That such allowances and/or additional compensation shall be granted only in the discretion of the President, and under such regulations as he may prescribe, \$300,000, of which amount not to exceed \$100,000 shall be immediately available."

Also receding from its disagreement to the amendment of the Senate numbered 8 and concurring therein with the following amendment:

In lieu of the matter inserted by said amendment insert: "\$3,500; in all, \$579,948, together with such additional sums, due to increases in rates of exchange as may be necessary to pay in foreign currencies the quotas and contributions required by the several treaties, conventions, or laws establishing the amount of the obligation for the fiscal years 1934 and 1935."

Mr. McKELLAR. Mr. President, inasmuch as these two amendments are largely matters of language in the bill, I move that the Senate concur in the House amendments to the Senate amendments.

Mr. KING. Mr. President, I should like to ask the Senator whether any amendments made by the Senate to the bill as it passed the House which are material in character were rejected by the conferees.

Mr. McKELLAR. Mr. President, some were rejected and some agreed to, and some were agreed to with amendments, as is done in connection with all appropriation bills. The agreement was a compromise to a very large extent. But most of the amendments have already been agreed to. Those now before the Senate are two amendments in which the House has changed the language of a Senate amendment, first, that as to the cost of living, and that relating to additional appropriations made necessary by fluctuations in exchange. The language was clarified. It is for that reason that I have moved that the Senate concur in the House amendments.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee [Mr. McKELLAR] to concur in the House amendments to Senate amendments numbered 5 and 8.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 26, 1934:

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii.

On March 27, 1934:

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932.

REGULATION OF COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. REYNOLDS. Mr. President, I have listened for the past year with a great deal of interest to the remarks submitted by various and sundry Members of this body, particularly as related to the destruction of property. I have never yet been able to understand why, in a country like the United States, where there are 125,000,000 people, of whom millions upon millions are, and for several years for that matter, have been hungry, and starving, and undernourished, and

ragged, and naked, we of this Nation, who are supposed to be God-fearing, civilized citizens, should indulge in willful destruction of food for which millions upon millions of people are crying and praying at this very hour.

I never have yet been able to understand why we are persistently calling for the destruction, even now at this hour, of cotton when millions upon millions of men and women of all conditions and creeds are crying and wishing and praying for raiment with which to cover their naked bodies. It may be all right, it may work out all right, but my common sense does not convince me of that, and I never will be convinced of that until the experiment shall have been tried and proven unquestionably to be a success.

Confining my remarks to the particular subject we have now under discussion, it is said that there are in the warehouses of this country millions upon millions of bales of cotton in the form of surplus. That is true. Today this Government is paying to the warehousemen exorbitant sums of money for the purpose of keeping that cotton in good condition.

Why have we that surplus of cotton? We have the surplus of cotton for the same reason that we have a surplus of pigs, for the same reason that we have a surplus of wheat, for the same reason that we have a surplus of corn, for the same reason that we have a surplus of shoes, of clothing, of hats, of farm implements, a surplus of every single thing that grows or is manufactured in this country. The reason for that surplus is that the people of the United States have not had the money with which to buy the surplus. That is the only reason on God's earth why today there is a surplus of everything in this country.

We have talked about a surplus of cotton. Mr. President, if every man and woman in the United States who is today wearing cotton socks which are footless or have holes in them, or have been darned time and again, had the money with which to buy new cotton socks, that surplus would be greatly reduced. If today every man and woman in this country who have been accustomed to use and who are now using cotton nightshirts and nightgowns which have been worn so long that there is not a thing left but a little fringe around the neck, and who may just as well not have anything on when going to bed, were to buy some cotton nightshirts and cotton nightgowns, I am convinced that we would see the cotton surplus wilt like the morning dew before the glow of the rising sun.

If every man and woman in this country who are desirous of getting cotton shirts or cotton dresses, and who have been wearing the old ones year after year, like that good woman described in the letter read upon the floor of the Senate by the senior Senator from Wisconsin [Mr. LA FOLLETTE] the other day, had the money with which to replenish their simple wardrobes by replacing the old worn garments with new ones, there would not be any surplus of cotton at this hour in the United States.

The main trouble with the country today, Mr. President, is a fundamental one. There is only one serious trouble with the United States of America, and that trouble, Mr. President and Senators, will never be eradicated until there shall be more money in circulation in this land of ours.

A few years ago there were seven and one half billion dollars in circulation in this country, backed by about four or five billion dollars of gold. Today the situation is worse. We have only about \$5,000,000,000 in circulating currency, or rather currency that is supposed to be in circulation, backed by gold to the extent of \$8,000,000,000. There is but one thing wrong with the country today, Mr. President, and that is there is not enough money in circulation, and I can prove that to the satisfaction of anyone who will listen to reason.

The American people are in debt to the extent of approximately \$250,000,000,000 to \$275,000,000,000. The American people cannot pay their debts. Individuals cannot liquidate their obligations. Why? Because they do not have the money with which to liquidate their just and honest obligations, which they are desirous of paying.

Mr. President, why do we not sell the millions upon millions of bales of surplus cotton? It is simply because we will not adopt that medium of exchange which is utilized and which is in operation among 60 percent of the peoples inhabiting the globe. We are not able to dispose of our cotton; we are not able to dispose of our wheat; we are not able to get the prices for tobacco which we want to get for our farmers in North Carolina—the greatest tobacco-growing area in the world—because we are not willing to use the medium of exchange which is utilized by 60 percent of the 2,000,000,000 people upon the globe.

In that connection I respectfully call to the attention of the Members of this body the fact that the very countries on this earth which would like to purchase all the surplus cotton we grow are those countries which make use of silver as a medium of exchange. In India, 12,000 miles from the shores of America, there are 350,000,000 people, 98 percent of whom are clothed exclusively in raiment manufactured from cotton. The medium of exchange in India is silver. It is quite true that India is a part of the British Empire, but, regardless of that, if our country were to adopt silver as a medium of exchange, trading upon that basis in the same way as we now are and as we have for many years past traded upon the gold basis, we should not have any surplus cotton in this country.

If, perchance, after having traveled from the shore lines of that great country of the Orient to the peaks of Nepal in northern India, we found that those 350,000,000 souls could not use up our entire surplus, all we would have to do would be to wend our way to the shores of China, with its 500,000,000 inhabitants.

The Chinese, like the people in India, make use of cotton clothing and use our cotton. Someone may say that India raises its own cotton. Someone may put forward the argument that Russia, China, and Egypt do likewise. That is true.

The cotton produced in India, so I have been informed by those who are eminently qualified to discuss the question, does not come in competition with American cotton because the grade is not so good. The cotton of Russia, which that country has but recently begun to raise, is not so good as the American cotton, although they have had for several years experts from the southern portion of the United States instructing them in the growing of cotton. But even with the seed of the American cotton, the best on earth with the exception of the Egyptian cotton, they cannot produce one tenth or, for that matter, one twentieth of the amount of cotton they would like to use in the great Soviet Union of seven States, occupying approximately one sixth of the entire globe.

Then there is China. Despite the fact that it has a population of between 400,000,000 and 600,000,000 people, that country has just begun, so to speak, the production of cotton, and, speaking conservatively, they cannot grow one tenth of what they need in their country.

In Egypt, as we all know, they are now engaged in growing cotton of a certain quality which is adaptable for the making of cords in automobile tires and for the weaving of thread.

I am not concerned here today, as has been suggested by some of my colleagues, with the proposition that we may encourage cotton production in other portions of the world if we pass the pending bill. I am not afraid of that. That is no bugaboo to me, despite the further fact that I have but recently read in the columns of the newspapers where the Japanese, desirous of expanding their territory, which soon must be expanded in some direction, are contemplating the establishment of colonies in some of the South American countries for the raising of cotton.

We need have no fear from that source; we need have no fear of competition from Egypt, from India, from Russia, or from China for the present; but I say, Mr. President, that what we should have done we have not done, and if the pending measure had been delayed, and if other legislation of a cognate character had been delayed until after more currency had been put into circulation in this country, then

such legislation would not be necessary. Month after month, year in and year out, the Congress of the United States has overlooked the two fundamentals, the two important things that would long since have brought to this land and to every single man and woman who basks within the warmth of its sunshine a return of prosperity. I will refer to those two fundamentals. First, if we had decided to issue currency upon silver as a base, today we would be trading with and would have a large portion of the commerce of 60 percent of the population of the entire globe; and, second, Mr. President, I say today that if we should pass the bonus bill and pay to the soldiers of the World War the money which the Congress of the United States said belonged to them, not as a bonus but as compensation, it would put into circulation in this country \$2,200,000,000; it would place money in circulation in every single nook and corner in this land, from the Atlantic to the Pacific and from British Columbia to Florida, money that the people must have in order that they may buy the necessities of life, and thereby absorb the surplus.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The time of the Senator from North Carolina on the amendment has expired. He has 15 minutes on the bill.

Mr. REYNOLDS. Mr. President, I should like to say further that the main trouble with this country is that it is debt ridden. What do I mean by that? When I say that this country is debt ridden I mean that 90 percent of the people of the United States are burdened down with debts and obligations and mortgages and commitments which they cannot shake off, and they will never be able to shake from their withered, weakened shoulders those burdens until they shall be provided with the means by which they may discharge their obligations.

If every man and if every woman—and I am speaking of individuals—living within the confines of these United States were provided a means (currency) by which he or she could pay his or her debts, this would be the happiest nation on earth; the State governments would not be in difficulty; the Federal Government would have no worry about its 30 or 34 billion dollars of obligations.

Let us now get right down to the bottom; let us use a little common sense. The strength of a county depends upon the strength of its inhabitants. There are in the United States approximately 3,200 counties, constituting, as it were, the respective 48 States, and they, in turn, constituting, as it were, this, the greatest Government on earth. I shall take, for illustration, the county of Transylvania in my beloved State of North Carolina; high in the Appalachian Range, and, incidentally, not far withdrawn from the fine old State of Tennessee, which is represented in part so ably by my good friend from that State [Mr. McKELLAR]. In the county of Transylvania, as we find in every other county in the United States, 80 percent of the people are burdened down with debt; 80 percent of the people have not the money with which to liquidate their just and honest obligations, which they are desirous of discharging. Without a single individual living in that county, without a single person working in its timberlands, felling its trees, or tilling its soil, that county would not be worth one cent to the State of North Carolina as a political unit of one of the 48 States of the Union, but if we could lift the burden of debt from the shoulders of the people living in that county, we would have a model county in the United States.

I repeat, no county is stronger than the people living therein; no county government is better than the individuals residing within its confines. Then, if we would advance one step farther, and lift the great burden of taxation from the shoulders of the people of every single county in the United States, we would have reached the pinnacle of success. But I say to you, Mr. President, that the indebtedness of this country will never be liquidated; the people of this country will never find the means with which to discharge their respective debts and obligations, until they shall be provided with the means with which to do it; and the only way in the world that such provision may be made will be

by putting more money into the hands of the people of this land of ours.

All over this country thousands upon thousands of homesteads and thousands upon thousands of farms are being sold under the hammer, wielded either by the auctioneer who calls for the highest bidder for the property that is mortgaged, or wielded by the tax collector in the various political subdivisions. I say that those homes are being sold, that those mortgages are being foreclosed, on account of the nonpayment of the mortgages, on account of the nonpayment of taxes. Why? Because the people have not had the money with which to pay; and by continuing to refuse to expand the currency of this country, by continuing to refuse to put more money into circulation, what are we doing? We are destroying man's desire to own a home; we are destroying man's desire to rear a family; we are destroying man's desire to stand behind the great Government of America, because who ever heard of any man shouldering a musket in defense of a boarding house? And if present conditions shall continue, we will have them all in boarding houses rather than sitting around their own firesides.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. REYNOLDS. I yield.

Mr. LONG. In connection with what the Senator is saying, during the course of what I think is one of the most able expositions of this subject made in the Senate since I have been here, let me say that we have today \$5,000,000,000 of currency with a 59-cent dollar as against the time we deplored under Hoover when we had \$7,000,000,000 of currency in 100-cent dollars. So instead of expanding our currency we have contracted it 0.59 of five billion instead of 100 percent of seven billion.

Mr. REYNOLDS. Mr. President, I have heard it stated on the floor here that in the Valley of the Nile, that intriguing, that lovely, that interesting region of northern Africa, plans are being made to put under cultivation some twelve to fifteen million acres of cotton. I have heard it stated here that in certain sections of India, that far-away land of the Orient, astute politicians and statesmen of the British Empire are holding in reserve some ten or twelve million acres of land for the purpose of cultivating cotton. That may be true, and I shall not make denial thereof; but I repeat, Mr. President, that at present I am not afraid of competitors from other sections of the world. Our Southland grows the finest staple of cotton—a particular staple—on earth, and the South will continue to grow it; the South will continue to lead in the exportation of cotton if—and I wish to emphasize that one little word “if”—if this country will make decision to issue currency backed by silver and thereby enable our people to trade with 60 percent of the peoples of the world who are accustomed to using silver as a medium of exchange.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Montana?

Mr. REYNOLDS. I yield.

Mr. WHEELER. I have naturally been very much interested in the eloquent argument being submitted by the Senator from North Carolina. I invite his attention to the fact that not only would the increase in the price of silver and the remonetization of silver help the cotton planter, but likewise it would help the manufacturer of cotton textiles and also the tobacco manufacturers of the South.

At the present time, by reason of the depreciated price of silver, cotton factories are starting up in Shanghai, Hong Kong, and other Chinese cities. Every time such a factory starts up—and they are doing so by reason of the low price of silver—it puts people out on the streets in the Senator's State and throughout the industrial East.

What is true with reference to cotton is likewise true with reference to the manufacture of cigarettes and other tobacco products. A few years ago, when the price of silver was higher and more in proportion to the value of our money,

the Chinese bought their cigarettes from this country. Today English, Japanese, and American manufacturers have gone to China and are manufacturing cigarettes over there because, with the cheap price of silver and labor and their depreciated money, they can undersell American manufacturers in the United States market. It not only affects the cotton industry in the State of North Carolina but it likewise affects the tobacco industry.

Mr. REYNOLDS. I am very happy indeed to have had that enlightening statement from the Senator from Montana.

Mr. President, it is said that this kind of legislation is materially necessary. Granting, sir, that it is materially necessary at this hour, I am desirous of saying that it is necessary at this hour perhaps because we have failed and persistently refused to issue currency backed by silver, because we have failed and persistently refused to pay the bonus in the form of new money that would have distributed \$2,200,000,000 all over the United States, \$2,200,000,000 with which the people of this land could have made purchases of a vast portion of the surplus cotton in the form of manufactured goods in which cotton is used.

I was distinctly impressed a moment ago when my colleague, the senior Senator from North Carolina [Mr. BAILEY] made the statement of fact that recently he had observed in the columns of one of the newspapers, and I now recall something of that nature, an item to the effect that the Secretary of Agriculture had stated that he would not be at all surprised if in a few years a million farmers from the South and Southwest would have to be removed to the North. Mr. President, if we shall continue to limit acreage, if we shall continue to refuse an expansion of the currency, if we shall continue to cut down our crop production in any form whatsoever and at the same time shall continue to refuse to expand the currency or to issue currency upon a silver basis, that very thing will have been accomplished, and that will be a sad day for all America.

The PRESIDING OFFICER. The time of the Senator from North Carolina on the amendment and the bill has expired.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. PITTMAN. Mr. President, I am informed that the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates has been referred to the Committee on Finance.

At this time I present an amendment in the nature of a substitute for that bill, which I ask may be referred to the Committee on Finance.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be referred to the Committee on Finance.

Mr. PITTMAN. Mr. President, I will read the first paragraph of the proposed substitute, which will itself explain the difference between it and the measure for which it is offered as a substitute:

The Administrator of Veterans' Affairs is hereby authorized and directed to pay in cash to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of his certificate and all rights thereunder (with or without the consent of the beneficiary thereof), an amount equal to the amount of his adjusted-service credit, as computed in accordance with section 201, plus interest on the amount of such adjusted-service credit at the rate of 4½ percent per annum compounded annually from November 11, 1918, to the date of payment.

No one disputes the fact—

Mr. NORRIS. Mr. President, is the substitute a long one? I should like to hear the remainder of it read if the Senator will do so.

Mr. PITTMAN. I will have that done if the Senator wishes.

There is no doubt at all that the amount of the adjusted-service credit is due to the soldier. That was established by act of Congress. In my opinion that debt should have been paid immediately. I do not see why the Government should have borrowed money from the soldier instead of

borrowing it from lending sources such as banks. However, the Government went into an insurance system and gave the soldier an insurance policy maturing in 20 years. The confusion that has arisen over this plan, the suffering it has caused to the ex-service men, the injury it has done generally not only to the morale of our veterans, but to all those interested in them, could not be compensated by the fact that the men would be protected for 20 years and in case they died that their dependents would be compensated under the insurance policy.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Ohio?

Mr. PITTMAN. I yield.

Mr. FESS. I do not think I quite understand the point of what the Senator said. If this adjustment had been made prior to the expiration of the period to be adjusted, would the ex-service man have been paid the full amount he would have received if he had waited until the end of the period?

Mr. PITTMAN. I have set forth the purpose in the simplest possible language in the paragraph which I just read. We owed this money to the soldier at least on Armistice Day. Whatever was due him as computed on Armistice Day, he is now entitled to be paid plus interest from that time until the date it is paid.

Mr. FESS. He was to get \$1.25 a day if his service was overseas. The maximum would be about \$625 if he had been paid at once, and it would be about \$1,900 if he waits until the end of the 20 years. If we pay it at this time, would it mean a computation based on the \$625 up to this time?

Mr. PITTMAN. That is correct. I have requested General Hines to prepare an analysis showing the cash value of the certificates now, the value of the certificates under the House bill, and the value of the certificates under the proposed amendment which I have offered. These figures are set out in parallel columns showing the result of the computation, and the various results may be easily discovered.

Mr. FESS. What about those who borrowed under the privilege we gave them some time ago?

Mr. PITTMAN. There is no change in that particular from the bill coming from the House. All liens on a certificate, of course, will be first deducted from the payment.

There is another provision to which I wish to invite attention. Instead of issuing Government notes in settlement of these certificates, the amendment proposes that the Government shall issue its bonds or credits or notes for a period up to, we will say, 1945, and that that money shall be placed in the veterans' fund to carry out the purposes of the act. It differs in no particular except that the money is obtained on bonds rather than in any other form.

There is still another provision in the amendment, and that is this:

In addition to the general assets that would go into the sinking fund for the settlement of the certificates in 1945, it is provided that the seigniorage from the purchase of 2,000,000,000 ounces of silver during the period until 1945 shall also be put into the sinking fund for the purpose of retiring the bonds as and when they fall due.

Those are the principal provisions of the amendment.

Now, I have described the amendment. I ask that it be printed as a part of my remarks at this point rather than to take the time to read it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amendment (in the nature of a substitute) intended to be proposed by Mr. PITTMAN to the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates, viz: Strike out all after the enacting clause and insert in lieu thereof the following: "That title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof new sections to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY"

"Sec. 509. (a) The Administrator of Veterans' Affairs is hereby authorized and directed to pay in cash to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of his certificate and all rights thereunder (with or without the consent of the beneficiary thereof), an amount equal to the amount of his adjusted-service credit, as computed in accordance with section 201, plus interest on the amount of such adjusted-service credit at the rate of 4½ percent per annum compounded annually from November 11, 1918, to the date of payment.

"(b) No payment shall be made under this section until the certificate is in the possession of the Administrator of Veterans' Affairs, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the veteran's certificate is held by a bank or for the United States Government life-insurance fund as security for the unpaid principal and/or interest on or in respect of a loan made pursuant to section 502, then, on request of the veteran, the Administrator of Veterans' Affairs shall (1) pay or otherwise discharge such unpaid principal and so much of the unpaid interest as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount payable under this section such amounts as may be required to discharge the indebtedness together with interest thereon to date of payment to the veteran.

"(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate (1) personally by the veteran or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed by the Administrator of Veterans' Affairs. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after application is made and before the issuance of check in payment of the benefits provided by this section, the application shall be held void.

"Sec. 510. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor, he shall be entitled, upon application made under section 302, as amended, to receive, at his option, either the certificate under section 501 or payment of the amount provided under section 509.

"Sec. 511. Amounts in the adjusted-service certificate fund are hereby authorized to be made available for payments authorized in sections 509 and 510."

"ISSUE OF SECURITIES AND SINKING FUND"

"Sec. 2. (a) The Secretary of the Treasury is authorized to borrow, from time to time, under the Second Liberty Bond Act, as amended, such amounts as may be necessary to make the payments provided for by sections 509 and 510 of the World War Adjusted Compensation Act, as amended, or to refund any obligations previously issued under this section, and to issue therefor bonds, notes, certificates of indebtedness, or Treasury bills of the United States. The proceeds derived from any obligations issued under this section shall be covered into the adjusted-service certificate fund established by section 505 of the World War Adjusted Compensation Act, as amended, and are hereby appropriated and shall be available for making the payments provided for by sections 509 and 510 of such act, as amended. All obligations issued pursuant to this section shall be retired on or before July 1, 1945.

"(b) For the purpose of retiring the obligations issued under subsection (a) of this section there is hereby created a sinking fund, and all amounts covered into such fund as hereinafter provided and such further sums as may from time to time be required for the purpose of retiring any such obligations are hereby appropriated and shall be available for such purpose.

"PURCHASE OF SILVER"

"Sec. 3. (a) The Secretary of the Treasury is authorized and directed during the period of 11 years, commencing July 1, 1934, to purchase not in excess of 2,000,000,000 ounces of silver at the market price and to pay for such silver by means of silver certificates; except that in the event that the market price of silver exceeds 64½ cents an ounce the Secretary of the Treasury shall continue to purchase silver only at such prices and in such amounts as he may determine. The silver so purchased shall be used for the coinage of standard silver dollars in an amount equal to the face value of such silver certificates, and the standard silver dollars so coined shall be held in the Treasury for the redemption of such certificates. Silver certificates shall be issued against the silver so purchased and not used for such coinage, and such certificates shall be covered into the sinking fund provided for in section 2 of this act and may be exchanged from time to time, in the discretion of the Secretary of the Treasury, for any obligations of the United States. The silver certificates issued under this section shall be of the same character and shall have and possess all the privileges and the legal-tender characteristics of existing silver certificates now in the Treasury of the United States, or in circulation.

"(b) There shall also be covered into such sinking fund all amounts received as seigniorage and for services performed by the Government of the United States relative to the coinage and delivery of silver dollars, and, in the event that the weight of the silver dollar shall at any time be reduced, an amount equal to the increase in value of any silver held by the United States resulting from such reduction."

Mr. FESS. Mr. President, will the Senator yield now for a question?

Mr. PITTMAN. Yes, sir.

Mr. FESS. Is the amendment permissive, so that one who prefers to wait until the end of the time can wait?

Mr. PITTMAN. It is permissive. None of the supposed benefits under the existing law are taken away from the ex-service man.

Mr. FESS. And the money would not be paid by the issue of what we call "greenbacks"?

Mr. PITTMAN. It would not be paid in Government notes as provided in the original bill, but it would be paid in money derived from the sale of bonds, notes, or other securities of the Government.

Mr. FESS. I thank the Senator.

Mr. PITTMAN. At this point I also desire to place in the RECORD an analysis of the existing law and an analysis of the amendment I am now offering as a substitute for the House bill in exact form as prepared. What I am placing in the RECORD is the letter from General Hines, and several forms of analysis of the results of the present law, the House bill, and the amendment I am offering.

The PRESIDING OFFICER. Without objection, the matter designated by the Senator will be printed in the RECORD.

The matter referred to is as follows:

VETERANS' ADMINISTRATION,
Washington, March 26, 1934.

Hon. KEY PITTMAN,

United States Senate, Washington, D.C.

MY DEAR SENATOR PITTMAN: In compliance with request contained in your letter of March 23, 1934, there is submitted herewith:

(a) Analysis of Pittman substitute for H.R. 1 on basis of computing present value of certificates under existing law by granting only earned portion of additional credit.

(b) Analysis of Pittman substitute for H.R. 1 on basis of computing present value of certificates under existing law by granting whole portion of additional credit.

(c) Condensed historical outline of basic facts regarding World War Adjusted Compensation Act.

(d) Statistical statement of certificates issued, certificates matured, loans, etc.

I desire to assure you that any further information which you may desire will, upon request, be gladly furnished to you.

Respectfully,

FRANK T. HINES,
Administrator.

Total present value

Present law (based on granting earned portion of 25 percent additional credit)	\$2,020,262,853
House bill	3,500,981,515
Pittman plan	2,756,256,494

Pittman plan provides a cash-surrender value for adjusted-service certificates of \$744,725,021 or 21+ percent less than House bill, but \$735,993,641 or 36+ percent more than present value under existing law.

Amount payable directly to veterans

Present law (assuming cash-surrender value was authorized)	\$381,742,601
House bill	1,862,461,263
Pittman plan	1,117,736,242

Pittman plan would provide for payments to certificate holders over and above outstanding liens of \$744,725,021 or 39+ percent less than House bill, but \$735,993,641 or 192+ percent more than the payments under an assumed cash-surrender value for existing law.

Present values on a \$1,000 certificate

(Age at issue, 33)

Present law (based on granting earned portion of 25 percent additional credit)	\$603.79
House bill	1,000.00
Pittman plan	787.57

Pittman plan provides a cash-surrender value for a \$1,000 adjusted-service certificate of \$212.43 or 21+ percent less than House bill, but \$183.78 or 30+ percent more than the present value under existing law.

Amount payable directly to veteran on \$1,000 certificate who borrowed maximum amount on certificate Feb. 27, 1931

(Age at issue, 33)

Present law (assuming cash-surrender value was authorized on basis of allowing entire additional credit).....	\$37.89
House bill.....	434.10
Pittman plan.....	221.67

Pittman plan would provide for payment to a holder of a \$1,000 certificate who borrowed maximum amount thereon February 27, 1931, of \$212.43 or 48+ percent less than House bill, but \$183.78 or 48+ percent more than amount payable under an assumed cash-surrender value for existing law.

Total present values

Present law (based on granting entire 25 percent additional credit).....	\$2,285,390,094
House bill.....	3,500,981,515
Pittman plan.....	2,756,256,494

Pittman plan provides a cash surrender value for adjusted-service certificates of \$744,725,021, or 21+ percent less than House bill but \$470,866,400, or 20+ percent more than present value under existing law.

Amount payable directly to veterans

Present law (assuming cash surrender value was authorized).....	\$646,869,842
House bill.....	1,862,461,263
Pittman plan.....	1,117,736,242

Pittman plan would provide for payments to certificate holders over and above outstanding liens of \$744,725,021, or 39+ percent less than House bill but \$470,866,400, or 72+ percent more than payments under an assumed cash surrender value for existing law.

(For example)

Present values on a \$1,000 certificate

(Age at issue, 33)

Present law (based on granting entire 25 percent additional credit).....	\$675.63
House bill.....	1,000.00
Pittman plan.....	787.57

Pittman plan provides a cash surrender value for a \$1,000 adjusted-service certificate of \$212.43, or 21+ percent less than House bill but \$111.94, or 16+ percent more than present value under existing law.

(For example)

Amount payable directly to veteran on \$1,000 certificate who borrowed maximum amount on certificate Feb. 27, 1931

(Age at issue, 33)

Present law (assuming cash surrender value was authorized on basis of allowing entire additional credit).....	\$109.73
House bill.....	434.10
Pittman plan.....	221.67

Pittman plan would provide for payment to a holder of a \$1,000 certificate who borrowed maximum amount thereon February 27, 1931, of \$212.43, or 48 percent less than House bill but \$111.94, or 102+ percent more than amount payable under an assumed cash surrender value for existing law.

The act of May 19, 1924, provides for each veteran having held a rank below that of lieutenant commander in the Navy or major in the Army or Marine Corps, receiving as adjusted compensation, after deduction was made for the first 60 days of service for which a cash settlement was made at the time of discharge, credit at the rate of \$1 per day for service in the United States and \$1.25 per day for service overseas.

Those veterans entitled to \$50 or less had their adjusted-service credit paid to them immediately, and those whose credits totaled in excess of \$50 secured entitlement to receive upon application an adjusted-service certificate. If the veteran died before making application for the benefits conferred by the act, certain surviving dependents were privileged to apply for and receive the adjusted-service credit, either in one sum or 10 equal quarterly installments, according to the amount payable, the dividing line being the same as that fixed for the veteran himself as determinative as to whether he would receive cash or an adjusted-service certificate—that is, \$50.

The adjusted-service credit inuring to a veteran who was to have issued to him an adjusted-service certificate was increased by 25 percent because of the payment thereof being deferred. Dependents of deceased veterans who received an amount which would have been, had the veteran been alive, sufficient to entitle the veteran to an adjusted-service certificate, did not have 25 percent added to the adjusted-service credit.

The amount shown on the face of an adjusted-service certificate represents the maturity value of a 20-year endowment life-insurance policy, for that is actually in substance what the adjusted-service certificate is. In the average case the maturity value approximates two and one half times the amount of the adjusted-service credit computed on the basis of the adjustment of \$1 and \$1.25 a day.

The maturity value of the certificate was arrived at by using the adjusted-service credit increased by 25 percent as a net single premium according to the American Experience Table of Mortality, with interest at 4 percent per annum, compounded annually, in the same manner as any insurance company would fix the amount

of a 20-year endowment insurance policy purchased on a net single-premium basis.

The act of May 19, 1924, provided each certificate with a loan value in an amount represented by 90 percent of the reserve value of the certificate on the last day of the current certificate year, the reserve value to be the full reserve required on such certificates based on an annual level net premium for 20 years and calculated in accordance with the American Experience Table of Mortality and interest at 4 percent per annum compounded annually, no certificate, however, to be eligible for the purpose of securing a loan until after the expiration of 2 years from the date of issuance thereof. The maximum rate of interest to be charged on such loans was first limited to not more than 2 percent per annum above the discount rate for 90-day commercial paper in the Federal Reserve district in which the loan was made. Originally only incorporated banks and trust companies were permitted to make loans on these certificates, but the amendment of March 3, 1927, provided for the Government making such loans as a trustee of the United States Government life-insurance fund. The amendatory legislation of February 27, 1931, further extended the facilities for making loans to the adjusted-service-certificate fund, which is the reserve fund for adjusted-service certificates, statutorily increased the loan value to 50 percent of the maturity value of the certificates, thus discarding the actuarial basis which formerly obtained, and limited the amount of interest which might be charged on such loans to 4½ percent.

The law was further amended under date of July 21, 1932, so as to fix the maximum amount of interest which might be charged at 3½ percent and eliminated the requirement that 2 years elapse from the date of issuance before a certificate might be used for the purpose of securing a loan thereon, so that at the present time, while the reserve value of the certificate is accumulating to the veteran's credit at the rate of 4 percent per annum compounded annually, the amount which may be charged veterans on account of loans secured thereon may not exceed 3½ percent.

December 31, 1933

Total number of certificates issued.....	3,714,574
Maturity value of certificates issued.....	\$3,670,627,439.00
Number of certificates matured.....	169,893
Maturity value of certificates matured.....	\$169,645,924.00
Number of certificates outstanding.....	3,544,676
Maturity value of certificates outstanding.....	\$3,500,981,515.00
Number of certificates pledged as collateral for loans.....	3,016,611
Total liens outstanding against certificates.....	\$1,638,520,252.73
Value of adjusted-service-certificate fund.....	\$1,285,804,527.02
Total net basic credit certificates outstanding.....	\$1,392,874,403.00

Mr. PITTMAN. Mr. President, I also ask that these data from General Hines, together with his letter, after their publication in the RECORD, be referred to the Finance Committee as accompanying the bill and amendment that will be referred there.

The PRESIDING OFFICER. Without objection, they will be so referred.

Mr. PITTMAN. I realize that another subject is under debate, and therefore I have tried to hasten the explanation of this matter. The amendment will, of course, now go to the committee. Any Senator who is interested in the terms of the amendment other than those I have described, of course, will find them in the CONGRESSIONAL RECORD tomorrow morning.

Mr. President, as I said before, in the effort of legislators to protect the future of our ex-service men and their heirs or dependents, we adopted this insurance system. It has not worked successfully. As I said before, it has caused a great deal of discontent. We have forced upon the veterans an insurance policy, payable out of their money, without their consent and against their wishes. That is about all it amounts to. It is based entirely on an insurance system, interest, liabilities, and things of that kind; but if any veteran desires to retain his certificate, in which case he probably would make more out of it than he would under the measure now proposed, he is at liberty to retain it.

I am attempting by this amendment to present something that may become law. I think it is not only futile to introduce bills and offer amendments and propose legislation in Congress that we have reason to believe and do believe never can become law but it is worse than that; it is a deception of the very men and women whom we are assuming to protect, and for whose interests we assert that we are working.

I say that because I do not believe there is a 1-percent chance of House bill 1, in its present form, becoming

a law, at least at this time. I believe that these soldiers are so justly entitled to the money they earned, which we said was due them for their services up until the Armistice, at least, that I should be perfectly willing, instead of borrowing the money from them, to borrow the money from the banks of this country, and transfer the loan from the soldiers to the banks. I cannot conceive that it means anything else on earth. The same sinking fund to redeem these certificates in 1945 must be carried on whether it be carried on to pay the certificates or to pay the bonds issued in lieu of the certificates. There will be no greater cost to the Government under the proposal I have submitted. I am satisfied there is tremendous opposition in Congress, at least in the Senate, to issuing Government notes such as are called "greenbacks" by the Senator from Ohio. That action alone might cause a Senator to vote against this measure who would vote for it if that provision were not in the bill.

I come down now to the other proposition of adding silver as a method of establishing a sinking fund to pay the interest and pay off the bonds at maturity.

The Government of the United States has already made, since 1873, \$285,000,000 in profit on what is called "seigniorage" on silver. That means that the Government has bought silver, we will say, at 50 cents an ounce, and it has coined that silver into subsidiary coin at a valuation of \$1.38 an ounce, and has sold that coin to the banks and commerce for gold at the value of \$1.38 an ounce.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. PITTMAN. I will speak on the bill.

As I say, that profit was \$285,000,000, and it lies in the Treasury today as a profit called "seigniorage". Today we are circulating silver certificates in lieu of silver dollars. Those silver certificates have a purchasing power of \$1.29 an ounce. The silver was received from Great Britain on her war debt at the rate of 50 cents an ounce. Today, therefore, our Government is making 79 cents an ounce on the 20,000,000 ounces of silver so received. This amendment proposes that the Government shall proceed to buy silver at the market price with silver certificates. In other words, whoever deposits silver in the Treasury of the United States will get a certificate of deposit for it which will circulate as a silver certificate, such as there are now \$500,000,000 of them circulating in the United States, and have been for over 50 years. They are full legal-tender certificates.

If silver were purchased today at the market price of 45 cents an ounce, the Government then would make about 84 cents an ounce on every ounce of silver it so bought. This seigniorage, this profit, would be placed in this particular fund for the eventual redemption of the bonds issued to raise the money to redeem these certificates.

That brings us back again to the question which has been discussed so often and which I shall only take a moment to discuss.

I wish to say that there should not exist in this country today the prejudice against silver money that has existed in the past. There have been many changes since the old fight of the Bryan days. Our country has grown enormously since that time, not only in population but in commerce and in wealth. We have changed from a debtor nation to a creditor nation. The gold standard that we established in 1873 has gone out of existence. The gold that we own today is held only in the hope that some day, somehow, we may be able to utilize its value and its limitation upon currency issue. Great Britain and the United States have both ceased to have a gold standard. The only metallic standard we have today is silver, strange to say.

When our Government started we had what was called "true bimetalism"; that is, we said that a gold dollar should consist of 24.6 grains of gold, and a silver dollar should consist of 371¼ grains of silver. In other words, there were approximately 15 times as many grains of silver in a silver dollar as there were grains of gold in a gold dollar.

This was changed, finally, by reducing the gold content of the dollar down to 23.2 grains, which makes our present

ratio between the two metals about 16 to 1. Until 1873 any one owing a debt could pay it in either kind of a dollar. In 1873 we made the gold dollar the sole standard of value, and then guaranteed to maintain the parity of the silver dollar and all other currency with it.

Mr. President, for centuries, down to 1816, the whole world was on a bimetallic basis. For thousands and thousands of years both metals had been used as mediums of exchange, as money, at substantially the same ratio as that we are using in the United States today. We have not had to do anything to maintain the parity of the silver dollar with the gold dollar. Somebody had a little scare about it prior to this century, but it has continued. Today the only metallic currency in this country is silver, in the form of \$285,000,000 in dimes, half dollars, and quarters, and about \$525,000,000 of standard silver dollars. There was 40 percent gold behind the Federal Reserve notes. Today there is no gold behind them; it is in the Treasury of the United States. It may be said that the Federal Reserve banks have some kind of a lien on it. They have no lien on it that can be enforced.

The intrinsic value today behind the silver dollar is the market value of the silver in it, which today is 45 cents an ounce, or 35 percent. So that there is intrinsic value of 35 percent behind the silver dollar today, and nothing of intrinsic value, in the nature of metal, behind the Federal Reserve notes.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. The reason why they are worth dollar for dollar is that the Treasury is required to maintain the parity, is it not, under the act of 1900?

Mr. PITTMAN. Undoubtedly; I have already passed that. They have never had to do anything to maintain the parity, but they are required to maintain it. I am talking about whether or not silver today is fiat money.

Mr. CONNALLY. Silver is token money, most certainly.

Mr. PITTMAN. I know that a piece of paper which we pass around has no intrinsic value. I know that a chunk of silver which we pass out and call a dollar has today 35 percent intrinsic value, because we can sell the silver anywhere in the world for 35 cents.

Mr. CONNALLY. It is worth 35 cents, not because it is a dollar but because it is so much silver.

Mr. PITTMAN. It is worth \$1.29 an ounce, because it circulates in the payment of debts in this country at \$1.29 an ounce.

Mr. CONNALLY. And the paper dollar is worth a dollar because it is redeemable in gold.

Mr. PITTMAN. It was worth it because it could be exchanged for gold.

Mr. CONNALLY. Is it not true that the value of the paper dollar is the result of its being redeemable in some sort of metal which has an intrinsic value?

Mr. PITTMAN. Undoubtedly; but today, in the unfortunate fix in which we find ourselves, with gold which we cannot use and do not intend to use until we establish another system, we have today \$800,000,000 worth of silver in actual circulation in this country, moving from the pockets of the people, in circulation. I doubt whether there is today very much more than that of any other kind of money in circulation from pocket to pocket in this country. Some say that money in banks is circulating, but we know it does not circulate very fast.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. PITTMAN. I yield.

Mr. KING. If I understood the Senator from Texas, I do not know that the Senator from Nevada quite apprehended his interrogatory; at least, I did not.

As I understood the Senator—and I would not agree with that, however—he said that the silver certificates have value only because they are redeemable in gold and because the parity is maintained. My opinion is that a government which has the credit of the United States, at least the credit we had a few years ago, might issue a very large amount

of paper money, not redeemable in gold or redeemable in silver, and declare it to be receivable in payment of all debts, public and private, and it would circulate alongside gold and silver, and meet all of the obligations, and discharge all of the liabilities, have all the attributes which appertain to gold and silver.

Mr. PITTMAN. Mr. President, it comes down to the two schools of thought: one the school of managed currency, which is subject to the human will, human judgment, and human frailty, which has failed so often throughout the world in connection with monetary systems. Personally, I belong to the school which feels that we should tie our currency to nature. Nature is immutable. The metals, in their relations to each other and in their quantities, are just as immutable as is our solar system. The ratio of gold to silver, silver to copper, copper to zinc, and zinc to iron has been proven to be as uniform and as positive as the laws of chemistry. Every reason, every argument, which applies to gold as money applies equally and with the same force to silver as money. Its indestructible character, its scarcity, its general distribution throughout the world, the knowledge that it has been money from time immemorial, its acceptance everywhere as money apply with equal force to silver as to gold.

If one believes in a managed currency, then he does not believe that we need gold or silver. But I approve metallic currency for the reasons I have suggested, and for the higher and better reason that nature limits the production of both metals, and if the currency is limited by that natural law, then we do not have to trust to the frailties of human judgment, human cupidity, and human ignorance.

Therefore I say I believe in the metallic base, using both metals. I believe there is only enough gold in the world to utilize it in the settlement of international balances. I think that position is taken by the great economists of the world, that gold has to be kept in a closed circuit between the treasuries of the various governments, and that a clearing-house system must be used, based on that gold, for the purpose of settling international balances. If that be true—and I believe it is true—then we will either have domestic currency of a fiat nature or we will have it based on the only other precious metal—that is, silver—and that is the reason why I am coming down to that.

I do not care whether there is the single gold standard or a dual standard; those things are totally immaterial in my mind. We have no trouble whatever in maintaining the parity of the two metals on their natural production basis, and never will have.

We can measure the currencies of the world with gold for the purpose of international settlements of trade balances, because since 1873 the nations have used that measure. But there are countries which prefer to use silver, and we can in those cases use silver, and we can back our domestic currency with silver in this country and have not only a sound currency with intrinsic value behind it but a measure of limitation such as we have today. That is the reason why I feel we should take every step to bring into our Treasury not only a great gold reserve, such as we have, but also a great silver reserve, and we will have two valuable metals in the Treasury of this country.

I would therefore provide a means of getting this reserve and at the same time have the Government earn a large profit in the form of seigniorage, which will go to pay off the bonds, with the money derived from the sale of which we will pay the soldiers' certificates, and we will accomplish, in my opinion, several good purposes by the same act.

Mr. KING. Mr. President, will the Senator yield again?

Mr. PITTMAN. I yield.

Mr. KING. Perhaps my statement to the Senator when I interrupted him may have been misunderstood. The meaning I intended to convey was that governments of prestige and strength have issued and may issue a limited amount of what has been called "flat money"; by others irredeemable paper, without disturbing results in their fiscal or monetary policies. I have always believed in hard

money—gold and silver—the money of the Constitution, and have contended that the metallic base upon which rests our currency and credits should consist of gold and silver at a fixed ratio. That was the view of the founders of the Republic; that was the view of Hamilton and Jefferson when the first monetary bill was prepared following the adoption of the Constitution of the United States.

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. KING. Mr. President, I will complete my statement in my own time.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. KING. As I attempted to state, a government having resources and financial strength such as this Republic has had in its history, might issue a reasonable amount of what is denominated "flat money" and give to it the qualities of primary money. As a matter of fact our Government is issuing a large amount of currency which is based upon commercial paper and Government securities. These issues perform all the functions of money and are receivable in the payment of debts, public and private. The Senator from Nevada was correct in stating that the history of nations demonstrates that where there has not been a metallic base to support its currencies and credits there has been too often a disposition, particularly in hours of stress or peril, to issue large quantities of fiat money. The result has been that periods of inflation ensued, and in many instances culminated in the paper currency losing all value and being repudiated.

When in Russia a few years ago I discovered that the Bolshevik regime had issued hundreds of millions and indeed billions of rubles, without gold or silver upon which to rest the same. When the paper rubles were first issued by the Bolshevik regime they had some value measured by commodities and performed the functions of money, but as the obligations of the Government increased the issues of paper money became larger until finally the aggregate reached astronomical figures.

I remember that a pair of shoe strings which I purchased cost me many millions of rubles. I remained in Russia several months, and before my departure the Soviet Government issued a decree which in effect destroyed the paper rubles. The Government had made strenuous efforts to obtain gold and silver, and gold certificates in the United States and also British and other currencies, also considerable foreign exchange. When this was done a new issue of rubles was emitted based upon the gold and silver which had been carried as well as the exchange and foreign currencies referred to. It also issued a new gold coin called "chervonetz."

The Commissar of the Treasury took me into the vaults and showed me the accumulations referred to and stated that it was the purpose of the government to maintain at par their paper issues. I might add that this was done for several years and the Russian paper rubles circulated in Germany and other bordering countries at par. Later however, as the demands for credit increased, the Soviet Government was unable to obtain revenue to balance its budget and it again resorted to the issue of paper money without sufficient reserves or coverage. The result was as might have been expected that for a while the Russian currency fell below par and was at a discount in other countries.

The Russian situation just mentioned indicates that governments whose financial structure is sound may issue a considerable quantity of fiat money or what some call irredeemable paper, but, as stated, the temptation too often is so great that large issues are emitted; and when a breach is made in the wall of sound money and sound finance it will soon widen, permitting floods injurious to the financial integrity of the governments.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. KING. I yield.

Mr. CONNALLY. What does the Senator mean when he says "irredeemable" paper currency?

Mr. KING. I used the expression, Mr. President, in its ordinary terminology: a currency not redeemable in gold or silver, not having a metallic base upon which to predicate it.

I gave to the word the interpretation which, as I understand, is usually placed upon it. Irredeemable paper money means paper not redeemable; that is not convertible into specie at the pleasure of the holder. When we were upon the gold standard our gold certificates were redeemable in gold; that is, they could be converted into gold at the option of the holder, and with gold and silver maintained at a parity as was the case for many years, the silver was redeemable in gold. Many countries have issued paper money which was not convertible into gold or silver or for that matter into any form of currency. It consisted of a mere declaration of the government issuing it that it was indebted to the holder to the amount named in the paper so issued.

Undoubtedly, if a government promises to pay a dollar, the presumption arises that it will meet the obligation. Our Government has issued silver certificates redeemable in silver and gold certificates, but they are not now redeemable in gold. Under the policy of the Government, as I understand, the holder of British notes may not have them redeemed in gold. Governments may issue printed obligations stating that the government owes the bearer a given sum. Such obligations may on their face indicate that they are not redeemable in specie or in anything whatever. They may be mere acknowledgments that the government has issued the same. The government may have provided by law that such obligations may be received in payment of obligations, public and private. If paid for taxes, they might be, in part at least, a redemption, but they would not be redeemable in specie. Obligations expressed upon a piece of paper issued by the government, which merely declared that the government was indebted to the holder in a given sum, would not obligate the government to pay in gold, unless there were statutes which in effect provided that such paper issued but, upon presentation, be redeemable in specie.

Let me call the Senator's attention to a matter which illustrates the point I am trying to make, but I concede that it is not an apt illustration. When the pioneers of Utah settled the territory they had no money. The territory then belonged to Mexico and it was some time before a territorial form of government was organized. The pioneers found that they must have a circulating medium and their great leader met the situation by issuing a limited amount of paper obligations signed by himself as president of the religious organization. The paper so issued declared, in effect, that the borrower was entitled to \$1 or \$5 or \$10, payable by the organization issuing the same. There was no gold or silver behind the paper. It rested merely upon the integrity and moral responsibility of the religious organization issuing the same. It circulated, however, among the people and discharged all the functions of gold or silver money. Later persons passing through the country left small amounts of gold and silver in payment of commodities purchased by them, but this metallic money purchased no more and served no higher function than did the paper obligations which were circulated among the pioneers.

But, as I stated a moment ago, Mr. President—

Mr. CONNALLY. Mr. President, will the Senator further yield?

Mr. KING. I yield.

Mr. CONNALLY. The Senator says they were promises to pay. To pay what? What was on the face of the paper? It was a promise to pay something.

Mr. KING. It was simply a promise of the church that it would pay.

Mr. CONNALLY. That it would pay what?

Mr. KING. Ten dollars or five dollars. That it would pay the amount stated on the I O U.

Mr. CONNALLY. In terms of metal?

Mr. KING. No.

Mr. CONNALLY. Were they payable in dollars?

But the Senator also said that they could issue a reasonable amount of that kind of money and it would be all right.

In order for such paper money to be all right it must be redeemable in something, must it not? Suppose the Government makes a promise to pay a dollar. What is the Government going to pay with when the time comes unless it is redeemable in some kind of commodity?

Mr. KING. The I O U said "dollars", but there were no dollars behind it. The word "dollars" operated as a measuring rod, but carried no promise to pay gold or silver or recognized coin of the realm.

Mr. CONNALLY. Exactly. It may not have had a reserve behind it, but still the promise was to pay in a certain coin which did have a value.

Mr. KING. It said "dollars." It did not say "coin"; and it was understood there was no coin or specie of any kind behind it. It had no coin of any kind.

Mr. CONNALLY. The I O U said dollars; yes. While it did not have a reserve behind it, yet its value was based on the theory that when the time for payment came the Government would pay a dollar for every dollar that was promised to be paid.

Mr. KING. Mr. President, it was not the Government; it was the church organization; and the paper I O U's or obligations served the same purpose that shells or wooden shingles did when they were the currency of communities.

Mr. REED. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. REED. Irredeemable paper currency is pretty well illustrated by the type of note that was issued by the German Reichstag during the 1923-24 period. That merely said on the face of it "This is 1,000 marks" or "This is 1,000,000 marks." It was not anybody's promise to pay in metallic coin or anything else. It was merely a fiat that this piece of paper is the equivalent of so many million marks.

Mr. CONNALLY. Exactly; and that is why it was not worth anything. But if that had been based upon so many gold marks, and the people had faith in the Government redeeming it, it would have been worth something. That is the difference.

Mr. REED. Yes. Of course, if it is payable in gold, and the Government is solvent, it is worth par.

Mr. CONNALLY. Yes; then it is worth par.

Mr. REED. In the Civil War days we issued a lot of bills in which we promised to pay a dollar or a half dollar, or whatever it was, but the credit of the Government had sunk so far, and its ability to redeem in specie was so precarious, that those bills sank to about 30 percent of their face value. Such a contingency is what the Senator from Utah means by his statement.

Mr. CONNALLY. The reason for that was that no one had any confidence that the bills would be paid at par, but they were finally redeemed at par.

Mr. REED. It was because the Nation showed great courage.

Mr. CONNALLY. The Nation had courage and confidence, and redeemed them in full. The reason the bills were sold at 30 cents is that no one thought they would be redeemed.

Mr. REED. That is right. The Nation was not balancing its Budget. It was increasing its debt at a scandalous rate, and people did not think the Nation could make good on its promises.

Mr. GLASS. Mr. President, why does the Senator from Pennsylvania find it necessary to go to Germany to give illustrations of fiat money? Let him feel in his vest pocket and pull out a Treasury note now.

Mr. REED. The difference is that the Germans did not put a promise on the face of the note. We put a promise on the face of it, and then repudiated the promise.

Mr. GLASS. Yes; we put a promise on the face of the note and then repudiated the promise.

Mr. REED. Yes, precisely.

Mr. GLASS. So we are just as bad off as Germany was.

Mr. REED. Yes; but at least the money pretends to be worth something.

Mr. KING. I do not wish to be led into a discussion as to the effect of some of the legislation enacted by Congress

during the past year. When interrupted by the Senator from Texas I was about to call attention to the issue of large quantities of continental paper money during the Revolutionary days. There was but little, if any, specie behind these issues. The Government did not pretend to redeem them in gold or silver. The amount of these issues was so great that their value was reduced almost to the vanishing point. The Confederacy issued paper money. It is true, as I recall, that these issues declared that they would be redeemed in specie. The Confederate money declined in value and when the war ended they possessed no value.

We are familiar with the French assignats. The first issue was not large and rested in part upon confiscated property. The needs of the Government for money increased and greater volumes of paper assignats were issued. All church property and the property of the nobles were confiscated and became the basis for the issued assignats. At last the aggregate issues were so great that they ceased to have any value, and the efforts made by the Government to compel their acceptance proved futile.

Mr. President, it is not profitable to discuss the results that would flow from unlimited issues of fiat money. It is obvious what calamities would follow such a course. The founders of this Republic possessed great political sagacity and had broad knowledge of financial and monetary matters. They were acquainted with the monetary policies of nations then existing as well as those that had been destroyed. With this comprehensive knowledge of governmental and monetary problems they declared, in substance, that gold and silver were the money of the Republic. They rested our financial system upon bimetallism; they declared that gold and silver should be receivable for all debts, public and private, and they opened the mints of the Government to the free coinage of both metals at a ratio fixed by them. They believed that with an abundant supply of gold and silver business would prosper, revenues would be produced, and general prosperity would be visited upon the people. They knew of the Spanish-milled dollar which was circulating in the New World, and they knew that the silver in many of the dollars came from the mines of Central and South America; they knew that with the discovery of the New World and when a stream of gold and silver poured across the Atlantic it resulted in awakening the rather moribund nations of Europe into a new life; business enterprises developed, trade and commerce increased, and forces making for cultural and industrial development were liberated to the direct advantage of the people of Europe and indirectly to the advantage of all peoples.

The gold and silver that went from the Old to the New World had a most profound effect in their activity and life. The economic and industrial development directly affected the educational and cultural life of the people. It is not too much to say that gold and silver have greatly influenced the peoples of all lands and have been an important civilizing factor and influence throughout the world. Examples are numerous to the effect that the decay of nations has in part been due to a lack of a sufficient circulating medium.

The PRESIDING OFFICER. The Senator's time has expired on the amendment.

Mr. KING. I shall speak on the bill.

When Rome was at her zenith then her metallic supply of gold and silver was equivalent to \$1,200,000,000. This large monetary supply—for that period—developed trade and commerce and brought nations and peoples into closer relationship.

Then came the Dark Ages. Gold and silver were lost or destroyed, until finally in the darkest period there were but \$200,000,000 of gold and silver in the whole of Europe.

Some historians do not hesitate to attribute the decline of the Roman Empire, the decline in intelligence and growth and liberty and culture, to the loss of gold and silver, which had carried Rome to her former proud eminence. So when the gold mines of California poured their golden stream into the channels of trade we had a new development of business in all parts of the United States. When the gold mines of South Africa gave to the world hundreds of millions of

dollars of gold there was an increased prosperity and great business activity not only in the British Empire but throughout the entire world.

A great wrong was committed when silver was stricken down; it will be a step, a righteous and just step, when silver shall be remonetized and the currencies and credit of the world, instead of resting upon the narrow base of gold, shall rest upon the broad base of both gold and silver.

REGULATION OF COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Carolina [Mr. BAILEY], as modified.

Mr. KING. Mr. President, let the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 18, line 6, before the period, it is proposed to insert the following:

Provided, In no event shall the producer be taxed or penalized in the ginning or otherwise of the first 6 bales of 500 pounds weight each.

Mr. REYNOLDS. Mr. President, I should like to be privileged to add to that amendment the following, as suggested by the Senator from Alabama [Mr. BANKHEAD], who is sponsoring this legislation:

Provided further, That the total allotment for the crop year 1934-35 shall not exceed 10,000,000 bales.

The PRESIDING OFFICER. The question is on the amendment offered by the junior Senator from North Carolina [Mr. REYNOLDS] to the amendment offered by the senior Senator from North Carolina [Mr. BAILEY]. [Putting the question.] The yeas seem to have it.

Mr. BANKHEAD. I ask for a division.

Mr. REYNOLDS. Mr. President, we should like to have a record vote.

The PRESIDING OFFICER. A division is asked for.

Mr. LONG. Mr. President, a parliamentary inquiry. On what are we voting?

The PRESIDING OFFICER. The vote being taken on the amendment offered by the junior Senator from North Carolina [Mr. REYNOLDS] to the amendment offered by the senior Senator from North Carolina [Mr. BAILEY].

Mr. REYNOLDS. I understood, Mr. President, that the amendment to the amendment was acceptable to the Senator from Alabama [Mr. BANKHEAD], who is sponsoring this bill.

The PRESIDING OFFICER. The Senator from North Carolina has exhausted his time. A division is requested on the amendment to the amendment.

On a division, the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the senior Senator from North Carolina [Mr. BAILEY] as amended.

The amendment as amended was agreed to.

Mr. HAYDEN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, after line 10, it is proposed to insert the following:

(4) Cotton having a staple of 1½ inches in length or longer.

Mr. HAYDEN. Mr. President, the pending bill provides that the production of all cotton shall be limited to 10,000,000 bales. My amendment will release from that limitation cotton having a staple of 1½ inches or longer. The only variety of cotton produced in the United States having a staple of 1½ inches or longer is so-called "American-Egyptian" or Pima cotton, which is grown in Arizona and southern California.

American-Egyptian cotton, grown commercially in the Southwest, normally has a staple of $1\frac{1}{2}$ to $1\frac{3}{8}$ inches, and is used in the manufacture of special products such as fine dress goods, shirtings, and, to some extent, tire fabrics, and sewing thread. It is not in competition with any cotton produced in the main Cotton Belt, where none of the varieties now grown commercially have a staple longer than about $1\frac{3}{8}$ inches. It does, however, compete with cotton of the same general type imported from Egypt.

In the characters of the plants, as well as of the lint, Egyptian cotton is very different from all other cotton grown in the United States. It differs even in the manner in which it is processed, being ginned on roller gins instead of saw gins.

That type of cotton, introduced into the United States about 30 years ago, was bred by the Department of Agriculture until it surpassed in length of staple and in tensile strength the original Egyptian cotton from which it was derived.

During the past 5 years there were imported from Egypt 279,000 bales of this variety of cotton, and there was introduced in the United States 71,000 bales. In other words, we do not produce cotton having a staple of $1\frac{1}{2}$ inches or longer in a sufficient quantity more than to supply one third of the American market. It therefore seemed to me that to reduce the acreage of a type of cotton of which we do not produce a sufficient quantity to supply the American market was not a wise thing to do. So I have offered this amendment exempting from the tax imposed by this bill cotton having a staple of $1\frac{1}{2}$ inches or longer.

I might add, Mr. President, that for all useful purposes this long-staple cotton might be considered as a crop other than cotton such as wool or mohair. It does not compete with the short-staple cotton grown in the Cotton Belt. It goes into fine threads, laces, and the manufacture of articles requiring great tensile strength.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Ohio?

Mr. HAYDEN. I yield.

Mr. FESS. I should like to ask the Senator from Arizona whether under the tariff protection which we gave to long-staple cotton there has been any substantial increase in the growth of that particular fiber?

Mr. HAYDEN. I can answer the Senator by saying that when it became evident that there would be an import duty imposed upon this type of cotton there were rushed into the United States shipload after shipload of long-staple cotton from Egypt, until there was piled up in this country a supply that lasted for nearly 2 years. On top of that came the business depression, which took away many of the uses of this type of cotton. The tariff, however, has had the effect of maintaining the growth of the long staple type of cotton in the United States, which otherwise I believe would have been utterly destroyed; it has caused the spinners to look at American long-staple cotton first, and now we are coming to the point where American producers can in a measure supply the American demand. Both the importation and the production of this type of cotton dropped off to a great extent by reason of the large surplus that had accumulated in this country prior to the time when the tariff was imposed.

It is hardly consistent, as the Senator will agree, to impose a tariff to encourage production of a type of cotton not grown in the United States, and then enact a law limiting the number of acres on which that type of cotton may be grown.

Mr. FESS. I agree with the Senator.

Mr. HAYDEN. I have conferred with the author of the bill who assures me that he has no objection to this amendment. I do not desire to take the time of the Senate in discussing the question, but I ask leave to include in the RECORD as a part of my remarks an extract from a publication issued in 1932 by the Department of Agriculture relative to the production of this type of cotton and of the other long-staple cotton in the United States and the importation of Egyptian cotton. I also desire to print in the RECORD a tabulation showing the comparative price of the American

grown, Sakellarides cotton imported from Egypt and certain other data pertinent to the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXTRACT FROM SOME PHASES OF THE LONG-STAPLE COTTON SITUATION IN THE UNITED STATES

(By A. M. Agelasto, senior marketing specialist; W. W. Fetrow, senior agricultural economist; and C. C. Farrington, assistant agricultural economist, Division of Cotton Marketing, Bureau of Agricultural Economics, Department of Agriculture, July 1932)

AMERICAN-EGYPTIAN (PIMA) COTTON

American-Egyptian is an extra-long-staple cotton ranging in length from $1\frac{1}{2}$ to $1\frac{3}{4}$ inches, the modal length being about $1\frac{9}{16}$ inches. Such cotton is now grown only in irrigated districts of Arizona, although small quantities have been produced in California.

Commercial production of this cotton began about 1911 and increased rapidly to 1920 when about 92,000 bales were produced (table 5). Production then declined rapidly to only 4,374 bales in 1924. The crop averaged about 25,000 bales annually during the 5 years 1926-30. The estimated production for 1931 is 15,000 bales.

Annual consumption of American-Egyptian cotton in the United States has been reported separately since 1919-20. It reached a peak of 65,235 bales in 1922-23 and declined to only 11,740 bales in 1925-26. Consumption of this cotton was 15,359 bales in 1930-31, this being slightly greater than consumption in any of the preceding 3 years, but less than in 1926-27. Monthly consumption of American-Egyptian cotton was at a relatively high level from about January to October 1931, as compared with the same months of other recent years. Domestic consumption of this cotton during the first 6 months of 1931-32 was 7,680 bales, as compared with 6,078 bales in 1930-31 and 7,420 bales in 1929-30.

Small quantities of American-Egyptian cotton were exported in 1929, 1930, and 1931, the only years for which data are available. Of the 4,545 bales exported in 1929, 3,000 bales went to France, 744 to Great Britain, and 521 to Canada.

SEA-ISLAND COTTON

Sea-island cotton ranges in staple from about $1\frac{3}{8}$ inches to 2 inches or longer, and is the longest cotton of commercial importance. Annual production of sea-island cotton in the United States approximated 100,000 running bales (of about 400 pounds each) from about 1895 to 1917, the greatest production being 119,293 bales in 1911. This cotton was produced in South Carolina, Georgia, and Florida. Production declined rapidly following 1917, and by 1924 commercial production had practically disappeared. This rapid decline is usually attributed largely to the difficulties of producing sea-island cotton under boll-weevil conditions.

Domestic supplies of sea-island cotton have been augmented during recent years to the extent of several hundred bales annually by cotton produced in Puerto Rico and shipped to the United States. Production of sea-island cotton in Puerto Rico averaged about 1,300 bales (of 500 pounds) annually during the 4 years 1926-27 to 1929-30. A large part of this cotton has been taken by mills of the United States and the remainder has been exported to Europe. Shipments of cotton from Puerto Rico to the United States totaled 2,125 bales during the 12 months ended June 30, 1931, as compared with 1,188 bales in 1930 and 925 bales in 1929.

Consumption of sea-island cotton in the United States averaged about 85,000 bales annually during the 5 years, 1913-14 to 1917-18, but following this period it declined rapidly. The decline was continuous except in 1927-28 and 1930-31, when slight gains were reported. Consumption in 1930-31 was 410 bales, as compared with 372 bales in 1929-30 and 795 bales in 1928-29.

EGYPTIAN COTTON

Egyptian cotton may be divided roughly into two classes, Sakellarides and uppers. Sakellarides constitutes from one fourth to one third of the Egyptian crop and has a staple length ranging from $1\frac{1}{8}$ to $1\frac{1}{2}$ inches. From two thirds to three fourths of the Egyptian crop is uppers, the staple length of which ranges from about $1\frac{1}{8}$ inches to $1\frac{3}{8}$ inches. Of the cotton exported from Egypt to the United States during the calendar years 1926 to 1930, 28 percent was Sakellarides, about 70 percent was uppers, and 2 percent was other strains. United States imports of Egyptian cotton averaged approximately 15 percent of the production of cotton in Egypt during the 10-year period 1920-21 to 1929-30.

Imports of Egyptian cotton into the United States averaged about 219,000 bales annually during the 10 years, 1920-21 to 1929-30. These imports fluctuated widely during the period from 1913-14 to 1930-31, the greatest annual importation being 485,000 bales, in 1919-20, and the smallest about 23,000 bales, in 1930-31. The year of large imports, 1919-20, was preceded by 2 years of restricted imports and declining stocks of Egyptian cotton. Following the large importation and increasing stocks of 1919-20, imports of 1920-21 declined to only 87,000 bales. Annual imports of Egyptian cotton were comparatively stable from 1921-22 to 1929-30, but were reduced drastically in 1930-31. The decline in imports during 1930-31 was preceded by large importations and the building up of stocks in April and May 1930. A tariff of 7 cents a pound on cotton having a staple length of $1\frac{1}{8}$ inches and longer became effective in June 1930. The decline in imports since 1929-30 has doubtless been accentuated also by the forces at play in the world-wide business depression. Imports of Egypt-

tian cotton to the United States were 16,654 bales during the first 6 months of 1931-32, as compared with 3,582 bales in 1930-31 and 98,778 bales in 1929-30. Stocks of Egyptian cotton in the United States declined from 155,201 bales on June 30, 1930, to 41,616 bales on January 31, 1932. These January stocks were the smallest end-of-month stocks recorded since April 1919 and the smallest January stocks on record.

Consumption of Egyptian cotton in the United States averaged approximately 216,000 bales annually during the 10 years, 1920-21 to 1929-30, but declined in 1930-31 to 104,095 bales, or to less than 50 percent of this 10-year average. During the period 1913-14 to 1929-30 the largest annual consumption of Egyptian cotton was 323,124 bales, in 1919-20, and the smallest was 126,087 bales, in 1918-19. Consumption of Egyptian cotton declined from a monthly rate of approximately 18,000 bales in April 1930 to less than 6,000 bales in August 1931. During the first 6 months of 1931-32 consumption of Egyptian cotton totaled 39,196 bales, as compared with 51,913 bales for the same period in 1930-31 and 113,761 bales in 1929-30.

RAW-COTTON PRICES

TABLE 4.—Average price per pound at New England mill points of Pima No. 2 and fully good fair Sakellarides, margin of Pima over Sakellarides and ratio of the margin to the price of Sakellarides, by months

[United States Tariff Commission]

Crop year and month	Pima No. 2	Sakellarides (fully good fair)	Margin of Pima over Sakellarides	Ratio of margin to price of Sakellarides
	Cents	Cents	Cents	Cents
1921-22 ¹				
October		56.46		
November		48.84		
December		50.80		
January		50.63		
February		47.72		
March		47.73		
April		46.10		
May	35.50	48.50	13.00	26.8
June	36.25	49.59	13.34	26.0
July	36.50	46.52	10.02	21.5
Annual average				
1922-23 ¹				
August	36.00	43.38	7.38	17.0
September	36.75	41.28	4.53	11.0
October	34.62	39.59	4.97	12.6
November	37.00	41.44	4.44	10.7
December	36.70	41.65	4.95	11.9
January	36.62	41.38	4.76	11.5
February	37.33	41.83	4.50	10.8
March	37.80	41.82	4.02	9.6
April	38.50	41.67	3.17	7.6
May	37.00	37.67	.67	1.8
June	26.00	38.60	12.60	6.7
July	35.62	36.88	1.26	3.4
Annual average	36.63	40.60	3.94	9.7
1923-24				
August	34.00	39.31	5.31	13.5
September	35.00	41.42	6.42	15.5
October	37.62	41.17	3.55	8.6
November	40.90	47.40	6.50	13.7
December	44.50	48.31	3.81	7.9
January	44.88	46.62	1.74	3.7
February	44.00	46.38	2.38	5.1
March	42.75	43.12	.37	.9
April	43.50	47.00	3.50	7.4
May	43.25	47.69	4.44	9.3
June	42.88	43.59	.71	1.6
July	42.17	44.38	2.21	5.0
Annual average	41.29	44.70	3.41	7.6
1924-25				
August	43.50	47.92	4.42	9.2
September	44.00	46.62	2.62	5.6
October	47.50	52.88	5.38	10.2
November	50.00	55.00	5.00	9.1
December	56.50	57.75	1.25	2.2
January	61.33	64.00	2.67	4.2
February	65.00	68.80	3.80	5.5
March	68.33	68.00	.33	.5
April	66.50	62.68	3.82	6.1
May	65.00	63.18	1.82	2.9
June	64.70	62.20	2.50	4.0
July	67.38	62.75	4.63	7.4
Annual average	58.31	59.32	1.01	1.7
1925-26				
August	67.00	67.25	.25	.4
September	54.25	59.12	4.87	8.2
October	55.25	43.00	12.25	28.5
November	51.75	40.56	11.19	27.6
December	43.80	36.20	7.60	21.0
January	40.31	37.12	3.19	8.6
February	41.38	37.38	4.00	10.7
March	39.50	32.31	7.19	22.3
April	37.50	33.00	4.50	13.6
May	36.50	33.62	2.88	8.6

[See footnotes at end of table]

RAW-COTTON PRICES—continued

TABLE 4.—Average price per pound at New England mill points of Pima No. 2 and fully good fair Sakellarides, margin of Pima over Sakellarides and ratio of the margin to the price of Sakellarides, by months—Continued

Crop year and month	Pima No. 2	Sakellarides (fully good fair)	Margin of Pima over Sakellarides	Ratio of margin to price of Sakellarides
	Cents	Cents	Cents	Cents
1925-26—Continued				
June	36.50	32.69	3.81	11.7
July	36.50	31.60	4.90	15.5
Annual average	45.02	40.32	4.70	11.7
1926-27				
August	36.50	31.69	4.81	15.2
September	36.50	35.78	.72	2.0
October	35.70	29.63	6.07	20.5
November	35.75	28.56	7.19	25.2
December	35.67	26.21	9.46	36.1
January	35.82	27.92	7.90	28.3
February	37.44	27.75	9.69	34.9
March	39.31	28.19	11.12	39.4
April	40.85	28.45	12.40	43.6
May	41.00	34.09	6.91	20.3
June	40.94	35.44	5.50	15.5
July	43.60	37.92	5.68	15.0
Annual average	38.26	30.97	7.29	23.5
1927-28				
August	45.75	38.03	7.72	20.3
September	46.20	39.61	6.59	16.6
October	42.00	37.34	4.66	12.5
November	42.33	37.50	4.83	12.9
December	41.35	35.43	5.92	16.7
January	41.88	36.32	5.56	15.3
February	41.88	35.23	6.65	18.7
March	45.25	40.45	4.80	11.9
April	49.39	43.07	6.32	14.7
May	52.62	43.53	9.09	20.9
June	51.40	42.60	8.80	20.7
July	50.75	41.16	9.59	23.3
Annual average	45.90	39.19	6.71	17.1
1928-29				
August	44.33	37.54	6.79	18.1
September	39.50	36.47	3.03	8.3
October	39.88	36.06	3.82	10.6
November	42.20	38.29	3.91	10.2
December	43.50	39.00	4.50	11.5
January	44.00	39.47	4.53	11.5
February	44.75	37.59	7.16	19.0
March	44.00	39.40	4.60	11.7
April	45.50	38.38	7.12	18.6
May	42.60	35.99	6.61	18.4
June	42.00	34.61	7.39	21.4
July	40.25	35.10	5.15	14.7
Annual average	42.71	37.32	5.39	14.4
1929-30				
August	43.00	35.89	7.11	19.8
September	40.25	36.05	4.19	11.6
October	38.75	32.52	6.23	19.2
November	37.00	30.39	6.61	21.8
December	36.12	29.06	7.06	24.3
January	35.50	29.28	6.22	21.2
February	35.00	28.90	6.10	21.1
March	35.00	28.85	6.14	21.3
April	35.00	28.94	6.06	20.9
May	35.00	28.69	6.31	22.0
June	35.00	28.69	6.31	22.0
July	33.75	28.42	5.33	18.8
Annual average	36.61	30.43	6.13	20.1
1930-31				
August	31.80	26.70	5.10	19.1
September	27.12	26.98	.14	.5
October	23.90	26.05	2.15	8.3
November	23.31	25.82	2.51	9.7
December	21.38	23.21	1.83	7.9
January	21.00	23.84	2.84	11.9
February	24.69	26.61	1.92	7.2
March	26.75	26.62	.13	.5
April	26.33	24.78	1.60	6.5
May	27.00	23.79	3.21	13.5
June	25.75	22.54	3.21	14.2
July	25.20	23.07	2.13	9.2
Annual average	25.36	25.00	.36	1.4
1931-32				
August	23.50	20.01	3.49	17.4
September	21.50	20.11	1.39	6.9
October	19.50	20.09	1.59	2.9
November	19.75	19.26	.49	2.5
December	19.55	17.95	1.60	8.9
January	19.88	18.88	1.00	5.3
February	20.38	19.98	.40	2.0
March	20.50	19.90	.60	3.0
April	20.50	19.25	1.25	6.5
May	20.50	18.01	2.49	13.8
June	20.75	17.85	2.90	16.2
July	21.50	19.42	2.08	10.7
Annual average	20.65	19.23	1.42	7.4

[See footnotes at end of table]

RAW-COTTON PRICES—continued

TABLE 4.—Average price per pound at New England mill points of Pima No. 2 and fully good fair Sakellarides, margin of Pima over Sakellarides and ratio of the margin to the price of Sakellarides, by months—Continued

Crop year and month	Pima No. 2	Sakellarides (fully good fair)	Margin of Pima over Sakellarides	Ratio of margin to price of Sakellarides
1932-33				
August	20.75	20.81	1.06	1.3
September	20.90	21.89	1.99	4.5
October	20.38	20.00	.38	1.9
November	19.52	19.69	1.17	1.9
December	18.30	18.52	2.22	1.2
January	18.62	19.10	2.48	2.5
February	19.44	18.78	.66	3.5
March	20.38	18.79	1.59	8.5
April	22.83	19.98	.85	4.3
May	22.00	21.98	.02	.1
June	23.20	23.01	.19	.8
July	25.50	25.25	.25	1.0
Annual average	20.82	20.65	.17	.8
1933-34				
August	24.17	23.05	1.12	4.9
September	23.40	23.11	.29	1.3
October	23.75	22.41	1.34	6.0
November	24.75	23.79	.96	4.0
December	24.75	24.11	.64	2.7
January	25.62	26.15	1.53	12.0
Annual average				

¹ The emergency tariff act imposing a duty of 7 cents per pound on cotton 1½ inches or over was in effect from May 28, 1921, to Sept. 21, 1922.

² Sakellarides higher than Pima.

³ Nominal.

Source: Compiled from records of the Division of Cotton Marketing United States Department of Agriculture.

Trade of the United States with Egypt, value

Calendar year	Exports to Egypt ¹	Imports from Egypt
1916	\$14,690,000	\$29,534,000
1917	2,966,000	27,352,000
1918	6,617,000	28,850,000
1919	15,076,000	39,629,000
1920	38,122,000	97,015,000
1921	13,704,000	22,013,000
1922	7,967,000	35,397,000
1923	6,174,000	38,804,000
1924	5,866,000	30,095,000
1925	7,394,000	41,045,000
1926	10,249,000	35,215,000
1927	11,182,000	33,292,000
1928	11,059,000	28,687,000
1929	14,028,000	39,675,000
1930	8,904,000	13,590,000
1931	5,289,000	4,017,000
1932	2,707,000	4,849,000
1933 ²	3,817,000	6,128,000

¹ Not including reexports of foreign goods.

² Preliminary; exports for 1933 include reexports of foreign goods.

Source: Commerce and Navigation of the United States, annual.

UNITED STATES TARIFF COMMISSION,
Washington, October 21, 1933.

QUESTIONNAIRE ON LONG-STAPLE COTTON OF ARIZONA

- What are the reasons for the decline in production of American-Egyptian (Pima) cotton since the crop of 1929?
- What industries are now the principal consumers of Pima cotton?
- Has there been an important shift in Pima consumption by various industries?
- What grade of Sakellarides affords the fairest price comparison with Pima No. 2?
- Quotations for Pima No. 2 are usually slightly higher than those for duty-paid Sakellarides fully good fair, both delivered New England mill points. Is this due to superiority in grade or staple or to some other reason?
- Is Pima cotton ginned exclusively on roller gins?
- Is any type of American-Egyptian cotton, other than Pima, being grown in commercial quantities?
- What is the average yield per acre of Pima cotton? Of long-staple, upland cotton grown in Arizona?
- We note a slight increase in the production of long-staple upland cotton in Arizona. Has this cotton proved more profitable than Pima to the grower?
- What types of long-staple upland are grown in Arizona?
- What are the fiber characteristics of long-staple uplands grown in Arizona?
- What are the uses of the long-staple upland cotton grown in Arizona?

13. To what extent and in what way, if any, has the duty of 7 cents per pound on long-staple cotton under the Tariff Act of 1930 affected:

(a) The Pima-cotton industry? (b) The long-staple upland industry in Arizona?

ANSWERS

1. The reason for the decline in production of American-Egyptian (Pima) cotton since the crop of 1929 was that previous to the time of the 7-cent tariff a large amount of Egyptian cotton was dumped into this country that was sufficient for the spinners' needs for more than a full year; this so depressed the market demand that the difference in price between Pima and upland cotton was decreased to the detriment of Pima. Also the rate of exchange on the British pound declined to such an extent that the 7-cent tariff was no obstacle to the importation of Egyptian cotton until 1932. Also the world-wide depression naturally curtailed the demand for almost all of the higher-priced commodities in favor of the cheaper ones.

2. Fine-goods spinners use most of the Pima cotton. One of the tire companies also uses it.

3. The shirt companies are beginning to use Pima more extensively.

4. Pima No. 2 is used as a basis. Fully good fair sakel is used as a basis. Fully good fair corresponds with Pima No. 3 in class. There is also a difference in staple, the Pima being longer.

5. This is answered by the above remarks in no. 4.

6. Pima can be and is only ginned on roller gins.

7. There is no American-Egyptian cotton other than Pima being grown commercially.

8. Long-time average yield of Pima is about 250 pounds per acre. The estimated yield of long staple upland in Arizona for this year is 360 pounds.

9. On an average Pima cotton has been more profitable to good growers. Upland has increased on account of the ability of the cotton finance people to hedge it on the open market and protect themselves, and due to economic conditions most of the growers require financing.

10. Acala is the type of long-staple upland cotton grown in Arizona.

11. One and one sixteenth to one and one eighth inch marks the Arizona long-staple upland cotton.

12. Much of the long-staple cotton from Arizona is exported to Japan.

13. (a) The beneficial effect of the tariff has only started to be felt in the sale of the present crop due to the conditions as explained in no. 1. (b) No effect.

PHOENIX, ARIZ., March 8, 1934.

Senator CARL HAYDEN,
Washington, D.C.:

Cotton farmers in State insist on some form of compulsory cotton control, such as the Bankhead bill. Bankhead bill should protect those farmers who have executed a 1934 cotton acreage-reduction contract. Place a ginning tax of at least 75 percent of the prevailing price of cotton when offered to be ginned on those farms who do not cooperate in the 1934 program. Please furnish copies to Ashurst, Greenway, Secretary Wallace, and Cobb.

SAM S. WALLACE,
President Arizona Farm Bureau.

UNIVERSITY OF ARIZONA,
COLLEGE OF AGRICULTURE AND
AGRICULTURAL EXPERIMENT STATION,
Tucson, March 6, 1934.

Hon. CARL HAYDEN,
United States Senator,
Senate Office Building, Washington, D.C.

DEAR MR. HAYDEN: I have just read a copy of the Bankhead bill. I do not know the status of the bill; possibly it has already passed Congress. If not, can it not be amended so as to exclude cotton the lint of which is over 1½ inches in length, at least until the production of such cotton reaches 60,000 bales, which is approximately the amount of long-staple cotton imported each year from Egypt? The production of Pima cotton last year was only 12,000 bales, and the year before it was 8,000 bales.

I have talked long and earnestly in various sections of the State in the effort to get farmers to plant Pima instead of upland cotton.

Very truly yours,

G. E. P. SMITH,
Irrigation Engineer.

Mr. CONNALLY. Mr. President, will the Senator yield?
Mr. HAYDEN. I yield.

Mr. CONNALLY. Every increased bale of that type of cotton grown will displace under this bill a bale of some other cotton, will it not?

Mr. HAYDEN. In Arizona and southern California there is a certain acreage which may be planted to long-staple cotton or short-staple cotton. My amendment will take out of cultivation an acre of short-staple cotton every time an acre of long-staple cotton is planted, and that is exactly the tendency the bill seeks to foster.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. HAYDEN. I yield.

Mr. SMITH. I do not think the Senate understands exactly the situation. This type of cotton really is not counted in the ordinary upland cotton for which we receive quotations.

Mr. HAYDEN. That is correct.

Mr. SMITH. It is in a special class to itself, of which we never produced any until the introduction of Egyptian seed several years ago in the Imperial Valley and in certain parts of Arizona.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. HAYDEN. I yield.

Mr. REED. Under the scheme which has been in force during the past year whereby cotton growers are being paid for not working, did the growers of the long-staple cotton receive those bounties?

Mr. HAYDEN. I imagine that when the acreage-reduction campaign was inaugurated those in authority simply said, "A bale of cotton is a bale of cotton, and all ought to be treated alike." It was a mistake if that was done, for clearly we ought not to remove from cultivation an acre producing this kind of cotton in the United States merely to allow another acre in Egypt to be grown to the same kind of cotton, because we must have the cotton, as shown by the imports, which are three times as great as the quantity of long-staple cotton produced in the United States.

Mr. REED. Of course, I think most people expect the acreage of cotton in India and Egypt to be very much increased as a result of the enactment of this bill. We are deliberately throwing away a share of the world's market for cotton. More Egyptian cotton is going to be sold in Liverpool than heretofore and less American cotton; and we are doing all that in the name of conferring a benefit on the American cotton grower.

Mr. HAYDEN. The Senator is talking to the merits of the bill itself. My amendment merely exempts from the operation of the bill a type of cotton which we must import.

Mr. REED. I was hoping that the Senator from Arizona or the Senator from South Carolina could tell us whether the long-staple-cotton growers in Arizona have been getting bounties for reducing their acreage.

Mr. SMITH. I am not advised as to that, but, if the Senator from Arizona will allow me, as he has well pointed out, previous to the operation of the tariff law, there were imported into this country tremendous quantities of Egyptian cotton, which is in a class to itself. It does not enter into any of the ordinary commercial forms. There have to be special looms, special cards, and special machinery for handling it. Up to a few years ago it was largely used in the manufacture of automobile tires on account of the long staple and its strength.

Mr. LONG. Mr. President, the Senator does not mean to say that we cannot use long-staple cotton in everything for which we use the short staple, does he?

Mr. SMITH. We cannot do so because the looms and the cards are not set for it. It is not of the nature of the other cotton at all.

Mr. LONG. The looms and cards could be reset.

Mr. SMITH. We imported one year several million bales of Indian cotton because it was cheap, and it nearly ruined every mill and every card in which it was used, not only on account of the length of the staple, which was not in excess of 1 inch in length, but on account of the character of the product itself. It has not the tensile strength or the character of the American cotton. The cards are set and the looms are prepared in the same way for the long-staple cotton. The fact of the matter is that the length, as indicated by the Senator from Arizona, does not enter into our ordinary manufactures. It is used for the purpose of lace curtains and some of it of an especially fine character is used for cotton thread. The major part of it has been used up until now in the manufacture of composites such as

automobile tires, the webbing that goes inside of an automobile tire, and for other very necessary strong cordage.

The PRESIDING OFFICER. The time of the Senator from Arizona on the amendment has expired.

Mr. HAYDEN. Mr. President, if the Senator from Alabama [Mr. BANKHEAD] will advise the Senate that he approves the amendment I think the matter can be brought to a vote.

Mr. BANKHEAD. I have no objection to the amendment. The amount of cotton involved is small.

Mr. LONG. It could not possibly involve any large amount of cotton?

Mr. BANKHEAD. Oh, no.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN].

The amendment was agreed to.

Mr. SMITH. Mr. President, I send to the desk a telegram which I have been requested to have read to the Senate. It is from the editor of the publication to which the Senator from North Carolina [Mr. BAILEY] this morning referred, Mr. Poe, of the Progressive Farmer. I ask that the telegram be read in my time.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

RALEIGH, N.C., March 27, 1934.

Senator E. D. SMITH,
Chairman Senate Committee on Agriculture,
Washington, D.C.:

I heartily agree with any Senators who say the United States Government should not of itself tell a farmer how much cotton he should grow. But I just as heartily disagree with any Senators who would prevent a clear majority of farmers after full deliberation from deciding to protect their own families, their homes, and their living standards by limiting production to a quantity that will avoid the heretofore ever-present danger of starvation prices. In no other way can millions of scattered farmers exercise the same right of financial self-preservation, which manufacturers constantly and freely exercise through having only a few vast units to deal with. My recollection is that when depression came steel manufacturers cut production to less than 20 percent of normal, whereas when cotton prices drop hosts of growers in the desperate effort to find enough money to live on actually increase production and thus intensify their own disaster. It may be too late this year to have producers actually vote on the Bankhead bill in community meetings after hearing all phases fully discussed, but this plan should at least be insured for future years and the Bankhead bill then passed. Its defeat would bring a collapse in cotton prices and disaster to the South. Believing as I do, that I thus voice the earnest desires of the vast majority of southern cotton growers, I hope you will read this telegram in the Senate.

CLARENCE POE,
Editor Progressive Farmer and Southern Ruralist.

Mr. SMITH. Mr. President, I am not going to take the time of the Senate to comment on the telegram. What Mr. Poe suggests is that after the bill shall have been tried we should then submit it to a vote of the farmers. The farmers have already in effect reached the conclusion that Mr. Poe reaches, that they must be protected from another disastrously large production.

Let me say a word with reference to what was said this morning by the Senator from North Carolina [Mr. BAILEY] and others to the effect that we are denying the small farmer the right to make cotton enough to give him a living. The very smallest cotton farmer has reduced his acreage because he gets from the Government 4 cents a pound on the average for what he would have produced on that land taken out of production had he planted it, so that he gets \$20 a bale net profit without any effort on his part as an inducement from the Government for him to enter into this agreement and to allow the Government to put him and those like him all in the same category.

I have been astounded to hear those opposing the measure claim that it is going to work havoc to the small farmer, when, as a matter of fact, it will be the very salvation of the small farmer, as well as giving a splendid profit to the big farmer.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. The Senator mentioned the fact that the small farmer will get 4 cents a pound. I do not quite understand the mechanics by which he is to be paid the 4 cents so he will get \$20 a bale.

Mr. SMITH. Suppose he had 10 acres in cotton and made half a bale to the acre. He reduces his acreage by 4 acres. He would then have two bales of cotton cut out of his production. The Government says, "You averaged, over 5 years, half a bale of cotton to the acre. As rental for that land we will give you 4 cents a pound for the average production you have made over a period of 5 years." Therefore, he gets \$20 a bale, a commercial bale being 500 pounds, which would give him \$20 for the rent of that 4 acres which he has taken out of production. It is a notorious fact that heretofore he has not made very much out of his cotton, but under the reduced acreage he will make more on what he does plant and, together with that, he has a guarantee of \$20 a bale for what he does not plant.

Mr. KING. Then the rent is paid by the increased price of the commodity sold rather than by a direct profit from the processor?

Mr. SMITH. No; this is provided for out of the processing tax.

Mr. GLASS. Mr. President, may I ask the Senator from South Carolina where the Government gets the money which it pays in this way?

Mr. SMITH. Out of the processing tax from the manufacturer.

Mr. GLASS. Where does the manufacturer get the processing tax?

Mr. SMITH. Out of the Senator from Virginia et al. [Laughter.]

Mr. GLASS. In other words, he gets it out of the millions of people who are compelled to use cotton goods and the many millions who cannot afford to use any other kind of goods. Nobody ever rises here and speaks a word for the consumer. In other words, it is proposed to take the money of the consumer in order to make the consumer pay more for his cotton goods.

Mr. SMITH. Yes; and I think there is some room for doing it when we remember that we pay \$2.50 for 5 ounces of the simplest weave known to the manufacturer in the form of the shirt that goes on our back. We pay \$2.50 for 5 ounces, and that is at the rate of about \$7 or \$8 a pound for the cotton that goes into a shirt. The man who makes that cotton gets 5 cents a pound. There is some room there for something to be done.

Mr. CLARK. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. How has the Government come out financially in the matter of the processing tax under the Agricultural Adjustment Act? The administration is three or four hundred million dollars in the hole, is it not?

Mr. SMITH. Not according to their statement. I am not a proponent of that act and I am not going to get into an argument over the processing tax.

Mr. BAILEY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from North Carolina offers an amendment which the clerk will report.

The LEGISLATIVE CLERK. On page 7, line 24, section 5 (a), strike out the word "five" and insert the word "ten", so as to read:

When an allotment is made, in order to prevent unfair competition and unfair trade practices in marketing cotton in the channels of interstate and foreign commerce, the Secretary of Agriculture shall apportion to the several cotton-producing States the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the 10 crop years preceding the passage of this act.

And so forth.

Mr. BAILEY. Mr. President, the language referred to by the amendment will be found on page 7 of the bill in section 5 (a). The effect of my amendment will be to make the

base 10 crop years instead of 5. Why? The Atlantic seaboard of the Cotton Belt has been reducing its acreage over the past several years. That portion of the Cotton Belt west of the Mississippi—Texas, Oklahoma, and Arkansas—have been expanding their production; and it will be very unfair to place the allotment for the States on the Atlantic seaboard on a 5-year basis. In order that it may be just, we ought to find the average over the 10-year period, and it is for that reason that I am offering this amendment.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Montana?

Mr. BAILEY. I do.

Mr. WHEELER. Does the Senator mean to say that Texas is increasing its acreage, while North Carolina and these other States have been decreasing theirs?

Mr. BAILEY. Yes, sir; that is true.

Mr. DICKINSON. Mr. President—

The VICE PRESIDENT. The Senator from Iowa.

Mr. DICKINSON. I understand that the Senator from North Carolina has not yielded the floor.

Mr. BAILEY. I will yield to the Senator.

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Iowa?

Mr. BAILEY. I do.

Mr. DICKINSON. Speaking about the processing tax, the Senator from Virginia [Mr. GLASS] said that no one had spoken with reference to the consumer. In the few remarks I made here a while ago I showed that the processing tax, according to the Treasury report, up to March 22 had amounted to \$235,476,841.86, and that the estimate of the Department of Agriculture with reference to the expenditures was \$855,000,000 up to July 1. There is every indication that the processing tax is not bringing in more than about 30 to 40 percent of the revenue that is going to be necessary to carry on this program. I also suggested, just as the Senator from Virginia has suggested, that when the processing tax is imposed the consumption is decreased by increasing the price, and therefore the whole system deadlocks itself; and next year, by reason of lower consumption, resulting from higher prices, we shall have to make an additional curtailment of acreage, take more land out of cultivation, or absorb more cotton by reason of tax imposition, as proposed in this bill. In other words, it is a system that simply deadlocks itself before we get around to the point of beginning to benefit.

Let me suggest further that we have been talking here about the processing tax and its effect on commodities. The processing tax on hogs was imposed at a very light rate, 50 cents per hundred. In the beginning it was all taken out of the producer. The price of hogs went down low; and were it not for the fact that the Department of Agriculture is now buying some fifteen to twenty-five thousand head of hogs almost daily to feed people through the emergency relief organizations the price of hogs, in my judgment, would be exceptionally low, and the sale of hogs from the farms of the State of Iowa would be almost impossible.

The same thing is going to happen with reference to cattle, although the price of cattle is exceedingly low right now. Therefore we are taking a step here that in the very nature of the program will defeat itself, and yet we are spending millions of dollars of the taxpayers' money in order to try out this experiment.

It is very easy to say here, as was said yesterday, "Every cotton producer knows that it costs him 12 to 14 cents a pound, on the average, to raise cotton in the South." What occurred? Cotton went up to 10 cents a pound. Why did it go up? It went up because, as has been shown by the Treasury report here, the dollar was devaluated. An inflation program was put into operation whereby there was added to the Treasury balance, by that one bookkeeping item alone, \$2,807,673,007.61. That meant that the price of gold had to be increased in this country, and by reason of the increase in the price of gold and the resulting devaluation of the dollar the foreign countries could buy more cotton in this country; and now it is said that this was one of the simple

hocus-pocus operations whereby the Government, having so much cotton, could say to the farmer, "If you reduce your acreage, we will turn over to you, at so much a pound, a certain amount of the cotton that we have in storage."

But where did the Government get the cotton? Why, the last report on the Agricultural Adjustment Act—and every Senator ought to read it, as I said this morning—shows, on page 33, that—

As the matter stood, on January 1, 1934, the Secretary of Agriculture had acquired 1,800,000 bales of actual cotton of varying net weight—the equivalent of 1,869,000 bales of 500-pound weight—and 618,300 bales of futures contracts. Except for final formalities, this completed the acquisition of cotton from the Farm Credit Administration—

Mr. BAILEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. DICKINSON. I do.

Mr. BAILEY. I was yielding to the Senator, but I did not wish to yield the entire 15 minutes.

Mr. KING. The Senator from Iowa is occupying the floor in his own right.

Mr. BAILEY. If the Senator is speaking in his own time, very well.

Mr. DICKINSON. I am speaking in my own time.

Mr. BAILEY. Very well. Then I will take my seat and ask for recognition later.

Mr. DICKINSON. That is my understanding, that I am speaking in my own 15 minutes on this amendment.

Except for final formalities, this completed the acquisition of cotton from the Farm Credit Administration and made available a total of 2,487,300 bales for meeting the options held by cotton growers.

We would think from the report and from what has been said on the floor of the Senate that this is not costing anybody anything. Why, yes; it was the taxpayers' money that bought this cotton in the first place. It is not gratis cotton. Nobody gave that cotton to the Administration. It was bought with the taxpayers' money; and instead of realizing and trying to protect the taxpayers on the price of this cotton that is now held, under this splendid scheme of hocus-pocus we turn it back to a fellow down there for sitting on the fence post, letting his land lie idle, and say to him that in addition to the cotton he already has we are giving him \$20 a bale of the taxpayers' money in order to make him feel good. That is the result of this proposal, and yet the Senate is asked to vote a continuation of that type of program from this day on at the expense of the taxpayers.

Mr. CLARK. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Missouri?

Mr. DICKINSON. I do.

Mr. CLARK. Has the Senator the figures on the amount of money that was lost in the cotton speculations under the Hoover Farm Board?

Mr. DICKINSON. I do not know anything about that. I know there was a loss of \$100,000,000 or so; but I desire to suggest to the Senator that the amount lost by the Federal Farm Board under President Hoover is mere pocket change in comparison with what will be lost and is being lost under this type of program. Why? According to the figures of the Senator's own administration, \$855,000,000 is involved in this thing now, and only \$235,000,000 has been returned.

Mr. CLARK. If the Senator will yield further, the report of the Federal Farm Board under the Hoover administration showed that they lost almost half a billion dollars gambling in cotton.

Mr. DICKINSON. Oh, no; they never had more than one appropriation, and that was \$500,000,000.

Mr. CLARK. And they lost most of that gambling in cotton.

Mr. DICKINSON. Oh, no. As a matter of fact, what happened under the Federal Farm Board was that we lost about \$270,000,000 in both wheat and cotton, but we are going to lose that here now. In fact, we have already lost

it; and we are going to lose a great deal more with it because of the type of program that is being carried on here. The sum of \$833,000,000 is estimated now to carry on the Agricultural Adjustment Act for 1935. Those figures are in the report here. This report lists every commodity for 1934 and 1935. The Government officials do not estimate that they are going to be able to make this thing balance. They estimate a loss in this very report; and that is part of this splendid economic planning for the future that is going to put the farmer on easy street.

Mr. CLARK. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Iowa further yield to the Senator from Missouri?

Mr. DICKINSON. Yes; I yield.

Mr. CLARK. Of course, as the Senator from Iowa well knows, I was not in favor of the Agricultural Adjustment Act in the first place, and voted against it.

Mr. DICKINSON. So did I.

Mr. CLARK. But, it seems to me, the Senator from Iowa is in very poor case to be protesting at this late date against Government interference in business, because he not only voted for the Hoover Farm Board but he turned up as Chairman of the Republican National Convention and key-note for the Republican Party in 1932, lauding the loss of half a billion dollars by the Federal Farm Board as one of the great achievements of the Hoover administration.

Mr. DICKINSON. Permit me to say that I always frankly admitted the loss, and I have also said that the Government ought to get out of speculation; that we had had an experiment, and that experiment ought to have been enough to give a little bit of caution to the Democratic administration not only not to repeat the experiment but not to make it a good deal worse than that experiment; and that is what is being done in this bill. Yet the Democrats, regardless of all the faults of the Republican administration, seem to be willing not only to repeat its faults but to go it many, many, many times better.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. DICKINSON. I yield.

Mr. CLARK. So far as I am concerned, I profited from the parlor lessons that were taught the American people by the Hoover administration. I am going to vote against this bill.

Mr. DICKINSON. So am I.

Mr. CLARK. But the Senator from Iowa has for years been in the position of lauding every mistake the Hoover administration made and criticizing every experiment of any sort that the Democratic administration could undertake.

Mr. DICKINSON. Let me suggest there that I never lauded the mistakes of the Hoover administration. They had a program that might have worked out, and it seemed to be the most expedient thing that we had at that time. It was a mistake; and instead of acknowledging the mistake they simply went the other way, and the Democrats have tried not only to duplicate that mistake but to make it a hundred times worse.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. I desire to say that the Senator has no complaint of the Democratic administration, because Mr. Hoover recommended plowing up this acreage. We all gave him the ha-ha, and now we have come along and done it; so that ought to make the Senator more with us than ever.

Mr. DICKINSON. That is correct.

Mr. LONG. We have not changed any. We just took Hoover's policy that he could not put over when he was in power himself and have gone and done it.

Mr. DICKINSON. And made it worse.

Mr. LONG. No; we made it just what he wanted.

Mr. DICKINSON. I read into the Record this morning the statement of President Hoover—

The VICE PRESIDENT. The Senator's time has expired. The question is on agreeing to the amendment offered by

the Senator from North Carolina [Mr. BAILEY]. [Putting the question.] By the sound, the "ayes" seem to have it.

Mr. CLARK. I call for a division.

On a division, the amendment was agreed to.

Mr. DICKINSON. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The Senator from Iowa offers an amendment, which will be stated.

The LEGISLATIVE CLERK. Beginning on page 2, line 17, following the figure "1936", it is proposed to strike out the remainder of line 17 and all the rest of the paragraph, in the following words:

But if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to the crop year 1936-37 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to the crop year 1936-37. If at any time prior to the end of the crop year 1936-37, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to cotton harvested after the effective date of such proclamation.

Mr. DICKINSON. Mr. President, the purpose of this amendment is to prevent the President from having optional authority to extend the workings of this legislation for any time beyond 1936. In other words, I am opposed to having this transfer of Executive authority to do any of these things extended.

We have had a great deal of this kind of limitation in connection with practically every piece of legislation that has been before us in the Seventy-third Congress. The purpose of the amendment is to have Congress say that this legislation is definite up to the year 1936, and then nobody shall have authority to extend it.

Mr. President, let me explain why I offer the amendment. Congress will be in session in 1936, if there is any Congress left. Some people say there is not going to be any.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. REYNOLDS. I respectfully wish to inquire whether the Senator will not accept an amendment I desire to offer as a substitute, in line 16, on page 2, after the figures "1935", to insert a period and to strike out the remainder of section 2.

Mr. DICKINSON. I accept that as a substitute.

The PRESIDING OFFICER. The Senator from Iowa modifies his amendment.

Mr. DICKINSON. Mr. President, that would shorten the time of the operation of the measure and make it end in 1935, as I understand.

Mr. REYNOLDS. Yes.

Mr. DICKINSON. I was just suggesting that there should not be any optional provision here for power to be exercised by the President, because Congress will have to be in session. If Congress likes the law, Congress may extend it for a year; but it is my judgment that Congress will be so ashamed of it that it will not want to extend it a year. In other words, I think Congress will be very glad to have the statute of limitations run so far as this legislation is concerned.

Mr. President, in order that we may understand this a little more fully, I wish to quote from Mark Sullivan's article in the New York Herald Tribune of Monday, March 26, the following:

Mr. Roosevelt when he became President put into effect a farm plan which conformed to this voluntary principle. Less than a year later the voluntary plan has failed, and the President has endorsed a compulsory plan under which each raiser of cotton must get a license from the Government and is permitted to raise only so much as the Government dictates, under penalty of suffering a confiscatory tax on each additional bale. The compulsion now put upon cotton raisers will in due course be put upon all farmers of all other crops, from wheat to peanuts.

I desire to call the attention of the Senator from Virginia to the fact that he includes peanuts. I understand that the conference report on the bill for the extension of the Agri-

cultural Adjustment Act retains in the bill peanuts and the other agricultural commodities, including cattle, and so forth. Therefore, the word "peanuts" should remain here. I continue reading:

And this second step, which is compulsory limitation, will be followed by other steps, including, at probably an early date, price-fixing. The logical last step, fantastic to suggest now, but inherently inevitable unless the process is arrested, would be the raising of all crops on great Government-owned farms. One feels that Mr. Roosevelt himself could not have foreseen the sequence of inevitability in which he is now involved, but one wonders very much whether some of the radicals, intent on revolution, did not see it.

The evidences of authenticity in Dr. Wirt's letter are many. He quotes his informants among the radicals in the administration as having told him that "they believed that by thwarting our * * * recovery they would be able to prolong the country's destitution until they had demonstrated to the American people that the Government must operate industry and commerce."

It is a fact that several of the measures emanating from the radicals have had the effect of slowing up recovery. This could hardly be without design on the part of the framers of these measures.

What I want to suggest is that we are slowing up recovery. Every time we involve an industry in this type of governmental bureaucratic control, we slow up recovery. Therefore, if this bill must pass, it ought to pass with a limitation, making the time as short as possible, as suggested by the Senator from North Carolina. For that reason I am in thorough accord with his suggestion that we limit the period to a much shorter time.

Mr. President, following this suggestion I wish to read from the magazine Time, in the issue dated February 6, 1934, with reference to the new dealers, with reference to who draws the legislation we are enacting, with reference to the source of the legislation, with reference to who it is that is formulating all this series of laws, and imposing them upon Congress.

It is already suggested that we do not need to hold a session of Congress next year, that there is no use of our assembling. I do not know whether or not we are ready to go to that extent. I think it was Hitler who said he did not need a Reichstag any longer. He just sent them home for 4 years. Perhaps we ought to be sent home, and if we sit here as dumb as we have been in the past I do not know but that we should be sent home. So I shall read to the Senate from Time:

Many another new dealer chimed in his suggestion. Even such articulate liberals as John Flynn and Max Lowenthal had their say. Most of the actual drafting was done by shy Benjamin Victor Cohen, of P.W.A.'s railway division, and Thomas Corcoran, R.F.C. counsel. Lawyer Corcoran used to work in the Manhattan legal firm of Cotton, Franklin, Wright & Gordon. Lawyer Cohen is a protégé of Felix Frankfurter. Both are young, brilliant, determined. Both live with a half dozen other new dealers in Bachelor Hall, a large, comfortable house in Georgetown. There they all share a housekeeping butler and liberal ideal, live on \$50 per month each. Lawyers Cohen and Corcoran are typical of the host of radical young lawyers in Washington who keep well in the background while they fabricate the advanced measures Congress is supposed to pass without reading.

Mr. President, I ask that I be permitted to include in my remarks a list of the professors who have been brought into public service as it is found in the Washington Post of this morning.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 27, 1934]

PROFESSORS GET THE FIRST CALL IN NEW DEAL—MORE THAN 200 COLLEGE EDUCATORS HOLD POSTS IN DEPARTMENTS

The men known popularly as "President Roosevelt's 'brain trust'" occupy positions of importance in many departments of the Federal Government.

More than 200 college professors accepted jobs with the administration during its first year.

Best known of the Presidential advisers, perhaps, are Dr. Rexford G. Tugwell, assistant to the Secretary of Agriculture; Prof. George Frederick Warren, of Cornell, who helped work out the Roosevelt monetary policies; and Prof. James Harvey Rogers, of Yale, who just has been ordered to China to look into the world silver situation.

Almost as often on the public tongue are the names of Francis B. Sayre, formerly of the Harvard Law School, who is Assistant Secretary of State.

Dr. Raymond A. Moley, former Columbia professor, who worked with Mr. Roosevelt during the campaign and the early months of his administration, no longer is in a Government position.

EZEKIEL A. HOLDOVER

Dr. Mordecai Ezekiel, an adviser to Secretary Wallace who frequently is listed among the professional advisers, came into the Department in preceding administrations and has been an employee there for many years.

Two of the three directors of the Tennessee Valley Authority—Dr. Arthur E. Morgan and Dr. Harcourt A. Morgan—are former college presidents.

The newest member of the Interstate Commerce Commission is Dr. Walter M. W. Splawn, formerly president of the Baylor University, Tex.

Leon Henderson, chairman of the N.R.A. Research and Planning Board, formerly was with Carnegie Tech and the Russell Sage Foundation. Another former professor, Charles W. Elliot, 2d, who used to be on the Harvard faculty, is executive secretary of the planning board.

Roswell Magill, of Columbia, is income-tax adviser to the Treasury and did much of the Department's work before congressional committees this year. Adolph Augustus Berle, Jr., of Columbia, adviser at different times to the Treasury, the Reconstruction Corporation, and the Agricultural Department, now is assisting Mayor Fiorella LaGuardia of New York.

STILL MORE PROFESSORS

A far from complete list of the professors in the Roosevelt administration also would include:

H. M. Waite, a lecturer at engineering schools, now deputy Public Works administrator.

Maj. Philip B. Fleming, former football coach and instructor in military engineering at West Point, executive officer in the P.W.A.

Dr. Clark Foreman, of Atlanta, in charge of the Interior Department's investigation into the economic status of the Negro, has as his aid Dr. Robert C. Weaver, formerly at the North Carolina Agricultural and Technical College.

Leo Wolman, of Columbia University, chairman of N.R.A.'s labor advisory board.

Lewis W. Douglas, Director of the Budget, who taught at Amherst and was a Representative from Arizona before his present appointment.

Prof. Lindsay Rogers of Columbia, P.W.A. member of the Board of Labor Review.

Dr. Leon Marshall, of Johns Hopkins University, vice chairman of the National Labor Board.

ONE AN AMBASSADOR

William E. Dodd, of the University of Chicago, Ambassador to Germany.

Dr. Jacob Viner, of the University of Chicago, recently appointed special adviser to Secretary Morgenthau.

Dr. Earl Dean Howard, of Northwestern, author of *The Socratic Method of Developing Intelligence*; N.R.A. deputy administrator for the garment industry.

Paul H. Douglas, of the University of Chicago, member of the Consumers' Advisory Board.

Emil Hurja, one time instructor at the University of Washington, who resigned recently as administrative assistant of Public Works to accept a post with the Democratic National Committee.

M. W. Strauss, one time teacher of journalism at Northwestern, Public Works publicity director.

Dr. Charles E. Merriam, of the University of Chicago, member of the National Planning Board.

Almost the entire American delegation to the International Institute of Statistics at Mexico City was composed of professors.

The National Recovery Administration has 59 professors on its staff, and the Agriculture Department 56.

Mr. DICKINSON. Mr. President, in order to limit the operations of the proposed law, if we must have this nostrum imposed upon the farmers of the country in order to relieve them of their misery at as early a date as possible, I hope this amendment may be agreed to.

Mr. KING. Mr. President, legislation of the character now under consideration might possibly be justified were we at war. It has been said, though I shall not quote the Latin maxim, that in the presence of war, laws are silent. So when our country is at war, perhaps where its life may be in jeopardy, we may be required to subordinate our personal views and to support measures which are considered necessary to the welfare of our country.

No such emergency exists today as to warrant the invocation of the principle to which I have adverted, and no such condition exists as to warrant the enactment of this most extraordinary and remarkable measure now before us.

Mr. President, we appreciate that some of the measures which have been under consideration during the past year were experimental. Some believed that they were unneces-

sary and would result in harm. Therefore we placed limitations on a number of these important measures, limiting their life to 2 years. Some measures, as I recall, were subjected to a limitation of 1 year.

I am opposed to extending the life of this measure at the discretion of the President. The measure is bad enough, to be foisted upon the people for a period of 1 or 2 years, but I protest against an enlargement of the time during which it may have life.

Mr. President, reference was made a few moments ago to the farm bill enacted under the administration of Mr. Hoover. I think most Democrats voted against that bill. They said that it was a rash experiment, that it would fail to produce the results predicted, and that it would eventually result in the waste of the larger part of the \$500,000,000 appropriated.

We frequently called attention to the prophecies made and to their fulfillment. That was an experiment, dangerous in character, and constituted a precedent which has been relied upon in support of measures which have been introduced since then.

One bad precedent, Mr. President, may poison the stream of legislation or of court decisions, for that matter, that may follow.

I cannot quite understand how Senators on this side of the Chamber, in view of that experiment which was so disastrous, can support the measure now before us. There is a parallel between them, although the farm bill was less objectionable than the measure now before us.

Mr. President, if the pending bill shall pass I see no restrictions that Congress may impose upon individual liberty, with the rights of individuals to pursue their life unmolested, even though they are not interfering with the rights of others. If we may restrict and interfere with individuals as this bill restricts, it is difficult to see what activities may not be controlled by governmental agencies.

This bill superimposes on the individual autocratic power, unlimited, and the result of which inevitably will be to deter individuals from the prosecution of the pursuits in which they are engaged, even though in so doing they are not interfering with or abridging the rights of others. Even if some persons desire to be controlled by a hateful bureaucracy, even to be regimented in every activity of life, it does not follow that such a course would be right or the results advantageous. Such policies are bound to abridge the rights of minorities and to constitute assaults upon constitutional government.

Pretty soon, Mr. President, we will have no democratic form of government. We shall be regimented in our thoughts and in our activities, until men who desire to be Democrats and to preserve democratic institutions will find themselves in fields that are strange and in paths that insure no safety.

Our Republican friends present no safe course or policies which promise satisfactory results.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. GORE. Does not the Senator from Utah think that if a prohibition law of this kind can be enforced, that the country retreated too soon and surrendered too soon with regard to the eighteenth amendment?

Mr. KING. Mr. President, I think perhaps the question answers itself, but at any rate the learned Senator from Oklahoma, with such wise statesmanship as he has exhibited so often, is able to answer that better than I can.

Mr. GORE. This legislation is undertaking to prevent people from doing things that are not *malum in se*, or any other kind of evil.

Mr. KING. That is right.

Mr. GORE. There was a great moral experiment back of the eighteenth amendment in which there was an attempt to prohibit people from doing things that were injurious.

Mr. KING. I suppose, Mr. President, that the die is cast and that the measure will receive the approval of the Senate. I do not intend to analyze the bill. I rose only to state that it is repugnant to my views, it is hostile to my

conceptions of democracy, it is in violation of the letter and the spirit of our Constitution.

Mr. REED. Mr. President, I know nothing about growing cotton. Of course, I am utterly unqualified to speak about the practical application of the bill; but, as an uninformed observer, I find it a little difficult to know how any farmer will be able to determine at the beginning of the season how many acres to plant in order to come out at the end of the season with the number of bales of cotton allowed to him. The bill calls on the farmer to foretell the amount of rain, the amount of sunshine, and the number of boll weevils with which he will have to deal in the course of the growing season.

I should think, then, that the natural thing would be for the farmer to plant a rather considerable acreage in order to be sure to come up to his quota, and in practically every case he will then find that he has grown more cotton than the bill will permit him to sell. He will be penalized by the confiscation of three fourths of his property, if he sells that excess and if the Government catches him at it.

There we have a new kind of prohibition law, in which it is made almost a crime to have a desirable and legitimate commodity raised by the sweat of a citizen's brow. It is made a crime for him to transport it across the State line.

Mr. GORE. A contraband of commerce.

Mr. REED. It becomes a contraband of commerce, as the Senator from Oklahoma so well suggests; and if I am any kind of a prophet and if I understand the American character, we shall see such resentment against the imposition of the requirements contained in the bill that it will take the whole American Army to enforce its provisions.

Mr. GORE. They will not have enough gun cotton to do it.

Mr. REED. And the South, which suffered so cruelly in reconstruction days from the presence of northern troops, will find its very life regulated by an army of Federal enforcement agents, probably backed up by military authority, in the effort to enforce such a law.

As I said, I know nothing of cotton, but I do know something about human nature; and I venture to say that before long the farmer's friends who drafted the bill and are pressing for its passage will be placed on the defensive by every cotton grower in the South—not only by the majority which would vote to restrict production by this pooling method, not only by the minority that will vote against it, but by all of them.

We shall find this measure most intensely resented by the very people we are trying to benefit, just as today the processing taxes are nowhere more unpopular in my State than among the very farmers whom they are supposed to benefit. Even the consumers whose cost of living has been unfairly raised do not resent this tax so much as the farmers who produce the commodities which are subject to the tax. So it will be with respect to this measure. So it will be, in the long run, with every one of the many efforts we make to repeal the law of supply and demand.

In the 11 years I have been in the Senate there has not been a single session in which someone, in the name of saving the farmer, has not come in here with some kind of device to repeal the economic laws that affect the farmer, as they affect every one of us. Every such device has been a failure, and every one of them will be a failure. There are some things which it is beyond the power of government to change.

That, however, is not the matter that concerns me so much about this bill. That which concerns me is the invasion of individual liberty which it sanctions; the subjection of the citizen to the control of a bureaucratic authority whom he never sees and does not know, and who does not hear his case; the subjection of the livelihood of a vast throng of American citizens to the arbitrary, despotic control of somebody here in Washington for whom they never voted, and for whom they never will get a chance to vote.

We here in the national legislature are responsible to our people for what we do; but who knows the name of the man who will determine John Jones' quota of cotton for next year? He is not elected by anybody. He is not even ap-

pointed under the civil service law. He may be, and undoubtedly will be, a person of political authority in the State.

Think, Mr. President, what tremendous political power we are putting into the hands of the men who will fix the quotas of the individual farmers throughout the Southern States! How can anybody defy a politician who is backed up with such power as that? Let me designate the man who can tell everyone in Pennsylvania how long he shall work, how much he shall produce, and in the end what he shall sell his products for, and I ask no finer political machine than that. No one would dare to flaunt the desire of a politician vested with such power. I cannot understand why my colleagues here from the Southern States are willing to saddle upon themselves and their fellow southerners such an arbitrary, despotic, and irresistible political power as this bill confers.

There is no use in talking about the Constitution any more. Our Constitution, like our currency, has been rubberized; but all of us have sworn to support and defend it. Where in the Constitution do we find any power in the Federal Government to regulate commerce between the separate counties of an individual State? And yet this bill pretends to do just that; it makes it a crime to transfer this contraband cotton from one county into any other county. We are a Government of delegated powers, and I defy any of us to point to a line in the Constitution where there is delegated to us any such power as that. Even if it has become rubberized, there are some traces left of our Constitution, and we who are sworn to support and defend it ought to be able to find some charter for the exercise of the power which we assert in passing this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. DICKINSON], as modified.

Mr. REYNOLDS. That is, as modified by my amendment in the nature of a substitute, as I understand?

The PRESIDING OFFICER. The Senator is correct.

Mr. REYNOLDS. Mr. President, I desire to submit a few remarks in regard to the change I have suggested by way of an amendment that the bill be limited to a period of duration of 1 year.

We have no idea, according to present indications, what the situation in this country is going to be a year from now. As a matter of fact, if today there were a sufficient amount of currency in this country, if there were a sufficient amount of money in the hands of the American people, there being from one hundred and twenty-five to one hundred and thirty million of them, such legislation as this would not be necessary. It is perhaps at this time necessary; and I shall say it is certainly true that at this time we have a tremendous surplus of cotton because the American people have not the money with which to make purchases of the surplus cotton that could be used in the manufacture of clothing and other cotton goods.

Mr. President, I have been informed by those who are sponsoring this piece of legislation that the great majority of the cotton farmers, at least 75 percent of them, are greatly interested in the passage of this bill. I am desirous of being advised by the farmers, because they know more about their business than I know about it. I am very happy, indeed, to be informed by Senators from the cotton States, who are experts upon the situation, and I shall say here that I expect to vote for the bill; but I know that this proposed legislation is advanced simply because the people of the United States have not sufficient money with which to buy the surplus cotton and surplus wheat and surplus corn and surplus of other commodities.

When we begin to limit the production of cotton or corn or tobacco, we are then beginning to tell the farmers of the United States, and all those who earn their livelihood by the sweat of their brows by the tilling of the soil, that they may work only a certain part of their time; that they may till only a certain portion of their soil. I, Mr. President, cannot understand why the farmers of our country are desirous of placing upon themselves a rule whereby they

will not be permitted to work more than a certain number of hours or to till more than a certain number of acres of their land; but it has been said, I repeat, by those who are sponsoring this legislation, that 75 percent of the farmers of the cotton-growing States of the Union are extremely anxious for its passage.

Mr. President, I want to say here and now, in passing, that I believe that this body would do well to limit the provisions of this proposed act for the period of duration of 1 year, and particularly so since I believe that within a year's time there will be a great deal more money in circulation than there now is; and if there shall be more money in circulation then than at the present hour we shall not be called upon to limit production of any product, be it cotton, corn, wheat, or tobacco.

Mr. KING. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield to the Senator from Utah.

Mr. KING. I know my friend believes in the Constitution and the rights of the minority. I wonder if under our constitutions, the constitution of the Senator's own State as well as other States, and the Constitution of the United States, he is willing to announce as a formula to govern our conduct here that the majority may take away the rights of the minority and impose upon them their will, whether it be a majority of 75 percent of the farmers or 75 percent of the lawyers or 75 percent of the members of any other profession? It seems to me that the rights of the minority are just as sacred as are the rights of the majority, and we ought not to transgress them.

Mr. REYNOLDS. I quite agree with the Senator from Utah. The rights of the minority should be respected; but I want to say again that within 1 year from now—if we shall pay to the soldiers of this country the \$2,200,000,000 that is due them, thereby making distribution of more currency to the people of this land—if within a year from now we shall issue currency upon silver as a base, thereby placing more money in the hands of the people and providing them with more purchasing power, the enactment of this legislation or the enactment of similar legislation will not be necessary. Therefore, Mr. President, I urge upon this body that the provisions of this measure be limited to a period of duration of 1 year.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa [Mr. DICKINSON], as modified.

CHARGES OF DR. WIRT

Mr. SCHALL. Mr. President, I ask the clerk to read, in my time, an additional statement with reference to Dr. Wirt, of Indiana; also his original statement.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[From the New York Herald Tribune, Mar. 27, 1934]

Dr. Wirt said that he made a series of trips to Washington last year to study governmental methods, and that it was then that he learned of the purported plot to supplant President Roosevelt with a dictator. The plan, he said, as disclosed by a member or members of the "brain trust", was well defined. Under it, he said, the return of prosperity would be deliberately delayed in order to make the public dissatisfied and foment revolution.

SEES CONGRESS LOSING POWER

"I decided", he said, "that the public should be forewarned. If the plan should go through, the election of Congressmen would become a mere formality. If certain new-deal legislation is adopted, the next Congress will be little more than a figurehead."

"Recently at the code hearings the administration unmistakably indicated that this danger is not a theoretical one, and during the next 2 months legislation probably will be passed which will make our elected Congressmen absolutely unimportant. It will make no matter who the people elect and Congress will be helpless."

[From the New York Times, Mar. 24, 1934]

DR. WIRT'S STATEMENT ON "BRAIN TRUST" PLANS

WASHINGTON, March 23.—Following is the text of the statement on the "brain trusters" by Dr. William A. Wirt, of Gary, Ind., founder of the Gary school system, read into the records of the House Interstate Commerce Committee today by James H. Rand, Jr.:

"This manuscript has not been written for publication. I merely want to make the material herein presented available to a

few friends in the hope that it may be of help to them in their own writing. You are welcome to use any or all of it in any way that you see fit.

"The fundamental trouble with the 'brain trusters' is that they start with a false assumption. They insist that the America of Washington, Jefferson, and Lincoln must first be destroyed and then on the ruins they will reconstruct an America after their own pattern. They do not know that the America of Washington, Jefferson, and Lincoln has been the new deal and that during the eighteenth and nineteenth centuries we have been making great social progress. The common man is getting his place in the sun. Why try to put him back into the Dark Ages?"

"Last summer I asked some of the individuals in this group what their concrete plan was for bringing on the proposed overthrow of the established American social order."

"I was told that they believed that by thwarting our then evident recovery they would be able to prolong the country's destitution until they had demonstrated to the American people that the Government must operate industry and commerce. I was told that the Government must operate industry and commerce. I was told that, of course, commercial banks could not make long-time capital loans and that they would be able to destroy by propaganda the other institutions that had been making our capital loans. Then we can push Uncle Sam into the position where he must make these capital loans. And, of course, when Uncle Sam becomes our financier he must also follow his money with control and management."

ROOSEVELT IS CALLED "ONLY THE KERENSKY"

"The most surprising statement made to me was the following:

"We believe that we have Mr. Roosevelt in the middle of a swift stream and that the current is so strong that he cannot turn back or escape from it. We believe that we can keep Mr. Roosevelt there until we are ready to supplant him with a Stalin. We all think that Mr. Roosevelt is only the Kerensky of this revolution."

"When I asked why the President would not see through this scheme, they replied:

"We are on the inside. We can control the avenues of influence. We can make the President believe that he is making decisions for himself."

"They said, 'A leader must appear to be a strong man of action. He must make decisions and many times make them quickly, whether good or bad. Soon he will feel a superhuman flow of power from the flow of decisions themselves—good or bad. Eventually he can easily be displaced because of his bad decisions.'

"With Mr. Roosevelt's background we do not expect him to see this revolution through."

"They said that such individuals can be induced to kindle the fires of revolution. But strong men must take their place when the country is once engulfed in flames."

"I asked how they would explain to the American people why their plans for retarding the recovery were not restoring recovery."

"Oh", they said, "that would be easy." All that they would need to do would be to point the finger of scorn at the traitorous opposition."

"These traitors in the imaginary war against the depression would be made the goats, and the American people would agree that they, the 'brain trusters', should be more firm in dealing with the opposition."

"Thus they, the 'brain trusters', would soon be able to use the police power of the Government and 'crack down' on the opposition with a 'big stick.' In the meantime they would extend the gloved hand and keep the 'big stick' in the background."

BANK ON PSYCHOLOGY OF EMPTY STOMACHS

"I was frankly told that I underestimated the power of propaganda. That, since the World War, propaganda had been developed into a science. That they could make the newspapers and magazines beg for mercy by threatening to take away much of their advertising by a measure to compel only the unvarnished truth in advertising."

"That they could make the financiers be good by showing up at public investigations the crooks in the game. And that the power of public investigation in their own hands alone would make the cold chills run up and down the spines of the other business leaders and politicians—honest men as well as crooks."

"They were sure that they could depend upon the 'psychology of empty stomachs' and they would keep them empty. The masses would soon agree that anything should be done rather than nothing. Any escape from present miseries would be welcome, even though it should turn out to be another misery."

"They were sure that the leaders of industry and labor could be kept quiet by the hope of getting their own share of the Government doles in the form of loans, and contracts for material and labor—provided they were subservient."

"They were sure that the colleges and schools could be kept in line by the hope of Federal aid until the many 'new dealers' in the schools and colleges had control of them."

SAID DOLES WOULD WIN FARMERS OVER

"They were sure that their propaganda could inflame the masses against the old social order and the honest men as well as the crooks that represent that order."

"I asked what they would do when the Government could no longer dole out relief in the grand manner. By that time, it was answered, the oft-repeated exhortation to industry and commerce to make jobs out of confidence and to produce goods and pay wages out of psychology, together with their other propaganda,

would have won the people to the idea that the only way out was for Government itself to operate industry and commerce.

"They were certain that they did not want to operate agriculture for a long time. But the farmers could be won by doles to support Government operation of industry and commerce.

"Farmers would be delighted to get their hands in the public trough for once in the history of the country. The farmers would be one with the masses—united for a redistribution of the wealth of the other fellow. All that they would need to do with the opposition would be to ask, 'Well, what is your plan?'"

THE HAND OF ESAU

Mr. SCHALL. Mr. President, I am opposed to this bill which proposes to put the cotton farmer in a strait-jacket, to make him a criminal because he dares raise two bunches of cotton where one grew before. I am opposed to dictatorships and tyranny in any form, however benevolent that despotism may seem in its inception. I want this Government to continue a government of law, not of men.

However gentle the voice of the man Jacob may sound to those who have been kept from all information because of propaganda and censorship, the cotton farmers of the South will in time learn that they have sold their birthright and liberties and freedom for a mess of pottage. Their liberties to earn their living as they see fit and to grow two bales of cotton where they grew one before will be set aside by the hairy, tyrannical hand of Esau.

Material waste is bad enough, gross and wanton as it has been under this administration, but, of course, it weighs as nothing when you compare it to the waste, destruction, and ruin of human liberty, our priceless heritage handed down to us by the patriots who established themselves in a wilderness to escape the despotism of Europe—the same old thing that is being fed us now, under the guise of the "new deal."

Clearly it is for us, as we vote on this measure, to bear in mind our duty to our descendants even as our forefathers did for us. They sacrificed to build a country and to establish over it a humane Constitution, which makes it possible for us to enjoy those privileges of earning a living and following such pursuits of happiness as we may choose unmolested and unregimented by any dictatorship, State or Federal.

The spirit breathed into this Republic in '76, continued on through Washington, Jefferson, Lincoln, and Theodore Roosevelt, and is still in the heart of every honest American citizen and will assert itself once he understands what is being done to him and his country.

In July last year wheat was \$1.20 and everything in proportion. In 30 days after the "National Racketeering Association" was put into effect, wheat fell to 80 cents and other products in proportion. Truly the N.R.A. is the "National Ruin Act" and is following out the prediction that it was put into effect only for the purpose of seeing to it that business and labor remained hungry until the dictatorship coup had been accomplished and the tyranny of government by a benevolent despot fastened permanently upon the people.

My mother taught me that it was a sin against man and God to waste in any form, that I would go hungry if I wasted or destroyed good food. Yet the illogical Government leadership in the destruction of all economic standards heretofore a part of our training can only be explained in the Biblical quotation that "a little child shall lead us."

It is evident that destruction and waste is the keynote of this administration. The burning of thousands and thousands of pigs that might well have gone to feed the hungry, the plowing under of 15,000,000 acres of cotton that would have gone into raiment to clothe the naked and freezing, the expenditure of \$1,350,000,000 under the C.W.A. to hire men to sweep leaves from one side of the road and back again, while our wounded soldiers are deprived by imperial edict of just compensation, cause me to suspect that such wanton waste may be too dearly paid for, for who can deny that perhaps next year and the next may be a famine? The food and clothing, the necessities of life, so wantonly destroyed, perhaps money can no longer buy and our prayers go unanswered in punishment of the wanton sin of destruction.

Hard sense, experience, and the past to guide the future have been so utterly ignored that perhaps we need a Joan of

Arc to call attention to the bewildered and misinformed to again revive their interest, loyalty, and patriotism.

A prominent man the other day said at a banquet at Washington that Washington reminded him of an insane asylum with a smiling superintendent. A Congressman at a gathering here in Washington said that the N.R.A. stood for "nuts running America."

In Joan of Arc's time the so-called "smart set" of France—the governing set, the brain trust, the foolish despotism that ruthlessly flung away the rights of the people to gratify their personal lust; mad with power, insane with ambition, the nobility nuts running France scorned this visionary Joan of Arc as a liar and fraud that she dared to claim Divine guidance. See the sinister face of Bishop Beauvais light up with a grin of sardonic triumph as he asked Joan, upon her trial that resulted in her being burned at the stake, whether she is in a state of grace. To answer either "yes" or "no" would be self-conviction. Listen to this 17-year-old illiterate peasant patriot as she replies, "If I am, please God to keep me in it. If I am not, please God to put me in it", and decide whether she was a dupe, or as she now stands, a saint of the Church of Rome. Or in more modern comparison, whether Dr. Wirt has uncovered conditions as they are or whether his timely exposé is to be lightly passed over by the modern Beauvais as a dream of no consequence and without solid foundation.

When hungry wolves were prowling through the streets of Paris devouring human bodies strewn there by war and pestilence, when hope of unity of France seemed lost, it was Joan of Arc, with her faith in the Divine intelligence, that in the darkest hour of desperate peril of France came forth like a shining angel and led the disjointed military forces of France to unity and glorious victory, culminating in the Battle of Orleans, giving France a permanent nationality that endures today and ranks her with the leading nations of the world. Just as the disclosures of this modern patriot, Dr. Wirt, have stirred every patriotic heart to resent this insidious thing called "war on depression" that "has wound itself to the topmost mast and there hangs hissing at the noble men below" who dare to defy its leadership.

Our Executive has gathered to himself in the special session of Congress alone 77 powers and authorities which did not exist or were taken from Congress and the courts. We all know the additional powers he has taken in this session and all in the name of the new deal, and he wants now to make them all permanent.

The new deal is the same old deal that Essau gave Jacob. Now that a congressional hearing of Dr. Wirt is inevitable and the incendiaries are to be uncovered, our President fishes while the Republic burns.

Mr. BLACK. Mr. President, I send to the desk and ask to have read an editorial which I peculiarly commend to the Senator from Minnesota [Mr. SCHALL] and the Senator from Iowa [Mr. DICKINSON], who are very much disturbed with reference to the so-called "revelations" of Dr. Wirt. I would suggest that the treatment mentioned in this editorial might be applicable to any who take this matter seriously. I ask that the editorial from the New York Times may be read.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

[From the New York Times, Mar. 26, 1934]

POLITICAL BRAIN SURGERY

Nay, I do bear a brain.—Nurse, *Romeo and Juliet*, act I, scene 3). The first general impression when reading of Dr. Wirt's discovery that there are traitorous Communists in President Roosevelt's "brain trust" was that somebody had been fooling him to the top of his bent. It is well known that the original "brain trust" has been pretty well dissolved. This was not done by enforcing the antitrust laws but apparently because of cerebral fatigue, in which Mr. Roosevelt himself seems to have shared. At any rate, we know what became of the chief "brain truster". He left Washington and, as Dr. Johnson said of the clergyman who was afterward hanged, "sank so low as to become an editor." Another one is now in Puerto Rico. Still another is about to investigate the two schools of thought about silver in China. A fourth is racking his brains in the effort to understand the legislature at Albany.

Of course, there remain a number of fledgling "brain trusters" at Washington, and it is possible that from one of them Dr. Wirt got his flesh-creeping tale. It is wholly conceivable that one or more of them think oftener of revolution than of recovery. They know all about the Russian formula. First the mild-mannered Keren-sky, then the ruthless Lenin. This may have been expounded seriously to Dr. Wirt. That it will never be applied in this country, one of the best evidences is the universal guffaw with which the disclosure was greeted.

As in duty bound, however, the committee of the House is determined to pierce to the heart of the mystery. It has resolved to summon Dr. Wirt and demand that he give up the names of those who intrusted to him the dark secret. He declares that he is ready to testify, but is in doubt whether he ought to name names. Yet he has no doubt that a conspiracy exists to hamper the President and to hasten a revolution. The leader of it, according to Dr. Wirt, is simply biding his time. The people with whom he is to set up a dictatorship of the proletariat do not yet know who he is, but he knows that they are simply waiting to be puppets in his hands when the hour strikes. If he could be dragged out of his obscurity and examined by Representatives in Congress, the results might be more interesting and fruitful than those to be had from investigating Dr. Wirt's "No name series."

The case is really one for a psychiatrist or a surgeon, rather than for a Congressman. Dr. Harvey Cushing ought to be sent for to show what brain surgery can do when applied to politics. His cross-examination would doubtless be made by means of an electric knife. Of course, he would have to disclaim any connection with the General Electric, or else Congress would not let him proceed. First he would diagnose the symptoms of one of Dr. Wirt's young "brain trusters". Are the areas of speech affected? If so, the whole country would call upon Dr. Cushing to declare the case inoperable. A silent "brain truster" would be thought a special gift of Providence. Is the man losing his memory? Does he forget his best friends? Does he show evidences of echolalia—always repeating his most incoherent theories? These are all possibilities which it is evident that the chairman of the committee could not explore. The obvious alternative is to pave the way for another triumph of brain surgery.

The times have been that when the brains were out the man would die. This is not true of the "brain trust". Being a kind of organism which propagates by fission, it can lose one or more members, like the cerebellum, and go on apparently uninjured. But it ought still to be possible to bring to light whatever is grave in all this business. If there are harebrained enthusiasts professing to work for the administration, who in their hours of ease outline in a large way the revolution which they hope to bring about and in which they are confident they will figure largely, let them be made to stand up so that the country can get a good look at them. Then our ancient humor can be counted upon to do the rest.

REGULATION OF COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. REYNOLDS. Mr. President, in reference to the matter now pending before the Senate—

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired. Under the unanimous-consent agreement no Senator may speak more than once nor longer than 15 minutes on any amendment. The Senator has spoken once on the pending amendment. He will have to bide his time until another amendment shall be offered.

Mr. REYNOLDS. Very well.

Mr. JOHNSON. Mr. President, may I inquire whether there has been any determination with reference to the amendment offered by the Senator from Iowa [Mr. DICKINSON] as modified by the Senator from North Carolina [Mr. REYNOLDS]?

The PRESIDING OFFICER. That is the pending question.

Mr. JOHNSON. It has not as yet been acted upon?

The PRESIDING OFFICER. It has not.

Mr. JOHNSON. I have an amendment which I desire to offer when that amendment shall have been disposed of.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa as modified by the Senator from North Carolina.

Mr. JOHNSON. Mr. President, let me implore the Senate, if it is interested at all in the pending bill, to proceed with its consideration for a very brief period without extraneous matters. Of course, it is interesting to read what

may have been said by Dr. Wirt from one of the States of the Union about what may transpire in the future.

I remember in my youth reading with some degree of amusement Baron Munchausen, and I have recalled during all the long years the pleasure with which I perused again and again Alice in Wonderland. But the remarks which are attributed to the distinguished gentleman, Dr. Wirt, have neither the interest nor pleasure nor imagination of Baron Munchausen, nor have they the delightful literary quality and charming grace of Mr. Carroll's remarkable work which has lasted through the years with ever-increasing joy to us all. I cannot find myself otherwise than cold in reading the sort of emanation coming from Dr. Wirt concerning the awful things about to happen.

I have no fear of a dictator in this Nation. I have no fear of what may happen if a brain trust is found in our country. Notwithstanding we may stumble at times and notwithstanding our nerves may become ragged in the efforts we are called upon to put forth, we are still going on in this Nation in the good old American way. There is no danger of a dictator in the Presidency nor any danger of the abolition of the Congress of the United States. These emanations, Mr. President, are not in my opinion worthy of the utilization of the time of the Congress of the United States for 15 seconds.

Mr. LONG. Mr. President, we are now about to vote on the amendment of the Senator from Iowa, as modified by the Senator from North Carolina, its purpose being to restrict the operation of the bill to 1 year. I voted for the cotton legislation at the last session, but I doubt the wisdom of this bill. My better judgment tells me it is not constitutional, but I rather think I am going to vote for the bill. If the 1-year restriction is adopted, we will be back here before 1935 is over; and if this plan is shown by that time to be a success, we can reenact and extend the legislation.

I think it is a very wise provision to limit a matter of doubtful constitutionality and of such wide experimentation in the way in which the amendment as modified proposes to limit it. Our President has often said that he would be the first to give up an experiment if he found it to be a mistake. I shall be one of the first to continue this experiment if it is found to be a success. I fear the consequences of the bill, however. I really fear them. It may do some good and I shall be willing to abdicate my better judgment in many respects if we can limit it to 1 year. I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa as modified.

The amendment as modified was agreed to.

Mr. JOHNSON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, in line 1, after the word "period", insert the following:

Provided, however, That no State shall receive an allotment of less than 200,000 bales of cotton if in any 1 year of 5 years prior to this date the production of the State equaled 250,000 bales.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. REYNOLDS. Mr. President, I should like to ask the Senator from California to make a brief explanation of the amendment.

Mr. JOHNSON. Mr. President, this amendment is rendered absolutely essential from the standpoint of the West by virtue of the amendment presented by the senior Senator from North Carolina [Mr. BAILEY], which has been adopted.

In some States, particularly in the State from which I come, cotton production has really developed only during the last decade; and the 5-year period having been changed to 10 years, if the allotments are to be made upon an average during that period, it, of course, will place at a very serious disadvantage a State which only during the last decade has been developing its cotton production.

That is the first reason that renders this amendment absolutely just and absolutely appropriate.

I shall not go into the details of the difference between cotton production in the West and cotton production in the South. I shall not attempt to detail the differences that thus exist by reason of land values, by reason of the irrigation-district systems, and by reason of other charges which make it much more difficult for the West to do the job in relation to the production of cotton than for the South. But on every conceivable plane of justice we have asked that this allotment be made. If the production in the previous 5 years has been 250,000 bales in any one year, we ask that no less than 200,000 bales shall be accorded in an allotment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

Mr. LONG. Mr. President, I desire to be heard on the amendment.

I should like to be with the Senator from California on this amendment, but the Senator from California has stated the case from his standpoint. Here are the facts:

When the conditions got so very bad that we had to decrease our cotton production in the South, beginning with Louisiana, all through the Southeast we began to decrease the production of cotton in the past 5 years; and, as the Senator from California says, they began to build up their production of cotton.

Mr. JOHNSON. No; pardon me. Will the Senator yield?

Mr. LONG. Yes.

Mr. JOHNSON. I did not want the Senator to understand that. I meant to say to him that our production was later in time during the past decade.

Mr. LONG. I know that.

Mr. JOHNSON. But it was not a case of building up, because sedulously and carefully we dealt with the allotments that were made during the past few years in reducing the cotton acreage.

Mr. LONG. But, if the Senator will bear with me, the California cotton business has been built up since we have been accumulating this surplus. For the past 5 or 6 years we have been accumulating this surplus cotton crop, all back from the years 1928 and 1929 up to 1934.

Now, we have a rule here that we shall average the last 10 years in order to try to get a table that will be fair for everyone; but along comes one of these little cotton States—I do not mean a little State otherwise, but I mean from the standpoint of cotton production—and, inasmuch as there was a little bit of laying off in some of the other States, they looked over the line and decided that they would plant a little cotton also. It is not a real part of their business; but if we give every little State that can raise cotton the right to raise 250,000 bales of cotton, there are plenty of States that can raise 250,000 bales of cotton.

Mr. President, we are fair to California on this matter and to the other States. If California's cotton production over the past 10 years does not average up to the amount raised during the past 5 years, they should not be permitted to take advantage of the depression period, when there has been a surplus of cotton, in order to build up a business which has been a handicap to us and which now will allow them to take advantage of almost their peak production.

So I submit that this amendment is not fair to us. It is not fair to impose a rule here that might allow California to come right close up to their peak production because of its being a new industry and restrict us in our raising of cotton to something like two thirds of the peak production. That is what I object to; and I think the Senator would make a mistake to hook on an amendment here that will make an exception of these little States that have recently developed a cotton industry. I think it will do very much to impair the effect of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California [Mr. JOHNSON].

The amendment was agreed to.

Mr. BAILEY. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 17, line 23, in section 14 (d), it is proposed to strike out the words "\$1,000 or by imprisonment for not exceeding 1 year, or both", and to insert in lieu thereof "\$100."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

Mr. BAILEY. Mr. President, let me explain the amendment. It strikes out the portion of the bill which, in the penalty section, undertakes to make a felony out of violations of the act; and it strikes out the \$1,000 fine and limits it to \$100.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

Mr. BAILEY. Mr. President, I have another amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 24, in section 20 (b), it is proposed to strike out the words "6 months" and insert in lieu thereof the words "30 days."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

Mr. GORE. Mr. President, on page 18, line 1, I move to strike out the words "regulation issued" and insert "penal statute enacted."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 18, lines 1 and 2, it is proposed to strike out the words "regulation issued" and to insert in lieu thereof the words "penal statute enacted."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

Mr. REYNOLDS. Mr. President, I should like to have an explanation of the effect of that change.

Mr. GORE. Mr. President, the bill provides that anyone who shall violate any regulation issued by the Secretary of Agriculture shall be fined \$200. The amendment provides that anyone who shall violate any penal statute enacted by the Secretary of Agriculture shall be fined \$200.

Mr. REYNOLDS. I thank the Senator from Oklahoma.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. GORE. Mr. President, on page 18, line 9, I move to strike out the words "make such regulations" and insert the words "enact such penal statutes."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 18, line 9, it is proposed to strike out the words "make such regulations" and insert the words "enact such penal statutes."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. KING. Mr. President, on page 18, beginning on line 23, I move to strike out subdivision (c), which reads as follows:

(c) The proceeds derived from the tax are hereby authorized to be appropriated to be made available to the Secretary of Agriculture for the purposes of carrying out the cotton program of the Agricultural Adjustment Administration, and for administrative expenses and refunds of taxes under this act.

It seems to me it is unwise legislation to permit funds which may be derived from a processing tax to be expended without proper reference to the Treasury and proper appropriation by Congress. All taxes collected under this bill ought to be paid into the Treasury of the United States; and if there shall be a deficit in the operation of the bill, if the amount which we appropriate for its enforcement shall prove inadequate, then let appeal be made to Congress.

I think legislation which authorizes the conversion of funds which come to officials for further enforcement of the law rather than having them converted into the Treasury is

most unwise; and it seems to me no argument in favor of the amendment ought to be necessary.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. LONG. Mr. President, I understand that following this bill our next order is to take up unobjected bills on the calendar.

Information has come to me within the last 30 minutes that the House has already taken action overriding the veto by the President of the independent offices appropriation bill, which includes the veterans' compensation. I understand that there is no haste, inasmuch as it takes only a moment or two for the endorsement to be made and the bill to be brought over here; but several minutes have already elapsed, and nothing has yet been done. I had intended to forego making any remarks on this bill to-day, so that the bill might be expeditiously passed; but inasmuch as we should vote on the veto message now, and it is due here, and ought to have been here 30 minutes ago, I shall make some remarks that I had not intended to make because of the fact that I wanted to hasten the work of the Senate.

I desired to say something on the question of silver, and I was tempted to offer an amendment on the subject here today, but my friend from Alabama [Mr. BANKHEAD] has been so generous, and he is such a good friend of mine personally and politically, that I am afraid, along with my association with the senior Senator from South Carolina [Mr. SMITH], I have really allowed my better judgment to be warped by my friendship for them, and I was induced not to offer the silver amendment. Nevertheless, I am going to make just a few remarks on the question of silver at this time.

As my friend the junior Senator from North Carolina [Mr. REYNOLDS] said earlier today—

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. LONG. I yield to the Senator from Tennessee.

Mr. McKELLAR. As in executive session, sometime ago John A. Donahue was confirmed as postmaster at Newburgh, N.Y.

Mr. LONG. Just a moment. I do not yield for anything that will take me from the floor.

The VICE PRESIDENT. The Senator from Louisiana says he does not yield.

Mr. McKELLAR. This matter will take only a moment.

Mr. LONG. I do not want to give up the floor. The Senator can make his motion after I get through. I have reasons for that. I might lose the floor. I can yield only for a question.

Mr. McKELLAR. Is that the ruling of the Chair?

Mr. LONG. Do I understand that I will not lose the floor if I yield to the Senator from Tennessee?

The VICE PRESIDENT. If the Senator from Louisiana yields for the transaction of business, he will lose the floor.

Mr. LONG. Then, I will not yield.

Mr. President, we have in this country today \$5,000,000,000 in currency, or approximately that amount. I should like to attract the attention of the senior Senator from Oklahoma [Mr. THOMAS], if I may. The last report I have read indicated that we had about five and a half billion dollars in circulating currency. I will ask the Senator from Oklahoma whether that has been decreased since the time of the last report?

Mr. THOMAS of Oklahoma. It has been.

Mr. LONG. What is the figure now?

Mr. THOMAS of Oklahoma. Mr. President, it is less than five and a half billion. It is about five billion four hundred million. It decreased last week.

Mr. LONG. Mr. President, I have compiled figures today to show that the United States is operating now with 59 percent of \$5,000,000,000. In other words, the United States is operating today on the same basis on which we were operating a year and a half ago, with \$3,000,000,000 of circulating

currency. Five billion dollars, with the gold content of the dollar at 59 cents, means that we have today currency with a purchasing value of only \$3,000,000,000, whereas a year and a half ago, those of use who were favoring a sound expansion of the currency and the remonetization of silver, were able to say that there was at least \$7,000,000,000 of circulating currency. So that the figures do not of themselves tell half the story. They do not half state the case. When we say that we have decreased the gold content of the dollar from 100 cents to 59 cents, when we say that we have a currency today that is \$5,000,000,000, as against \$7,000,000,000, a little over 1 year ago, that is just the same as saying that we have decreased the purchasable circulating currency to the extent of around 60 cents out of every dollar that was circulating a year and a half ago. So we continue to face the condition that unless we do something to put money into the hands of the people, if we do not provide a better purchasable medium of exchange, by an expansion that is sound, one which can be interchanged between the various countries of the several hemispheres, we are going to face and we do today face a stagnation under which we cannot exchange goods or commodities not only for domestic purposes, but for international purposes.

Mr. President, I had hoped that the veto message would reach the Senate. The Senator from South Carolina indicates to me by a nod that it is not coming over. I see no reason why it should not come over.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator.

Mr. ROBINSON of Arkansas. I will state that the Senator from Oregon advised me that he would not be ready to proceed with the veto message this afternoon on account of the fact that a number of Senators are absent who would like to be present. I do not anticipate that the message would be taken up for action this afternoon even if it should come over.

Mr. McNARY. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. McNARY. Mr. President, in conference with the Senator from Arkansas a few moments ago, I expressed the opinion that I did not think we should have a vote this afternoon on the veto message, because of want of knowledge and notice on the part of Members of the Senate. I feel certain that there are some Senators absent who would want to be present when a matter of such importance was voted on. I feel certain they should have the privilege of voting on an important matter of this kind, and for that reason I came to the conclusion that we should not vote immediately upon the receipt of the message, which, by the way, is not here, but that we should give fair opportunity to the absent Senators to be present. So I expressed to the Senator from Arkansas the opinion that it was my best judgment that we should not vote until tomorrow. If the Senate should determine otherwise, I am here, and, personally, I have no choice whatsoever.

Mr. LONG. Mr. President, if the Senator from Oregon will permit me, I think nearly all the Senators are here. I think there are more here than will be here tomorrow or the day after, and that is the reason why I wanted the vote to come this afternoon. My judgment tells me that now is the best time for us to vote. [Laughter.]

Mr. McNARY. Mr. President, I do not know what is the object of the Senator from Louisiana, or what is his state of mind, but I am not prepared to agree that a vote should be taken at this time, first, because we are not in receipt of the message. Secondly, we have a unanimous-consent agreement to go forward with the pending bill, with a limitation on debate, and we should act on the bill, and adjourn or recess, in my opinion, and take up the veto message tomorrow. That is my final judgment on the matter.

Mr. LONG. But if the message comes in tomorrow, can we take it up tomorrow?

Mr. ROBINSON of Arkansas. Mr. President, when the message comes in, it will then be competent for the Senate

to determine what it wishes to do about it. I am not willing to enter into any contracts in regard to the matter until the message shall be received.

Mr. LONG. That is just the point I had in mind. The bonus bill came over and lay on the desk for a week, and was not referred to the Committee on Finance until yesterday. Seven days, or five days, or whatever the time was, has been lost in the consideration of the bonus bill, because it either should have been taken up and put on the calendar of the Senate, or referred to the committee, the day it came in.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. The rules of the Senate contemplate prompt action in matters pertaining to vetoes. There is no disposition on the part of anyone to delay the disposal of the veto message unduly, and I can say, and take pleasure in saying, that it is my desire to facilitate action on the message; but, in accordance with the statement of the Senator from Oregon, and the statement I made a moment ago, I do not think we could dispose of the message this afternoon even if it were in the jurisdiction of the Senate. It has not reached the Senate as yet.

Mr. LONG. The point I am trying to make to the Senator from Arkansas is that if the message shall be brought in this afternoon—and it ought to have been here nearly an hour ago—then we know we can vote tomorrow, but if it is brought in tomorrow, then on objection it would probably be carried over until the next day.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McNARY. Let me inform the Senator from Louisiana that it is a privileged matter and can be voted on tomorrow or the next day or the moment it arrives in the Senate, and no advantage can be taken.

The VICE PRESIDENT. It is a privileged matter.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. CLARK. Is there any reason on earth why it should not be voted on today?

Mr. ROBINSON of Arkansas. It is not here.

Mr. CLARK. There is no reason why it should not be here, Mr. President. I think the Senate should remain in session and vote on it today.

Mr. ROBINSON of Arkansas. The Senate has no jurisdiction over it until it arrives in the Senate. In accordance with the judgment of the Senator from Oregon, I shall carry out my understanding with him, as far as I am capable of doing so, and pass the matter over until tomorrow.

Mr. KING. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. It occurs to me that we should proceed with the matter under consideration, to wit, the cotton bill, which is the regular order.

The VICE PRESIDENT. The regular order is the speech of the Senator from Louisiana. As quickly as he yields the floor, the Chair will submit the pending question.

Mr. LONG. Mr. President, I want to show that, as the Senator from Missouri has indicated, the Senators are now here, and we ought to vote on this veto message today. I now suggest the absence of a quorum.

The VICE PRESIDENT. The time of the Senator from Louisiana has expired. Does the Senator suggest the absence of a quorum?

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Carey	Davis
Ashurst	Borah	Clark	Dickinson
Austin	Brown	Connally	Dieterich
Bachman	Bulkley	Cooldge	Dill
Bailey	Bulow	Copeland	Duffy
Bankhead	Byrnes	Costigan	Erickson
Barbour	Capper	Couzens	Fess
Barkley	Caraway	Cutting	Fletcher

Frazier	Keyes	Patterson	Thomas, Okla.
George	King	Pittman	Thomas, Utah
Gibson	La Follette	Pope	Thompson
Glass	Logan	Reed	Townsend
Goldsborough	Loneragan	Reynolds	Tydings
Gore	Long	Robinson, Ark.	Vandenberg
Hale	McGill	Robinson, Ind.	Van Nuys
Harrison	McKellar	Russell	Wagner
Hastings	McNary	Schall	Walcott
Hatch	Murphy	Sheppard	Walsh
Hatfield	Neely	Shipstead	Wheeler
Hayden	Nye	Smith	White
Johnson	O'Mahoney	Steiwer	
Kean	Overton	Stephens	

The VICE PRESIDENT. Eighty-six Senators having answered to their names, a quorum is present.

Mr. KING. Mr. President, I hope I may have the attention of the Senate for a moment while I offer an amendment which is of importance and should be adopted. I move to strike out section 24, which in part reads as follows:

Sec. 24. The Secretary of Agriculture is hereby authorized to purchase cotton that may be produced in excess of the quantity allotted to producers at a price not to exceed 55 percent of the central-market price as established in accordance with the provisions of section 4 (b) of this act, in such quantities as he may deem it possible and advisable to dispose of under special conditions for charitable purposes and in the development of new and extended uses of cotton.

I digress for a moment to challenge attention to the fact that the Secretary of Agriculture is to buy cotton without limit and to dispose of it for "charitable purposes." It does not indicate what the charitable purposes are, to whom the cotton is to be distributed or given, but he has the sole authority to purchase and to dispose of cotton so purchased for charitable purposes, and he is authorized to "find new and extended uses for cotton." It does not indicate how he is to determine the amount that is to be expended in the ascertainment and development of these new uses to which cotton is to be put.

Mr. BORAH and Mr. DICKINSON rose.

The VICE PRESIDENT. Does the Senator from Utah yield, and if so, to whom?

Mr. KING. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I really think that is the best provision in the bill.

Mr. KING. That may be. I should like some limitation upon this grant of authority to the Secretary.

The second part is as follows:

The Secretary may enter into agreements with relief agencies and States, Territories, the District of Columbia, and political subdivisions and instrumentalities of the United States, or any State, Territory, or the District of Columbia in the conduct of operations under this section.

Mr. DICKINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Iowa?

Mr. KING. I yield.

Mr. DICKINSON. I want to suggest that a similar provision has been used, and the Secretary of Agriculture has bought thousands of heads of hogs, not for charitable purposes but for the purpose of holding up the price when they imposed the processing tax, and this is primarily a camouflage to do the same thing in this bill.

Mr. KING. There are no limitations placed upon the Secretary of Agriculture. He may spend as much as he pleases for so-called "charitable purposes", and he is the sole judge of what they are. He is to develop additional uses for cotton. Of course, that carries with it the implication that he may build factories, secure machinery and mechanical devices, employ the number of individuals necessary for the development of uses for cotton, for purposes not in the past known. It seems to me that this provision is so objectionable that it ought to be voted out of the bill without further discussion.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Utah [Mr. KING].

The amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the bill.

Mr. CLARK. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add at the end of the bill a new section, as follows:

SEC. 26. Nothing in this act shall be held to apply to the production of cotton from any farm or tract of land of the area 160 acres or less in which the area cultivated for cotton or the acreage for the 5 years last preceding the passage of this act did not exceed 25 percent of the total cultivated area.

Mr. CLARK. Mr. President, I desire to have read in my time a letter from Judge Xenophon Caverno, a man who is recognized by agricultural associations and agricultural interests of the United States as one of the ablest experts in the United States on cotton. He lives in southeast Missouri. His letter explains the purpose of my amendment better than I can do it myself. I ask to have the letter read in my time.

The VICE PRESIDENT. The clerk will read.

The clerk read as follows:

CANALOU, Mo., February 9, 1934.

HON. BENNETT C. CLARK,

United States Senate, Washington, D.C.

DEAR SENATOR CLARK: If the Cotton Belt of Missouri had a representative in the House I should not have to call on you to look out for our interest in the situation precipitated by the Bankhead bill. I am handicapped in putting the situation before you because I only know from casual reports in the daily papers what the bill actually contains. It is evident that the bill has the possibility of inflicting a peculiar hardship on the Missouri cotton district, although this may not be intentional. One cannot avoid the suspicion, however, that when representatives in Congress from the old, low-producing cotton areas provide for a 10-year cotton record as a basis for allowed acreage they are consciously discriminating against the newer and more productive areas. Missouri has the highest average yield of any State in the Union except the irrigated districts, and an enormous proportion of its cotton land in newly reclaimed land. If the report in the papers that the Bankhead bill provides for a 10-year base is true, it is evident that this is an arbitrary discrimination against Missouri and puts a penalty on efficient production. Even the 5-year base called for in the present voluntary plan is unjust to the newer producing regions and has not been used in the corn or wheat campaigns. I have felt that this 5-year base was put in for this particular reason, but certainly stretching out to 10 years is unjust.

In the voluntary plan, which is now under way, it is possible for farmers who cannot comply with the plan without too great hardship to stay out. Mr. Wallace said that the plan was designed to make it more profitable to come in than stay out. Under southeast Missouri conditions it is, in most cases, more profitable to stay out than come in, but an enormous majority of the cotton farmers are accepting the loss in order to support the plan. The plan calls for reduction in cotton acreage of around 40 percent. This means one thing in the real Cotton Belt where cotton is practically the only crop, but another thing in our system of diversified farming in which the cotton acreage averages only 25 percent. Reducing 25 percent by 40 percent leaves only 15 percent, and this will not provide a living for a cotton family. In this way we are penalized for following the advice of the Department of Agriculture and diversifying our farm practices.

Our second handicap comes from the fact that a good many farms have no records of past years' production, due to foreclosures and tax sales, with the shifting of owners and tenants which accompany these processes. Also we are breaking in new land and many finished farms have been lying out entirely due to the havoc that has been wrought by the farm deflation. Under the voluntary plan such farms cannot share in the benefits but they are not blacklisted out of production entirely.

I am not charging that because the two BANKHEADS represent one of the old producing areas they are consciously writing into their bills limitations which work a hardship on newer producing areas, but apparently this will be the result. I am wondering whether you could not suggest that there be an exemption for farms in which the cotton production did not exceed 25 percent of the total cultivated area, or at least make the law so elastic that an exemption could be made by the Secretary of Agriculture.

Very truly yours,

XENOPHON CAVERNO.

Mr. CLARK. I suggest the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Connally	Dill
Ashurst	Brown	Coolidge	Duffy
Austin	Bulkeley	Copeland	Erickson
Bachman	Bulow	Costigan	Fess
Bailey	Byrd	Couzens	Fletcher
Bankhead	Byrnes	Cutting	Frazier
Barbour	Caraway	Davis	George
Barkley	Carey	Dickinson	Gibson
Black	Clark	Dieterich	Glass

Goldsborough	La Follette	Patterson
Gore	Logan	Pittman
Hale	Loneragan	Pope
Harrison	Long	Reed
Hastings	McGill	Reynolds
Hatch	McKellar	Robinson, Ark.
Hatfield	McNary	Robinson, Ind.
Hayden	Murphy	Russell
Johnson	Neely	Schall
Kean	Nye	Sheppard
Keyes	O'Mahoney	Smith
King	Overton	Stephens

Thomas, Okla.
Thomas, Utah
Thompson
Townsend
Tydings
Vandenberg
Walcott
Walsh
Wheeler
White

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. CLARK. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I am in favor of the amendment of the Senator from Missouri. In my time I wish to have read several short statements, 1 by Arthur Brisbane; 1 by John Dickinson, 1 by the Senator from Michigan, Mr. Vandenberg; 1 by Gen. William Mitchell; 1 by Hiroshi Saito; 1 by Frances Perkins, Secretary of Labor; 1 by Stephen S. Dybetz, of the Soviet Automobile and Tractor Trust; and 1 by William Green, president of the American Federation of Labor. I send these to the desk and ask that they be read in my time.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

By Arthur Brisbane: "The Mayo brothers, great surgeons, have made money, without wanting to be rich. Having accumulated half a million, they give it to be used for medical and surgical science in the University of Minnesota. 'The money came from the sick and should be returned to the sick' is their simple statement.

"A real mind cares little for money, except to make it useful. Agassiz, great naturalist, said: 'I am too busy to make money.' Spinoza, greatest Jewish philosopher, said to the English admirer who wished to leave him a large fortune, 'No; leave it to your brother, he will enjoy it; leave me in your will, if you choose, 40 cents a day. If I lose my sight and can no longer earn a living grinding lenses, I shall need that to live.' He had not much more than 40 cents when he died, after teaching other philosophers to think, his main assets being 1 bed and 1 silver-handled penknife."

By John Dickinson, Assistant Secretary of Commerce: "The major problem of democratic government is to organize its mechanism so as to facilitate agreement among the various elements represented and agreement on measures wisely conceived in the public interest. There is one element for which it is indispensable that room should be made in any democratic system if the system is to be workable. I refer to the element of leadership."

By ARTHUR H. VANDENBERG, Senator from Michigan: "When the field administration of the Civil Works Administration is so scandalized in 90 short days that the Department of Justice has to be put upon the trail of graft and exploitation in 45 out of the 48 States, I say that the President should pray to Heaven for a vigorous and vigilant opposition party to help him in his own eager desire to discipline his own chiselers who would wreck his own great adventure."

By Gen. William Mitchell, former director of military aviation: "Flying the air mail in properly equipped planes should be kindergarten work for military flyers who should be trained to fly anywhere, in all parts of the world."

"The present equipment of the Air Corps has not been allowed to develop properly by stock-market gamblers controlling aviation companies. I believe that great good will come from the present situation and that planes will be made safe."

By Hiroshi Saito, Japanese Ambassador to the United States: "War between Japan and the United States is as unlikely as war between the United States and Great Britain."

"The argument that the two great English-speaking countries will ever fight each other over foreign trade is ridiculous, for you are each other's greatest customer."

"A situation similar to this on the Atlantic holds good on the Pacific. There Japan and the United States are each other's best customer. The American people buy more Japanese products each year than any other people in the world. The most important of all is silk; you buy practically all the silk we ship abroad."

"That is why we Japanese all hope that the depression in your country will come to a speedy end. We want all your ladies to have as much silk as they want."

By Frances Perkins, Secretary of Labor: "The unemployment insurance measure of Senator Wagner has my unqualified approval. I do not say that it is the last word, but it is the best device that I have seen and the most practical. It carries out the pledge of the Democratic Party."

By Stephen S. Dybetz, vice chairman, Soviet Automobile and Tractor Trust: "You Americans are a very rich people. Either you don't know what to do with your great national resources or you don't know how to make them go around."

"You Americans are so rich that you look at a new car just like a new suit of clothes. You have a brown one for the daytime and a black one for the evening, with a special one for every season of the year. We require that a car should serve 3 to 4 years, so as to pay for itself. That's why we would not follow you in all the style changes of your cars."

By William Green, president American Federation of Labor: "The N.R.A. hasn't protected labor to any great extent."

"Its chief accomplishment, in the view of organized labor, is that it has made the workingman believe that he has the right to organize, and the labor movement is expanding."

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The question is on the amendment offered by the Senator from Missouri [Mr. CLARK]. On that question the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CUTTING (when his name was called). On this question I have a pair with the Senator from Florida [Mr. TRAMMELL], and withhold my vote. If the Senator from Florida were present, he would vote "nay", and if I were at liberty to vote I should vote "yea."

Mr. FRAZIER (when his name was called). I have a pair for the day with the Senator from Virginia [Mr. BYRD], and therefore withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is absent. Not knowing how he would vote, I refrain from voting.

The roll call was concluded.

Mr. BYRNES. I inquire whether the Senator from Nebraska [Mr. NORRIS] has voted.

The PRESIDING OFFICER. That Senator has not voted.

Mr. BYRNES. I have a pair with the Senator from Nebraska on this measure, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McADOO], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. METCALF] with the Senator from Nevada [Mr. McCARRAN];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Washington [Mr. BONE].

I also desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent.

The result was announced—yeas 36, nays 42, as follows:

YEAS—36

Bailey	Dickinson	Johnson	Robinson, Ind.
Borah	Dieterich	Keyes	Schall
Bulkley	Fess	King	Steiwer
Caraway	Gibson	Long	Thompson
Carey	Glass	McGill	Townsend
Clark	Goldsborough	McNary	Tydings
Copeland	Gore	O'Mahoney	Vandenberg
Couzens	Hastings	Patterson	Walsh
Davis	Hatfield	Reed	White

NAYS—42

Adams	Dill	Logan	Russell
Austin	Duffy	Loung	Sheppard
Bachman	Erickson	McKellar	Smith
Bankhead	Fletcher	Murphy	Stephens
Barbour	George	Neely	Thomas, Okla.
Barkley	Hale	Nye	Thomas, Utah
Black	Harrison	Overton	Van Nuys
Brown	Hatch	Pittman	Wagner
Bulow	Hayden	Pope	Wheeler
Connally	Kean	Reynolds	
Costigan	La Follette	Robinson, Ark.	

NOT VOTING—13

Ashurst	Coolidge	McAdoo	Shipstead
Bone	Cutting	McCarran	Trammell
Byrd	Frazier	Metcalf	Walcott
Byrnes	Hebert	Norbeck	
Capper	Lewis	Norris	

So Mr. CLARK's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House having proceeded to reconsider the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, returned by the President of the United States, with his objections, to the House of Representatives, in which it originated, it was

Resolved, That the said bill pass, two thirds of the House of Representatives agreeing to pass the same.

INDEPENDENT OFFICES APPROPRIATIONS—VETO MESSAGE

Mr. ROBINSON of Arkansas. Mr. President, I desire to submit a request for consideration of the Executive veto just brought to the Senate.

I ask unanimous consent that on tomorrow, at 12 o'clock noon, the message be laid before the Senate, and that the Senate proceed to its consideration.

Mr. CLARK. Mr. President, I am forced to object to that. I do not see any reason why that bill, which was before the Senate for nearly 2 months, should not now be disposed of.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Executive veto be made a special order for 12 o'clock tomorrow.

Mr. CLARK. I offer a preferential motion. I move that the Senate proceed to the consideration of the Executive veto, and agree to pass the bill, the objections of the President of the United States to the contrary notwithstanding.

Mr. ROBINSON of Arkansas. Mr. President, I am opposed to the motion made by the Senator from Missouri for the following reasons:

First, every Member of the Senate is entitled to an opportunity to be present and to record his vote on this veto.

Second, a measure of time ought to be given to the consideration of the veto message. It has not as yet been read in the Senate.

As stated some moments ago, I conferred with the Senator from Oregon when it was learned that the veto message would reach the Senate, and he suggested, as already stated, that he would like to have the matter go over until tomorrow in order that all Senators might have the opportunity of being present. I consented to that arrangement, and so announced on the floor of the Senate.

Mr. President, for the reasons I have stated I hope the Senate will vote down the motion of the Senator from Missouri.

Mr. CLARK. Mr. President, I should like to say a word about the consideration of the bill which has been vetoed. It has been before the Senate now for nearly 2 months, and I desire to state that some of us in this body have been very roughly dealt with in the consideration of the measure. There is no Member of this body who was more thoroughly in favor of every line and every item in the so-called "Steiwer-McCarran amendment" than I was. I was led to believe that the President would accept the so-called "Byrnes amendment", and would not accept the so-called "Steiwer-McCarran amendment." Therefore, on that basis I voted against the Steiwer-McCarran amendment, and voted to enact into law the Byrnes amendment, which was passed with the bill when it finally went through the House and the Senate yesterday or the day before.

Mr. President, apparently the President was not satisfied with the so-called "Byrnes amendment", for which a number of votes were obtained in this body, and probably a number of votes were obtained in the House of Representatives, on the representation that the President would accept the amendment.

So far as I am concerned, I think that the sooner we can vote on this matter and dispose of it the better. I am in favor of voting on it tonight, and if we cannot vote on it tonight, I am in favor of voting on it as early as we can tomorrow. I shall continue to press for a vote on the Presidential veto at every opportunity from this point on.

Mr. DILL. Mr. President, as I understand, it would be in order now to read the President's message. The Senator's motion, as I understand, is that we vote on the veto message.

Mr. CLARK. That is my motion. I shall be glad to have the President's message read. It is already in the newspapers, and most of the Members of the Senate have by this time read it.

Mr. ROBINSON of Arkansas. Mr. President, I was attempting to obviate the necessity of going into a discussion of the subject this afternoon. Of course, the message must be read before any action may be taken on it. The Senator from Missouri well understands that. The Constitution requires it.

We should take this matter up tomorrow and dispose of it in an orderly way. Not many Senators have even seen the veto message. I myself was able to procure a copy of it only some half hour or hour ago. I repeat my suggestion.

Mr. CLARK. Mr. President, of course we are all familiar with the desire of the Senator from Arkansas to re-form his lines over night. There is no question about it; that is the only purpose of the desire to postpone consideration of this matter until tomorrow.

I suggest that the veto message be read, and then I will renew my motion that the bill be passed, the objections of the President to the contrary notwithstanding.

Mr. ROBINSON of Arkansas. I move that the Senate do now adjourn.

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. WALTOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McAdoo]. Not knowing how he would vote, I refrain from voting. If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The senior Senator from Rhode Island [Mr. METCALF] with the Senator from Nevada [Mr. McCARRAN]; and

The junior Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

Mr. WALSH. My colleague [Mr. COOLIDGE] is necessarily absent from the Senate. If present, he would vote "yea."

Mr. FRAZIER. I have a pair for the day with the junior Senator from Virginia [Mr. BYRD]. In his absence, I withhold my vote.

The result was announced—yeas 48, nays 34, as follows:

YEAS—48

Ashurst	Couzens	Johnson	Robinson, Ark.
Bachman	Dieterich	King	Russell
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Loneragan	Stephens
Barkley	Erickson	McKellar	Thomas, Okla.
Black	Fletcher	McNary	Thomas, Utah
Brown	George	Murphy	Thompson
Bulkeley	Glass	O'Mahoney	Tydings
Bulow	Gore	Overton	Van Nuys
Byrnes	Harrison	Pittman	Wagner
Connally	Hatch	Pope	Walsh
Costigan	Hayden	Reynolds	Wheeler

NAYS—34

Adams	Cutting	Kean	Robinson, Ind.
Austin	Davis	Keyes	Schall
Barbour	Dickinson	La Follette	Shipstead
Borah	Fess	Long	Steiwer
Capper	Gibson	McGill	Townsend
Caraway	Goldsborough	Neely	Vandenberg
Carey	Hale	Nye	White
Clark	Hastings	Patterson	
Copeland	Hatfield	Reed	

NOT VOTING—14

Bone	Hebert	Metcalf	Trammell
Byrd	Lewis	Norbeck	Walcott
Coolidge	McAdoo	Norris	
Frazier	McCarran	Smith	

So the motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, March 28, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 27, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, hear us as we pray in the name of our Blessed Savior, who has given us forever the holy conceptions of Almighty God. It is faith in Thee that broods and nourishes the strength that does believe in the unattained. We pray that love and longing for the very best things may be the pilots of our souls. Inspire us with those high moral standards of the Master, which are designed to revolutionize the world. Let them direct our conduct, give clearness and certitude to our holy faith. Heavenly Father, touch the desires behind our thoughts, the inclinations behind our resolutions, for out of these spring the sources of life. Bless our homes, their altars, their libraries, and hold them in the unbroken and the unbreakable clasp of everlasting love. Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles:

H.R. 6663. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The SPEAKER. Pursuant to the authority conferred upon him by House Resolution 315, the Chair desires to inform the House that he did on March 26 sign the enrolled bill of the House, H.R. 6663.

The SPEAKER also announced his signature to enrolled bills of the Senate of the following titles:

S. 2089. An act to amend the Code of Laws for the District of Columbia approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations; and

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, a bill of the House of the following title:

On March 26, 1934:

H.R. 6663. An act making appropriation for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

On March 27, 1934:

H.R. 7966. An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 11. Concurrent resolution requesting the President to return to the Senate the bill (S. 2729, 73d Cong., 2d sess.) to repeal an act of Congress entitled "An act to

prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, nos. 5 and 8.

RECIPROCAL TRADE AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Washington [Mr. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, the legislation proposed by the bill now before you is born out of economic necessity. The opponents of the measure base their opposition on two grounds; first, unconstitutionality, and second, economic unsoundness.

The issue, as developed in the debate on this legislation, is really whether the United States shall proceed upon the theory of self-containment or whether we shall proceed to expand our foreign trade and thus expand the operations of American industries and of American agriculture. The opponents of this measure have taken their stand along with Mr. Samuel Crowther, a writer on economics, one of whose publications was a book called "America Self-Contained." Mr. Crowther appeared before the Ways and Means Committee in the hearings on this bill, and his testimony was in line with the doctrine that he enunciated in this book. The minority members of the Ways and Means Committee took their stand with Mr. Crowther and are standing here today for the philosophy of America Self-Contained. This is the first time in the history of the great Republican Party that it has ever taken such an attitude. It has heretofore consistently stood for the proposition of expansion of our foreign trade, and the representatives of American industry who came before the Ways and Means Committee at the hearings took this latter attitude.

Mr. James A. Farrell, representing the Chamber of Commerce of the United States, an association which represents largely the industrial and commercial interests of this country, testified before our committee. He put into the record at that time a resolution adopted after a referendum had been taken upon the subject through the various member organizations. May I read the resolution, and then follow with a quotation from Mr. Farrell as the representative of industry in this country on the question of reciprocal trade agreements? The resolution is as follows:

The safeguarding and advancement of our foreign trade should be the purpose of a vigorous foreign commercial policy of our Government. Adaptation of our American economic structure to present world conditions calls for most careful scrutiny of existing policies. Keeping in mind the necessity of assuring stability to our internal industrial and agricultural enterprises through reasonable protection for American industry, our Government should have power to initiate reciprocal tariff arrangements with foreign countries where such bargaining would be clearly in our national interest. Such agreements would complement our existing flexible tariff in establishing for our country a tariff policy fair alike to our home industry and our competitors abroad.

Mr. Farrell followed the reading of this resolution by a statement to the committee as follows, and I quote from page 120 of the hearings:

Seven million persons, it is estimated, are dependent for their livelihood on our foreign trade. It is impossible, therefore, to deal effectively with the problem of unemployment without taking

into account the vital importance of our overseas commerce as a means indispensable to the success of the National Recovery Act and as an aid to employment.

Still quoting Mr. Farrell:

The policy of bargaining our way to the markets of the world by means of reciprocal trade agreements is one to which Congress should give careful consideration. Other countries have delegated these powers to the executive and have already, as in the case of Great Britain and her Dominions, made considerable progress ahead of the United States in making foreign-trade promotion instrumental to national economic recovery.

As I will mention further on, we have been a little bit behind while our competitors abroad have been making agreements with other countries.

May I call your attention to the fact that since January 1, 1933, European countries have negotiated 68 of these trade agreements, and I will mention a few of the leading countries in order that you may see what important countries are included in this list that have made these trade agreements among the European nations.

Germany has made such trade agreements with the Netherlands, the United Kingdom, Spain, Switzerland, Czechoslovakia, Poland, Denmark, and Italy.

Italy has made trade agreements with France and Germany.

Great Britain has made trade agreements with Finland, Latvia, Argentina, Estonia, Germany, Norway, and Sweden.

The Netherlands has made trade agreements with Germany and Poland.

Norway, with the United Kingdom and France.

Poland, with Belgium, Germany, and the Netherlands.

Spain, with France and Germany.

Sweden, with the United Kingdom, France, and Austria.

Switzerland, with France, Rumania, Germany, Czechoslovakia, and the United Kingdom.

Latvia, with the United Kingdom.

Chile with Argentina and Cuba.

Costa Rica with France.

Czechoslovakia with Switzerland and Germany.

Denmark with Germany.

Finland with France and the United Kingdom.

France with Switzerland, Spain, Costa Rica, Norway, Russia, Sweden, Estonia, Italy, and Finland.

I have read the names of only a few of these countries, and I have only referred to the particular treaties which involve customs concessions and not the most-favored-nation treaties.

Mr. Chairman, it is important at this point to call attention to the fact that out of about 50 of the leading nations of the world, something like 46 have vested in the executive either the absolute right to negotiate trade agreements or else the initial right to negotiate trade agreements and put them into operation with a reference back to the Parliament. In most of the European countries that require ratification by the Parliament of executive trade agreements the Premier is usually the leader of the majority in the Parliament, and hence a ratification by the Parliament is merely a formality.

So we have the picture of the leading commercial countries of the world, with very few exceptions, having this administrative authority to enter into trade agreements whereby customs concessions can be made in the interest of the trade of both parties to the contract, and they have in the last year actually executed 68 of these agreements, and the operation is going on at a rapid rate.

The United States is barred from participation in the negotiation of these reciprocal trade agreements because of the lack of Executive authority or of authority in the administrative branch of the Government to negotiate such agreements. Our tariff policy is so rigid, so cumbersome, and so unbendable that it is absolutely impossible under our present system to enter into these negotiations for reciprocal trade agreements. We have only the so-called "flexible provision" in the tariff act under which the President may raise or lower tariff duties 50 percent upon the recommendation and finding of the Tariff Commission that there is a difference in the cost of production of commodities here and

abroad, and the average time it takes the Tariff Commission to make an investigation and a finding, upon which to make its recommendations to the President is about 11 months, and in many cases it is 14 or 18 months, and in some cases over 2 years.

It can be readily seen that with such a slow process, with such a cumbersome provision, it is impossible that this agency be used in negotiating trade agreements, and the only other power or authority that the President has to initiate reciprocal arrangements as to trade with other countries is under the general treaty-making power. He may under that authority enter into reciprocal arrangements with a foreign country, but he must then report back to the Senate just what the treaty is, and the treaty must be ratified by the Senate before it becomes effective.

Some of our friends who appeared before the committee and some of our friends on the left say that we should resort to that particular provision of the Constitution for the negotiation of these reciprocal agreements. But what has been the result of the efforts along this line?

In the last 100 years there have been negotiated through the treaty-making power of the President 21 of these reciprocal treaties, every one abortive, not a single one of which became effective, and 16 of them failed of ratification by the Senate and the other 5, for one reason or another, failed to become effective. There have been three exceptions to the statement I have made as to the failure of reciprocal treaties to receive ratification by the Senate. One of those treaties was made with Canada and Newfoundland, one with Hawaii, and one with Cuba. The treaty with Cuba is the only one remaining in effect at this time.

So I say that during the entire previous history of this country, only one reciprocal trade agreement or treaty, requiring the ratification of the United States Senate, is now in operation, and only three have ever been in operation.

Under two previous acts passed by this Congress—and by the way, under Republican rule—where the authority was granted to the Executive to make reciprocal trade agreements without reference to the Senate or to Congress, there were successfully negotiated, under one of such acts, 13 Executive agreements, and under the other 9 such agreements.

These provisions of these acts were later repealed by subsequent tariff acts, but this shows the workability of a policy of trade agreements negotiated by the Executive without having to come back either to Congress or to the Senate for ratification.

And it also shows conclusively that the effort to make reciprocal trade treaties requiring the ratification of the Senate is absolutely futile and unworkable.

Mr. Chairman, I ask unanimous consent to extend my remarks, and to include at the end of my remarks the statement furnished by the United States Tariff Commission entitled "Regulations of Custom Tariffs in Foreign Countries by the Administrative Government."

The CHAIRMAN. Without objection, it is so ordered.

Mr. SAMUEL B. HILL. This is a list of about 50 countries, showing which countries have executive authority to negotiate and conclude reciprocal trade agreements.

I think that my friends on the left of this Chamber are departing from the traditional stand of the great Republican Party in opposing this method, in opposing any method, of stimulating these foreign trades, for certainly men high in the ranks of that party have never heretofore taken that attitude.

Mr. KNUTSON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. KNUTSON. I beg the gentleman's pardon for interrupting, but I think the Republicans have not changed their position. We object to the legislation because it does not provide for hearings of those affected by the agreement. Neither does it provide for ratification by the Senate. Otherwise we are in accord with the legislation proposed today.

Mr. SAMUEL B. HILL. I am glad to exempt the gentleman from Minnesota from this broad statement that I made,

that the entire Republican membership of the Committee are apparently standing on the proposition of constitutional grounds. The gentleman from Minnesota stated in his remarks that he did not care much about the constitutional question if it raised the tariff. If it did, he would be for it. I think that is his attitude. I will leave the gentleman from Minnesota out of the picture.

Mr. TREADWAY. Will the gentleman yield to me?

Mr. SAMUEL B. HILL. I yield.

Mr. TREADWAY. There are other Members, including myself, who are very much opposed to the constitutional provisions of the bill, and we are also opposed to the very principle of it, because it takes authority away from Congress. That is the main basis of the opposition.

Mr. SAMUEL B. HILL. That is what I said. You are opposed to it on two grounds, constitutionally and economically.

Mr. TREADWAY. And the possibility of injuring American industry. The gentleman ought to include that.

Mr. SAMUEL B. HILL. The gentleman from Massachusetts can include that in his remarks.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JENKINS of Ohio. If this is a good proposition—in other words, if this is the right way for us to control our import and export trade to let the President make the agreements, does not the gentleman think that the inevitable and ultimate result will be that the President will make all regulations in relation to the tariff, and the whole matter will be in the President's hands?

Mr. SAMUEL B. HILL. That is an expression of fear that has characterized our friends on the left.

I do not know, of course, what the future of this country may hold as to tariff policies, but at this time I am not afraid of that proposition.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. DOUGHTON. Is it not reasonable to assume a situation of that kind could not possibly occur unless it worked well? The American people would soon learn, and they would not permit a system of that kind unless it worked favorably.

Mr. SAMUEL B. HILL. The gentleman is correct.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. For a question.

Mr. JENKINS of Ohio. To answer the gentleman from North Carolina [Mr. DOUGHTON], the question is, Who will object? The point is, What does the Constitution say about it?

Mr. SAMUEL B. HILL. I shall come to the Constitution in a moment, but I want to discuss some of the other questions first. The gentlemen, of course, are protesting against the indictment that they are against the expansion of foreign trade, and yet the very policy they are standing for here today would prevent any such expansion, and I submit that the arguments presented here will bear out that statement.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 15 minutes more.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. GIFFORD. Has the gentleman any somersault opinions to be put in like those put in here so freely on this side?

Mr. SAMUEL B. HILL. I have, but I have not resorted to that method. Certainly there has been a somersault on the left side of this Chamber.

Mr. GIFFORD. On those opinions just read?

Mr. SAMUEL B. HILL. Certainly. You are standing today for America self-contained, and I assert again that that is the burden of your argument against this bill. Shall we continue to curtail our wheat crops, plow up our cotton,

and kill off our hogs and cattle to limit production to domestic consumption? Are we to limit our apple, lumber, and mining production to the demands of the domestic markets? The gentleman from Massachusetts who just interrupted me, I believe, has not spoken on the bill. He may not share with his colleagues in this sentiment.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I decline to yield. I believe in protection to American industries, to American agriculture, and to American mining and lumbering interests, but I believe in a protection that will protect. What advantage is it to the industries of this country to have high protective tariffs if those industries cannot operate? What advantage is it to the laboring element of this country to have these high protective tariffs if they have no jobs? In order to operate industries must have markets, and in order to have markets you must have purchasing power, and in order to have purchasing power you must have employment, and lack of employment is the great trouble with our situation today. The great leader on the minority side yesterday in firing the "Big Bertha" against this bill said:

What advantage would it be to the American workingman if he gains the markets of the world and loses his own job?

Did you ever hear a statement containing such a contradiction of terms? How in the name of Heaven are you going to produce goods to supply the markets of the world unless you have jobs to do that thing? A great deal has been said in this debate about the high wages of American workmen.

Why is it that the American laborer is able to command higher wages than the workers of other countries? First, because he is efficient and he is worthy of the higher wages. In the second place, because of the power and force of organization which compels employers to give him that high wage. If those factors were not present, we could have a protective tariff that could not possibly be scaled by the industries of foreign countries, and yet our own laborers would be receiving just as low wages as they receive in some of the foreign countries.

Mr. Chairman, the purpose of this bill is to improve not only the home markets, of which we have heard so much, but also the foreign markets, so that we can have the advantage of both the home and foreign markets and put more of our people back to work so that we will have more purchasing power and so that our industries, our agriculture, our mining and lumbering can operate and employ men. That is what we need and that is why we are forced to this so-called "drastic legislation."

I could go further into that, but I do not want to take up too much time.

Mr. TREADWAY. Will the gentleman yield for one question?

Mr. SAMUEL B. HILL. When I finish my statement I shall be very glad to yield.

What does this bill propose to do? I quote from the bill itself:

For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred, is authorized from time to time—

(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods of existing customs

or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

Now he has the power, after he has entered into a trade agreement, to do what? To make modifications of tariff rates, to proclaim modification of import restrictions, or to impose additional import restrictions, but not until he has entered into such trade agreement, has he this power. Someone said in this debate that the President could, overnight, change the tariff rates, but he must first enter into a trade agreement before he shall have the power to modify the rates. He cannot, regardless of the trade agreement, raise rates or lower them within that 50-percent range provided in this bill. I want you to get in your minds the limitation of the 50-percent range within which he can lower or raise tariff rates after he has made a trade agreement.

Our friends, the opponents of this legislation, say that it is unconstitutional. It is my belief that they are not afraid it is unconstitutional. They are afraid that it is constitutional. You will observe that they have spent very little time in reviewing the decisions of the courts upon similar questions which have been raised under the previous tariff acts.

In this connection I want to call your attention to the act of 1890.

Mr. MARTIN of Colorado. Before the gentleman proceeds, would he yield for a question about this act itself?

Mr. SAMUEL B. HILL. I will; yes.

Mr. MARTIN of Colorado. I should like to ask what existing status, either in the way of law or treaty, is preserved to Cuba by the exception in favor of Cuba on page 3 of the bill?

Mr. SAMUEL B. HILL. Under the reciprocal treaty between this Government and Cuba entered into in 1902 and which became effective in 1903, there was a reciprocal arrangement whereby each was to give a 20-percent preference in duty to the other.

Mr. MARTIN of Colorado. I knew of that arrangement, but I wondered if there was anything else of which the gentleman knew.

Mr. SAMUEL B. HILL. That was all that was in contemplation in this bill, I may say to the gentleman from Colorado, the preservation of that treaty in its present form.

Now, on the question of constitutionality, I want to call your attention to the analogy between the powers granted in this bill and those granted in section 3 of the Tariff Act of 1890, the McKinley Tariff Act. Section 3 of the McKinley Tariff Act reads:

That with a view to securing reciprocal trade with countries producing the following articles—

Mr. Chairman, I ask unanimous consent to insert section 3 of the McKinley Tariff Act in the Record at this point without reading all of it.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matter referred to follows:

SEC. 3. That with a view to secure reciprocal trade with countries producing the following articles, and for this purpose, on and after the 1st day of January 1892, whenever, and so often as the President shall be satisfied that the government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which in the view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power and it shall be his duty to suspend, by proclamation to that effect, the provisions of this act relating to the free introduction of such sugar, molasses, coffee, tea, and hides, the production of such country, for such time as he shall deem just, and in such case and during such suspension duties shall be levied, collected, and paid upon sugar, molasses, coffee, tea, and hides, the product of or exported from such designated country, as follows, namely:

Mr. SAMUEL B. HILL. The language in said section 3 is:

Whenever the President shall be satisfied.

In the bill now under consideration the language reads:

The President, whenever he finds that any existing duties or other import restrictions are burdening.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 additional minutes to the gentleman from Washington.

Mr. SAMUEL B. HILL. Again reverting to section 3 of the act of 1890, I read the following:

Whenever the President shall be satisfied that the government of any country producing and exporting sugar, molasses, coffee, tea, and hides, raw and uncured—

And so forth—

imposes duties or other exactions upon the agriculture or other products of the United States which in the view of the free introduction of such sugar, molasses—

And so forth—

he may deem to be reciprocal, unequal, and unreasonable, he shall have the power by proclamation—

By proclamation! It was not made necessary that it be referred back to the Senate or to the Congress but he had the power by proclamation to put into effect the provisions of the act.

The constitutionality of the act of 1890 was questioned in the case of *Field v. Clarke* (143 U.S. 649). The question was presented to the Supreme Court of the United States and by that Court decided. The Supreme Court of the United States held that section 3 of the act of 1890 was not unconstitutional. The ground upon which the constitutionality of the act was attacked was that it amounted to a delegation of legislative power and also of treaty-making power. The Supreme Court has consistently held that Congress cannot delegate legislative power; but the Court in this case of *Field against Clarke* held that that particular section was not a violation of such principle.

The Court held that it was not a delegation of legislative power, nor was it a delegation of the treaty-making power; and certainly there were just as broad grounds for the contention of unconstitutionality of that act as there are for questioning the constitutionality of the bill before us today. I am not going to read from that decision; but, Mr. Chairman, I ask unanimous consent to insert in the *RECORD* at this point certain excerpts from it which I deem pertinent.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. In *Field against Clark*, supra, the Court after reviewing the acts of Congress of 1794, 1798, 1799, 1806, 1810, 1815, 1817, 1828, and 1830, conferring powers upon the President relating to the regulation of foreign commerce, said:

It would seem to be unnecessary to make further reference to acts of Congress to show that the authority conferred upon the President by the third section of the act of October 1, 1890, is not an entirely new feature in the legislation of Congress, but has the sanction of many precedents in legislation. While some of these precedents are stronger than others, in their application to the case before us, they all show that, in the judgment of the legislative branch of the Government, it is often desirable, if not essential for the protection of the interests of our people, against the unfriendly or discriminating regulations established by foreign governments, in the interests of their people, to invest the President with large discretion in matters arising out of the execution of statutes relating to trade and commerce with other nations. If the decision in the case of the brig *Aurora* had never been rendered, the practical construction of the Constitution, as given by so many acts of Congress, and embracing almost the entire period of our national existence, should not be overruled, unless upon a conviction that such legislation was clearly incompatible with the supreme law of the land.

In the same decision the Court said further:

"Half the statutes on our books are in the alternative, depending on the discretion of some person or persons to whom is confided the duty of determining whether the proper occasion exists for executing them. But it cannot be said that the exercise of such discretion is the making of the law." So, in *Locke's appeal* (72 Pa. Stat. 491, 498): "To assert that a law is less than a law because it is made to depend on a future event or act, is to rob the legislature of the power to act wisely for the public welfare whenever a law is passed relating to a state of affairs not yet developed or to things future and impossible to fully know." The proper distinction the Court said was this: "The legislature cannot delegate its power to make a law; but it can

make a law to delegate a power to determine some fact or state of things upon which the law makes, or intends to make, its own action depend. To deny this would be to stop the wheels of government. There are many things upon which wise and useful legislation must depend which cannot be known to the law-making power and must, therefore, be a subject of inquiry and determination outside of the halls of legislation." What has been said is equally applicable to the objection that the third section of the act invests the President with treaty-making power. The Court is of opinion that the third section of the act of October 1, 1890, is not liable to the objection that it transfers legislative and treaty-making power to the President.

The McKinley Act was followed in 1897 by the Dingley Tariff Act; and I call attention to section 3 of the Dingley Tariff Act.

Mr. Chairman, I ask unanimous consent, without reading it, to insert part of section 3 of the act of 1897 in the *RECORD* at this point.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

The matter referred to follows:

SEC. 3. That for the purpose of equalizing the trade of the United States with foreign countries, and their colonies, producing and exporting to this country the following articles: Argols, or crude tartar, or wine lees, crude; brandies, or other spirits manufactured or distilled from grain or other materials; champagne and all other sparkling wines; still wines, and vermouth; paintings and statuary; or any of them, the President be, and he is hereby, authorized, as soon as may be after the passage of this act, and from time to time thereafter, to enter into negotiations with the governments of those countries exporting to the United States the above-mentioned articles, or any of them, with a view to the arrangement of commercial agreements in which reciprocal and equivalent concessions may be secured in favor of the products and manufactures of the United States; and whenever the government of any country, or colony, producing and exporting to the United States the above-mentioned articles, or any of them, shall enter into a commercial agreement with the United States, or make concessions in favor of the products, or manufactures thereof, which, in the judgment of the President, shall be reciprocal and equivalent, he shall be, and he is hereby, authorized and empowered to suspend, during the time of such agreement or concession, by proclamation to that effect, the imposition and collection of the duties mentioned in this act, on such article or articles so exported to the United States from such country or colony, and thereupon and thereafter the duties levied, collected, and paid upon such article or articles shall be as follows, namely:

(Here follows list of articles and rates of duties:)

The President shall have power, and it shall be his duty, whenever he shall be satisfied that any such agreement in this section mentioned is not being fully executed by the government with which it shall have been made, to revoke such suspension and notify such government thereof.

And it is further provided that with a view to secure reciprocal trade with countries producing the following articles, whenever and so often as the President shall be satisfied that the government of any country, or colony of such government, producing and exporting directly or indirectly to the United States coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, or any of such articles, imposes duties or other exactions upon the agricultural, manufactured, or other products of the United States, which, in view of the introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, into the United States, as in this act hereinbefore provided for, he may deem to be reciprocally unequal and unreasonable, he shall have the power and it shall be his duty to suspend, by proclamation to that effect, the provisions of this act relating to the free introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, of the products of such country or colony, for such time as he shall deem just; and in such case and during such suspension duties shall be levied, collected, and paid upon coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, the products or exports, direct or indirect, from such designated country, as follows:

Mr. SAMUEL B. HILL. Section 3 of the Dingley Act reads in part as follows:

That for the purpose of equalizing the trade of the United States with foreign countries and their colonies producing and exporting to this country the following articles—

Naming a list of articles—

the President be and is hereby authorized as soon as may be after the passage of this act and from time to time thereafter to enter into negotiations with the governments of those countries exporting to the United States the above-mentioned articles, or any of them, with a view to the arrangement of commercial agreements in which reciprocal and equivalent concessions may be secured in favor of the products and manufactures of the United States; and whenever the government of any country or colony producing and exporting to the United States the above-mentioned

articles or any of them shall enter into a commercial agreement with the United States or make concessions in favor of the products and manufactures thereof which in the judgment of the President shall be reciprocal and equivalent, he shall be, and he is hereby, authorized and empowered to suspend during the time of such agreement or concession by proclamation to that effect the imposition and collection of the duties mentioned in this act.

A number of courts have recognized the validity of section 3 of the act of 1897. Without referring further to these cases, Mr. Chairman, I ask unanimous consent to insert the citations in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The citations are as follows:

Nicholas v. United States (1900) (122 Fed. 892); *United States v. Tarter Chemical Co.* (1903) (127 Fed. 944); *United States v. Julius Wile Bro. & Co.* (1904) (130 Fed. 331); *United States v. Luyties et al.* (1904) (130 Fed. 333); *Migliaracca Wine Co. v. United States* (1905) (148 Fed. 142); *La Manna, Azema & Farnan v. United States* (1908) (144 Fed. 683); *Mihatocitch, Fletcher & Co. v. United States* (1908) (160 Fed. 938).

Mr. SAMUEL B. HILL. Permit me to say that under the power granted the President by the Tariff Act of 1890, to negotiate reciprocal trade agreements, there were negotiated and concluded 13 such agreements, only 1 of which failed, and that failed because of the action of the other country. Twelve of those Executive agreements became effective.

Under the Tariff Act of 1897, nine Executive agreements were entered into and successfully concluded, and all nine agreements became effective.

Later tariff acts repealed these reciprocal provisions, hence the authority for the trade agreements was withdrawn and the agreements themselves, of course, failed.

Next, I call attention to the Payne-Aldrich Act of 1909. Mr. Chairman, I ask permission to insert in the RECORD at this point the full text of section 2 of the Tariff Act of 1909.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The matter referred to follows:

SEC. 2.—MAXIMUM AND MINIMUM PROVISION

SEC. 2. That from and after March 31, 1910, except as otherwise specially provided for in this section, there shall be levied, collected, and paid on all articles when imported from any foreign country into the United States, or into any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), the rates of duty prescribed by the schedules and paragraphs of the dutiable list of section 1 of this act, and in addition thereto 25 percent ad valorem; which rates shall constitute the maximum tariff of the United States: *Provided*, That whenever, after March 31, 1910, and so long thereafter as the President shall be satisfied, in view of the character of the concessions granted by the minimum tariff of the United States, that the government of any foreign country imposes no terms or restrictions, either in the way of tariff rates or provisions, trade or other regulations, charges, exactions, or in any other manner, directly or indirectly, upon the importation into or the sale in such foreign country of any agricultural, manufactured, or other product of the United States, which unduly discriminates against the United States or the products thereof, and that such foreign country pays no export bounty or imposes no export duty or prohibition upon the exportation of any article to the United States which unduly discriminates against the United States or the products thereof, and that such foreign country accords to the agricultural, manufactured, or other products of the United States treatment which is reciprocal and equivalent, thereupon and thereafter, upon proclamation to this effect by the President of the United States, all articles when imported into the United States, or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), from such foreign country shall, except as otherwise herein provided, be admitted under the terms of the minimum tariff of the United States as prescribed by section 1 of this act. The proclamation issued by the President under the authority hereby conferred and the application of the minimum tariff thereupon may, in accordance with the facts as found by the President, extend to the whole of any foreign country, or may be confined to or exclude from its effect any dependency, colony, or other political subdivision having authority to adopt and enforce tariff legislation, or to impose restrictions or regulations, or to grant concessions upon the exportation or importation of articles which are, or may be, imported into the United States. Whenever the President shall be satisfied that the conditions which led to the issuance of the proclamation hereinbefore authorized no longer exist, he shall issue a proclamation to this effect, and 90 days thereafter the provisions of the maximum tariff shall be applied to the importation of articles from such country. Whenever the provisions of the maximum tariff of the United

States shall be applicable to articles imported from any foreign country they shall be applicable to the products of such country, whether imported directly from the country of production or otherwise.

Mr. SAMUEL B. HILL. May I refer to certain parts of this act in my oral discussion? I will explain that section 2 refers to section 1 of the Tariff Act of 1909, which fixed the tariff schedules and the tariff rates. This section 2 provided that in addition to the tariff rate specified in section 1 of the act there should be added a 25 percent ad valorem duty, constituting a maximum tariff rate, and then section 2 provided that the President may under certain conditions apply either the lower or the higher rates; in other words, either the maximum or the minimum.

Mr. MARTIN of Colorado. To what act is the gentleman referring?

Mr. SAMUEL B. HILL. This is the Payne-Aldrich Act of 1909.

Mr. Chairman, under section 2 of the Tariff Act of 1909, 134 Presidential proclamations were issued putting into effect provisions of this act, none of which actions by the President was referred back to the Senate or to the Congress for ratification. No one, so far as I know, has ever raised the question of the constitutionality of this provision, and probably they did not do so because of the decisions of the Court construing previous tariff acts, to which attention has been called.

I come next to the act of 1922, the Fordney-McCumber Act, and there for the first time appears the flexible provision, so-called. Section 315 was the flexible provision in the Fordney-McCumber Act of 1922. This section corresponds with section 336 of the Smoot-Hawley Act of 1930. Then accompanying these two sections in both acts were two additional sections, namely, in the 1922 act, sections 316 and 317, and in the 1930 act, sections 330 and 338.

Mr. Chairman, I ask unanimous consent to insert portions of section 336 of the act of 1930, which is almost identical with section 315 of the Tariff Act of 1922.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The matter is as follows:

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION

(a) Change of classification or duties: In order to put into force and effect the policy of Congress by this act intended, the Commission (1) upon the request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The Commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the Commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 percent of the rates expressly fixed by statute.

(b) Change to American selling price: If the Commission finds upon any such investigation that such differences cannot be equalized by proceeding as hereinbefore provided, it shall so state in its report to the President and shall specify therein such ad valorem rates of duty based upon the American selling price (as defined in sec. 402 (g) of the domestic article as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total decrease of such rates of duty exceed 50 percent of the rates expressly fixed by statute, and no such rate shall be increased.

(c) Proclamation by the President: The President shall by proclamation approve the rates of duty and changes in classification and in basis of value specified in any report of the Commission under this section, if in his judgment such rates of duty and changes are shown by such investigation of the Commission to be necessary to equalize such differences in costs of production.

(d) Effective date of rates and changes: Commencing 30 days after the date of any Presidential proclamation of approval, the increased or decreased rates of duty and changes in classification or in basis of value specified in the report of the Commission shall take effect.

(e) Ascertainment of differences in costs of production: In ascertaining under this section the differences in costs of production the Commission shall take into consideration, insofar as it finds it practicable:

(1) In the case of a domestic article: (A) The cost of production as hereinafter in this section defined; (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; and (C) other relevant factors that constitute an advantage or disadvantage in competition.

(2) In the case of a foreign article: (A) The cost of production as hereinafter in this section defined, or, if the Commission finds that such cost is not readily ascertainable, the Commission may accept as evidence thereof, or as supplemental thereto, the weighted average of the invoice prices or values for a representative period and/or the average wholesale selling price for a representative period (which price shall be that at which the article is freely offered for sale to all purchasers in the principal market or markets of the principal competing country or countries in the ordinary course of trade and in the usual wholesale quantities in such market or markets); (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; (C) other relevant factors that constitute an advantage or disadvantage in competition, including advantages granted to the foreign producers by a government, person, partnership, corporation, or association in a foreign country.

Mr. SAMUEL B. HILL. Section 315 provided that the President may upon findings and recommendations presented to him by the United States Tariff Commission raise or lower rates within a range of 50 percent of the schedule as fixed in the Tariff Act. The findings of the Tariff Commission were to be as to the difference in the cost of production at home and abroad of the commodities involved. In addition to the mere difference in cost of production at home and abroad the statute provided as follows:

Cost of production as hereinafter in this section defined: (b) Transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article, and (c) other relevant factors that constitute an advantage or disadvantage in competition.

Mr. TREADWAY. Will the gentleman yield to me?

Mr. SAMUEL B. HILL. I yield for a very short question.

Mr. TREADWAY. I should like to have the gentleman absolve me from his group that said the Republicans want a self-contained tariff. I am not for this. I am for a competitive tariff and always have been.

Mr. SAMUEL B. HILL. I am very glad to absolve the gentleman from Massachusetts from that indictment.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SAMUEL B. HILL. Mr. Chairman, the constitutionality of section 315 of the Tariff Act of 1922 was called in question on the ground that it conferred upon the President legislative powers. The Supreme Court, in the case of *Hampton & Company v. United States* (276 U.S. 394), held that there was no delegation of legislative power and sustained the validity of the act. In this case reference was made and quotations liberally taken from the former case of *Field v. Clark* (143 U.S. 694), sustaining the validity of a previous tariff act upon the same grounds.

Mr. Chairman, I ask unanimous consent to insert pertinent sections from the Hampton case in my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SAMUEL B. HILL. The Court said in part as follows:

The field of Congress involves all and many varieties of legislative action, and Congress has found it frequently necessary to use officers of the executive branch, within defined limits, to secure the exact effect intended by its acts of legislation, by vesting discretion in such officers to make public regulations interpreting a statute and directing the details of its execution, even to the extent of providing for penalizing a breach of such regulations.

The Court also said:

It is conceded by counsel that Congress may use executive officers in the application and enforcement of a policy declared in law by Congress, and authorize such officers in the application of the congressional declaration to enforce it by regulation equivalent to law. But it is said that this never has been permitted to be done where Congress has exercised the power to levy taxes and fix customs duties. The authorities make no such distinction. The same principle that permits Congress to exercise its rate-making power in interstate commerce, by declaring the rule which shall prevail in the legislative fixing of rates, and enables it to remit to a rate-making body created in accordance with its provisions the fixing of such rates, justifies a similar provision for the fixing of customs duties on imported merchandise. If Congress shall lay down by legislative act an intelligible principle to which the person or body authorized to fix such rates is directed to conform, such legislative action is not a forbidden delegation of legislative power. If it is thought wise to vary the customs duties according to changing conditions of production at home and abroad, it may authorize the Chief Executive to carry out this purpose, with the advisory assistance of a tariff commission appointed under congressional authority. This conclusion is amply sustained by a case in which there was no advisory commission furnished the President—a case to which this Court gave the fullest consideration nearly 40 years ago.

Mr. SAMUEL B. HILL. In this connection, Mr. Chairman, I also ask unanimous consent to extend in the RECORD, without reading, citations from other court decisions relative to section 316 of the Tariff Act of 1922.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The citations are as follows:

SEC. 316, 1922 TARIFF ACT

Frischer & Co., Inc., et al. v. Bakelite Corporation et al. (1930) (39 Fed. (2d) 247), citing *Hampton case*.
Frischer & Co., Inc., et al. v. Elting (1932) (60 Fed. (2d) 711).
United States v. Sears, Roebuck & Co. (20 C.C.P.A. 301).
United States v. Fox River Butter Co. (1932) (20 C.C.P.A.).

Mr. SAMUEL B. HILL. Section 336 of the Tariff Act of 1930 is almost word for word the same as section 315 of the Tariff Act of 1922, and sections 337 and 338 of the act of 1930 are almost the same as sections 316 and 317 of the Tariff Act of 1920.

If I had the time, Mr. Chairman, I should like to call attention more particularly to the similarity in the powers conferred here in this bill and those conferred in section 338 of the Tariff Act of 1930, but I shall only briefly refer to sections 338A, 338B, 338C, 338D, and 338E of the act of 1930, and call attention to the fact that the language is:

The President, when he finds that the public interest will be served, shall, by proclamation, specify and declare new or additional duties.

Certainly, this goes far beyond this particular bill, because the pending bill confines the powers of the President to the modifications of existing duties within a range of 50 percent above or below the rate fixed in the act itself, and section 338 authorizes the President to levy new duties. No one has ever questioned the validity of section 338. I ask unanimous consent, Mr. Chairman, to insert portions of section 338 in my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matter is as follows:

SEC. 338. DISCRIMINATION BY FOREIGN COUNTRIES

(a) Additional duties: The President, when he finds that the public interest will be served thereby, shall by proclamation specify and declare new or additional duties as hereinafter provided upon articles wholly or in part the growth or product of, or imported in a vessel of, any foreign country whenever he shall find as a fact that such country—

(1) Imposes, directly or indirectly, upon the disposition in or transportation in transit through or reexportation from such country of any article wholly or in part the growth or product of the United States any unreasonable charge, exaction, regulation, or limitation which is not equally enforced upon the like articles of every foreign country; or

(2) Discriminates in fact against the commerce of the United States, directly or indirectly, by law or administrative regulation or practice, by or in respect to any customs, tonnage, or port duty, fee, charge, exaction, classification, regulation, condition, restriction, or prohibition, in such manner as to place the commerce of the United States at a disadvantage compared with the commerce of any foreign country.

(b) Exclusion from importation: If at any time the President shall find it to be a fact that any foreign country has not only discriminated against the commerce of the United States, as aforesaid, but has, after the issuance of a proclamation as authorized in subdivision (a) of this section, maintained or increased its said discriminations against the commerce of the United States, the President is hereby authorized, if he deems it consistent with the interests of the United States, to issue a further proclamation directing that such products of said country or such articles imported in its vessels as he shall deem consistent with the public interests shall be excluded from importation into the United States.

(c) Application of proclamation: Any proclamation issued by the President under the authority of this section shall, if he deems it consistent with the interests of the United States, extend to the whole of any foreign country or may be confined to any subdivision or subdivisions thereof; and the President shall, whenever he deems the public interests require, suspend, revoke, supplement, or amend any such proclamation.

(d) Duties to offset commercial disadvantages: Whenever the President shall find as a fact that any foreign country places any burden or disadvantage upon the commerce of the United States by any of the unequal impositions or discriminations aforesaid, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty as he shall determine will offset such burden or disadvantage, not to exceed 50 percent ad valorem or its equivalent, on any products of, or on articles imported in a vessel of, such foreign country; and 30 days after the date of such proclamation there shall be levied, collected, and paid upon the articles enumerated in such proclamation when imported into the United States from such foreign country such new or additional rate or rates of duty; or, in case of articles declared subject to exclusion from importation into the United States under the provisions of subdivision (b) of this section, such articles shall be excluded from importation.

(e) Duties to offset benefits to third country: Whenever the President shall find as a fact that any foreign country imposes any unequal imposition or discrimination as aforesaid upon the commerce of the United States, or that any benefits accrue or are likely to accrue to any industry in any foreign country by reason of any such imposition or discrimination imposed by any foreign country other than the foreign country in which such industry is located, and whenever the President shall determine that any new or additional rate or rates of duty or any prohibition hereinbefore provided for do not effectively remove such imposition or discrimination and that any benefits from any such imposition or discrimination accrue or are likely to accrue to any industry in any foreign country, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty upon the articles wholly or in part the growth or product of any such industry as he shall determine will offset such benefits, not to exceed 50 percent ad valorem or its equivalent, upon importation from any foreign country into the United States of such articles; and on and after 30 days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such articles.

Mr. SAMUEL B. HILL. Mr. Chairman, I think I have shown in a somewhat hurried way that there is absolutely no basis for the contention made by our friends on the left that this bill is unconstitutional in that it confers legislative or treaty-making power upon the President of the United States.

Certainly, the cases referred to, if they are carefully studied, will reveal the fact that we are within the holdings of the Court in those cases which upheld the constitutionality of the act of 1890 and the act of 1922.

I want to call attention, hurriedly, to the attitude of our friends, in conclusion, on this question.

The gentleman from New York [Mr. SNELL], the leader of the minority, in his remarks yesterday, took the same stand that others have taken in their arguments before this House, that we should not in any manner go out for foreign trade. But in a speech which he is reported to have delivered on April 17, 1931, in New York City, the gentleman from New York [Mr. SNELL] is quoted by the Journal of Commerce as follows:

He [referring to Mr. SNELL] pointed out that for many years, on account of our natural resources and by means of a protective tariff, we have artificially maintained a higher standard of living than in other countries, but, he added, we have gone the limit on a tariff, our natural advantages are being depleted, and it will be necessary that the next generation govern its economic standards and conditions more in accord with world-wide conditions than we have in the past. Continuing, he asserted that in this country we have gone the limit of artificial stimulation, and he predicted that in the next few decades living conditions in America and the rest of the world are going to be much nearer the same level than they are today.

Mr. SNELL. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. If the gentleman got the understanding from the statement I made yesterday that I am opposed to getting foreign trade, I evidently did not make myself very clear. I am opposed to the method proposed by this bill and not to the ultimate end.

Mr. SAMUEL B. HILL. I will say to the gentleman from New York that this is the only way we can get foreign trade.

Mr. SNELL. That, of course, is a difference of opinion.

Mr. SAMUEL B. HILL. This has been demonstrated by an experience covering a period of over 100 years.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Pursuant to unanimous consent granted me, I include the following compilation by the United States Tariff Commission:

Regulation of customs tariffs in foreign countries by administrative action

[This table presents a summary and revision to date of a compilation published by the U. S. Tariff Commission under the above title in 1932. The table shows power over tariff rates delegated by the legislature to the executive branch of the government or which are known to be exercised by administrative action in the different countries. No attempt has been made in this tabulation to interpret indefinite constitutional provisions (such as general-welfare clauses, etc.), under which the Executive might assume authority to restrict or prohibit imports or exports, whether by tariff changes or other means.]

In the countries listed below tariff rates may be changed by the executive branch of the government as noted in columns A to F:

- A. Has the Executive power to change duties without reference to the legislature?
- B. Has the Executive power to change duties provisionally, pending approval by the legislature?
- C. Are treaty rates enforceable by the Executive without reference to the legislature?
- D. Are treaty rates enforceable by the Executive provisionally, pending ratification of the treaty?
- E. Can the Executive change tariff rates without limit as to amount?
- F. Is there a special commission or similar agency to advise on tariff changes?

Country	A	B	C	D	E	F
Argentina.....	Yes.....		Yes ¹		No ¹	Not specified.
Australia.....		Yes.....		Yes.....	No.....	Yes; a tariff board.
Austria.....	Yes ²			Yes.....	Yes.....	Not specified.
Belgium.....	No.....	Yes.....	No.....	Yes.....	No.....	No.
Bolivia.....	Yes ⁴		Not known.....	Not known.....	Yes.....	No.
Brazil.....	Yes ⁴		Yes ⁴		Yes.....	Not specified.
Bulgaria.....	Yes.....		No.....	Yes.....	Yes ⁷	Yes. ⁴
Canada.....	Yes.....		Yes.....		No ⁴	Yes.
Chile.....	Yes.....		No ¹⁰		No ¹¹	Not specified.

¹ Although duties may be reduced by as much as 50 percent under commercial agreements, apparently without legislative approval, the Argentine-United Kingdom Treaty of 1933 was submitted for such approval before enforcement.

² To penalize discriminations, duties up to 15 percent ad valorem may be applied on duty-free imports, or duties increased up to 50 percent ad valorem.

³ Previous approval of the principal committee of the legislature is required and, upon demand by one fourth of the members of the committee, the proposal to change tariff rates must be submitted to the legislature for consideration in the regular order of business.

⁴ The Executive has power under the tariff to regulate or prohibit importations, reporting such action afterward to the legislature.

⁵ The post-revolutionary government assumed executive control of the tariff by decree no. 20,280 of Sept. 8, 1931.

⁶ Commercial agreements involving tariff changes have been made by the Executive of the post-revolutionary government, and formerly such agreements were occasionally authorized in the annual budget laws, by the legislature.

⁷ Must preserve the fixed ratio between the duty and value of the article. These rates must be in effect 3 months before revised again.

⁸ A tariff committee, with Minister of Finance as chairman, and of which the chairman of Parliamentary Committees on Finance and on Commerce, Industry, and Labor, are members.

⁹ The executive government (centered in the Governor General and the Cabinet) may reduce rates or put articles on free list. Increases in rates are introduced into Parliament by Minister of Finance.

¹⁰ But a recent provisional agreement reducing certain rates was not submitted to the legislature before enforcement.

¹¹ To penalize discriminations, duties up to 15 percent ad valorem may be applied on duty-free imports, and duties may be increased up to 50 percent; to protect national industries, duties may be increased by 35 percent; on articles of first necessity, duties may be reduced by 25 percent; these changes are authorized under the tariff of 1923, and so far as known have not been repealed through later tariff legislation.

Regulation of customs tariffs in foreign countries by administrative action

Country	A	B	C	D	E	F
China	No.	No.	No.	No.	No.	Yes. ¹²
Colombia	Yes. ¹³		(14)		No.	Not specified.
Costa Rica	Yes.		(15)		Yes. ¹⁴	No.
Cuba ¹⁵	Yes. ¹⁷			Yes.	Yes.	Yes. ¹⁸
Czechoslovakia	No.	Yes. ¹⁹	No.	Yes. ²⁰	Yes. ¹⁹	No.
Denmark	No.	No.	No.	No.		No.
Ecuador	Yes. ²¹		Not known.		No. ²²	No.
England (see United Kingdom).						
Finland	Yes. ²³		No.	No.	No. ²³	No.
France	Yes.			Yes.	Yes. ²⁴	No.
Germany ²⁵	Yes. ²⁶			Yes. ²⁷	Yes.	Not specified.
Greece	No. ²⁸	Yes.	No.	Yes.	Yes, generally. ²⁹	Yes. ²⁹
Haiti	Yes. ³⁰		Not known.		No.	No.
Hungary	Yes. ³¹		Yes. ³²		Yes. ³³	Not specified.
Italy	No.	Yes.	No.	Yes.	(34)	Yes.
Japan ³⁵	No.	No.	No.	No.	No.	Yes. ³⁵
Mexico	Yes. ³⁶		(38)		Yes.	Yes. ³⁷
Netherlands	Yes. ³⁸		No.	No.	(39)	No.
New Zealand		Yes.		Yes.	No.	Yes. ³⁹
Norway	No.	No.	No.	No.		
Panama	Yes. ⁴⁰		Not known.		Yes.	(41)
Paraguay	Yes. ⁴²		do.		No. ⁴³	No.
Poland	No.	Yes. ⁴⁴	No.	Yes. ⁴⁴	(44)	No.
Portugal	Yes.			Yes. ⁴⁵	No. ⁴⁶	Yes. ⁴⁵
Rumania	No. ⁴⁷	Yes.	No.	Yes.	No.	No.
Russia	Yes. ⁴⁸					
South African Union	Yes.			Yes.	No.	Yes; the board of trade and industries.
Spain	Yes.			Yes. ⁴⁹	Yes.	Not specified.
Sweden	No.	Yes. ⁵⁰	No.	No.	No. ⁵⁰	No.
Switzerland	Yes.			Yes.	Yes.	Not specified.
Turkey	Yes. ⁵¹		Yes.		No.	Do.
United Kingdom		Yes. ⁵²		Yes. ⁵³	No.	Yes. ⁵³
Uruguay	Yes. ⁵⁴		(55)		No.	Not specified.
Venezuela	Yes. ⁵⁶		Yes.		No. ⁵⁷	No.
Yugoslavia	No.	Yes.	No.	Yes.	Yes.	No.

¹² The National Tariff Commission, but the Chinese Central Political Council apparently advises on fundamental tariff matters.

¹³ To penalize discriminations.

¹⁴ In November 1932 the Executive was given authority by the legislature to conclude commercial agreements reducing rates, without the requirement of legislative approval; this authority apparently lapsed July 31, 1933, without having been exercised.

¹⁵ The Executive is authorized to increase or decrease rates, provided that articles of luxury shall be dutiable at higher rates than articles of first necessity or for use of national industries.

¹⁶ The powers indicated were granted to the Machado administration (since overthrown) to expire in May 1934.

¹⁷ Tariff changes must be reported to the legislature.

¹⁸ The Technical Tariff Commission, which apparently has ceased to function since the revolution.

¹⁹ During present emergency only, this power to expire June 30, 1934.

²⁰ But minimum bargaining rates are fixed by Parliament.

²¹ The Executive is also given authority to regulate and prohibit importations.

²² The Executive may increase or reduce rates by as much as 50 percent and 30 percent, respectively.

²³ The Council of State may quadruple legislative rates on a legally specified list of (important) tariff numbers.

²⁴ By law of Feb. 23, 1934, the French President was given authority, until Nov. 15, 1934, to change tariff rates, subject to approval by National Assembly.

²⁵ The authorizations indicated were delegated to the German Government by the President of the Reich, in the exercise of certain extraordinary powers granted him directly by the German constitution.

²⁶ Executive decrees enacting tariff changes must be submitted to the Reichsrat (an upper chamber without legislative power), which can demand their repeal.

²⁷ Decrees provisionally enforcing commercial agreements and treaty rates must later be submitted to the legislature, the Reichstag, and be rescinded if it so demands.

²⁸ The legislative maximum rates increased tenfold in 1931 may be reduced under certain conditions stated, but not below the minimum rates set by the legislature. Import quotas need not be approved by legislature.

²⁹ A permanent commission for study of tariffs and commercial treaties with Minister of Finance as chairman.

³⁰ The Executive is authorized to increase rates by as much as 50 percent in case of discriminations.

³¹ Tariff changes and decrees enforcing commercial agreements and treaty rates must be reported to the legislature.

³² The authority to put into force tariff changes contained in a treaty is contingent upon similar action by the other party to the treaty.

³³ As regards increases in duty (to be made according to need whenever important branches of Hungarian production so require) the Government has the obligation subsequently to restore the statutory rates.

³⁴ Executive power is limited as regards tariff increases on goods from nontreaty states, and retaliatory surtaxes on goods from states discriminating against Italian products.

³⁵ There is a tariff investigation commission. According to recent press reports, a "trade defense bill" has been introduced in the Japanese Legislature, proposing to grant the Japanese Executive unlimited power over tariff rates, including import and export restrictions.

³⁶ Since 1917, the Executive has been given unqualified authority by Congress to change rates, with the requirement that the exercise of such powers be reported to the legislature in matters relating to the Public Treasury.

³⁷ The Mexican Tariff Commission customarily recommends changes.

³⁸ The administration may exempt a few legally specified articles from all duties, and articles not produced in the Netherlands from the surtaxes effective Jan. 1, 1934.

³⁹ There is a tariff commission.

⁴⁰ In 1932, the Executive readjusted a number of duties, for the declared purpose of protecting certain basic industries.

⁴¹ A tariff revision, to become effective in April 1934, has recently been completed by the Executive with the advice of a congressional committee.

⁴² Changes are reported to the legislature after being made.

⁴³ Increases or reductions are limited to 50 percent of the rate.

⁴⁴ The administration by ministerial decree may reduce or abolish duties on necessities and on products required by Polish industry, commerce, or agriculture, and raise rates under certain conditions.

⁴⁵ There is an interdepartmental commission. The provisional agreements are to be negotiated on the basis of the rates in the minimum column of the Portuguese tariff. (See also note 46.) Denunciation of existing agreements, if necessary, is included in the grant of authority.

⁴⁶ On Feb. 26, 1932, the Portuguese Legislature enacted additional duties, on imports generally, of 20 percent of existing rates, and authorized the Government to increase the additional duties up to 100 percent, or decrease them to 5 percent, with respect to raw materials, machines, and apparatus for Portuguese industries. (See also note 45.)

⁴⁷ But duties may be increased without limit in emergencies, under specified conditions. Import quotas do not require legislative approval.

⁴⁸ The administration has unlimited control of foreign trade.

⁴⁹ Denunciation of existing agreements, if necessary, is included in the grant of authority.

⁵⁰ The administration, by royal ordinance, when Parliament is not in session, may triple legislative rates and impose duties of 25 percent ad valorem on free goods.

⁵¹ The Council of Ministers is authorized to license and restrict importations; also to adopt countervailing measures and increase tariff rates in case of discriminations.

⁵² Tariff changes must be ratified by Parliament within 28 days.

⁵³ There is an import duties advisory committee, which conducts investigations and makes recommendations to the Treasury. The Treasury issues orders changing duties, after consulting the board of trade as to possible effect of the proposed change upon industry.

⁵⁴ Recently tariff changes have been made by Executive decree, without submitting them to the legislature.

⁵⁵ A recent commercial agreement with Brazil affecting tariff rates is understood to have been submitted to the legislature for approval, prior to execution.

⁵⁶ The Executive may exempt from duty, prohibit importations, and increase or decrease rates of duty for reasons which he considers adequate.

⁵⁷ Duties may be reduced 25 percent under commercial agreements. Penalty duties up to 25 percent ad valorem may be applied.

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, ladies and gentlemen of the Committee, for 5 days I have not read a line until this morning, nor have I heard any of the arguments made here, nor have I known about them. I did prepare something

before these 5 days. I have been with three subcommittees of the Ways and Means Committee. I am not ill; I have had eye trouble. I have not heard what was going on and did not know of it except as I gathered it from others. Until you have had some such trouble you will not realize the handicap it is to stand here and speak.

I am going to read one paragraph, because it is in direct relation to what is before us for consideration today.

The gentleman who just spoke [Mr. SAMUEL B. HILL], the gentleman from Washington, one of my colleagues, made a very interesting speech. I will ask you who are lawyers to compare the various legislative propositions in the past, which he discussed, with the proposed law, and you will discover the difference. I am not going to talk about the constitutional question involved.

The Fathers of the Constitution, when they drafted it, provided certain duties incumbent upon the Members of the American Congress. They provided that the President of the United States, who is surrounded by his advisers, should have certain other duties to perform as an Executive.

This is a case where the Executive of the United States is called upon under this bill, without the advice of the Tariff Commission, to exercise a power that may ruin every industry in this country.

I will say this, that if you can find any government that is appealing to us for additional markets, I will be with you as far as I can. I will ask you to read into the Record what I am going to quote.

We have half of the world business in this country. Ninety percent of this business is domestic business done in this country. Of the 10-percent balance, 5 percent of it is on the free list. Consequently, we have only 5 percent at the present time that we are engaged in negotiating, unless we enlarge by foreign trade. If so, it must come in only one way, by pulling down tariff walls. There is no question about that. That is the argument of Mr. Wallace, who says he is going to reduce the tariff on grounds of inefficiency. That was the argument of every man that supported this proposition before the committee.

Now, there is one thing I want to read. Someone handed me this, and I want to say to you that I have a high regard for every member of the committee with whom I am associated. They are able men, and this comes from one of those men, the chairman of our committee. It may be that it has been quoted before in this debate. This statement is so strong that I think it ought to go into the Record. It relates to the Constitution and the Executives, and shows the danger of the provisions of this bill.

He said this:

[CONGRESSIONAL RECORD, Mar. 23, 1934]

In my opinion we have gone a long way too far already in the centralization of power in the Executive head of the Government. The President of the United States is now Commander in Chief of the Army and Navy, and with the great concentration of power lodged in him, giving him indirect control over the railroads and the transportation system of the country through the Railroad Commission, control of the air communication by the Radio Commission, control of the navigable streams and water power, control of the finances of the country through the Federal Reserve Board and Farm Loan Board, and now domination over agriculture through the proposed new Farm Board with a \$500,000,000 revolving fund, every dollar of which will be expended by appointees of the President, and if this bill is enacted into law he will have the power of life and death over industry, all manufacturing enterprises, and complete autocratic power affecting agriculture.

My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he became a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States. In fact, with all this unrestricted and unlimited power he would be in a better position to overthrow our form of government and proclaim himself king than was the first consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself Emperor.

It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

Mr. Chairman, who uttered that statement? He is a very able man, a conservative man. He is the chairman of the committee of which I am a member. He made that statement in 1929 to this House—that we were on the verge of an abyss. I did not agree with that, because I voted for that flexible tariff bill. I wish I had time to distinguish some of the decisions from this bill that has been presented to you, but I have not and I do not intend to. You are not going to determine the constitutionality of this bill. You

do not care about that particularly, but you do care about preserving your own powers as representatives of the people, as compared with an Executive encroachment. No matter how good, no matter how strong, no matter how able the Executive may be, his action must be determined by his advisers. I voted for the \$3,000,000,000 relief fund asked for by the President. I voted for what was called the commodity dollar, for the change in the gold content, because I believed that he was trying to do everything that he could for mortgaged debtors. I had faith in him, and I have not lost that faith, but this is a case where the President of the United States through his advisers is going to determine the efficiency of every industry in the United States. For what purpose? I want to discuss that, more particularly the economic purpose, to show you where these markets may be found if at all. That question was asked of every witness before our committee—where do you expect to find your market, how are you going to get them? By lowering the tariff, by having a new determined efficiency of the farmer, if you please? I represent in my State in part something like 100,000 dairymen, farmers, agriculturalists, and I am interested particularly in their interest, and I shall tell you why, because I believe this bill directly affects them.

In a remark just made, and I tried to catch the remark, the same distinguished chairman evidently has changed his views, which he has a right to do. I have no criticism to offer about that. We have a right to get the best views that we can. Let me say to my friends and colleagues on the Republican side that I sometimes voted on the other side from them. I vote what I believe to be the best interests of my constituents and my own judgment and conscience, and that is all that I am accountable for. In this case I have no uncertainty as to what my duty is. I believe we are just as good friends, I believe we are better friends to the President of the United States on the Republican side of the aisle if we vote against this bill than if we vote for it and give him this power. Of course, he cannot carry out the power. He has to delegate the power always. Congress delegates the power to the President of the United States, and he has to delegate that power to everyone who is to decide on these reductions and tariffs. Secretary Wallace, the only agricultural expert we had with us, said that the reduction in the tariff should be determined by efficiency. We asked where and why and what schedules and with whom he is going to deal, and we ask that question not only of all of the witnesses who came before us—and we had some very able men—I speak particularly of Secretary Hull, who did a highly commendable work in South America. However, this is a question that goes far beyond individuals. It goes to all industry, including farming. I have many manufacturers in my State equally interested, and when you reduce the tariff, what is going to happen? We ask, what is the reduction to be? Who knows? Fifty percent is as far as the bill can go.

Remember this: We joined with the President of the United States in saying that the dollar was too high; that the farmer should not be obliged to pay his debts in a higher-priced dollar than he negotiated. We did that. What has happened? The dollar today is at a discount of 40 percent. We have only a 59-cent dollar, and that is the amount of the tariff for the fellow that had a dollar protection before the change in value, is it not? France is on the gold basis, and she can buy up American dollars and come in here on a 60-cent basis. Take butter. There is a protection of 14 cents on butter for your people and my people. Forty percent discount is what? It brings it down to 9 cents and a fraction. Ah, but then you can go beyond that. Mr. Wallace comes in, as he said, and he is going to put in force his judgment. He can lower it 50 percent more, or the President of the United States can, so that that will cut it down to 5 cents. You have a 14-cent protection on butter today, and it can be brought down 40 percent on account of the devaluation of the dollar, and may further be brought down to 5 cents, as the actual tariff rate. We manufacture cheese up in my country. We make more Swiss cheese than all Switzerland put together. Yet

Switzerland gives to us 95 percent of all of our importations in cheese. Switzerland wants this law passed because she is on the gold standard, and it will put into the United States more Swiss cheese than we have ever had before, possibly on a 3-cent tariff rate, through this bill.

Seven cents is the duty on cheese. Taking off the difference in the value of the coin, you get it down to four and a fraction. That is based upon the present value of the coin in the United States. Switzerland is on the gold basis. Then this bill comes down below to the extent of 50 percent. That brings it to 3 cents. That is what you have to face in this bill. You say the President would not do it. Of course he would not—not purposely. We all have faith in him personally, but he is not going to carry out the terms of the bill. It must be delegated. To whom? We asked that repeatedly. Not to the Tariff Commission. I offered amendment after amendment in the committee: "Will you go to the Tariff Commission and give 60 days' notice to the industry that is to be affected?" The vote was 15 to 10 every time against it. I went further than that and I said, "Will you agree to pass an amendment that there shall be no cancellation of foreign debts", because they are all involved. The vote was 15 to 10 against. Not one amendment was accepted or considered by the committee.

I assisted in drafting two tariff bills, and I voted against the last one.

Mr. DOUGHTON. Will the gentleman yield?

Mr. FREAR. I yield to the chairman of the committee.

Mr. DOUGHTON. The gentleman expressed great confidence in the Tariff Commission.

Mr. FREAR. Yes.

Mr. DOUGHTON. Did not the chairman of the Tariff Commission whole-heartedly support this bill and say you need not go further and give the President greater power?

Mr. FREAR. I will say I do not give the power to any man, unless he has something for a basis. When the Tariff Commission finds the difference in the cost of production under the law as between this Government and a foreign government, I expect the President of the United States to be bound by it. But he is not bound in this bill by any finding of the Tariff Commission.

Mr. DOUGHTON. Did not the Chairman of the Tariff Commission say—

Mr. FREAR. Oh, the Chairman of the Tariff Commission, who has been held over.

Mr. DOUGHTON. But the gentleman laid great emphasis on his confidence in the Tariff Commission.

Mr. FREAR. The Chairman of the Tariff Commission was there; yes.

Mr. DOUGHTON. Did he not say it was a matter of utter impossibility to determine costs here and abroad of the production of articles?

Mr. FREAR. If that is the opinion of the Chairman of the Tariff Commission, I am sorry. If that is the opinion of the Chairman of the Tariff Commission, he ought to be removed at once. He has no business to serve there.

Mr. HEALEY. Will the gentleman yield?

Mr. FREAR. I cannot yield. The gentleman knows that.

I say the facts can be ascertained. We had expert after expert; we had a hundred experts with us when we were writing those two tariff bills. They sat with us. I was on six different schedules, three at a time, with different experts. They know the costs abroad. They ought to know. But this bill goes by guesswork? If we leave the Commission out of the picture, what are you going to do then? You are going to reduce the tariff. How far and by whom? Why? What is the limit? The power to change is downward 50 percent. When the flexible tariff was drawn—this may be interesting, if you do not know it; and if you do know it, it is interesting, in any event, to keep it in mind—when the flexible tariff was drawn I voted for it, to give the President power, on the recommendation of the Tariff Commission after its findings, to raise or lower the tariff 50 percent. Between that time, 1922, and the time the next tariff bill was drawn the tariff was raised 32 times, on schedules, by find-

ings of the Tariff Commission. That is the answer. The tariff was lowered five times. Thirty-two times raised and five times lowered. It will be lowered in every case by this bill. That is the presumption from all the statements that have been made.

It has the power to destroy all industry. Who is going to determine what tariff rates agriculture should have out there in Wisconsin? Tell me who is going to say to you that Wisconsin, with 100,000 people who make their livelihood from dairying, shall not be protected? There is to be no hearing. They refused to allow any of the amendments I offered, that notice should be given to the industry affected. If that is not true, it can be denied by anyone on this floor. The vote was 15 to 10.

Mr. HENNEY. Will the gentleman yield, since he has referred to me?

Mr. FREAR. I did not refer to the gentleman by name, but I will yield to him.

Mr. HENNEY. May I ask the gentleman if he really thinks the President has in mind to wreck the dairy industry of Wisconsin?

Mr. FREAR. I do not. That is the answer. I cannot yield further. I do not expect he will, but I say that if Secretary Wallace is delegated, and he is the only witness who appeared on agriculture before our committee, he may be willing to go the 50-percent limit in reductions. He is the one who testified. Apparently he is the one to whom this power will be delegated.

Mr. HENNEY. I should like to say that, after all, Hon. Franklin D. Roosevelt is President.

Mr. FREAR. Absolutely so; but there are thousands of different rates in the tariff schedules, and the gentleman knows and I know that the President never expects to go through those. He cannot even handle one tenth of the business that is before him today, except through delegation of authority.

Now, my friends, it is important to remember that the United States is the greatest market in the world.

By the way, Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD by the insertion of articles that directly refer to this subject.

The CHAIRMAN (Mr. ADAIR). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FREAR. I repeat this is the greatest market in the world. According to statements made by economists before our committee, economists who have a high reputation, 50 percent of all the world's business is done in the United States. That is our market; and 90 percent of that market we reserve for domestic business. As I say, only 5 percent comes in in the shape of tea, coffee, sugar and the various commodities on the free list that come from South American countries. But we have not anything to take from the other European countries, because if you will do me the honor to study over the statistics I have given, and I believe they are absolutely reliable, you will find that there are no markets we can go into.

The gentleman who just talked said he did not believe in America self-contained. You will find that Russia is self-contained. She has been self-contained for years. You will find that Germany, under Hitler, is self-contained—Russia under Stalin, Germany under Hitler. You will find another dictator in Italy. Over half of Europe is under dictatorships today: Spain, Austria, Germany, Italy, Turkey are under dictators, and are self-contained.

I wish I had the time to explain how the United States is situated. We have boasted about our self-sufficiency. We shipped machinery to manufacture shoes to Czechoslovakia and many other countries. We ship all kinds of machinery to other countries to manufacture various things; we sent machinery to Russia. I was there. I know how the thing works. I have been in practically every country in Europe with three exceptions, and I know how the tariff works. I know that in the United States of America we have better living conditions by far than exist in any of the countries

in Europe; and it is largely due not to the Republicans—do not mistake that; it is due largely to the American Congress that gradually put up these tariff barriers on trade relations so that goods could not be shipped in from the cheap-labor countries; and that is the reason why in these tariff propositions we should require the Tariff Commission to make a finding. Had the committee accepted my proposal with reference to the flexible-tariff clause, there would have been some justification in giving this tremendous power to the President of the United States; but they did not. I challenge you to study the bill itself to find if my statements are not correct.

I believe I cited Switzerland, in which butter, cheese, and every like industry in the United States is affected. In my State is one of the largest leather industries in the country. What is Russia going to bring to us? I remember that 4 or 5 years ago Russia was put out as the bad boy of all the countries of the world. There appeared before the committee witnesses discussing the coal business; they were going to ship coal from Russia, where they have forced labor; they were going to bring in lumber from Russia; the lumber interests of the State of Washington, the State from which my colleague [Mr. HILL] comes, were complaining about the lumber that was to come from Russia.

Now, my friends, that is the situation that we had because Russia is ready to come in. They say they are self-contained; they do not need our help, but they do like the United States; they said they would rather do business with the United States than with any country except Germany; that we make better machinery than Germany.

What concessions are you going to get from these foreign countries? You are not going to get them from Brazil on her coffee, because that comes in free; they do not need to make any reciprocal relations.

Mr. WOODRUFF. They cannot improve that situation.

Mr. FREAR. Of course not. I want you to do me the courtesy, if you will, of looking at my remarks in the Record with regard to the estimate that is made of Secretary Wallace's qualifications—and I have nothing against Secretary Wallace. He is trying to do the best he can. I want you to read what men say who do know Mr. Wallace, because they have a better understanding of him than I. Read their judgment, for they represent 500,000 dairymen in the United States.

I think one of the most important propositions is to have a finding by the Tariff Commission; and that is what I sought to have done by my amendments, but the amendments were all turned down. First, have a finding by the Tariff Commission; then send out and get the witnesses most interested. We had a hundred witnesses before us every time we drew a tariff bill; and there came near being a veto of the last tariff bill because, while it was designed for the benefit of agriculture, every other interest, from cement to structural steel, got in on it; and that is the reason agriculture did not get the benefit it was expected would result; but notice was sent out to the industries in every case.

Now, I have spoken about amendments. I offered at least half a dozen; and they were offered in sincerity.

It is said by the best economists that the bill before you is so involved with the foreign debt that there is no escape from considering the foreign debts. Are you ready for that? I am not. If you feel that it is a safe plan it is for you to carry that responsibility back to your constituents, because if the foreign debts are canceled, your constituents and mine have got to pay the bonds outstanding on those debts unless we repudiate them as France already has repudiated her debt to us. That is the situation.

There is a philosophy called nationalism. I am a nationalist to the extent of wanting to preserve this Government. Since the war every industry in every country abroad has been changed. We have sent over the machinery. All those countries are self-contained; and I am not fearful of that word. I believe in this country first. Others believed in internationalism. I remember when nearly 16 years ago

it was broached to us in this Chamber and we sent our boys abroad to help out internationalism. The agents who had the property and the loans over there were very anxious to have it done; and they are anxious today to get their government loans canceled so as to make their private loans a first liability. Then came the lending of the money—not abroad; the money was loaned to the Allies, but it was largely for munitions and war supplies which were prepared here at home.

That was \$11,000,000. I put five amendments into the resolution that was brought in by a Republican Secretary of the Treasury, and I put those in because I did not want an official of the United States, not even the President of the United States, to cancel these debts. There should be no cancelation of debts. There should be no substitution of debts. There should be a limited time and also publicity. These amendments I then offered and they were accepted. No one knows by this bill until the industry is up against it, whether it is agriculture or any other industry, what to expect.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. FREAR. Now, in reference to this nationalism as practiced today, the nationalism that loaned to Germany, that loaned to all these countries of Europe, in order to buy our goods. We thought we were prosperous, but they were paying us with our own money that had been loaned to them by private parties. Of course, you bought certificates. You bought beautiful green certificates. Some of them came from Brazil and some from other countries. They were very beautiful, but you could not get 5 cents on the dollar today for them, and yet they represented many billions of dollars that had been loaned to these countries to buy our goods. We are not doing it any more. It cannot be done any more unless they cancel all these debts.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. I understood the gentleman stated that the debt-settlement matter was tied into this bill.

Mr. FREAR. It is according to economists.

Mr. SAMUEL B. HILL. Can the gentleman point to any language in the bill that gives the President the authority to act in this way?

Mr. FREAR. I will point to the specific language if the gentleman will point to any place in the entire bill where notice is to be given to the industry that is to be affected by a reduction in the tariff.

Mr. SAMUEL B. HILL. There is no provision.

Mr. FREAR. There is no specific provision, I agree with the gentleman. Every economist that knows the purpose of going abroad to try to get this business that is to come to us can testify that foreign debts are tied up with this matter. If this is not so, why was not some witness put on to the contrary? Why was my amendment defeated?

Mr. SAMUEL B. HILL. Will the gentleman yield again?

Mr. FREAR. With pleasure.

Mr. SAMUEL B. HILL. The bill gives the President certain limited powers. I wish the gentleman would point out where in this bill it authorizes the President to negotiate for the cancelation of our foreign debts.

Mr. FREAR. He is not going to do it in that way. It is going to be in the form of a reciprocal offer. I do not know how far it will be reciprocal, but that will be the form of the offer that will be made, according to these witnesses.

Mr. SAMUEL B. HILL. It will have to be something reflected in imports?

Mr. FREAR. Yes.

Mr. HART. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Michigan.

Mr. HART. The gentleman represents an agricultural State?

Mr. FREAR. Yes.

Mr. HART. What agricultural products produced by the gentleman's State are now protected?

Mr. FREAR. Butter is protected by 14 cents. If we were not protected by the 14 cents, we would be run out of business by New Zealand and Denmark. I have been over there and I know.

Mr. HART. The gentleman is practically run out of business now.

Mr. FREAR. No. We are keeping those countries out at the present time. The only country importing to any extent now is Switzerland, which is importing some cheese.

Mr. HART. We are producing more butter now than we can consume.

Mr. FREAR. Where are you going to sell this butter?

Mr. HART. You cannot sell it.

Mr. FREAR. Of course you cannot. I mean abroad.

Mr. HART. If our price is low enough, it will finally go abroad.

Mr. FREAR. Sure. If you cut down the price that those poor farmers are trying to subsist on, you may be able to sell some abroad. That is just what you are going to do. You have to come about it in that way by meeting pauper labor.

Mr. KNUTSON. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Minnesota.

Mr. KNUTSON. After they put our dairy interests out of business, where will they go?

Mr. FREAR. After they get our dairy interests out of the way, then we can pay Denmark's price. Denmark sells to England, which is their logical market, but they have been sending their surplus to us. New Zealand has been sending their butter to us. We cannot compete with New Zealand any more than we can compete with Argentine cattle. Argentina wants a reduction in tariff so that she can get her cattle in here. She already brings in pressed meats and other products.

Mr. KNUTSON. May I call the gentleman's attention to the fact that in New Zealand they have pasturage 12 months in a year. Cattle can graze out doors there 12 months in the year.

Mr. FREAR. Yes. As stated by the gentleman from Minnesota, they have pasturage in New Zealand for 12 months of the year. We have not this advantage in Michigan and in Wisconsin. You may call it self-containment, if you please, but it is nationalism for your own people first, and those are the ones you represent. You are not representing the people abroad.

Mr. EVANS. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from California.

Mr. EVANS. On the 13th day of this month the New York Journal of Commerce carried a story stating that high official representatives of the administration were at this time negotiating with Mexico and other Latin American countries for the importation of thirty or forty thousand carloads of fresh vegetables to be brought into this country annually, anticipating the enactment of this bill. May I ask the gentleman to express his views as to the effect this may have on the vegetable industry of the United States?

Mr. FREAR. The question was raised a few minutes ago, and the gentleman brings it back to my mind. This tariff question is a sectional question. It has to be a sectional question. It is cotton with the gentlemen from the South. Cotton can be sold abroad. War munitions can be sold abroad at the present time, but by and large this is a sectional question. For the people of California it means that you will be overrun with the peons of Mexico, living as they do, and they will sell their vegetables.

Mr. TREADWAY. Is not the tariff a benefit to the lumber industry of the State of Washington?

Mr. FREAR. Undoubtedly. It is supposed to be; and Mr. Hadley, a very able man, contested the situation of Soviet Russia's sending her lumber over here. Forced labor was said to be the fault in this case. I should like to hear what the gentleman from Washington has to say about this matter.

Mr. SAMUEL B. HILL. I may say that we are not anticipating any trouble with the lumber interests as a result of this particular resolution.

However, we have been unable to get much protection for the timber products of the Northwest. Our pulpwood and paper products are on the free list.

Mr. FREAR. May I ask the gentleman this question: Did the gentleman vote for that tariff in the last tariff bill?

Mr. SAMUEL B. HILL. I did. [Applause.]

Mr. FREAR. That is right, and I congratulate the gentleman, because the gentleman and some others on that side, in my judgment, were right. I believe it is right to protect our home industry, lumber as well as everything else, although it does not now affect my country. It once did very much.

Mr. KNUTSON. Lumber has an excise tax of \$3 and a tariff duty of \$1, making \$4 a thousand. This is 400 percent higher than it ever was under any Democratic tariff bill.

Mr. FREAR. Yes; I do not want to take further time, because I know the Committee is interested in the different arguments; but I have with some care prepared what I believe is interesting data on this subject and which, I believe, will be helpful, at any rate at the other end of the Capitol. I would appreciate it if some of you gentlemen who are interested in this question would examine this data, as I am going to put it in the Record along with these few desultory remarks, and I also want to apologize to you because although I was introduced as a sick man I am not that by any means. I thank you. [Applause.]

Mr. Chairman, let me say further the reciprocal-relations bill has an attractive title because it implies closer, better relationship with the countries of the world through trade agreements. It proposes to grant unparalleled powers to the Executive with which to trade, and a question repeatedly asked of witnesses was, "Are you afraid to trust the President?" After placing in the hands of the President many billions of dollars for relief of our people and the right to change the value of currency, our country's lifeblood, that also reaches many billions, it is asked what objection can be raised to a harmless measure which proposes only reciprocal relations. As one who unhesitatingly has supported the President's relief program as stated, and granted some emergency powers that were declared at times to be unconstitutional and dangerous, because I believed power to act quickly was imperative and when Congress could not do so the Executive must.

This bill, it is contended, places in the hands of the President the power to destroy not figuratively but actually. He cannot administer its manifold duties, determine the fortunes or fate of those to be sacrificed, and must delegate its powers to subordinates. There can be no dispute as to that last conclusion. What, then, is the danger that makes this bill far more drastic and destructive in its operation than the others?

Two factors in the bill, in the opinions of witnesses and students, are more wide-sweeping and threatening in their possibilities of harm than all others combined. First, is delegation of power to the President, who in turn delegates a like power that immediately concerns the living conditions and affairs of every person in the land. This I have discussed. Recognized constitutional authorities will speak on that side of the question and on the powers so conferred, powers far beyond the scope of ordinary reciprocal relations; but I desire to give a brief picture of the Executive power to disturb and to destroy the present opportunities and living conditions of our people, a power not to be exercised by the Executive because delegated.

A question frequently asked by committee members and of all witnesses was, What countries are to be approached with reciprocal trade relations and what results are expected and what price will be paid? The advantageous benefits or prices must come through reciprocal reduction of tariff rates that imply increased imports. Where can we look for reciprocal favors, and what penalty is invited? Will it be from our war allies? The United States fought a great war in their behalf. At what price and with what result in relations we now know too well. The United States loaned \$11,000,000,000 to the Allies for war purposes. That money was raised by high-pressure salesmanship of

Liberty bonds to pay American war supplies for the Allies. Its repudiation is a heavy price to pay for reciprocal relations obtained through excessive tax burdens on our own people. But that is internationalism.

The Allies pressed hard to force us into the League of Nations, there to help shoulder Europe's obligations. Another \$11,000,000,000 advanced after the war by American international financiers enabled Europe to buy our products, but has left our people holding European and South American I O U's of doubtful value. All disarmament proposals that were to be reciprocal have been flatly rejected. War debts were openly repudiated by France because of refusal to embrace in their terms German reparations and to guarantee French plunder holdings gained by the Versailles Treaty. Are these the nations with which new relations are to be established; and, if so, what, if any, part of the 50-percent war debt remaining is to be wiped out in exchange for their good will? Where are these reciprocal trade relations to be established and at what cost?

Time only permits brief discussion of these subjects, but I am asking the question where else reciprocal relations of value are to be had. Convincing evidence presented to the committee clearly indicates that nowhere in the world are reciprocal benefits to be had, but, on the contrary, threats of grave, wide-sweeping economic losses are likely to be involved.

During my service in the House I have actively engaged in framing two tariff bills, first the Fordney bill, and, second, that prepared during the chairmanship of Mr. Hawley. This is mentioned to explain some knowledge of tariff-making methods. In that work the Tariff Commission has ever been a close adviser of the Ways and Means Committee. Subcommittees that conduct actual rate making always call to their aid tariff experts from the Tariff Commission who are familiar with the schedules on which each member is specially called upon to act.

Tariff experts are not entirely relied upon in tariff making, but without the Tariff Commission's aid it would be futile to determine the difference in cost of production here and abroad. That is ordinarily the basis of tariff making, because protection to industries, whether agriculture or manufacturing, has been a large factor, if not the keynote of American prosperity. Personal service on different subcommittees with Hawley, of Oregon, Houghton, of New York, Aldrich, of Rhode Island, and Hadley, of Washington, was valuable training in rate making, as was contact with many tariff experts and committeemen of national tariff fame.

A dozen years ago we discovered that tariff rates could not be changed even under differing conditions without changing general tariff provisions covering many rates that required action by the House, Senate, and President. Every industry in a general revision demands of Congress a practical embargo, and opposing importers always seek to obtain the lowest custom rates to be had. This experience led to what is called the flexible tariff law, section 336, which provides that the President, on the advice of the Tariff Commission, may by proclamation increase or reduce tariff rates that have been fixed by Congress, but only within a 50-percent limit above or below.

No means to remove dutiable articles to the free list or the reverse has yet been devised or has been delegated to the Executive. This is an important part of tariff machinery, because the free list covers many hundreds of items, usually of articles not produced in this country.

Every Member of Congress realizes the weaknesses of our cumbersome tariff-making machinery compared with that of other countries where a commission or premier usually is empowered to change rates overnight. For that reason the proposal to extend to the President wider powers in which to negotiate tariff agreements has been heralded by the country as a step forward in removing the depression.

I was one of those first impressed with its quick possibilities for tariff readjustment. It must be borne in mind, however, that this country does not rely on customs for its revenues. If so, instead of placing a duty on competitive articles coming through our ports which are designed more

to keep out the competitor than for any other purpose, we would place a duty on coffee and like articles now on the free list that are required by American consumers to be imported.

Our tariff is used to protect domestic industries, including agriculture and manufacturers from the ruinous competition of cheap foreign labor and poor living conditions generally found abroad. All this has close relation to the bill before us which gives the President power to expand our foreign markets and maintain a better relationship among various branches of American agriculture, industry, and so forth, "by regulating the admission of foreign goods into the United States."

The admission of every branch of agricultural products into the United States is thus contemplated by the bill. Where, how, and when? The preamble sounds attractive, but every witness before our committee in support of the bill refused or failed to say where, how, or when that tariff change was to occur under the bill, and in no case was any definite promise given of specific advantages to be gained by our people. So far as the bill goes, it ignores the Tariff Commission. It gives the President power to cut the present tariff duties 50 percent in this search for reciprocal trade among nations of the world, all of which have cheaper and lower labor and living conditions. No notice is given to any industry under the bill of proposed changes and no hearings are to be given of threatened changes.

The President, through unknown advisers, without knowledge on the part of industries most interested, may plunge any business into disaster. Not willfully, not intentionally on the part of the President, but through inexperienced and blundering advisers whose judgment necessarily must be acted upon in this form of tariff making. That result is not alone a possibility but I firmly believe a probability that would be disastrous.

Under existing law, the President awaits a finding by the Tariff Commission on proposed changes when acting under the flexible tariff that frequently requires several months of investigation by experts, but under this new proposal the President, time, and tide wait for no man.

Manufacturing, agriculture, mining, dairy products all will be subjected to uncertainty in which the tariffs that now protect them with comparatively good living conditions, high wages, safe surroundings, and opportunities found nowhere else in the world are to be exchanged for a dancing will-o'-the-wisp. This might be cured or prevented under ordinary tariff practice, but those charged with the passage of this bill, prepared not by Congress but by unknown influences, will press the bill for passage without any protecting amendments. This has been the experience in committee, and is certain to have like action in the House.

I first advised my Republican colleagues that I did not expect to join in a minority report because with certain proper amendments I might vote for the bill. These amendments were to give notice to interested parties of hearings where desired and knowledge by the Tariff Commission of proposed changes. Only after these protecting amendments were all rejected by the committee and danger to agriculture and every other industry from the workings of the bill disclosed did I unhesitatingly join its opponents.

I expect to present and discuss these proposed amendments for your consideration, and challenge any member of the committee to point out why they were rejected and why they are unfair. On the contrary, their acceptance, based upon the testimony before our committee would offer many reasons that should compel that action.

The Secretaries of State, Agriculture, and Commerce, all cultured, able gentlemen, and their assistants discussed desires, hopes, and wishes, all relating to this bill; but not one of these distinguished men in a single instance, to my recollection, pointed out the avenues through which we were to benefit from throwing down or lowering our tariff barriers, knowing full well that in so doing our markets are thereby opened to the cheap labor conditions and living surroundings of foreign nations.

I will not quote from any prejudiced witness or from any one interested financially in the bill's defeat, but will briefly cite extracts from the hearings contained in testimony of a student familiar with world affairs and world conditions, testimony that was undisputed, convincing to myself and, I believe, to many others, so that it should be a strong influence in determining our judgment upon the bill.

One of the world's recognized students and writers on economics is Samuel Crowther, an American, whose grasp and knowledge of the subject is first worthy of study. His recent fine work, entitled "America Self-Contained", has become world famous and is illuminating in its treatment of world relations in general. I have quoted from that book, several months ago, in relation to other measures to which he had given close study.

His first proposition before our committee, page 4, no. 6, of the hearings, pointed out the danger or disaster from unrestricted power over the life or death of any section of American industry and agriculture given by the proposed bill. The second proposition, assuming all powers were exercised with supreme wisdom—a violent assumption—would the results in trade to America, a self-contained country, help or hurt its prosperity? In other words, are we chasing a visionary rainbow? His third proposition related to trade balances as vastly important in the discussion of relations to our war international debts.

To his first point Chairman DOUGHTON asked if the witness questions the honesty and wisdom of the President, which Crowther smilingly denied. His was a discussion of practical economics and not of rainbow promises. On the previous day an example of human fallibility occurred, when 17 of the 24 members of the Ways and Means Committee together with 295 of the 420 Members of the House all violently disagreed with the President on a matter alleged to involve \$2,000,000,000; with equal sincerity and possibly equal wisdom, we were divided, the President and his close advisers on the one hand and large House majority of his own party on the other. It was apparent that in the judgment of that large majority the President was ill-advised or not infallible.

Again on the same day in the Senate of the United States a like difference of sentiment was disclosed by 88 Senators who, irrespective of political views, did not hesitate to disagree with the President on a great waterway proposal in which I believed the President's judgment was right, but therein lies the challenge by any supreme wisdom made by Crowther when Congress charged with legislative responsibility and representing every part of the country disagrees squarely with a Chief Magistrate to whom this bill would give all power to be exercised and administered by ordinary human beings subject to political and local prejudices found among mankind in general.

I am not disposed to criticize or question the high purposes of President Roosevelt. On the contrary, I believe his fearless and forceful handling of governmental affairs challenges the confidence and respect of the American people and of the world. Mistakes have been made and will be made hereafter, but as soon as determined they are corrected, to use his own comprehensive words his "batting average" has been good. If he has made appointments of inefficient men, presumably upon the advice and political pressure of others, he has not hesitated to clean house and in the main his appointees and advisers have been strong, able, and independent men though often new to the business, men who faced their problems with determination and confidence borne of high character rather than previous experience.

Carping or political criticism has been singularly absent with the great mass of our people who in their distress have placed their faith in him and his policies. However much individuals may differ in judgment, I believe I speak their continued confidence in his efforts to meet the greatest economic crisis in world history. In this I am speaking my individual judgment and have no apologies to offer for that judgment or the support given his relief efforts.

A superman, as wise as Solomon and as powerful, must, however, act through human agencies, and in that particu-

larly lies the danger with the power conferred in this bill, innocently to wreck or destroy agriculture and other industries through careless tariff juggling. Is the experience worth that great risk? Crowther gave further light on this critical experiment when, on page 17 of the hearings, no. 6, he stated an undisputed fact that in the United States 120,000,000 people do one half of the business of the world, a world that contains upwards of 4,000,000,000 people. That is our market land of promise which the world in general will be glad to divide with us. A world that has lower standards of living, cheaper labor, and little to give in exchange because of those conditions. What then is to be the prize that will be won by the bill?

To get the real picture of world economic business and trades let me offer a statement from Crowther's studies that is more illuminating than all hopes and prayers based on impossible conditions—

WHAT IF ANY RELATION HAVE EXPORTS TO OUR PROSPERITY

Secretary Hull has given to you the excellent Adam Smith doctrine that nations prosper by exchange of wealth. That is true to a degree * * *. It has been discovered now that manufacturing is not a secret but that machinery may be bought and a factory be set up almost anywhere * * *. While the raw material nations of the world have been going into manufacturing the manufacturing nations have been going into raising their own foods * * * the reason for the old international trade has largely vanished. That change is permanent. The export trade of the world is going the way of the whaling trade and there is just as much chance of restoring it as of restoring the whaling trade * * * and worldwide use of sperm oil (or return to the horse-and-buggy age) * * *.

The dependence of the nations of the world upon foreign trade during the period 1927-29 is truly extraordinary. During this period the average annual exports of Great Britain, Germany, Japan amounts to 20 percent of their national income. The percentage for France is 22; for Belgium 55; for Italy 15; for Czechoslovakia 33. For the Latin-American countries, which mostly export raw materials, the percentages are, Argentina 34; Brazil 25; Chili (nitrates) 35; Cuba (sugar) 65; and Mexico 35. In vivid contrast is the United States in which our very large exports during the same period amounted only to 6 percent of our national income and if intercompany relationship were eliminated * * * probably not much more than 3 percent. About one tenth of the average in world exports.

On page after page we learn how this country has become self-contained and what it means industrially and agriculturally. Any large imports of their products will naturally disturb our own economic world and a gradual-like change with other governments is noted. That explains why no witnesses could point to any large field of exports to be developed by this bill and why such fields do not exist. It also explains why America self contained is best able to meet world conditions than any other country and prosperity lies not in green pastures beyond the fence but in development of our domestic field. Facts, not theories, do not require any brain trust.

Agriculture is one of the great industries of our country. Where does it come in for any advantages? Argentina is referred to as a country that might be accredited in this bill. Agriculture is its leading industry. The same is true of Canada. Cattle of more than 700 pounds now pay 3 cents per pound to enter our markets; beef and meats, frozen, pay 6 cents per pound; lamb, frozen, 7 cents per pound; butter, 14 cents per pound; cheese, 7 cents per pound; eggs, 10 cents per pound; wheat, 42 cents per bushel; potatoes, tomatoes, and a hundred other vegetables and several hundred articles on the agricultural schedule are at various rates that must be paid by the foreign producer. All these are subject to 50 percent reduction under this bill, providing Secretary Wallace or the advisers decide that under this bill reciprocal relations exist between these countries on agriculture. If on coffee, rubber, and other articles on the free list nothing can possibly be gained, because there is nothing to yield from the free list. Every farmer would protest against any entry of articles that compete with his products and through a reduction in tariff rates.

What is true of agriculture affects practically every other industry. Secretary of Agriculture Wallace before our committee says, page 46 of the hearings:

Those (Americans) who are so inefficient that they cannot meet foreign competition would, in case the powers of this bill were exercised to lower the tariff, be perhaps unfavorably affected.

New Zealand's butter importations were reduced 75 percent from 1929 to 1932, Denmark's competition was reduced over 80 percent during the same period, and Canada's importations were reduced 60 percent, all to a negligible figure, through aid of our tariff barriers. Cheese was reduced from Canada 85 percent during that same period, but increased with Switzerland, that sends 95 percent of the cheese imports. What will these new tariff manipulations offer to the great dairy interests of my State when reducing tariffs of supposedly "inefficient" home producers are asked in exchange for foreign reciprocal relations. For reasons not hard to find, it is certain the 100,000 dairymen and a great majority of the industrialists in my State will prefer to trust tariff rates to the experienced Commission, rather than to Secretary Wallace or other experimental theorists. These I represent.

Again Secretary Wallace says "perhaps four or five millions are in * * * branches of agriculture that would be affected because all tariffs were removed." If so those inefficient in the judgment of Wallace—and so unable to compete with Argentina or Canada or industrialists in any other country—among the 5,000,000 farmers would perhaps be unfavorably affected by 50-percent reductions or any lower rates in agricultural imports. Not perhaps but with certainty would be destroyed.

More confidence might be placed in the judgment of this Presidential adviser but for the recent killing of 6,000,000 hogs before breakfast, many of them used for fertilizer, or leases to ten to fifteen million acres of wheat land during his lunch hour in an experimental reduction of surplus products. Other new tariff advisers are equally distrusted.

On learning of the unrestricted powers conferred through the bill I offered this amendment to prevent injury to inefficient American farmers who might be caught unaware by any secret tariff reduction decisions made on farm products.

No reduction in rates of duties on any agricultural product shall be entered into by the President affecting any article produced in this country until and after report received from the Tariff Commission that all importations during the preceding calendar year did not exceed 10 percent of the volume required for domestic use.

If any domestic agricultural product is subjected to 10 percent importations it would ordinarily ruin those engaged in that particular line of agriculture and it was for their protection this amendment was offered. It was rejected by a vote of 15 disciples of Thomas Jefferson but supported by 10 members of the committee who believed in the protective-tariff principle.

Again I offered an amendment on the general scope of the bill that the powers conferred on the President are to be authorized—

After public notice is given by the President to the Tariff Commission of such purpose.

This notice, it was intended, should be conveyed by the Tariff Commission to the industries most concerned in proposed tariff changes. It certainly was a proper proceeding, to prevent surprising and serious disturbance to that industry. This amendment in like manner was rejected by a vote of 15 to 10, which in effect prevents any assurance of public knowledge of changes in tariffs that may be made under authority conferred by the bill.

In an effort to secure support of 15 defenders of the faith in a sweeping bill placed before them for rubber-stamp approval I offered another amendment which provided that the President's authority to reduce tariff rates 50 percent after the words "free list" in line 23, should be exercised—

Provided, That at least 60 days prior to the President's proclamation public notice shall be given by the Tariff Commission of the proposed proclamation and all protests against said proposal shall be laid before the President by the Commission within 48 hours after their receipt.

The President would thus be advised that any supposedly inefficient farmer or industrialist interested in keeping three meals a day on the table for his family and ordinary comforts of living who was possibly forgotten by Secretary

Wallace or other unknown tariff advisers of inefficiency might save the farmer from disaster, but again by a vote of 15 to 10 my amendment to give 60 days' notice was rejected.

Again I offered an amendment that—

Prior to the proclamation 60 days' public notice shall be given by the Tariff Commission to industries to be affected by any proposed change in tariff rates.

Even a culprit is entitled to notice of the day set for his execution, but again the result was 15 hands raised high, outnumbering the 10 good and true defenders of the publicity provision. Nowhere is publicity written into the bill and these and other amendments offered in committee were all rejected. Keeping in mind that not one of these amendments prevented the President from executing the inefficient producer without delay, nothing interfered with his control. He could act in every case without hindrance or without advice. No argument on constitutional rights, delegation of authority, or other persuasive reasoning occurred. The President's powers were here conceded without question, but it was urged that the factory most concerned or the inefficient farmer selected for sacrifice should, in fairness, know in advance when the fatal blow was to be struck. Not that it would be wielded personally, but possibly innocently by those who did not realize the full effect of their decision.

They could properly learn the exact situation by publicity instead of secrecy and this was the prayer expressed by the various proposed amendments, none of which were accepted.

In the Senate—where gag rules and broken gavels are a rarity—it may be that amendments of this character will be accepted, but in the House committee thumbs were turned down for the sacrifice which is seemingly sure to follow.

Before extending this discussion to another equally important effect of this bill, may I briefly present the picture thus far placed before Congress by the unnamed authorities of the bill. Under existing law the President may change tariff rates within the 50-percent reduction after he has received a report thereon from the Tariff Commission. Under the bill as drafted no action or knowledge need be had by the Tariff Commission. No knowledge or notice is to be had by the American industry to be sacrificed because inefficient or to be thrown into competition with cheap labor of foreign lands. No knowledge of rate making nor interest in comparative living conditions or difference in cost of production here and abroad is required. Experiments, not premeditated design, constitute a danger signal that was sought to be avoided by these amendments.

No witness was called to dispute or answer witness Crowther, previously mentioned in this discussion. His thorough knowledge of the entire subject has not been approached by any or all of the witnesses combined, in my judgment. That he was unprejudiced and sought to prevent serious injury to our own people was the belief of many members of the committee, who paid him high compliment on the hearing for his fair, square, nonevasive answers and logical, convincing statements of fact.

A master of the subject of world economics, foreign trade, foreign relations and certain effect of the bill before us was evidenced and he gave convincing replies and reasons not disputed by any witnesses that might have been called thereafter to dispute his statements or arguments.

Chairman O'Brien, of the Tariff Commission, who gave lukewarm support to the bill, sat close to Mr. Crowther during his testimony. Neither the chairman nor Assistant Secretary Sayre, the supposed author of the bill, ventured any reply to Crowther, although like the committee they were attentive listeners to a fairly long and comprehensive examination of the witness, who disarmed his questioners by frankness and general knowledge of the subject. Giving abundant reasons for his own knowledge he asked repeatedly a question which must come to every Member and was presented to other witnesses when he inquired where the foreign markets that are to be had which will afford more than trivial relief for our few exports. How will they be paid for by a bankrupt world, either by exchange of goods or by pay-

ment of money, without doing irreparable damage to our home industries? On the contrary, he urged repeatedly that development of our domestic market, the greatest in the world, was the proper direction for any increased production and no tariff experiments by other professionals or amateurs would reach any result with certain disaster to American industries.

Committeemen juggle the words "and internationalists." There need be no confusion. Washington warned against foreign entanglements. The World War and waste of billions of American dollars in war and business came through internationalists. Neither extreme need be followed; but, if so, I prefer the term "nationalists" as one who loves his own country best. If that be isolation, experience shows we need more of it than in the recent past.

Every country is becoming self-contained and every country without exception is on a lower living scale than ours. Experimenting in tariff juggling and foreign imports was certain to displace our own goods with increase in domestic unemployment. Neither before nor after Crowther's evidence did a single witness point to any country that offered any fields for our exports. Surely, if to be had beyond present trade relations, the committee responsible for this bill's passage was entitled to know what territory would be opened up. With American industries and a Commerce Department now combing the world for customers, not one of any importance could be named for this tremendous delegation of power that would throw down tariff barriers, for what?

How were foreign countries to pay their \$11,000,000,000 in foreign debts, except by goods, and by what kind of goods without injury to our own people? When the debt-settlement resolution was before the Ways and Means Committee, sent to it by President Harding, it gave Secretary Mellon sole power to conduct debt settlements. I asked Mr. Mellon why that enormous power was given to him individually, and if he should die or be removed who would conduct settlements. Several amendments to his resolution were then offered, which the committee adopted in whole or in part. One of these provided that a commission instead of the Secretary should conduct negotiations for debt settlements. Second, that no power to cancel debts or substitute securities should be, or was given, and publicity should be given the negotiations and a limit of 2 years in which to act.

In this bill there is a proposal to place all American industries under the control of the President acting through agencies of his own selection. That power he may have now under the various acts we have given him in this emergency, but to give supreme control over tariff reductions through experimenting agents he may appoint is to give power to destroy instead of to create more powers.

Power is carried in this bill to cancel debt payments of \$11,000,000,000 without any action of Congress. In case of change in the Executive by death or otherwise, who will administer this unrestricted power?

FOREIGN DEBT CANCELATIONS

A new chapter in the \$11,000,000,000 war-debt situation is to be written. This is not a threat, but apparently a certainty. Mr. Crowther, in his illuminating work on present world situation, sets forth: "If the burden of the war debts be shifted to the American taxpayers, ours will be the highest taxed nation on earth and consequently our production costs will be the highest unless we cut our standards of living to the bone. Until such cuts are made we cannot expect to export any quantity of raw materials or manufactured goods" (p. 226).

This prospect is brought squarely before us now. Fifteen years ago we loaned the Allies \$11,000,000,000 of American taxpayers' money or about \$100 per capita. It was used largely to pay American munition makers for war supplies furnished the Allies after the Allies' credit had been exhausted.

Our entrance into the war became necessary and this Government spent \$25,000,000,000 more for our war expenditures in order to make the world safe for democracy, that in Europe is half ruled by dictatorships, the antithesis of democracy. That was our part of the bargain. Of \$300,000,000

now due on European debt-settlement terms less than 3 cents on the dollar was paid according to the best information in 1933. Bringing down to date our experience in the role of world peacemaker, probably \$30,000,000,000 have been spent by these same allies since the war for armament with which to kill each other, with repudiation the reward.

Scheduled annual European payments on war debts due the United States in 1933 reached only 4.1 percent of Great Britain's budget, only 2 percent of the French budget, and only 1.4 percent of Italy's budget. These three debtors owe this Government over 90 percent of the total \$11,000,000,000 defaulted war debts. Why did they default?

Another picture. Great Britain is spending 13 percent of her annual budget for armament; France, 27 percent of her budget for armament, or 13 times her pledged debt; and Italy, 33 percent, or one third of her budget for armament, or 25 times her debt pledged to us. These figures by Samuel Crowther in *America Self-Contained*, if accurate, give an example of national ingratitude and repudiation by our allies, caused in part by insane preparedness against each other, all fruit of the last war and early seed sown for another war. Debt reductions, cancelation, and another alliance in Europe will again be urged by war lords.

We now come to the bill before us, and I am not repeating the frequent unsupported charge that cancelation of war debts strongly urged by internationalists is soon to be urged onto this administration. Let us, however, get the facts straight. Quoting from the hearings:

MR. FREAR. * * * Now, Mr. Crowther, your statement is, as I understand it, that foreign debts are bound up in foreign trade and exchange?

MR. CROWTHER. That is exactly my position.

MR. FREAR. If that is the case, it is in your judgment impossible to enlarge upon this foreign trade without considering these foreign debts.

MR. CROWTHER. I cannot see any possible way of doing it.

MR. FREAR. And you are opposed to that?

MR. CROWTHER. Yes, sir.

With this evidence before us and constant press reference to debt cancelation efforts to be urged with or without this bill, I offered at the committee hearing prior to reporting the bill the following amendment:

Provided, That no condition shall be involved in such agreement which directly or indirectly involves the cancelation, reduction, or substitution of securities for any portion of the public debt that may be due this Government by either of the parties to the agreement.

The purpose of the amendment is apparent; and because of the uncertainty which exists through the generalizations contained in the bill, it was believed proper to place restrictions upon the administration of the bill equal to those which governed parties to settlement as I have related. As a result, if the amendment had been adopted, it would be notice to all parties interested that no debt cancelation or substitutions would be permitted through these reciprocal agreements.

Without drawing conclusions, it is only necessary to add this proposed amendment, like all others, was defeated by the same vote of 15 to 10, with my party colleagues voting in its favor.

Again I call attention to the comment of Mr. Crowther, which, of course, is a matter of common knowledge that any cancelation of \$11,000,000,000 debt due from foreign nations to this Government will place on our Federal Treasury the burden of meeting that same debt through the payment of Liberty bonds and Victory bonds that were issued to our own people at the time loans were made, and thereafter by refunding proposals.

Eleven billion dollars additional tax burden, or practically one half the entire Federal debt, would thus be shifted from foreign governments that received these funds, and would require payment by the taxpayers of the United States. Without discussing the merits of cancelation of foreign debts it is beyond excuse that any subterfuge or secret arrangement under the present provisions of the bill, for such cancelation should be allowed to go unchallenged in addition to sweeping powers that have been given under the bill to control all industries through tariff reductions. This possi-

bility of cancelation of foreign debts is one of the most serious dangers that has confronted our Government in all of the so-called "recovery bills" put together.

Mr. Chairman, as one who has constantly supported the general recovery program, but is opposed to wiping out or radically changing our tariff rates on which American industry has been built up, as well as because of the proposal to wipe out all foreign war indebtedness to the United States, I cannot agree to either proposition. There can be no half-way position upon this bill, for it sweeps aside all protective barriers. It seems incredible that after disastrous experience by our people with foreign governments and with France, particularly mentioned by several witnesses as a possible party to one of these agreements, that we could forget recent history.

The agents of France in this Chamber plead eloquently for aid from this Government when these loans were made. A large portion of the French loan, reaching over a billion dollars, was expended by France in its rehabilitation program. Other portions of the debt were to help France in its efforts to win the war.

France led in the repudiation of its debt among all foreign governments. When it was proposed that reciprocal arrangements might be agreed upon the press reports within 30 days disclosed the French Premier immediately caused tariff rates to be increased by that Government in order to furnish favorable terms by which French imports could be passed into this country. French champagne was heralded by witnesses as one of the desirable French products to import in consideration of favorable terms to producers. This Government then sent over cargoes of apples to trade with France. These were immediately met by high excise taxes that prevented them from passing through the ports, and entire cargoes were reported to have been destroyed for that reason.

Within 1 week 15,000 French marchers were reported to have protested violently against any competitive importations of American turpentine into that country. Such action would be natural if brought into active competition with their domestic products. This illustration is only offered to evidence the bitterness with which every effort to compete with foreign products will be met in such governments and in our own. Trade relations are desired, but not at the expense of disrupting the economic system of the entire country, and that is a proposition squarely faced by this bill unless it is materially and substantially changed. Great Britain, with its Ottawa agreements, is self-contained. Italy, with its African possessions, is self-contained; so is Russia under its system of government.

Under the statement that only 3 percent of our entire business is conducted with foreign governments, or a percentage of less than one quarter of that of any other government, are we now notified that the United States more than any other country in the world is self-contained.

Imports under the free list will continue but juggling or jockeying with tariff rates or with debt settlements all conducted through secret negotiations without notice to the parties most deeply interested and without publicity confronts us in this bill.

Never in recent history has any measure been loaded with more economic and political dynamite than this proposed unreciprocal tariff bill. I do not charge anyone with purpose to destroy. I do say that unrestricted power and inexperience with the tariff structure is practically certain to greatly injure, if not destroy, the dairy farmers who depend upon their protection against New Zealand, Denmark, and other countries through a 14-cent tariff on butter and a 7-cent tariff on Swiss cheese. A 40-percent reduction in dollar value since the tariff law was enacted supplemented by a possibility of a 50-percent further reduction under the proposed law leaves agriculture helpless and in like manner assails practically every industry in the country.

Our duty is first to constituents whom we represent. This sudden proposal to reduce the protective tariff under which all of our industries have grown in search of an impossible foreign trade will create fears for their existence and menace

every industry now dependent upon our home market, the greatest in the world. That is my firm belief. What answer is offered to this threatened destruction presented by the bill before us?

Secretary Wallace is the only witness who testified before the committee regarding our agricultural industry. Efficiency is his great argument. It was efficiency that determined the destruction of 1,000,000 little pigs used for fertilizer and 5,000,000 larger hogs that were killed to reduce production. His efficiency judgment determined the necessity of vast expenditure by the American Government in leasing 43 million acres of productive soil from the crop area.

I have no criticism because of this experiment, however impossible and unreasonable it may seem to the average farmer, nor do I claim it is a mistake of the "brain trust", because I believe in the experimentation carried on by the Secretary of Agriculture. He is trying to obtain a fair battling average. It may seem a great many strikes should be called on the batter but time will tell. I do offer the following brief extract from the speech made by Mr. Wallace last week when at Cleveland, Ohio, he demanded a reduction in agricultural tariffs in his experiment to improve the condition of the farmer and repeated his favorite expression of "efficiency."

Mr. Wallace overturns the sage remark of the present Chief Justice of the United States who stated in his aircraft report to President Wilson that "there is no law to punish inefficiency."

Mr. Wallace has discovered that law because he proposes to reduce the existing tariff law to punish that same inefficiency among farmers. I quote from his speech:

WALLACE URGES LOWERING TARIFF

By the Associated Press

CLEVELAND, March 23.—High tariff protection for industries needing it sacrifices the interests of 9 out of 10 persons gainfully employed in this country, Henry A. Wallace, Secretary of Agriculture, last night told the annual meeting of the Cleveland Y.M.C.A.

"I caused an investigation to be made to determine what the effect of lower tariffs would be on American labor. That investigation showed that out of 48,000,000 persons gainfully employed, 5,000,000 would be adversely affected by a tariff reduction. But 7,000,000 would be directly aided by a pick-up in the industries in which they work. The other 36,000,000 would not be directly affected, but would be helped as consumers through lower prices for imported goods."

Mr. Wallace made it clear, however, he would not favor sudden, drastic reduction of tariff schedules, adding that if it became necessary to sacrifice inefficient industries, the Government should treat them as it is treating agriculture today—give them aid until a natural adjustment to lower tariffs is completed.

A new community of interest between industry and agriculture for the welfare of the country was advocated by the Agriculture Secretary as one segment in a scheme to prevent recurrent economic slumps.

That the distinguished Secretary of Agriculture is not considered infallible in judgment is evidenced by the opinion of 500,000 dairymen, including 100,000 dairymen from Wisconsin, who, through their representatives in conference, denounced this agricultural expert who is expected to pass upon the reduction of tariffs and the punishment of inefficient farmers.

Without subscribing to these criticisms of Mr. Wallace, I quote the following:

A.A.A. CHARGED WITH FIXING DAIRY PRICES—COOPERATIVES ASK EARLY RETURN TO ABOLISHED MARKET PACTS—WALLACE CALLED FOE OF DISTRIBUTORS; EAR OF PRESIDENT DENIED

Demand for restoration of milk-marketing agreements canceled by the Agricultural Adjustment Administration after retirement of George Peek as administrator featured a conference yesterday of 109 executives, representing milk producers' cooperatives of 44 States.

The executives also charged Secretary of Agriculture Wallace depressed prices to kill the cooperative movement in this country.

Delegates to the conference, representing more than 500,000 milk producers throughout the country, also revealed complete lack of success in their efforts to reach the ear of President Roosevelt with their demand for removal of five of the economists of the A.A.A. * * *

SPEAKER RAPS ECONOMISTS

In his address to the producers Pike expressed warm admiration for President Roosevelt, but not for the economists of the

A.A.A., some of whom he characterized frankly as "nuts and bums."

Faith in the President is being shattered today among representatives of the agricultural population, he warned, because of the activities of some of the economists, to whom has been delegated his great plans for recovery.

"Delegation of that authority in relation to milk has been our tragedy, and if the President could know the savagery with which his plans have been miscarried and delayed he would weep bitter tears", Pike declared.

"I am attacking, not the President but his detractors within his own organization."

"The cause of milk producers being in a worse fix than a year ago is the failure of Henry A. Wallace. We demand he pay some attention to the counsels of men who for years have been in the business of production and distribution of milk; that he believe we are as socially minded and alive to the needs of economic planning as the immature inexperienced theorists and orthodox economists who surround him and who have led him and us into this awful morass. . . ."

"Where is all this evidence that so many economists and college professors are so eternally competent in administration of either government or business? There are a lot of 'nuts' among them, just as there are among business men and farmers."

The most emphatic and comprehensive answer to the bill for reciprocal relations is contained in the chapter from *America Self-Contained*, by Samuel Crowther, beginning page 196. It distinguishes between facts and the beautiful faith our distinguished chairman [Mr. DOUGHTON], who believed 4 years ago that the flexible tariff meant the ruination of our Government and the bringing forward of a dictatorship more powerful than that of Napoleon or any other living being, supplemented by his change of viewpoint and reasoning evidenced within the last 30 days, when he asked again with equal faith, "Are we afraid to trust the President in this emergency?" All is worthy of consideration. The President will not act, cannot act, and does not act in these agreements. All are conducted by subordinate individuals to whom he delegates authority. Can anyone believe, in view of the facts, figures, statistics, and reasoning here offered, that either faith in the President or even in any supreme being is likely to affect in the slightest degree the situation as forcibly depicted by changing world economic conditions?

Every government is becoming self-contained due to war experience and home necessities. It is as futile to search for international trade and for trade of the United States of 10 years or even 5 years ago as to expect to return to horse-and-buggy transportation. Every country in the world since the war has fashioned her policy after the example of the United States.

We have boasted so long over our superior civilization, of our higher wages and better living conditions, that, true in part, it has excited the world to follow our example.

This may be the incentive for results shown in Crowther's remarkable compilation of statistics that prove the folly of attempting to do the impossible through any reciprocal relation treaties, aside from tremendous power to be conveyed to men versed partially in statecraft who negotiated these agreements, men not interested in American tariffs or their relation to our domestic prosperity. Under these agencies the bill, without limitation, without restriction of differences in cost of labor and production at home and abroad, or knowledge of the yardstick of the Tariff Commission, are to be given carte blanche in these experimentations.

It is impossible to bring about any return of America's former export business, however greatly we sacrifice our domestic trade. We cannot change our entire system of economic home policy and living conditions any more than we can return to the feudal age.

Crowther, in his practical, logical, and clear-sighted book *America Self-Contained*, brings this forcibly to our minds. That is developed in the few quotations herewith submitted. I do not expect that it will have the effect in the House that could be hoped for if thoroughly considered, but I do believe its insertion at this time will be helpful in the discussion of the bill at the other end of the Capitol.

The questions repeatedly asked of every witness appearing before our committee was, What country is to furnish the old-time markets for our products. When and where are these reciprocal relations to be made effective in bringing

back our export trade? Not one witness pretended to offer any definite answer. As one who has traveled through every country of Europe, with three exceptions, from England to the Urals and from Armenia and Turkey to Finland and the Scandinavian countries, as well as brief trips to the Philippines and the Orient, I confess my inability to find any loophole in the reasoning of Samuel Crowther as found in the following extract from chapter X.

American manufacturers had, for various reasons, been for a long time establishing plants abroad, but between 1860 and 1900 they set up only 42 foreign plants, and a good many of those had to do with the extraction of raw materials. After 1905 the movement grew apace and for 10 years foreign branches or subsidiaries of big American concerns were erected at the rate of from 10 to 20 a year. Then the rate began to jump to over 20 a year, with a high of 43 in 1920. The big drive started in 1927 when again 43 plants were put up, while in 1929 the number was 70 and in 1930 it was 64. As a result, by 1932, United States companies had 711 branches abroad and 1,819 foreign incorporated units, of which 108 were foreign controlled. These plants represent an investment in excess of \$2,000,000,000 and employ nearly half a million workmen. Of the plants, 521 are in Canada, 165 in the British Isles, 118 on the continent of Europe, and 59 in Latin America. They comprehend nearly every phase of American industry but with the automotive predominating . . . (p. 196).

The foreign entrepreneurs quickly learned that if they used American methods, they had to pay higher wages; but also they clearly perceived that they need not pay American wages and virtuously announced that large and sudden wage increases would be disturbing. They found the means, through the coddling of American bankers, to get money for their new enterprises and also to refurbish their old ones. An astounding amount of American money was lent to foreign factories that directly competed with products which had formerly been American specialties. These foreign concerns, with great promptness, went into the export business not only against the Americans but against the older exporting nations. The American machinery bought in the first instance was high priced. That did not so much matter while Americans were putting up the money, but when the foreigners had to do their own financing they turned to their own shops to copy the American machines—for a foreign patent owned by an American is only a source of income for foreign lawyers (except in Great Britain and her colonies) unless a foreign concern has been joined in ownership. Here is what happened in shoes, to take only one product. The following letter was written by an American firm which for years had maintained an export trade in shoes:

Practically every country in the world or at least every country with whom we have enjoyed a fairly good business on American-made shoes, is now making shoes of its own. This is the result of exporting shoe machinery into these countries and sending experienced men to teach the natives how to operate it.

A concrete example of this very situation is what is happening today in Mexico, Cuba, and South American and Latin American countries, such as Argentina, Brazil, Peru, Bolivia, Chile, and British and Spanish Honduras. These countries are actually making up-to-date shoes in either American or up-to-date European shoe machinery. Cheap labor, compared to our own cost, in each instance the industry is naturally protected with a tariff sufficient to keep out shoes made in the States . . . (pp. 198, 199).

Here is another item:

Depreciated provincial currency is providing a boon for Yunnan Province in South China . . . many articles formerly imported were beyond means of a majority of the Yunnanese and were being replaced by products of local manufacture. Included are flashlight batteries, cigarettes, matches, and hosiery.

Flashlight batteries, locally produced under the direction of a returned American student, are decidedly inferior to the imported, but retail for about one fourth the price of the American battery. Cigarettes are turned out by a local tobacco company operating under the supervision of the Yunnan Educational Bureau, to which accrue the profits. Approximately 500 cases (each containing 50,000 cigarettes) are produced annually. The tobacco, chiefly of Yunnan and Szechuen growth, is of poor quality, but the low retail price, equivalent to 1 American cent for a package of 20 cigarettes, makes them popular.

The development of hydroelectric power has not only cut down the export of coal for power uses but has also brought in the electric furnace and stimulated a vast amount of metallurgical work which formerly had not been feasible on account of the cost of coal. This has hit the international coal and steel trades, for the ability to work metals is an essential to national defense, and the support of the home industry, regardless of cost, becomes a vital national policy. It is the same with nitrates; and today the following countries, which used to depend on Chile, are self-contained as to nitrates: Belgium, Canada, Czechoslovakia, England, France, Germany, Italy, Japan, Yugoslavia, the Netherlands, Norway, Poland, Russia, Spain, Sweden, Switzerland, and the United States. Synthetic nitrogen can be cheaply made only on a large scale; the great nations can produce more cheaply than they can import from Chile, but the smaller nations take up the slack of their costs as a matter of national defense policy . . . (p. 201).

The world of international trade is so involved and confused as to make even a reasonably clear picture impossible. Few nations are capable of being self-contained without lowering their standards of living. The United States is the only self-contained Nation on earth, although Russia, properly developed, would be nearly so. The present movement, however, will have to run its course through a complete break-down of money. Out of this will probably emerge a new economic division of nations in which complementary nations will unite.

But the historic international trade has gone forever. There is no longer any reason for it (p. 205).

The large volume of Czechoslovakian shoes which made their appearance in America just after the World War, principally from a manufacturer by the name of Bata of Zlin, Czechoslovakia, has been considerably reduced since the advent of the recent American tariff on imported shoes, and also because of the fact that due to the very low prices for leather and labor in America more low-priced shoes have been made in our own factories.

Until 3 years ago we were able to export a great many shoes to Mexico, but their own manufactures, protected by a very high tariff, have completely cut off this country, and this applies to the other countries mentioned above as well.

As a result of the industrial activity in Japan during 1932, a large number of small manufacturing concerns have been established particularly in the industrial center of Osaka and around Tokyo According to the Tokyo metropolitan police board, the net gain in small factories in Tokyo during the 6 months ended November 1932, totaled 311, while Osaka statistics indicate an increase of approximately 1,000 in that city during 1932. Only about 4,600 additional people, however, were employed by the new factories in Osaka.

Industries showing the greatest increase include metal, machinery, electric, gas manufacturing, printing, dyeing, and spinning. In Osaka the metal-working trade accounted for 246 new plants during the year, and those engaged in work connected with the production of small cast-iron pipe and aluminum utensils increased by 175. There were 83 more small plants producing electric bells and batteries, special mechanics tools, and agricultural instruments, and 39 more producing items used by shipyards and car foundries.

The Japanese Cotton Spinners' Association reports that the number of spindles in its mills throughout Japan increased during 1932 by 472,516, bringing the total to 7,848,494, reported as the greatest advance in any single year since 1923, when additional spindles had to be installed to maintain capacity after the regulations prohibited night work.

Government figures include only factories having 5 or more operatives and a very large number of small organizations of the household type are operated by less than 5 people. Factories having more than 5 operatives, however, increased from 44,590 on January 1, 1932, to 43,881 by the end of the year. This figure compared with 42,008 factories on January 1, 1931, and 39,660 on January 1, 1930 (pp. 200, 201).

The charge, I understand, made in this debate that propaganda opposed to the bill has been maintained by threatened industry, is not serious if true, because any business threatened with heavy loss or possible death may be forgiven in its effort to prevent destruction. On the contrary, there appears the effort of internationalism voiced by the Associated Press that on the day this bill was brought on the floor of the House for discussion gave releases to a long series of telegrams from countries throughout the world where the Associated Press, surrounded by foreign interests desiring to participate in the world's greatest market, gave to friendly reporters abroad their wishes on the subject.

Read in brief, it indicates that practically every country wishes to obtain favored admission to our markets. Nothing could be more responsive to the wishes of interests looking for the finest market in the world. The evidences of such desires that must come about through lowering of American tariffs is shown by this adjoined Associated Press article. No one doubts the truth of these wishes. Internationalism, pure and simple, has found in the American Government, with its generous loaning of American lives and of public or private money, an illustration of the easy methods by which we sacrifice our own interests for Europe and the world at large.

It will be noted, however, that in every case the foreign government interested fails to give any specific evidence of benefits to accrue to the United States from the reciprocal agreements to be had by lowering of our tariff walls. Soviet Russia, Germany, Italy, Poland, Spain, and other countries with their dictatorships, that represent over half the population of Europe, are all closely knit, self-contained governments. Great Britain, with her recent Ottawa Pact, is likewise independent of the world. Our munition makers and cotton growers are welcomed by the hands across the

sea, but what are the American people to receive in return? South American countries in like manner look to our markets for their raw products, and in so doing disclose the prospect that awaits America when new manipulators of the American tariff structure succeed under the proposed bill. The following is the article:

COUNTRIES AWAIT UNITED STATES TARIFF MOVE—TRADE-RECOVERY PLANS HELD IN ABEYANCE—NATIONALISM SEEN DYING

NEW YORK, March 23.—Hopeful of a real recovery in international commerce, world-trade centers say the degree of improvement may depend mainly on what sort of moves President Roosevelt makes.

They manifest much interest in his tariff-bargaining program and express the opinion it may be the cornerstone for a revival of world business.

They see the era of economic nationalism drawing to a close and perhaps its replacement by an era of a mutual exchange of products or plain tariff bargaining.

SURVEY WORLD-WIDE

This is shown by a far-flung survey made by the Associated Press through its hundreds of correspondents in all parts of the globe.

Government officials and trade experts in nearly every country were asked to state an opinion on the prospects for an upturn in world business. They were asked particularly to outline what they believe to be the possibilities for increased trade with the United States.

Almost without exception, the replies were emphatic on one point—that President Roosevelt apparently holds the key to a revival of trade, and the programs of many important nations were revealed to be in definite suspense until he puts his plan into operation.

Mr. Roosevelt has requested that Congress grant him tariff-bargaining powers. With these powers he would list two duties for each article of commerce, and would grant the lower of the two duties to any country in exchange for similar concessions for American products.

MANY COURSES MENTIONED

Officials questioned in the survey mentioned many ways of increasing trade, including reciprocity pacts, bargaining for mutual concessions, barter of goods, and exchanges of specified products.

The status of trade in the leading countries and the possibilities for increased trade between the United States and those countries—what the prospects are for revival of American foreign trade—follow:

Russia plans to send a special trade mission to the United States soon to explore the American market. The Soviets, though needing credit, think they hold the whip hand in negotiations for a reciprocal deal, because Russia is no longer so dependent on foreign equipment and machinery.

Americans in France say Mr. Roosevelt's tariff program should greatly stimulate Franco-American business and "is the brightest promise for increased sales in France in years."

All British commercial leaders are watching the moves of Richard Washburn Child, Mr. Roosevelt's European trade ambassador, and see in his visit to London a new maneuver to increase British-American business.

NEW AGREEMENT EXPECTED

German officials expect Mr. Roosevelt to suggest a new commercial agreement calling for reciprocal tariffs, replacing the 1925 treaty, which is subject to denunciation by either country this year.

Italy would like a barter or exchange arrangement, and experts said a deal might be arranged for an exchange of Italian wine and silk for American cotton and films.

Barriers against American exports to Spain could be removed by a bilateral accord settling long-standing differences between the two countries, Spanish and American officials in Spain say.

Turkey's 5-year industrial plan probably will mean a jump in American sales there, especially of machinery.

Switzerland wants a "give-and-take" agreement, and officials suggest an exchange of watches, cheese, liquors, and chocolate for American automobiles and radios.

Argentina specifies the United States take more of its exports, including meats, before there can be more American sales in that country. A new mutual accord is awaited.

GREATER IMPORTS SOUGHT

A Brazilian-American trade agreement is being negotiated, and new American concessions there are anticipated. America buys three times more from Brazil now than it sells there. Americans want a bigger share of the import trade.

Trade with Mexico has jumped, but officials indicate the free-trade zones in Lower California may be closed if and when national industries are founded there. A new trade pact is under way, and mutual concessions are hoped for.

Cubans and Americans are working to revise the 1902 treaty with a new accord. Cubans want preferred treatment for their sugar if they grant sales concessions there to Americans.

Japan is engaged in a great movement for supremacy in certain lines of trade, especially textiles; and the entire world is watching the low-price competition against British, American, and other goods manufactured with higher costs.

The Austrians are so interested in mutually increased commerce with the United States that they have a trade mission in this country at the present time. Austria and Hungary will be aided by Italy under the new tripartite protocols signed in Rome last week, and trade between the three countries will be mutually benefited.

One of the most illuminating statements made before the Ways and Means Committee in the brief hearings had on this bill came from Chairman O'Brien, of the Tariff Commission. The statement was inserted in the record after his testimony and so escaped immediate notice but in that statement he records over 60 specific products which he claims can be raised more efficiently or at a lower cost in other countries than ours, and, in addition, he says there are several hundred others. The inference from that statement, which is taken from page 119 of the hearings before this committee on this bill, indicate that Mr. O'Brien, if called upon to pass judgment on reduction of tariffs on cheese, eggs, tomatoes, fruit, and many other articles specifically named would unhesitatingly reduce the tariff so as to permit other countries to ship their products to the United States.

Bearing in mind that Switzerland and other dairy countries are anxious to get their products into the United States under this unreciprocal tariff bill and thereby undermine the cheese, poultry, and other industries on which the dairy-men and farmers of Wisconsin depend, it is a warning in advance of the scope of this bill. Representatives in Congress having in mind the protection of their constituents who produce some of the items set forth in the list, are thus warned of what will occur if this bill becomes law. I have referred to the fact that under the 7-cent duty on cheese, Switzerland, a gold-standard country, is now shipping 95 percent of all our cheese imports into this country, and if after the reduction of 40 percent in the difference in value of the American dollar and Swiss coin reducing the cheese duty to less than 5 cents, that under the powers given in the bill the President of the United States on advice of Secretary Wallace, O'Brien, and others can reduce the protective duty on cheese, including Swiss, 50 percent, or to less than 3 cents per pound, where the last tariff act, under which Switzerland is now importing 95 percent of our cheese imports under a 7-cent duty.

I do not believe that the cheese factories in my State, which number thousands in the aggregate, including a hundred or more in my own district, will look with favor on a bill that proposes to drive them out of business when brought into competition with the cheaper labor of Switzerland. Eggs, poultry, and vegetables generally will swamp the big cities when these rates are reduced to enable foreign countries to get into our home markets.

No witness has disclosed any particular benefit to our people generally that can be brought by imports into this country from foreign governments to compete with our own domestic products. That will clearly occur under this bill, and I am protesting against its provisions in the name of the dairy people of my own State and the people of all States who will be indirectly injuriously affected by this wholesale reduction in tariff duties without notice, without determining the cost of production here and abroad. It means placing all American industries under the control of a single individual, the President, who delegates that power to his advisers, and has no more active connection with the administration of the law than the average Member of this House. The list submitted by O'Brien, of the Tariff Commission, of products more efficiently manufactured or grown in other countries is herewith attached.

Dutiable articles more or less noncompetitive and with respect to which foreign countries possess advantages

Partial list of articles appearing in list no. 9 of the Tariff Commission's report to the Senate in response to Senate Resolution 325, Seventy-second Congress, second session:

Dye, stains, and colors; menthol; olive oil, edible; cosmetics and toilet preparations; China and porcelain ware; graphite; optical instruments; stained or painted glass windows; marble in blocks; manganese ore; tungsten ore; woven-wire cloth; pocket cutlery; safety razors; safety-razor blades; surgical instruments; shotguns; watch movements; cane and beet sugar; wrapper tobacco; filler tobacco; cigarette tobacco; cheese; eggs, oysters; oil cake and oil-

cake meal; edible berries; dates; grapes; limes; olives; peaches; almonds; soybeans; beans; peas; tomatoes; cucumbers; eggplant; long-staple cotton; cotton handkerchiefs; flax; crin végétal; carpet wool; silk fabrics; straw hats; brooms; dolls and toys; machine-made laces; hides and skins; women's and children's gloves; sponges; crayons; cameras; and several hundred other articles.

The minority report on delegation of power is so great that I feel justified in offering it as a concluding paragraph to these remarks—

MINORITY VIEWS

Mr. TREADWAY, in behalf of the minority, submitted the following minority views:

SUMMARY OF OBJECTIONS

For the following reasons, among others, the minority are unable to support the bill (H.R. 8687) giving the President the power to fix tariff duties and to enter into reciprocal trade agreements with foreign nations without public notice or hearing or subsequent ratification thereof by Congress:

1. It delegates to the President discretionary legislative power in tariff making—not simply an administrative power to apply a definite formula laid down in advance by Congress, such as is given under the present flexible tariff provisions—and thereby provides for an unconstitutional delegation of the supreme taxing power of Congress, contrary to what a prominent Democrat has called "the plainest and most fundamental provisions of the Constitution."

2. It has no counterpart in past legislation, Republican or Democratic, since in each previous reciprocity measure Congress has either fixed in advance the concessions or retaliations the President might use as a basis for negotiation, or it has reserved the right to both the House and Senate to approve or reject any treaty or agreement entered into by him.

3. Any previous legislation giving the President authority to put a prescribed legislative policy of Congress into effect upon the finding by him that a certain state of facts existed is no precedent for giving him the power under similar conditions to put into effect rates of duty which he himself prescribes.

4. If the expansion of our foreign trade seems desirable, it should be accomplished by existing constitutional means.

5. Although the bill attempts to lend itself a color of constitutionality by a recitation that it is an emergency measure, yet by its own terms it has unlimited life, indicating that it is, and is intended to be, permanent legislation.

6. It contemplates the abandonment of the principle of protection for domestic industry, agriculture, and labor by allowing existing duties to be modified without reference to the difference in cost of production of domestic and foreign articles.

7. It strikes at the very heart of the President's own recovery program, and is wholly inconsistent with it, because any lowering of tariffs such as is scheduled to follow the enactment of the bill will further depress our great agricultural industry thus subjected to foreign competition and will make it impossible for domestic producers operating under industrial codes to compete with the resulting influx of cheap foreign goods produced by the pauper labor of Europe and the Orient, where living standards and production costs are far below those of this country.

8. It places in the hands of the President and those to whom he may delegate his authority the absolute power of life and death over every domestic industry dependent upon tariff protection, and permits the sacrifice of such industries in what will undoubtedly be a futile attempt to expand the export trade of other industries.

9. While no one would question the good faith and high purpose of the President in any action he might take under the powers conferred, such as the determination that a particular industry was not entitled to tariff protection, the fact is that he will not be able personally to give his attention to the negotiations incident to the conclusion of the contemplated trade agreements, but will be compelled to rely upon others whose opinions as to what is for the best interest of the country and the industries affected would not be entitled to the same measure of respect as his own.

10. The bill gives no indication as to what domestic industries may be put upon the auction block in the negotiation of foreign trade agreements, nor were any of the accredited representatives of the administration appearing before the committee willing to give such an indication except in the most general and meaningless terms.

11. It provides no opportunity for domestic industries to be informed or heard with reference to any proposed Presidential tariff changes, even though their very existence is at stake.

12. In view of the apprehension which will constantly exist in the minds of all domestic producers over the possibility that their respective industries may, without notice or hearing, be sacrificed overnight for some alleged or passing advantage to an export product, the bill is not calculated to aid in the restoration and rehabilitation of domestic industry at large but does contain serious possibilities of disastrous consequences.

13. It presumes to give advance congressional approval to any trade agreements into which the President may enter, however injurious may be their effect upon any domestic industry or industries, thus making it impossible for Congress to rescind his authority except by passing new legislation over his veto, which would require a two-thirds vote of each House and would at the same time place this Nation in the position of violating a completed and binding international agreement.

14. Instead of promoting our export trade where possible by such methods as the imposition of countervailing or retaliatory duties on noncompetitive foreign articles now enjoying free entry into the domestic market, such as silk, coffee, tea, rubber, etc., the bill contemplates the granting of tariff concessions on dutiable foreign articles coming into competition with domestic products. The minority feel that instead of destroying branches of domestic agriculture and industry, the two thirds of our imports now coming into this country duty free could well be used as a lever to secure favorable consideration for our exports in world markets.

15. The increased importation of competitive foreign goods will displace equal quantities of our own products, thus adding to the unemployment in the industries so affected and to overproduction.

16. Any hoped for increase in domestic exports as a result of permitting increased foreign imports will be largely illusory, since foreign countries will naturally buy in the cheapest market no matter how much of their goods we import, and unless we can meet world production costs and are prepared to sell at world prices we cannot compete in world markets. For this reason the export trade we might gain will not offset the domestic trade we are bound to lose.

17. Foreign countries in most instances have the advantage in reciprocal bargaining, because their rates are generally known to be "padded" for trading purposes.

18. The bill fails to take account of the changed economic conditions throughout the world as evidenced by the nationalistic policies of all nations and the tendency of the agricultural countries to develop home manufactures and the manufacturing countries to produce so far as possible their own foodstuffs, the result of which has been a drying up of the Old World markets.

19. It holds out the forlorn hope of increased foreign markets for our surplus products in the face of the well-known fact that they can be exchanged only for agricultural and industrial products with which we are already abundantly supplied.

20. The bill overemphasizes the importance of our export trade, the value of which in 1929 was but one tenth that of the total domestic production of movable goods and one seventeenth the amount of the national income. This clearly illustrates the fact that domestic prosperity is more dependent upon the home market than the foreign market, since it consumes 90 percent of what we produce and is responsible for approximately 95 percent of the national income.

21. It ignores the fact that this Nation is the world's richest market, with one half the business of the world being done within its borders. Foreign countries, however, are not insensible to this fact and will be insistent upon participating in this great market with no appreciable return benefit to our own people or home industries.

22. It erroneously presupposes that foreign trade consists of dollar-for-dollar exchange between two nations, when as a matter of common knowledge it follows much the same course as domestic business, each nation selling its surpluses wherever it can find a demand for them, and buying in the cheapest market such articles as it does not produce, all without reference to the balance of trade with any country.

23. It is based upon the false premise that the decline in international trade is the cause, rather than the effect, of the depression. Our own experience shows us that the foreign trade of this country, both in imports and exports, was constantly on the increase up to the time of the 1929 crash.

24. To abandon our present policy of equal tariff treatment for all nations in favor of bilateral concessions to individual countries is a backward step which can only serve to breed further tariff wars and thus result in retaliation and discrimination against our goods in many foreign markets.

DISCUSSION

Here is the tariff bill that if passed by Congress will enable the President, through his advisers without notice or publicity, to change thousands of tariff rates by unreciprocal agreements:

H.R. 8687

A bill to amend the Tariff Act of 1930

Be it enacted, etc., That the Tariff Act of 1930 is amended by adding at the end of title III the following:

"PART III—PROMOTION OF FOREIGN TRADE

"SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public in the present emergency, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States or that the purpose above declared will be promoted by the use of the powers herein conferred, is authorized from time to time—

"(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

"(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly, except that nothing in this section shall be construed to prevent the granting of exclusive preferential treatment to articles the growth, produce, or manufacture of the Republic of Cuba: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

"(b) As used in this section, the term 'duties and other import restrictions' includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports."

SEC. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of section 336 of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this act. The third paragraph of section 311 of the Tariff Act of 1930 shall not apply to any agreement concluded pursuant to this act with any country which does not grant exclusive preferential duties to the United States with respect to flour.

(b) Every foreign trade agreement concluded pursuant to this act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than 3 years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than 6 months' notice.

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, the first act passed by Congress and signed by George Washington was a tariff act. Since then protection to American industry and to American labor has been a national policy. It was established on the principle that this Nation could not build up its industries in the presence of unlimited competition from abroad.

The statesmanship of that day recognized that unrestrained competition among nations must of necessity establish a natural standard of wages. Washington and Jefferson reasoned that a natural standard of wages was the wages of the worst-paid laborers that exist on the face of the globe. One hundred and forty years ago they saw that in the fierce struggle of universal competition—

Those whom the climate enables, or misery forces, or slavery compels to live the worst and produce cheapest will necessarily beat out of the market and starve those whose wages are better.

They saw it as—

A struggle between the working classes of all nations which shall descend first and nearest to the condition of the brutes.

The purpose of H.R. 8687 is to delegate legislative power to the President to fix tariff rates. Such power, if granted, will place the life and death of every industry at the mercy of the "brain trust." It will be an arbitrary power, from which there can be no appeal, no review, regardless of the disaster a blunder in judgment may bring to any group, either of agriculture or industry. To be more specific, the President, under this proposed legislation, will have the power to enter into reciprocal trade agreements with foreign countries to lower our present tariff rates in return for similar concessions made by them. The plan is to first have the "brain trust" classify our industry and our agriculture each into two groups, namely, the efficient and the inefficient. Those industries in this country that the "brain trust" classifies as inefficient are to be marked for slaughter. These inefficient industries are to be sacrificed to enable

foreign countries to supply us with the goods which our so-called "inefficient industries" have heretofore manufactured here at home.

The same procedure under this bill is to be applied to agriculture.

The "brain trust" has laid down a definite rule by which to determine the inefficient industries that are to be proscribed for gradual extinction. The rule provides that all industries on which the present tariff rates exceed 50 percent ad valorem and the articles of which the imports represent less than 5 percent of domestic production shall be classed as inefficient. Here are a few of the groups that are under sentence of death by the "brain trust": Chemicals, oils and paints, earth, earthenware and glassware, metals and manufactures of, wood and manufactures of, agricultural products and provisions, spirits, wines, flax, hemp, jute and manufactures of, papers and books.

It is urged by the "brain trust" that any industry that cannot produce and sell goods in this country as cheaply as similar goods can be produced abroad and sold here is an inefficient industry. Furthermore, it is urged by the advocates of this measure that to permit 120,000,000 people to buy in the cheapest market will be to their advantage.

This theory overlooks the fundamental economic fact that the true gain of every country is ample wages to the laborer. The laboring classes are the nation; they are the producers; and they are the greatest consumers. It is their expenditures that have made our own market the greatest and best cash market in the world. Moreover, the "brain trust" ignores the fact that in the fierce struggle of universal competition, extending over the whole earth, the wages of labor must be everywhere beaten down to the worst-paid laborers in the world. The industrious American workman must starve unless he will consent that he and his wife and children shall be as badly fed, clothed, and lodged as the most wretched of his foreign competitors.

To buy in the cheapest foreign market under a rule of unrestricted competition will soon reduce the purchasing power of the United States to the level of that nation which pays the lowest wage.

It was asserted by the advocates in the hearing held on this bill that if each country produced what it is by nature fitted for, industry will everywhere be more productive and everybody will have more. Again, let me repeat that the great mass of labor is the greatest consumer; that under the economic theory advanced in support of this bill the laborer, instead of having more, will be driven to compete with the most wretched competitors, from which it logically follows that he will have less, because his purchasing power will be infinitely less. Furthermore, if our new domestic policy is to be formulated on the theory that the country that can produce the cheapest shall have free access to our market, then it becomes perfectly clear just what branches of agriculture are marked for the revolutionary guillotine.

Let us take up one by one a few of the proscribed inefficient groups:

DAIRY PRODUCTS

I mention the dairy business in the United States because many States quite recently have had some experience with the "brain trust" touching this agricultural activity. The dairy industry, measured with the yardstick of the "brain trust", stands convicted, without trial, without the right of appeal or benefit of clergy, as an inefficient industry. Looking at the different climates and different capabilities of countries, our dairymen cannot compete with the nations which Nature has endowed more highly than our own for raising cattle. Because our dairymen cannot produce butter, cheese, or milk so cheaply as Russia, Brazil, Argentina, New Zealand, Denmark, Sweden, Finland, British India, and Australia these countries should be invited to supply the United States with dairy products, according to the "brain trust." These countries have in the aggregate over 260,000,000 cattle.

Let us take one of the smaller dairy-producing countries. New Zealand is a good example. She is small, estimated to have an area about equal to that of Pennsylvania, Illinois,

and half of Rhode Island. She has developed a large export business. I might add that when New Zealand first engaged in the export trade, the foremost British economists in their zeal for free trade assured the British farmers that there could never be any reason for them to fear overseas competition. Now New Zealand, although 11,000 miles from London, places her farm products in the London market at a lower price than the English farmer, located just outside of London, can place a similar product there.

A number of the New Zealand cooperative dairy factories have set up a marketing board in conjunction with the cooperative wholesale society of Great Britain. This board handled in 1 year butter and cheese in excess of \$525,000,000 in value.

Although located half way around the world from its chief market, the New Zealand farmer receives on the farm approximately 81 percent of the wholesale price for his butter in London. It is claimed by an American expert that the Wisconsin dairy farmer, located 10 times nearer the market, gets a much smaller proportion of the wholesale price for his produce.

Due to a mild and moist climate the New Zealander can pasture his cattle on luxuriant grass the year round. It has excellent soil, plentiful rainfall, numerous stock-watering creeks and rivers. The summers are never hot enough to burn up the grazing land, and its winters never so cold that stock has to be housed.

New Zealand has excellent internal transportation facilities and low rates. She has 17 natural ports so deep that ocean-going ships can safely come up to the docks.

Government figures show that New Zealand has 900,000 dairy cows in North and South Islands alone. There are fully 27,000,000 acres of land not adapted to grain raising which affords excellent pasture. Liberal aid is given by the government to encourage the dairy industry. Advances are made by the State to dairy companies for the purpose of buying land, erecting buildings, and buying machinery. The debt must be repaid in 15 years. The latest figures I have available show that there are 214 butter factories and 400 cheese factories in operation. The 214 butter factories and 400 cheese factories annually prepare for export 20,000 tons of butter and 60,000 tons of cheese, in addition to the quantities reserved for home consumption. Most factories are equipped to make either butter or cheese as the season or the markets dictate.

New Zealand is watching for new markets for her dairy products. Her land policy was adopted with this in view. Land is divided into three classes. For the first-class lands the sale price is \$5 an acre, for the second class not less than \$2.50 an acre, and third class not less than \$1.25 an acre. The third class is comparable to dairy land in the United States. The holdings are limited to 666 acres of the first class, 2,000 acres of the second class, and 5,000 acres of the third class. The man who leases land with a view to buying has 25 years in which to pay off the debt. The tax laws are framed to help the farmer. Large exemptions are allowed where the farm is mortgaged. Absentee landlords and shareholders in land companies pay 50 percent higher tax than do those who live on the farm.

I have mentioned the dairy industry of this small country and its potential possibilities for expanding the dairy business when and if it can gain access to a larger market. Should the "brain trust" be able through a series of trade agreements to succeed in destroying the 604,837 inefficient dairy farms in our 10 leading dairy States, upon which some 30,000,000 people depend for their livelihood, what a wave of prosperity would sweep over this great country of ours. These families could all emigrate to New Zealand and there produce butter to ship to the United States.

The theory that each country produce what it is by nature best fitted for so that industry will everywhere be more productive, and everybody will have more is only a phantom. Under this theory many countries would cease to produce at all.

At this point, I want to insert a chart to show a list of the countries that have an exportable surplus of butter and

cheese. Each or all of these countries is now willing to enter into a trade agreement to exchange its surplus butter or cheese for some of our manufactured goods.

The table is taken from the March 1931 issue of the *International Review of Agriculture*. I have been unable to get later information.

Butter and cheese exports of principal countries, 1926-30
[In thousands of pounds]

Country	1926	1927	1928	1929	1930
BUTTER					
Denmark	292, 119	315, 725	325, 714	350, 620	372, 582
New Zealand	130, 820	163, 026	162, 353	183, 879	209, 881
Australia	83, 018	75, 341	112, 355	102, 917	126, 325
Estonia, Latvia, Lithuania	45, 356	50, 085	59, 240	68, 873	97, 964
Netherlands	100, 430	105, 716	103, 488	104, 325	92, 374
Irish Free State	56, 099	65, 649	62, 656	62, 836	58, 864
Sweden	33, 353	40, 697	38, 658	54, 983	58, 864
Argentina	64, 235	46, 810	44, 183	36, 811	48, 943
Finland	29, 127	33, 237	29, 489	36, 610	37, 699
Poland	12, 232	16, 261	24, 194	33, 248	26, 676
Russia	59, 409	73, 066	71, 626	57, 846	26, 015
France	11, 040	23, 556	24, 835	16, 713	12, 125
CHEESE					
Netherlands	185, 709	214, 568	203, 002	211, 237	206, 794
New Zealand	163, 693	167, 195	175, 537	197, 777	201, 944
Italy	72, 948	70, 079	80, 467	72, 413	80, 910
Canada	134, 657	110, 604	114, 151	92, 945	67, 021
Switzerland	61, 972	75, 059	62, 695	69, 735	65, 918
France	31, 481	30, 470	41, 813	40, 325	39, 022
Denmark	15, 345	11, 645	13, 417	14, 513	12, 566

To better visualize what the "brain trust", if it applies its measure of inefficiency, would destroy in one domestic industry I shall insert a table showing the value of milk produced by States in 1931:

Farm value of milk produced (1931)
[Thousands of dollars]

Maine	15, 778
New Hampshire	9, 462
Vermont	25, 017
Massachusetts	24, 461
Rhode Island	4, 250
Connecticut	20, 895
New York	144, 710
New Jersey	23, 618
Pennsylvania	105, 648
North Atlantic	373, 839
Ohio	70, 108
Indiana	48, 082
Illinois	79, 362
Michigan	63, 724
Wisconsin	137, 921
East North Central	399, 197
Delaware	3, 575
Maryland	20, 251
Virginia	27, 066
West Virginia	19, 198
North Carolina	30, 027
South Carolina	14, 821
Georgia	21, 824
Florida	10, 417
South Atlantic	147, 179
Minnesota	88, 088
Iowa	67, 454
Missouri	46, 762
North Dakota	21, 730
South Dakota	22, 454
Nebraska	30, 607
Kansas	40, 600
West North Central	317, 695
Kentucky	28, 743
Tennessee	24, 908
Alabama	25, 410
Mississippi	20, 023
Arkansas	20, 072
Louisiana	15, 727
Oklahoma	32, 788
Texas	63, 777
South Central	231, 448
Montana	10, 686
Idaho	12, 423

Farm value of milk produced (1931)—Continued

[Thousands of dollars]

Wyoming	4, 152
Colorado	13, 594
New Mexico	4, 592
Arizona	6, 532
Utah	7, 698
Nevada	1, 793
Washington	27, 054
Oregon	20, 010
California	85, 882
West	194, 414
United States	1, 663, 772

At a time when the dairy industry has been suffering from a surplus there was imported from all countries cheese as follows:

	Pounds	Value
1931	46, 308, 316	\$10, 244, 619
1932	43, 925, 721	9, 838, 483
1933	37, 672, 267	8, 115, 848

POULTRY

Why should great trains move across this continent loaded with poultry and eggs to supply the great cities of the Atlantic seaboard? China is the greatest poultry-raising and egg-producing country in the world. Why not let China supply this country with eggs. Our farmers cannot compete with her in price. The "brain trust" knows that China had state poultry farms, and also incubators, 200 years before such a device was known in the United States. The best of Chinese labor for poultry raising can be obtained for 2 or 3 cents an hour. Remove our present tariff rates on eggs and egg products and they can be laid down in our market by China at prices many times below the cost of production in the United States. The egg export business is highly organized in China. Numerous state farms hatch millions of chickens. These small chicks are sent out hundreds of miles from the seaport towns into the interior. Every Chinese family keeps poultry. The hens and the farmers live in the same mud house and occupy the same rooms. Along the roads 200 miles from the seaports can be seen men hurrying along, each with a huge basket in which is packed 5 bushels of eggs. These are delivered to the big egg factories. The eggs are put on endless belts and conveyed to tables, at which are seated hundreds of Chinese girls. On the table in front of each girl is a horizontal knife.

The eggs are removed from the belt and cut in half; then the yolk is thrown into one vat and the white into another. One girl will handle 5,000 eggs in a day. When the vats are filled, the contents of each is churned separately until of the right consistency. Next the yolks are poured onto superheated rollers and revolved until all moisture is driven off. The whites are put on separate rollers. Then the dried eggs are removed from the rollers and immediately packed in tin boxes holding about 120 pounds; these are hermetically sealed ready for export. China exports more eggs than any other nation in the world. Until our tariff act gave protection to our farmers, China supplied many of our bakers and candy makers with egg products.

Measured by the yardstick of the "brain trust", China should supply this country with eggs. Our poultry men should retire from the field.

Some of us do not agree that the poultry industry is inefficient, that in spite of any economic advantage China may possess, the business of the poultry men should not be destroyed to gain some imaginary economic advantage. The poultry industry in the United States at present ranks fourth in the farm value of its products. Its relative place among agricultural commodities is shown, as follows:

Milk	\$1, 663, 772, 000
Hogs	1, 354, 030, 000
Corn	1, 258, 313, 000
Chickens	1, 040, 388, 000
Cattle and calves	999, 023, 000

Cotton and cottonseed.....	\$790,515,000
Wheat.....	566,231,000
Oats.....	463,708,000
Potatoes, white.....	348,362,000

The value of chickens on hand in the United States, April 1, 1930, has been estimated at \$321,624,749. The value of eggs produced in the United States in 1929, including chickens, turkeys, ducks, and geese, was estimated to be \$647,725,650. The combined total of the value of the three items, namely, chickens on hand, the value of the eggs produced, and the value of all poultry raised, is \$1,768,611,555.

THE WOOLGROWERS

I have a protest against the passage of this bill from the secretary of the Wool Growers Association. The speed with which this measure was introduced, hearings held, and then reported did not give time for the woolgrowers to appear before the Ways and Means Committee to enter protest. Why are they objecting to this bill? They know that under the formula laid down by the "brain trust" the wool producers in the United States come within the group known as "inefficient." The woolgrowers here cannot exist without a high tariff. Other countries are better adapted to raising sheep. Most of the sheep ranges of the United States are on dry and poor land where the pasturage at times burns out or dries up. Why bother about wool when just to the south of us, in Argentina, Buenos Aires is the largest wool market in the world? It is through this market that the wool from 80,000,000 sheep is handled annually. A census shows 10 sheep to each inhabitant in Argentina. Next to Australia, Argentina is the world's largest sheep producer.

The testimony offered at the hearings in support of this bill stressed the potential possibilities of trade with South America. Those who appeared declined to specify the particular products we were to receive in return for our goods. Can it be possible that wool was overlooked?

WHEAT

Wheat has become an inefficient product in the United States. It requires a large protective duty, and it has ceased to be a factor on the world market. It can be grown in other countries at a lower cost.

The "brain trust" knows that from now on the United States cannot compete successfully with those nations where soil, climate, and low-cost labor can produce all that we need in the United States. The dominant factor in reciprocal trade agreements is 120,000,000 consumers in the United States, at least, so we were told by the proponents of this bill.

Here are the facts upon which the "brain trust" can base its conclusions. Until 1890 the United States occupied a highly favorable position in wheat production. Our country was known as "the bread basket of Europe." About 1890 Russia entered the wheat market. She increased wheat production by four times from 1890 to the outbreak of the World War. Canada increased wheat production from 56,000,000 bushels in 1900 to 232,000,000 bushels in 1913. Argentina increased her production by 31,000,000 bushels in the years just preceding the World War. These four countries, with a limited population and an unelastic market, poured their products into the world market. Canada produced 567,000,000 bushels of wheat in 1928. It is upon these facts and the further forecast of the Agricultural Department that a possible wheat area 800,000,000 acres, or perhaps 10 times the present area can be put into production, that the "brain trust" can find wheat growing in the United States an inefficient industry.

Measured by ideal climatic conditions, virgin soil, cheap labor, low transportation costs the "brain trust" can find abundant opportunity to eliminate many groups of American agriculture.

VEGETABLES

It is reported that our Ambassador to Cuba is now investigating conditions there to ascertain what vegetables Cuba could trade for products of the United States. A glance at Cuban exports to the United States during the year 1932 indicates clearly several vegetables that will be offered under a trade agreement:

Exports to United States from Cuba (1932)

	Pounds
Beans, green or in brine.....	3,671,175
Potatoes, white.....	2,031,170
Tomatoes.....	25,559,827

Negotiations are now being had with Mexico to determine on what basis a trade agreement can be made. It has been found that Mexico can ship an additional 20,000 or 30,000 carloads of fresh vegetables annually. Such a trade agreement will tend to depress the price of vegetables in the United States to the great injury of a branch of agriculture that is now suffering from low prices. Tomatoes will be one of the chief products Mexico will have to offer us.

Some years the beet-sugar growers receive for their crop \$100,000,000. This money is spent in the United States. It is spent by the 72,000 farmers who receive it. How is it spent? Part of it is paid to 159,000 farm hands, 85 percent of whom are Americans, employed in growing the crop. This supports a local market. The whole \$100,000,000 is in reality exchanged for things made or produced in the United States. It constitutes a part of the spendable income of the Nation. This sum of \$100,000,000 when spent in the United States feeds, houses, and clothes the workmen and their families and pays the employers.

It does more than this; it creates new markets at home. The sugar-beet growers have created a market for coal, for limerock, for cotton bags, for mill machinery, for railways, for coke, for cotton duck, for farm machinery. These are only a few of the markets created by this one industry. These markets thus created are stable markets close at hand and not subject to the vicissitudes of revolutions, wars, or change in foreign policies. When you wipe out the sugar-beet industry you destroy a series of home markets. A transfer of the pay roll of the sugar-beet industry to Cuba destroys the amount invested in the sugar-beet industry in the United States. You transfer the pay roll to Cubans who may or may not purchase from the United States in as great a volume as the sugar-beet farmers did before they were driven out of business. Assume that the Cubans do purchase just as much in the United States as our beet-sugar men spent here, our Nation has not gained. It has lost by the exchange.

Surely no man can successfully claim that it will make any gain for this country as a whole to transfer this industry and the series of markets it supports to a foreign country. Such a transfer of the sugar industry to Cuba transfers the \$100,000,000 our farmers received and spent here at home. Our farmers have \$100,000,000 less to spend here; Cuba has it to spend over there.

The disaster does not end when the sugar-beet industry is destroyed. Those who depended on this industry for a livelihood are pauperized and set adrift without a raft to keep them afloat. Oh, but, the advocates of this bill say, let them turn their hands and their capital to some new employment. To find productive employment for our home people in fields not already overcrowded presents a problem of supreme difficulty. It has challenged the attention of statesmen and economists for several thousand years, and no solution has yet been found for it.

There will be no benefit to the consumer by destroying the beet-sugar industry. Once give foreign nations a monopoly of the sugar supply, and the consumers of our country will pay whatever price foreign producers choose to ask. That was proven in 1920. Let us assume for argument that it would reduce the price 2 cents a pound. Would our Nation gain? I say that for every dollar the individual might save our Nation would lose \$99 in spendable national income. This is incontrovertible.

It is worth while to examine into the philosophy of those who advocate a measure so far-reaching as the one now before us. The bill must have for its purpose the projecting of a new national policy in harmony with the economic creed of those who urge its enactment. One of the most ardent supporters of this bill is the Secretary of Agriculture. On page 12 of his book, *America Must Choose*, he states:

If we are going to increase foreign purchasing power enough to sell abroad our normal surplus cotton, wheat, and tobacco at a

decent price, we shall have to accept nearly \$1,000,000 more goods from abroad than we did in 1929. We shall have to get that much more in order to service our debts that are coming to us from abroad and have enough left over to pay us a fair price for what we send abroad.

It is quite apparent that some of the administration proponents of the bill see in it an instrumentality to sacrifice inefficient domestic industries to enable foreign nations to pay their debts.

Then the Secretary proceeds to be more specific as to the extent he would displace our industries to achieve his international purpose. Following the statement last quoted he proceeds:

This will involve a radical reduction in tariffs. That might seriously hurt certain industries, and a few kinds of agricultural business, such as sugar-beet growing and flax growing. It might also cause pain for a while to woolgrowers and to farmers who supply material for certain edible oils. I think we ought to face that fact. If we are going to lower tariffs radically, there may have to be some definite planning whereby certain industries or businesses will have to be retired. The Government might have to help furnish means for orderly retirement of such businesses and even select those which are thus to be retired.

No group in industry or in agriculture is to have any advance notice as to when or how it is to be retired. Under the terms of the bill, one man, acting upon the advice of the "brain trust", can barter away an industry or an agricultural group with any foreign country for some fantastic or supposed advantage, without an opportunity for these sacrificed groups to be heard or a chance to appeal.

The Secretary of Agriculture warns the farmers that unless they are willing to accept the international doctrine he proclaims, then the only alternative is nationalism. The manner in which he would enforce nationalism is best expressed in his own language. I quote from *America Must Choose*:

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer for every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture and apply to it a combination of an Esch-Cummins Act and an Adamson Act. Every plowed field would have its permit sticking up on its post.

Here is the implied threat that unless the people of this Nation sacrifice their domestic market, which now consumes 90 percent of all that is produced in this country, to foreign nations at the expense of our own industries and our own agriculture, then the Government will be compelled to step in and run the private business of each individual.

Such a delegation of legislative power as is asked for in this bill, if granted, will be the most abject surrender of the fundamental rights of the people that has taken place in the history of the United States. It will place these rights beyond the power of review, recall, or appeal, except by a two-thirds vote of the House and of the Senate.

Every trade agreement entered into will invite international friction and complications. The recent negotiations between Great Britain and Japan looking to a trade agreement has set in motion a train of explosive events, the repercussions of which cannot now be accurately forecast. The machinery now provided in the Federal Constitution is adequate for negotiating and ratifying such treaties as may be necessary without recourse to dictatorial power vested in one man.

You may be interested to know that recently a conference was held at the Department of Agriculture, to which were invited on short notice the tomato growers from all over the country, to see if an agreement could be arranged with the canners to pay a price that would enable growers to realize at least the cost of production for their tomatoes. It is now proposed to enter into a reciprocal trade agreement and flood this country with tomatoes from Mexico and Cuba.

I now call your attention to a list of inefficient industries published in the hearings, and the Members who are inter-

ested in small industries and various agricultural groups should review this list.

Mr. TREADWAY. Before the gentleman brings that up, will he designate where the list comes from?

Mr. SAMUEL B. HILL. It comes from the reciprocal trade agreements hearings before the Ways and Means Committee, at page 119.

Mr. EVANS. But where did it come from?

Mr. REED of New York. It is furnished by the Tariff Commission and is headed:

Partial list of articles appearing in list no 9 of the Tariff Commission's report to the Senate in response to Senate Resolution 325, Seventy-second Congress, second session.

One of the first is dyes, and others are stains, colors, menthol, woven-wire cloth, pocket cutlery—many towns in my district are supported by cutlery factories, but they are classed here as inefficient.

Safety razors, safety-razor blades, surgical instruments, shotguns, watch movements, cane and beet sugar, cheese, eggs, grapes—there are 30,000 acres of grapes in my district, and we all know how many there are in California and a dozen other States.

Beans, peas, tomatoes, cucumbers, eggplant—we raise eggplant in large volume in our section of the country. Dolls and toys, which the Secretary of Agriculture talked about, stating that Germany would take our lard and we would take their toys.

Cameras—there have been two large industries developed since we put a slight tariff on films.

Practically every Member here comes from a town that has a chamber of commerce. There are some 3,000 or 4,000 of them in the United States. The local people pay dues to their chamber of commerce, and one of the functions of almost every chamber of commerce, whether it is a proper function or not, is to see if a new industry can be developed in the community which it represents. Many of them, after a period of years, have succeeded in rehabilitating some industry in the town or in establishing some new industry or in building up one through the vocational-school system. They are very proud of such local industries.

Of course, such an industry cannot compete with a similar industry in Germany or in some other foreign country. This is utterly impossible, because over there their wages are low and their hours are long; and under the N.R.A. here, what chance would one of these industries have to compete with a similar industry abroad? You are running face-on into a community effort of some three or four thousand communities in the United States when you start out to destroy these little industries which are the lifeblood of many communities.

I see a gentleman sitting over here who comes from a splendid town up in Michigan. The other day he brought in a report from the chamber of commerce, which he presented to me with great pride. I read it. The citizens of this small city were very proud of the fact that they had established another industry to replace one that had failed. This was a record for the town. They had restored the pay roll to the town. The industry so established is vital to this particular community, and this instance can be multiplied 1,000 times over the entire country, and yet the Tariff Commission has listed hundreds of industries that are the lifeblood of the different communities of this country to be destroyed under these reciprocal trade agreements.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BROWNING. Mr. Chairman, I have asked for this time in order to have read a letter from the national commander of the American Legion, and I ask that the Clerk may read this letter which I send to the desk.

The CHAIRMAN. Without objection, it is so ordered.
The Clerk read as follows:

THE AMERICAN LEGION,
March 27, 1934.

MY DEAR CONGRESSMAN: The morning newspapers state that President Roosevelt proposes to veto the independent offices appropriation bill, containing amendments to the veterans' disability laws which incorporate, in substance, three points of the Legion's four-point program.

Inasmuch as the President plans to leave Washington today, it is likely that the House of Representatives will vote upon the veto prior to his departure. In this event, we believe the Congress should understand the points at issue affecting World War disabled, from the viewpoint of the American Legion. There being insufficient time to address a letter to each Member of the House, I would appreciate your securing permission to read this letter from the floor, for the information of the Members.

There were originally three points at issue affecting the disabled. The hospitalization point has already been substantially granted by Presidential regulation, so all that has remained on this has been to enact it into law. This has left two points, contained in the bill before you, which have not been granted by Presidential regulation, and concerning which differences of opinion have existed.

The first point has had to do with restoration of the payments received by the entire service-connected World War disabled group. This cost has been estimated at \$31,308,000 by the Veterans' Administration, although the Legion has believed that the cost would be substantially less than this sum.

The second point concerns eligibility to service connection for World War disability, and affects some 29,000 so-called "presumptives." The first year's cost of this proposal has been estimated by the Veterans' Administration at \$10,900,000.

I will now discuss briefly the first point, that affecting restoration of the rates of pay received by the World War disabled group, concerning whom everyone admits there is no doubt that World War service disabled them. The types of afflictions which have disabled this group can be roughly subdivided into four groups, which are, veterans suffering from tuberculosis, from neuropsychiatric disease, from general medical and surgical afflictions, and the amputation cases.

The monthly payments received by these groups under the World War Veterans' Act, as compared to the amounts they receive under the Economy Act, have been calculated by the Veterans' Administration for the Legion, and they are herewith submitted for your consideration. It must be kept in mind that all of these rates affect only direct service-connected war disabilities, and are given in averages for each group concerned.

Tuberculosis: The old rate was \$59.91 a month. The new rate is \$41.95 a month, or a monthly reduction under the Economy Act of \$17.96.

Neuropsychiatric disease: The old rate was \$56.28 a month. The new rate is \$38.86 a month, or a reduction in the monthly pay of this group of \$17.42.

General medical and surgical: The old rate was \$34.31 a month, while the new rate is only \$27.54 a month, a reduction of \$6.77.

Amputations: The disabled composing this group are nearly all battle casualties. The average rate of pay last year was \$68.24 a month. This has been reduced under the Economy Act to \$58.62, a cut of \$9.62.

The differences in the rates of pay have been slightly increased because of the hospitalization conditions in the two laws. Under the World War Veterans' Act a veteran who was only partially disabled received payments while in hospital for total disability, thus temporarily increasing his pay.

Under the Economy Act all service-connected veterans have their compensation substantially reduced while in hospital. This hospitalization factor has tended to increase the divergence between the rates of pay, especially affecting the two groups which have required the greatest proportionate hospitalization—the tuberculosis group and the neuropsychiatric group.

I think you gentlemen will recall that during the debate of the Economy Act a year ago, it was repeatedly stated in the Congress that nobody planned and nobody desired that the veterans who had been admittedly disabled by their World War service should have one cent taken away from their disability compensation. Yet we find now that, notwithstanding the increases which have been made by Presidential regulations, substantial amounts have been taken away from the war disabled which I have just set forth.

The Legion does not now believe, nor have we ever believed, that it was the desire of the American people or the American Congress to reduce so sharply the Government's payments to the admittedly World War disabled.

President Roosevelt, in addressing our national convention at Chicago last October, told the Legion the following in connection with this group:

"Furthermore, it is my hope that, insofar as justice concerns those whose disabilities are, as a matter of fact, of war-service origin, the Government will be able to extend even more generous care than is now provided under existing regulations. It is to these men that our obligation exists."

So much for the restoration of service-connected disability payments which the Legion has sought and provision for which is made in the independent offices bill now once more before you.

This bill, however, contains certain exceptions to a blanket restoration of payments, exceptions which the Legion itself has

advocated. So, as a matter of fact, although the bill would in theory restore the old payments, it would not do so in all cases.

I now come to the second point at issue, which is the third point in the Legion's program—that of restoration of eligibility to service connection as it existed prior to the Economy Act.

This concerns the 29,000 so-called "presumptives", 90 percent of whom are World War veterans suffering from tuberculosis or neuropsychiatric disease, men whose disabilities had been connected with their service under laws in existence since 1921, subsequently twice amended insofar as the presumptive date was concerned.

These men constitute 58 percent of a group of presumptives who had their service connection broken under the Economy Act, but whose cases were subsequently reviewed by the Presidential veterans' review boards.

Everyone has recognized that unsatisfactory results have been obtained from these boards. Some of them restored as many as 75 percent of the presumptive cases reviewed. Others restored only 24 percent. It has been apparent to all that such a wide divergence in results could not provide even-handed justice for the disabled veterans involved.

These men, for the most part, have received Government protection for an average of 10 years. They have ordered their lives upon what they believed to be a governmental guarantee of their security. The Economy Act and the subsequent review-board actions have swept this away. Without Government assistance, the situation of thousands of these men will be pitiful indeed.

Senator BYRNES, of South Carolina, who was in charge of the bill in the Senate, offered to restore these men to the service-connected rolls at 75 percent of their former payments. This offer was made presumably on behalf of the administration. It proposed a temporary restoration only, with payments to be made until review of the cases on appeal could be had by the newly created veterans' appeal boards.

The cost of this proposal was estimated at \$10,900,000 a year, or the exact same yearly cost which would be incurred to restore this group to the rolls permanently. The point at issue between the administration's plan and the Legion's plan was this: Under the administration's plan the appeals board would pass upon the veterans' eligibility to service connection, under the very same rigid and restrictive rules and regulations of the Economy Act, through the operation of which they had their service connection broken a year ago.

Service connection is difficult to establish 10 or 12 years after a disability has developed. Thousands of these men are insane and are confined in the Government hospitals. Other thousands now lie upon their backs upon beds for the tubercular. There is small opportunity for either class to now prove their direct service connection. It was this very difficulty which the Congress had in mind when on its own initiative it enacted the presumptive legislation, for the Congress realized even then the difficulty of proving service connection in many thousands of cases.

The Legion has not believed that governmental justice could be obtained under the plan advocated by Senator BYRNES. We have therefore asked that the burden of proof be placed upon the Government and not upon the disabled men. We ask, in effect—and the bill before you provides this—that the Government restore this comparatively small group of disabled men to the service-connected rolls, where the Government cannot show that the veteran acquired his disability before his World War service or after his World War service. The Legion estimates that this would retain on the rolls about two thirds of this group of presumptives. The Legion does not ask restoration where the showing referred to can be made by the Government; but lacking such proof on the Government's part, the Legion has asked that these men be restored their service-connected eligibility.

These, then, are the two main points for which the Legion has been contending in the independent offices bill, and it is our hope that the Congress may secure a clear understanding of our contentions before voting upon the veto proposal.

Very respectfully yours,

E. A. HAYES,
National Commander.

HON. GORDON BROWNING,
House of Representatives, Washington, D.C.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. IMHOFF].

Mr. IMHOFF. Mr. Chairman, I desire to say a word in support of this bill and to touch upon the present situation of one of the largest industries in my district, that of the pottery industry, and the possible remedial effects of the passage of this bill upon said industry.

It is well known that we export only about 10 percent of our products, and the other 90 percent is consumed under ordinary conditions by our own people. However, during the last 3 or 4 years our export trade has fallen off, and at the same time the purchasing power of our people has been lowered to such an extent that the situation has been reached where one of two things must be done, either production must be greatly curtailed or there must be a devel-

opment of foreign markets. In fact, it may be necessary to do both.

In my opinion, if these conditions can be remedied, it will entirely solve the biggest problem that has confronted the American people for the last 3 years, that of domestic unemployment, and which is the very essence of the economic emergency in which we have been floundering.

Many of our industries under these conditions, and in spite of the high tariff rates imposed by the Tariff Act of 1930, have been helpless and at a standstill. There are some instances where the tariff rates ought to be lowered, and there are other instances where they ought to be raised. To try to correct this situation by having Congress enact an entirely new tariff act, with its endless schedules, its delays, and its inability to cover individual and special cases by general provisions, would, in my opinion, fail to bring the relief that must be brought, and that quickly.

As an example of what would happen, should this Congress enter upon a general overhauling of the Tariff Act of 1930, you need only refer to the time consumed in the passage of former tariff bills. Another concrete reminder is the hapless path of the independent offices bill, that has been kicked from pillar to post for the last 3 months.

This bill proposes to vest in the President the power to regulate the admission of foreign goods into the United States in accordance with the interests of American industry and at the same time, through trade agreements, develop markets for the products of American industry. Under the provisions of the bill the President could negotiate trade agreements that would be beneficial to both countries concerned; in other instances, where he found existing duties acting as a restriction to foreign trade, he could decrease such duties to the extent of 50 percent, and it is my understanding that in any case where the duty was not sufficiently high to give the required protection to any American industry, he could increase the duty to a maximum of 50 percent.

It seems to me that the divers difficulties confronting our foreign trade are such that the method proposed in this bill is the most logical, the quickest, and the most effective way in which the task could be accomplished. The President needs no argument in behalf of his leadership. The accomplishments and achievements of the first year of his administration stand as a monument to his leadership, to which you or I could add nothing; and, as a result of that leadership, the American people have given him, regardless of party, their confidence as they have given no man in your time or mine.

I have no qualms about intrusting this great and important task to the President of the United States.

The moves to be made to rehabilitate American industry and to relieve unemployment must be made as soon as possible. This bill provides that way.

It has been said here that it is dangerous to place so much power in the hands of one man; that the provisions of this bill casts scientific procedure to the winds and throws the whole industry of the country open to the whims of one individual. It appears to me that much of the effect of such pronouncements is eaten up by the fact that the individual referred to is Franklin D. Roosevelt. [Applause.] Then, again, I wish to remind you that since last June the President, under the provisions of the National Industrial Recovery Act, has had about the same power as is granted in this bill. Under section 3 (e) of the Recovery Act the President is given power to limit importations of foreign goods, and upon his own motion to issue an absolute embargo. During the last 9 months since the enactment of this law there is not a single instance where this power has been abused or used to the detriment of any industry.

I am interested in this bill because I feel that under its provisions one of the largest industries in my district, the pottery industry, would be rehabilitated, and the thousands of employees, who have been walking the streets for 3 years, would be placed to work and enabled to provide the necessities of life to their families.

The pottery industry, as compared with other industries, is a small industry, but it is one of the largest in my district,

and of the utmost importance to the men who have invested millions of dollars in the business, and to the thousands of employees who have given the best years of their lives to perfecting themselves in this line of employment.

During the last 3 or 4 years on account of the depreciation of the Japanese yen, and the notoriously cheap labor in Japan, the Japanese have been able to dump Japanese chinaware by the millions of dozens into this country and sell it at a figure far below the cost of production in our own plants. Encouraged by a subsidy on the part of the Imperial Government the pottery interests of Japan have increased their imports the last few years until last June the importations reached the enormous figure of 705,716 dozens; in July, 704,162; in August, 711,152; in September, 749,489; and in October, 768,489 dozens.

In direct proportions to the increase in the Japanese importations the sales of the industry in this country have fallen off.

For example:

The sales for 1929 were \$33,488,000.

The sales for 1930 were \$27,572,000.

The sales for 1931 were \$23,300,000.

The sales for 1932 were \$16,385,000.

In other words, the sales for 1932 were 51 percent less than for 1929.

This situation is impossible and intolerable, and I would be traitorous to my constituency, and to the men who have given the best part of their lives to the development of this industry, if I should not exert every effort to secure legislation and Executive action that will bring relief.

I believe that the provisions of this bill will so fortify the powers given the President under the National Recovery Act that through one or the other the pottery industry and other industries that have been driven to the wall by the unfair and intolerable competition of Japanese importations will be enabled to at least compete in the open market, make a reasonable profit, and place the thousands of men back to work who have walked the streets for 3 years.

I do not care how this is accomplished, whether it is done by placing Japanese importations on a quota, placing a higher duty on such importations, or by declaring an absolute embargo. I am in favor of whichever will give the quickest and most effective results. If we are to place industries suffering from such competition on the high road to recovery, some such action must be taken. They have a right to expect it, and you and I have a right to demand it. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 8687) to amend the Tariff Act of 1930 and had come to no resolution thereon.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On March 25, 1934:

H.R. 3554. An act for the relief of Pinkie Osborne.

On March 26, 1934:

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial canvassing board, defining its duties, and for other purposes; and

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United

States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

On March 24, 1934:

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

On March 26, 1934:

H.J.Res. 207. Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products; and

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

On March 27, 1934:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes; and

H.R. 6604. An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes.

VETO OF THE INDEPENDENT OFFICES APPROPRIATION BILL (H.DOC. NO. 291)

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes." I am impelled to do this on a number of grounds, any one of them sufficient to require disapproval of the bill.

In March 1933 the Congress passed, and I signed, "An act to maintain the credit of the United States Government." This law became one of the principal pillars of national recovery for the clear reason that for the first time in many years the recurring annual expenses for the maintenance of the Government were brought within the current revenues of the Government. It is true that very large but wholly distinct funds are being dispensed daily for emergency purposes, but these funds are going directly to the purpose of saving farms, saving homes, and giving relief and employment to millions of our fellow citizens. They are nonrecurring in nature, while the increases contemplated in this bill are continuous and permanent.

Furthermore, the Budget submitted by me to the Congress on January 4, 1934, laid down a definite program of expenditures and a definite estimate of receipts. Because of the emergency expenditures for relief and unemployment, the expected total deficits this year and in 1935 are necessarily large; but at the same time a program for a completely balanced Budget by June 30, 1936, was determined upon as a definite objective.

This bill exceeds the estimates submitted by me in the sum of \$228,000,000. I am compelled to take note of the fact that in creating this excess the Congress has failed at the same time to provide a similar sum by additional taxation. Moreover, to the extent that the amount of money appro-

priated by the Congress is in excess of my Budget estimates, and in the absence of provision for additional revenues there must be a decrease in the funds available for essential relief work.

This bill increases the compensation for employees of the United States Government \$125,000,000 over my Budget estimates for this purpose. I have great sympathy for the employees, but I cannot forget that millions of American citizens are today still without employment, and reduction in the compensation of Federal employees has been and still is on the average less than the reduction in compensation that has been patiently endured by those citizens not in the employ of the United States Government.

Let me be specific. This bill makes a portion of the restored compensation retroactive to February 1, 1934. I believe it unwise to establish this precedent, and I cannot overlook the serious administrative difficulties involved in paying back pay to individuals, many of whom are no longer in the employ of the Government.

The bill also contains several discriminatory provisions, such as paying employees in some departments of the Government 48 hours' pay for 40 hours' work.

In submitting the Budget estimates last December I recommended compensation restoration of 5 percent for the next fiscal year. The cost of living seems to be rising slowly. The present authority is not responsive enough to changing conditions. I, therefore, shall be glad to confer with the Congress on improving the methods of restoring Federal pay so that in actual practice the pay will keep ahead of the cost of living increase instead of lagging behind. Adjustments can well be made immediately on the passage of appropriate legislation followed by more frequent adjustments in the future.

I come now to the provisions in this act relating to World War veterans. First let me speak of principles. Last October I said this to the American Legion convention:

The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.

The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated and not connected with that service.

It does mean, however, that those who were injured in or as a result of their service, are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country.

I am very confident that the American people, including the overwhelming majority of veterans themselves, approve these principles and in the last analysis will support them.

Applying them to the provisions of this bill, I cannot give it my approval.

Last year it was determined—and I had hoped permanently—that a service-connected disability is a question of fact rather than a question of law. In other words, each individual case should and must be considered on its merits, and there is no justification for legislative dicta which, contrary to fact, provide that thousands of individual cases of sickness which commenced 4, 5, or 6 years after the termination of the war are caused by war service. Therefore local boards were established—boards on which three out of the five members were in no way connected with the Veterans' Administration and on which two thirds of those serving were ex-service men. These local boards approved disallowances in the case of 29,000 veterans and these decisions were unanimous in 94 percent of the cases. Not content with that, I created a board of appeals, the majority of which again are in no way connected with the Veterans' Administration and a majority of which are ex-service men. This board is now engaged in hearing appeals of those cases disallowed by the local boards.

A few weeks ago I gave approval to an amendment, the purpose of which was, pending the determination of their appeals, to restore to the rolls at 75 percent of their compensation those veterans in whose cases the presumption of service connection was disallowed by the local boards. This, however, was rejected in the Congress. I intend now by regulation forthwith to direct an appeal by the Administrator of Veterans' Affairs in each and every one of these disallowed 29,000 cases with the further direction that in the final determination of these cases every reasonable doubt be resolved in favor of the veteran, and every assistance be rendered in the preparation and presentation of these cases. While these cases are pending the veterans will be paid 75 percent of the compensation they received prior to the time they were removed from the rolls. If the appeal is allowed, they will receive back compensation. Only in cases disallowed by the board of appeals will the veteran thereafter be permanently removed from the rolls. This regulation will be put into effect at once.

By reason of the fact that many totally and permanently disabled veterans have been the recipients of benefits from their Government for a long period of time, it is difficult in the event of a disallowance of service connection by the final board of appeals to remove them completely from the rolls. Existing regulations, therefore, provide that if their cases are disallowed, and if they are found to be totally and permanently disabled, they shall, notwithstanding fundamental principles enunciated, if in need, receive \$30 a month and domiciliary care and hospitalization.

It is a simple and undeniable fact that the United States, in terms of compensation and in terms of hospitalization, has done and is doing infinitely more for our veterans and their dependents than any other government.

I come now to the provisions of the bill relating to Spanish-American War veterans. To this group of ex-service men I have devoted much thought. Because of their age, they command sympathy. Nevertheless, we must recognize also that many abuses have crept into the laws granting them benefits.

The Spanish-American War veterans' amendment to this act provides for service pensions. This violates the principles upon which benefits to veterans should be paid and the principles to which I have referred in this message. Moreover, if that principle should in the future be applied to the World War veterans at the same rate as contemplated for Spanish-American War veterans by this bill, the annual and continuing charge upon the people of this country by 1949 will amount to more than \$830,000,000 for that item alone. This would be in addition to the large cost of all existing veterans' benefits and future hospitalization. This I cannot approve.

However, I am today directing the restoration to the rolls of those Spanish-American War veterans who in 1920 were receiving pensions as a result of having sustained an injury or incurred a disease arising out of their war service.

By regulation 12 a presumption of service origin was extended to Spanish-American War veterans on the rolls on March 19, 1933. In order to take the same action which I am taking in regard to World War veterans, I am directing the restoration to the rolls, as of this date, at 75 percent of the amount they were receiving on March 19, 1933, all Spanish-American War veterans pending a final determination of their cases before the Board of Appeals.

Without going further into all of the details relating to the treatment—past, present, and future—of Spanish-American War veterans, it seems sufficient to repeat that I am wholly and irrevocably opposed to the principle of the general service pension, but I do seek to provide with liberality for all those who suffered because of their service in that war. As in the case of World War veterans, I shall not hesitate to further alter or modify the regulations in order that substantial justice may be done in every individual case.

What you and I are seeking is justice and fairness in the individual case. I call your specific attention to the fact that since the original regulations were established a year ago actual experience has shown many cases where these

regulations required modification. I have not hesitated to take the necessary action and have issued regulations which have made many changes. These changes, based on principles of justice to the individual veteran, involve additional expenditures of approximately \$117,000,000. It goes without saying that I shall not hesitate to make further changes if the principles of justice demand them.

On the basis of the original regulations following the Economy Act, the annual cost to the United States of veterans' relief was \$486,000,000. Since that time by Executive order the addition of \$117,000,000 increases to \$603,000,000 the total cost for veterans' relief for the fiscal year 1935.

My disapproval of this bill is not based solely on the consideration of dollars and cents. There is a deeper consideration. You and I are concerned with the principles herein enunciated. I trust that the Congress will continue to cooperate with me in our common effort to restore general prosperity and relieve distress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

The SPEAKER. The objections of the President will be spread upon the Journal and printed as a public document. The question is, Will the House upon reconsideration agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked the indulgence of the House for this simple reason. This morning a great many Members on this side of the Chamber came to me and said they hoped consideration of this veto message would go over until tomorrow, that they might have an opportunity to calmly read and digest the message of the President. They felt that it was only fair under the circumstances, in view of the importance of this matter. I told them I thought that was a fair proposition, and so far as I was concerned, I was willing and anxious to have it go over until tomorrow. In addition to that, there are several Members unavoidably absent who are on their way back here. I think the vote should go over until tomorrow, but I am not going to make a motion or ask for a postponement of the vote, in view of the fact that those in charge of the bill wish to take up the matter now. So far as I am personally concerned, I am perfectly willing that that may be done. It is up to the House whether they will consider it now. I am ready to vote on the proposition.

Mr. WOODRUM rose.

The SPEAKER. The gentleman from Virginia is recognized.

Mr. SNELL. Mr. Speaker, will the gentleman from Virginia yield for a question?

Mr. WOODRUM. Yes.

Mr. SNELL. How much time does the gentleman expect to take up in the discussion of this veto message?

Mr. WOODRUM. It is my purpose to make a very brief explanation of what I understand the veto message to contain, and to answer, if I can, any questions that Members may want to ask me in order that we may understand as clearly as possible what is involved in the message, and then to move the previous question.

Mr. SNELL. If there is going to be any general debate, several Members on this side would like to have time.

Mr. WOODRUM. There is not going to be any general debate.

Mr. SNELL. There is to be nothing except what the gentleman is going to state?

Mr. WOODRUM. No; but I shall be glad to answer any legitimate questions any Member on either side of the aisle desires to ask me.

Mr. Speaker, I ask the indulgence of my colleagues that I may endeavor to discharge a duty that I have to perform on this occasion. My only purpose in being here is because, as the Member of the House in charge of the bill, it is my duty to be here. My only desire is to give to my colleagues such

information as I may possess, and then it is the duty and the responsibility of every one of us, individually as well as collectively, to discharge our duty.

When Congress a year ago passed the bill commonly known as the "economy bill", we conferred upon the President of the United States in that instance, as well as we have in many other instances, very broad and sweeping powers to deal with veterans' benefits. I think it is agreed by all of us, as it has been understood by the Chief Executive, that the practical operations of the first regulations passed under the Economy Act were too drastic, that they made cuts where cuts had not been intended, that cuts were very much more drastic than had been intended, and that the practical operation of it was not satisfactory. I emphasize to my colleagues and recall to them the fact that since the first regulations under the Economy Act were made—and I cite this as an evidence of the desire and purpose of the President to try to mete out substantial justice to the veterans as he understands it—those first regulations have been changed in something between 40 and 50 particulars, reinstating and reallocating for veterans' benefits something more than \$117,000,000, that was taken away by the Economy Act. Many of those changes and regulations were made as a result of the activities of the Members of Congress. There is no question about that, and there is no pride of opinion in the matter. When the matter was up last session, all of us remember, a committee of veterans of the House, embracing in its Membership both sides of the aisle, I think, working on this matter. They waited upon and conferred with the President, and the whole matter was gone over. The side of the veterans was presented to the Chief Executive, and, as a result of that, something like between forty and fifty million dollars additional concessions were made, principally as a result of the activities of the House; and so, some of the concessions today being made, regardless of what action shall presently be taken upon this bill, I think may reasonably be traced to the very aggressive interest shown by the Congress in the veterans.

No matter how you shall presently vote on this veto message today, an Executive order will be signed putting back on the rolls the 29,000 presumptive cases, putting them back, ordering a review in each case, under more sympathetic conditions, and paying, pending the appeals, 75 percent of the funds they were getting when they were cut from the rolls. That is substantially what the so-called "Byrnes veterans' amendment" in the Senate amounted to.

Mr. KVALE. They are placed back temporarily until they have an appeal?

Mr. WOODRUM. That is correct.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Just let me further answer the question of the gentleman from Minnesota. It is a little more than that, because the President by his Executive order is directing an appeal in every one of those cases. It has developed that some of the veterans, possibly not aware of their right to take an appeal, who were stricken from the rolls in presumptive cases, have not yet taken an appeal in their cases, but the President has directed by Executive order, or is directing by Executive order, an appeal in each one of those cases, and that affirmative action be taken to take up the cases and secure all available evidence, and has further directed that every doubt shall be resolved in favor of the veteran.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANTON. The fact is that the bill now before us carries approximately \$150,000,000 less than it did when it first came back from the Senate. We have forced it to be reduced about \$150,000,000. Is not that the fact?

Mr. WOODRUM. I think so, approximately.

Mr. BLANTON. Is it not further a fact that if this veto is sustained, unless there can be legislation brought in here and passed before July 1, all salaries of Government employees are automatically restored 100 percent on July 1, and by passing this bill over the President's veto we will prevent our own salaries from being fully restored on July 1? It

would require legislation to prevent cuts from being fully restored.

Mr. WOODRUM. That is correct.

Mr. BLANTON. Then, in order to prevent all salaries from being restored automatically on July 1, it is necessary to pass this bill now, is it not?

Mr. WOODRUM. I do not agree with the gentleman; no.

Mr. BROWNING. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BROWNING. I believe all of us feel that the boards out in the regional offices were just as liberal as they could be under the regulations. When the appeal board here reviews those cases to determine whether they stay on or go off entirely, will they be subject to the same regulations as the boards were in the field, or will the regulations under which they consider it be liberalized, so that some more of the men may be granted service connection by the central board?

Mr. WOODRUM. As I understand, the President's Executive order is for the purpose of trying to bring about more uniformity among the decisions of the boards in the field. Those of us who have looked at the statistics have found great variation. Regional boards in one district would have a much higher percentage of allowance, and so forth.

The President, by Executive order, is bringing every case before his central board for rereview under his own scrutiny, and under more liberal provisions, and upon that, putting the presumptive cases back upon the record.

Mr. BROWNING. On what does the gentleman base his statement that there are more liberal provisions? I have never heard of one.

Mr. WOODRUM. The gentleman knows that when a case goes to the central board of appeals from the regional board the first step in the procedure is that the case is reviewed to see whether or not there is any possibility of obtaining more evidence. That is done in the Bureau. That is actually being done. There is personnel in the Veterans' Bureau whose prime purpose it is to take that case and see whether or not there is evidence that has been mentioned, or that it is possible to obtain, that will help that veteran's case, or can be put into his folder. The evidence is built up and the evidence secured and put into his folder before the case is brought up for appeal. The veteran may appear personally or by counsel, or both, if he desires. So it seems to me he has more opportunity to perfect his case. The President has said to his central board of appeals, "Bring the case up and open it up again, and if there is any evidence or any facts or any circumstances that will throw light on the matter and assist us in arriving at the truth, it must be brought in." And upon all of that consideration every doubt must be resolved in favor of the veteran.

Mr. BROWNING. Of course, every doubt being resolved in favor of the man was written into the law by Congress; but when it is brought here and the proof is made up, it is considered under the same rigid regulations that it was considered under in the field. I do not believe the gentleman can cite us one liberalization of a single regulation under which they are considered by the central board.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. WEIDEMAN. The gentleman has stated that in theory the veteran is supposed to get the benefit of every document in his file that would lead to the establishment of his case. I am informed on reliable sources from veterans and other organizations that that is not done; that the Veterans' Bureau leans backward and does not help the veteran, but they conceal from him all the information that would lead to the establishment of his claim. As far as I am concerned, I do not have confidence in the reviewing boards.

Mr. WOODRUM. The gentleman ought to get the facts in that case and take them to the President. That is what he should do. If they are treating him like that, he should take it to headquarters.

Mr. O'MALLEY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. O'MALLEY. With all of this complexity of the veterans' problem, does not the gentleman think it would be better for the American people, better and fairer for the veteran, if their standing should be a matter of law and not a matter of regulation? [Applause.]

Mr. WOODRUM. It is a matter of law. We specifically provide in the law that when the President issues regulations they are edicts of law. It is a matter of law. There is no question about that.

Mr. TABER. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TABER. Is it not true that the difference between the regulations which the President has told us he was promulgating and the bill which we passed, is that the burden of proof is placed on the soldiers by the regulation which has been put into effect, while the burden of proof is put on the Government to throw them off, by our bill? Is not that the difference on the presumptives?

Mr. WOODRUM. No; I do not think that is a fair statement of the difference in the regulation.

Mr. MOTT. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MOTT. Does the gentleman know of any instance of liberalization of regulations by the President where that action has not been brought about by pressure upon the President, either by Congress or by the people?

Mr. WOODRUM. Oh, yes; I think there have been many liberalizations in the regulations.

Mr. MOTT. Where he has done it voluntarily?

Mr. WOODRUM. Of his own motion; yes. The President is just as much interested as the Members of Congress are interested in it.

Mr. MOTT. I know of no such instance where he has made such liberalization.

Mr. WOODRUM. The gentleman has not kept himself informed.

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. KENNEY. Does the gentleman know that France has not cut benefits to her veterans during these years of depression?

Mr. WOODRUM. I may say to the gentleman from New Jersey that I have been so busy trying to keep up with what is being done for our veterans in America that I have not had a chance to get over to France to find out what is being done there.

Mr. KENNEY. The gentleman will agree with me, I believe, that America is a richer country by far than France, and has twice the population?

Mr. WOODRUM. I think it is the best country on the face of the earth. We can agree on that.

Mr. KENNEY. Does not the gentleman think we ought to consider the same means by which France has been enabled to continue benefits to her veterans?

Mr. WOODRUM. I think we have considered that and that the Congress of the United States has been generous with the veterans of this country.

Mr. KENNEY. Now, does the gentleman know any reason, or does he know any Member of this House who has any reason, why we should not consider, and consider at once, the question of putting through this Congress a bill for a national lottery that would quickly raise the funds necessary to restore to veterans and their dependents the full benefits they were receiving before the passage of the Economy Act? [Applause.]

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CONNERY. I should like to say to my friend from Virginia that it seems to me one point has not been brought out in all this discussion, and that is the fact that there are thousands of presumptive cases in the country today who were far better soldiers in the line of battle than the directly service-connected cases, because these presumptives would not go to the hospitals even after being disabled, while the service-connected veterans did go and thereby

had hospital records to prove connection with service, and today under any regulation these presumptives cannot prove service connection, although they were better soldiers than some of those who are service connected and now on the rolls. [Applause.]

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SISSON. I wish to ask the gentleman from Virginia with respect to the Spanish-American War veterans—

Mr. WOODRUM. I am coming right to that subject and will explain it, I hope, to the gentleman's satisfaction.

Just one other word about the presumptive cases. I should like to say to my good friends on the Republican side that of course I expected them to be very impatient to get to this vote; but I am just a little bit concerned about the gentlemen over here on this side at the present moment. [Laughter.] I am not looking to you gentlemen, I will say, in all good nature and good spirit, for very much help. [Laughter.] But I do want just a few words with my brethren over here. [Laughter.]

Now, Mr. Speaker, about the presumptive cases. This Executive order puts them back on the rolls pending these reviews. There is going to be another Congress; we will be here again. [Laughter and applause.] At least, I hope we will all be here again.

The gentleman from New York asked me about the Spanish War veterans. The President's Executive order with reference to Spanish War veterans puts them all back on the roll as of today at 75 percent of what they were receiving on March 19, 1933, pending a review of their cases. He directs reviews in all these cases the same as in the presumptive World War cases.

With respect to the pay cut, the message, as I understood it, read from the Clerk's desk, takes the position that the Budget message recommended a 5-percent restoration as of July 1. The President, however, is asking for a more flexible and a more responsive method of determining rising costs of living. I want to direct this last word that I have to say to these gentlemen: God knows I do not have a personal interest in the world in this matter. I have tried to discharge the duty resting upon me as best I could; but I want to say to you, my Democratic brethren, right here on this side of the aisle, that it is a serious proposition we are called upon to pass on. I shall not undertake to tell you what to do or what not to do; but I want to say this to you: I do not think any of us can minimize or should minimize the effect on this Nation if the time has come—and God grant that it has not—when we cannot out of 300 Democrats find 150 that will vote with the President on a matter of such vital importance to his program.

Mr. SISSON. Mr. Speaker, if the gentleman will yield, he has not yet answered my question about the Spanish War veterans.

Mr. WOODRUM. Will the gentleman state his question?

Mr. SISSON. Am I right in my understanding that for the Spanish-American War veterans to be restored to the rolls they must have service-connected disability in effect prior to 1920?

Mr. WOODRUM. The gentleman means for them to be permanently restored to the rolls?

Mr. SISSON. Yes.

Mr. WOODRUM. That is correct.

Mr. SISSON. I thank the gentleman.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. WOODRUM. A vote of "yea" is to pass the bill over the President's veto and a vote of "nay" is to sustain the President's veto?

The SPEAKER. That is correct.

Mr. WOODRUM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

The question was taken; and there were—yeas 310, nays 72, not voting 50, as follows:

[Roll No. 116]

YEAS—310

Abernethy	Douglass	Kleberg	Reed, N.Y.
Adair	Doutrich	Kloeb	Rich
Adams	Dowell	Kniffin	Richards
Andrew, Mass.	Doxey	Knutson	Richardson
Andrews, N.Y.	Driver	Kopplemann	Robinson
Arens	Duffey	Kramer	Rogers, Mass.
Arnold	Dunn	Kurtz	Rogers, N.H.
Auf der Heide	Durgan, Ind.	Kvale	Rogers, Okla.
Ayers, Mont.	Eaton	Lambertson	Rudd
Ayres, Kans.	Ellzey, Miss.	Lamneck	Sanders
Bailey	Eltse, Calif.	Lanzetta	Sandlin
Bakewell	Englebright	Larrabee	Schaefer
Beiter	Evans	Lea, Calif.	Schuetz
Black	Faddis	Lee, Mo.	Scrugham
Blanchard	Farley	Lehibach	Sears
Blanton	Fish	Lehr	Secrest
Bloom	Fitzgibbons	Lemke	Seger
Bolleau	Fitzpatrick	Lesinski	Shallenberger
Boland	Fletcher	Lewis, Colo.	Sinclair
Bolton	Focht	Lindsay	Sirovich
Britten	Foss	Lloyd	Sisson
Brown, Ga.	Foulkes	Lozier	Smith, Wash.
Brown, Mich.	Frear	Ludlow	Smith, W.Va.
Browning	Fuller	Lundeen	Snell
Brunner	Fulmer	McCarthy	Somers, N.Y.
Buck	Gambrell	McClintic	Spence
Burke, Calif.	Gasque	McCormack	Stalker
Burnham	Gavagan	McFadden	Strong, Tex.
Busby	Gifford	McFarlane	Stubbs
Cannon, Mo.	Gilchrist	McGrath	Sullivan
Cannon, Wis.	Gillespie	McGugin	Sutphin
Carmichael	Glover	McKeown	Swank
Carpenter, Kans.	Goldsborough	McLean	Sweeney
Carpenter, Nebr.	Goodwin	McLeod	Swick
Carter, Calif.	Goss	McMillan	Taber
Carter, Wyo.	Granfield	McSwain	Tarver
Cartwright	Gray	Maloney, Conn.	Taylor, Colo.
Cary	Greenway	Maloney, La.	Taylor, S.C.
Castellow	Griffin	Mansfield	Taylor, Tenn.
Cavichia	Griswold	Mapes	Terrell, Tex.
Chapman	Guyer	Marshall	Thomas
Chase	Haines	Martin, Colo.	Thomason
Chavez	Hamilton	Martin, Mass.	Thompson, Ill.
Christianson	Hancock, N.C.	Martin, Oreg.	Thompson, Tex.
Church	Hancock, N.Y.	May	Thurston
Clarke, N.Y.	Hart	Mead	Tobey
Cochran, Pa.	Hartley	Meeks	Traeger
Coffin	Hastings	Merritt	Treadway
Colden	Healey	Millard	Truax
Collins, Calif.	Henney	Miller	Turner
Collins, Miss.	Hess	Mitchell	Turpin
Colmer	Higgins	Monaghan, Mont.	Vinson, Ga.
Condon	Hildebrandt	Montet	Vinson, Ky.
Connery	Hill, Knute	Morehead	Wadsworth
Connolly	Hill, Samuel B.	Mott	Waldron
Cooper, Ohio	Hoeppel	Moynihan, Ill.	Wallgren
Cooper, Tenn.	Hollister	Muldowney	Walter
Cravens	Holmes	Murdock	Wearin
Crosser, Ohio	Hope	Musselwhite	Weaver
Crowe	Howard	Nesbit	Weideman
Crump	Huddleston	O'Malley	Welch
Culkin	Imhoff	Oliver, N.Y.	Werner
Cullen	Jacobsen	Palmisano	White
Cummings	James	Parker	Whitley
Darrow	Jeffers	Parks	Wigglesworth
Dear	Jenkins, Ohio	Parsons	Willford
Deen	Johnson, Minn.	Patman	Wilson
Delaney	Johnson, Okla.	Peavey	Withrow
DeRouen	Johnson, Tex.	Pettengill	Wolcott
Dickinson	Johnson, W.Va.	Pierce	Wolfenden
Dickstein	Jones	Plumley	Wolverton
Dies	Kahn	Powers	Wood, Ga.
Dingell	Kee	Ramsay	Wood, Mo.
Disney	Keller	Ramspeck	Woodruff
Dittler	Kelly, Ill.	Randolph	Young
Dobbins	Kelly, Pa.	Rankin	Zioncheck
Dockweiler	Kerr	Ransley	
Dondero	Kinzer	Reece	

NAYS—72

Berlin	Crosby	Kocialkowski	Romjue
Bland	Cross, Tex.	Lambeth	Ruffin
Boylan	Darden	Lanham	Sabath
Brennan	Doughton	Lewis, Md.	Smith, Va.
Brooks	Drewry	Luce	Snyder
Brown, Ky.	Duncan, Mo.	McReynolds	Summers, Tex.
Buchanan	Edmiston	Milligan	Terry, Ark.
Bulwinkle	Eicher	Montague	Thom
Burch	Flesinger	O'Connell	Tinkham
Burke, Nebr.	Flannagan	O'Connor	Umstead
Byrns	Ford	Oliver, Ala.	Warren
Caldwell	Green	Owen	West, Ohio
Carden, Ky.	Gregory	Peterson	West, Tex.
Celler	Holdale	Peyster	Whittington
Clark, N.C.	Hughes	Prall	Wilcox
Cochran, Mo.	Kennedy, Md.	Rayburn	Williams
Cole	Kennedy, N.Y.	Reilly	Woodrum
Cox	Kenney	Robertson	The Speaker

NOT VOTING—50

Allen	Carley, N.Y.	Harlan	Sadowski
Allgood	Claiborne	Harter	Schulte
Bacharach	Corning	Hill, Ala.	Shannon
Bacon	Crowther	Jenckes, Ind.	Shoemaker
Bankhead	De Priest	McDuffie	Simpson
Beam	Dirksen	Marland	Steagall
Beck	Eagle	Moran	Stokes
Beedy	Edmonds	Norton	Strong, Pa.
Biermann	Ellenbogen	O'Brien	Studley
Boehne	Fernandez	Perkins	Underwood
Brumm	Frey	Polk	Utterback
Buckbee	Gillette	Pou	
Cady	Greenwood	Reid, Ill.	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name, and he voted "nay."

So (two thirds having voted in favor thereof), the bill was passed, the objection of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

Mr. Bacon and Mr. Buckbee (for) with Mr. McDuffie (against).
Mr. Strong of Pennsylvania and Mr. Edmonds (for) with Mr. Corning (against).
Mr. Crowther and Mr. Bacharach (for) with Mr. Pou (against).
Mr. Shannon and Mr. Fernandez (for) with Mr. O'Brien (against).
Mr. Allen and Mr. Dirksen (for) with Mr. Biermann (against).

General pairs until further notice:

Mr. Bankhead with Mr. Beck.
Mr. Greenwood with Mr. Simpson.
Mr. Boehne with Mr. Beedy.
Mr. Steagall with Mr. Perkins.
Mrs. Jenckes of Indiana with Mr. Brumm.
Mrs. Norton with Mr. Reid of Illinois.
Mr. Beam with Mr. Shoemaker.
Mr. Harlan with Mr. Stokes.
Mr. Carley with Mr. De Priest.
Mr. Hill of Alabama with Mr. Frey.
Mr. Allgood with Mr. Gillette.
Mr. Marland with Mr. Studley.
Mr. Underwood with Mr. Schulte.
Mr. Claiborne with Mr. Sadowski.
Mr. Ellenbogen with Mr. Moran.
Mr. Eagle with Mr. Utterback.
Mr. Cady with Mr. Polk.

Mr. JACOBSEN. Mr. Speaker, my colleague, Mr. BIERMANN, just phoned me. He is sick in bed; but if he had been present he would have voted "nay."

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague the gentleman from Oklahoma, Mr. MARLAND, is absent on account of illness.

Mr. BLANTON. Mr. Speaker, on account of the serious illness of his son, my colleague the gentleman from Texas, Mr. EAGLE, has been forced to be absent today.

Mr. SNELL. Mr. Speaker, I make a point of order against these announcements.

The SPEAKER. The point of order is sustained.

The result of the vote was announced as above recorded.

PERMISSION TO ADDRESS THE HOUSE

Mr. KENNEY. Mr. Speaker, I ask unanimous consent that when the House convenes tomorrow, after the reading of the Journal, I may be permitted to address the House on the subject of a lottery for the benefit of veterans and their dependents, and for other purposes.

Mr. DOUGHTON. Mr. Speaker, I object.

PROPERTY DAMAGED BY EARTHQUAKE

Mr. MCCORMACK submitted the following conference report on the bill (H.R. 7599), to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate to the text of the bill and agree to

the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"That the Reconstruction Finance Corporation is authorized and empowered, through such existing agency or agencies as it may designate, to make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, and for the purpose of financing the repair or construction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood-control, communication or transportation systems, damaged or destroyed by earthquake, conflagration, tornado, cyclone, or flood in the year 1933, and in the months of January and February 1934, and deemed by the Reconstruction Finance Corporation to be economically useful or necessary.

"Obligations accepted hereunder shall be collateralized—

"(a) In case of loans for the acquisition, repair, or reconstruction of private property, by the obligations of the owner of such property, secured by a paramount lien except as to taxes and special assessments on the property to be acquired, repaired, or reconstructed, or on other property of the borrowers;

"(b) In case of loans for the repair or reconstruction of privately owned water, gas, electric, communication, or transportation systems, by the obligations of the owners of such water, gas, electric, communication or transportation systems, secured by a lien thereon; and

"(c) In case of loans for the repair or reconstruction of property of municipalities or political subdivisions of States or of their public agencies, including public-school boards and public-school districts, and water, irrigation, sewer, drainage, and flood-control districts, by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax-anticipation warrants.

"In any case in which any such loan is made, in whole or in part, for the acquisition of land in replacement of land privately owned and declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake, such unsafe property shall be conveyed by the owner thereof, without cost, to the county, municipality, or district in which such property is situated.

"The Corporation shall not deny otherwise acceptable applications for loans for repair or reconstruction of buildings or structures, or water, irrigation, gas, electric, sewer, drainage, flood control, communication or transportation systems of municipalities, political subdivisions, public agencies, boards, or districts because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations shall have maturities not exceeding 10 years in case of loans made under paragraph (a) of this act and not exceeding 20 years in case of loans under paragraphs (b) and (c) of this act.

"The Corporation shall prescribe such regulations as will most effectively expedite the repair and construction provided for by this act and effectively carry out the emergency relief purposes of this act.

"The aggregate of loans made under this act shall not exceed \$5,000,000."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

JOHN W. McCORMACK,
CHARLES WEST,
W. E. EVANS,

Managers on the part of the House.

W. G. McADOO,
AUGUSTINE LONERGAN,
HENRY W. KEYES,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House bill amended section 203 of the National Industrial Recovery Act to authorize loans by the President through the Administrator of Public Works to nonprofit corporations to finance projects for the repair or reconstruction of buildings, private homes, structures, lands, and public-service systems damaged or destroyed by earthquake, tidal wave, flood, tornado, or cyclone in the years 1933 and 1934 and deemed by the Administrator to be economically useful.

The Senate amendment, which is in the nature of a substitute for the House bill, makes provision for similar loans through the Reconstruction Finance Corporation and, in addition, authorizes loans to finance the acquisition of home or building sites in replacement of sites formerly occupied by buildings where such sites are declared by public authority to be unsafe by reason of flood, danger of flood, or earthquake. The application of the provisions of the Senate amendment is limited, however, to cases of damages occurring in 1933 and during the months of January and February 1934, and the aggregate of loans made for the purposes of the act by the Reconstruction Finance Corporation are not to exceed \$3,000,000.

The conference agreement retains the provisions of the Senate amendment with respect to the making of loans but increases the aggregate loan limit to \$5,000,000. Provisions are also included to the effect that the corporation may designate an existing agency or agencies for making the loans and authorizing the corporation to prescribe regulations to effectively expedite and carry out the purposes of the bill.

The Senate amendment amends the title of the bill to correspond to the changes made to the text of the bill, and the House recedes.

JOHN W. McCORMACK,
CHARLES WEST,
W. E. EVANS,

Managers on the part of the House.

THE LATE HENRY A. BARNHART

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes to announce the death of a former Member of the House.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, it has become the sad duty of my colleague [Mr. DUGAN] and myself to inform the House of the death last night of Hon. Henry A. Barnhart at his residence in Rochester, Ind., aged 75 years. This intelligence will cause sorrow to all who knew this lovable, loyal man.

Mr. Barnhart represented the old Thirteenth Indiana District, now represented by my colleague [Mr. DUGAN] and myself, for a period of 11 years. He was first elected to the Sixtieth Congress to fill a vacancy caused by the death of Hon. Abraham L. Brick, and was reelected to the Sixty-first and four succeeding Congresses. His period of service was from November 3, 1908, to March 3, 1919.

This is not the time to appraise adequately the record of this distinguished public servant, who gave his industry, his intelligence, and his patriotism without stint to the service of the Nation during the years preceding and continuing during the World War. It is enough to say, and it is the most that can be said at the end of life, that "he deserved well of the Republic." Peace to his ashes!

VETO MESSAGE OF THE PRESIDENT OF THE UNITED STATES—JOANNA A. SHEEHAN (H.DOC. NO. 292)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 3908, entitled "An act for the relief of Joanna A. Sheehan."

This bill authorizes and directs the Secretary of the Treasury to redeem, in favor of Joanna A. Sheehan, of Haverhill, Mass., upon filing of the usual bond of indemnity, United States Liberty Loan permanent coupon bond no. 321498, in the denomination of \$1,000, of the third 4¼'s, issued May 9, 1918, matured September 15, 1928, with interest from the date of issue to the date of maturity, at the rate of 4¼ percent per annum, without presentation of said bond, the said bond, together with coupons due September 15, 1922, to September 15, 1928, inclusive, attached, alleged to have been lost, stolen, or destroyed.

This bill is objectionable since it provides for the payment of interest on the bond. Paid interest coupons are not now assorted and recorded by serial numbers, and obviously the coupons which were attached when the bond was lost may have been paid, or may be paid in the future, and the Treasury Department would not be in a position to know of such payment, so that a bond of indemnity would afford no protection to the United States so far as these coupons are concerned.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

The SPEAKER. The objections of the President will be entered on the Journal, and the bill and message will be printed as a public document.

Mr. BLACK. Mr. Speaker, I move that the bill and the message be referred to the Committee on Claims.

The motion was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. CARPENTER of Kansas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CARPENTER of Kansas. Mr. Speaker, in view of the action we have just taken, as a consolation to my Democratic colleagues here, may I read a statement that the great William Jennings Bryan made in this Hall on a similar occasion in 1893?—

The President of the United States, in the discharge of his duty as he sees it, has sent to Congress a message calling attention to the present financial situation, and recommending the unconditional repeal of the Sherman law as the only means of securing immediate relief. Some outside of the Hall have insisted that the President's recommendation imposes upon Democratic Members an obligation, as it were, to carry out his wishes, and overzealous friends have even suggested that opposition to his views might subject the hardy dissenter to administrative displeasure. They do the President great injustice who presume that he would forget for a moment the independence of the two branches of Congress. He would not be worthy of our admiration or even respect if he demanded a homage which would violate the primary principles of free representative government.

(Mr. MOTT asked and was given permission to revise and extend his remarks in the RECORD.)

RECIPROCAL TRADE AGREEMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, until a short time ago I had no intention of speaking on the bill which we are now considering, but just prior to the reading of the President's veto message my friend and colleague the gentleman from Ohio [Mr. IMHOFF] addressed the House in favor of the passage of this bill.

The gentleman from Ohio [Mr. IMHOFF] represents one of the greatest pottery districts in the United States. I also have the honor of representing, in part, a pottery district, and I do not believe there is any industry in the country today that has suffered more from foreign competition than the pottery industry of the United States; and with all due respect to my good friend the gentleman from Ohio [Mr. IMHOFF], I seriously doubt he was speaking for the pottery industries and the workers in those factories when he said he was in favor of the passage of this bill. One of the reasons he gave for advocating the passage of the bill was that it gave the President the power to increase tariff duties 50 percent.

Mr. John E. Dowsing, representing the United States Potters Association, appeared before the Ways and Means Committee and opposed this bill.

I now desire to quote from the committee hearings part of Mr. Dowsing's statement:

The President now possesses the power, under the flexible provisions of the Tariff Act of 1930, to raise or lower existing tariff rates up to 50 percent. He has the power under section 3 of the National Recovery Act to increase rates, as provided in H.R. 8430, to assist in overcoming domestic unemployment and the present economic depression in increasing the purchasing power of the American public in the present emergency by simply having section 3 put into effect, limiting the ruinous importations of competitive goods. He has further power, under section 333, where foreign countries have raised their tariffs or done some other overt act against this country. If that is all that is wanted, the law is on the books now and should be invoked and not remain a dead letter as it has been for some 9 months since the passage of the National Industrial Recovery Act.

Mr. TREADWAY. Will the gentleman from Ohio yield?

Mr. COOPER of Ohio. Certainly.

Mr. TREADWAY. Did not the gentleman whom my friend is quoting represent the Potters Association and the employees thereof?

Mr. COOPER of Ohio. Yes; I so stated at the beginning of my remarks.

Mr. TREADWAY. And did he not say there were 18,000 members of this association of which he was the representative?

Mr. COOPER of Ohio. Yes.

Mr. TREADWAY. Therefore, was not the gentleman from Ohio, who preceded the gentleman, quite far from the facts when he said he represented the pottery industry?

Mr. COOPER of Ohio. I do not know that the gentleman said he represented the potters.

Mr. TREADWAY. But he stated he spoke for his constituents.

Mr. COOPER of Ohio. Yes; but I do not believe he spoke with any authority for the potters and their employees.

Mr. Dowsing further said:

We believe international bargaining with the tariff will mean the undermining of the protective policy and the undermining of our industries.

This is the representative of the National Potters Association speaking before the Ways and Means Committee.

This bill removes the tariff problem from the people, as represented by Congress, and automatically places the industries of this country in the hands of those who may or may not act wisely.

I wanted to make this statement, Mr. Chairman, because, like the gentleman from Ohio [Mr. IMHOFF] I, in part, represent a pottery district. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, I desire at this time to discuss the genesis and the evolution of the doctrine of reciprocity.

Before doing so I pause to say that while the American people were developing our almost limitless natural resources and our rapidly expanding foreign and domestic commerce, although the productive capacity of our industrial plants had been artificially stimulated and enlarged by high-tariff laws, we were able, for the time being, to consume the major products of our farms, mills, and factories. But in our industrial and agricultural life we have now brought our production to the point where, even under normal and prosperous conditions, we are producing more farm and factory commodities than can be consumed in the United States or for which we can hope to find a market abroad unless we adopt the policy embodied in the pending measure.

We have reached the saturation point and will be forced by the logic of events to curtail radically the production of agricultural and industrial commodities unless we can find a market abroad for our rapidly increasing surpluses.

May I say that in all the tide of time no nation has ever attained a position of preeminence and become rich and powerful that did not have a large foreign commerce. By its foreign trade, a nation may reach out to the remote regions of the world and secure a part of the wealth of far-away lands. Much of the wealth of Europe was acquired by commerce with foreign nations.

The American people cannot be prosperous if we live only for ourselves, trade only among ourselves, and refrain from international commerce. If we are to find a market for the surplus products of our mills, mines, farms, and factories, we must seek that market abroad.

Our industrial activities have been artificially stimulated to such an abnormal extent that we can dismantle one third of our factories and operate the other two thirds 9 months a year, and in that time produce more factory products than can be sold in our domestic markets, or for which we can find a sale in foreign markets. It would be an act of supreme folly for us to abandon our fight for our part of the world trade. Why should we supinely surrender our foreign commerce that has always been one of the important sources of our national wealth?

At this stage of the debate now in progress, it is well to pause and inquire, Where are we, in what direction are we traveling, what do we seek to accomplish, and are the proposed methods sound and workable, and not subversive of our scheme of constitutional Government?

When Grant at Appomattox refused the proffered sword of Lee, the war for the independence of the Southern States was at an end. The Republican Party, the party which had given Lincoln to the ages, deprived of his leadership and living upon his reputation, was then compelled to find some justification for its continued existence as a political organization, some reason why it should further enjoy the loaves and fishes of governmental patronage.

The Democratic Party, then as ever, stood as the champion of the historic Jeffersonian doctrine: "Equal and exact justice to all men, special privileges to none", and the supremacy of human rights over property rights.

Consequently it became necessary for the Republican Party to get on the other side of the fence. Thereupon it adopted the idea of protection as a party slogan and undertook to sell to the American people, a superstitious belief in high tariffs, and much as the doctor who cured all his patients by first throwing them into fits and then curing the fits, our friend, the enemy, in days of storm or sunshine, prescribed an increased duty on imports as the solution of every problem.

In the carrying out of this sales campaign, we heard much of "infant industries", "high wages", "American standards", "the foreigner pays the tax", "pauper labor of Europe", "American markets for American producers", and "America first", and a proclaiming to the world, the message:

The race is to the swift and the battle is to the strong. Let them keep who have, let them take who can, and let the devil take the hindmost.

The time allotted for the discussion of the bill pending before the House does not permit any enumeration of the

woes unnumbered that have flowed from the enactment of unreasonably high tariff schedules during the years of Republican ascendancy in our national politics preceding the advent of Grover Cleveland as President on March 4, 1885.

Under the operation of that doctrine a favored class was created in America and the masses of the people were compelled to be satisfied with the drippings and the leavings that occasionally fell from the tables of those who feasted on governmental favoritism.

The belief that everyone was entitled to some kind of a privilege at the hands of Government naturally caused large numbers of people to say, "Let us get our share while the getting is good."

The Halls of Congress were converted into a market place. So many votes for a tariff on this product were exchanged for so many votes for a tariff on another product. Men of both parties failed in their allegiance to their party principles, seeking some special advantage for the people of their districts. The whole subject of legislation on the subject of import duties assumed a cynical aspect and became one of trade and barter, instead of being dependent upon some rule of action, some political theory on which the existence of the two parties depended.

Mr. Cleveland challenged the theory of the protective tariff. He assaulted the citadels of the plutocracy of America and called upon Congress to revise or amend the vicious, inequitable, and unjust tariffs then prevailing as a result of the years of Republican misrule and legislative favoritism.

At this point, Mr. Chairman, we may admit once for all that the doctrine of reciprocity belongs neither to the Republican Party nor to the Democratic Party. Like the cattle on the range that have never been marked with the brand of an owner, reciprocity is after all a political maverick, a "suffer-this-to-be-so-now", an expedient which both parties have at one time or another adopted as the nearest right, and the best step to take as the way out of a situation.

Reciprocity, the theory that one nation can make a trade with another nation, whereby, for example, France would agree to buy wheat and pork from America if America would buy silks and wines from France, does not accord with the Republican doctrines of protection, the theory of maintaining American markets exclusively for American producers, of putting up a tariff wall so high that nothing can get over it, and of refusing to buy the products of other countries.

Reciprocity, as manifested in the McKinley tariff bill, began by putting three products of America—sugar, molasses, and hides—on the free list; to that extent depriving them of the supposed benefits of the protective tariff. Then, by way of consolation, the American producers of these three products were told that if other products, which they did not export, were not fairly treated in the markets of the world, then a duty would be placed on the importation of sugar, molasses, and hides. Accurately analyzed, any program called "reciprocity" does not bring with it the benefit of protection.

On the other hand, the established Democratic doctrine of equal and exact justice to all men and special privileges to none, was not promoted by the reciprocity written in the McKinley tariff bill. When the President imposed a duty on sugar, molasses, hides, tea, and coffee because other products were not being fairly treated in foreign markets, equal and exact justice was not being done to all men, but special privileges were accorded to the American producers of the five articles named, as well as the producers of the articles which had been discriminated against in foreign countries.

In the days of the McKinley tariff bill, the Republican Party adopted what they called reciprocity as an anchor to windward, like the sailor who lands in any port in a storm or the captain of a ship who throws overboard a part of his cargo in order to avoid a wreck. The Republican Party came out of its belief in the virtues of the protective tariff to a limited extent and adopted the idea of reciprocity

as outlined in the McKinley tariff bill in order that through giving up a part of the protective tariff, they might save the rest. Moreover, the acceptance of the doctrine of reciprocity was a confession by the Republican Party that the policy of ultra high tariff laws had failed to bring industrial peace and promote the welfare and prosperity of the masses.

In the present situation of world affairs the Democratic Party is confronted with a condition and not a theory. We are like the man who is driving an automobile and finds that the road over which he would like to go is temporarily in very bad order, and as he cannot afford to wait until the road's repairs are completed, for waiting would entail financial loss, he is compelled to make a detour. Some day the fundamental truth announced in the statement of Thomas Jefferson, the father of the Democratic Party, equal and exact justice to all men and special privileges to none, will be recognized throughout the world. When that day comes reciprocity will be thrown into the wastebasket and discarded, because it is avowedly a temporary measure invoked to meet a grave emergency which threatens the world's economic well being. When conditions become normal and the nations emerge from the economic chaos and pit of disaster into which ultranationalism has plunged them, the right to international trade will no longer be a matter of barter, no longer "cabin'd", "crib'd", "confin'd", but rather as broad and general as the casing air.

Until that day comes we must be content to take down our tariff walls one stone at a time, to make haste slowly, to learn to walk before we run, remembering that economic ills cannot be cured overnight, or through an ipse dixit, but only through the healing influence of time.

So there is no occasion at this time for either Democrats or Republicans to bring forth the issue of party consistency. Emerson has told us that consistency is the virtue of men who are not deemed wise. The man who drives ahead without looking for bumps in the road sometimes has a wreck. So we must be willing to take things as they are and do that which seems most expedient.

A poet of Kansas, known as "Iron Quill" (Mr. Eugene F. Ware), likened life unto a game of cards. He said that he did not like the cards that were dealt him—

But through the long, long night
And until the breaking of the day,
I play the hand I have
And do the best I may.

President Roosevelt, finding our foreign trade destroyed after 12 years of Republican rule, has found it not only expedient but necessary to employ emergency methods to quicken the revival and free flow of commerce.

As to the politics of reciprocity, Grover Cleveland did not believe in it. Upon one occasion he said:

If hypocrisy be the tribute which vice pays to virtue, reciprocity is the tribute which protection pays to genuine tariff reform.

One of his first official acts in his first term was to withdraw from the Senate certain reciprocal treaties negotiated by President Arthur, his Republican predecessor.

Fifty years later, in a Republican campaign speech, Calvin Coolidge approvingly cited the action of Grover Cleveland, a Democratic President, in differing with a Republican.

So we have Cleveland (a Democrat) and Coolidge (a Republican) entertaining the same views on a question thought to be political.

The first term of Mr. Cleveland ended without any tangible progress being made in the effort on his part to revise or amend the protective tariff laws.

When Benjamin Harrison became the Republican successor to Grover Cleveland, he selected that astute politician, that feeler of the public pulse, that high priest of Republicanism, James G. Blaine, as his Secretary of State.

Following the Republican policy of taking a dose of more tariff every few years, the Republican Party caused to be introduced in the House of Representatives, what is known in history as the "McKinley bill." It was so named because it was largely framed by William McKinley, Chairman of the Ways and Means Committee. This bill, as introduced, knew

not reciprocity. They were as yet strangers to each other, and like ships that pass in the night, they spoke only at a distance.

A trade conference had been held in Washington under the tutelage of Mr. Blaine, as Secretary of State, to increase the trade of the United States with South America. Though ripe in experience and wise in statecraft, Mr. Blaine had not been advised that foreign markets did not exist. In that respect he lacked the vision displayed in the Republican minority report on the pending bill, and had not learned the new-fangled economic philosophy announced by Chairman SNELL and Chairman DICKINSON in their keynote speeches at the late, lamented Republican National Convention in Chicago last June, both of whom argued that the American people did not need any foreign trade and should not worry over its loss.

Mr. Blaine believed reciprocity would serve to lighten the load of the protective tariff and save the good ship from the storm of attack which Mr. Cleveland had set in motion. The McKinley bill passed a Republican House and reached a Republican Senate. Mr. Blaine said of it, that it did not open a single foreign market to an American producer. As Secretary of State, on June 4, 1890, James G. Blaine wrote a lengthy letter to President Harrison submitting a report upon a custom's union adopted by the International American Conference (51 CONGRESSIONAL RECORD 6257-6259), recommending reciprocal trade relations with South America. President Harrison did not enthuse on the subject. (51 CONGRESSIONAL RECORD 6256, 6257.)

The McKinley tariff bill was then pending before the Senate. Senator HALE, of Maine, submitted a reciprocity amendment to that bill, evidently Mr. Blaine's proposition, for Blaine, too, came from Maine.

The offering of Mr. Blaine's prescription of reciprocity as an amendment to the McKinley tariff bill, caused a wave of discussion to sweep through the Senate. As a class, Republicans were for it and Democrats opposed it. Such legal giants as Senators Hale, of Maine, Edmunds, of Vermont, and Hoar, of Massachusetts, made speeches in favor of the bill, while Senator Gray, of Delaware, characterized it an abandonment in part of the protective tariff.

Senator Vance—Democrat, North Carolina—quoted from a speech by Mr. Blaine:

* * * The United States has reached the point where one of its highest duties is to enlarge its foreign trade (51 CONGRESSIONAL RECORD, p. 9155).

Senator HALE, Republican, said of reciprocity:

It is a departure from our previous policy. It broadens and widens that policy. It is a great step in the direction of opening to the production of our labor the markets of Central and South America and the islands of the great sea which lie between the continents. It commits to the President, whom we know by his communications to the Senate is in favor of this movement, powers which I am entirely willing should be placed in his hands. That he will exercise them wisely and in the true interest of American labor no man who knows his present attitude and his past history can doubt. (Quoted, 51 CONGRESSIONAL RECORD, p. 9587.)

Senator Pierce (Republican, North Dakota) claimed that prior to 1890 (51 CONGRESSIONAL RECORD, 9606) the Republican Party for 20 years had endeavored to obtain reciprocity. He said of the Hale amendment:

The latitude given the President is wide, his discretion ample, the power sufficient without being dangerous (51 CONGRESSIONAL RECORD, 9612).

Senator Spooner (Republican of Wisconsin) made a speech in favor of the reciprocity provisions of the McKinley bill. He said he was in favor—

of some provision for reciprocal commercial arrangements with other countries (51 CONGRESSIONAL RECORD, 9878),

and made a strong argument in favor of the constitutionality of the provision finally adopted.

Senator Aldrich, in the course of the debate, referred to a meat-inspection Act, reported favorably by the Senate Committee on Foreign Relations, which gave the President, in certain circumstances, the power to—

direct that such products of such foreign State so discriminating against any product of the United States as he may deem proper

shall be excluded from importation to the United States (51 CONGRESSIONAL RECORD, 9880).

Senator Evarts, Republican, New York, opposed delegating the power proposed in the McKinley bill to the President (51 CONGRESSIONAL RECORD, p. 9882). His amendment to the reciprocity provision requiring the President to "communicate to Congress the facts which he shall have ascertained", so that Congress might act thereon was defeated, 30 to 34. Only two Republicans, Dolph and Evarts, voted for it. Such Republican wheel horses, the very flower of the party, as, for instance, Aldrich, Allison, Cushman K. Davis, Cullom, Dawes, of Massachusetts, Edmunds, Frye, Hawley, Hoar, of Massachusetts, Ingalls, Platt, Plumb, and Spooner (51 CONGRESSIONAL RECORD, p. 9906) voted against the amendment.

The bill was passed by a party vote, 40 to 29 (51 CONGRESSIONAL RECORD, p. 9943).

In Fifty-first CONGRESSIONAL RECORD, page 10655, Senator Morgan, Democrat, Alabama, in discussing the conference report, attacked the reciprocity provisions of the McKinley bill as deceptive. He quoted a letter from Mr. Blaine of date September 15, 1890, rejoicing in the passage of the bill, as a blow to free trade (51 CONGRESSIONAL RECORD, p. 10657).

John Sherman stated—

Congress has the absolute right not only to impose duties but to leave to the President or any other authority the determination of some fact upon the happening of which a duty may be either removed or levied (51 CONGRESSIONAL RECORD, p. 10658).

Senator Carlisle said of the McKinley bill, in opposing the bill:

All that Congress does in the matter is to prescribe the rate of duty, leaving all the circumstances, the entire question whether it ought or ought not to be imposed, to the judgment and discretion of the President himself.

Mr. Morgan, of Alabama, took the same position (51 CONGRESSIONAL RECORD, 10659).

The House concurred in the Senate amendment as to reciprocity, and so the bill was passed.

President Harrison issued many proclamations under the McKinley tariff bill.

The expected happened. Marshall Field & Co., of Chicago, as importers of merchandise, brought a suit claiming the whole McKinley tariff bill was void. One of the provisions in the bill attacked in the courts in the suit so instituted, known as "Field against Clark", was section 3, known as the "reciprocity section."

The people of this country are entitled to understand, as near as may be, in plain English just how the attack was made in Field against Clark, and how it is made in the case of the pending bill, upon a provision in each bill, giving the President the right to do certain things with respect to the tariff.

All of us understand, of course, that our Constitution after all is like the book of rules that are used in a game or business or the laws of a church. To understand the Constitution, we must study the history of the times in which it was written, so we may understand the evil it was intended to avoid, and then we must apply the Constitution according to its spirit, with a view of accomplishing its intended purpose; that is, remedying the evil.

The United States of America achieved its independence after having been a part of England for more than a century. Our Declaration of Independence is filled with statements of the wrongs that the colonists, as the Americans were known prior to the Revolution, had suffered at the hands of the King of England, one of which is thus recorded: "Cutting off our trade with all parts of the world." This indictment convincingly demonstrates that our founders appreciated the value and importance of our foreign markets.

The people of this country in adopting the Constitution did not wish the President to have the powers of an absolute monarch, nor did they make of him a mere puppet without important prerogatives.

The writers of the Constitution turned to France for inspiration, and they followed the teachings of Montesquieu

to the effect that where the power to enact the law, the power to interpret the law, and the power to enforce the law were all vested in the same person, tyranny and despotism might result.

The reason for this statement is plain. A person who is called upon to obey a law is entitled to know by reading the law just what are his rights and duties. He has a right to have a disinterested person take the law as written and tell him what it means. He is entitled to have a third person, who did not write the law and who did not interpret the law, carry into execution the judgment of the court under the law.

All this, as I understand it, is what the law means by the separation of the powers of government.

So our Constitution undertook to divide our Government into three different departments: The President, or the Executive to enforce the law; the courts, as the judiciary to interpret the law; and Congress, as the legislative body to enact the law.

In theory, these compartments are supposed to be watertight, and each of the three departments is expected like the shoemaker of old "to stick to its last and attend to its own business", leaving the other departments free of interference.

Some of our greatest thinkers, however, have pointed out that in practice such a divided authority is unworkable, and that just as a business must have a responsible directing hand, who keeps the machinery of the establishment going, our President must not only have the power to recommend but the power of direction and to some extent of control.

In view of the prevailing criticism of the President, of the frequent statements made that he is trying to be a dictator or a despot, we must console ourselves with the recollection that such attacks are not new in the history of our country. Like the tree in the orchard that has the best apples and consequently has the most stones thrown at its fruit, the greater the President the more likely he is to be attacked.

Washington and Jefferson are outstanding examples of Presidents who survived all that was said of them.

The Senate censured Jackson and later expunged the resolution. In August 1864 Abraham Lincoln believed that he was not going to be reelected. The storm of criticism visited upon the head of Lincoln, largely by his own party, during the days of Civil War is almost unbelievable.

Men like Theodore Roosevelt have been the storm centers of those who differed with their respective policies.

So that Franklin D. Roosevelt is not the first President to be reviled and misconstrued. Indeed the Republican national platform in 1920 contained a plank pledging the party—

To end Executive autocracy and to restore to the people their constitutional government.

Charging President Wilson with tenaciously clinging to his autocratic war powers, the platform stated that—

This usurpation is intolerable and deserves the severest condemnation.

The Wilson administration was charged with using legislation passed to meet the emergency of war in order to continue—

Its arbitrary and inquisitorial control over the life of the people in time of peace and carry confusion into industrial life. Under despot's plea of necessity our superior wisdom, Executive usurpation of legislative and judicial functions still undermine our institutions.

We may admit that the powers of the President are great, but this greatness in office is not due to any one President, but is the result of the logic of events in every line of business. Power after all is becoming more and more centralized in individual authority. The people look to responsible individuals in the conduct of nearly every business with which they have anything to do. The Presidency is no exception to this rule. However fervently a President may pray "let this cup pass from me", there are ways he must tread and to a great extent tread alone.

Theoretically, under the Constitution, a President is expected to recommend the legislation to be considered by

Congress and then keep his hands off. The people of America expect more of their President. They elected Franklin D. Roosevelt not as a candidate, not as a party, but as an individual in whom they have confidence. A nation that will spend a million dollars in 1 night in dancing on the birthday of their President, or in which a section foreman in Missouri, a farmer in Kansas, or a Negro in Mississippi feels free to tell the President about a mortgage on his home, does not fear their President may become a tyrant or a despot.

But assuming that what is called the legislative power is placed in the hands of Congress, assuming that the people had a right to say to a Congressman, as they do to any other servant, "I expected you as my Congressman to look after this", I did not expect you to say, "Let George do it", and did not expect you to turn over or delegate your work to someone else, we approach that principle of law which the legal authors call the delegation of powers. From this the argument is made by the minority report in this case that Congress cannot delegate to the President its powers to pass a law. Just what does this mean?

Congress, for example, has the power to prescribe the exact rate that should be charged by a railroad for carrying a specified commodity from one point to another. As a practical proposition, Congress said to the Interstate Commerce Commission, "Put forth rates that are just and reasonable." And so not only the statute books of Congress but of each of the States in the Union are filled with instances in which Congress or the State legislature has found it necessary to delegate power and authority to persons holding an office in the executive department.

To illustrate: A State legislature may conclude to specify the hours of school and the courses of study. They may prefer to let a school board decide these questions.

Out of all of this comes the kind of law which the lawyers call administrative law. By this is meant the law declared by those who administer the law as distinguished from those who enact the law and those who interpret the law.

At this point we are approaching the precise question that was raised in the case under the McKinley tariff bill and which is raised in the case of the pending bill.

The minority members of the Ways and Means Committee insist that the pending measure gives the President the power of life and death over tariff rates, and which powers they say are too broad and in fact legislative in character and essence, and therefore unconstitutional. The question is, Does Congress, in the pending bill, give the President directions that are as definite as the law requires them to be or does the bill permit the President to use his own discretion and do as he pleases without any law or restrictions to govern him? The minority of the committee are compelled to admit that the precise direction in the McKinley tariff bill has been held valid. That direction undertakes to prescribe this test:

If the President deems that certain duties imposed by other countries on the agricultural or other products of the United States which, in view of free introduction of certain specified articles into the United States, "he may deem reciprocally unequal and unreasonable", he shall have power to suspend the free list on the articles specified and subject them to a duty.

The bill we are now considering prescribes this test: Whenever the President—

Finds that any existing duties or other import restrictions are unduly burdening and restricting the foreign trade of the United States—

He may enter into reciprocal trade arrangement with foreign countries, and proclaim a modification of tariff rates within certain specified limitations.

So the whole question after all is this, taking as our guide Field against Clark, is the test in the bill now before the House valid? And I submit it measures up to the yardstick required by the decisions of the courts on the subject.

Of course, it is easy on the floor of Congress (notwithstanding the protestations of our friend the gentleman from Pennsylvania [Mr. BECK] to the contrary), for some Mem-

bers to be oracles on constitutional law. No man suffers in reputation because he disagrees in advance with the final decision of the Supreme Court of the United States.

At the present writing, when our friends the Republican Party are claiming that they, and not the Democratic Party, are the guardians of the Constitution and the champions of individualism, it is, at first blush, hard to see just how a man can believe in individualism and the protective tariff at the same time. For certainly, the numerous duties imposed and restrictions created by the Hawley-Smoot tariff bill do not give an individual many rights peculiar to him except that of paying duties.

The doctrine of individualism, as I understand, is that the welfare of an individual, his right to live his own life in his own way, is the predominant concern of government. But levying duties on all who import, in order that a few who produce may get higher prices for their products, is scarcely allowing an importer to be individualistic, to import things in his own way.

Against this doctrine of individualism we are reminded that no man liveth unto himself alone, and we plead the State motto of Missouri:

Let the welfare of the people be the supreme law.

As to being guardians of the Constitution, neither political party has any monopoly of that duty. We are grateful that prior to 1868, when the Democratic Party was in power most of the time, only one act of Congress relating to a substantial right, had been declared invalid.

When Mr. Lincoln became President the Supreme Court of the United States decided his action in making it possible for a civilian in a State which had not seceded to be arrested and tried before a court martial, and not before a jury, was illegal.

And the action of a Republican Congress during the Civil War in issuing greenbacks, was once held invalid, and a change in the membership of the Court brought about a decision upholding the right.

The income tax law passed in the administration of Mr. Cleveland was held invalid by a vote of 5 to 4. We kept the Philippines (so Mr. Dooley observed), because whether or not, the Constitution follows the flag, the Supreme Court follows the election returns, and with 4 judges on each side of the question and 1 in the middle, the American flag continued to fly in Manila.

Recently, two important cases were decided by a vote of 5 to 4. So, our friend from Pennsylvania [Mr. BECK], who spoke Saturday, was at least in the yellow zone, between green and red, when he withheld (what all of us feel we know), what he thinks about the pending bill.

If we fail to enact this measure, we may be deprived of its benefits, and we may never know just how much we have lost. Some day the Court may uphold a similar law as to a minor detail of government, and we may suffer the regrets which came from the omission of duty not performed.

Pass the pending bill and if invalid, the Court will so declare and no harm will have been done, for an act held to be unconstitutional is as nothing, no law, and as if never enacted.

We are dealing not only with our own national interest, but with the peace and prosperity of a world. The time for plain speaking is at hand. A man who really believes a proposed law is unconstitutional, does not worry about its passage. He knows in course of time, its invalidity will be declared, and in the meantime, he lets things ride and allows the procession to go by. So when our friends of the minority attack the proposed law on account of its alleged unconstitutionality, they are using tactics often indulged in by both Republicans and Democrats in similar circumstances, no doubt hoping to raise an issue productive of votes at the next election.

We find the battle line for 1934 pitched in an article in New York Herald Tribune of March 25, 1934, by Mark Sullivan, a mouthpiece of the Hoover administration, intimating, without saying so, in so many words, that the Republican Party is trying to hold America "to the principles

embodied in the Constitution, and to the familiar American traditions of individual liberty." Such is the smoke screen now being laid in which those who are on the outside looking in, so far as national affairs are concerned, are seeking, like the Greeks of old at the siege of Troy, to enter national affairs by the use of a wooden horse.

I have adverted to the constitutionality of the McKinley bill and of the pending law, because both are valid, and by the same square and compass.

The Republicans lost the congressional elections in 1890. The rates charged in the McKinley bill were too strong a dose for the patient under treatment, the long-suffering American populace, and they rebelled.

In 1892 the Democratic Party stood on this declaration of principle:

RECIPROCITY

Trade interchange on the basis of reciprocal advantages to the countries participating is a time-honored doctrine of the Democratic faith.

The Republican Party, tested by its platform, still believed in reciprocity in 1892.

TRIUMPH OF RECIPROCITY

We point to the success of the Republican policy of reciprocity, under which our export trade has vastly increased and new and enlarged markets have been opened for the products of our farms and workshops.

And it had this to say about the so-called "nonexistent" foreign commerce mentioned in the minority report on the pending bill:

We favor the extension of our foreign commerce.

In 1892 the Democrats elected Mr. Cleveland. The Wilson-Gorman bill, passed by a Democratic Congress, repealed the reciprocity provisions of the McKinley tariff bill and abrogated the McKinley tariff bill and the McKinley tariff treaties. All this brought forth a Republican protest in the platform of 1896:

RECIPROCITY

We believe the repeal of the reciprocity arrangements negotiated by the last Republican administration was a national calamity, and we demand their renewal and extension on such terms as will equalize our trade with other nations, remove the restrictions which now obstruct the sale of American products in the ports of other countries, and secure enlarged markets for the products of our farms, forests, and factories.

Protection and reciprocity are twin measures of Republican policy and go hand in hand. Democratic rule has recklessly struck down both, and both must be reestablished. Protection for what we produce; free admission for the necessities of life which we do not produce; reciprocity agreements of mutual interests which gain open markets for us in return for our open market to others. Protection builds up domestic industry and trade and secures our own market for ourselves; reciprocity builds up foreign trade and finds an outlet for our surplus.

The administration of William McKinley produced the Dingley tariff bill (1897), reviving a peculiar brand of reciprocity, a brand which did not include conciliation and agreement, but one based exclusively on retaliation and punishment, just as the McKinley and the Payne-Aldrich bills did.

All of these enactments, claiming to be reciprocal, depended solely on one thought:

If you, a foreign nation, deal unfairly with us, we will slap back and hit you in the face.

Business, whenever possible, should not preach the gospel of force or retaliation, but of good will, of conciliation, of agreement.

The dominant thought in the pending bill, the Roosevelt idea, is primarily the idea of being a good neighbor, engaging in agreement and understanding, and using prohibitive measures as a last resort and only when all else has failed.

The Fordney-McCumber bill and the Hawley-Smoot bill abandoned the phases of so-called "reciprocity" contained in the McKinley bill, the Dingley bill, and Payne-Aldrich bill, and introduced another test, which is not reciprocity at all but exclusion.

Reciprocity means to admit on terms that are fair to both sides, but the Fordney-McCumber and Hawley-Smoot bills look to exclusion, the fixing of the tariff at a point based

on the difference in the domestic and foreign cost of production, a test in its very nature almost impossible of just application.

In 1900 the Republican platform referred to the growth of export trade and to reciprocity in these words:

GROWTH OF EXPORT TRADE

No single fact can more strikingly tell the story of what Republican government means to the country than this: That while during the whole period of 107 years, from 1790 to 1897, there was an excess of exports over imports of only \$383,028,497, there has been in the short 3 years of the present Republican administration an excess of exports over imports in the enormous sum of \$1,483,537,094.

RECIPROCITY FAVORED

We favor the associated policy of reciprocity, so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

Theodore Roosevelt became President in 1901. He had been educated at Harvard University, and as a young man had made a free speech. As revealed by his daughter, Mrs. Alice Roosevelt Longworth, in a recent magazine article, "Father never thought much of the tariff." No tariff legislation was enacted during the administration of Theodore Roosevelt.

In 1904 the Democratic platform had this to say on the subject of reciprocity:

We favor liberal trade arrangements with Canada and with peoples of other countries where they can be entered into with benefit to American agriculture, manufactures, mining, or commerce.

The Republican platform in 1904 contains this contribution to the literature on the subject:

We have extended widely our foreign markets, and we believe in the adoption of all practicable methods for their further extension, including commercial reciprocity wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labor, or any American industry.

In 1908 the Republican platform dropped reciprocity, drowned its foster child, and boasted that America "makes one third of the modern manufactured products", an output self-evidently needing foreign markets as a customer.

As an advent of the Executive administration of the tariff, the Republican Party in 1908 recommended—

The establishment of a maximum and minimum rate to be administered by the President under limitations fixed by law—

and called for the establishment of a merchant marine so essential to enlargement of avenues of trade. Why should we want avenues of trade, if there are no foreign markets, as claimed in the minority report?

The Congressional elections of 1910 and the election of Woodrow Wilson in 1912 was the answer of the American people to the Taft administration and the Payne-Aldrich bill. Ten Republican Senators, including such names as Beveridge, Dolliver, La Follette, and Norris voted against that bill.

As indicating the inability of Congress to deal with the tariff efficiently, the 1912 platform of the Republican Party made this statement:

The pronounced feature of modern industrial life is its enormous diversification. To apply tariff rates to these changing conditions, requires closer study and more scientific methods than ever before.

In this document, on which the Republican Party was victorious in two States (Utah and Vermont), no mention is made of reciprocity.

In 1916 the Republican Party favored the continuance of Republican policies—

Which will result in drawing more and more closely the commercial, financial, and social relations between this country and the countries of Latin America.

In 1920 reciprocity was still on a vacation so far as the Republican Party was concerned. And, as to agriculture, the Grand Old Party in 1920 was still ignorant of its latest discovery, no export markets, and pleaded for the encouragement of our export trade.

In 1924 the Republican Party recorded this statement in its platform:

We have greatly strengthened our foreign marketing service for the disposal of our agricultural products.

This platform also called for a—

Merchant marine to secure the necessary contact with world markets for the sale of our surplus agricultural and manufactured products.

In 1928 the Republican platform stated:

The Republican Party has always given and will continue to give its support to the development of American foreign trade, which makes for domestic prosperity. During the administration of President Coolidge extraordinary strides have been made in opening up new markets for American produce and manufacture. Through these foreign contacts a mutually better international understanding has been reached which aids in the maintenance of world peace.

It was also stated that under President Coolidge "waterways have been deepened and widened for ocean commerce." Why spend money in deepening and widening our waterways for ocean commerce, if our quest for foreign trade is a wild goose chase and no foreign markets exist, as the Republican members of the Ways and Means Committee would have you believe?

At the time Mr. Hoover was a candidate for President in 1928, his friend and classmate, Will Irwin, wrote a book extolling the work of Mr. Hoover and devoted a chapter to the subject of foreign commerce.

Immediately upon his election Mr. Hoover, the great apostle of foreign trade, started on a good-will tour to South America. Why? To promote international good will, with foreign commerce as an incident thereto. Speaking at Cutuco, El Salvador, on November 26, 1928, he said:

We perhaps hear more of economic and trade relations between countries than any other one subject in the field of international life. This may be easily explained, for out of our economic life do we build up the foundations upon which other progress rests. And our international economic relations can have but one real foundation. They can grow only out of the prosperity of each of us. They cannot flourish in the poverty or degeneration of any of us. Our economic progress is mutual. It is not competitive. We each of us have the responsibility to carry forward such policies within our own countries which, in the long view, will contribute to our individual prosperity. The long view of our prosperity must, however, embrace the recognition of the mutuality of prosperity among the whole of us.

We have now reached the Republican convention of 1932. From far and near, a horde of Republican officeholders, in the guise of delegates, gathered to yield homage to their chief, to point again with pride to Republicanism and view with alarm the onslaughts of Democracy, and to endeavor again to perpetuate the ascendancy in national affairs which the Republican Party had attained.

On June 14, 1932, Senator DICKINSON, of Iowa, as temporary chairman, Republican National Convention (75 CONGRESSIONAL RECORD, 14111), denounced the Democratic Party for proposing—

To a free American people that they take this purely domestic question (the tariff) to a conference table around which would sit the representatives of the other nations of the world.

He said of the American people:

They will refuse to allow foreign nations to determine their economic destinies.

At the very time Senator Dickinson was making the somewhat toploftical statement just quoted and attempting to wrap about America a cloak of national isolation, the economic forces of the world, without waiting for the advice or consent of America, were in effect determining our economic destinies. All this is clearly shown in the remarks of Mr. Hoover hereinafter quoted, who pointed out with great force that willy-nilly the economic destinies of America depended upon the prosperity of the world.

As to foreign trade, we cannot, like the Arabs, fold up our tents and silently steal away whenever we determine as a matter of bookkeeping and of statistics that foreign trade is either nonexistent or nonprofitable. As Mr. Hoover ex-

plained, foreign trade is but one of the items in the large and comprehensive program of world prosperity.

Mr. SNELL, of New York, as permanent chairman of the convention, claimed that the Republican Party had protected the American market against invasion from foreign shores. He said:

Americans have had the advantage of a monopoly in their own market, the greatest consuming market in the world. This market belongs to them, and the Republican Party protects it for them (75 CONGRESSIONAL RECORD, 14113).

Of course, Mr. SNELL, at Chicago, on June 14, 1932, when he made the statement just quoted, must have realized, as a man of great ability, ripe experience, and mature judgment, that if Americans claimed a monopoly of the home market, they were engaged in a game in which other nations had the right to claim the same thing with respect to their home markets, and thus utterly destroy our foreign trade.

In striking contrast with these exuberant keynote speeches, let us examine the Republican platform of 1932. That document referred to the emergency "as that of a great war", and to the creation of Federal Farm Board:

To promote the effective merchandising of agricultural commodities in interstate and foreign commerce.

As to foreign affairs:

The facilitation of world intercourse, the freeing of commerce from unnecessary impediments * * * have been and will be our party program.

Reference was made to the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base. Why should we be interested in having our lake ports on an ocean base, if there are no foreign markets?

In view of the intimation of the minority of House Ways and Means Committee that in reaching for foreign commerce we are engaged in a wild goose chase, attention is called to some Republican expenditures. By an act approved April 18, 1930 (Herbert Hoover, President), the following sums were appropriated to be expended in investigations for the promotion and development of the foreign commerce of the United States:

Europe and other areas.....	\$900,000
Latin America.....	520,000
Far East.....	419,000
Africa.....	106,000
To investigate export industries.....	973,000
China Trade Act.....	30,800
To collect and compile lists of foreign buyers.....	78,700
To investigate foreign trade restrictions.....	62,440
Total.....	3,089,940

On December 5, 1932, President Hoover transmitted to Congress the Budget for the fiscal year ending June 30, 1934. At page XVII of his message he said:

A large excess of expenditures with consequent increase in the public debt is anticipated for the current fiscal year—

And urged that every effort be made to limit expenditures.

But evidently President Hoover appreciated the importance of building up our foreign trade, because he recommended the following expenditures for the fiscal year beginning July 1, 1933:

Promoting commerce	
Europe and other areas.....	\$655,815
Latin America.....	431,220
Far East.....	361,860
Africa.....	85,000
District and cooperative offices.....	508,920
China Trade Act.....	17,300
Export industries.....	747,800
Compiling foreign-trade statistics.....	263,950
List of foreign buyers.....	59,890
Investigation of foreign-trade restrictions.....	50,240
Allowance for quarters foreign-trade service.....	91,400
Bureau of Agricultural Economics, Department of Agriculture, on account "Foreign competition and demand".....	298,800
Total.....	3,572,195

In his address of acceptance at Washington, D.C., on August 11, 1932, President Hoover, speaking of the evil effects of overproduction and the speculative mania, said:

* * * Three years ago came retribution by the inevitable world-wide slump in consumption of goods, in prices, and employment.

He then referred to a blow abroad—

Of such dangerous character as to strike at the very safety of the Republic.

He continued:

New blows from decreasing world consumption of goods and from failing financial systems rained upon us. We are part of a world the disturbance of whose remotest populations affects our financial system, our employment, our markets, and the prices of our farm products. Thus, beginning 18 months ago, the world-wide storm rapidly grew to hurricane force and the greatest economic emergency in all history.

Foreign countries, in the face of their own failures * * * withdrew from the United States \$2,400,000,000, including a billion in gold. Our own alarmed citizens withdrew over one billion six hundred million of currency from our banks into hoarding. These actions, combined with the fears they generated, caused a shrinkage of credit available for conduct of industry and commerce by several times these vast sums. Its visible expression was banks and business failures, demoralization of security and real property values, commodity prices, and employment. This was but one of the invading forces of destruction.

He said of his administration:

We have cooperated to restore and stabilize the situation abroad.

Calvin Coolidge (New York, Oct. 11, 1932) said:

The present economic distress is world-wide.

In his speech of acceptance at Washington, D.C., August 11, 1932, Mr. Hoover referred to the German moratorium he was instrumental in accomplishing:

We (that is, America), stemmed the tide of collapse in Germany, and the consequent ruin of its people, with its repercussion on all other nations of the world.

* * * We have joined in the development of a world economic conference to bulwark the whole international fabric of finance monetary values, and the expansion of world commerce.

At Des Moines, Iowa, October 4, 1932, speaking from the heart out, to the old home folks, face to face, as a man speaks to a friend, Mr. Hoover referred to a storm which embraced the whole world, including China, Patagonia, Germany, Australia, England, and every farm in Iowa. He spoke of contending with forces at home and abroad which still threatened the safety of civilization. He said to the people of Iowa:

You know the stifling of your markets from the collapse of other nations under the calamities they have inherited from the war.

Mr. Hoover said that low price levels of agricultural products were—

Due to the decreased demand for farm products by our millions of unemployed and by foreign countries.

He also in his Des Moines speech referred to the Great Lakes-St. Lawrence seaway as a—

Great contribution to the strengthening of Midwest agriculture in reaching out for world markets.

Also at Des Moines—

I cannot overemphasize the importance of the element of world stability in the recovery and expansion of our agricultural markets.

As to war debts, he spoke of foreign nations offering a tangible form of compensation such as the expansion of markets for American agriculture, and was sure our citizens would consider such a proposal.

Continuing at Des Moines in 1932—

I am prepared to recommend that any annual payment on the foreign debt be used for the specific purpose of securing an expansion of the foreign markets for American agriculture. * * * That is a proposal of more importance to the farmer than any panacea. Whenever we properly can * * * we are joining for the rehabilitation of the world, and thereby the foreign markets for agricultural products.

In his New York speech, referring to the enactment of a tariff bill by Congress, Mr. Coolidge said:

Because of constantly changing conditions, if for no other reason, no one was ever able to devise a perfectly adjusted tariff bill. No one can devise it now, and no Congress, constituted as ours is, ever will.

In his speech of acceptance Mr. Hoover said, referring to the Tariff Commission:

That instrumentality enables us to correct any injustice and to readjust the rates of duty to shifting economic changes without constant tinkering and orgies of logrolling in Congress.

In his speech at Des Moines, Iowa, October 4, 1932, the opening speech of his campaign, Mr. Hoover said:

By maintaining that reform the country need no longer be faced with heartbreaking, logrolling selfishness and greed which come to the surface on every occasion when Congress revises the tariff.

These statements quoted from Mr. Coolidge and from Mr. Hoover are a conclusive argument in favor of Executive administration of tariff details.

At Cleveland, Ohio, on October 15, 1932, Mr. Hoover said of foreign nations:

But if it is possible to improve the internal stability of other nations, it would at once allow them to relax their emergency restrictions against exchange and the import of commodities; it would allow them to return to stable currencies and enable the world to be free from political shocks—all of which build for American markets for the American farmer and for American labor.

At St. Paul, Minn., on November 5, he referred to the troubles of the world:

The new nationalism of a score of small nations sprung from the war, with all their own tariff walls and disturbances to old channels of trade.

And then continued:

These blows struck at us through world consumption of goods.

Mr. Hoover recognized the problem of foreign trade could not be solved in dollars and cents, and that certain factors connected therewith were inescapable. He said in his St. Paul speech:

Our own economists overlooked one great fundamental factor—that while our own people consume 90 percent of their production, yet no one calculated the effect of world-wide fear upon our credit system which thereby suddenly undermined our industry and consumers.

Let those gentlemen who signed the minority report on the pending bill, in which they tacitly accepted nationalism as an accepted fact, as unalterable as the law of the Medes and Persians, take to heart these words of Herbert Hoover at the close of his campaign on November 5, 1932, at a time when he recognized the tide of reelection was running against him, and he was throwing into the battle he was then waging every armament of which he was possessed:

We are a part of the world, the disturbance of whose remotest population affects our financial system, our markets, our employments, and the prices of our farm products.

At Salt Lake, Utah, on November 7, 1932, he referred to the blow to agriculture arising through depreciation of currencies in 30 governments.

Again I ask the minority, if we are to be nationalists, if there are no foreign markets, what concern have we with the depreciated currencies of other nations?

Now, I submit to an intelligent jury, the American people, these statements of Senator DICKINSON and Mr. SNELL, as the temporary and permanent chairmen of the Republican Convention, 1932, of Mr. Hoover, still the titular head of his party, and the minority report of the House Committee on Ways and Means, signed by 10 Republicans, like certain chemical elements, such as oil and water, do not mix, for these reasons:

(a) The report of the Republican minority of the committee on the pending bill refers to a so-called "wild-goose chase in search of export markets that do not exist" and claiming that "nationalism is the keynote of all people at the present time. The various countries of the world are constantly becoming less dependent upon each other." I am quoting from the report of the minority Committee on Ways and Means on the pending bill.

(b) Senator DICKINSON and Mr. SNELL both repelled the idea of the United States having anything to do with the rest of the world.

(c) Mr. Hoover, out of the wealth of his experience, 7 years Secretary of Commerce and, at the time of the remarks I have quoted, over 3 years in the Presidency, pleading in his campaign for reelection at an hour when, of all times, his words had to be measured, pleaded for foreign markets for American products and a recognition of world unity.

Whom are we to believe? Was Mr. Hoover, in December 1932, when he recommended an expenditure of over \$3,000,000 in promoting foreign commerce, at a time when he was also recommending economy in governmental expenditures, so ignorant of world conditions that he had not discovered what the minority of the committee claim to have discovered, that world markets are drying up?

Did they know this when they voted for appropriations for the Bureau of Foreign and Domestic Commerce?

Either our friends of the minority are mistaken as to world markets, or Mr. Hoover was the most wasteful and ignorant man who ever held public office, and I do not charge him with either ignorance or intentional wastefulness in expenditures of public funds.

What shall we say of the Republican Senators who voted for the Great Lakes-St. Lawrence waterway on the theory it would benefit foreign commerce? Not a single Senator in a long and closely contested debate discovered the permanent drying up of foreign markets. Certain Senators voted for the treaty because Michigan, Indiana, Ohio, and Minnesota would have ocean ports within their borders. Other Senators voted against the treaty because they desired to have foreign commerce flow through the Atlantic seaboard or down the Mississippi River.

If these gentlemen of the minority are correct, and we have no foreign markets, then we should abandon our merchant marine to its fate, hang a sign "no admittance" upon our outer wall, tear down the Statue of Liberty Enlightening the World, cease to promote international aviation, and abolish the Bureau of Foreign and Domestic Commerce, at least insofar as it relates to foreign trade.

At New York City, on March 22, 1934, less than a week ago, Ogden L. Mills, a potential candidate for President, a former Member of this House, a former Secretary of the Treasury, argued for an international gold standard, claiming that "the growth of international trade is being seriously hampered by lack of one." Mr. Mills should write for a copy of the minority report on the bill under discussion and get up-to-date.

Mr. Mills also said a curb was needed on extreme nationalism, and explained:

This means that in the world field extreme nationalism, aiming at complete local self-sufficiency, should be curbed and that those policies that are at present stifling international trade, such as excessive tariff quotas, exchange restrictions, etc., must be gradually relaxed.

I am willing to cast my lot for economic freedom.

With patience, self-restraint, and justifiable faith in ourselves, in our institutions, and with just a little more human wisdom and cooperation on the part of mankind, this generation will yet wake to see the dawn of a new day.

Former President Coolidge, a very cautious man in the use of words, of large experience in public life, at Northampton, Mass., on November 7, 1932, made this statement:

The business of the United States Government is very intricate and involved. It cannot be brought within the comprehension of a single address or begin to be understood without long contemplation. Very few could claim to understand it in its broader outlines. We have to intrust ourselves somewhat to expert leaders.

* * * We know whom we can trust to serve us faithfully in meeting any difficulty in which we are involved.

I am willing to take the advice of President Roosevelt and Secretaries Hull, Wallace, and Roper and vote for this bill.

In all the trying days that have intervened between March 4, 1933, and today no one has impugned Cordell Hull. Whether attending a World Economic Conference at London, or a similar conference in South America, or at his desk in Washington, he stands out as a beacon light, without fear and without reproach.

(f) Henry A. Wallace left the Republican Party on the issue of the protective tariff. As head of the Department of Agriculture, he has a world of information at hand which none of us can hope to equal.

Daniel C. Roper, the head of our Department of Commerce, is another speaking as one having authority.

I am glad we have men in public life like John Dickinson, of our Bureau of Foreign and Domestic Commerce, author of a law book in which the cases are assembled to the effect the pending bill is valid.

I am thankful to Massachusetts for the education Francis B. Sayre enjoyed in that State and now devoted to the public service, a man in whose children's veins flows the blood of Woodrow Wilson, a man imbued with the spirit of that great leader, and seeking to translate into terms of action the things for which Woodrow Wilson labored and endured.

After a careful study of the bill, in the light of the economic and constitutional history of the principle of reciprocity, in the light of the circumstances to which the bill when enacted will apply, and of the evil to be remedied, I have reached the conclusion:

(a) The proposed legislation is constitutional;

(b) The proposed legislation evidences a wise public policy and is a forward step in the rehabilitation and recovery of a distressed world;

(c) The objections urged in opposition are unfounded in point of fact, have no basis in law, and are made only as a part of a determined effort to discredit the President in his efforts to relieve the economic distress of the world; and

(d) Just as the Republicans trusted in Benjamin Harrison in 1890, we may at this day and hour trust in Franklin D. Roosevelt to administer the law wisely and well. Believing as I do, this bill shall have my vote and my support, both here and in the campaign in which we are engaged. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield now to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, ladies and gentlemen of the Committee, having the utmost confidence in President Roosevelt's honesty and sincerity, and believing in him as I do, that his aims are for the best interests of the whole Nation, which, of course, includes the interests of the veterans of the Nation, and knowing the reasons he assigned in vetoing the independent offices appropriation bill, I was honor-bound to vote to sustain his veto. And it is for the same reasons that I shall vote and support the pending tariff bill before the House.

As one who advocated taking the tariff out of politics and voting for reciprocity agreements, which I consider would give the President the power of securing more favorable trade relationship with other nations which would enable us to find an outlet for our tremendous surpluses, I believe that his recommendations to this House are sound. Nobody can deny his sincerity, honesty, or ability to obtain for the country the most advantageous trade agreements possible. It cannot be denied by any fair man that the President has accomplished a great deal in the short space of 1 year, and it might be well at this time to familiarize the people, especially those in my district, with the reasons given for vetoing the independent offices appropriation bill. I hope that all of the loyal and patriotic veterans, not only in my district but throughout the entire Nation, appreciate that it is the President's desire to treat them fairly and justly and that he really has their best interests at heart. The President's veto says:

To the House of Representatives:

I return herewith without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes." I am impelled to do this on a number of grounds, any one of them sufficient to require disapproval of the bill.

In March 1933 the Congress passed, and I signed, "An act to maintain the credit of the United States Government." This law became one of the principal pillars of national recovery for the clear reason that for the first time in many years the recurring annual expenses for the maintenance of the Government were brought within the current revenues of the Government. It is

true that very large but wholly distinct funds are being dispensed daily for emergency purposes, but these funds are going directly to the purpose of saving farms, saving homes, and giving relief and employment to millions of our fellow citizens. They are non-recurring in nature, while the increases contemplated in this bill are continuous and permanent.

Furthermore, the Budget submitted by me to the Congress on January 4, 1934, laid down a definite program of expenditures and a definite estimate of receipts. Because of the emergency expenditures for relief and unemployment, the expected total deficits this year and in 1935 are necessarily large; but at the same time a program for a completely balanced Budget by June 30, 1936, was determined upon as a definite objective.

This bill exceeds the estimates submitted by me in the sum of \$228,000,000. I am compelled to take note of the fact that in creating this excess the Congress has failed at the same time to provide a similar sum by additional taxation. Moreover, to the extent that the amount of money appropriated by the Congress is in excess of my Budget estimates, and in the absence of provision for additional revenues, there must be a decrease in the funds available for essential relief work.

This bill increases the compensation for employees of the United States Government \$125,000,000 over my Budget estimates for this purpose. I have great sympathy for the employees, but I cannot forget that millions of American citizens are today still without employment, and reduction in the compensation of Federal employees has been and still is on the average less than the reduction in compensation that has been patiently endured by those citizens not in the employ of the United States Government.

Let me be specific. This bill makes a portion of the restored compensation retroactive to February 1, 1934. I believe it unwise to establish this precedent, and I cannot overlook the serious administrative difficulties involved in paying back pay to individuals, many of whom are no longer in the employ of the Government.

The bill also contains several discriminatory provisions, such as paying employees in some departments of the Government 43 hours' pay for 40 hours' work.

In submitting the Budget estimates last December, I recommended compensation restoration of 5 percent for the next fiscal year. The cost of living seems to be rising slowly. The present authority is not responsive enough to changing conditions. I therefore shall be glad to confer with the Congress on improving the methods of restoring Federal pay so that in actual practice the pay will keep ahead of the cost-of-living increases instead of lagging behind. Adjustments can well be made immediately on the passage of appropriate legislation, followed by more frequent adjustments in the future.

I come now to the provisions in this act relating to World War veterans. First let me speak of principles. Last October I said this to the American Legion convention:

"The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.

"The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated, and not connected with that service.

"It does mean, however, that those who were injured in or as a result of their service are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country."

I am very confident that the American people, including the overwhelming majority of veterans themselves, approve these principles and in the last analysis will support them.

Applying them to the provisions of this bill I cannot give it my approval.

Last year it was determined—and I had hoped permanently—that a service-connected disability is a question of fact rather than a question of law. In other words each individual case should and must be considered on its merits and there is no justification for legislative dicta which, contrary to fact, provide that thousands of individual cases of sickness which commenced 4, 5, or 6 years after the termination of the war are caused by war service. Therefore local boards were established—boards on which 3 out of the 5 members were in no way connected with the Veterans' Administration and on which two thirds of those serving were ex-service men. These local boards approved disallowances in the cases of 29,000 veterans and these decisions were unanimous in 94 percent of the cases. Not content with that, I created a Board of Appeals, the majority of which again are in no way connected with the Veterans' Administration and a majority of which are ex-service men. This Board is now engaged in hearing appeals of those cases disallowed by the local boards.

A few weeks ago I gave approval to an amendment the purpose of which was, pending the determination of their appeals, to restore to the rolls at 75 percent of their compensation those veterans in whose cases the presumption of service connection

was disallowed by the local boards. This, however, was rejected in the Congress. I intend now by regulation forthwith to direct an appeal by the Administrator of Veterans' Affairs in each and every one of these disallowed 29,000 cases with the further direction that in the final determination of these cases every reasonable doubt be resolved in favor of the veteran, and every assistance be rendered in the preparation and presentation of these cases. While these cases are pending the veterans will be paid 75 percent of the compensation they received prior to the time they were removed from the rolls. If the appeal is allowed they will receive back compensation. Only in cases disallowed by the Board of Appeals will the veteran thereafter be permanently removed from the rolls. This regulation will be put into effect at once.

By reason of the fact that many totally and permanently disabled veterans have been the recipients of benefits from their Government for a long period of time, it is difficult, in the event of a disallowance of service connection by the final Board of Appeals, to remove them completely from the rolls. Existing regulations therefore provide that if their cases are disallowed, and if they are found to be totally and permanently disabled, they shall, notwithstanding fundamental principles enunciated, if in need, receive \$30 a month and domiciliary care and hospitalization.

It is a simple and undeniable fact that the United States, in terms of compensation and in terms of hospitalization, has done and is doing infinitely more for our veterans and their dependents than any other government.

I come now to the provisions of the bill relating to Spanish-American War veterans. To this group of ex-service men I have devoted much thought. Because of their age, they command sympathy. Nevertheless, we must recognize also that many abuses have crept into the laws granting them benefits.

The Spanish-American War veterans' amendment to this act provides for service pensions. This violates the principles upon which benefits to veterans should be paid and the principles to which I have referred in this message. Moreover, if that principle should in the future be applied to the World War veterans at the same rate as contemplated for Spanish-American War veterans by this bill, the annual and continuing charge upon the people of this country by 1949 will amount to more than \$830,000,000 for that item alone. This would be in addition to the large cost of all existing veterans' benefits and future hospitalization. This I cannot approve.

However, I am today directing the restoration to the rolls of those Spanish-American War veterans who in 1920 were receiving pensions as a result of having sustained an injury or incurred a disease arising out of their war service.

By regulation 12 a presumption of service origin was extended to Spanish-American War veterans on the rolls on March 19, 1933. In order to take the same action which I am taking in regard to World War veterans, I am directing the restoration to the rolls, as of this date, at 75 percent of the amount they were receiving on March 19, 1933, all Spanish-American War veterans pending a final determination of their cases before the Board of Appeals.

Without going further into all of the details relating to the treatment—past, present, and future—of Spanish-American War veterans, it seems sufficient to repeat that I am wholly and irrevocably opposed to the principle of the general service pension, but I do seek to provide with liberality for all those who suffered because of their service in that war. As in the case of World War veterans, I shall not hesitate to further alter or modify the regulations in order that substantial justice may be done in every individual case.

What you and I are seeking is justice and fairness in the individual case. I call your specific attention to the fact that since the original regulations were established a year ago, actual experience has shown many cases where these regulations required modification. I have not hesitated to take the necessary action and have issued regulations which have made many changes. These changes, based on principles of justice to the individual veteran, involve additional expenditures of approximately \$117,000,000. It goes without saying that I shall not hesitate to make further changes if the principles of justice demand them.

On the basis of the original regulations following the Economy Act, the annual cost to the United States of veterans' relief was \$486,000,000. Since that time, by Executive order, the addition of \$117,000,000 increases to \$603,000,000 the total cost for veterans' relief for the fiscal year 1935.

My disapproval of this bill is not based solely on the consideration of dollars and cents. There is a deeper consideration. You and I are concerned with the principles herein enunciated. I trust that the Congress will continue to cooperate with me in our common effort, to restore general prosperity and relieve distress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

Mr. Chairman, the Republicans seem to be jubilant because the President's veto has been overridden. To my mind, however, this will not dim his greatness or lessen the whole-hearted confidence of the American people in him.

THE NEW DEAL VERSUS THE OLD DEAL

Mr. Chairman, everybody, Democrat or Republican, who is familiar with the conditions that existed during the last three Republican administrations under Presidents Harding,

Coolidge, and Hoover must within his heart of hearts sense a feeling of disgust at the present contemptible tactics of the paid publicity agents of Wall Street, who have left no stone unturned to misrepresent the every act of our noble President, Franklin D. Roosevelt.

No matter how high his motives, no matter how sublime his courage, the unscrupulous hirelings of special privilege are ever seeking to undermine his deserved and unprecedented popularity with the men, women, and children of this Nation.

But their mud-slinging tactics are in vain. For the thinking people of this country realize fully now that his election and his determination to give the masses a new and square deal saved the Nation from complete break-down.

REVOLUTION WAS NEAR

On March 4, 1933, the day Franklin Roosevelt was inaugurated as President, this Nation was on the verge of revolution. The banks were failing so fast that all banks had to be temporarily closed to prevent a national catastrophe.

Sixteen million people were out of work. Hundreds of thousands of hungry, yes, starving men and women marched through our streets to city halls, county institutions, and to our State Capitols, demanding work and food. More than 75 percent of our plants and factories were closed, and those that still remained open worked only 2 or 3 days a week, working only 20 to 30 percent of the time. Men were paid \$1 per day, and thousands of women \$3 per week. More than 50 percent of the stores were closed, manufacturing businesses were thrown into receivers' hands in bankruptcy. Homes were being foreclosed, tenants evicted, State and municipalities not able to feed the hungry or proceed with started works—unable to pay the employees—schools were being closed and children turned out on our streets. In many States court orders were ignored and discontentment and resentment reigned through our land and anarchy and bolshevism grew. Depositors' life savings gone; despair on every side; insane institutions and poorhouses overcrowded; suicides in all walks of life; banks closed, their capital impaired; and insurance companies insolvent, all due to Republican misrule. These all were the handiwork of the well-known Wall Street.

Such was the trail of desolation and despair that marked the end of the old deal under the administrations of Harding, Coolidge, and Hoover.

THEN CAME THE NEW DEAL

As I say, these were the conditions on March 4, 1933, when President Roosevelt was inaugurated. On that very day he made clear to the Nation that the system that had brought about these conditions would not be permitted in the future to monopolize the wealth of the country for the aggrandizement solely of the great financial pirates at the expense of the masses. He proclaimed that there would be a new deal, that the laborer in industry, as well as the farmer, henceforth was to be accorded fair treatment.

In his effort to bring relief and aid to the Nation, the President, within a few days after taking office, called a special session of Congress, recommending legislation that would stop discord, reestablish confidence, bring about the reemployment of the millions of American wage earners, the reopening of our plants and factories, eliminate the criminal extravagance that was practiced by former Republican administrations, bring about economy and, if in any way possible, balance the Budget. Since that day many of his recommendations have been enacted into law, and all have tended, as I shall show, to rehabilitate and to reconstruct the wreck and ruin brought about by the former Republican mismanagement and misrule.

WHIPPING THE DEPRESSION

Immediately upon taking office President Roosevelt set about to whip the depression. I could show by thousands of newspaper clippings from all parts of the United States that he has steadily been making progress.

I will content myself for the present, however, by reading a few sentences from this morning's issue of the Washington (D.C.) Post, a strong Republican antiadministration paper.

I see here an Associated Press dispatch from Pittsburgh that—

A general 10-percent pay increase in wages of steel workers, without reduction in the present 40-hour work week, will be granted by the industry on April 1.

The dispatch adds that—

Such an increase will mean a boost of almost \$100,000,000 annually in the pockets of the workers.

I submit that bit of evidence from purely Republican sources to my Republican friends as an indication of the undeniable fact that under President Roosevelt's new deal prosperity is no longer "just around the corner" but is now actually appearing on "Main Street". On another page of this morning's same Republican Washington Post I note the following:

BOARD REPORTS CLIMB IN JOBS, PAY, AND OUTPUT—STEEL, AUTOMOBILES, AND TEXTILES SHOW MARKED GAINS, SURVEY REVEALS

[Associated Press]

New increases in industrial activity, factory employment, and pay rolls were reported yesterday by the Federal Reserve Board. Steel, automobiles, and textiles were named especially in the monthly review of business and financial conditions for February and early March.

A \$1,000,000,000 increase in deposits of member banks also was noted.

Such items as the above, showing that the President steadily is making headway against the worst depression that any nation has ever known, ought to cause the paid Republican publicity racketeers to hang their heads in shame.

In last night's Washington (D.C.) Star, another Republican, antiadministration paper, I note the following as regards the improving conditions in my own Chicago, which, of course, is especially gratifying to me personally:

Employment gains in Chicago district—Reserve bank reports increase of 6 percent—pay rolls up 14 percent.

I confidently submit that such items as this prove beyond successful contradiction that the President is winning. His success has been due to the fact that he has, with the cooperation of Congress, fought the depression on every front, with a carefully worked-out, constructive program.

ACHIEVEMENTS OF PRESIDENT ROOSEVELT AND DEMOCRATIC CONGRESS

Mr. Chairman, the people will be interested in having a report of the accomplishments of the present administration, which took charge of Government affairs and entered upon a new deal 1 year ago, March 4, 1933, under the masterful statesmanship of President Franklin D. Roosevelt.

I briefly give some of these accomplishments:

First. Repeal of prohibition, which has resulted in millions of taxes going into the Treasury instead of to the bootleggers and racketeers.

Second. Tottering banks have been placed on a firm foundation.

Third. Food, clothing, fuel, and shelter have been provided for millions of helpless and needy people through C.W.A. work.

Fourth. Thousands of young men, unable to obtain employment, have found health and usefulness through Civilian Conservation Corps camps.

Fifth. Millions have been put back to work through the National Recovery Act.

Sixth. Funds provided for Public Works building program have put additional millions back to work.

Seventh. Child labor has been practically abolished.

Eighth. A successful campaign has been carried on against crime and racketeering.

Ninth. Machinery has been put in motion to adjust employment differences between employers and employees, and serious trouble has been avoided.

Tenth. The cancelation of fraudulent air-mail contracts.

Eleventh. Frauds upon the public, such as perpetrated in the sale of fraudulent securities, has been stopped by the Federal Securities Act.

Twelfth. Thousands of home owners have saved their homes through the establishment of the Home Owners' Loan Corporation.

Thirteenth. Depositors in banks now have their savings insured and protected.

Fourteenth. Farm relief has been passed by Congress, affording loans to farmers and preventing foreclosure of mortgages. The farmer today is getting more for his products, enabling him to buy manufactured products, which is bound to give additional employment to the workers in our factories and mills.

Fifteenth. Loans have been made to States for unemployment relief and further moneys have been loaned to cities and States for construction, road, and building projects, resulting in the employment of millions and saving them from being placed on relief rolls.

I have gratifyingly supported the President in effecting the passage of all this legislation. I have been with him and for him and will continue to give him 100-percent support.

What would have happened if the President had followed in the footsteps of the old deal instead of giving us the new deal? Let us follow our leader, President Franklin D. Roosevelt, who is for the people.

THE PRESIDENT AND CONGRESS ARE FIGHTING FOR THE MASSES

In addition to all of the things that the President has already accomplished, there are other things he is doing, with the aid of Congress, to aid reemployment:

First. Encouraging foreign trade to make more work for our factories.

Second. To create and establish Federal discount banks or some Federal banking medium that will make loans to the small business man or manufacturer so his business can be kept going and more workmen employed.

Third. To increase during the coming summer the number of young men in Civilian Conservation camps until private business can give them employment.

Fourth. The building of housing centers in large cities— and Chicago will be one of the first—which will give work to thousands in razing old buildings and give employment to additional thousands in the building trades in the erection of new buildings.

Fifth. The investigation of the thieving misnamed "protective bondholders committees"; the receivership and bankruptcy rings.

Sixth. The administration and Congress will do their utmost to increase employment and will provide various means of help to relieve people until private business and industry can give them work;

Seventh. The President has already announced himself as in favor of some practical form of old-age pensions which will take care of the needy and aged in their declining days.

Eighth. It is also probable that Congress may soon enact some form of legislation respecting silver that will work to the advantage both of the farmer and the wage earner.

These are but a few of the accomplishments and aims of the President and the Congress. I am proud as a Member of this House to have modestly aided in these things for the relief of the people, and I will continue to do all in my power to bring back better times.

RECOVERY FIGHT TO CONTINUE

Many other recommendations await the action of the Democratic Congress, which recommendations I am satisfied will shortly be enacted into law. As stated by the New York Times and other leading newspapers in 1932, a financial statement compiled bearing on 180 corporations for that year showed a loss of \$46,000,000; but the following year of 1933, under President Roosevelt's leadership and the legislation enacted by Congress, these very same corporations show a net profit of \$560,000,000. The net farm-income increase in 1933 is 55 percent over 1932. Our revenues show an increase; banks, factories, and businesses have reopened, and over 5,000,000 wage earners have been put back to work. That business is improving is shown by the very newspapers that criticized most severely and found fault with the President's program and achievements; double, and in many instances triple, the amount of advertising appeared in 1933 in these very papers as compared with 1932. Not-

withstanding the selfish, unpatriotic Republican leaders and these newspaper beneficiaries, these puppets and industrial leaders, who have been saved through the President's efforts from bankruptcy, wreck and ruin, they are responsible for the most unpatriotic attacks through their propagandists and publicity agents, under the guise of "institutes" and "chambers of commerce", assailing the President in the most vicious and contemptible manner and all for the purpose and in the hope of gaining control of the Nation, that they may in the near future reenthroned their dastardly, destructive, and oppressive policies.

WALL STREET ON THE JOB

Within the last few weeks each and every Member of Congress has received hundreds of letters and telegrams, instigated by the New York and other stock exchanges, assailing and attacking the stock exchange regulation bill, now pending in Congress, which aims to make impossible in the future the unloading of millions of worthless securities and bonds on the public, solely for the financial benefit of the greedy, selfish Wall Street manipulators.

Every industry controlled by Wall Street directors is being utilized to tear down and defeat the President's recovery program, and their publicity agents willfully and maliciously distort facts and malign those who are honestly aiding the President in his program. The extent to which these special-interest agents and propagandists will go is nothing short of amazing. Personally, I am satisfied that no amount of lying and hiding of facts will avail them. The people of America have heard of the Wall Street tax evaders and manipulators, who have unloaded millions upon millions of dollars of worthless securities upon the people and who at the same time have avoided the payment of as much as a single cent in income taxes, under Republican administrations, and who, by fraud and collusion, have obtained refunds of \$3,000,000,000 paid under the Democratic administration in 1918, 1919, and 1920. They are so contemptible and stoop so low as to engage the services, wherever they can, and utilize the names of some of our most popular men, whose names, standing, and influence they use in assailing the President and his administration. This they were able to do even with such a splendid man as Colonel Lindbergh, who is speaking now, not as the brave and courageous solo transatlantic flyer, but as a representative of the fraudulent Air Mail Service ring. So also it is as to Colonel Rickenbacker, who speaks now, not as the great war ace, but as the agent of still another corporation that obtained its air-mail contract by fraud and collusion. They even engaged the son of a former President and the sons of former and present Republican United States Senators to aid them in their greedy efforts to obtain or prevent the enactment of improper legislation, and to secure fat, profitable contracts.

ONLY DANGER IS IN REACTIONARY REPUBLICANS

No, Mr. Chairman, and ladies and gentlemen of the Committee, there is no danger from the "brain trust", as the Steel Trust hirelings are charging; the danger lies in being confronted with these unscrupulous international and Wall Street investment bankers who control the majority of the large industries in the United States, such control being in a small group of agents, who are holding down over 500 interlocking directorships in these corporations. No; there is no danger from the honest and sincere Democrats, who are sacrificing all to serve the Nation, who live on a mere pittance to serve the country. Whatever danger there is is on the part of those of the Republican Party, whom the President felt he could trust, but many of whom are not in sympathy with his program and are undermining his efforts. The sooner he purges himself of these unworthies, the easier he will be able to accomplish his aims and the better it will be for the Nation. These Republicans have been in control and in positions of trust for 12 years. They have repeatedly demonstrated they have not the interest of the people at heart. They cannot be trusted; they cannot be depended upon. I urge the President, for his own sake, for the country's sake, to get rid of those who are not in accord with

his policies. Then, and not until then, will he attain his accomplishments and the good and well-being of 124,000,000 American people, who trust and have implicit confidence in him. Do not permit a few selfish bankers and their agents, the Wall Street wolves in sheep's clothing, to deceive you, Mr. President, as they did Presidents Coolidge and Hoover.

REPUBLICANS WITHOUT A PROGRAM

Mr. Chairman, from the very day that Franklin D. Roosevelt was sworn in as President of the United States, the Republicans have been bewildered. All they have been able to do has been to criticize, without themselves being able to suggest anything better than he has proposed. They are still today utterly without a constructive plan or program.

The Hoover way was to do nothing, and reiterate that prosperity was just around the corner. Time has shown that it was not prosperity, but famine, that was just around the corner.

Roosevelt had a plan and the courage to try it. The people wanted action and Roosevelt, before he had been in office an hour, gave them action.

Why is it that today the entire Nation is behind our President, as it has seldom been behind a President in all the history of our Nation? There are two reasons: One is that he is a man of action. The other is that the people sense that his is the philosophy of Thomas Jefferson and that of the men who signed the immortal Declaration of Independence. Here, for instance, is a sample bit of evidence revealing his adherence to the principles laid down by the founding fathers of the Nation:

SEPTEMBER 1932 — FRANKLIN ROOSEVELT IN HIS SAN FRANCISCO COMMONWEALTH CLUB SPEECH

Every man has a right to life; and this means that he also has a right to a comfortable living. . . . Our Government . . . owes to everyone an avenue to possess himself of a portion of that plenty sufficient for his own needs, through his own work. Every man has a right to his own property, which means a right to be assured . . . in the safety of his savings. . . . If . . . we must restrict the operations of the speculator, the manipulator, even the financier, I believe we must accept the restriction as needful, not to hamper individualism but to protect it.

JULY 4, 1776—DECLARATION OF INDEPENDENCE

All men . . . are endowed by their Creator with certain inalienable rights . . . among these are life, liberty, and the pursuit of happiness. . . . To secure these rights governments are instituted deriving their just powers from the consent of the governed. . . . Whenever any form of government becomes destructive of these ends, it is the right of the people to alter . . . it.

President Roosevelt possesses George Washington's patriotism, Thomas Jefferson's democracy, Jackson's courage, Lincoln's humbleness, Theodore Roosevelt's fighting spirit, and Wilson's love for humanity; all seem to be embodied and possessed by our still youthful, vigorous, courageous, and justice-seeking statesman and President of the United States—Franklin Delano Roosevelt!

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I shall vote for the pending bill despite the fact that it concedes to the President powers almost unheard of, and it may be said that I vote for this bill with my tongue in my cheek. However, I believe that we will get nowhere with our present tariff policy, a policy that leads nowhere, unless and until the power is lodged with someone with forceful authority, together with other nations, to raze the huge tariff walls which an intense chauvinism and forced nationalism has erected between nations.

This bill endows the President with power to enter into bilateral and multilateral agreements with other nations in the interest of razing those tariff walls. We enable him by this bill to do by direction what the President may now do by indirection. The President at the present time can, after so-called "investigations" by the Tariff Commission, increase or lower our duties 50 percent. He need not consult the Tariff Commission under the pending measure, but may

enter directly into negotiations with foreign nations to increase or decrease duties 50 percent, without taking them from the free list or putting them back on the free list. That is indeed a tremendous power, but I do not think that we should cavil much about the power that we are giving to the President at this juncture. We have been giving stupendous powers to the President. We have given him powers which require a man who is almost superhuman to carry out—under the N.R.A., the A.A.A., the Public Works Administration Act, and the Civil Works Administration Act, and what not. So, I repeat, it is idle to chatter about the power that we give to the President under this particular act, in the light of the tremendous powers that we have given him under the acts passed since he was inaugurated.

However, I believe it is well to put some brake upon this power, and at the proper time, if there be no gag rule, and we have the right to offer such an amendment, I say to the Chairman of the Ways and Means Committee that I should deem it a privilege to offer an amendment putting some time limit upon that power, because while I am willing to trust the President, who shall be in office probably far beyond the 3 years more that he has to go for his first term—I am sure that he is going to be elected for a second time—yet, nevertheless, I do not believe this tremendous power should endure for a period beyond 3 years, the end of the President's first term, and if, after that experimental period, our commerce, our transshipments of goods, our imports, and exports shall have increased in pursuance of our expectations, we can then renew the power. In this bill you give to the Executive the right to modify the existing duties within a 50-percent range. He has a right to impose import restrictions, he has the right to retaliate upon those countries which discriminate against American commerce, and as the bill reads "or for any other reason", which is a sort of basket clause, which increases the power the President has.

He can do almost anything in his discretion without let or hindrance, and these powers are to be exercised by Presidential proclamation. He may terminate by such proclamation in whole or in part what he has given or what he has taken away in reference thereto. There is to be reasonably inferred from these words and from a careful reading of the bill that these powers given to the President are not temporary powers, merely for an emergency. The clear implication is that this is to be a permanent policy. What I say now I say with all due respect to the great constitutional lawyers in the House, but when we realize that there is some doubt as to the constitutional grant of these powers, certainly we must pause when we contemplate the grant of such vast powers. There is an impingement upon the right of the other Chamber to determine treaties. We impinge upon the right which we maintain in this House that we shall be the House to levy taxes in the first instance. There is an impingement upon the right of both branches relative to the delegation of legislative authority. So that if it is the purpose of the sponsors of this bill to rivet upon our body politic a permanent policy, I say no, and for that reason, in order to give this new policy a chance to work out, to see whether it shall be successful, I do indeed hope that an amendment to be offered by me, or anybody else, will prevail, to make this assuredly a temporary policy and not a permanent policy.

Mr. DOUGHTON. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. DOUGHTON. I may state to the gentleman that this bill is being considered under the general rules of the House, and any Member will be permitted to offer any amendment he may deem proper.

Mr. CELLER. I thank the gentleman.

Now, to implement these rights that are being given to the President, to implement the power that we are surrendering to the Executive, I shall ask the House to consider something that has been occupying the attention of a subcommittee of the Ways and Means Committee for some time, and that is the establishment of the right to set up in this country what is known as "foreign-trade zones." I am firmly of the conviction that along with this right to

set up flexible treaties with other countries, multilateral and bilateral, we can go far forward in increasing our commerce, our exports and imports, if we give the right to seaports to set up in the various ports of entry, quasi-corporations; corporations controlled by the States or political subdivisions thereof, which corporations are to maintain and operate the so-called "foreign-trade zones."

The bill which the Ways and Means Committee is considering is H.R. 3657.

A bill to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes

Be it enacted, etc., That when used in this act—

The term "Secretary" means the Secretary of Commerce;

The term "public corporation" means a State, a legal subdivision thereof, or a municipality, or a lawfully authorized public agency of a State or a municipality;

The term "applicant" means a public corporation applying for the right to establish, operate, and maintain a foreign-trade zone;

The term "grantee" means a public corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted;

The term "zone" means a "foreign-trade zone" as provided in this act.

SEC. 2. The Secretary is hereby authorized, subject to the conditions and restrictions of this act and of the rules and regulations made thereunder, upon application as hereinafter provided, to grant to public corporations the privilege of establishing, operating, and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States. Not more than one zone shall be authorized in or adjacent to any port of entry, except that when a port of entry is located within the confines of more than one State a zone may be authorized in each State in the territory comprised in such port of entry.

SEC. 3. Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs laws of the United States, except as otherwise provided in this act, be brought into a zone and there stored, exhibited, broken up, repacked, assembled, distributed, sorted, refined, graded, cleaned, mixed with foreign or domestic merchandise or otherwise manipulated, but not manufactured, and be exported, and foreign merchandise may be sent into customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise: *Provided*, That when the privilege shall be requested the collector of customs shall supervise the unloading of foreign merchandise in the zone, cause such merchandise or any portion thereof to be appraised and the duties liquidated thereon. Thereafter it may be stored or manipulated under the supervision and regulations prescribed by the Secretary of the Treasury, and within 2 years after such unloading such merchandise, whether mixed with domestic merchandise or not, may be sent into customs territory upon the payment of such liquidated duties thereon; and if not so sent into customs territory within such period of 2 years such merchandise shall be disposed of under rules and regulations prescribed by the Secretary of the Treasury and out of the proceeds the duties shall be paid and the remainder, if any, to be delivered to the owners of the property: *Provided further*, That subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, articles the growth, product, or manufacture of the United States, and articles previously imported on which duty has been paid, or which have been admitted free of duty, may be taken into a zone from the customs territory of the United States, and may be brought back thereto free of duty, whether or not they have been combined with or made part, while in such zone, of other articles: *Provided*, That if in the opinion of the Secretary of the Treasury their identity has not been lost such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they reenter the customs territory of the United States as foreign merchandise under the provisions of the tariff laws in force at that time.

SEC. 4. The Secretary of the Treasury shall assign to the zone the necessary customs officers and guards to protect the revenue and to provide for the admission of foreign merchandise into customs territory.

SEC. 5. Vessels entering or leaving a zone shall be subject to the operation of all the laws of the United States, except as otherwise provided in this act, and vessels leaving a zone and arriving in customs territory of the United States shall be subject to such regulations to protect the revenue as may be prescribed by the Secretary of the Treasury.

SEC. 6. Each application shall state in detail—

(1) The location and qualifications of the area in which it is proposed to establish a zone, showing (a) the land and water or land or water area or land area alone if the application is for its establishment in or adjacent to an interior port; (b) the means of segregation from customs territory; (c) the fitness of the area for a zone; and (d) the possibilities of expansion of the zone area;

(2) The facilities and appurtenances which it is proposed to provide and the preliminary plans and estimate of the cost thereof, and the existing facilities and appurtenances which it is proposed to utilize;

(3) The time within which the applicant proposes to commence and complete the construction of the zone and facilities and appurtenances;

(4) The methods proposed to finance the undertaking;

(5) Such other information as the Secretary may require.

The Secretary may upon his own initiative or upon request permit the amendment of the application. Any expansion of the area of an established zone shall be made and approved in the same manner as an original application.

SEC. 7. If the Secretary finds that the proposed plans and location are suitable for the accomplishment of the purpose of a foreign trade zone under this act, and that the facilities and appurtenances which it is proposed to provide are sufficient he shall make the grant. If the Secretary refuses the grant, the applicant may appeal to a board consisting of the Secretary of Commerce, the Secretary of the Treasury, and the Secretary of War, whose decision shall be rendered within 3 months from the filing of such appeal and be final as to the grant of the application.

SEC. 8. The Secretary shall prescribe such rules and regulations not inconsistent with the provisions of this act or the rules and regulations of the Secretary of the Treasury made hereunder and as may be necessary to carry out this act.

SEC. 9. The Secretary shall cooperate with the State, subdivision, and municipality in which the zone is located in the exercise of their police, sanitary, and other powers and in connection with the free zone. He shall also cooperate with the United States Customs Service, the Post Office Department, the Public Health Service, the Bureau of Immigration, and such other Federal agencies as have jurisdiction in ports of entry described in section 2.

SEC. 10. For the purpose of facilitating the investigations of the Secretary and his work in the granting of the privilege, in the establishment, operation, and maintenance of a zone, the President may direct the executive departments and other establishments of the Government to cooperate with the Secretary, and for such purpose each of the several departments and establishments is authorized, upon direction of the President, to furnish to the Secretary such records, papers, and information in their possession as may be required by him, and temporarily to detail to the service of the Secretary such officers, experts, or engineers as may be necessary.

SEC. 11. If the title to or right of user of any of the property to be included in a zone is in the United States, an agreement to use such property for zone purposes may be entered into between the grantee and the department or officer of the United States having control of the same, under such conditions, approved by the Secretary and such department or officer, as may be agreed upon.

SEC. 12. Each grantee shall provide and maintain in connection with the zone—

(a) Adequate slips, docks, wharves, warehouses, loading and unloading and mooring facilities where the zone is adjacent to water; or, in the case of an inland zone, adequate loading, unloading, and warehouse facilities.

(b) Adequate transportation connections with the surrounding territory and with all parts of the United States, so arranged as to permit of proper guarding and inspection for the protection of the revenue.

(c) Adequate facilities for coal or other fuel and for light and power.

(d) Adequate water and sewer mains.

(e) Adequate quarters and facilities for the officers and employees of the United States, State, and municipality whose duties may require their presence within the zone.

(f) Adequate enclosures to segregate the zone from customs territory for protection of the revenue, together with suitable provisions for ingress and egress of persons, conveyances, vessels, and merchandise.

(g) Such other facilities as may be required by the Secretary of Commerce, the Secretary of War, and the Secretary of the Treasury, acting jointly.

SEC. 13. The grantee may, with the approval of the Secretary of Commerce and the Secretary of the Treasury, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by them, permit private persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements: *Provided*, That such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the grantee or the permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States: *And provided further*, That in the event of the United States or the grantee desiring to acquire the property of the permittee no goodwill shall be considered as accruing from the privilege granted to the zone: *And provided further*, That such permits shall not be granted on terms that conflict with the public use of the zone as set forth in this act.

SEC. 14. Each zone shall be operated as a public utility, and all rates and charges for all services or privileges within the zone shall be fair and reasonable, and the grantee shall afford to all who may apply for the use of the zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be

made from time to time by the United States with foreign governments and the cost of maintaining the additional customs service required under this act shall be paid by the operator of the zone.

Sec. 15. No person shall be allowed to reside within the zone except Federal, State, or municipal officers or agents whose resident presence is deemed necessary by the Secretary.

The Secretary shall prescribe rules and regulations regarding employees and other persons entering and leaving the zone. All rules and regulations concerning the protection of the revenue shall be approved by the Secretary of the Treasury.

The Secretary may at any time order the exclusion from the zone of any goods or process of treatment that in his judgment is detrimental to the public interest, health, or safety.

No retail trade shall be conducted within the zone except under permits issued by the grantee and approved by the Secretary. Such permittees shall sell no goods except such as are brought into the zone from customs territory.

Sec. 16. The form and manner of keeping the accounts of each zone shall be prescribed by the Secretary.

Each grantee shall make to the Secretary annually, and at such other times as he may prescribe, reports containing a full statement of all the operations, receipts, and expenditures, and such other information as the Secretary may require.

The Secretary shall make a report to Congress on the first day of each regular session containing a summary of the operation and fiscal condition of each zone and transmit therewith copies of the annual report of each grantee.

Sec. 17. The grant shall not be sold, conveyed, transferred, set over, or assigned.

Sec. 18. In the event of repeated violations of any of the provisions of this act by the grantee, the Secretary of Commerce, the Secretary of War, and the Secretary of the Treasury, or a majority of them, may revoke the grant after 4 months' notice to the grantee and affording it an opportunity to be heard. The testimony taken before the Secretaries shall be reduced to writing and filed in the records of the Department of Commerce, together with the decision reached thereon.

In the conduct of any proceeding under this section for the revocation of a grant the Secretaries may compel the attendance of witnesses and the giving of testimony and the production of documentary evidence, and for such purpose may invoke the aid of the district courts of the United States.

An order under the provisions of this section revoking the grant issued by the Secretaries shall be final and conclusive, unless within 90 days after its service the grantee appeals to the circuit court of appeals for the circuit in which the zone is located by filing with the clerk of said court a written petition praying that the order of the Secretaries be set aside. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to each of the Secretaries and they shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in the proceedings held before them under this section, the charges, the evidence, and the order revoking the grant. The testimony and evidence taken or submitted before the Secretaries, duly certified and filed as a part of the record, shall be considered by the court as the evidence in the case.

On such appeal the court shall review the record of proceedings before the Secretaries and, if a decision of said Secretaries shall be supported by evidence, shall only make decision on errors of law.

Sec. 19. In case of a violation of this act, or any regulation of the Secretary under this act, by the grantee, any officer, agent, or employee thereof responsible for or permitting any such violation shall be subject to a fine of not more than \$1,000. Each day during which a violation continues shall constitute a separate offense.

Sec. 20. If any provision of this act or the application of such provision to certain circumstances be held invalid, the remainder of the act and the application of such provisions to circumstances other than those as to which it is held invalid shall not be affected thereby.

Sec. 21. The right to alter, amend, or repeal this act is hereby reserved.

There recently appeared in the New York Times a communication to the effect that the Maritime Association of the Port of New York was opposed to the establishment of free-trade zones in the United States as provided for in my bill, H.R. 3657. I wrote to the editor of the New York Times the following communication, which embodies my views in support of this bill.

MARCH 19, 1934.

CITY EDITOR (MARITIME SECTION) NEW YORK TIMES,

New York, N.Y.

DEAR SIR: I note the report published in this morning's Times of the Maritime Association of the Port of New York, in opposition to the establishment of foreign-trade zones in the United States as provided for in my bill, H.R. 9206.

It is mighty strange that this association voices opposition in the face of most favorable commendation of this bill by such organizations as the Port of New York Authority, the Chamber of Commerce of the United States, the Chamber of Commerce of the State of New York, the Merchants' Association of the State of New York, the Maritime Association of the Boston Chamber of Commerce, the Philadelphia Board of Trade, the Baltimore Asso-

ciation of Commerce, the Export and Import Bureau of Baltimore, the New Orleans Association of Commerce, the New Orleans Cotton Exchange, the Chicago Association of Commerce, the San Francisco Chamber of Commerce, the Pacific American Steamship Association, and the Ship Owners' Association of the Pacific Coast, the trade associations of Hampton Roads and Norfolk, the Chamber of Commerce of Jersey City, the Tariff Commission of the United States, and the United States Department of Commerce.

A free port or free zone is defined as "a place limited in extent but differs from adjacent territory in being exempt from customs laws as affecting goods destined for reexport." It means simply that, as regards duties, there is freedom unless and until imported goods enter the domestic market. A free zone may be defined as an isolated, enclosed, and policed area in or adjacent to a port of entry, without resident population, furnished with the necessary facilities for lading and unloading, for supplying fuel and ship stores, for storing goods, and for reshipping them by land and water—an area within which goods may be landed, stored, mixed, blended, repacked, manufactured, and reshipped without payment of duties and without the intervention of customs officials. * * *

The purpose of the free zone is to encourage and expedite that part of a nation's foreign trade which its government wishes to free from the restrictions instituted by customs duties. In other words, it aims to foster the dealing in foreign goods that are imported, not for domestic consumption but for reexport to foreign markets and for the conditioning or for combining with domestic products previous to export.

Henry Chalmers, Chief, Division of Foreign Tariffs, Department of Commerce, testified that the establishment of foreign-trade zones would greatly increase our foreign trade and that the Department of Commerce "has long been impressed with the fact that compared with the other major commercial nations the re-export and transshipment trade of the United States is remarkably small in volume", and that foreign-trade zones "should not only aid in the extension of the reexport and transshipment trade of the United States but should make possible that fuller and more effective utilization of our merchant marine."

The principle of establishing facilities for storing, manipulating, smelting, foreign products in bond for reshipment and of providing for drawback or return of duty paid on materials used in the manufacture for reexport have been recognized in the Tariff Act of 1930 in sections 555, 557, etc. The extension of this principle by providing for specific zones in which these functions could be carried on without interference involves adoption of no new principle. It would simply do away with the present disadvantages of using the warehouse and drawback system and concentrate these operations in a specific area to the advantage both of the ship, merchant, and customs supervision. For example, instead of 80 separate bonded warehouses scattered all around the port of New York and requiring 1,400 bonded truckmen and lighters to move products back and forth between these warehouses and piers the entire operation could be concentrated within a customs stockade easily policed by the customs officials. In Stockholm, for example, the free port, which covers about 5,500,000 square feet of area, is controlled by 20 customs guards.

Such foreign trade zones, or free ports, are a regular feature in European and Asiatic ports, there being 41 such zones in various parts of the world. In Hamburg, Germany, nine tenths of the dockage for sea-going vessels lies within the confines of the free port and the tonnage handled in the free port of Hamburg has amounted to, in recent years, as much as 22,000,000 tons of cargo per annum. By reason of its facilities for handling transshipment cargo cheaply and expeditiously, the free port of Hamburg has become the center of a world trade in rice, jute, crude rubber, cocoa beans, hides, skins, etc. The directors of the port of Hamburg point out that the adoption of the free-port principle has enabled Hamburg to greatly accelerate the dispatch of vessels, and the United States Shipping Board estimates that adoption of a similar principle in the United States might save time and cost to shipowners equal to \$1,000 a trip for freighters and perhaps as high as \$5,000 per day for higher-type vessels.

Take, for example, the drawbacks which are supposed to be an encouragement to the importation of foreign products, to be fabricated and manipulated in this country, and then to be reshipped, as a result of which 99 percent of the duty is refunded. This is to be an encouragement to American manufacturing. However, the privilege of drawbacks is so hedged about with restrictions and hindrances, as to practically become negligible in American commerce.

Herewith are given the amount of customs drawbacks paid by the United States since 1922:

Amount of customs drawbacks paid by United States since 1922

1922	\$35,290,000.00
1923	11,934,000.00
1924	14,095,000.00
1925	20,658,000.00
1926	13,136,000.00
1927	13,560,046.08
1928	13,194,682.45
1929	14,925,888.43
1930	12,577,970.51
1931	12,162,475.46
1932	8,418,434.14
1933	7,154,527.56

It will be noted that there has been a falling off from \$35,000,000 to \$7,000,000. The falling off has been greater proportionately

than the shrinkage in general trade due to the depression. The paltry figure of \$7,000,000 clearly indicates that the drawback system has become useless. A foreign-trade zone would remedy greatly this situation. The same restrictions now present in connection with the drawback system are present with equal force and degree in connection with bonded warehousing.

It may very well be that the members of the committee of the Maritime Association who opposed this bill might have their own particular interests seriously affected by its adoption. That naturally would prejudice them against the bill. Certain shipping and towing interests are naturally opposed to its passage. It would derange their affairs. An intelligent self-interest prompts them to oppose it. I have no objection to that opposition; they should, however, indicate their interest.

It must be understood, also, that New York is not the only city involved in the bill. It is an enabling act that would permit any port to set up a foreign-trade zone anywhere along our seacoast.

Yours very truly,

EMANUEL CELLER.

QUESTIONS AND ANSWERS ON FOREIGN-TRADE ZONES

I have had prepared a series of questions and answers concerning foreign-trade zones, and herewith set them forth:

Functions and benefits of foreign-trade zones

The establishment of foreign-trade zones in the United States can be secured only if Congress enacts the necessary enabling legislation. The following fundamental statements are presented in order that the functions and benefits which foreign-trade zones will provide may be thoroughly understood and legislative action secured.

What is a foreign-trade zone?

A foreign-trade zone is an area within a port of entry carefully segregated from customs territory and free from all customs tariffs and regulations.

What can be done in a foreign-trade zone?

Foreign merchandise can be unloaded, stored, exhibited, broken up, repacked, assembled, distributed, sorted, refined, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, and shipped either to foreign countries or into the United States.

What advantages of a foreign-trade zone are not available under the present bonded warehouse or drawback system?

The principal advantage is the elimination of all customs formalities necessary under the present system of bonded warehouses and drawbacks by avoiding delays, trouble, and expense connected with making entry, paying duty and premium for bonds, cartage, expenses for customs supervision of operations, securing withdrawal permits, etc. Domestic products may be combined with imported goods. Merchandise may be exhibited. Foreign-trade zones invite and simplify such operations, while the present system necessarily makes them difficult.

Does the establishment of foreign-trade zones affect the tariff policy of a country or its complete enforcement?

No. The operation of foreign-trade zones has no bearing whatever upon policies of protection or free trade, because, so far as our tariff laws are concerned, these zones are outside the country, and merchandise entering the country from a foreign-trade zone must, as if directly received from abroad, comply with all requirements of the tariff law.

Can foreign-trade zones operate without imperiling the protection or revenues of a country; that is, can smuggling be prevented?

Many years' experience of foreign-trade zones abroad prove that with proper operating agencies and adequate barriers and guards, smuggling does not occur.

What governmental supervision is customary and necessary in the operation of foreign-trade zones?

All operations in a foreign-trade zone are strictly supervised by Federal customs and tariff officials, under stringent rules and regulations to insure proper conduct. This supervision is based on reports of operations within the zone, ships' manifests, the entry and withdrawal of merchandise from the zone, etc.

Who would use foreign-trade zones?

American importers, exporters, and manufacturers, as well as foreign merchants.

What benefits would result from the operation of foreign-trade zones and who would benefit thereby?

Importers, exporters, wholesalers, jobbers, manufacturers, rail and ocean carriers would benefit by an increased volume of business. Importers could exhibit foreign goods, store merchandise until sold in the United States of America or abroad, mix with domestic products or recondition, sort or repack before shipping abroad. Exporters would avoid payment of duties and expenses on imported goods to be reexported. Domestic manufacturers using foreign materials would always have stocks of such materials available, could buy in larger quantities ordinarily at a lower price, and store their products in the zone until sold in either domestic or foreign trade. Steamship lines would benefit by increased traffic, thereby aiding our American merchant marine. Labor would benefit by increased employment due to new manufacturing and a larger volume of goods to be unloaded, handled, repacked, reshipped, etc.

Are foreign-trade zones operated by government or by private individuals under government supervision?

Foreign-trade zones may be operated either by private or public corporations; that is, divisions of government.

Where would foreign-trade zones be located?

In any port of entry, either seaboard or inland, provided the applicant is trustworthy and willing to comply with all governmental requirements of the Secretaries of Commerce and the Treasury.

Would the establishment of foreign-trade zones aid in recovery from the depression and thereby form an important part in the foreign-trade recovery program?

American business realizes the dependence of prosperity and the reemployment of labor on the maintenance and extension of America's foreign trade, including both import and export. The facilities of foreign-trade zones would, therefore, by encouraging and simplifying foreign-trade operations, serve to aid the recovery program advocated by Government officials.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. FOULKES].

THE MENACE OF HITLERISM IN AMERICA

Mr. FOULKES. Mr. Chairman, the House of Representatives has very properly authorized an investigation of the intrigues and propaganda of agents of the insane despot of Germany, Adolf Hitler, in this country.

But on the heels of its decision to conduct this investigation, the House has heard the treacherous siren song of Hitlerism as it speaks through Dr. William Wirt, of Gary, Ind., and is even now considering the resolution of Representative BULWINKLE calling for a congressional investigation of Dr. Wirt's charges that there is a fearful Red conspiracy being hatched somewhere in the departments of the Government by the men who are devoting their talents and energies to the task of trying to assure the American people enough to eat.

I am very glad that the House voted to authorize the probe of Hitlerism and the nefarious doings of Nazi spies within the borders of the United States.

However, I wish to point out that the committee now supervising this investigation of the Nazi conspiracy on American soil must by no means fail to take cognizance of the activities of Dr. Wirt.

Dr. Wirt's statements on their very face are preposterous enough and false enough to arouse the condemnation of all who welcome political policies that tend to eliminate poverty. Any clear-thinking and fair-minded citizen can see for himself how unjust are these attacks on the administration for its efforts to get rid of unemployment and to put an end to destitution. Under ordinary circumstances such attacks could be considered cheap and contemptible playing of politics by men who ought to be ashamed of themselves for descending to such levels of chicanery.

But, in my humble judgment, this is something more than the low mud-slinging and lying of petty political schemers. I am convinced that it is part of a vicious plot—a plot in which the plotters are Hitler agents in this country, hoping to discredit the social welfare and humanitarian policies of the Roosevelt administration and anticipating that they may be able to set up a Nazi or Fascist dictatorship in which a representative of Wall Street will have absolute control.

I believe it is also a plot in which the profiteers and grafters of the United States are readily and eagerly cooperating with Hitler tools, since these profiteers and grafters view with hostility every progressive and forward-looking step of the Government and want to hinder and handicap the administration in every conceivable way.

The hideous Nazi philosophy is built upon a bloody dictatorship by a single despot who represents the ruling class—the millionaires and the billionaires—and aided by the stimulation of savage racial and religious prejudices that never ought to exist. It is a philosophy that is now being looked upon with favor by the members of the plutocracy, since they realize that their doom is near at hand unless they can succeed in installing a Nazi dictatorship in which some representative of their caste will hold the reins of government. Seeing their power slipping from them, the kings and kaisers of Wall Street look upon Hitlerism as a way out of the dilemma—a path that will lead them back to their disappearing dominance. Therefore they are ready to throw overboard the forms of democracy and democratic government as no longer of service to them and to grab at nazi-ism as the salvation of their class.

Mr. Chairman, it is no coincidence that this cleverly timed and cunningly arranged assault should now be made upon the so-called "brain trust" by this head of the school system in Gary, Ind.—a city named after one of the greatest exploiters of human labor in modern times—and splashed across the front pages of every reactionary newspaper in the United States. Such things do not just happen. It is no accident that propagandists, organizers, and informers for the Nazi movement are swarming all over this country, planting agents in schools and colleges, organizing secret societies whose ideal is an absolute monarchy under which the poor have even less freedom than they had under the czarism of Hoover, Coolidge, and Harding, and trying to thwart the very moderate reforms initiated since Inauguration Day, 1933.

These developments are no coincidence and no accident. They come because of certain causes that are easy to discover.

Big business in America is angry at the mild progressivism that has so far characterized the Roosevelt administration. It hates any kind of progressivism—even the mildest.

Nazi-ism is training a secret army of conspirators to seize governmental control at the right opportunity and set up a dictatorship, not of "Reds" or of sons of toil who happen to be Communists or Socialists and, therefore, a little ahead of the rest of the people in their social ideals, but a dictatorship in which an American Hitler would wield the ax of power over the heads of any who sought to organize the poor and the unfortunate.

The yarns about a Communist menace are the most sickening blather. They are too false, too silly, to merit attention. There is no menace from Communists or Socialists or any others who sacrifice their own comfort for an ideal commonwealth and who, in their devotion to a principle, deny themselves life's ordinary comforts.

The real menace is that of the well-schooled, carefully trained, thoroughly disciplined, and docile followers of Herr Hitler, who infest this country and have spread the poison that we are drifting into dangerous revolutionary directions and that a Nazi imperialism is the only recourse if we want to avoid bolshevism.

These men are a menace. I sincerely trust that the committee headed by Representative DICKSTEIN will completely expose their abominable and evil machinations.

I hope also that the pitiless light of publicity is thrown upon this man, Dr. William Wirt, of Gary, Ind., who at this significant moment, when Nazi conspirators overrun our country, gives them aid and comfort by asinine allegations about a Red conspiracy to lure Mr. Roosevelt and his associates into unsafe procedure.

We want none of Dr. Wirt's bunk. The American people will have no time and no patience for him. They will not be impressed by a Red scare directed at the only administration in more than a decade that has given honest concern to the needs of human beings.

If Dr. Wirt is not an agent of Hitlerism in America, he is unconsciously serving it as well as any paid tool could serve it. If he is not seeking to aid those who would set up a terrorism of nazi-ism or fascism tomorrow, he is certainly handsomely playing into their hands. He is either a faithful servant of the sinister forces of predatory wealth or a consummate ass.

America is not afraid of champions of the poor and lowly—call them Red or what you may. What it should be fearful of, and what it should strike down with swift and sturdy hand, are these evil instruments of Herr Hitler and the stupid fools who in their ignorance become blind allies.

Instead of this notoriety-seeking school teacher—whose former occupation was, I understand, that of a banker, utterly out of sympathy with those who earn their bread and butter by sweat and honest toil—exposing a weird and mysterious Red plot, he has come dangerously near exposing the fantastic notions of somebody's hangover after a long and protracted cocktail party.

The trouble with Dr. Wirt seems to be a brainstorm, I am told, that followed the drunken debauch of his maudlin

informants. In an orgy in which certain people seem to have consumed "strange drinks and had strange thinks", and in which their brains deserted them, they conceived the nightmare that the "brain trust" was engaged in communistic deviltry.

If those who told Dr. Wirt these yarns had kept sober, and if he had been less gullible, all of this excitement would never have occurred. That is, assuming that he is honestly deceived, for I prefer to think that he has been bamboozled instead of believing that he is deliberately in the employ of Hitler.

But regardless of the cause of this extravagant spreading of bombastic absurdity by Wirt, let the Congress refuse to be swept off its feet by another one of the disgusting attempts to create Red hysteria, and let it continue bravely at its task of waging war against hunger, against suffering, against legalized robbery, and against the dictatorship of Wall Street. [Applause.]

The CHAIRMAN. The Chair will state the gentleman from North Carolina has 3 hours and 5 minutes remaining; the gentleman from Massachusetts has 3 hours and 26 minutes remaining.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill, H.R. 8687, the Tariff Act, 1935, had come to no resolution thereon.

LIQUOR CONTROL ACT—TERRITORY OF ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution, Senate Concurrent Resolution No. 11, which resolution asks that the President return to the Senate the bill S. 2729.

The SPEAKER. The Clerk will report the Senate concurrent resolution.

The Clerk read as follows:

Senate Concurrent Resolution 11

Resolved by the Senate (the House of Representatives concurring), That the President is requested to return to the Senate the bill (S. 2729, 73d Cong., 2d sess.) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

Mr. SNELL. Reserving the right to object; as I understand, this is to make a correction in a bill?

The SPEAKER. The Chair so understands it.

Mr. SNELL. The gentleman from Alaska spoke to me about it. I have no objection.

The SPEAKER. The question is on agreeing to the Senate concurrent resolution.

The Senate concurrent resolution was agreed to.

A motion to reconsider the vote by which the Senate concurrent resolution was agreed to was laid on the table.

LOANS TO SAVE RELIGIOUS INSTITUTIONS FROM EXTINCTION

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, many churches and other religious institutions are now threatened with extinction because they are temporarily unable, in this period of unprecedented depression, to meet their mortgage obligations. In these times, when our spiritual resources need so much to be strengthened to reestablish the mutual respect and ways of right living that are essential to enduring National welfare and happiness, the obliteration of one church would be a calamity to the community where it is located and the obliteration of thousands of churches scattered over the country, would be a major national disaster.

Under leave to print I present herewith a statement I made the other day to the Banking and Currency Subcommittee of the House in support of my bill (H.R. 8638) authorizing the Reconstruction Finance Corporation to make

loans on easy terms to aid in refinancing the building indebtedness of churches and other institutions for religious instruction and worship. The address follows:

I assume that those who champion this legislation to permit the Reconstruction Finance Corporation to come to the aid of churches and other religious organizations that are threatened with property foreclosures either consciously or subconsciously predicate their action on one particular theory that differentiates this proposal from all other proposals that ever came before Congress having reference to Government loans.

That theory, the magnet which attracts support to this bill, recognizes that churches and other religious institutions are basic in human welfare and that anything that may be done through a proper and safeguarded use of the Government's credit to prevent them from being wiped out of existence and to enable them to function normally will inevitably contribute to the well-being of society.

It was that purpose which motivated me when on June 7, 1933, I introduced a bill, H.R. 5961—the first one ever introduced on this subject—permitting the Reconstruction Finance Corporation to make loans at 4 percent for 5-year periods, with privileges of extension, and without amortization of the principal being required. The legislation seemed to Senator Capper to be meritorious and he introduced a companion bill in the Senate.

Any tribute I might attempt at this time to pay to Christianity would be flickering and feeble as compared with the merit that surrounds that most blessed influence in the world. I believe that most of the woes in which the world finds itself steeped today can be traced directly or indirectly to neglect, sometimes verging into open defiance, of the tenets of Christianity. We have wandered far from the straight road that leads to salvation and I use that word not only in its social and spiritual sense, but I mean economic salvation as well.

If the world had held true to Christianity the greatest of all wars would never have occurred and we would have been spared the mountainous debts and the repercussions manifest by the worst depression in all history and we would not now be framing our national budgets on the basis that out of every dollar wrung from the taxpayers to pay the cost of the regular governmental establishment 72 cents must go to defray the expenses of wars past and the preparation for wars to come.

I think it is axiomatic that in America religious training and worship lie at the very foundation of national welfare. That principle is recognized on our coins which carry the legend "In God we trust." I think it also is demonstrable that many of our troubles and ills of the present day are traceable to the fact that we as a Nation have strayed so far from the path of true religion. I sincerely believe, therefore, that the bill I have introduced is vested with a quality that brings it within the scope of legislation for the public welfare.

In this black night of the worst depression the world has ever known many churches throughout America are threatened with obliteration because they cannot meet their payments; many religious schools and other institutions likewise are facing extinction.

CHALLENGE TO OUR HIGHEST IDEALISM

The question is, What can we do to save them? Is not their plight a challenge to our highest idealism and our best efforts? To show that the picture of their condition which I am presenting is not fanciful or overdrawn, let me read extracts from a few of the many letters I have received. Carlos M. Dinsmore, secretary of edifice funds of the American Baptist Home Mission Society, writes:

I would say that there are at least 50 of our (Northern Baptist) churches in a serious situation because of their debt and it would take a loan of about \$2,000,000 to take care of these cases. In nearly every church the debt could be settled on the basis of 50 cents on the dollar if the church could get the money soon. In a good many of these cases the banks have voluntarily offered to make a very large reduction if a settlement could be made.

Rev. Julian E. Stuart, pastor of the Wyatt Park Christian Church of St. Joseph, Mo., writes:

It is my conviction that the future happiness and very stability of our great American people depends to a large extent upon the life of the churches of the land. Caught in the devastating sweep of the depression, many of our most useful institutions are facing a most desperate struggle for continued life and service. Your bill, if passed, and I trust that it will be, will bring a new hope to the church.

The Extension Magazine, official organ of the Catholic Home Missions, 300,000 circulation, says editorially:

Here is the opportunity of the century for all church-going people to unite on at least one measure of cooperation in order to save thousands of houses of God erected by the people as testimonies of their trust in God. The Senators and Representatives of the people of the United States of America have it in their power through the passage of the Ludlow-Capper bill to strengthen our trust in God, and our hope that while the material prosperity of our country is our present goal, the spiritual values in which millions of our people put much hope will not be forgotten. The Reconstruction Finance Corporation is spending billions in rehabilitating banks, insurance companies, corporations of all kinds, farmers and home owners, to weather the financial hurricane, while thousands of churches and religious organizations throughout the country are being financially strangled by the heavy mortgages which the banks and insurance companies are demanding that they pay to the last penny.

John H. Booth, secretary of the board of church extension of the Disciples of Christ, writes:

Thousands of fine churches throughout the country—most of them the finest churches in their communities—will not be able to survive without Federal loans to help them to carry their property indebtedness.

TESTIMONY OF THE CLERGY

Monsignor Marino Priori, of Indianapolis, an outstanding churchman and founder and editor of *Eternal Light*, a notable publication of the church, says:

The bill introduced by Representative LOUIS LUDLOW to enable the Reconstruction Finance Corporation to loan to churches and religious institutions is worthy of the immediate consideration of the United States Congress now in session. The chaos of the depression has worked a great hardship on the churches, especially in regard to their indebtedness. The aim and purpose of this legislation will be to the benefit of the whole country.

That this bill has made a wide appeal and that it is supported by almost a unanimous favorable opinion in religious circles is indicated by a letter dated March 16, 1934, from Mr. J. Paul Maynard, advertising manager of the *Christian Herald*, in which he says:

A few weeks ago I wrote to a large group of ministers, spread over the country and well over the various large Protestant denominations. To date we have received 183 returned questionnaires. Of these 183, 175 indicated that they would like to avail themselves of the opportunity presented by your bill. Eight raised the question of the undesirability of involving church with the state. Of these eight, one said even though he was doubtful about its advisability, he would avail himself of such an opportunity. The importance of this analysis lies in the fact that it represents the unprejudiced opinion of Protestant clergymen throughout the country.

Since introducing the original bill last year I have made one change in it, and the bill as reintroduced in its revised form on March 14, 1934, is known as H.R. 8638. The original bill authorized the Government "to aid in financing the operation and maintenance of institutions for religious instruction and worship." It seemed on mature reflection that this did not clearly express the purpose the friends of the bill had in mind. The entire purpose of the bill is to relieve distress by saving churches and other religious organizations from threatened property foreclosure, and it could hardly be said that financing for operation and maintenance would be relieving distress within the intended meaning. So in the revised bill, which simply carries out the original intention, the Reconstruction Finance Corporation is authorized "to aid in refinancing the building indebtedness of churches and other institutions for religious instruction and worship."

This narrowing of the language, it is believed, will facilitate the passage of the measure. Many persons and church groups that have written to me have urged that the language of the bill be broadened so as to authorize Government financing of new church construction, but I do not believe that such broadening of the scope of the bill would be justifiable or that Congress could be induced to approve it. This is a bill to relieve institutions now in distress and not to build new institutions.

At present a church or religious society cannot make a loan directly from the Reconstruction Finance Corporation, no matter how valuable the property may be that it has to offer as security. A loan can only be made, if at all, through the agency of a bank or mortgage loan company, and then at a rate of interest in excess of 5 percent. The bank, if it borrows from the Reconstruction Finance Corporation, has to pay the Corporation 5-percent interest and it depends on making its profit by reloaning to the church at a rate in excess of 5 percent.

OUR RESPONSIBILITY TO POSTERITY

The bill I have introduced would enable the church or religious organization to borrow on the strength of its property assets directly from the Reconstruction Finance Corporation for a period of 5 years and at 4-percent interest. It would not be necessary for the church to act through a bank or mortgage loan company as intermediary. I have fixed the rate of interest at 4 percent as the Government can borrow money around 3½ percent and the extra one half of 1 percent would cover the Government's overhead cost of handling these transactions. What it would amount to, therefore, would be that the Government would lend its credit to the churches by permitting part of the funds appropriated to the Reconstruction Finance Corporation to be borrowed on approved church security to help the church and religious organizations in this time of great emergency, which amounts to a crisis in the history of many churches.

This assistance would be rendered without any cost to the Government. In the past I have been somewhat dubious about the policy of the Government making loans through the Reconstruction Finance Corporation, but since we have embarked on that program I think there is every reason in good policy why the principle should be broadened to include loans to churches and religious organizations on adequately secured property.

America has grown great under the necessary guidance of religion, and without the efforts of the religious missionaries this country would be as another Russia. For these reasons I believe this bill is a worthy one, and I hope it will receive general approval and support.

When we take up this bill to decide its fate, let us not forget that we are the guardians of posterity. We hold in our encircling arms the children of countless generations yet unborn. By passing this bill let us make the world a better place for them to live. Let us by favorable action on this bill show that our vaunted phrase "In God we trust" is not a mere lip expression. Let us pass this bill and strengthen our moral and religious reserves; and by so doing, fortify America for the momentous years that are to come.

OUR RESPONSIBILITY TO POSTERITY

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CADY, for 4 days, on account of important business.

To Mr. EAGLE (at the request of Mr. BLANTON), on account of illness in his family.

To Mr. ELLENBOGEN, for 3 days, on account of illness.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 19 minutes p.m.), the House, pursuant to its order previously entered, adjourned until tomorrow, Wednesday, March 28, 1934, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, Mar. 28, 10 a.m.)

A hearing will be conducted on H.R. 8758.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Mar. 28, 10 a.m.)

Continuation of the hearings on railroad bills.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; without amendment (Rept. No. 1085). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 8237. A bill to legalize a bridge across Black River at or near Pocahontas, Ark.; without amendment (Rept. No. 1086). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 8429. A bill to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931; without amendment (Rept. No. 1087). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 8438. A bill to legalize a bridge across St. Francis River at or near Lake City, Ark.; with amendment (Rept. No. 1088). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 8516. A bill granting the consent of Congress to the Board of Supervisors of Leake County, Miss., to construct a bridge across the Pearl River in the State of Mississippi; with amendment (Rept. No. 1089). Referred to the House Calendar.

Mr. MAPES: Committee on Interstate and Foreign Commerce. H.R. 8577. A bill to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; with amendment (Rept. No. 1090). Referred to the House Calendar.

Mr. PETTENGILL: Committee on Interstate and Foreign Commerce. H.R. 8834. A bill authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; without amendment (Rept. No. 1091). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COFFIN: Committee on Military Affairs. H.R. 892. A bill for the relief of Thomas Stokes; with amendment (Rept. No. 1077). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 1018. A bill for the relief of Claude Cyril Langley; without amendment (Rept. No. 1078). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 4388. A bill for the relief of John H. D. Wherland, alias Henry Lowell; without amendment (Rept. No. 1079). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 4397. A bill for the relief of John Costigan; without amendment (Rept. No. 1080). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 5939. A bill for the relief of Joseph W. Harley; without amendment (Rept. No. 1081). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 6353. A bill for the relief of John J. O'Connor; without amendment (Rept. No. 1082). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 7786. A bill granting 6 months' pay to Hester Hamilton; without amendment (Rept. No. 1083). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McREYNOLDS: A bill (H.R. 8844) authorizing the appropriation of funds for the payment of claims of certain foreign governments under the circumstances hereinafter enumerated; to the Committee on Foreign Affairs.

By Mr. FORD: A bill (H.R. 8845) authorizing and directing the Secretary of the Interior to sell to the city of Los Angeles, Calif., certain public lands in California; and granting rights-of-way over public lands and reserve lands to the city of Los Angeles in Mono County in the State of California; to the Committee on the Public Lands.

By Mr. DOCKWEILER: A bill (H.R. 8846) to provide an increase of certain veterans' widows' compensation, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. AYERS of Montana: A bill (H.R. 8847) to provide for the issue of route certificates to carriers on certain star routes and for fixing the compensation of such carriers, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. SMITH of Washington: A bill (H.R. 8848) to provide for the construction of a bridge across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAVEZ: A bill (H.R. 8849) establishing the Roswell land district in the State of New Mexico with the land office at Roswell; for the appointment of a register for such district; and for other purposes; to the Committee on the Public Lands.

By Mr. PALMISANO: A bill (H.R. 8850) to amend and extend the act of March 2, 1929, relating to issuance of a certificate of registry to certain aliens; to the Committee on Immigration and Naturalization.

By Mr. SIROVICH: A bill (H.R. 8851) to effectuate certain provisions of the International Convention for the Protection of Industrial Property, as revised at The Hague on November 6, 1925; to the Committee on Patents.

By Mr. DREWRY: A bill (H.R. 8852) to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H.R. 8853) to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore; to the Committee on Interstate and Foreign Commerce.

By Mr. PALMISANO: A bill (H.R. 8854) to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; to the Committee on the District of Columbia.

By Mr. SABATH: Joint resolution (H.J.Res. 308) to provide for the acquisition of the canal now owned by the sanitary district of Chicago, and for other purposes; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H.R. 8855) to correct the military record of Granville B. Bryant; to the Committee on Military Affairs.

By Mr. HUDDLESTON: A bill (H.R. 8856) granting a pension to Thomas Michael Smith; to the Committee on Pensions.

By Mr. LESINSKI: A bill (H.R. 8857) for the relief of Alexander Cselenyak; to the Committee on Claims.

Also, a bill (H.R. 8858) for the relief of James Aird; to the Committee on Claims.

By Mr. REILLY: A bill (H.R. 8859) for the relief of Ella King; to the Committee on Claims.

By Mr. SHANNON: A bill (H.R. 8860) for the relief of Joseph W. Zorn; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3304. By Mr. BEITER: Petition of the Women's Auxiliary Post, No. 11, Polish Army Veterans' Association of America, Buffalo, N.Y., urging enactment of House bill 6912, to amend the act entitled "An act to admit to the United States and to extend naturalization privileges to alien veterans of the World War"; to the Committee on Immigration and Naturalization.

3305. Also, petition of the Polish Army Veterans' Association of America, Post No. 1, Buffalo, N.Y., urging enactment of House bill 6912, to amend the act to admit to the United States and to extend naturalization privileges to alien veterans of the World War; to the Committee on Immigration and Naturalization.

3306. By Mr. CONNOLLY: Memorial of the Vessel Owners' and Captains' Association, Inc., of Philadelphia, Pa., protesting against passage of the bill (H.R. 7979) to amend section 4463 of the Revised Statutes of the United States, as amended by the act of Congress approved May 11, 1918; to the Committee on Merchant Marine, Radio, and Fisheries.

3307. Also, petition of the Thomas Federation of Organized Bible Classes of Philadelphia, Pa., for favorable action on the so-called "Patman motion-picture bill" (H.R. 6097), providing a higher moral standard for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

3308. By Mr. DARROW: Resolution of the Philadelphia Board of Trade, opposing House bill 8687, to amend the Tariff Act of 1930; to the Committee on Ways and Means.

3309. By Mr. GOODWIN: Petition of members of vocational advisory board, board of education, Albany, N.Y., urging the support of the bill (H.R. 7059) providing for the further development of vocational education in the several States and Territories; to the Committee on Education.

3310. Also, petition of the Woman's Christian Temperance Union, Schoharie, N.Y., in which they respectfully petition Congress for favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3311. Also, petition of Arthur Weiman and others, employees of the New York Telephone Co., taking exception to paragraph 4, section 5, title I, of the Labor Disputes Act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3312. By Mr. KVALE: Petition of Tri-County Farmers' Holiday Association of Lac qui Parle, Yellow Medicine, and Chippewa Counties, urging legislation for farm relief; to the Committee on Banking and Currency.

3313. Also, petition of numerous citizens of Minneapolis, Minn., urging legislation for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

3314. Also, petition of members of the First Methodist Episcopal Church of Duluth, Minn., protesting against the

increasing of armaments; to the Committee on Naval Affairs.

3315. By Mr. LAMBERTSON: Petition of Aaron Strahm and other citizens of Nemaha County, Kans., urging passage of the Frazier bill, and protesting the direct buying of hogs, and urging the Secretary of Agriculture to force packers to buy their supplies through the open established competitive markets; to the Committee on Agriculture.

3316. By Mr. LAMNECK: Petition of Amy Johnston Neil, chairman Legislative Board of Ohio, and the Ladies Auxiliary to the Brotherhood of Railroad Trainmen, urging favorable consideration of legislation for the relief of railway employees; to the Committee on Interstate and Foreign Commerce.

3317. Also, resolution of William W. Cline, president Columbus Federation of Labor, Columbus, Ohio, urging the passage of the unemployment and social insurance bill; to the Committee on Labor.

3318. By Mr. LINDSAY: Petition of John G. Marshall, Inc., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3319. Also, petition of C. Kenyon Co., Inc., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3320. Also, petition of the Match Institute, New York City, concerning amendment adopted by the Senate to House bill 7835; to the Committee on Ways and Means.

3321. Also, petition of Col. John G. Butler Camp, No. 86, United Spanish War Veterans, Department of New York, Syracuse, N.Y., urging proper legislation due Spanish War veterans; to the Committee on Pensions.

3322. Also, petition of the John J. Dahne Co., New York City, opposing the Wagner bill (S. 2926) in its present form and the Connery 30-hour-week bill (H.R. 8492), and favoring amendment to tariff act (H.R. 8687); to the Committee on Ways and Means.

3323. Also, petition of the St. Clair Oil Co., Inc., New York City, concerning the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3324. Also, petition of G. M. Cowenhoven, president National Gauge Corporation, Brooklyn, N.Y., opposing the Wagner-Connery bills in their present form; to the Committee on Labor.

3325. Also, petition of Bacon, Stevenson & Co., New York City, opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3326. Also, petition of James F. McConnochie, New York City, concerning the Securities Act and proposed stock-exchange bill; to the Committee on Interstate and Foreign Commerce.

3327. Also, petition of Charles B. Warren, New York City, opposing the Wagner Trade Disputes Act; to the Committee on Labor.

3328. Also, petition of the Pilgrim Laundry, Inc., Brooklyn, N.Y., opposing the Wagner bill; to the Committee on Labor.

3329. Also, petition of the J. B. Mast Co., New York City, protesting against Senate bill 2926; to the Committee on Labor.

3330. Also, petition of the Markon Garment Co., Inc., Elizabeth, N.J., opposing the passage of Senate bill 2926 in its present form; to the Committee on Labor.

3331. Also, petition of the Marine Engineers Beneficial Association, No. 13, Philadelphia, Pa., favoring the passage of House bills 7659, 7979, 8423, and Senate bill 2926; to the Committee on Labor.

3332. Also, petition of the Gair Realty Corporation, Brooklyn, N.Y., opposing the enactment of the Wagner-Connery bills; to the Committee on Labor.

3333. Also, petition of the Metal Hose & Tubing Co., Inc., Brooklyn, N.Y., urging defeat of the Wagner bill; to the Committee on Labor.

3334. Also, petition of Hon. Frank J. Ryan, deputy commissioner, department of taxation and finance, New York City, favoring the passage of House bill 8544; to the Committee on the Judiciary.

3335. Also, petition of the International Photo-Engravers' Union of North America, New York City, endorsing House bill 7202; to the Committee on Labor.

3336. Also, petition of the White Metal Rolling & Stamping Corporation, Brooklyn, N.Y., favoring the enactment of Senate bill 2103, by Senator CAPPER; to the Committee on Banking and Currency.

3337. By Mr. MUSSELWHITE: Petition of the Greater Muskegon Chamber of Commerce, opposing the Bankhead bill (H.R. 8402); to the Committee on Agriculture.

3338. Also, petition of the Greater Muskegon Chamber of Commerce, opposing the passage of the Wagner labor-disputes bill (S. 2926); to the Committee on Labor.

3339. By Mr. RUDD: Petition of the International Photo-Engravers' Union of North America, favoring the passage of House bill 7202; to the Committee on Labor.

3340. Also, petition of the Markon Garment Co., Inc., Elizabeth, N.J., opposing the passage of Senate bill 2926; to the Committee on Labor.

3341. Also, petition of Arbuckle Bros., New York City, favoring a limitation on refined-sugar importations, etc.; to the Committee on Ways and Means.

3342. Also, petition of the Match Institute, New York City, favoring certain amendments to House bill 7835; to the Committee on Ways and Means.

3343. Also, petition of the Celtic Circle, Brooklyn, N.Y., opposing further reduction in the salaries of the postal employees; to the Committee on Appropriations.

3344. Also, petition of the Metal Hose & Tubing Co., Brooklyn, N.Y., opposing the passage of the Wagner bill; to the Committee on Labor.

3345. Also, petition of M. M. Aiken, Brooklyn, N.Y., opposing the passage of the Wagner bill; to the Committee on Labor.

3346. Also, petition of the Gair Realty Corporation, Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3347. Also, petition of the National Gauge Corporation, Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3348. Also, petition of the Pilgram Laundry, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3349. Also, petition of the Sheffield Farms Co., Inc., New York City, opposing the passage of the Connery 30-hour-week bill (H.R. 8492); to the Committee on Labor.

3350. By Mr. SUTPHIN: Resolution of the Woman's Christian Temperance Union, of South River, N.J., opposing the passage of House bill 7129; to the Committee on the Judiciary.

3351. By Mr. WOLCOTT: Petition of James Burlison, of Romeo, Mich., and 88 others, urging the passage of House bill 8479, to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; to the Committee on Banking and Currency.

3352. Also, memorial of the Legislature of the State of Michigan urging the present Congress of the United States not to place any limit whatsoever on beet-sugar production in the State of Michigan; to the Committee on Agriculture.

SENATE

WEDNESDAY, MARCH 28, 1934

The Chaplain, Rev. Z. Barney T. Phillips, D.D., offered the following prayer:

Blessed Savior, who for our sakes hast worn the robe of mortal flesh, thereby revealing unto us the Father's love in ways that pass man's understanding; grant that as we follow in reverent contemplation the sacred story of this holy week we may find light in the sunshine of Thy sorrow, shelter in the shadow of Thy cross.

Be patient with our broken purposes of good, with every faint endeavor, and give to us the joy that comes only to

those who strive, through failure and through loss, to build Thy kingdom into the hearts of men.

Christ, though our hands be bleeding,
Fierce though our flesh be pleading,
Still let us see Thee leading,
Let us build on.
Till through death's cruel dealing,
Brain wrecked and reason reeling,
We hear love's trumpet pealing,
And we pass on.

Amen.

PETER NORBECK, a Senator from the State of South Dakota, appeared in his seat today.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Tuesday, March 27, when, on motion by Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had concurred in Senate Concurrent Resolution No. 11, as follows:

Resolved by the Senate (the House of Representatives concurring). That the President is requested to return to the Senate the bill (S. 2729, 73d Cong., 2d sess.) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

INTERNAL-REVENUE TAXATION

Mr. HARRISON. From the Committee on Finance I report back favorably, with amendments, the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, and I submit a report (No. 558) thereon. I give notice that I shall try to get the bill up for consideration tomorrow.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Robinson, Ark.
Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Davis	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Loneragan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McAdoo	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkeley	George	Murphy	Townsend
Bulow	Gibson	Neely	Tydings
Byrd	Glass	Norris	Vandenberg
Byrnes	Goldsborough	Nye	Van Nuys
Capper	Gore	O'Mahoney	Wagner
Caraway	Hale	Overton	Walcott
Carey	Harrison	Patterson	Walsh
Clark	Hastings	Pittman	Wheeler
Connally	Hatch	Pope	White
Coolidge	Hatfield	Reed	
Copeland	Hayden	Reynolds	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. McCARRAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

Mr. FESS. Mr. President, I desire to announce that the senior Senator from Rhode Island [Mr. METCALF] and the junior Senator from Rhode Island [Mr. HEBERT] are necessarily absent from the city, and that the Senator from South Dakota [Mr. NORBECK] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PETITION

Mr. TYDINGS presented a petition of sundry citizens of Baltimore County and vicinity, in the State of Maryland, praying for the passage of the bill (S. 2519) to establish a

6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 2990. An act for the relief of George G. Slonaker (Rept. No. 559);
H.R. 4252. An act for the relief of Mary Elizabeth O'Brien (Rept. No. 560);
H.R. 4268. An act for the relief of Joe Setton (Rept. No. 561); and

H.R. 5007. An act for the relief of Lissie Maud Green (Rept. No. 562).

Mr. CAPPER also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 1527. An act for the relief of Charles A. Lewis (Rept. No. 569);

S. 2003. An act for the relief of Henry A. Richmond (Rept. No. 563); and

H.R. 4253. An act for the relief of Laura Goldwater (Rept. No. 564).

Mr. CAPPER also, from the Committee on Claims, to which was referred the bill (S. 2233) for the relief of Mildred F. Stamm, reported it with amendments and submitted a report (No. 570) thereon.

Mr. STEPHENS, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1132. An act for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc. (Rept. No. 565); and

S. 1694. An act for the relief of the city of New York (Rept. No. 571).

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2863. An act for the relief of Don C. Fees (Rept. No. 566); and

H.R. 6084. An act for the relief of Lottie W. McCaskill (Rept. No. 567).

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2084) granting and confirming to the East Bay Municipal District, a municipal utility district of the State of California and a body corporate and politic of said State, and a political subdivision thereof, certain lands, and for other purposes, reported it with amendments and submitted a report (No. 568) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On March 26, 1934:

S. 3067. An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

On March 27, 1934:

S. 2089. An act to amend the Code of Laws for the District of Columbia approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations; and

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 3210) for the relief of Edward M. Brown; to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 3211) to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.; to the Committee on Commerce.

(Mr. COSTIGAN introduced Senate bill 3212, which appears under a separate heading.)

By Mr. COPELAND:

A bill (S. 3213) for the relief of Arthur Hansel; to the Committee on Claims.

A bill (S. 3214) for the relief of Harry Siegel; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 3215) to regulate interstate commerce by granting the consent of Congress to the several States to levy certain taxes upon property and capital employed, business done, and sales made in interstate commerce; limiting the power to levy such taxes to property and capital employed, business done, and sales consummated within such State; preventing double taxation; and prohibiting political subdivisions of any State from levying taxes or excises upon such property and capital employed, business done, and sales made in interstate commerce; to the Committee on Finance.

By Mr. WAGNER:

A bill (S. 3216) for the relief of Henry A. Richmond; to the Committee on Claims.

A bill (S. 3217) to correct the naval record of John Vigeland; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 3218) making provisions in reference to personal-injury suits by seamen; to the Committee on Commerce.

By Mr. DILL:

A bill (S. 3219) for the relief of Adele Lade Veze; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 3220) to amend an act entitled "An act for the retirement of employees of the Panama Canal and the Panama Railroad Co., on the Isthmus of Panama, who are citizens of the United States", approved March 2, 1931; to the Committee on Inter-oceanic Canals.

By Mr. ASHURST:

A joint resolution (S.J.Res. 95) restoring lands of the Papago Indian Reservation, in Arizona, to exploration and location under the public-land mining laws; to the Committee on Indian Affairs.

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC AGRICULTURAL COMMODITIES

Mr. COSTIGAN. Mr. President, I introduce the administration's revised sugar bill, and ask its reference to the Finance Committee.

The bill (S. 3212) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, was read twice by its title and referred to the Committee on Finance.

AMENDMENTS TO REVENUE BILL

Mr. HARRISON and Mr. KING each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, which were ordered to lie on the table and to be printed.

SILVER PAYMENT FOR SURPLUS AGRICULTURAL PRODUCTS—AMENDMENT

Mr. POPE submitted an amendment intended to be proposed by him to the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for

other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On March 27, 1934:

S. 2089. An act to amend the Code of Laws for the District of Columbia approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations;

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes; and

S. 3067. An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

THE END OF A LONG, LONG TRAIL—ARTICLE BY VERA CONNOLLY

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an article appearing in the April 1934 issue of the Good Housekeeping Magazine, entitled "The End of a Long, Long Trail", by Vera Connolly.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE END OF A LONG, LONG TRAIL

By Vera Connolly

Lone Buffalo and Mrs. Lone Buffalo and their 4 boys and 3 girls were happy on their land. It was a wide land. A river and many streams flowed through it. There were deep forests with deer and lynx and beavers. Mountains sheltered it from the north and west gales which sweep the Rocky Mountain Plateau.

Lone Buffalo and his family occupied this wide land in common with 1,500 other members of their tribe. The tribe owned great herds of cattle. They cultivated the fields and supplied nearly all of their own wants. They were gentle, peaceful, and self-supporting.

Then one day 20 years ago there came a band of men from Washington. These men were called land-allotting agents. And they said to Lone Buffalo:

"You are going to be civilized.

"It is not civilized to hold your land as a common property. And it is against the law of the Government for Indians.

"You, Lone Buffalo, are to become the sole owner of 80 acres of this land.

"Your wife is to become sole owner of another 80 acres.

"Each of your children is to be sole owner of 80 acres.

"Each Indian here will be sole owner of 80 acres. No Indian shall have anything to do with the land of any other Indian.

"When your day on earth is finished, Lone Buffalo, the Government will sell your 80 acres to a white man. It will sell your wife's 80 acres when she dies.

"Half of all the land of your people will be sold immediately to white buyers."

Lone Buffalo said: "This will be the ruin of my people. It will destroy my family. We cannot live without our land."

But the allotting agent replied, "It is the law."

That was 20 years ago.

Now Lone Buffalo is dead. His land has been sold to a white man. Mrs. Lone Buffalo is dead. A white man has her land. Five of the seven children have died. Their land has been sold to whites. The two remaining children have rented their 80 acres to a white sheep grazer, and the sheep, too numerous for the area, have destroyed the grass, and the soil is nearly all washed away. There were thousands of Indian-owned cattle. Now there are no cattle owned by Indians. And of Lone Buffalo's fellow tribesmen there are now thirteen hundred with no land. Two hundred still possess small bodies of land, widely separated by white-owned ranges. All of the tribe has become dependent on the Government for support. The happiness of old days is a memory. Bitterness and despair have taken its place.

Lone Buffalo is one of 200,000 Indians ruined by the monstrous allotment system—a system designed, as Indian Commissioner Collier stated to me recently, "To rob Indians under form of law, and to kill their souls while it robs them."

And today the system is unchanged. The Indians are doomed unless it is changed. A supreme effort to change it has now been launched. Congress is the arbiter. Will you women of the United States help?

"Help us! Help us, white women of America! As you helped us before!" Once again the American Indians are crying out to you, readers of Good Housekeeping. Once again they desperately need your help.

Five years ago, through the pages of this magazine, they sent up a cry of agony to you: "Help us! We starve. We shiver in rags. We drop with disease. We are being robbed by our Federal guardians of all we have left. Help us! Save us!" Such was their cry.

You listened. Your hearts were wrung. You—white women—arose in a body. You demanded an overturning of the Bureau of Indian Affairs in Washington. You demanded a new day for the Indian people. By the thousands you wrote to your representatives in Congress and demanded that they act.

This great tidal wave of righteous anger—woman anger—performed a miracle. It gave the needed onward rush to the slowly mounting sea of public dissatisfaction with the conduct of Indian affairs. Massing itself solidly behind John Collier, who had just completed a 10-year furious battle for Indian rights; massing itself behind the shocking revelations in the Institute for Government Research report; massing itself behind the investigations conducted by the Red Cross, the American Indian Defense Association, the Indian Rights Association, the National Council of American Indians, the General Federation of Women's Clubs, and Good Housekeeping; massing itself grimly behind the sickening facts being revealed by the Senate investigating committee—this great tidal wave of woman indignation helped sweep the movement for reform of Indian affairs to victory.

Charles H. Burke, then Indian Commissioner, on whose administration the Good Housekeeping expose had focused its principal attack, resigned. He was succeeded by Charles J. Rhoads, of Philadelphia. Mr. Rhoads, a humanitarian, did much to build up the personnel and the spirit of service in the Indian Bureau.

But the body of laws which he inherited from Commissioner Burke remained unchanged. The vicious land-allotment system remained. The system of arbitrary management was still in force. The basic conditions which had wrought to cumulative havoc upon Indian life and land remained unaltered—because the framework of law remained unaltered.

This is true today. The fundamental evils of the Government's Indian system still remain—because the framework of wrongful laws has not been put right. Let us look now to the present.

For 1 year there has been in office, as Commissioner of Indian Affairs, the grim, dynamic fighter who was Good Housekeeping's candidate for Commissioner 5 years ago—as well as the choice of many Indian welfare groups. This is John Collier, the Indians' valiant champion for over 15 years. To this battling, indomitable crusader, more than to any other individual or group, is due the reform of Indian affairs now under way. It is suitable that he, the Indians' friend and defender, should today be the chief executive at the head of the bureau that manages their affairs. For 15 years he has lived among them, loved them, studied their problems and sorrows, and fought for justice for them.

In the 1 year he has been their Commissioner he has made an enviable record. He has launched broad and fine projects. He has checked waste by abolishing more than 600 jobs held by whites. He has made a spectacular success of the Indian conservation camps. He has initiated a speedy, radical shift from boarding to day schools, and is sponsoring a wholly new type of day school. He has laid the foundations for a complete reorganization, when changed laws permit, of Indian forestry management. He has brought the Pueblo problems to a solution. He has encouraged Indians to train for employment in the Indian Service. He has placed competent Indians in high positions as, for instance, Wade Crawford, who has been made superintendent of the Klamath Reservation.

All that an executive of vision could do, under the handicaps of ancient, iniquitous laws and a limited budget, Commissioner Collier has done in the 1 short year he has been in office. Yet he is far from satisfied. To him, as to all friends of the Indians, these efforts are temporary structures built on sand. As a foundation for permanent reform, a wholly new system of Indian law must be procured.

You, readers of Good Housekeeping, you who, 5 years ago, helped to usher in a new day for the Indians, will have to hurl yourselves once more into the battle for Indian rights. You will have to mass yourselves behind Commissioner Collier and his new, daring program of legislation which is now before Congress. On the fate of this proposed legislation will hang in large measure the fate of the Indian people. The present moment is a crisis of desperate importance for them. Their very survival is at stake.

This new, tragically needed legislation was not framed by Commissioner Collier alone. It was the result of joint action taken during a conference in Washington on January 7 of all leaders and groups in the field of Indian welfare. These included the Indian Rights Association, the General Federation of Women's Clubs, the American Indian Defense Association, the National Council of American Indians, the Indian Committee of the American Civil Liberties Union, and the National Association on Indian Affairs. And among the notable individuals participating were Mrs. Harold L. Ickes, wife of the Secretary of the Interior; Mr. J. Henry Scattergood; Dr. Moses Saenz, of Mexico City, Mexico; Dr. E. A. Bates, of Cornell University; and, as chairman of the conference, Dr. Lewis Meriam, of the Institute for Government Research—the Dr. Meriam whose report on the tragic condition of our Indians, 5 years ago, shocked the civilized world. This is the first time in history, as the Washington Post pointed out, that all associations dealing with Indian interests have been agreed upon a policy.

What is this policy? What is Commissioner Collier—what are the welfare groups—battling to obtain for the Indians?

First of all, land! The preservation of what land they still have and the obtaining of more land. Landless Indians are pauperized Indians—poor, idle, despairing, diseased; a pitiful, unbearable burden on an impatient white civilization into which they do not fit. It is estimated today that our landless Indians number 100,000, while another 100,000 are at the verge of landlessness.

In 1887 there was passed what was known as the Allotment Act. This provided for the allotment of a certain tract varying in size from 10 to 160 acres to each member of a tribe for 25 years, at the end of which time the Secretary of the Interior could issue a patent in fee to the Indian, declare him "competent", and wash his hands of him. After one of these tracts had been allotted to each individual Indian of a reservation all surplus reservation lands were then opened for homesteading or sale to whites.

Allotment has forced our American Indians to become a progressively landless people. On receiving his patent in fee (deed), the average Indian would sell his allotment for ready cash, his tract being too small, unless it chanced to be farming land, to support his family. When he died, the Government sold his lands to whites. By this process in 50 years the Indians have lost 86,000,000 acres of their finest land. That is, Indian-owned lands have shrunk from 133,000,000 acres in 1887 to 47,000,000 acres today, about 20,000,000 of which are desert land.

One of the first stern edicts Commissioner Collier issued on taking office was that the sale of allotted lands to whites must be halted. But this administrative order, to become permanent, must be made a law. And this step was the first resolution agreed upon by the united welfare groups, which met on January 7 to discuss needed legislation. Without one dissenting voice the conference voted:

"That the provisions of the Allotment Law of 1887 which require or permit the transfer of Indian tribal lands to individual Indians and the sale of such lands by individual Indians to non-Indians should be immediately repealed."

And the conference approved also the following closely related proposals:

"1. That Indian lands now held in trust be consolidated into usable units and be controlled by the Indian community.

"2. That, so far as feasible, allotted lands, especially grazing and forest lands, be restored to community ownership. That additional lands be acquired. That the alienation of capital assets of the tribes be guarded against. That a system of Indian credit for land and industrial development be devised.

"3. That the present land inheritance and distribution laws which tend to split Indian lands up into small, useless tracts be modified. That community ownership and control be vigorously promoted instead." (The italics are the author's.)

Save the Indians' land! Help them to operate it en bloc. Procure land for the landless ones. This is the land measure which Congress must pass.

Tied up with it, an integral part of it indeed, is the next legislative item, which provides for extending, as rapidly as possible, the right of Indian groups to organize and govern themselves. This would permit the incorporation of Indian tribes. It would encourage the organization of legally recognized tribal councils. It would repeal the old "espionage" and "gag" acts, and enact an Indian bill of rights. It would establish a system of law and order on the reservations in accordance with recognized principles of fair play and the due process of law.

As regards Indian self-government, the emphatic conclusion reached by the welfare conferees on January 7 was: "The powers of government now exercised over the Indians through the office of Indian affairs should be gradually transferred to the Indian community, with only such restrictions as shall be needed to assure the continuance of health, educational, and welfare services maintained by the Government."

A startling proposal! But if the Indian communities are ever to be built up, the constantly growing Indian Service with its bureaucratic control must be arrested—in fact, progressively reduced. Commissioner Collier not only approves, but is one of the insistent advocates of this. Thus he goes on record as being the first Indian Commissioner ever to urge on Congress the diminution of his own power and authority. With this magnificent spirit at the head of the Indian Bureau, nothing except public indifference, public apathy, can prevent the sun of Indian hope and opportunity from rising rapidly above the gray mists of past affliction and despair.

First, however, there is a battle to be fought. Get into the fight, readers of Good Housekeeping. The Indians bitterly need you. Powerful forces of greed and corruption, of special privilege, of State selfishness as opposed to broad national welfare, are certain to throw themselves into opposition to much of this proposed legislation.

The States may be expected, for instance, to beam approval at the clause in this bill urging passage of the principles embodied in the old Swing-Johnson bill. This would permit, but not compel, participation of the States in the administration of health, social welfare, and other special services. Federal money, flowing into State coffers, would be welcomed, no doubt.

But what of the clause in the bill which would restore the Five Civilized Tribes of Oklahoma and their rapidly disappearing property to Federal guardianship once more, placing them on a parity with protected Indians elsewhere? Can all elements and forces in the State of Oklahoma be expected to welcome that? A single Oklahoma tribe, the Osages, have surrendered lands and trusts valued at \$220,000,000 to whites since 1915 under the exploiting special laws for Oklahoma Indians, which did not prevent the white man from plundering their trust funds derived from oil fields.

What of certain other beneficent clauses, such as the one that would give preference to qualified Indians as employees in their own Indian Service; the one providing for settlement without delay of the age-old claims of Indian tribes against the Government—claims which encourage idleness while awaiting a fortune; the clause which would throw safeguards around the uses to which Indian tribal funds may be put; the clause that would

promote and protect genuine Indian arts and crafts; the clause that would establish a system of financial credit for the Indians—who are the only Americans denied the advantages of rural credit.

Many of these measures, it is readily obvious, will strike at greed and graft and the further exploiting by unscrupulous whites of a proud race we are reducing to abject pauperism and, ultimately, to total dependence on us.

If passed by the Seventy-third Congress, this legislation will reorganize the whole system of Indian affairs. It will put idle Indians back to work on Indian-owned land which can never be torn from them again, because it will be community owned. It will enable individual Indians, whose rentals from their little separate allotments are insufficient to exist on except in terrible poverty and squalor and disease, to consolidate, to turn thousands of futile little patches of grazing land into one big profitable range, to combine useless scraps of forest land into great forest blocks that can be operated by scientific experts for continuous, perpetual, and profitable yield.

A clean, healthy, prosperous Indian group is a blessing to any county, any State; whereas every destitute, contagion-ridden, despairing Indian settlement in existence today is a potential menace. So, even viewed selfishly, the white race must arouse itself and save this other gentle, gifted race which it has reduced by theft and maltreatment to a state of poverty and disease which, in some sections, is a menace to all of us at present.

Commissioner John Collier, pacing his office at the Indian Bureau the other day as he talked to the writer in his tense, earnest way, stressed vehemently the almost tragic importance of the passage of these new bills. He sketched the needed land reforms which I have outlined, and he said:

"This land reform is a prerequisite of all else. Without it we can do nothing lasting for the Indians. And surely there is no reform so clearly owed the Indians by the Government which has forcibly deprived them of their lands. Mexico, whose present government was not a party to the confiscation of the Indian lands, nevertheless recognizes its moral obligation to restore to all Indians enough land for a healthy living. And this restoration is being carried out in Mexico as a matter of duty by the government, nor does any Indian pay a dollar for the acreage restored to him. The Government buys the land from white owners and gives it to the Indian, and thereafter restricts its alienation and helps the Indian to organize to use his land effectively. Our duty of land restoration affects perhaps only 200,000 Indians, while Mexico, a very poor country, has assumed as a moral obligation the restoring of land to more than 2,000,000 Indians!"

"How would new land be procured for our Indians?" I inquired. "Through purchase?"

The Commissioner swung around to reply quickly: "Perhaps through purchase. Perhaps through colonizing these Indians on existing public domain, or through lending them money to buy the land themselves, or through giving them the submarginal lands which the Government is withdrawing from commercial farming. There are many possible ways. I realize that what we ask contemplates the expenditure of millions in reestablishing the Indians on the land and in capitalizing them for the use of the land. But—" He gazed out of the window of his office for a tense, sober moment, and then wheeled to say emphatically:

"But unless this is done, more than 200,000 of our allotted Indians—landless already or on the point of becoming landless—are increasingly going to become tramps, as many of them are already. That is a public menace a hundred times graver than investing some money now in colonizing these homeless Indians and putting them on their feet permanently."

Pushing forward a chair for me, and dropping into one himself, Commissioner Collier spread out before us a map on which all the Indian reservations were indicated. At Quinault, Wash., for instance, where the Indians are and always have been fishermen, valuable timber lands were allotted in small bits to a people who were neither lumbermen, farmers, nor stock raisers. The land had been stripped of its timber, and it was found that the cost of removing the large stumps left would exceed \$200 an acre, considerably more than the land was worth. Here was a wanton destruction of valuable tribal forest which, under sustained-yield management, would have proved a permanent source of employment and of income to the tribal community.

In California (whose land area equals that of Japan) hundreds of Indian families have been allotted land on lava beds, waterless deserts, and even high mountain tops where frost strikes every month of the year. In Wisconsin, in Nebraska, in Minnesota, as throughout Oklahoma, allotment has reduced the Indian holdings to mere dots on the landscape, and in these States most of the Indians are today practically landless and homeless. In the Sioux country much of the allotted land borders on the Bad Lands of the Dakotas—soil on which a white farmer would starve without financial assistance from some other source. To expect the Indians and their families to extract a living from allotments of such barren land is inhuman.

Commissioner Collier cited pitiable instances of the sufferings of hard-working Indians who, receiving their allotments, step into legal trap after legal trap, set by ruthless whites, clinging frantically to the land they so love, and then inevitably losing it.

For example, up on the Blackfeet Reservation in northern Montana there is William Eats-Alone. Today he is sitting despondent and desperate, with his old wife at his side, in the home he has just lost through foreclosure. His children are gathered about him—homeless, too. Victims, all of them, of the vicious allotment system.

This simple, ignorant Indian, his wife, and their children were given contiguous allotments. They owned 4,000 acres among them, 400 cattle, and 100 horses. They were happy, hard-working, and prosperous so long as their land was held in trust. But their peace was not to last. Fee patents were forced on Eats-Alone and his wife, despite their vehement protests. They were callously declared competent and turned loose.

Immediately thereupon they became targets for unscrupulous whites. First, the local store man swung into action, demanding payment of a bill which always before had been carried over from one beef-selling time to another. To satisfy the merchant, Eats-Alone gave him a note. Next he was approached by a stock finance company and persuaded to buy more livestock in order to make bigger money. He agreed, becoming the possessor of 1,000 head of cattle, and placing a burdensome mortgage on his home to pay for them.

The price of livestock went tumbling. Eats-Alone saw all his stock taken from him. Then his house was foreclosed. Still the family clung on, as renters. They hoped to realize something from the children's allotments. But these, too, were lost through unpaid taxes. Today this fine old Indian and his family, once landed proprietors, are paupers. They are facing eviction. Where are they to go? What is to become of them?

"Again", continued Mr. Collier with dry indignation, "after 70 years we have not been able, despite our stupid pressure and compulsion, to force the Indian to merge with our white civilization, with the industrial life in our cities. He doesn't do it! Just why, no one understands. He clings tenaciously to the ancient civilization he understands and loves. Clan instinct, clan operation of assets, is inherent in him. The tribal Indian remains the self-reliant and self-supporting Indian."

"Isn't the solution, then", continued the Commissioner, "to encourage and strengthen that group loyalty in him, and help him to create his unique future right where he is, with his group? Our aim is to build up each such group, give it land, give it credit, give it technically trained leaders, teach it to pool its moneys and natural resources, and to operate them in perpetuity. That ideal is behind this legislation."

The Commissioner hastened to add that there are exceptions to every rule. And he gave assurance that no Indian who is succeeding as an individual farmer on his own land would be forced to a changed way of life by the consolidation plan. The plan aims merely to offer to desperate Indians operating their scattered bits unsuccessfully, and to landless Indians, a chance to come together, to own land in common and in perpetuity, to organize, and eventually, as a group, to learn to run their own affairs. And he stressed that every Indian wanting it must be given advanced training for the professions.

Dismissing the land question for the moment, the Indian Commissioner touched briefly on some of the other vital clauses in the bill. The use of Indian tribal capital for the maintenance of the Indian Bureau or for doles to Indians, he insisted, must be stopped! This procedure has resulted in bankruptcy for nine tenths of the tribes who have had tribal funds. It has thrown away \$750,000,000 of the Indians' trust funds since 1900, more than five times the amount which would suffice to establish the whole Indian race in self-support on its own lands. Tribal capital should be used for the production of new capital, or for educating the Indians to use their natural resources.

He touched next on the education of the Indians. Under the able direction of Dr. W. Carson Ryan, formerly of Swarthmore, a leading American authority on education, this process is going forward as rapidly as possible, with thrillingly successful results.

So far as education is concerned, this is indeed the dawning of a new day for our abused, neglected little Indian. With the aid of the Public Works fund, beautiful modern day schools are being erected in the Indian country. They are being built by the Indians, of native materials, under the supervision of white architects and artists. They are designed to resemble the native architecture in outline and to blend artistically with the native landscape. Here will be worked out a plan of education and social welfare suited to native needs, as well as the encouragement and development of Indian talents, arts and crafts, and community activities. This education will start with the community itself in family groups, extending to the younger children as fast as the families can be led to ask for it.

While the Commissioner was discussing future Indian education, Dr. Ryan came into the room and enthusiastically joined us. All three of us looked back to the abominable days of 1923 in the Indian Service.

Dr. Ryan reminded the writer that one of the most terrible things about those old-time boarding schools was the tender age of the children imprisoned in them far from home. Only smaller children were in evidence in those boarding schools—pitiful masses of them, alive with vermin, clad in rags, snatching at bits of food like famished animals, standing long hours at ironing boards and washtubs, suffering blows, cowering in school jails for infringement of minor rules.

"But today all that is changed," Dr. Ryan assured me. "The hunger and the nakedness, the abuse and child labor are gone, and so are the little tots. Only older children, in most cases, are sent to the boarding schools. The old horrors are done away!"

And then he added casually, "We owe this reform largely to the dramatization of the shocking facts by such forces as Good Housekeeping (in a series of articles in 1929) and the American Indian Defense Association."

In no uncertain terms he gave credit to you, readers of Good Housekeeping, for what you accomplished, and his message was: You brought about results before. You can do still more today.

A lump rose in my throat as he talked. And I thought with gratitude of what you had helped to bring about: The rescue of some 22,000 little children from a children's hell.

"What of health conditions on the reservations?" I asked at last.

Mr. Collier replied: "Horrible! Health conditions are very grave! You recall how shocking they were 5 years ago. There has been some slight improvement. Not much. The Indian tuberculosis rate is still about seven times that of the general population. And the infant and child mortality runs about half as high as the tuberculosis rate! Trachoma is still endemic among the Indians. In the Navajo country the trachomatous Indians are more than 20 percent of the total."

The shortage of hospitals—even though 15 new ones are being built—of hospital maintenance and of nursing personnel, Mr. Collier declared, is a problem of the gravest urgency.

"Our nurses are cruelly overworked. I could cite you instance after instance. But one will suffice. Recently in a 60-bed hospital we found one nurse on night duty. She had, among the 60 patients, 2 new obstetrical cases, 1 newly operated on for gallstones with drainage, 1 boy with 7 feet of intestine removed 5 days before and barely living, 2 bad cases of tuberculosis. We expect her to handle this and be in the receiving ward for any automobile accident cases brought in. This is inhuman to the patient—and to the nurse. And such conditions spread infection."

"You have asked for appropriations to correct this?" I inquired.

"Yes. We have told the Appropriations Committee of the House that the situation in our Indian hospitals is scandalous and dangerous."

"Your appeal has been without result?"

"As yet, completely without result!"

Before leaving I picked up his list of legislative items being urged on the Seventy-third Congress.

"Of all these proposals, which are you most anxious to have the public mass itself behind?" I asked.

"The land legislation," Mr. Collier answered quickly. "It is the foundation of our whole program of reform. The fundamental need. It must be passed."

That day and the next in Washington I "tried out" the proposed legislation on one noted authority after another in the Indian welfare field. I submitted it to Members of Congress. I finally took it to the Secretary of the Interior.

It is he whom I shall quote first.

"I am wholeheartedly behind this bill," he informed me with emphasis. "I am strongly in favor of preserving Indian civilization and of letting the Indians have their own culture and religion, and develop their own arts. They seem to thrive best in a group life. Therefore we should strengthen and build up the group."

"Has the Oklahoma project—wresting the Five Civilized Tribes away from their present guardians and returning them to the protection of the Federal Government—the full support of the Interior Department?" was my next inquiry.

"It has. Mr. Collier wouldn't be Indian Commissioner if I didn't believe completely in his attitude on the Indian question. He has made substantial progress during his year as Commissioner, and I am very happy indeed over what he has achieved for the Indians."

"Have you any comment on the land legislation, Mr. Secretary?"

"Only this—that it has my strong endorsement. The Indians are essentially a land-using and land-loving people; and they ought to have land enough to make it possible for them to live in peace and comfort. They can live on submarginal land that whites cannot live on. And now that we're taking over submarginal land, we are partly in a position to give them enough to satisfy their requirements and establish them as a self-supporting group of the population. This would restore their self-respect, and also relieve the Treasury of their support."

"You feel that a new day is dawning for the Indians?" I asked Secretary Ickes.

"I hope so. That certainly is what we are trying to bring about. But strong public sympathy and support will be needed behind all these bills."

It was to Miss Julia K. Jaffray, chairman of the department of welfare of the General Federation of Women's Clubs, that I next put the question, "What is your reaction to the proposed legislation?"

"Mrs. Grace Morrison Poole, president of the federation," Miss Jaffray replied, "authorizes the statement that the federation is ready to support the program of the administration and the Indian Bureau for a gradual issuing of charters to Indian tribes as they show readiness and ability for self-government. The federation will also support the principles of the legislation which seeks to restore Indian lands to their rightful owners, provide land for landless Indians, consolidate Indian lands for economic purposes, and other land reform measures."

"The federation is arranging to support the legislation which Congress will consider for increased health service for Indians; State cooperation in education, medical attention, and the relief of distress among Indians; the responsible accounting for Indian and Indian Service moneys, and effective congressional control over expenditures; and the protection of Indian tribal funds, giving Indians a voice in their own expenditure."

"Mrs. J. Marc Fowler, chairman of the Division of Indian Welfare, gives assurance that this legislative activity will in no way curtail the primary interest of the federation, which is the improvement of home and living conditions among the Indians. Federation women are working actively on 17 reservations in close cooperation with the Extension Service of the Indian Bureau."

LXXVIII—352

This home improvement work will assume even greater importance as the rights of our Indian citizens are granted."

Thus the women's clubs of the United States place themselves solidly behind the new legislation.

From Matthew K. Sniffen, secretary of the Indian Rights Association, the writer also obtained a hearty endorsement of every main objective in the new bill. Mr. Sniffen is one of the leading authorities in the United States on the Indian problem.

And Dr. Haven Emerson, president of the American Indian Defense Association, offered the following powerful word of approval:

"This plan is conceived in terms of the Indian as an Indian, not as a white man. It rests upon the wise consideration that only by his own hands can the Indian save himself. It provides for the continuation of the Federal Government's guardianship. Yet within this protection, it sets the Indian free to work out his destiny. It scraps the vicious allotment system. In providing for the creation of Indian communities, it goes back to social forms native to Indian culture, experience, and character. Yet it strengthens these forms with modern technic of mass cooperation."

"Congress must enact the Ickes and Collier program if the 'new deal' is to extend to the Nation's wards. There is certain extinction for the Indian race unless the present weight of bad laws is lifted from its back. If Congress will not adopt the wise and practical plan urged by competent experts within and without the Government, the road of the future for the Indians leads only to a dead end."

What—finally—of the temper of Congress toward this new legislation which it is even now considering?

From Senator BURTON K. WHEELER, Chairman of the Indian Affairs Committee of the Senate, came a blanket endorsement of the legislative program. "Of course I'm for it," he commented briefly. "These principles are what we've been working for for years."

From Congressman EDGAR HOWARD, who is Chairman of the Indian Affairs Committee of the House, came the strongest possible expression of approval. "I am overwhelmingly in favor of the program of Secretary Ickes and Commissioner Collier," he said. "I am glad to know at last that the Interior Department is officered by men with souls, who will throw themselves into the effort to save our Indians from further spoliation by the white man. Practically every treaty negotiated by the United States Government with the American Indians has been ruthlessly violated. The Indians never had a chance till now. And it will be my pleasure to do all in my power as an individual and as Chairman of the Indian Affairs Committee of the House to promote the program of Commissioner Collier."

And, finally, the following glowing endorsement came from Senator BRONSON CUTTING, progressive Republican, senior Senator from New Mexico, and a close friend of the President since childhood.

"This outline of proposed Indian legislation reveals the realism of Mr. Collier's ideals. Here is contained the restoration of the dignity of a people and an invitation to the Indian for his individual participation in his own affairs."

"Mr. Collier has devoted 15 years to the study of Indian affairs; he is an intelligent man of penetrating honesty and social vision. Surely there is no one with such a rich background of experience of Indian administration; or one better equipped to consolidate and simplify, as illustrated in these proposed bills, the true welfare of the Indian people and governmental administration."

Readers of Good Housekeeping, help Commissioner Collier! Write to your Senators and Representatives, urging them to sponsor this proposed Indian legislation. It has friends in Congress—and out. A host of staunch friends. But it also has enemies in Congress—and out. Grim enemies! It will not be enacted without a struggle. Probably it will not be enacted without a terrific battle.

The outcome of that battle will depend, to an enormous degree, on you.

You believe that Congress must pass the Ickes-Collier program in the present session—to save the Indians' land from further depredations, give them local self-government, and provide for the training of Indian youth—write your Senators and Congressmen to support these bills:

Howard bill (H.R. 7902, and Wheeler bill (S. 2755): For a new Indian landholding system; more land for Indians; home rule for Indians under Federal guardianship; and widened education for Indians.

Wheeler bill (S. 2531), and Hayden bill (S. 2499): Establishing the boundaries of the Navajo Reservation; enlarging the Navajo landholdings; and bringing the Navajo grazing lands into solid blocks.

Johnson-O'Malley bill (S. 2571), and House Joint Resolution 257: Providing for cooperation between the Federal Government and the States in Indian education, medical service, distress relief, and general welfare.

Howard bill (H.R. 7600), and Wheeler bill (S. 2671): Repealing the espionage and gag laws affecting Indians.

Numbers of other important bills to be considered by this Congress, but not yet introduced when this issue of Good Housekeeping went to press, can be secured from the General Federation of Women's Clubs, 1734 N Street NW., Washington, D.C.; the American Indian Defense Association, 219 First Street NE., Washington, D.C.; the Indian Rights Association, 301 South Seventeenth Street, Philadelphia, Pa.; the National Association on Indian Affairs, 850 Lexington Avenue, New York City.

A CENTURY OF PROGRESS—CHICAGO WORLD'S FAIR CENTENNIAL CELEBRATION (H.DOC. NO. 293)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Commerce and ordered to be printed, as follows:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Chicago World's Fair Centennial Commission to the end that legislation may be enacted extending the availability of funds previously appropriated for Government participation in A Century of Progress, the Chicago world's fair centennial celebration, in 1933, to June 30, 1935, and also authorizing the appropriation of funds in the amount of \$405,000 for the purpose of defraying the expenses of participation by the Government of the United States in the reopening of A Century of Progress, the Chicago world's fair centennial celebration, in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

[Enclosure: Report.]

REPEAL OF ALASKA PROHIBITION LAW—RETURN OF A BILL

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Senate:

In compliance with the request contained in the resolution of the Senate of March 27, 1934 (the House of Representatives concurring therein), I return herewith Senate bill no. 2729, entitled "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

INDEPENDENT OFFICES APPROPRIATIONS—VETO MESSAGE (H. DOC. NO. 291)

Mr. ROBINSON of Arkansas. Mr. President, the reconsideration of the bill vetoed by the President, the independent offices appropriation bill, is a matter of high privilege. I stated yesterday that there was no disposition to delay final action on this subject. I therefore announce that I am willing that the message shall be laid before the Senate and read and that the Senate shall proceed to vote upon the resolution.

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The legislative clerk read as follows:

To the House of Representatives:

I return herewith without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes." I am impelled to do this on a number of grounds, any one of them sufficient to require disapproval of the bill.

In March 1933 the Congress passed, and I signed, "An act to maintain the credit of the United States Government." This law became one of the principal pillars of national recovery for the clear reason that for the first time in many years the recurring annual expenses for the maintenance of the Government were brought within the current revenues of the Government. It is true that very large but wholly distinct funds are being dispensed daily for emergency purposes, but these funds are going directly to the purpose of saving farms, saving homes, and giving relief and employment to millions of our fellow citizens. They are nonrecurring in nature, while the increases contemplated in this bill are continuous and permanent.

Furthermore, the Budget submitted by me to the Congress on January 4, 1934, laid down a definite program of expendi-

tures and a definite estimate of receipts. Because of the emergency expenditures for relief and unemployment, the expected total deficits this year and in 1935 are necessarily large; but at the same time a program for a completely balanced Budget by June 30, 1936, was determined upon as a definite objective.

The bill exceeds the estimates submitted by me in the sum of \$228,000,000. I am compelled to take note of the fact that in creating this excess the Congress has failed at the same time to provide a similar sum by additional taxation. Moreover, to the extent that the amount of money appropriated by the Congress is in excess of my Budget estimates, and in the absence of provision for additional revenues, there must be a decrease in the funds available for essential relief work.

This bill increases the compensation for employees of the United States Government \$125,000,000 over my Budget estimates for this purpose. I have great sympathy for the employees, but I cannot forget that millions of American citizens are today still without employment, and reduction in the compensation of Federal employees has been and still is on the average less than the reduction in compensation that has been patiently endured by those citizens not in the employ of the United States Government.

Let me be specific. This bill makes a portion of the restored compensation retroactive to February 1, 1934. I believe it unwise to establish this precedent, and I cannot overlook the serious administrative difficulties involved in paying back pay to individuals, many of whom are no longer in the employ of the Government.

The bill also contains several discriminatory provisions, such as paying employees in some departments of the Government 48 hours' pay for 40 hours' work.

In submitting the Budget estimates last December, I recommended compensation restoration of 5 percent for the next fiscal year. The cost of living seems to be rising slowly. The present authority is not responsive enough to changing conditions. I therefore shall be glad to confer with the Congress on improving the methods of restoring Federal pay so that in actual practice the pay will keep ahead of the cost of living increases instead of lagging behind. Adjustments can well be made immediately on the passage of appropriate legislation followed by more frequent adjustments in the future.

I come now to the provisions in this act relating to World War veterans. First let me speak of principles. Last October I said this to the American Legion Convention:

The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.

The second principle is that no person, because he wore a uniform must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated, and not connected with that service.

It does mean, however, that those who were injured in or as a result of their service, are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country.

I am very confident that the American people, including the overwhelming majority of veterans themselves, approve these principles and in the last analysis will support them.

Applying them to the provisions of this bill, I cannot give it my approval.

Last year it was determined—and I had hoped permanently—that a service-connected disability is a question of fact rather than a question of law. In other words, each individual case should and must be considered on its merits, and there is no justification for legislative dicta which, contrary to fact, provide that thousands of individual cases of sickness which commenced 4, 5, or 6 years after the termination of the war are caused by war services. Therefore local boards were established—boards on which 3 out of the 5 members were in no way connected with the Veterans'

Administration and on which two thirds of those serving were ex-service men. These local boards approved disallowances in the cases of 29,000 veterans and these decisions were unanimous in 94 percent of the cases. Not content with that, I created a board of appeals, the majority of which again are in no way connected with the Veterans' Administration and a majority of which are ex-service men. This board is now engaged in hearing appeals of those cases disallowed by the local boards.

A few weeks ago I gave approval to an amendment the purpose of which was, pending the determination of their appeals, to restore to the rolls at 75 percent of their compensation those veterans in whose cases the presumption of service connection was disallowed by the local boards. This, however, was rejected in the Congress. I intend now by regulation forthwith to direct an appeal by the Administrator of Veterans' Affairs in each and every one of these disallowed 29,000 cases with the further direction that in the final determination of these cases every reasonable doubt be resolved in favor of the veteran, and every assistance be rendered in the preparation and presentation of these cases. While these cases are pending the veteran will be paid 75 percent of the compensation they received prior to the time they were removed from the rolls. If the appeal is allowed, they will receive back compensation. Only in cases disallowed by the board of appeals will the veteran thereafter be permanently removed from the rolls. This regulation will be put into effect at once.

By reason of the fact that many totally and permanently disabled veterans have been the recipients of benefits from their Government for a long period of time, it is difficult in the event of a disallowance of service connection by the final board of appeals to remove them completely from the rolls. Existing regulations, therefore, provide that if their cases are disallowed and if they are found to be totally and permanently disabled they shall, notwithstanding fundamental principles enunciated, if in need, receive \$30 a month and domiciliary care and hospitalization.

It is a simple and undeniable fact that the United States, in terms of compensation and in terms of hospitalization, has done and is doing infinitely more for our veterans and their dependents than any other government.

I come now to the provisions of the bill relating to Spanish-American War veterans. To this group of ex-service men I have devoted much thought. Because of their age, they command sympathy. Nevertheless, we must recognize also that many abuses have crept into the laws granting them benefits.

The Spanish-American War veterans' amendment to this act provides for service pensions. This violates the principles upon which benefits to veterans should be paid and the principles to which I have referred in this message. Moreover, if that principle should in the future be applied to the World War veterans at the same rate as contemplated for Spanish-American War veterans by this bill, the annual and continuing charge upon the people of this country by 1949 will amount to more than \$830,000,000 for that item alone. This would be in addition to the large cost of all existing veterans' benefits and future hospitalization. This I cannot approve.

However, I am today directing the restoration to the rolls of those Spanish-American War veterans who in 1920 were receiving pensions as a result of having sustained an injury or incurred a disease arising out of their war service.

By Regulation 12 a presumption of service origin was extended to Spanish-American War veterans on the rolls on March 19, 1933. In order to take the same action which I am taking in regard to World War veterans, I am directing the restoration to the rolls, as of this date, at 75 percent of the amount they were receiving on March 19, 1933, all Spanish-American War veterans pending a final determination of their cases before the Board of Appeals.

Without going further into all of the details relating to the treatment—past, present, and future—of Spanish-American War veterans, it seems sufficient to repeat that I am wholly and irrevocably opposed to the principle of the general service pension, but I do seek to provide with liber-

ality for all those who suffered because of their service in that war. As in the case of World War veterans, I shall not hesitate to further alter or modify the regulations in order that substantial justice may be done in every individual case.

What you and I are seeking is justice and fairness in the individual case. I call your specific attention to the fact that since the original regulations were established a year ago actual experience has shown many cases where these regulations required modification. I have not hesitated to take the necessary action and have issued regulations which have made many changes. These changes based on principles of justice to the individual veteran involve additional expenditures of approximately \$117,000,000. It goes without saying that I shall not hesitate to make further changes if the principles of justice demand them.

On the basis of the original regulations following the Economy Act, the annual cost to the United States of veterans' relief was \$486,000,000. Since that time by Executive order the addition of \$117,000,000 increases to \$603,000,000 the total cost for veterans' relief for the fiscal year 1935.

My disapproval of this bill is not based solely on the consideration of dollars and cents. There is a deeper consideration. You and I are concerned with the principles herein enunciated. I trust that the Congress will continue to cooperate with me in our common effort to restore general prosperity and relieve distress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

The VICE PRESIDENT. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

Mr. CUTTING. Mr. President, it has been apparent ever since the passage of the Economy Act that justice for the disabled ex-service man could be obtained only by a two-thirds vote of both Houses.

The time for action has come. This is the test vote. None of the other votes in the last session or in the present session is going to be of any comparative importance. The proceedings up to date have been merely what might be called sparring for position. This is the decisive vote as to whether or not we mean to do anything substantial for the veterans who were disabled in the service of their country.

I submit that the Senate has gone on record so many times in this session of Congress that it is perfectly apparent what the beliefs of the individual Members of this body are on this subject. I shall try to elaborate on that a little in the course of my remarks, but I think every veteran in the land knows perfectly well that if Members of this body follow the convictions they have previously voted, they will vote at the present time to override the veto.

Mr. President, I desire to make one possible exception. I notice that the senior Senator from Virginia [Mr. GLASS] is doing me the honor to listen to my remarks. At the last session of Congress I had occasion to criticize what seemed to be the inconsistency of some of the votes of the Senator from Virginia. I desire to say now that in anything I am going to say today I except the senior Senator from Virginia [Mr. GLASS], because he alone, of all the Members of the Senate, made it perfectly clear on the floor that he was opposed both to the Senate amendments and to the House amendments; that he thought them both unjustifiable. Having so stated, having made his position perfectly clear, the Senator from Virginia, of course, will be absolutely consistent in going down the line in favor of sustaining the veto. I do not believe, however, there is another Member of the Senate—and I think I can prove it from the record up to date—who can reconcile his previous votes with a vote to sustain the veto.

Mr. President, I hope I shall be absolved from any accusation of partisanship. In the 20 or 25 years in which I have been more or less engaged in political activity, I have supported as many Democrats as I have Republicans. I do not believe that any Senator can point to a public utterance of mine in which I have mentioned the word "Democrat" or "Republican" except to say that under present condi-

tions there is no substantial issue which divides the two political parties. If in the course of my remarks I shall speak of "this side of the aisle" and "the other side of the aisle", I shall do so merely in a geographical sense. I shall not do it in order to indict any political party.

Mr. President, I feel that our responsibility here to the people of the United States is individual and not partisan. The responsibility which any Member of this body takes in his votes is a responsibility which he owes first to his constituents, and secondly to the people of the United States. If I may be pardoned a further personal observation, I think Senators know that I supported the Democratic candidate for the Presidency at the last election, that I have no apologies to offer for that position, that I would do so again if I had the chance, and that I hope to maintain in the future the personal friendship with the President of the United States, which has been my privilege for the past 40 years.

When I speak of the President, I desire to have it understood that I am speaking of him as the Chief Executive of the Nation. If I speak of the President's veto, I want Senators to understand that I know that any man in the position of the President of the United States is unable to give personal attention to the number of details which are discussed in a veto message of this kind. Now, apart from personal turns of phrase, this veto message might just as well have been written by President Harding, President Coolidge, or President Hoover. I think I can show to the Senate later on that the same ideas were embodied in the veto message of President Hoover, sent to the Senate in 1930.

Mr. COSTIGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Colorado?

Mr. CUTTING. I yield to the Senator.

Mr. COSTIGAN. It is my conviction, and I trust the Senator from New Mexico shares it, that the President's fine leadership is not involved in this controversy. As Chief Executive, he is doing his duty as he sees it. As Senators of the United States, we are called upon to do our duty as we see it.

Mr. CUTTING. I am sure of that, Mr. President; and I am sure that the very substantial majority which voted against the President in the House of Representatives yesterday had no feeling of personal animosity toward Franklin D. Roosevelt as an individual; that that vote was based on considerations of public policy, with which I believe we, too, are concerned to the exclusion of any other possible consideration.

With that preface, Mr. President, I hope I may be allowed to discuss some of the factors which enter into the present situation and which the President has discussed in his message.

In the first place, the President bases his opposition on his continued desire to keep the expenses of the Government within the revenues of the Government. He makes a distinction between recurring expenses, which he considers part of the regular Budget, and nonrecurring expenses, under which he includes—

Saving farms, saving homes, and giving relief and employment to millions of our fellow citizens.

Mr. President, I do not think any of us who are in touch with the present situation believe that those expenditures for relief are going to be cut down for a great many years. We do not believe they can be. A distinction between recurring and nonrecurring expenditures is, therefore, I submit, mainly a paper distinction.

The President goes on to argue that the position taken by both Houses of Congress will be unfavorable to balancing the Budget. I do not care to discuss any such question at the present time any more than I care to discuss the question raised in the next paragraph, which is that Congress has not provided any method for collecting the extra taxes required to pay for this particular item.

I think that everybody knows that at various times during the present session the Appropriations Committee of the Senate has recommended the appropriation of money over and beyond the Budget estimates, and that in not one of

those cases so far has there been any suggestion that the Congress should provide for extra taxation.

The President goes on to criticize the so-called "5-to-5 pay plan" for Federal employees. That plan was first offered on the floor of the Senate by the Senator from South Carolina [Mr. BYRNES]. While I know that the Senator from South Carolina did not implicate anyone else in his proposal, I think that if the question is raised I can show by the debates in both Houses of Congress that it was assumed in both Houses that the proposal offered by the Senator from South Carolina would receive the approval of the Executive.

Mr. BYRNES. Mr. President, the Senator does not say that I made that statement?

Mr. CUTTING. Oh, no; I do not. The Senator from South Carolina was very clear about his position, and distinctly stated that he was not quoting anyone else. But the fact remains that that assumption was made, and I think it was a legitimate assumption from the course of the debate.

The President goes on to say in the same connection that—

The bill also contains several discriminatory provisions, such as paying employees in some departments of the Government 48 hours' pay for 40 hours' work.

Mr. President, is not that exactly the same plan which is being proposed to industry at the present time? Is not that in effect what the N.R.A. is trying to do, to pay the same amount of wages for shorter periods of labor? If so, how can we make a discrimination on a matter of principle between what the Government is willing to do itself and what it is urging industry to do?

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. WALSH. Does that refer to the class of employees who are working in navy yards, and who have had their hours of labor reduced from 48 to 40?

Mr. CUTTING. I cannot interpret what the President's message means. I can quote his language to the Senator:

The bill also contains several discriminatory provisions, such as paying employees in some departments of the Government 48 hours' pay for 40 hours' work.

Mr. WALSH. The navy-yard employees have been contending that their hours of employment were reduced from 48 to 40, and that their wages were reduced at the same time from the 48-hour wage to the 40-hour wage. I think the reference is to that.

Mr. CUTTING. Mr. President, that may be so. All I can say in that connection is that the principle seems to be inconsistent with the principle which the administration has been maintaining with regard to other matters.

Mr. President, I consider that everything I have said so far is secondary to the main principle on which the President has vetoed the bill, and since the President is speaking of principles, I think I ought to read in detail what he says:

I come now to the provisions in this act relating to World War veterans. First let me speak of principles. Last October I said this to the American Legion convention:

"The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.

"The second principle is that no person, because he wore a uniform must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated, and not connected with that service."

Mr. President, it will be noted that the first principle of the President follows what he calls the basic obligation of citizenship, namely, to bear arms in the defense of the country. That has not always been necessarily accepted as a basic principle of citizenship, because, of course, if it had been, we should not have made exceptions in the late war for conscientious objectors.

Furthermore, even if we grant that it is a basic principle of citizenship to bear arms in defense of the country, there

might easily be a question raised as to whether the late war was a war in defense of the country. Personally, I approved of the action of the United States in entering that war, but many of the most conscientious men in this body, including the senior Senator from Nebraska [Mr. NORRIS], voted against the entrance of the United States into the war, because they did not think the United States was concerned in any way with the outcome of it.

Granting that it is a basic obligation of the citizen to defend the country under arms, does that necessarily apply to the circumstances which we now have to consider? I doubt it.

The second principle which the President stated to the American Legion was that "no person, because he wore a uniform, must therefore be placed in a special class of beneficiaries over and above all other citizens."

Nobody has claimed at any time that there was an endeavor to place the veterans in a class of preferred beneficiaries. The contention of those who have argued in favor of veterans' legislation is that the veterans were in 1917 placed in a class of permanent handicap, that they were drafted by the two Houses of Congress, and whether they wanted to do so or did not want to do so, they were obliged, by our action, for which we have the responsibility, to become permanently a class suffering a distinct hardship as compared with their fellow citizens. It is true that many men, from a high sense of patriotism, volunteered, but the fact remains that if they had not volunteered in most cases they would have been drafted just the same; so that the responsibility for what happened lies squarely on the shoulders of the two Houses of the Congress of the United States.

These men took 2 years of their life away from their ordinary occupations. Even if they were not wounded or disabled, they still were at a handicap, on the average, as compared with their fellow citizens. When unemployment came on these men, if they were able to obtain employment after they came back, were the first ones to be let out. They have never, as a class—and I use the word "class" in no derogatory sense—been able to get back the position of equality which they would have held with their remaining fellow citizens in this country if that war had not come on and if Congress had not taken the action which it did take.

That is the reason for the so-called "bonus legislation" for the adjusted-compensation certificates. You took these men—I will not call them a class; they were not a class, they were a generation—you took a generation of American manhood and put them at a permanent handicap as against the generations before them and the generations to come.

Now, how can it be said that those who are in favor of veterans' legislation are trying to put that generation in a class of special beneficiaries? We are trying to do something in a small measure to take them out of the class of men who have endured a discriminatory hardship.

The President goes on to say:

I am very confident that the American people, including the overwhelming majority of veterans themselves, approve these principles and in the last analysis will support them.

I am sure, Mr. President, that the President of the United States is in error in that statement. I am sure that he made it in good faith, but I think, perhaps, through my acquaintance in some detail with matters of this kind, I may state with some assurance that the President is incorrect in speaking, as he attempts to speak, for a majority of the veterans of the late war.

It is a strange thing, Mr. President, in comparing the last war with the great conflict which raged in this country between 1861 and 1865, that the after effects with regard to the veterans were so different. No one ever urged after the Civil War that service connection, definitely established by strict and rigorous methods of proof, was necessary in order to maintain a claim against the Government. After the Civil War, during the four Presidential elections which followed, four times the Presidency was conferred upon a man who was himself a veteran and who knew the problems of the veterans at first hand. We have had four elections since the World War, and in no one of those elections has

a man been elected as President of the United States who at first hand understood the veterans' problems.

That may be a good thing. I am not criticizing it. But I think it follows that so far as the particular problem of veterans' legislation is concerned that there are many men in both Houses of Congress who understand the veterans' problems better than any President who has served in that exalted office since the end of the World War.

I now desire to read the President's paragraph on the so-called "presumptive cases", because that, after all, is the basic problem with which we are confronted. Are these cases justifiably on the roll or are they not? If they are justifiably on the roll, no other consideration, no question about finances, no question of balancing a Budget on paper, ought to prevent these men from obtaining their rights. If they are not justly on the rolls, they ought never to have been on the rolls, no matter how prosperous the condition of the country. Now, let me read the President's remarks:

Last year it was determined—and I had hoped permanently—that a service-connected disability is a question of fact rather than a question of law. In other words, each individual case should and must be considered on its merits and there is no justification for legislative dicta which, contrary to fact, provide that thousands of individual cases of sickness which commenced 4, 5, or 6 years after the termination of the war are caused by war service. Therefore local boards were established—boards on which 3 out of the 5 members were in no way connected with the Veterans' Administration and on which two thirds of those serving were ex-service men. These local boards approved disallowances in the cases of 29,000 veterans and these decisions were unanimous in 94 percent of the cases. Not content with that, I created a Board of Appeals, the majority of which again are in no way connected with the Veterans' Administration and a majority of which are ex-service men. This Board is now engaged in hearing appeals of those cases disallowed by the local boards.

The first statement the President makes in that paragraph is that these presumptions are contrary to fact.

Mr. WALSH. Mr. President—

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from New Mexico yield to the Senator from Massachusetts?

Mr. CUTTING. I yield.

Mr. WALSH. A short time ago I had occasion to discuss with a member of one of these local boards hearing presumptive cases the result of its investigations and hearings. He informed me that the board of which he was a member reported favorably upon less than 40 percent of these presumptive cases; but he added that in his personal judgment, out of 500 cases, practically all but 2 were traceable to their war service. I asked him why he did not make a finding in the other cases that these veterans with presumptive claims were suffering from diseases that were traceable to war service, and he replied that the regulations and rules which the Veterans' Administration adopted forbid him to exercise his own personal judgment. In other words, he had to find certain facts and have certain evidence adduced in order to decide that former presumptive cases were, under the new regulations, entitled to be placed back on the rolls. I then concluded that the regulations of the Bureau have prevented many of these presumptives from getting their compensation as was intended by the Congress.

Mr. CUTTING. The Senator's informant was entirely correct, and the Senator is entirely correct, and he is one of the Members of this body who best understands the technical aspects of the veterans' problems.

I could argue about the regulations adopted by the Board, and the regulations which were set down for them by the Veterans' Bureau, for an unconscionable length of time. I do not attempt to do so because it would be very difficult for most Members of the Senate who have not been engaged in this sort of work to realize the subtle differences between one word and another—words which may in the conception of a layman mean exactly the same thing.

When the Senator from Massachusetts rose it was not my intention to discuss the technical details of the matter but merely to call attention to the fact that this language of the President stating that the presumption is contrary to fact is almost identical with the language which Mr. Hoover laid down in his veto message on June 26, 1930.

Mr. STEIWER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. CUTTING. I yield.

Mr. STEIWER. Before the Senator embarks upon that phase of his discussion and leaves the suggestion made by the Senator from Massachusetts, will not the Senator take time to explain that the regulations under which the central Board of Appeals is conducting its operations are the same regulations as those which bound and hog-tied the special review board?

Mr. CUTTING. I was coming to that, Mr. President. I want to take it up in another order.

Mr. STEIWER. Then I am sorry I interrupted. I think it is tremendously important that the Record should show that those restrictive orders have never been changed and—

Mr. CUTTING. They will not be changed, so far as we know, under the regulations which the President in his veto message promises to put into effect.

Mr. STEIWER. The pending bill will change those regulations.

Mr. CUTTING. The pending bill will change them; but if the veto of the President should be sustained, the veterans of whom the Senator speaks will get no relief whatever under the provisions which the President promises to put into the regulations. Does the Senator agree with me?

Mr. STEIWER. Yes; I agree thoroughly with that statement.

Mr. CUTTING. Now let me read from Mr. Hoover. Before I read let me remind Members of the Senate that Mr. Hoover is not speaking of the 5-year presumption which has been in force since 1924. He is speaking of a proposition that was brought up for the first time then under the so-called "Rankin bill" to extend the presumptive period from 5 years to 10 years. I quote:

This provision would give war-disability benefits to from seventy-five to one hundred thousand men who were not disabled as the result of war. In other words, the bill purports to establish that men who have enjoyed good health for a minimum of 7 years (from 1918 to 1925) since the war, or a maximum of 12 years (to 1930), and who have then become afflicted, have received such affliction from their war service.

I am informed by the Director of the Veterans' Bureau—

Mind you where President Hoover placed the responsibility—

by the Director of the Veterans' Bureau that the medical council of the Bureau, consisting of most eminent physicians and surgeons, supported by the whole experience of the Bureau, agree conclusively that this legal "presumption" that affliction from diseases mentioned in the bill between 1925 and 1930 is not a physical possibility and that the presumption constitutes a wholly false and fictitious basis for legislation in veterans' aid. This is confirmed by a recent resolution of so eminent a body as the American Medical Association.

Mr. President, when that bill was under discussion two Members of this body—the only Members of this body, I will say, who were competent to form judgment on a question of that kind—the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. COPELAND], both eminent physicians, took occasion to vote against that dictum by doctors of the Veterans' Bureau. The Senator from West Virginia went before the committee and read from the most eminent medical authorities printed statements confirmatory of the fact that it was impossible for anyone to say how long the germ of tuberculosis or how long the seeds of insanity might remain latent in a patient before they became sufficiently pronounced to justify a medical finding. I ask the Senator from West Virginia if he will not confirm that statement?

Mr. HATFIELD. Mr. President, in response to the eminent Senator from New Mexico, I may say he is absolutely correct, and when he makes the statement he does he makes it in conformity to and in uniformity with the conclusions of every medical man who is in print today on the subject, whether it be in the United States of America or in some other country.

Mr. CUTTING. I thank the Senator from West Virginia. Of course, I am incompetent to pass judgment on a matter

of this kind, but I have long been convinced from observation that what the Senator from West Virginia has stated is correct. Remember, Mr. President, that in 1930 the American Medical Association merely criticized the extension of the presumption from 1925 to 1930; they disapproved of the 10-year presumption. It was not until last year that they ever ventured to criticize the 5-year presumption which had been in effect since 1924.

The President goes on to talk about the boards. Several weeks ago I took occasion at length to review the action which the various appeal boards had taken in the different States of the Union. I was arguing then under a time limit, and I can assure the Senate that three or four times as much criticism could be made of the action of these boards as I had occasion to bring to the attention of the Senate at that time. I do not wish to take the time of the Senate now to do so, because I do not think any Senator will rise upon the floor of the Senate to try to justify the discrimination which was shown in the work of the boards in the different sections of the United States. In some States 75 percent of the presumptive cases were retained on the rolls; in others only 22 to 25 percent were retained. The lowest percentage in any department of the United States, lower even than the percentage at Hines, Ill., or Pittsburgh, Pa., was the percentage at the central office in Washington, D.C., the office which made the original ruling and dictated the provisions under which the boards acted and which in the last analysis will be responsible for the results of the cases now on appeal to the central Board. Yet that is all the hope the President holds out to these presumptive cases which have been disallowed.

He says that in 94 percent of the cases the disallowing decisions were unanimous. Mr. President, of course they were unanimous. How could they have been other than unanimous under the regulations which these special boards were forced to use, regulations dating from the original Economy Act, which practically did away with presumption altogether?

I have previously gone into those details, and I do not think there is any occasion to go into them again, unless some Senator shall dispute the facts. I think every Senator realizes that those are facts, and that when these 29,000 cases come before the review board, most of them, at least, will continue to be disallowed, because, under the regulations, there is no option for the reviewing authorities to do anything else.

But the President says a majority of the Board of Appeals is composed of ex-service men.

In what way, Mr. President, is that relevant to the subject at issue? Anybody could pick a board composed entirely of ex-service men, members of the Economy League, members of the newly formed Veterans' Association, which is composed of a few rich men who happened to be in the service and who are interested in reducing their taxes. There is actually an official of the Veterans' Association now holding office as a member of the central Board of Appeals. What a farce it is! What new regulations under such circumstances can possibly do any benefit to these men who have been cut off the rolls?

Mr. President, as I stated before, I am not desirous of criticizing the President. I think, however, he has fallen into a number of inconsistencies. I have said that I did not agree with him about the veterans' belief in his principles, and I think it can be shown from this very message that he himself does not altogether believe in his principles, because later on in the message he goes on to say that—

Existing regulations therefore provide that if their cases are disallowed—

Meaning disallowance of service connection by the final Board of Appeals—

and if they are found to be totally and permanently disabled, they shall, notwithstanding fundamental principles enunciated, if in need, receive \$30 a month and domiciliary care and hospitalization.

That is clearly a violation of the principle that no man who wore the uniform should be put in a special class of benefits in comparison with other citizens.

The President, of course, takes that action for humanitarian reasons; but the humanitarianism which limits a man with a wife and children, a man totally disabled and unable, in many cases, to move, a pension of \$30 a month does not go very far. So, without reaching a really humanitarian basis, without doing any substantial, practical good to these unfortunate men, the President has, nevertheless, by his own confession, violated the principles which he laid down at the beginning of his message with regard to this class of disabled veterans.

The same thing occurs later on in his message in regard to the Spanish-American War veterans. There again, Mr. President, I might remark that when the Steiwer-McCarran amendment was debated on the floor of the Senate it was certainly the opinion of everybody that one difference between the Steiwer-McCarran amendment and the Byrnes amendment was that the one would be vetoed and the other would not. Again I completely absolve the Senator from South Carolina [Mr. BYRNES] from making any misstatement on the floor of this body; but certainly, from the debates in this House and in the other House, any Member of the Senate or of the House of Representatives was justified in voting for the lower rate, perhaps against his own personal convictions, on the ground that by doing so he would be obtaining something for the veterans and that otherwise they would obtain nothing. Yet even here many Spanish-American War veterans who cannot trace service connection will obtain relief and benefits. I am not criticizing that result; I think it is perfectly proper; but it is in violation of the principles which the President lays down.

Mr. Douglas, the present Director of the Budget, when he was running for office in Arizona at the last election, stated that under no circumstances would he ever require a Spanish-American War veteran to prove service connection. Yet, of course, that is exactly what has been done with regard to most of the veterans by acts principally sponsored by Mr. Douglas and by the Veterans' Bureau.

The President goes on to say:

It is a simple and undeniable fact that the United States, in terms of compensation and in terms of hospitalization, has done and is doing infinitely more for our veterans and their dependents than any other Government.

Mr. President, I question the relevance of that argument. Comparing the wealth of the United States with the wealth of every other government, comparing the resources, the man power, and the traditions of the United States with those of any other country, I question whether such a comparison means anything at all.

We must remember that outside of Great Britain every European country maintains a system of universal military service. From that point of view there was not any particular discrimination against any one generation. The young men of each generation had to spend certain years of their lives outside of their profession and in the military service of the state. It merely so happens that one generation was confronted with war while other generations were confronted with peace-time service. Nothing of that sort applies to the United States, where we have never had that practice and have not acted on that theory. The men whom we drafted in 1917 were subjected to handicaps to which no other generation of our time has been subjected.

Furthermore, referring to the systems under which the European governments have treated their disabled, those systems, whatever they may have been, have remained in force from the end of the war to the present time. No matter how badly the budget got out of balance, the one expenditure which England and France and Germany and the rest of them insisted on maintaining to the limit was the expenditure in favor of their disabled ex-service men. That is the principle which to my mind we violated last March and which we are certainly violating if we sustain the veto message today.

The President ended his message with eloquent words:

My disapproval of this bill is not based solely on the consideration of dollars and cents. There is a deeper consideration. You and I are concerned with the principles herein enunciated. I

trust that the Congress will continue to cooperate with me in our common effort to restore general prosperity and relieve distress.

Mr. President, I think those of us who would vote for justice for the disabled veterans are just as much interested in questions of principle as is the able and distinguished President of the United States. I think we have an equal right to our views. We have already manifested those views. On the floor of the Senate and on the floor of the House of Representatives at the other end of the Capitol it has been adequately and strikingly demonstrated that the sentiment of the two Houses of Congress is in favor of justice for the disabled veterans.

Let me talk a little more about the presumption which was written into the law in 1924. Every Senator understands that when a man is smitten with tuberculosis or when his mind gives way and he is locked up in an asylum, it is in most cases impossible for him to prove the precise moment at which the seeds of his special disease first entered his system. Understanding that fact, both Houses of Congress in 1924 decided that the best way to handle the matter was to put a presumption in the law—a presumption adequately supported by medical evidence—that any man who became ill of a particular class of diseases before a certain date should be presumed to have contracted the disease in the service. There has been some criticism of that action on the ground that the presumption was in some cases un rebuttable. But that does not apply to the present legislation because in this legislation the presumption is rebuttable if the Government can show that the man contracted his disease either before or after his service. Regardless of the question of rebuttal the original provision passed both Houses of Congress in 1924 without a record vote, but after considerable debate. The Senator from South Carolina [Mr. BYRNES], I believe, was at that time a Member of the House of Representatives which passed the provision. He certainly made no vocal objection to it.

Under that provision, from 1924 to 1933 these men, nearly all of them in the last stages of disease, unable to support themselves, unable to earn a living, were relying on the guaranty given them by their Government, as represented by a bill passed by both Houses of Congress and signed by the then President of the United States, Mr. Coolidge, that they would continue to get those benefits from their Government. In 1930 there was introduced in Congress the so-called "Rankin bill", to extend the presumptive period 5 years. Mr. Hoover vetoed the bill in language which I have read. Only six Senators, all of them on this side of the aisle, agreed with Mr. Hoover's view. On the other side of the aisle Senators unanimously voted against Mr. Hoover, although they had no chance to vote to override his veto.

I have already referred to those votes and I do not want to go again into that subject. However, I do want to invite the attention of the Senate to the vote which took place in the House of Representatives on the overriding of Mr. Hoover's veto. This veto, I may state again, was merely on the extension of the presumptive period from 5 years to 10.

Among those who voted to override Mr. Hoover's veto were Mr. RAINEY, the present distinguished Speaker of the House; Mr. Garner, now our own beloved Presiding Officer; Mr. WOODRUM, who has been leading the administration fight in the House, and many other distinguished Members of the House of Representatives. I am not criticizing them for their votes. I am praising them for the splendid way in which they stood by their convictions against the wishes of the President of the United States.

But there is one other Member of the House of Representatives of that time to whose vote I desire to call particular attention. Among those who voted to override Mr. Hoover's veto, who voted to extend the presumptive period from 5 years to 10, was Mr. Douglas, of Arizona, the man who is now responsible for declaring that the 5-year presumption is, in effect, a lie; the man who has been back of the Economy Act and the regulations which were devised under that act. Mr. Douglas, of Arizona, then a Member of the House of Representatives, voted, over the President's veto, to extend the presumptive period from 5 years to 10.

How in the world can there be any consistency in the action of anybody who now comes before us and says that 5 years is too much; that we must go back to a 1-year presumption; and that we must throw out of existence these men who have been counting on their Government ever since?

Mr. President, I do not want to detain the Senate. I am ready to vote at any time. The Senate voted, 69 to 15, for the Steiwer-McCarran amendments, which contained, first, the higher rate for the Spanish-American War veterans; second, the reestablishment of service-connected cases of the World War at the full previous rates; third, the restoration of the presumptives; fourth, the restoration of some of the emergency officers; and, fifth, the proposal of the Senator from Idaho [Mr. BORAH] cutting down our own salaries.

There is no way on God's earth in which any Senator who voted with the majority on that vote can explain now a vote to recede.

Take the question of the Spanish-American War veterans: If you voted in the minority, if you voted for the 75 percent instead of the 90 percent, then you voted to do exactly what is before us; and if you voted for the 90 percent, you voted to do more for them than is now before us.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Massachusetts?

Mr. CUTTING. I yield to the Senator.

Mr. WALSH. Was it not assumed in the Senate—perhaps improperly—that the 75-percent allowance to Spanish-American War veterans, and 10-percent restoration of pay, was acceptable to the administration?

Mr. CUTTING. It was so assumed, and that assumption was expressed at great length in both Houses of Congress.

Secondly, the emergency officers: We voted for them. They have gone out of the bill. I think it was wrong to let them out of the bill. Many of the most pitiful cases that I know of are cases of emergency officers, but they are gone. No question about them is involved at the present time.

Take the restoration of the service-connected cases at the old rates: The President does not criticize that. That apparently is satisfactory to everybody.

Take the Borah amendment: I am sorry the Senator from Idaho [Mr. BORAH] is absent; but I will say that surely there is not a Member of this body who would go to his constituents and say, "Oh, I voted with the majority on the Steiwer-McCarran amendment, although I objected to doing anything for the ex-service men, because I was so convinced that I must cut down my own salary that I would vote for anything, provided that were included in the bill." I do not really believe any Senator will go to his constituents on that basis; so we may leave out the Borah amendment for the moment.

There remains only the question of the presumptives. That is the question we have been discussing here ever since the Economy Act passed. Every Senator who voted with the 69 and against the 15 voted principally, to my mind, because he favored that provision, although he had been warned that a veto was impending.

Mr. President, let us not confuse the issue. Let us not attempt to argue personalities here. Let us not allow our personal affection for the great President of the United States to influence us in voting our own convictions, so often expressed by our votes on the floor of this body.

The Members of the House of Representatives undoubtedly had an equal affection for the present President with any which we may assume. They voted their convictions. For years I have sat on the floor of the Senate, and I have always felt proud to think that the Senate of the United States was the more liberal and the more independent of the two Houses of Congress. Perhaps that was an unjustifiable source of pride; but I have not yet been convinced that it was so, and I shall not be convinced so long as there is any chance that this House will do its duty along with the other House, and voice its own convictions in this matter.

One of the greatest shocks I had when I first came to the Senate was to hear a great friend of mine, the then Repub-

lican majority floor leader, who had led the fight for a certain measure which had been vetoed, stand up afterward on the floor of the Senate and say, "Of course I believe in this measure. Of course I voted for it on passage. Of course I worked for it. But the President of the United States, who belongs to my political party, has vetoed it, and, as Republican floor leader of this body, I cannot vote to override the veto of a Republican President."

It seemed to me then, Mr. President, in my innocence—I was serving my first few months here—that the majority floor leader, of all men, was the one who ought most jealously to guard the honor and the rights of his particular body. I thought that he, of all others, having led us in the fight, should not desert us on account of a difference of opinion with another coordinate branch of the Government. My convictions to that effect have never been changed from that day to this.

The President of the United States has his constitutional privilege of voicing his opinion by vetoing our legislation; we also have our rights, not only as Members of the Senate of the United States but as human beings, to voice our own personal convictions in the respect in which the Constitution of the United States entitles us to voice them. As United States Senators, I can only say that nothing has transpired since our original vote on this question which could possibly change the mind of any independent, progressive, sincere, honorable man.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oklahoma?

Mr. ROBINSON of Arkansas. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Johnson	Reed
Ashurst	Couzens	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Logan	Schall
Barbour	Dill	Lonergan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Steiwer
Borah	Fletcher	McGill	Stephens
Brown	Frazier	McKellar	Thomas, Okla.
Bulkley	George	McNary	Thomas, Utah
Bulow	Gibson	Murphy	Thompson
Byrd	Glass	Neely	Townsend
Byrnes	Goldsborough	Norbeck	Tydings
Capper	Gore	Norris	Vandenberg
Caraway	Hale	Nye	Van Nuys
Carey	Harrison	O'Mahoney	Wagner
Clark	Hastings	Overton	Walcott
Connally	Hatch	Patterson	Walsh
Coolidge	Hatfield	Pittman	Wheeler
Copeland	Hayden	Pope	White

The PRESIDING OFFICER (Mr. DUFFY in the chair). Ninety-two Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, when the veto message was laid before the Senate, I announced my readiness to take an immediate vote.

The Senator from New Mexico [Mr. CUTTING] has made a forceful address urging the passage of the independent offices bill over the President's veto. The Senator from New Mexico having presented the views of those who favor the passage of the bill over the Executive veto in a very able and fair manner, it is right and proper that the primary features of the Executive standpoint as presented in his message should be discussed by some who intend to support his attitude.

One who is familiar with the subject matter of the controversy involved in this debate must recognize the fact that there are differences of opinion which cannot be, as some have sought to do, accounted for solely on the ground of sympathy or lack of sympathy for the veterans whose interests are directly involved in the dispute. There is no doubt in my mind that every Senator here has appreciation for

the splendid services rendered by the soldiers of this Nation, services of such a character that they have brought honor and victory to the flag under which those soldiers fought.

Mr. President, in my judgment, it is not just, as some have attempted to do, to place the President in the attitude of not comprehending or of failing to demonstrate a sense of justice and of patriotic recognition for the gallantry, the courage, and the heroism of those who have worn our uniform during the conflicts referred to.

It is my purpose to attempt to show that there is no injustice, that there is liberality toward the veteran in the measure, and the arrangements affecting it, as contemplated by President Roosevelt. Let me first call attention to some statements made by the Senator from New Mexico which I deem unsupported in sound argument and logic. The Senator took the position, as I understood him, that it is inconsistent for anyone who voted to concur in the House amendments to refrain from voting for the resolution to pass the bill notwithstanding the President's objections.

Plainly, that argument cannot be sustained. Probably everyone who hears me who is familiar with legislative experience and precedent fully comprehends the fact that one is often called upon to choose between provisions neither of which is acceptable but one of which is less objectionable than the other. I do not believe, in view of the history of this controversy, that the conclusion can be fairly reached that those who voted to concur in the House amendments estopped themselves from voting to sustain this veto.

It will be recalled that after a prolonged and intense debate the Senate adopted a series of amendments quite different from those later incorporated by the House of Representatives; but when the bill went to the House again that body rejected the Senate amendments and proposed certain provisions which were returned to the Senate, and the vote then involved a choice between the Senate provisions and those incorporated by the House of Representatives. All that the result of that vote indicated, in fairness and justice, was a preference for the House provisions over the Senate provisions.

It is true, as stated by the Senator from New Mexico, that the House provisions more nearly conformed to what we have come to know as the Byrnes proposal than did the Senate amendments. There are some distinctions between the Byrnes proposal and the House amendments which it is necessary to keep in mind during the course of this discussion.

With respect to the restoration of salaries, I recall no distinction, but there were differences between the provisions as they related to Spanish War veterans and as they related to veterans of the World War, and I think the Senator from New Mexico pointed out the most prominent and decisive distinction; that is, in relation to presumptively connected cases.

The attitude expressed by the Chief Executive in his message involves a subject that cannot be passed over lightly. As stated by one of the great newspapers, the *Baltimore Sun*, it raises the question whether we are to have a "wide-open system of veterans' benefits and a wide-open program of recurrent Federal expenditures, with the sky as the limit."

Recurring to the thought that there is no intention on the part of anyone here—certainly not upon my part—to do injustice, or to deal oppressively, or in any other spirit than that of liberality and keen appreciation for the services of our veterans, let me indicate that there is a very notable distinction between the Byrnes proposal and that incorporated in the House provision. The Byrnes proposal did provide for the restoration of all presumptively connected cases to the roll, and also looked to an appeal of all the many thousands of cases that had been decided by the boards created under the President's Executive order, but it did not contemplate keeping on the rolls those who were found not to be entitled to that recognition. It did contemplate their final severance if upon full investigation it was disclosed that the injuries of which they complained were not or could not have been service connected.

It is entirely true, as stated by the Senator from New Mexico, that the practical effect of restoring to the rolls temporarily all presumptively connected cases would be that in the end it will result in many going permanently off the rolls.

There has been here, and I think there was in the address of the Senator from New Mexico, an effort to belittle the distinction between "recurring annual expenditures" and those incident to an emergency program of relief. I know it has been said by many that we have wasted a large amount in efforts to afford unemployment relief, and that having done that we ought to pursue a course toward veterans that would be not only liberal but that might itself result in some amount of waste.

Mr. President, there is not one who hears me who cannot recall the condition of this country a few months ago. We were fighting then over the question whether the resources of this great Nation should be commandeered, in a sense, for the benefit of those who were suffering from want, hunger, and cold. We had millions of deserving citizens, citizens who are equally deserving with our veterans, who were out of employment, who were unable to secure an opportunity to earn a living, who had no income, and who together with their dependents were facing suffering and despair, and it was decided to embark upon a new policy, one radically different from any that had ever before been adopted by the Federal Government, and we did make arrangements by which billions of dollars were used in giving employment, supplying food to the hungry and shelter to the needy.

It is said now that there is no distinction between an appropriation of that character and another which contemplates an expenditure annually for an indefinite period to come. And yet I think there is a distinction which ought to be and which must be kept in mind. Manifestly, if national recovery through the patriotism, the sacrifice, and the cooperation of our citizens is accomplished, if we can again look not only with hope but also with confidence "unto the hills whence cometh our help", if business in this great country is revived and earnings are restored, these emergency-relief expenditures will be discontinued.

While we ought not refuse to make a just appropriation, and to make every effort to find the means with which to meet the expenditure thus incurred in order to do justice to our veterans, we are under no obligation, either in law or in morals, to pursue a course which will fasten upon the Treasury an expenditure that is not justified and required by sound reason and logic. That is applicable to every form of expenditure.

It may be true that in the experiments to which we have all given our earnest cooperation, there have been spent sums which have not brought adequate or satisfactory returns. Nevertheless, it cannot be charged that the Executive, or that we, as Members of the Congress, have designed or intended such a course.

It is our duty, in accordance with well-recognized principles, to manage the affairs of the Government with due regard to the ability of this and of coming generations to meet the obligations which we assume or authorize or impose. There is a distinction, which every fair mind can see, between an emergency expenditure for relief and the adoption of a policy which contemplates an expenditure throughout the indefinite future.

So that the subject, as I see it, is whether the plan proposed by the Executive is a fair one, whether it meets the ends and the aims of justice.

The Senator from New Mexico criticized the declaration in the veto message referring to military service in defense of the country as "a basic obligation of the citizen." I have understood from the beginning of my study of public questions that every citizen who has the strength and the courage is expected to yield his service to his country when it is imperilled. Therefore it seems to me that the term "basic obligation" is not unfair and not unjust, and I do not believe there can be just criticism made of the principles

announced by the President, namely, that inevitably from the obligation of the citizens to bear arms, is the obligation and responsibility of the Government toward those who suffer injury or contract disease while serving in its defense.

Nor do I believe that the second principle announced in the message so severely criticized by the Senator from New Mexico is subject to the criticism which he expressed.

One who went to a concentration camp, who performed other duties in preparation for service at the front, is not to be discriminated against; but at the same time he has no right to a privilege or to a recognition which is not accorded to every other citizen who performed his duty, even though the other citizen did not wear a uniform. He is not to be condemned because he did not have the opportunity of making a great sacrifice or of experiencing danger in combat; but, at the same time, merely because he volunteered or was drafted and wore a uniform does not put him in a separate class above the citizen who stood behind the lines and gave of his services with equal courage and with equal hope and with equal patriotism to the support of our ranks in the trenches or as they advanced across no man's land in the face of streams of liquid fire and poisonous gas.

The Senator from New Mexico states, by implication, that once a veteran's name is placed on the rolls, since it ought not to be placed there unless it is justly placed there, there ought not to be any question as to the permanency of the name on the rolls; but we all know that there have been numerous instances in which names have been placed on the rolls that were not justly placed there. We know the circumstances, in some instances, in which that has been done. It is entirely true that the removal of such cases from the rolls ought not to justify or to permit the removal of one whose name was rightly and properly placed there; but the determination of the question of service origin, as stated by the President, is a question of fact rather than a question of law; and in spite of all that has been said in criticism of the action of the boards, in spite of the assertions that there have been discriminations and differences in the manner in which the boards have functioned in various localities, it is a fact that the way in which the boards were constituted was a fair way, and that they were expected to function fairly and justly, and that the membership on the boards of ex-veterans or men who had served in the Army cannot be alleged as a discrimination against the veterans or as a demonstration of partiality against their interests.

The fact of the matter is that the object of the arrangement as made was to make certain that in every case—in every individual case—justice would be done. The fact that \$117,000,000 has been added to the annual cost of the Veterans' Administration since the Economy Act was passed, and the regulations under it were first adopted, is, to my mind, some evidence, of the desire and fixed purpose of the Chief Executive to do justice in every case where the issue of injustice had been raised. The fact that, through Executive order and modification of the regulations, the annual expenditure has been increased from \$486,000,000 to \$603,000,000 is, in my judgment, an evidence of the efforts to do justice to the veterans.

I think the Senate will credit me with accuracy of statement when I say that, realizing from the beginning the difficulties that inhere in this problem, the conflicts of opinion which were bound to arise, it had been my hope and purpose to assist in working out an arrangement, a compromise, if you please, that might be acceptable to all who are concerned, and I regret that it has not been possible to do that. But, in the expansion of relief by the restoration to the rolls, pending decision on appeal, of all presumptively connected cases, by the restoration to the rolls of 75 percent of the Spanish-American War veterans removed from the rolls, the President has shown a desire and a disposition to work this question out justly and without unfairness or oppression to any veteran.

Mr. President, I know it is possible to say that there ought not to be any question of money raised when subjects of this character are under discussion; but if a service pension is

to be recognized as a sound way of dealing with this subject, we may expect, as stated by the President, that on this ground alone—that is, on account of the service pension to World War veterans alone—by 1949 we will be expending \$830,000,000. Some consideration ought to be given to the Budget. There is a difference between an annual and a recurring expenditure and one that is of an emergency nature, since the last, we may hope, may be suspended or discontinued and since the first is expected to be perpetuated or continued indefinitely. I believe that the principles upon which the President has based his veto are deserving of recognition and of study by every Senator who hears me.

I know it has been said that having once voted for the passage of a bill, a Member of the House or of the Senate estops himself against taking a contrary view after a veto has been sent down by the Chief Executive; but, plainly, that contention has no force under the Constitution. The Constitution does not provide that if two thirds of the Senators and two thirds of the Representatives shall vote for a measure it shall become law. It provides that if a majority, whether a mere majority or practically the whole Membership of the two bodies, shall pass a measure it shall go to the President in order that he may express his views upon the subject and in order that the two legislative bodies may have the advice and counsel with which his opinion provides them. No other conclusion can be reached; and it is not a breach of good faith, it is not a repudiation of honor, for one to vote for a bill and when it shall be vetoed to vote to sustain the veto. The real question is what is just, what is right, and what is fair. I am entirely willing that every Senator respond to his judgment and to his convictions; but I do not think it is fair to say that having once placed yourselves in opposition to the Chief Executive, for whatever reason, you shall not under any circumstances take into consideration the recommendation he makes or the rule he suggests relative to the legislation which is the subject matter of controversy.

The object of a veto is to give the two Houses the judgment of the Executive, who is a part of the law-making power. Under our Constitution no bill can become a law unless it shall be signed by the President or passed by a two-thirds vote over his veto. Daily here we pass measures by unanimous consent, sometimes by bare majorities, sometimes by an overwhelming majority, and is there anyone here who would insist that by reason of the course taken in the enactment of legislation we are estopped from taking that counsel and that judgment which, on its face and by reason of the logic and argument that underlie it, the Executive's opinion is entitled to?

I know there are some here who are going to be happy if the Senate shall override the Executive veto, happy not alone because their position will prevail but also because of the fact that, in a measure, it will discredit the Chief Executive. I know there are some who will not have that object and that purpose in mind. All that I am appealing for is that the Senate shall give to the Executive veto the weight and force to which it is entitled; that it shall give to him that fair treatment and that fair measure of cooperation to which by reason of his great services he is entitled. When that shall have been done, I shall have no complaint.

Mr. ROBINSON of Indiana. Mr. President, I have listened with a great deal of interest to the statement made by the very able Senator from Arkansas [Mr. ROBINSON], who enjoys the distinction of being the floor leader of the majority in this body and the prestige of being the spokesman here for the Chief Executive. I was interested particularly in what was said near the end of his statement to the effect that some Members of this body might be happy to vote to override the President's veto.

I do not know whether or not that is true; but if it be true, I am not surprised. The President has embarrassed Members of this body many times in connection with veterans' legislation. Implied promises at least have been held out to Members of this body many times that if something less than was proposed by the good judgment of the body be done with reference to the veterans the President

would support it. Those accredited with speaking for the Chief Executive have held out such hopes to Members on the other side of the Chamber more than once. In connection with this very measure statements were made by accredited administration leaders on the other side of the aisle indicating very strongly that if this plan were adopted the Chief Executive would sign the bill. Now it develops that the bill is vetoed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. I tried to point out in my remarks that that was not the case. There were distinctions which I tried to make clear.

Mr. ROBINSON of Indiana. Yes; the Senator made the distinction. That is quite right. Nevertheless, the fact remains that the motion to concur in the House amendments and the House plan was made by the Senator from South Carolina [Mr. BYRNES], who, as every Senator in this Chamber believes, speaks for the President. When the Senator from South Carolina made that motion, every Senator had a right to believe he spoke for the President and that the President would sign the bill if the Senate would concur in the House plan. That deceived many Members of this body. So I do not wonder, under the circumstances, deceived as many Members of this body must have believed themselves to have been, that they would be happy now to show their constituents that they meant no harm toward the veterans of the United States.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. ROBINSON of Indiana. I yield.

Mr. BYRNES. I have just returned to the Chamber, and I wish to say to the Senator from Indiana that in no statement I have made on the floor of the Senate at any time have I quoted the President as expressing any approval of this bill.

Mr. ROBINSON of Indiana. Those of us who serve here regularly understand what it means when certain Members say certain things. [Laughter.] The Senator from South Carolina made certain statements which caused other Members of this body to believe that he was speaking for the President. When he made his motion to concur in the House amendments many Senators voted with him who believed in the Senate's more liberal treatment of the veterans and the Government employees; but, lured into the belief that the House plan would be accepted by the White House, especially after the Senator from South Carolina made the motion, they voted to go along, now only to be struck in the face by the Chief Executive himself with this veto that cannot possibly hold water.

Mr. BYRNES and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I will yield first to the Senator from Louisiana.

Mr. LONG. I am going to vote with the Senator from Indiana, but I do not look upon the President's veto as being a slap in the face at all. The great leader of our party for a number of years, William Jennings Bryan, discussed that matter, and I want to read to the Senator what he said with regard to a Presidential veto. It is not to be regarded as a slap in the face by the President, nor is our overriding of his veto to be so regarded. Said Bryan:

The President of the United States, in the discharge of his duty as he sees it, has sent to Congress a message calling attention to the present financial situation, and recommending the unconditional repeal of the Sherman law as the only means of securing immediate relief. Some outside of the Hall have insisted that the President's recommendation imposes upon Democratic Members an obligation, as it were, to carry out his wishes, and overzealous friends have even suggested that opposition to his views might subject the hardy dissenter to administrative displeasure. They do the President great injustice who presume that he would forget for a moment the independence of the two branches of

Congress. He would not be worthy of our admiration or even respect if he demanded a homage which would violate the primary principles of free representative government.

That is what Mr. William Jennings Bryan said in 1893. That is the basis upon which we here who exercise our representative prerogatives will vote to pass this bill over the President's veto.

Mr. ROBINSON of Indiana. I yield now to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I asked the Senator again to yield to me only to express the hope that he would be fair enough in his statement to say, if he knows the fact, and if he does not know the fact I want to advise him, that before the vote was taken on the original proposal as to the pay cut I advised the subcommittee of the Committee on Appropriations that it was my proposal made after consulting only two members of the subcommittee. I made the same statement to the general committee the following morning. Before the vote was taken upon the floor of the Senate I again made that statement. Before the vote was taken upon the motion to concur I again stated that I did not approve of the House amendment, but regarded it as the least objectionable of the two proposals.

On my own motion and without any authority to quote or seek to bind anybody else, as one of the managers on the part of the Senate, I moved that concurrence. I must not be deprived of my right to act; and when I do act, there must not be written into any statement I make the belief that I am quoting anybody else or acting for anybody else.

Mr. ROBINSON of Indiana. Oh, no, Mr. President; I believe the Senator has never said on the floor of the Senate, "I am now speaking for the President of the United States", but all of us had every reason to believe, from all that had been stated and all that had been written on the subject, that the Senator from South Carolina enjoyed the very close confidence of the President and that what he said reflected the views of the President.

I am not alone in that view. The distinguished Senator from Missouri [Mr. CLARK] yesterday on the floor of the Senate made practically the same statement. I do not remember that he mentioned the name of the Senator from South Carolina, but he did say that statements had been made, as I have said, indicating that the President would accept the House plan, so that the Senator from Missouri evidently was as badly confused on the subject as some others have been.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New Mexico?

Mr. ROBINSON of Indiana. I yield.

Mr. CUTTING. As I said a little while ago, I completely absolve the Senator from South Carolina from making any statement which could be subject to criticism on the floor of the Senate. I repeat that at the present time. Nevertheless, it was of course assumed by most Members of this body that the lesser relief offered by the Senator from South Carolina would be favorably received elsewhere; and when the debate took place on the floor of the House, the gentleman who introduced an identical amendment with that offered by the Senator from South Carolina spoke as follows:

Mr. Chairman, this amendment is the amendment offered by Senator JAMES BYRNES, of South Carolina, in the Senate. The general feeling is that the President will not accept the Senate amendment to this bill as it applies to veterans. Therefore, if we are going to get anything at all for the veterans it will be necessary to effect a compromise.

Senator BYRNES was recognized as the administration spokesman on veterans' legislation when this measure was pending in the Senate. Whether or not he had any agreement with the President I do not know. So far as I know he did not so state on the floor of the Senate. But the fact that he offered an amendment restoring Spanish War veterans and their widows to the rolls, giving them 75 percent of the amount they were receiving a year ago, clearly indicates to me that he had a feeling that the President would accept that amendment.

And again, later on in the debate of March 14, 1934, the gentleman from Missouri [Mr. COCHRAN] used this language:

I used in part the entire language of the amendment offered by Senator JAMES BYRNES, of South Carolina, who was looked upon as the President's spokesman in the Senate. Senator BYRNES will be one of the Senate conferees, and as such my amendment, which originated with him, will probably be acceptable to him.

Of course, any statement of that kind does not bind the Senator from South Carolina in any way; but, in view of what the Senator is saying, I do think it is pertinent to the general argument, because undoubtedly a great many Members of both bodies voted for the lesser degree of benefits with that understanding.

I hope that is a fair statement.

Mr. ROBINSON of Indiana. I thank the Senator from New Mexico for his observations.

Mr. President, one other statement was made by the Senator from Arkansas [Mr. ROBINSON] to which I desire briefly to refer. I have not his exact words, but they were to the effect that he resented anybody's attempting to place the President in the attitude of not appreciating the valor of the soldiers during the war.

In that connection, Mr. President, I can only rejoin that the President of the United States has placed himself in that attitude. He has done far more to cause the people of this country to believe that he does not properly appreciate the valor and the gallantry of those who have offered their lives in defense of the country than any feeble words could do that might be uttered on this floor, not only by his own deeds but by his words.

I heard the President make that remarkable speech in Chicago at the national convention of the American Legion, when he said in substance, "No man is entitled to anything just because he wore a uniform." Substantially the Senator from Arkansas repeats the same dictum here this afternoon. Says the Senator from Arkansas, substantially: "The man who goes into a concentration camp, who is there for a little while, is entitled to no special consideration on that account. Just because he wore a uniform he is not entitled to any more consideration than the civilian back of the lines who never wore a uniform but did what he could."

I say to the Senator from Arkansas and to the President of the United States that all of us honor the citizen who with patriotic fervor supports the Government in time of war; but I say at the same time that the citizen's liberties would all be gone were it not for the warrior at the front and for those who must condition themselves to go to the front.

I say to the Senator from Arkansas, we did not talk that way in the days of 1917 and 1918, when the country's life was imperiled. When nations go to war, they fight to the death, and one or the other will be victorious. One may destroy the other, Mr. President, and when one nation is victorious over another, then the vanquished country is invariably invaded by the conquering forces.

I point out to the Senator from Arkansas and to the Chief Executive of the United States that when the army of the conquering nation invades the country of the vanquished, it is the women and children first who suffer; and the warrior stands out there between the enemy and that fate, worse than death, to come to the women and children of the country, and offers his life in their defense. He is the despised man in uniform the Senator talks about so glibly here this afternoon.

Not only that, but if the conquering nation sees fit to do so, it may make slaves and vassals out of the men as well as the women and children of the vanquished country. So the warrior out there, the despised man wearing the uniform who today is the forgotten man, stands between the sovereign citizen in this country and possible slavery when he bares his breast to the enemy who would enslave him.

So much for the 2,000,000 who were on the other side of the seas during the World War, doing their best to prevent the enemy from invading our shores in one way or another. Now let me say a word for the 2,000,000 back here who were in the concentration camps, being conditioned to go over there.

Not all the casualties in warfare come from the front-line trenches, Mr. President—not by any manner of means. There are thousands of casualties flowing out of the training camps, brought about, as is inevitable, where thousands of men are herded together like animals. There are disease epidemics, epidemics of influenza, weakened lungs, thousands of cases out of these camps from which the victims never can hope to recover in this world. There are the rigors of military discipline that youths just out of comfortable homes are entirely unaccustomed to face, to say nothing of the mental strain in these days of poison gas, and tremendous engines for the mass destruction of human beings—men blown to atoms on the other side over there, so that there were no means of identification except for the dog tag worn around their necks before they were blown to pieces that might be located.

The reports of men annihilated over there came back into the camps where these youngsters were, merely boys, anywhere from 18 to 25 years of age. Many of them had been in splendid positions, receiving as much as \$250, or, in one case I knew personally, \$400 a month. They were consigned to these camps, placed there at a dollar a day, while their comrades on the other side of the seas were actually stopping bullets, living in mud and slime for a dollar a day. While such reports were coming back from the other side of the seas, these lads were there in these camps, knowing that their careers were probably gone. Many of them had come out of the high schools and colleges, never to return. They knew while they were there that the Government of the United States was placing them there to fatten them up, to muscle them up, so that they could go over on the other side tomorrow and be shot at, and receive a dollar a day for facing destruction; yet the Senator from Arkansas says they are entitled to no consideration whatever. So says the President of the United States. I heard him say it, in substance, at the national convention of the American Legion in Chicago.

Mr. SCHALL. Mr. President—

The PRESIDING OFFICER (Mr. McAdoo in the chair). Does the Senator from Indiana yield to the Senator from Minnesota?

Mr. ROBINSON of Indiana. I yield to the Senator, though I should like soon to conclude.

Mr. SCHALL. The Senator says that the service men got only a dollar a day over there. I understand that they got about \$6.60 a month after paying for their insurance, and the bonds that were forced on them, and all that; that they drew down about 20 cents a day.

Mr. ROBINSON of Indiana. Even less than that; they had scarcely enough left to buy cigarettes and tobacco after they got through paying for Liberty bonds, the allotments back home, and so forth. They bought bonds just the same as the man back of the lines here in this country. They had a lot of things to do that ran all the way from buying bonds and supporting their folks at home up to facing death, the while they were living in mud and slime. Yet the Senator from Arkansas says they are entitled to no special consideration. So also says the President of the United States on the eve of his journey down to Florida to rejoin the Economy League on the palatial Astor yacht, the *Nourmahal*.

From the Economy League and Mr. Astor's yacht, the *Nourmahal*, came the President a year ago with his infamous so-called "Economy Act." Back, after a year, returns the President after practically seeing the veterans treated like dogs. After a year of that kind of treatment, with a veto safely behind him, he returns to the palatial *Nourmahal*, Mr. Astor's yacht, to the Economy League, in whose arms he will receive a warm embrace.

Mr. President, if the President is in this sort of an attitude before the country, he has placed himself there. "By their fruits ye shall know them." These are his own deeds. I do not wonder that Members, particularly on the other side, are anxious to show the veterans back home and throughout the land that they have not forgotten them.

Ah, we may have to enlist soldiers tomorrow, and no one need be surprised if we do. The clouds of war hang low throughout the world this afternoon, Mr. President. Europe is an armed camp, to use an expression which has become trite, but which nevertheless is true. Out in the Far East, where our interests cluster, there, too, 9,000 miles from home, we may need soldiers, sailors, and marines. Then the despised man, who wears the uniform, will be much in demand. But I warn you, do not make these soldiers too unpopular, do not make it despicable for one to wear the uniform. By your action here show that you regard the valor of the American soldier for the deeds of glory he has performed on a thousand gory battlefields. Do not treat him like a dog. The youngsters coming on tomorrow may have to carry muskets, and they will not carry them with much patriotic fervor if they believe they are to be treated when they return as this Congress and this administration have during the past 12 months treated the veterans of the United States in three great wars—the Civil War, the Spanish-American War, and the World War.

Mr. President, let me say a word—and I must hasten—about the message itself and the reasons assigned for vetoing this very reasonable bill. I say "reasonable" from the standpoint of the administration's attitude. It is not reasonable in any degree to the veterans. The Senate provisions would have come much nearer doing justice by them, and the Senate amendments did not go nearly far enough. Only by repealing the entire Economy Act, so-called, root and branch, every line of it, can substantial justice be done to the veterans of the United States and their families.

Even then you cannot do justice, for you cannot bring back from the other world those who have been slain by this infamous thing we call a law, and those who, looking through the glass ever so darkly, seeing no hope in the future, have taken their own lives. You cannot bring them back.

Mr. President, I want to read from the message. This has to do with both Government employees and the veterans. Says the veto message:

Furthermore, the Budget submitted by me to the Congress on January 4, 1934, laid down a definite program of expenditures and a definite estimate of receipts.

I hope somebody saw that definite program that was laid down so definitely and that definite estimate of receipts about which the President speaks. I never saw it. If there is anything definite in any of the Budget messages which have come here since the President has come into office, I have never seen or been able to distinguish that definiteness.

Because of the emergency expenditures for relief and unemployment, the expected total deficits this year and in 1935 are necessarily large.

There was not a word of that kind, however, when it was demanded that we pass the infamous so-called "Economy Act." Then we were told it would balance the Budget; but 3 days later we passed a law taking care of 250,000 to 350,000 able-bodied young men, from 18 to 25 years of age, in C.C.C. camps, which cost more than all the saving, twice as much from the Treasury as all the saving made by victimizing the veterans and their families. And that continues to this day, and the President asks for its continuance on and on, though it is costing, I suppose, as much as a billion dollars a year. It contributes little to the unemployment situation, but it does do this: It places these able-bodied lads, if they get a little sick, in the hospitals built by a grateful people for the veterans of the Nation, places them on beds in these hospitals from which disabled veterans have been driven as if they were entitled to no consideration. Go out to Walter Reed Hospital and see the situation. According to the last figures I had—and I quote from memory—something like this is correct; some 6 or 8 veterans are there, the despised men who wore the uniform, but there are hundreds of the tree planters in the beds the disabled veterans had previously occupied.

Not only that, but if one of these lads dies and leaves a widow, we pay her \$45 a month pension, while the poor old deceased veteran's widow and his orphans must hold a hat for charity as they go begging through the streets of our

cities, so far down in the scale has gone the despised man "who only wore a uniform", to quote the language of the floor leader on the other side of the Chamber.

Says the President—and mark this:

This bill exceeds the estimates submitted by me in the sum of \$228,000,000.

My God! Has the President of the United States completely discredited the intelligence of the American people? This bill would exceed his estimate for the Budget \$228,000,000, when he just got through telling the Congress and the country, within the last 3 months, that we face a deficit of over \$7,000,000,000 next July. Where is there any consistency in a statement like that? God save the mark! He just told us and the country that the national indebtedness would be in the neighborhood of \$32,000,000,000, and suggested no method for paying it, excepting to turn the printing presses loose and print the money, and not even that suggestion; he makes no suggestion; one can only assume it. But, at the same time, and in the same breath, he tells us to be ready for a \$7,000,000,000 deficit. In other words, the Budget, within 12 months after he was inaugurated, will be more than \$7,000,000,000 out of balance, the deficit will be that much; and having just told us that, now he says, "I can do nothing for the veterans or the Government workers, because it would throw my estimates out \$228,000,000", which is not a fourth of a billion dollars; yet the President himself, in an orgy of expenditures such as the world has never seen, has literally thrown out to everybody who asks for it, during the past year, more than \$10,000,000,000. But the despised man, whose only fault is that he responded to his country's call and wore a uniform—ah, he must not have anything, nor must the Government worker. It would throw the President's estimate out of balance!

Of course, it is all right, says the President, for the business man to throw his estimates out of balance, to put on additional employees, to pay them additional salaries; not only not to decrease salaries but to raise salaries. All of us are in accord with that. If the plan can be made to work, we should like to see it done to absorb the unemployment. But, at the same time, the President says, in effect, with reference to the Federal workers, "They do not come under the N.R.A. They are different. They are almost in a class with the despised man who wore the uniform. We must keep their salaries and their pay reduced, grind them down under the heel to the lowest possible figure."

Consistency? The Senator says the President ought not to be placed in a false attitude. God knows he has placed himself in this attitude, and the country now understands that attitude. Certainly the veterans do, and the Federal workers do, for they have been victimized by this policy of inconsistency which has developed throughout the year. The President says in effect, "Of course this would throw out of balance my estimates by \$228,000,000. But just to show you that I do not care how much they are out, if I do it, I am this day directing that 29,000 of these cases be placed back on the rolls."

In other words, if the legislature does it, if Congress enacts legislation that will cost approximately \$200,000,000 over estimates, that is all wrong, it cannot be handled; but in the same breath and in the same message the President substantially says, "I, myself, have today put these 29,000 presumptive cases back on the rolls."

Why did he do that on the day he sent his veto message here? True, he says he is going to have them reviewed; and if they are not right, he will throw them off again. That is just exactly what some of us want to avoid. We want to restore the vested rights of these veterans, so that no man, if he feels out of sorts in the morning, can take it out on a disabled soldier of the World War or of the Spanish-American War or of the Civil War. We want the law to stand back of the veterans and the Federal workers. We do not want to leave them to the tender mercies of either the Chief Executive or of any of his bureaucrats. We want the vested rights of the veterans restored. That

is why we want to place 29,000 back on the rolls where they belong, and place the law solidly behind them.

Mr. President, the Executive made that statement yesterday. Could that have been a bait, could that have been a lure to gain votes in the House and in this body? Why did the President put these 29,000 back just yesterday? Why did he not do it the day before or a week ago? Is it not incontestable that the President felt that public opinion in this country was rapidly growing to the point where the people would stand no further abuse being inflicted on these men who had worn the uniform, and that, in order to keep from being reversed in the other House and here, he felt he had to place them back as a matter of elemental justice?

Then, again, he says he has placed some Spanish-American War veterans back. He says:

I am today directing the restoration to the rolls of those Spanish-American War veterans who in 1920 were receiving pensions as a result of having sustained an injury or incurred a disease arising out of their war service.

Why yesterday, Mr. President? Why would he do that yesterday? That is the question that arises. Was it a bait, perhaps, to lure the legislative branch of the Government away from a just plan, one that would be fair and equitable?

One other thing, Mr. President, and then I am through with the message. There seems nothing further to talk about in it. This is a statement I challenge. This is the language of the President:

It is a simple and undeniable fact that the United States, in terms of compensation and in terms of hospitalization, has done and is doing infinitely more for our veterans and their dependents than any other government.

I deny that statement. Within the last 12 months I placed in the RECORD a table, and I will see that it is again recorded, in order that everyone may be familiar with it, showing that when a comparison is made with respect to population and wealth per capita this Nation has treated its veterans less generously than either Great Britain, France, or Germany. That is in the RECORD. The statement of the President, therefore, must be challenged and thoroughly denied. Even in the days of our best treatment of the veterans, we were not as generous with them as any of the nations I have just named.

Mr. President, so much for that.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I have just been checking over the vote in the House of Representatives; and of the Democrats who voted, over 2 to 1 voted to override the President's veto. From what I understand in the Senate it is not regarded as a party matter at all on either side of the aisle, nor is it regarded that there is any effort to keep this matter from being a straight-out economic matter, to be settled on the basis of each individual Senator's and Representative's conscience.

Mr. ROBINSON of Indiana. Yes, Mr. President; but let me say this: There should not be one scintilla of partisanship in this question. So far as I am personally concerned, there is not a whisper of partisanship in this question. [Laughter on the floor and in the galleries.]

The PRESIDING OFFICER. The Chair will say to visitors occupying the galleries that any manifestations of approval or disapproval are entirely out of order and will not be permitted.

Mr. ROBINSON of Indiana. Mr. President, I stood on this floor a year ago with 12 other Members of this body, some on the other side of the aisle and some on this side of the aisle, and I watched the great majority of the Members on the other side of the aisle vote for the infamous thing that is called the "Economy Act", against the veterans of the United States, and I saw the great majority of the Members on this side of the aisle vote for that same infamous thing. There was no politics in it then. It seemed to be unpopular. At any rate, a great majority of the Members of this body

thought it was unpopular. They felt it was so unpopular that they refused to join me in trying to get justice for the veterans of the United States.

Now, Mr. President, I come to this point. There still is no politics or partisanship in this question. So far as I am concerned I do not care whether the veterans who are disabled in their country's service are Democrats or Republicans. I am simply fighting as best I know how, that they may all get a square deal from the Government they served and for which they offered their lives. There is no politics in it. It should be too sacred for politics. There should be no one playing politics on a question of this kind.

Mr. President, we have the acid test here. Either we are for these veterans or we are against them. This is probably the last chance we shall have to vote on this question during the present session. Here is the acid test. If we shall vote to override the veto we will vote to befriend the men who wore the uniform—so characterized by the senior Senator from Arkansas. If we shall vote to sustain the veto we will vote against the veterans.

In conclusion let me place in the RECORD something that came to my desk this morning from the National Tribune, dated Thursday, March 29, 1934. It is under the caption "New Kind of Education." I wish to read a little of it.

The desperate fight against the veterans by the National Economy League apparently has sapped its finances. An organization which pays \$15,000 a year for its director and collects no dues must need plenty of money from outside sources.

To refill its coffers, the league, through E. R. Harriman, chairman of the finance committee, is making an appeal for funds. As all of its battles have been fought in behalf of the boys with the dough bags, naturally the appeal is being made to them.

That is the boys with the dough bags.

The sole purpose of the league has been to penalize disabled veterans and their dependents so that the wealthy might be able to cut down their income taxes.

Mr. Harriman is adroit enough not to forget this fact, and as a postscript to his solicitation he added:

Listen. That is a postscript in this letter soliciting funds to carry on the nefarious work against the veterans by the National Economy League, so-called:

Contributions to the league are deductible from the Federal and State income tax.

That is the postscript. He did not want it forgotten by the boys with the dough bags, as they are called here, who might want to contribute to this nefarious purpose, so he added:

Contributions to the league are deductible from the Federal and State income tax.

Just why such contributions should be deductible from income tax it was difficult to understand until inquiry was made at the Treasury. The Secretary of the Treasury answered as follows:

"As the organization (National Economy League) was found to be educational in character."

Get that—

At last we know for what purpose the National Economy League was formed. It is to educate. Of course, there are all kinds of education, and to date the National Economy League has only attempted to teach Congress and the Government in general that disabled veterans, the widows, and little children orphaned by war should be deprived of their just rights so that the income taxes of the ultrarich might be kept at a low level.

Such education meets with the approval of the Secretary of the Treasury so thoroughly he permits contributions to the league to be deducted the same as offerings to churches and charitable organizations.

The action of the league in urging that veterans unable to earn a living due to disabilities be pauperized comes under the head of education.

Under the Treasury's definition it is educational to promulgate the idea that homes should be broken up and little children forced into orphans' homes where they cannot receive a mother's loving care.

If we understand the Secretary's ruling correctly, education embraces the theory of throwing disabled men out of homes where they have lived for years even though there is plenty of room in those homes to care for the outcasts. It must also be educational to deprive men desperately in need of hospitalization of such treatment although beds, doctors, and nurses are available.

Such is education as fostered by the National Economy League by means of false and vicious propaganda. Not one single constructive idea looking toward true economy in government—Federal, State, or municipal—has been advanced by the league since it was organized as a tool of big business. Its sole purpose, to

judge by its acts, has been to promote the theory that the rich should not be taxed.

And now the league asks for more funds to carry on its nefarious work, promising contributors income-tax deductions as an inducement to subscribe.

Mr. President, I ask that the entire article may be incorporated in the RECORD immediately at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBINSON of Indiana. Let me repeat, Mr. President, as I resume my seat. Have a care, have a care how far you go toward making the American warrior, the veteran of the wars, the soldier, the sailor, and the marine, unpopular. Before the dawning of a new day you may be at war. When you are at war, then you must call on the despised man who wears the uniform.

The article presented by Mr. ROBINSON of Indiana and ordered to be printed in the RECORD is as follows:

[From the National Tribune, Thursday, Mar. 29, 1934]

NEW KIND OF EDUCATION

The desperate fight against the veterans by the National Economy League apparently has sapped its finances. An organization which pays \$15,000 a year for its director and collects no dues must need plenty of money from outside sources.

To refill its coffers the league, through E. R. Harriman, chairman of the finance committee, is making an appeal for funds. As all of its battles have been fought in behalf of the boys with the doughbags, naturally the appeal is being made to them. The sole purpose of the league has been to penalize disabled veterans and their dependents so that the wealthy might be able to cut down on their income taxes.

Mr. Harriman is adroit enough not to forget this fact, and as a postscript to his solicitation he added:

"Contributions to the league are deductible from the Federal and State income tax."

Just why such contributions should be deductible from income tax it was difficult to understand until inquiry was made at the Treasury. The Secretary of the Treasury answered as follows:

"As the organization (National Economy League) was found to be educational in character * * *"

At last we know for what purpose the National Economy League was formed. It is to educate. Of course, there are all kinds of education, and to date the National Economy League has only attempted to teach Congress and the Government in general that disabled veterans, the widows, and little children orphaned by war should be deprived of their just rights so that the income taxes of the untried might be kept at a low level.

Such education meets with the approval of the Secretary of the Treasury so thoroughly he permits contributions to the league to be deducted the same as offerings to churches and charitable organizations.

The action of the league in urging that veterans unable to earn a living, due to disabilities, be pauperized comes under the head of education.

Under the Treasury's definition it is educational to promulgate the idea that homes should be broken up and little children forced into orphan's homes where they cannot receive a mother's loving care.

If we understand the Secretary's ruling correctly, education embraces the theory of throwing disabled men out of homes where they have lived for years, even though there is plenty of room in those homes to care for the outcasts. It must also be educational to deprive men desperately in need of hospitalization of such treatment, although beds, doctors, and nurses are available.

Such is education as fostered by the National Economy League by means of false and vicious propaganda. Not one single constructive idea looking toward true economy in government—Federal, State, or municipal—has been advanced by the league since it was organized as a tool of "big business." Its sole purpose, to judge by its acts, has been to promote the theory that the rich should not be taxed.

And now the league asks for more funds to carry on its nefarious work, promising contributors income-tax deductions as an inducement to subscribe.

This is to be expected from the National Economy League, but the action of the Government in becoming a party to the crime is inexcusable. Under the Treasury ruling any two or three persons can join together, take out corporation papers, declare the organization "to be educational in character", and go out and mulct the people.

Webster defines education as follows: "The impartation or acquisition of knowledge, skill, or discipline of character." Under no stretch of the imagination can it be said that the National Economy League's policy fits in with this definition of the word.

The fact that Congress has shown a tendency to relent in its stand toward the disabled veterans has made the league desperate, and to renew its unfair and undercover fight it appeals to the Treasury of the United States for aid.

And gets it!

Mr. HARRISON. Mr. President, I have no desire to inject myself into this discussion and would not have done so had it not have been for the character of speech just made by the Senator from Indiana. "Have a care lest we have another war!" Mr. President, it is just such language as the Senator from Indiana employs; it is just such tactics as he displays; it is just such votes in 99 percent of the cases as he casts here that precipitate wars and make for the unrest of the world. If he has ever done anything to promote a peace or add to the tranquillity of the American people since he came to the United States Senate, I do not know when it was. He has made speech after speech against every plan that might preserve peace and prevent war. If anyone wishes to have him more enthusiastic than he is about veterans, all that it is necessary to do is to get him on the subject of a big navy, because he is for that, too. As bad as have been his speeches in this body heretofore in arousing prejudice and in trying to dethrone reason, the one he has just delivered is the worst he has ever uttered. "The soldier gets nothing! He is a despised man! This Government has done less for the soldier than have France and Germany and Italy." Those were the remarks of the Senator. If they were not, I ask him to rise now and deny them.

Mr. ROBINSON of Indiana. Those were my remarks, and they were taken literally out of the mouth of the majority leader of the other side of the Chamber.

Mr. HARRISON. Yes; the Senator wants to put the responsibility on somebody else. [Laughter.] I am now putting it on the Senator. He cannot mislead the Senate.

Mr. ROBINSON of Indiana. No; I say to the Senator now that the soldier, under this administration, is the forgotten man.

Mr. LONG. Mr. President, a point of order.

Mr. ROBINSON of Indiana. Furthermore, what has the Senator from Mississippi ever done for either war or peace during all the years he has been here? I have watched him closely.

Mr. HARRISON. Mr. President, I refuse to yield.

Mr. LONG. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Louisiana will state his point of order.

Mr. LONG. I make the point of order that the only means by which the speaker may be interrupted, since there seems to be a desire for a barbecue fight here, is for the Senator desiring to interrupt first to address the Chair, and ask the Senator if he will yield. That rule should be adhered to. The Senator from Mississippi and the Senator from Indiana—

Mr. HARRISON. I refuse to yield.

Mr. LONG. Seem anxious to make the Senate an arena with a bullfighter on each side.

Mr. HARRISON. I refuse to yield.

Mr. President, as to the question whether or not this Government has done anything for the soldier, and as to whether the soldier is a despised man, let me say there is not a Senator within the sound of my voice but knows that this Government wants to deal fairly and justly with the American soldier. We may differ as to how far we ought to go; we may differ as to the wisdom of our policies in the past respecting the soldiers; but I say that we have been just toward the American soldier, and, while all of us would desire to do more, the Government has been quite generous. Here is the utterance of the President on this problem:

What you and I are seeking is justice and fairness in the individual case. I call your specific attention to the fact that since the original regulations were established a year ago actual experience has shown many cases where these regulations required modification. I have not hesitated to take the necessary action and have issued regulations which have made many changes. These changes, based on principles of justice to the individual veteran, involve additional expenditures of approximately \$117,000,000. It goes without saying that I shall not hesitate to make further changes if the principles of justice demand them.

The Senator from Indiana is speaking of the "despised man." Who doubts that the President of the United States

is seeking to do justice by the veterans in each individual case? Does he not state in his message that "it goes without saying that I shall not hesitate to make further changes if the principles of justice demand them"? Who on this side of the aisle doubts that? Does not the whole record of the President dissipate any doubt as to what he will do?

And the Senator from Indiana says that this Government has done less for the veterans than have France, Germany, Italy, or Great Britain. How misleading! How incorrect!

Let me give you the figures for 1932, the latest available year.

The facts are that Germany, with a mobilization of men in the great World War of 13,000,000 and with killed and wounded more than 6,000,000, disbursed to her war beneficiaries \$298,000,000. France, with a mobilization of 8,410,000 and killed and wounded more than five and one half million, provided \$286,000,000. Great Britain, with a mobilization of 6,600,000 and with 3,000,000 killed and wounded, provided \$174,000,000. Italy, with 5,615,000 mobilized men and with killed and wounded more than one and one half million, expended to its war beneficiaries that year only \$69,000,000. The United States, with a mobilization of less than 5,000,000 men and with killed and wounded slightly more than 300,000, expended \$860,000,000 in 1932.

In this connection I submit for the RECORD a table showing a comparison of expenditures of the United States with those of foreign countries for World War veterans.

	Men mobilized	Dead and wounded	This year's relief bill	Per capita based on men mobilized	Per capita based on dead and wounded
United States.....	4,757,240	322,497	\$860,635,000	\$180.91	\$2,668.66
Germany.....	13,000,000	6,111,862	298,690,000	22.98	48.87
France.....	8,410,000	5,623,000	286,722,000	34.09	50.99
Great Britain.....	6,600,000	3,000,000	174,802,060	26.49	58.27
Italy.....	5,615,000	1,597,000	69,853,300	12.44	43.74
Canada.....	619,636	232,045	61,123,000	98.64	263.41
Total for foreign countries.....	34,244,636	16,563,907	891,190,360	26.02	53.80

¹ That portion of Veterans' Administration appropriations made applicable to World War veterans for fiscal year 1932, including \$312,000,000 appropriated to adjusted-service-certificate fund.

In the face of those facts can anyone say that the veteran of this country is a "despised man"? These facts show that we have been quite generous to our ex-service men. Perhaps we have not done what we should have done, but I submit that no one can say upon the floor of this Senate, and get away with it, that this Government has treated her ex-service men as "despised men." The Senator from Indiana, with his usual grace and vehemence, tried to arouse the other side to solidarity. But I saw many Senators over there hang their heads in shame at his remarks. I know they do not sanction them; I know they are not in sympathy with that character of speech. He called attention to the fact that last year, the President, just before making his recommendation on economy legislation, had taken a trip to Florida, had gone out upon a yacht, and that now he was out of the city again, on the water, perhaps, upon the same yacht. I so understood the Senator's expression, whereby he tried to arouse the prejudice not only of the soldiers but of the Senate, and to criticize the President of the United States not only for sending his message here but also for not being in Washington at this time, and for taking a few days' rest down in the southern clime. There is no other Senator here who would resort to that kind of speech in order to get votes. If ever in the history of the White House a President was entitled to rest from continuous and arduous labors, it is President Roosevelt. I suppose that no other Senator begrudges the President's leave of absence—and certainly few persons can be found in this country with the audacity to attempt to make political capital of it.

Let us remember that the Senator says it is not a party question. Of course, it ought not to be a party question.

Legislation touching the World War veterans has never been a party question. It is unfortunate that a Republican caucus was held respecting this question. It is a pity that it should be made a party question. I hope that there may be some division on the other side of the aisle, so that it may be shown that it is not a party question, despite the fact that it looks very much as if some would attempt to make it such.

The President of the United States, Mr. President, has done a good job. The Senator from Indiana may criticize him on occasion after occasion, find fault with all his recommendations, and vote against practically everything he suggests, and the Senator may receive the plaudits of some ex-service men for his action; but throughout the length and breadth of this land there are ex-service men who do not approve the Senator's course nor his utterances. It is my opinion that those men who went to the colors, who defended the flag, and preserved this country and civilization, want to see this Government preserved and the country sustained above any compensation that they might receive from the Treasury of the United States.

I have faith in President Roosevelt. The American people have confidence in him. Already he has modified regulation after regulation to take care of countless cases. Only yesterday he put 29,000 presumptive cases upon the rolls with pay and gave instructions to the Veterans' Administration that the burden of proof was upon the Government to show that they are not rightfully there.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. HARRISON. I prefer not to yield, but I will yield to the Senator.

Mr. McCARRAN. Did the Senator from Mississippi ever attend a hearing before the Veterans' Bureau under the present system and, if he did, did he observe the travesty that prevails there?

Mr. HARRISON. Yes; I have attended some of the hearings in the Veterans' Administration, and I have been greatly disappointed in some of the hearings I have witnessed before some of the boards.

Mr. McCARRAN. I am very grateful to have the Senator make that admission.

Mr. HARRISON. Yes, that is quite true; I felt very much aggrieved about it. I thought that in several cases the Veterans' Administration was wrong. But now the President of the United States has given instructions for a reformation in that regard. He has appointed local boards in every State throughout the country. In my State my colleague and I selected ex-service men to serve on those boards.

Mr. McCARRAN. Mr. President, would the Senator care to yield further?

Mr. HARRISON. I am going to finish pretty soon.

Mr. McCARRAN. Very well.

Mr. CUTTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New Mexico?

Mr. HARRISON. I do not want to be discourteous to any Senator. I am going to finish in a moment, and I am sure that I am not now saying anything with which anyone can find fault, for I am stating facts.

Mr. CUTTING. I am sure the Senator does not mean to misstate the facts.

Mr. HARRISON. No; I do not mean to do so.

Mr. CUTTING. And it is for that reason that I ask leave to interrupt the Senator. There is nothing in the suggestion made by the President, I will say to the Senator, which in any way alters the regulation, promulgated under the Economy Act, under which the boards have acted up to the present time.

Mr. HARRISON. He has appointed the new boards, however, to go over the presumptive cases.

Mr. CUTTING. New boards, yes; but there is no new method for determining service connection different from what was provided under the old law.

Mr. HARRISON. But new boards have been created and the Appeal Board here has been enlarged to receive and

consider the appeals from the local boards. And instructions have gone forth that every reasonable doubt be resolved in favor of the ex-service man.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. I yield.

Mr. BYRNES. In response to what the Senator from New Mexico has said, may I say that the Executive order, a copy of which I have in my hand, provides, unlike the old regulations, that in the consideration of the appeal cases the boards shall in their decisions resolve all reasonable doubt in favor of veterans, the burden of proof in such cases being on the Government.

Mr. CUTTING. That is nothing new. That was in the old regulations.

Mr. HARRISON. The President has appointed these boards in the States to go over the presumptive cases and in most instances ex-service men compose the boards. Appeals can be taken to the new Board of Appeals that is composed in large part of ex-service men. The President has given instructions that he wants the burden of proof assumed by the Government. He is trying to do the right thing. He said he would try to meet the individual cases by modification of regulations as they arise.

I have confidence in my President. I am not going to say by voting to override his veto that I do not believe he will do the right thing, and it is inconceivable to me that a majority of Senators on this side of the aisle should pursue any such course as that.

In concluding his message the President used these words:

You and I are concerned with the principles herein enunciated. I trust that the Congress will continue to cooperate with me in our common effort to restore general prosperity and relieve distress.

Was there ever a man in the White House who has sacrificed more in order to revive confidence and restore prosperity? Has any man consecrated himself and his talents more diligently and more earnestly than he in order to bring about a better condition in the country? I say it to the credit of the Republican Party that they have in the main cooperated.

Those of us on this side of the aisle tried to do the same thing when President Hoover was in the White House. I frequently criticized President Hoover politically, but from the time the black night came over this country and we got into the bog of economic despair I stood here and helped to sustain every constructive measure that he proposed, whether it was imposing additional taxes, whether it was trying to secure authority for organization of the Reconstruction Finance Corporation, or whatnot. We laid aside politics and tried to fight together in order that we might restore confidence and bring a return to prosperity. Even the distinguished leader on this side of the aisle received some criticism because of an expression that he made in cooperation with other Democratic leaders that we would pull together with the Republicans until we could get the country back to normalcy.

The President has done a good job; but whenever the country gets the idea that the men in his own party have deserted him and are not willing to cooperate and uphold his hands and that he has lost his grip upon Congress, his whole recovery program may be endangered. For my part I have gone along with his leadership because I believe he is making an honest and a successful effort to bring back normal conditions in the country. We may have made some mistakes. We may have enacted some legislation that does not agree with my philosophy of government. But we are not yet out of our economic trouble, and we will get nowhere if we divide and fight among ourselves. We criticized the last administration for failure in cooperation and lack of program. We promised cooperation and a program. Let us keep that promise.

Mr. STEIWER. Mr. President, before I allude to the subject which I want to present I feel it my duty to make brief

reference to a colloquy in the debate between the Senator from Indiana [Mr. ROBINSON] and the Senator from South Carolina [Mr. BYRNES].

In the discussion between those two Senators the Senator from South Carolina asserted, with respect to the pay-cut amendment which he had offered, that it was his own idea and that he had offered it without consultation with the President. It is my recollection that his statement is entirely correct. I speak of it only because he also referred to a statement which he had made in subcommittee and before the full Committee on Appropriations. It is my recollection that upon those occasions he stated that the pay-cut proposal was his own suggestion, that he hoped the President would approve it, but that he had no assurance to that effect.

As I remember, the only one of the various proposals offered by the Senator from South Carolina which we were given to understand had the informal approval of the President was the amendment which he offered in behalf of the veterans of the War with Spain. In order to make perfectly certain the exact statement made at that time I will ask the Senate to indulge me while I read briefly from the Record what the Senator from South Carolina then said:

I do not know what the President told other Members of the Senate; I simply wish to say, in order that there may be no doubt and in order that the record may be straight, that I described to him my compromise proposal to pay to the Spanish-American War veterans 75 percent of what they had received prior to the enactment of the economy law, restoring to the rolls all who were included in the amendment which I presented to the Senate upon yesterday and providing they could be paid only when in need. I estimated to the President that that amendment would cost approximately \$42,000,000. Thereafter, in conference with some members of the committee who have been sympathetic with the program of the administration, I drafted the amendment. When completed I was advised that it would cost approximately \$50,000,000.

The amendment as drawn was never submitted to the President by me. I have no reason for saying that the final draft, which was completed only a few moments before the Senate met yesterday, would meet with the President's approval, other than his statement to me some days previous that he would approve 75 percent with a suitable-need clause. I wanted to make this statement in view of what has been said.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. CUTTING. I should like to call also to the attention of the Senator what was said on February 27 with regard to the same amendment by the Democratic floor leader, the Senator from Arkansas [Mr. ROBINSON]:

As stated by other Senators this morning during the course of the debate—

Said the Senator from Arkansas—

the proposal submitted by the Senator from South Carolina was the result of much consideration, not only on the part of members of the Appropriation Committee, but also on the part of representatives of the administration, including the President himself.

And the Senator from Arkansas went on to say, after some other remarks:

The plan carried in the several amendments of the Senator from South Carolina in my humble judgment represents approximately the maximum of what may be actually accomplished in legislation under present conditions. If the Steiwer-McCarran amendment remains in the bill, more than probably it will encounter an Executive veto.

I think any Member of the Senate, after hearing that language, could draw only one conclusion; namely, that in the opinion of the distinguished Senator from Arkansas, at least, the Byrnes amendment, as distinguished from the Steiwer-McCarran amendment, would not compel a veto.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CUTTING. The Senator from Oregon [Mr. STEIWER] has the floor.

Mr. LONG. Is that a quotation from the remarks of the Senator from Arkansas?

Mr. CUTTING. Yes.

Mr. LONG. The Senator means the leader on this side of the Chamber?

Mr. CUTTING. Exactly.

Mr. LONG. I wish the Senator would read that again. My attention was distracted during the reading, and I should like to hear it again.

Mr. CUTTING. I dislike to read it over again, but I shall be glad to do it for the Senator's information:

The plan carried in the several amendments of the Senator from South Carolina in my humble judgment represents approximately the maximum of what may be actually accomplished in legislation under present conditions. If the Steiwer-McCarran amendment remains in the bill, more than probably it will encounter an Executive veto.

The bill as it stands today, as the Senator from Oregon well knows, embodies substantially the suggestion of the Senator from South Carolina [Mr. BYRNES].

Mr. CLARK. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. CLARK. As a matter of fact, my understanding is that the so-called "Taber amendment" adopted by the House, and concurred in by the Senate the other day on the motion of the Senator from South Carolina, really involves an expenditure of some \$13,000,000 less than the amendment of the Senator from South Carolina himself.

Mr. CUTTING. The Senator is correct.

Mr. STEIWER. I am not sure of the figures, Mr. President; but I do know, from my own analysis of the so-called "Taber amendment" agreed to in the House, that it is less inclusive, covers less veterans, and will cost less money than the proposal made here by the Senator from South Carolina [Mr. BYRNES].

Mr. President, I am not going to urge any species of estoppel against the right of any Senator to vote his convictions. I rather agree with the Senator from Arkansas [Mr. ROBINSON] with respect to the right of a Senator in dealing with a problem of this kind.

Mr. BYRNES. Mr. President—

Mr. STEIWER. I yield to the Senator from South Carolina.

Mr. BYRNES. Mr. President, of course, there is never any difference between the Senator from Oregon and myself as to facts.

Mr. STEIWER. There may be before the day is over.

Mr. BYRNES. No; not as to facts. As to opinions, there may be; but there will be no difference between us as to facts. The Senator from Oregon would not agree to the statement of the Senator from New Mexico that there is no difference between the Taber amendment as to presumptives and the amendment which I offered as to presumptives.

Mr. STEIWER. Oh, no, Mr. President; and I think the Senator from New Mexico was referring only to what had been said just before with respect to the Spanish War veterans.

Mr. CUTTING. Mr. President, I was quoting the Senator from Arkansas [Mr. ROBINSON], who referred specifically to the amendment on Spanish-American War disabilities.

Mr. ROBINSON of Arkansas. Mr. President, that statement is not accurate. I referred to the amendment as proposed by the Senator from South Carolina [Mr. BYRNES], and had in mind at least especially the subject of presumptive cases.

Mr. CUTTING. Mr. President, I hate to differ with the Senator from Arkansas. I apologize to the Senator from Oregon for taking up his time; but the Senator from Arkansas has accused me of inaccuracy, and, therefore, I desire to quote exactly what he said:

Passing then to the second Steiwer-McCarran amendment, on yesterday an amendment proposing to restore 90 percent of the compensation awarded Spanish War veterans prior to March 1933, prevailed over an amendment offered by the Senator from South Carolina [Mr. BYRNES], which reenacted the pension laws with relation to classes of veterans other than World War veterans on the basis of 75 percent.

As stated by other Senators this morning during the course of the debate, the proposal submitted by the Senator from South Carolina was the result of much consideration not only on the part of members of the Appropriations Committee but also on the part of representatives of the administration, including the President himself.

I submit it is perfectly clear what the Senator from Arkansas was talking about.

Mr. ROBINSON of Arkansas. I was talking about the basis of 75 percent for Spanish War veterans.

Mr. CUTTING. Which is what we have under the present bill.

Mr. ROBINSON of Arkansas. Yes; one feature.

Mr. STEIWER. Mr. President, I do not want to decline to yield, but I hope Senators will permit me to proceed with the subject which I wish to present to the Senate.

I am in full accord with the general principle laid down here by the majority leader. He stated, in effect, that he was entirely willing for every Senator to vote his convictions, his conscientious judgment, with respect to this veto message. I concur in that. I regret that there is ever anything that even hints in the direction of partisanship when the legislative branch of the Government is considering the care of disabled and sick veterans of our wars. I approve the Senator's temperate and just statement with regard to the views of Members of Congress upon a subject of this kind.

I am not in agreement with the Senator upon his conclusions; but, as he said, there are two schools of thought, or at least there is more than one viewpoint upon this matter. His happens to be different from the viewpoint which I desire to present; but I hope I can present it in the same spirit which he employed.

Mr. President, I am brought to the place where I feel it to be my duty to make some reference to the veto message. As one of the authors of the amendments which were adopted in the Senate, and which later were replaced by the amended provisions of the House of Representatives, possibly I have a certain degree of responsibility in the premises.

In discussing the veto message of the President, and in keeping with the spirit of the address made a little while ago by the Senator from Arkansas, and in the hope that I may discuss it without partisanship, or even the appearance of partisanship, I find myself confronted with a very difficult problem. I desire to say to Senators, however, that I shall not purposely criticize the President. In referring to the veto message, I refer to the message itself. I hope to deal with it as an abstraction, if I may, and then to reach such conclusions concerning it as the facts seem to justify.

A message from the President of the United States deserves the respectful consideration of all Members of this body. There is, however—and I think it will be conceded by all in the Chamber—no justification for the acceptance of an Executive viewpoint unless that viewpoint is a sound viewpoint.

Even upon the basis of a rather superficial examination of the message, I am forced to the conclusion that the President has been led into rather serious errors. With respect to those errors, I most respectfully call to the attention of the Senate some statements that have been made over the President's signature.

I read from the message the following statement:

It is true that very large but wholly distinct funds are being dispensed daily for emergency purposes, but these funds are going directly to the purpose of saving farms, saving homes, and giving relief and employment to millions of our fellow citizens. They are nonrecurring in nature, while the increases contemplated in this bill are continuous and permanent.

Mr. President, some part of the increases included in the bill are continuous and permanent. Others are not continuous and are not permanent. There will be cases in which the pension will cease upon the death of the veteran, and other cases in which the compensation will be substantially reduced in amount in the event that the veteran is hospitalized.

Passing by these considerations, a more serious error is involved in the statement that the large expenditures of today are being dispensed for emergency purposes.

The bill before the Senate applies to the fiscal year 1935, and for that year Congress has already authorized expenditures and has appropriated funds far in excess of Budget estimates both for emergency and for nonemergency purposes.

Let me review briefly some of these expenditures. I have made notes of some of them to which I desire to refer.

Public, 84 continues the functions of the Reconstruction Finance Corporation. It increases the indebtedness of the country actually or potentially \$850,000,000. The proceeds of this indebtedness will, we all believe, be used for useful purposes; but they will not, in the language of the veto message, go—

Directly to the purpose of saving farms, saving homes, and giving relief and employment to millions of our fellow citizens.

Public, 97 provides crop-production loans to farmers. It carries an appropriation of \$40,000,000.

The Vinson naval bill authorizes expenditures of \$475,000,000. Under its authority we may, within very reasonable possibility, expend as much as \$95,000,000 a year for the 5 years beginning in 1935.

House bill 7478, the bill to include cattle as a basic commodity, as passed by the Senate and House, but I think not yet signed by the President, appropriates the magnificent sum of \$200,000,000, of which \$150,000,000 may be returned to the Treasury from future processing taxes.

House bill 8471 is the War Department appropriation bill. This bill has passed both House and Senate but is not yet finally enacted. The Senate, with very meager debate, increased the appropriations for numerous military and non-military activities in a total amount of \$73,650,000. This amount, together with all the other items to which I have referred, are in excess of Budget estimates. The total increase over Budget estimates, not counting matters which are strictly of emergency character, aggregates hundreds of millions of dollars. One of the items excluded is the enormous emergency appropriation of \$950,000,000 provided by Public, No. 93. This great item is not included, because it is clearly of an emergency nature.

Moreover, many of them are continuous in character, and others, which are not permanent, must in the very nature of things be supplemented in future appropriation bills. The attempt to distinguish between the permanent character of pension appropriations and the like character of appropriations for the maintenance of the Army and the Navy and other regular establishments of the Government cannot be sustained in the substantial sense in which the distinction is urged by the President in his message.

On page 2 of the message the following statement is found:

This bill increases the compensation for employees of the United States Government \$125,000,000 over my Budget estimate for this purpose.

At another point in the same page we find the following statement:

In submitting the Budget estimates last December I recommended compensation restoration of 5 percent for the next fiscal year.

These statements, of course, relate to the pay cuts of the employees of the Government.

I regret that I feel it my duty to make a further point with respect to these statements. Apparently the message contains a plain misstatement of fact.

The bill to which the veto applies does not effect full restoration of employees' compensation. In language which admits of no misunderstanding it effects the restoration of 5 percent effective February 1 and the restoration of an additional 5 percent effective July 1.

These facts are known to us all. The first 5-percent restoration—that is, the restoration between now and July 1—was not provided for in the Budget estimate. There is no controversy about that. The additional 5 percent provided for the fiscal year 1935 was not provided for in the Budget estimate. The first 5-percent restoration for the year 1935, moreover, was recommended by the President, as stated by him in his message.

So far as the year 1935 is concerned, the action taken by the Congress exceeds the Budget estimate and the recommendation which the President himself made by 5 percent, and no more. The amount of this 5-percent increase is not \$125,000,000; it is approximately \$63,000,000. Evidently this portion of the veto message was written with respect to the bill as it passed the Senate. If it related to that bill the

statement would be true, but when applied to the bill as passed and as modified in the House of Representatives, it is approximately \$63,000,000 in error. History will, no doubt, record the statement as both inaccurate and unfortunate.

This error, in fact, should be read in connection with the further statement in the message that the bill exceeds the estimates submitted by the President in the sum of \$228,000,000. This figure apparently is also in error. It can only be supported by calculating the pay increase at \$126,000,000 instead of the correct figure of \$63,000,000. Moreover, it would appear that the \$228,000,000 includes \$21,000,000, which was added to the bill in the Senate Committee on Appropriations, but this increase was made in order to supply the funds to pay benefits created by the President's Executive order of January 19, 1934. On the President's imputation that Congress is at fault in adding this \$21,000,000, I make no comment.

These considerations suggest an examination of a statement in the latter part of the message. The President refers to certain changes which he has made in veterans' regulations, and then states:

These changes, based on principles of justice to the individual veteran, involve additional expenditures of \$117,000,000.

In the last sentence of the paragraph he repeats the idea in the following language:

Since that time, by Executive order, the addition of \$117,000,000 increases to \$603,000,000, the total cost of veterans' relief for the fiscal year 1935.

Mr. President, I am not quarreling with the figure used by the President, namely, the increase of \$117,000,000. That is the figure which has been furnished me by the Veterans' Administration. I think without question it is a correct figure. But the figure of \$117,000,000 is arrived at by including the following items: \$50,000,000 of estimated benefits restored by Executive order of June 6, 1933; \$46,000,000 of estimated benefits restored by Public, No. 78, passed June 16, 1933; and \$21,000,000 estimated benefits restored by Executive order of January 19, 1934. Thus it would seem that the President's assertion that the \$117,000,000 has been restored by Executive order is only partially true. An estimated total of \$71,000,000 was restored by Executive order.

The President complains that Congress, in increasing expenditures, "has failed at the same time to provide a similar sum by additional taxation." I call attention to this statement because it seems to me that it is not a fair criticism, and that no consideration should be given to it by those of us who are considering whether or not we should vote to support the veto or should vote to pass the bill notwithstanding the veto of the President. It must be remembered that the House of Representatives, in its consideration of this bill, brought out a resolution which effectively prevented the House of Representatives from making any amendment to the bill. It was stated publicly, on the floor of the House, that this resolution was requested by the President, and the House accordingly gagged itself in order to follow his leadership.

The amendments restoring pay and providing increased compensation for veterans were first adopted in the Senate. Of course, the Senate could not "at the same time provide a similar sum by additional taxation." A revenue bill must originate in the House, and the House cannot act in this behalf when it is bound by rule prohibiting amendments. I do not claim that Congress would in any event have added any such provisions, but the fact remains that the President pursued a course which guaranteed against the inclusion of any revenue provisions. I say it is not fair when the only person in the world who could have effectuated such a guaranty is also the only one who complains that the revenue provisions were not included in the bill.

Mr. President, before I leave the subject of the costs added by the action of Congress, let me present to the Senate for the thoughtful consideration of all those who want to arrive at the truth of this matter the figures which, I believe sincerely, truly reflect the added cost occasioned by the enactment of this law.

As I stated a little while ago, for the fiscal year 1935 the only item of pay cut that is over and above the Budget estimate is one item of 5 percent, amounting to \$63,000,000.

I have an estimate of the Veterans' Administration that the provision carried in this bill for the Spanish War veterans will cost approximately \$37,500,000.

I have another estimate of the Veterans' Administration, that the only two provisions of the bill which will include any cost so far as World War veterans are concerned, namely, sections 27 and 28, will cost approximately \$41,800,000 a year.

There are no other provisions in the bill which create any substantial amount of cost. The hospitalization provision, which is one of the three points included in the Legion's four-point program, is estimated by the Veterans' Administration to cost nothing, because the President has already substantially placed it in effect, and the two provisions which will cost money are sections 27 and 28, and as to them the cost will be \$41,800,000 a year, as stated. The total cost created by this bill is something like \$142,300,000 per year and cannot be \$228,000,000.

Moreover, in the message of the President there are three very interesting references to the regulations which the President proposes to make, or which he has already made, extending benefits to certain service-connected Spanish-American War veterans, restoring to the rolls temporarily and subject to review, other Spanish War veterans, and restoring to the rolls, also subject to review, 29,000 of the presumptive class.

According to the estimates submitted by the Veterans' Administration, if these groups are left upon the roll for as much as 1 year, the total cost under these regulations will be \$60,800,000. I invite the attention of all Senators to that figure. If they are left on for 1 year, the total cost will be in excess of \$60,000,000. Therefore, the difference in cost per year between what Congress is proposing to do if it passes the bill and what the President proposes to do if he has not already done it, is the difference between \$142,300,000 and \$60,800,000. The difference is a little over \$81,000,000 and not \$228,000,000.

These figures were provided in the main by the Veterans' Administration itself. Certainly they are not too low. They may be too high. But, allowing for error, the undeniable fact remains that the difference between what the Congress proposes by this legislation and what the President has done or is doing for the fiscal year 1935 is only a little over \$80,000,000.

A Senator from the floor suggests that of that amount \$63,000,000 is occasioned by restoration of pay to civilian employees, and with respect to that we must bear in mind if there is a sharp upturn in prices the law already provides the mode by which the Executive would restore the pay of the civilian employees. So it is impossible to say with absolute assurance that even the figure which I have used would be maintained up to the end of the year. It may, indeed, result in a very much smaller figure and a very much smaller difference than the \$81,500,000.

Mr. President, I want to refer a little further to the President's message. In the President's discussion in the message of the provisions relating to veterans he speaks of principle and quotes from his address to the American Legion in Chicago. I read a part of his quotation, which is as follows:

The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated and not connected with that service.

Mr. President, I do not share the critical views of some of my colleagues, with respect to that utterance by the President. I think, if correctly applied, I can accept it substantially as he stated it there. Yet there are many factors

involved in this situation which some of us have been prone to overlook, and I invite Senators' attention to some of them.

In the first place, it would appear, and I say this with all respect to the President, that the President has reserved the right to violate this principle as a sort of personal prerogative of the Chief Executive. Let me tell the Senate why I make that statement.

In the regulations of March 31, 1934, he provided payments of \$20 per month for veterans permanently and totally disabled from diseases that were nonservice connected in their character. On June 6, in supplemental regulations which were issued by the President, he increased this payment to \$30 per month for the same character of disability, that is to say, for non-service-connected disabilities if they were permanent and total.

On January 19 of this year he issued the regulations I referred to a little while ago, and at that time he provided that hospitalization was to be furnished to certain veterans whose disabilities were not related to their military service.

It was stated in the Senate by the Senator from South Carolina [Mr. BYRNES] in the debate on March 27, that the President had agreed to the restoration, under certain conditions, of the veterans of the Spanish-American War on a basis of 75 percent of their former pay. That is the statement that I alluded to and read earlier in this debate. In this great group of war veterans more than 96 percent have been unable to trace their disabilities to the military service.

Then there is another class: There is a great group who are beneficiaries under the special pension laws. They are the omnibus pension laws that every Congressman and every Senator knows. We see one of them in almost every session of the Congress.

The veterans receiving the special pensions in nearly all cases suffer from disabilities that cannot be traced to their military service. In many cases they have the opportunity, under one law or another, to trace disability to the military service, but the facts deny them that connection. They are unable so to trace their disabilities. Yet in the Economy Act these pensioners suffered no reduction at all. Subsequently they were placed by Public Law No. 73 on the same basis as the civilian employees of the United States Government; that is to say, they were given temporarily a 15-percent cut.

If now the President's veto is sustained, these non-service-connected cases will not only be recognized by the law but they will be automatically restored to 100 percent of their former amount commencing with the next fiscal year.

Mr. President, that makes, I think, four recognized groups of non-service-connected cases which the President himself has recognized, and to which benefits are being paid in accordance with the regulations which the President has issued. It would seem, therefore, that the President himself does not recognize any principle of denying pensions in proper cases, even though the man who wore the uniform cannot trace his disability to his war service. But even if the so-called "principle" is, in fact, recognized by the President and by the Congress as a principle in our Government, it has but little, if any, application to the pending bill.

I was rather surprised when I heard the statement read in the message, and was brought to realize that the President was urging the so-called "principle" as an argument against some part of the bill. It would apply with greatest effect to the Spanish War veterans, but as to those veterans the President has already indicated to the Senator from South Carolina that he is reconciled to the idea of restoring them to the rolls upon the same basis on which they are restored by the pending bill. The bill provides hospitalization in certain cases, as I said awhile ago, but the hospitalization provision is almost identically in accord with that which the President himself made by regulation.

Outside of these provisions; that is, the provisions with respect to the Spanish War veterans whose disabilities in most cases are nonservice in character, and outside of the hospitalization provisions, there is no basis for the application of the so-called "principle" except to that group of

29,000 presumptives concerning whom we have heard a great deal during this debate. Evidently the President in his message is referring to them.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. WALSH. Will the Senator state what is the average payment that was received by these 29,000 veterans?

Mr. STEIWER. Mr. President, the average payment of all veterans prior to the Economy Act, I think, was \$43 plus; but it is my understanding that in certain diseases, namely, tuberculosis and the neuropsychiatric diseases, the average of the payment was somewhat above the average of payment to all veterans. I cannot state the figure. The Senator may know it.

Mr. WALSH. So it is the Senator's opinion that most of the veterans with whom we are dealing in presumptive cases are veterans who are seriously sick, suffering from neuropsychiatric or tubercular diseases? Is that his judgment?

Mr. STEIWER. Yes, Mr. President.

Mr. WALSH. And does it not follow that if the Federal Government refuses to take care of them, either the local or the State government will have to take care of them?

Mr. STEIWER. Of course, that is true, Mr. President. It has already been proven in many parts of the West, where I am most familiar with the situation, and it is made especially clear when we examine General Hines' testimony given before the Committee on Appropriations.

Mr. WALSH. What I am trying to evoke from the Senator is that we are not dealing with men who have 10-, 15-, 20-, or 30-percent disability, but we are dealing with men who are seriously incapacitated and suffering, many of them, from derangements of the mind and of the body so they are unable to take care of themselves.

Mr. STEIWER. That is very true. On reflection, I think that before the Economy Act the average payment for the neuropsychiatric and tubercular cases was fifty-four dollars and some cents, which would indicate that the veterans so classified were more than 50-percent disabled on the average.

There is a very revealing table in the record. I think this table in and of itself ought to convince Senators of a duty and invoke in them a desire to pass this bill. In this table presented to the Appropriations Committee by General Hines, there is a classification of the diseases of these 29,000 presumptives who are not now on the rolls, and it is disclosed that of that great group 10,900 are tubercular and 15,378 are neuropsychiatric cases.

Mr. WALSH. Is it not a fact that, in all probability, most of the 15,000 are confined in institutions, being unable to take care of themselves?

Mr. STEIWER. Many thousands of them are. I have inquired as to that, but have not been able to get the exact figure from the Veterans' Administration. However, many thousands of the 15,000 are actually confined in institutions, either Federal, State, or private. We know that their average disability is more than 50 percent, and that they range on the one side from fairly slight disabilities, neurotic in character, over to the other side where the veteran is absolutely demented and wholly beyond any hope of self-help either now or at any time in the future. It is this pathetic group, this ghastly group, Mr. President, of 29,000, of whom 90 percent are either tubercular or neuropsychiatric, that ought to appeal to us, and it is for them that we ought to pass this bill, because it is inevitable, if their cases shall be thrown back to the boards, that these helpless men will not be able to secure justice.

I do not attribute fault to the President; I do not feel it is because the President is against them, as has been suggested here by some. It is the nature and character of their disease; it is the trouble from which they suffer; it is their lack of capacity to look after themselves. The record shows that when their cases were brought before the reviewing board they could not go there; the old, musty files were opened up; in many cases there was no one to represent them. In other cases there were guardianships, and in thousands of cases those guardians were trust companies,

and the guardians and the trust officers did not know anything about the veterans' law; they did not know how to present the cases of these men. So it was that this group of 29,000 men were left helpless and without governmental aid. I think it is wrong to put them back to the mercy of any board, and that Congress owes it to itself and to the country to restore these men to the rolls.

Mr. WALSH. And, Mr. President, to add to what the Senator has stated, these men were receiving through congressional action compensation up to very recently, and in the midst of the depression, with their relatives down and out, without any money, they are left helpless. Is not that a fact?

Mr. STEIWER. That is true. Mr. President, let me make a further statement: By regulation the President has provided that when a veteran is hospitalized he does not draw his full compensation but if his disability is service connected he draws only \$15 per month. In this bill to which the two Houses have agreed we have protected our Government's interest in respect to that regulation; we recognize it.

Mr. WALSH. In other words, if the presumptives who are in institutions shall be returned to the rolls, they will not receive the percentage of the compensation which they would receive if they were not in institutions, but their compensation will be cut to \$15 per month?

Mr. STEIWER. That is true, in accordance with the regulation.

Mr. WALSH. So that a good many of them will get only \$15?

Mr. STEIWER. Yes; but if they are hospitalized, I have no objection to their compensation being cut to \$15. The thing that is essential in their lives is hospitalization and care.

Not only that, Mr. President, but we carefully guarded what we consider to be the fair rights of our Government in respect to these cases. We not only provided that the regulation respecting hospitalization should be continued but, by the action of the House, the so-called "misconduct cases" are excluded from the benefit of this proposed law. Not only that, but we exclude from its benefits all those who had attached themselves to the rolls by fraud or through mistake; and beside that, Mr. President, we have provided in effect that the Government may rebut the presumption.

We have provided if the Government can show that the disease or disability from which the veteran suffers was incurred before or after his military service, and was not aggravated by his military service, that he shall not enjoy the benefits of the restoration created by this proposed act. I cannot, in my humble view of this matter, imagine a proposal that could be more fair and just to the Government than the one to which the Congress has agreed.

I do not know what influences have been brought to bear upon the President; I regret that he wrote the message he did write; but I do know that in the message which he has submitted to us he has made no reference at all to the numerous limitations and exceptions which we have written into the law; but he has treated the question as if all these 29,000, as a body, were to be restored to the rolls.

Mr. President, I want to make this further suggestion with respect to these presumptives: Compensation in these cases was not granted merely—and I revert to the language of the President in his Chicago address—because the veteran wore the uniform, nor was it granted because he is in a special class of beneficiaries who were to be treated as superior to other citizens. They were not granted compensation merely because they had served their country, nor were they granted compensation for disability not connected with their service. I hope Senators will bear that in mind. They are presumptive cases, it is true, but the presumption is that their disability was, in fact, connected with their service. Compensation was paid because the law recognized that in certain types of diseases medical science could not trace the origin of the disease.

I do not want to enlarge upon that. The Senator from New Mexico very ably covered it today and other Senators have referred to it upon other occasions, and, in the con-

sideration of the World War Veterans' Act of 1924, some Members of this body gave this subject very careful and critical examination. The significant thing is that the law extended these veterans the benefit of a statutory presumption, because it was impossible for the veterans and for medical science to prove the exact inception of the disease.

The presumptions were rebuttable in all cases, I think, except two. They were not rebuttable in the tubercular cases and in the spinal meningitis cases, if my memory is correct. They were rebuttable with respect to all other diseases. The majority of the 29,000 that have been placed on the rolls have been placed there in face of the right of the Government to rebut the presumption that the disability originated in the military service.

Now I refer to the exceptions which are provided in the proposed law and which give to the Veterans' Administration a further right at this time in restoring these veterans to the rolls, which is substantially equivalent to a further right of rebuttal.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. STEIWER. Yes, sir.

Mr. CUTTING. Before the Senator leaves the question of the presumptives, I wonder if it has occurred to the Senator that in many cases these men deserve better treatment at the hands of their Government than the directly connected cases, because sometimes these were the men who refused to go to the hospital when they were ill, and therefore failed to obtain a record in the files; and that in many cases these men who became ill and were confined to hospitals or asylums later on in life have made it, through their own courage, impossible for themselves now to obtain positive proof of direct service connection.

Mr. STEIWER. There are such cases, but I do not know that I subscribe to the view, speaking in general, that their moral claim upon the Government is greater than the moral claim of the battle-scarred claimants who have been able to prove that they suffered injury on the field of battle.

Mr. CUTTING. I do not make it as a general claim, but I know of many cases where that is a fact.

Mr. STEIWER. There are such cases, and it may also truthfully be said, passing by the question of who has the greater moral claim upon the Government, that these veterans are even more helpless than the battle-scarred veterans, because these veterans can often rehabilitate themselves. A veteran who has lost a limb may walk very bravely through life on his artificial leg and is able often to maintain himself; he recovers his courage and lives a fairly normal life, and, compared with other class of veterans, he is infinitely better off than are they.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. STEIWER. I yield.

Mr. LONG. I was hoping we could get a vote on this question. I have been interested in the Senator's speech and in his other speeches. I was hoping we might have some agreement to vote on this question at 5 o'clock or so this evening.

Mr. STEIWER. I will conclude very shortly, and the Senator may then present his idea. I think it is necessary, before I accommodate the Senator from Louisiana, that I refer briefly to the boards which have been created. We know what the alternative is. If we sustain the veto of the President, this great group of 29,000 veterans will be thrown back upon the mercy of these boards.

The Senator from Arkansas [Mr. ROBINSON], I know, is perfectly sincere in his statement. He said he believed that the boards are fair and that this procedure is a fair procedure. On that proposition I dissent with all the vigor I possess. We know that the review by the special boards was not fair; I do not attack the boards as such; I think most of them were composed of honest men who are endeavoring to do the right thing; but some of the boards were assembled upon 1 or 2 days' notice, others were assembled on as little as a week's notice; they were furnished with complicated regulations and with laws which those of us

who have given considerable attention to the subject still do not thoroughly understand. I talked to two members of the board who admitted that they did not understand the regulations under which they were acting. Then they were called upon to make speed; they were called upon to limit the number of personal appearances of the various veterans before the boards, and then they had to deal with the 15,000 neuropsychiatric cases. They faced a situation that was utterly impossible; and because it was impossible, the result was unsatisfactory.

We heard the Senator from Massachusetts say earlier in the debate today that he talked to a member of a board who said they had connected 40 percent of the cases; and, in his judgment, had the evidence been available, they would have connected the whole 500, with some two or three exceptions.

I have been in touch with some of the members of the board. There is a general feeling that the results were unsatisfactory. It is general among the service officers of the veterans' organizations, among the field secretaries, and those who represented many veterans before the boards. Everywhere there is condemnation of the boards. Senators know what the experience has been in their own States. We know, moreover, that these boards service-connected in some jurisdictions as low as 21 percent of the veterans who appeared before them, while in other jurisdictions they service-connected as high as 74 percent of the veterans who appeared before them.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Missouri?

Mr. STEIWER. I yield.

Mr. CLARK. I cannot speak generally, but in one case I happen to know of, the board connected some 65 or 70 percent, and the Veterans' Administration proceeded immediately to supplant that board with another board.

Mr. STEIWER. Yes; they have done that. They have changed members of the boards. When they found boards were connecting too small a percentage the Veterans' Administration sent agents to the field. When they found that certain boards were connecting too large a percentage, they sent field agents to them. It is obvious that they did point out to the members of the boards that they were not arriving at just the kind of conclusions they ought to reach with respect to these cases.

In addition to that, after the boards had reported the Veterans' Administration authorized their agents to appeal in many cases; they appealed them to the central Board. The President by his regulations now directs that all cases be appealed and brought to the central Board. That makes it necessary for me to speak briefly about the central Board.

Before I do that, however, I want to read from the testimony of Mr. Hayes, national commander of the American Legion, who appeared before the Senate Appropriations Committee and discussed the boards I am considering at this time.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. HATFIELD. Those boards were absolutely under the domination and control of the Veterans' Administration, were they not?

Mr. STEIWER. I would not say that.

Mr. HATFIELD. But they were influenced?

Mr. STEIWER. On each board of five men there were two professional Veterans' Bureau agents, doctors, or lawyers. There were three laymen from the outside. In the very nature of the thing the two experienced men would exercise a greater influence than the three inexperienced men. I do not want to say they were under the control of the Veterans' Administration. I believe they were trying to do the right thing.

Mr. HATFIELD. But the Senator will admit that they were greatly influenced because of the knowledge possessed by the representatives of the Veterans' Administration on the boards.

Mr. STEIWER. I do. I thank the Senator for his interruption, but I would rather not develop that subject any further.

Let me read what Mr. Hayes said in referring to these boards:

Mr. HAYES. The objection is that men sat on those boards having received, 2 days before they started to attempt to determine judicially very technical questions, specific instructions which most of them will frankly admit to you they did not completely understand; and that after they had gone into their deliberations and had considered cases—and I say this without venom—they received instructions that they must speed up their work, and that they should cut down on the number of personal appearances before those boards. I could present to you instance after instance of men who asked to be allowed to appear personally before the boards, who, by reason of error or because of haste, were not given that opportunity. So we are honestly convinced, without disparaging the boards at all, that thousands of these cases are cases which, given adequate consideration—the kind of fairness and consideration that any gentleman within the range of my voice would give anyone—would have remained service connected.

There is much more of the same kind of material in the hearings, but I shall not refer to it.

Having had an unsatisfactory result from the special review boards, we are told that the appeal board can do justice. The appeal board originally consisted of 15 members. It is now increased to 18 members. I invite Senators' attention to that fact. The board originally was divided into 5 bodies of 3 men each. It is now divided into 6 bodies of 3 men each. If each group of 3 members would determine 5 cases per day, their total achievement would be 30 cases per day, and that is more than many authorities think they can deal with adequately. But if they determine 30 cases per day, 29,000 cases would take almost a thousand days. There is nothing in the record that has been made since March 20, 1933, to indicate that this length of time would be consumed. If we send these crippled and sick 29,000 presumptives to the appeal board, nobody knows what finally will be the result of the review.

Mr. President, I wish I had the power to make an effective appeal on behalf of these men. The interests of the Government will not be sacrificed by the passage of this bill. The costs, though substantial, are not excessive. The men who will be restored to the rolls in the main will be men who ought to be restored to the rolls. Substantial justice will be done. More than that, we will guarantee against the hardships and injustices that inevitably will come if we renounce our responsibility to these veterans and send them back to the boards. I am most certain, Mr. President, that that is a true statement, and that we will come nearer to providing justice, both to the Government of the United States and the veterans, if we adhere to the legislation to which we have already agreed and maintain the courage of our convictions by passing the bill notwithstanding the veto of the President.

Mr. TYDINGS. Mr. President, after listening to the debate I cannot help but feel that those who are going to vote to sustain the Presidential veto, insofar as the argument on that question is concerned, are being placed in a somewhat unfair position. Those who shall vote to sustain the Presidential veto will not be voting to deprive the veterans of many of the changes which the Senator from Oregon [Mr. STEIWER] and others have advocated. They will become the law of the land anyway. As the Senator from Oregon so fairly said, many of the changes which he advocated have been adopted through Presidential order. Therefore, we are not in the position of saying that there were no injustices in the economy measure which should be remedied. The question is, When does injustice stop in one direction and injustice start in the other direction? That is all there is in dispute here.

The Senator from Oregon said that the review boards were unfair. I was asked, together with my colleague from Maryland [Mr. GOLDSBOROUGH], to nominate some men for the review board in Maryland. Between us we nominated three ex-service men, one of whom had served in the same outfit in which I had the honor to serve in France. That board was made up of 2 Republicans and 1 Democrat.

I mention that to show the attitude we took to secure members of the board in whom the ex-service men would have unbounded confidence. Certainly no better board could have been gotten out of the State of Maryland by human beings. Only God himself could have set up a finer ex-service men's board than that which my colleague and I nominated. That review board was a nonpolitical board. It was a board of ex-service men who had served in France under fire. It was a board of men who themselves had distinguished war records. It was a board of men who had shown themselves to be in the leadership in all ex-service men's movements, and so far as I know to this day there has not been a single criticism of the board set-up in Maryland.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. TYDINGS. I would prefer to yield at a later time.

Mr. CUTTING. I merely want to refer to that particular matter.

Mr. TYDINGS. Very well; I yield to the Senator. I do not want to be discourteous.

Mr. CUTTING. If the Senator on looking at the record should find that the ex-service men of Maryland, in the cases which were reviewed, received favorable action in nearly 53 percent of the cases, and if he should then turn to Illinois and find only 23 percent were allowed, or if he should turn to Pittsburgh, Pa., and find that only 24 percent had been allowed, would he not think that the men who did not have the favorable treatment of which the Senator has spoken were entitled to some consideration from the Senate of the United States?

And, if the Senator will yield just a moment further—

Mr. TYDINGS. Does the Senator want me to answer one question at a time, or does he prefer to ask several questions and then have me answer?

Mr. CUTTING. If the Senator prefers, I will continue my inquiry.

Mr. TYDINGS. Very well; I yield to the Senator.

Mr. CUTTING. And if the Senator further found that in the consideration of cases at the Baltimore office the boards considered an average of only 5 cases a day, whereas in Pittsburgh the boards considered an average of 19½ cases per day, would not the Senator think it perfectly obvious that the cases heard before the Pittsburgh board were not getting the same kind of beneficial treatment as that accorded to those in the Senator's own State?

Mr. TYDINGS. Answering the Senator's first question first, the fact that in 53 percent of the cases the soldiers in Maryland were sustained in their contentions, and those in other States with a lower percentage were not sustained, may have been due to the fact that the board was not a good board. There may be injustices there. On the other hand, it is just as logical to draw the conclusion that perhaps the ex-service men in Maryland were more entitled to that for which they asked. Furthermore, may I say that in any event, any man who did not get a successful hearing of his case before the State board may now have it reviewed. The court is still wide open. If the man is right, the forum is there in which he can prove his point; and if he does not prove it in that court—that is, the court of review here in Washington—I have no doubt in the world that if he should appeal to the Senator from New Mexico, and the Senator should be convinced that justice had miscarried, he would get the man a second hearing on his facts, and be there, perhaps, to represent him.

Mr. CUTTING. If the Senator will pardon me, the only way I know of to get him a proper hearing on his facts, with any hope of success, is by my vote in the Senate of the United States.

Mr. TYDINGS. I do not agree with the Senator, because I know and he knows—we are both going to be honest and candid about this matter—that there have been instances where ex-service men have gotten on the rolls who did not deserve to be there. Let us be fair to both sides of this question.

Mr. GEORGE. Mr. President—

Mr. TYDINGS. I yield to the Senator from Georgia.

Mr. GEORGE. I desire to ask the Senator if that is not true in the direct service-connected cases just as it is in the presumptively connected cases.

Mr. TYDINGS. I should not like to answer that question.

Mr. GEORGE. I may say to the Senator that for more than 8 years I gave very careful and patient study to these presumptive cases, and I believe I may candidly say that there is evidence to be found in the direct service-connected cases of either fraud or accident quite as often as in the cases which were connected by virtue of a presumption.

Mr. TYDINGS. I thank the Senator for stating his observation. I think it is sound; and what we want to do is to prevent that fraud from being rewritten on the statute books of this country.

I do not want to see one veteran who is deserving of the help or the assistance or the thanks of this country denied what is his due. Neither do I want to see some veteran receive such help who has so little patriotism that he would conjure up a false set of facts in order to get a pension which is denied others in the same category as is he.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. TYDINGS. I will yield; but I should like to go along a little and develop my thought, and then I shall be glad to yield. I yield to the Senator, however.

Mr. STEIWER. I want to ask just one question.

Mr. TYDINGS. Very well.

Mr. STEIWER. Wherein, in the bill that is before us, is there anything that permits fraud to be tolerated or prevents the Government from setting up fraud as a defense?

Mr. TYDINGS. The Senator is going to cover in all presumptive cases. That was the burden of his argument.

Mr. STEIWER. No; not if they are on the rolls by fraud. The Veterans' Administration itself determines that fact.

Mr. TYDINGS. Of course; but the Senator wanted them put there without a trial. I only ask, not that they be not put there but that facts be offered to show why they should go there. The order already provides that every presumption shall be decided in favor of the veteran; and if any veteran from my State has not the presumptions decided in his favor, I shall be very glad to go in person before the board and see that he gets justice.

I am not afraid that a deserving veteran will not get what is coming to him. I do not mean to say that in all respects the order will operate with perfection; but I believe that within the limits of human equity it will do what all of us in our hearts want to do—namely, to give to every man whose injury is in any sense connected with his service, or presumed in any sense to be connected with his service, the help that the Government should give a man in that category.

Therefore the Senator from Oregon [Mr. STEIWER], in making the point that 29,000 ex-service men would be wiped off the rolls, in my opinion has not accurately presented the facts. As a matter of fact, they get compensation before the case is heard, and are taken off the roll after their case is heard only in the event they cannot make out a case. Who will deny that? Is there anybody here who will deny it? Then, if they are getting compensation while awaiting trial, and, after having had trial, cannot get compensation, it strikes me that in that case they would not be entitled to it.

I desire to call attention to a situation and to draw a comparison. A lady whose husband was killed while going over the top in France gets only \$40 a month. The widow of a man who took his musket and went out in the face of hell gets only \$40 a month. If we have money to spend, in God's name, let us give this widow more! We know to a certainty that the husband's death was due to wounds received in battle; and we are giving her only \$40 a month while we throw away money on cases where we are doubtful whether or not the veteran was disabled in line of duty. Forty dollars a month! That is what we give to the widow of a man who was shot down on the front lines in France; yet we come here and say we have plenty of money to spend for those who quite often never got over to France, and who are unable to prove their cases.

Mr. STEIWER. Mr. President, will the Senator yield just once more?

Mr. TYDINGS. Yes; I will yield.

Mr. STEIWER. I hope the Senator will not mind the correction. The fact is that the widow referred to by the Senator gets only \$30 a month.

Mr. TYDINGS. Thirty dollars is right. If she has children, I think for the first child she gets \$8 a month, and if she has two children she gets \$6 for each; so that if she is a widow with two children she gets the large sum of \$46 a month, although her husband laid down his life over in France, killed in actual battle. We cannot raise that amount; we cannot find the money to do that; but we can vote millions and hundreds of millions in cases the origin of which is doubtful. I do not intend to vote for any cases of that kind until the widows of the World War and the orphans of the World War get more decent consideration than they have had from Congress up to date.

The President, in his veto message and in the orders he has promulgated, is not far afield from the propositions advocated by the Senator from New Mexico [Mr. CUTTING] and the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. McCARRAN]. The President only asks, as to the 29,000 cases which have already received one review, that they have a final review before action shall be taken, and in the meantime the veterans get the compensation which they claim pending a decision of the court. What is unfair about that, if anything? The man gets what he claims up to the time his case is heard, and loses it only in the event he cannot prove, with every presumption in the case decided in his favor, that he is entitled to it.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Nevada.

Mr. McCARRAN. The Senator has just asked what is unfair about that. I should like to ask the Senator the same question that I propounded to the learned Senator from Mississippi [Mr. HARRISON], as to whether or not he has ever attended a hearing before the Veterans' Administration in which the case of a veteran was being considered. If he has, has he noticed, first of all, that the veterans' cases are not considered by a board at all, but by an examiner delegated by the board; and, secondly, that the veteran has no chance whatever, even before the examiner?

Mr. TYDINGS. Mr. President, I disagree with the conclusion drawn by the Senator; and I may say that many, many times I have been down to the Veterans' Administration in person. Since I have been here, for 11 years, with other Senators, I have probably handled myself many thousands of cases; and I desire to say that by and large I have been able to get favorable decisions in the vast majority of cases. In some of them I have had to have as many as three rehearings in order to produce new evidence.

Mr. McCARRAN. Mr. President—

Mr. TYDINGS. I do not want to be discourteous; but if the Senator will let me proceed, I will then answer any questions I can.

Mr. McCARRAN. Just one question.

Mr. TYDINGS. Very well. I am getting away off from what I wanted to touch on, however.

Mr. McCARRAN. I do not want to get the Senator away from the line of his argument, but does the Senator realize, in keeping with his last expression, that it was a United States Senator who went down there to get the results he has just stated? Secondly, does he realize—and I say this rather facetiously, in keeping with the remark made by the learned Senator from Maryland—that no one short of God Almighty could have named a better board than he did—

Mr. TYDINGS. I still stand by it.

Mr. McCARRAN. Does he realize that it is a United States Senator who has put himself in second place to the Almighty Himself? [Laughter.]

Mr. TYDINGS. Mr. President, I do not mind being the butt of a little wit from my good friend from Nevada. I think it would be a poor debate without a little good old humor being injected into it, even at my expense.

Mr. President, in my judgment the 29,000 presumptive cases are as fairly dealt with under the present set-up as it is possible to deal with them. I do not know of any better way in which it can be done.

Mr. President, I desire for a moment to go back to January 1933. It will be recalled that we were going through a long depression, which was getting worse with each passing day. I think we were going behind \$7,000,000 a day in January 1933. The election was over. Mr. Hoover was still President. The new President had not come into office. There was a sort of slack-water period. To some extent the President could not have taken the action he might have liked to take, because he had just been defeated at the polls. The situation was very black indeed.

On the 1st day of March the Government needed the small sum of \$75,000,000 in order to meet bills maturing on that day. It advertised for the \$75,000,000, and what do Senators suppose was offered by the investors of the country? Ninety million dollars was offered. Only \$15,000,000 was subscribed more than the Government needed at that time to preserve its credit. It had to pay 4¼-percent interest, computed annually, for that \$75,000,000, and it wanted the money for a period of only 90 days.

I say to the Senate that when the new President came into office, and we walked out to the east front of the Capitol to see him sworn in, all of us when we came back wagged our heads. The situation was very black, indeed. But because an acute crisis has now passed, we are prone to throw discretion to the winds, and to assume that recovery has come.

It was not long after that that every bank in this country was closed. Then we wagged our heads still more; men wore long faces; they were worried. But by what I think was an inspired leadership at that time, through the passage of an economy bill, injurious in many respects, hastily conceived in many respects, the credit of this Government was saved, and on that foundation we got our second wind, and commenced to function again as a going concern, and not as one headed for bankruptcy.

Many people assume that that is all over, that that is history, that we have no financial worries whatsoever. In this connection let me say that I can sympathize with those who are supporting the bill over the Presidential veto, because, in my opinion, we have wasted millions of dollars in all kinds of vague schemes which had better been left unpromulgated.

Mr. ASHURST. And now we are asked to take it out of the hides of the soldiers.

Mr. TYDINGS. But next winter is coming on, and we have heard the suggestion recently that the C.W.A. be shut off. Eight hundred men marched through the streets here the other day in protest, led by Mr. Norman Thomas. In Maryland today, in Baltimore City, about 1 in every 5 families is on the relief roll. In the United States 10,000,000 people are out of employment.

Pending before the Senate is a bill limiting the production of cotton, notwithstanding the fact that we sell over half the cotton we produce in world trade. There are about 1,600,000 farmers in this country engaged in producing cotton, over half of which is sold in world trade.

These are just a few brief word pictures of existing and past events. We will adjourn shortly and go home, and we will come back next January. What are we to do for the 10,000,000 unemployed next January? How are we going to feed them? Where is the money coming from? Who is going to pay the taxes? Are we running this Government from month to month, or from year to year, or from decade to decade? Apparently all we have to think about is the present. It seems to be thought that next winter, and the winter after that, will take care of themselves. In my opinion, when many of these artificial stimulants are withdrawn, the army of unemployed will grow immediately.

If we were in prosperous times, we might afford to resolve every possible point in favor of any veteran who desired to get on the rolls for one reason or another; but we are not in prosperous times. We have an institution here in Wash-

ington that is lending \$2,000,000,000 to people in order to save the roofs over their heads. We have an institution here called the "R.F.C.", which has poured out billions of dollars to preserve the savings in the banks of the country. Where the money is coming from, how we are to float the bonds to finance it all, I am not financier enough to say; but I do know there will have to be an end to those artificial activities, that sooner or later we are going to have to put a burden of taxation on the American people which will be so heavy that it will undo all the recovery we have had as a result of the expenditure of that money.

Mr. President, then where will the ex-service man be? What good will it be to give him this benefit if he cannot get a job, if the credit of his Government is gone, if his wife and children need food and there is no relief fund with which to purchase it?

Look over to France. Within the last 10 days we have seen the leader of that country advising the people against civil war. Look over to Germany. We have seen a military leader take over that country because of the distress of its citizens. Does anybody think that because we have an abundance of land and people and resources we are going to escape all the consequences which have come to other countries?

For what did the soldier die in France? Did he die for a country in which the statesmen were so vague about the future that the government was dissolved, that the Constitution was gone, that the institutions for which he was told to fight had passed away, that his wife and children were without the means of getting employment, or without the means of supporting themselves with food and clothing?

The idea of a Congress giving the widow of a man killed in battle \$30 a month, a dollar a day, on which to exist, and giving some ex-service man whose disabilities are not connected with the service at all the right to get on the roll without proof, and to stay there forever and ever! Go tell that to the ex-service men and your constituents, and see how many of them will support your view that you treated the widow fairly.

We cannot spend the same dollar for two or more purposes, and I believe that most of the ex-service men are wiser about these things than we think they are. They know the country is going through a terrible period—not only this country but the other countries of the world—and they know that extravagance and wrong are never going to bring this country, or any other country, out of its sad plight. The old farmer who is sitting back on his farm knows that to be so, because he has been through many depressions. The man in the city who is out of work and hunting a job knows that to be so. The banker who is sitting among the ruins of his former glories knows that to be so. The people who are threatened with the loss of their homes know that to be so.

If there is any politics in connection with this bill, it is going to be vastly different from the politics assumed to be in it. I am not going to make a partisan speech, because I believe Senators are acting upon their honest convictions in this matter. But it is a matter of extreme regret to me that in the House of Representatives only two Members of the opposite party voted to sustain the President's veto. I understand that here there will not be a single vote from those on the other side of the aisle—and I do not question their motives. I do not mean to say there is any politics in it; I only mean to say that I regret that it even has the appearance of political expediency.

Mr. BORAH. Mr. President, I think the Senator will agree that if there is unanimity on this side, it is not due to partisanship. [Laughter.]

Mr. TYDINGS. That is a very fair observation. I know that two sessions ago most of the so-called "conservative" Members on the other side of the aisle were making long speeches about saving the credit of the Government. My good friend the senior Senator from Pennsylvania [Mr. REED], an ex-service man himself, had a long face and a woeful expression when he used to tell about the Government going into the red so many millions of dollars a day,

or an hour, or a minute, I have forgotten which it was, and asked us to stand by the President. I stood with him. I listened to the appeal of the Senator from Pennsylvania. I am wondering whether he is still talking the same language.

I remember that the senior Senator from Ohio [Mr. FESS] was a wheelhorse for financial integrity and stability in those days. I know that he, like me, does not approve of the wild expenditure of funds by this and other Congresses. But that will not justify an unwise expenditure of funds in this case, because if it was wrong then, it is wrong now. I remember how my good friend from Delaware [Mr. HASTINGS], the chairman of the senatorial campaign committee, took me to task for introducing a resolution to cut down Government expenditures, normal expenditures, so that we would not spend more than we were taking in; and when I found that there were legal restrictions in the way, he berated me.

Mr. CUTTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from New Mexico?

Mr. TYDINGS. I yield.

Mr. CUTTING. I do not care to put myself in the position of defending the Senator from Ohio or the Senator from Delaware—

Mr. TYDINGS. They need no defense.

Mr. CUTTING. Who undoubtedly can take care of themselves, but I should like to call the attention of the Senate to the fact that while the Senator from Ohio did not vote, the Senator from Delaware was one of the six Senators who voted not to extend the presumptive period from 5 years to 10, and that the Senator from Maryland at that time voted to extend the presumptive period from 5 to 10 years.

Mr. TYDINGS. I do not doubt that at all, and I should do the same thing over again.

Mr. FESS. Mr. President, will the Senator yield?

Mr. TYDINGS. I will; but let me first clear up the question the Senator from New Mexico asked me.

Mr. McCARRAN. Mr. President—

Mr. TYDINGS. Just a moment.

Certainly I voted to extend the presumptive clause. I am for it now. Am I arguing for its elimination? I am only asking that where we ostensibly have extended it, we prove that we have extended it. Where is the inconsistency? I ask the Senator from New Mexico to point it out.

Mr. CUTTING. Is that a rhetorical question, or does the Senator desire an answer?

Mr. TYDINGS. The Senator may designate it as any kind of a question he wishes, but I hope he will give me a fair answer.

Mr. CUTTING. Mr. President, the presumptive clause we had at the time of that vote was an un rebuttable presumption in tuberculous and neuropsychiatric cases. The presumptive clause which the Senator voted to extend from 5 years to 10 was an un rebuttable clause. The presumptive clause for which the Senator from Oregon and the Senator from Nevada are arguing is a rebuttable presumption which can be rebutted by affirmative evidence on the part of the Government.

What is contained in this bill is no presumptive clause at all, because if the Senator will study the regulations, he will see that the exact regulations in force under the Economy Act still remain in force. It was on that account that former Commander Spafford, of the Legion, and many other ex-service men, refused to serve on the board. There is, however, no requirement at all in effect that these men have to produce documentary evidence to show the incipience of a case of tuberculosis or a case of neuropsychiatric disease; and in most cases it is absolutely impossible for a man on his back in a hospital, or confined in a lunatic asylum, to do any such thing.

Mr. TYDINGS. The Senator will be fair enough to qualify what he has said by permitting me to observe as a statement of fact that the President has issued an order in which he says that every presumption shall be decided in favor of the veteran.

Mr. CUTTING. Mr. President, will the Senator yield again?

Mr. TYDINGS. I yield.

Mr. CUTTING. I desire to point out that that clause has been in every piece of legislation from the beginning. It is nothing new. It is an exact repetition of the same old provision.

Mr. TYDINGS. Yes; but the Senator knows that when it was in former laws the Veterans' Bureau officials themselves passed on it. Now to pass on it we have a review board that has no connection whatsoever with the former Veterans' Bureau. We have a new and an impartial and a finely selected court, and that court has been notified that every presumption as to injury shall be made in the veteran's favor.

Mr. CUTTING. But the basis of proof remains exactly the same.

Mr. TYDINGS. But the Senator has not shown where there is any inconsistency in my position. Even if there were, however, I do not mean that I am so perfect that I cannot be inconsistent at times. I cannot be as perfect as some of my colleagues.

Mr. FESS and Mr. STEIWER rose.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield to the Senator from Ohio.

Mr. FESS. The Senator referred to my attitude, and correctly.

Mr. TYDINGS. And in a commendatory way, too.

Mr. FESS. The Senator could not do otherwise, because he and I have voted together so often on these questions.

Mr. TYDINGS. That is correct.

Mr. FESS. I should like the Senator to permit me to say that during the former administration I urged the passage of a measure similar to the Economy Act, as the Senator knows, but we never got action upon it. When the new administration came in, and members of the majority introduced the economy measure, although it went further than we had expected in the former administration, I stood for it and argued for it on the floor of the Senate. I did so especially because of the consolidation and the transfer and the elimination of certain bureaus.

If the Senator will yield further, on matters of veterans' legislation the Senator will recall very distinctly that a bill was passed in this body which provided for pensions without service connection, and also without reference to the source of the disability, and also without reference to the pecuniary resources of the veteran. I voted against that bill.

Mr. TYDINGS. Mr. President, I am not criticizing the Senator.

Mr. FESS. I also voted to sustain the President's veto when he vetoed that bill. Now, this measure comes back with an effort on the part of the Senate to improve it through the elimination of the elements that were offensive in the former legislation, and I have gone along with that effort. The Senator will especially recall, however, that in the original discussion of the Economy Act an amendment was offered by the Senator from Texas [Mr. CONNALLY] and another amendment was offered by the Senator from Massachusetts [Mr. WALSH] to correct certain inequalities in reference to the Spanish-American War veterans, and we thought they were corrected, but in the administration of the act they were not corrected. Therefore, I voted to correct those in the legislation which came up during the present session. While I care nothing about consistency, I have tried to be thoroughly consistent on this question, as the Senator knows.

Now, as to the statement of the Senator that formerly I stood for economy and now I am not doing so—

Mr. TYDINGS. I did not say that.

Mr. FESS. I think the Senator might have said that and have been truthful in his statement. With respect to that matter, the situation is, that with the amount of money we are authorizing to be expended, as the Senator knows, in many directions that he and I questioned, I cannot stand for the application of economy to the veterans.

Mr. TYDINGS. I appreciate the last observation of the Senator from Ohio, and that is one reason why I find a great deal of difficulty in growing very enthusiastic over the veto of the bill. Were it not for the consequences, not particularly with respect to this bill, but with respect to all the expenditures which are mounting up for future settlement, the situation would be entirely different.

I have previously brought out this point when fewer Senators were present, but at the risk of repetition I am going to bring it out again.

At the end of this fiscal year we will owe \$32,000,000,000. That is the war debt plus what has since accumulated.

Mr. President, the interest on \$32,000,000,000 at 3 percent is \$960,000,000 a year. Of course we shall have to pay off the debt as well. Let us pay it off over a 50-year period, in 50 annual installments, at the rate of 2 percent a year. Two percent of \$32,000,000,000 is \$640,000,000. So the first year we shall have to pay \$960,000,000 in interest and \$640,000,000 in sinking fund, making an annual debt charge of \$1,600,000,000. Our revenues last year, I believe, were \$2,163,000,000. Therefore, under that dispensation we would have \$563,000,000 left upon which to run the Government, and the veterans themselves receive a larger amount than that. Oh, we shall be up against it next winter when the new tax bill comes in, when the bill comes down here for five billion more dollars to take care of those who are in distress throughout the country.

I am not one of the optimists who see prosperity right around the corner. I know there is no royal road to success. We cannot wish ourselves out of this depression. We shall have to have markets where we can buy and sell goods in order to create the demand for employment which will put people back to work. We are going along as though the depression were over and we were on the upgrade and will soon find ourselves back on the level of 1926, 1927, 1928, and 1929. I do not care to assume the role of a prophet, but I will venture the prediction that, in my humble judgment, many a man who is for this proposition today will question very seriously the wisdom of his vote when 1935 rolls around with the problems which then will be dumped on Congress.

In March 1933 we came very close to the line of having a Government that could not meet its bills. We may come close to that line again, and nothing that could happen would be worse for this country than would such a condition.

It is not pleasant for me to deny any ex-service man what is his due, or, for that matter, what is not his due. I was not such a conspicuous soldier, but I did serve among many men who made the supreme sacrifice. I can remember now going back home on recruiting duty and taking away 9 men, 3 of whom stayed on the other side, and 2 of whom left legs over there. When I have had the affection and the good will of thousands of men in my own State and elsewhere, it is not pleasant to be in the position of opposing those men; and right here and now I desire to pay my respects to some of the people who are opposing them, even at the price of inconsistency.

I remember that during the World War, when men were dying on the battlefields of France, there were strikes in this country in munitions plants and other plants engaged in furnishing war supplies. Men were serving abroad at a dollar a day, laying down their lives for their country, and those behind were striking for more pay. Perhaps in such strikes there was an element of justice, but it always seemed to me, looking at the battle front ahead and looking back at America away over the sea, that they might have borne what they thought was an injustice, rather than to create the illusion over there that we were being stabbed in the back.

I also want to pay my respects to the thousands of people who became millionaires by virtue of manufacturing articles which were needed in the war and who are now always against everything the ex-service man wants. They think he is entitled to nothing, although all their fortunes, if the truth be told, were made out of and rest upon the blood and death of the battlefield. I have no sympathy for that kind of opposition, not the slightest in the world. If

those men came into court with clean hands I would be willing to give them a hearing, but they do not come with clean hands.

Mr. LONG. Mr. President—

Mr. TYDINGS. I yield to the Senator from Louisiana.

Mr. LONG. I wonder if the Senator would like to hasten a vote on the pending question? He has been kind enough on one or two occasions when I was occupying the floor, to suggest that we cease oratory and vote. Would the Senator now take kindly such a suggestion, coming from me? [Laughter.]

Mr. TYDINGS. The Senator from Maryland will receive kindly any suggestion coming from the Senator from Louisiana, but will have to refuse the request. May I say to the Senator from Louisiana that the Senator from Maryland only speaks about 10 percent as much as does the Senator from Louisiana. [Laughter.] And, therefore, he feels that in his own time he can continue to speak without being discourteous to the Senator from Louisiana.

Mr. LONG. I do not want the Senator from Maryland to acquire the habit against which he now protests so vigorously. [Laughter.]

Mr. TYDINGS. There need be no fear that I shall acquire many of the habits of the Senator from Louisiana. [Laughter.]

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Ohio?

Mr. TYDINGS. I yield.

Mr. FESS. The Senator will recall that while he was on the battlefield across the sea and the strikes were taking place over here, Congress enacted a law relating to what we call the draft, fixing the ages between 18 and 45, with the slogan, "If you do not work, you will have to fight". Does the Senator remember that?

Mr. TYDINGS. I remember it. I do not mean to reflect on the vast number of people who were working and doing all they could. I simply mention, in passing, that when a man was down in a dug-out filled with lice, amid the noise and confusion of shells exploding about him, and men around him whom he knew well were being killed and wounded, that kind of information coming from the United States did not altogether fill him with confidence or even with a semblance of fighting spirit for a country which seemed to him to be worth saving. Nor did it fill him with confidence when he learned of the tremendous fortunes people were making out of the manufacture of war supplies and who now, in most cases, are urged to join any organization which opposes anything by way of benefits to the ex-service men. I want to say this parenthetically, because I do not want to get into the class of war profiteers in opposing provisions which we have placed in the bill now under consideration.

Mr. LONG. Mr. President—

Mr. TYDINGS. I yield to the Senator from Louisiana.

Mr. LONG. Oh, I thought the Senator had yielded the floor, and I was going to ask for a vote.

Mr. TYDINGS. The Senator's desires are brighter than his sight. [Laughter.]

Mr. President, I have said all I undertook to say except in the way of a brief summary.

There should be no presumptive benefits until first of all we give to the widows of battle casualties a higher rate of compensation. A woman whose husband was killed in France deserves more than \$30 a month from this Government. No Congress can justify the payment of benefits for other than service-connected disability until such a widow receives greater benefits.

Mr. WALSH. Mr. President—

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH. Does the Senator know of anyone connected with the administration or any Member of Congress

or himself who has before this day recommended an increase in the compensation to widows?

Mr. TYDINGS. Yes.

Mr. WALSH. Who?

Mr. TYDINGS. I myself.

Mr. WALSH. When?

Mr. TYDINGS. I have been down to the Veterans' Bureau within the last 2 weeks.

Mr. WALSH. Has the Senator introduced such a bill in the Senate?

Mr. TYDINGS. No; I have not.

Mr. WALSH. Then we cannot vote on it.

Mr. TYDINGS. Of course, we cannot, but that has nothing to do with the fact that we are voting on the question at issue just the same. But where are we going to get the money to pay the widows when we appropriate it all for men whose injuries were not contracted in the service?

I went down to the Veterans' Bureau the other day, hearing the benefits to widows of war veterans were going to be reduced. I made a protest there and asked that the matter be carried to the President by the Veterans' Bureau officials. I understand it was so carried and the cut was not made. I advocated at that time that the Veterans' Bureau itself send a recommendation to the Congress to do justice to the widows and orphans of veterans of the World War.

No; I have not introduced any bill, but if the Senator from Massachusetts will guarantee that I will get a hearing I shall be very glad to introduce one and we can get a vote on it before we adjourn.

Mr. WALSH. I am more interested in helping the veterans who have nothing than I am in helping widows who have something.

Mr. TYDINGS. The widows not only have nothing, but they have not the men whom they married.

Mr. President, the line of cleavage in the bill is very narrow. There is very little ground of difference. The Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] advocate restoring to the rolls, without any hearing whatsoever, 29,000 veterans, whose disabilities are at least questionable as having been contracted in war. The President advocates that they all be restored, that they get compensation immediately, and that they stay on the rolls until their cases can be determined individually as to whether or not, giving them the benefit of every doubt, they should continue to remain on the rolls.

I think the President's position is not only more humane in justice to all the veterans concerned, but is predicated upon good common sense, and that there will be an injustice which will turn the people against the veterans if we continue to load the rolls of the Government up with men whose injuries were not connected in any way whatsoever with the service.

Mr. CUTTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from New Mexico?

Mr. TYDINGS. I will yield in a moment.

That is the reason why we have the economy law, because we had abused the privilege, and the American people demanded that we restore disability to something like its proper support.

I yield now to the Senator from New Mexico.

Mr. CUTTING. The Senator has not always opposed benefits to men whose disability was not due to service.

Mr. TYDINGS. Of course not. I did not say I had.

Mr. CUTTING. I thought the Senator was making a strong case against giving any benefits to them.

Mr. TYDINGS. I said the line of cleavage between the Senator from New Mexico and the President of the United States is very narrow; that if we are going to leave on the roll veterans whose disabilities were not connected in any way whatsoever with the service, even on the ground of presumption, then we ought to let them all get on the rolls, and that I thought the Senator was advocating a proposal which would allow placing on the rolls veterans whose dis-

abilities were not connected with the service, and provide no machinery to purge the rolls when that should happen. I think that is a correct statement of the facts.

Mr. CUTTING. I hope the Senator will reconsider that statement. The veterans whom I am trying to keep on the roll are subject to be removed—

Mr. TYDINGS. I will qualify it. I do not mean to say that the Senator is advocating that veterans who are not deserving should be placed on the rolls; but what I am saying is that the amendment the Senator offers will accomplish the very thing which he says he is against.

Mr. President, if the veto shall be sustained I believe we will write a new bill at this session of Congress which in a large measure will do justice to the veterans. If the veto shall be sustained, that will not mean that the legislation will be dead. The writing of another bill can be started tomorrow morning. The President has shown every disposition to meet the veterans halfway; and where we have pointed out to the President injustices, time and time and time and time again he has broadened the scope of the regulations to permit other groups of veterans to come in under the benefits of the law. Why deny the President what he asks, that the veterans shall have a place where their applications may be presented? He asks only that veterans who cannot come in under the desire of Congress be excluded. Let us sustain the veto of the President. Let us write a new bill. I believe we can do that at this session of Congress; and, in my opinion, if we shall do it, we will by our action have contributed more to the future success of this country than by voting for a measure which is admittedly shot with expediency.

Mr. BYRNES. Mr. President, I desire to make a short statement with reference to some things which have been stated during the debate this afternoon.

First, with reference to the amount carried in the bill, and to which reference has been made in the message of the President:

It has been stated by the Senator from Oregon [Mr. STEIWER] that the bill does not carry an additional cost of \$228,000,000 unless there is included as a part of that cost the sum of \$21,000,000, which was added to the bill to provide for the cost of enforcing the regulations issued on January 19.

The Senator from Oregon, who is usually accurate, is inaccurate in that statement; and the explanation of his statement is, in my opinion, that he has calculated the cost solely for the fiscal year 1935 and has overlooked the fact that under the provisions of the bill it will become immediately effective.

The very efficient clerk of the Appropriations Committee of the House, and the equally efficient clerk of the Appropriations Committee of the Senate, after securing from the Veterans' Administration the most complete evidence obtainable, have prepared a statement, a copy of which I have in my hand, showing that the total cost of the veterans' amendment, not only for the fiscal year 1935 but for the balance of this fiscal year—the estimate being based upon the bill becoming effective on April 1—will be \$103,145,618, and that the total cost of restoring the salary cut will be \$124,986,000.

Mr. President, there can be no question of the accuracy of that statement, prepared by the clerks of the two Appropriations Committees.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. BYRNES. I yield; yes.

Mr. STEIWER. In connection with the Senator's last statement that the total cost of pay restoration would be, I think, something like \$124,000,000, if I understood the Senator correctly—

Mr. BYRNES. Yes.

Mr. STEIWER. I am quite sure that statement is correct; but that includes the 5 percent included in the bill by the House. Is not that true?

Mr. BYRNES. No; according to the statement of the clerks of the two committees, it is not.

Mr. STEIWER. How do they account for the fact—

Mr. BYRNES. I will say to the Senator that I am going to ask to have this statement printed in the *Record*, because it is in detail, so that the Senator will have the information.

Mr. STEIWER. I shall be glad to have the information; but I should like to have some further explanation to see how a 5-percent additional restoration could cost \$124,000,000.

Mr. BYRNES. The clerks have itemized the statement, even calling attention to a fact which previously had been overlooked, that there would be an amount added for the emergency agencies where the compensation was reduced by Executive order, and where it would be restored as a result of our action.

Mr. President, because I do not desire to consume much time, I wish to refer now to what has been said with reference to the presumptive cases. There were 29,000 of those cases; and I desire to call attention to the difference between the so-called "Byrnes amendment" providing for the presumptives and the language of the bill as it passed the Congress.

Under the amendment which was proposed by me, and which was never voted upon because the substitute amendment offered by the Senator from Oregon [Mr. STEIWER] was adopted, the presumptives were to be put back upon the rolls pending the determination of their cases. They were to be paid 75 percent; and if by the board of appeals it should be determined that they had been wrongfully removed from the rolls, they were to be paid back pay from the date when they were removed from the rolls to the date of the decision. Now it is said that the procedure under that proposal, which was yesterday afternoon written into an Executive order by the President, would make it difficult for these presumptives to be restored to the rolls.

Under the Executive order of the President there is a great difference in the procedure to be followed by the Board of Appeals from that which heretofore has been followed. Senators have made the statement that there is no difference, and I know they were sincere in the statement; but the fact is that under the regulations heretofore in existence there was no provision for the special review boards to resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government. It is true, however, that as a result of the issuance of those regulations a letter was sent by the Administrator of Veterans' Affairs to every one of these boards instructing them to follow that course in the consideration of the cases; but there occurred the difficulty which has been properly cited in the consideration of these cases. Some men were unable to present their cases. Therefore the President, in his Executive order signed yesterday, directs the Administrator of Veterans' Affairs to develop each and every one of these 29,000 cases by correspondence and by investigation, to the end that all available material evidence shall be secured and shall be made a part of the claim before a decision is rendered by the Board of Veterans' Appeals.

No such procedure was heretofore followed; and it was the cause, and in many cases the just cause, of complaint against the action of the Board. But when, by direction of the President, the administrator must make an investigation to secure all evidence, and it is intended even to secure the evidence of neighbors as to the existence of the disease, it cannot fairly be said that there has not been a material change in the procedure which is to be followed in the consideration of these cases.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. I will ask the Senator to withhold his question until I complete my statement of the facts.

Mr. President, complaint has been made about the action of these boards. Undoubtedly, because human beings are human and imperfect, mistakes have been made; but I have read statements made by the members of these boards throughout the country, and I do not believe there in justifi-

cation for the complaints that have been made on the floor of the Senate.

My good friend the Senator from Massachusetts [Mr. WALSH] has referred to one member of a board who said he did not understand the regulations as well as he would like to, and who, therefore, believed he had not restored all the presumptives who should be restored. The fact is, however, that I have on my desk the instructions sent to the members of the board, the letter in which they were instructed to solve every doubt in favor of the veteran, and any man with reasonable industry, reading that letter, and reading the other instructions, would have been in position to render justice to those men. The fact is that justice was rendered, in the opinion of the veterans, in the overwhelming majority of the cases that were considered and were restored by the local boards. We have heard no complaints about the action of the boards in those cases.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. At the conclusion of my statement on this subject I will yield.

Mr. McCARRAN. I cannot permit the Senator from South Carolina to make a statement which he must know is absolutely at variance with the facts.

Mr. BYRNES. If the Senator says that, I certainly will yield to him, because I would not want to do that.

Mr. McCARRAN. The Senator will recall that concerning the very instruction to which he is now referring, the argument was dealt with by the Committee on Appropriations, and, in addition to that, it was disclosed that emissaries were sent out after the instructions to tell these boards what to do, and that message was never recorded.

Mr. BYRNES. Mr. President, the Senator entirely misunderstood me. I did not even refer to that particular subject. What I said was that there was no complaint that I knew of on the part of an individual in the Senate, or outside, as to those cases which were restored and are now on the rolls. I do not think any complaint has been made that those who were restored to the rolls should be removed from the rolls.

The Senator is referring to a fact which was developed, and which I have heretofore discussed on the floor of the Senate fully and frankly, with reference to certain criticisms, and especially of one board, and I joined in the criticism.

Mr. President, admitting that on 1, 2, 3, or 4 boards there may have been individuals who did not understand or who were unfair, because that is true, provision is made for this Board of Appeals. We cannot well complain against the personnel of that board and the fairness of the personnel, because all of that personnel has not yet been appointed. They have considered only a few cases, and until they have had an opportunity to demonstrate their fairness or unfairness, we cannot justly criticize them.

Thirty members are to constitute the Board, 18 in no way connected with the Veterans' Administration, 12 to be connected with the Administration. The vast majority of that Board as formerly constituted were ex-service men. When it is completed under the new set-up, the great majority will still be ex-service men. When these cases are considered by them, that board being headed by ex-Governor Pollard, of Virginia, I have no reason to believe that men will be selected who will not be of the same type as Governor Pollard. The board considering these cases can give a fair trial to every one of the 29,000 men.

Some statement has been made to the effect that in the very nature of things the cases cannot be heard promptly, but it will be some months before the cases can be reached, possibly a year. If that be true, then the veteran will have no complaint, because then he will remain on the rolls until his case shall be heard. He will be certain of that, and delay will mean no injustice to him. If, however, his case should be decided in his favor, he will get back pay. If it is not decided in his favor, then who will say that the local

board was wrong? I say—and the President said in his message, and says correctly—that of the 29,000 cases which were disallowed, 94 percent represented unanimous decisions on the part of these local boards. Yet some say that the veterans cannot get a fair trial by a board which has not yet been even constituted; that is said even before they start. I cannot believe that is fair or that it is a just criticism.

It is said, What is the difference between us? There is this difference: Under the bill there is a conclusive presumption, as the President set forth, which cannot be rebutted by medical testimony. Because it is a conclusive presumption, under the language of the bill a man can be removed only if they can prove what is termed a "causative factor" and show that by some infection the condition arose. Under the Executive order of the President the presumption exists, but it can be rebutted by medical testimony if such medical testimony is presented, and that testimony is sufficient to convince this Board of Appeals that the case is not a just one and the man should not be continued on the roll.

Mr. President, that is all there is to the presumptive proposal. Hastening along, I want to make a reference somewhat to the history of this matter. I do so because of the statements which have been made.

When the subcommittee of the Committee on Appropriations was considering the appropriation bill, this legislation was offered as an amendment to the bill. I think every member of the subcommittee will agree that I made an earnest effort to bring about a compromise of the varying views of the members of that committee, knowing what I believed to be the varying views of Members of the Senate. On the pay-cut matter—not because it represented the view of anyone in the Senate or out of the Senate, not because it represented even my own views, but because I hoped that out of it there might come an agreement—I suggested in the subcommittee what was known as "the 5-and-10 proposition." When the proposal was made, and after it was discussed, it must be said that there was no dissent and that there was no division demanded; no vote was taken; and it was unanimously agreed to, so far as we could judge from the expressions of members as to the proposal.

In the general committee on the following day the Senator from Iowa [Mr. DICKINSON] made a motion to restore the full pay. Senators did what Senators always have the right to do, and what other people as well have a right to do, exercising their judgment, voting as they think right; Senators voted differently from the way they had voted before, and by a close vote, a majority of 1, voted to include the so-called "pay cut" in the appropriation bill.

It is said that the proposal was offered on the floor of the Senate, and gentlemen are sincere in saying that, but that really is a mistake; it was offered in the subcommittee, and then reported by the full committee.

On the other proposal, as to Spanish-American War veterans, it is true, as has been stated, that again in an effort to bring the minds of the Senate together I endeavored for some days to effect a compromise. It could also be said, and must be said, that even last week, knowing, as I have known as a result of my experience, that all legislation is the result of compromise, I asked for the postponement of the consideration of the bill for 24 hours to see if a compromise could be brought about. That was not accomplished. When I learned that it could not be done, and that there could be no agreement on the presumptive proposal, I determined that I would make no further effort to try to bring together those who differed on this measure.

Mr. President, that is the history of the matter. I have no criticism to make of anyone. I know that the President of the United States has discharged his duty, just as we have discharged ours. He has vetoed the bill. Over in the House the veto has been overridden.

I refer now to a statement not made upon the floor of the House, but quoting the Republican leader of the House in the newspapers this morning as saying that no President in the history of this Government had ever received so few

votes in support of a veto. Of course, it is said this is not a partisan matter, but the Republican leader seemed to rejoice in the statement, inaccurate even though it was, that never before in the history of the Government did a President receive in the House of Representatives so few votes on a veto.

Mr. President, that does not appeal to me. I never question the motives of any man when he casts a vote on the floor of the Senate. However, I cannot close my eyes to the fact that after a vote in a subcommittee, when we went into the full committee, not one man from the other side of the aisle in the Committee on Appropriations voted for the compromise proposal, but every one of them voted for the full restoration. I cannot close my eyes to the fact that that is true, with one exception, as to every other one of the votes taken.

Therefore I wonder if there is not some real rejoicing from others besides the Congressman who leads the Republican Party in the House and who gave to the newspapers this morning the statement that he is quoted with having made.

So far as I am concerned, as the Senator from Maryland said a few moments ago, my mind goes back to March 4 of last year, when throughout this Nation men walked the streets in hunger and we were told 12,000,000, 13,000,000, and 14,000,000 men were unemployed; we saw banks closed, until on the morning of March 4, I think, the Senator from Massachusetts and the Senator from Pennsylvania learned that the last banks that had remained open in the United States had been closed. We saw men driven from their homes. We saw judges threatened with lynching in some parts of this country because they dared to sign foreclosure proceedings. We saw railroads tottering. We saw Congress pass a bankruptcy bill for the purpose of relieving distressed railroads of the country. And because of the condition that existed we saw men wondering whether their insurance policies were good, because the moneys of the insurance companies were invested in banks and in other ways, that we knew meant the depletion of the assets of the insurance companies. We saw men lose not only their money, lose their homes, but lose even confidence in their Government first, and then confidence in themselves.

But there was only this spark of hope: That there was coming into power a new deal, a new President, and because of that hope, even after the banks closed, men walked down Pennsylvania Avenue with bands playing, hope in their hearts, not knowing even the conditions that existed in their homes that morning.

Out of the chaos and the confusion and the destruction that had been wrought we have in the short time that has elapsed seen banks open, merchants once more selling goods, cotton selling for 12 cents instead of 5 cents, and wheat nearer a dollar than the 30 cents that it then was. We have seen men in the automobile plants return to work, and throughout the Nation hope has supplanted fear in the hearts of all the people of this Nation.

That change has come about because of confidence in the leadership of Franklin D. Roosevelt.

Today when the good Member of the House who leads the minority there rejoices that the President has no followers he strikes not only at the President, but he strikes at the only hope that this Nation now has for a continuance of recovery.

So far as I am concerned, I am not willing to impair in the slightest degree that confidence. Regardless of whatever anyone else is going to do, I shall vote to sustain the President's veto.

Mr. GLASS. Mr. President, I feel as if it would be almost a profanation for me to offer the few remarks I have in contemplation after the clear, manly, and convincing statement just made by the Senator from South Carolina [Mr. BYRNES].

Owing to insuperable physical difficulties, as Chairman of the Senate Appropriations Committee and as chairman of the subcommittee charged with the consideration of the independent offices bill, I was compelled to confide the difficult work to the next ranking Member, being the Senator from South Carolina. I want to say here and now that no Sena-

tor on any committee of this body ever exerted more fervent and patriotic endeavor to bring about a satisfactory result in the midst of vehement disagreements.

The suggestion that the Senator from South Carolina ever deceived anybody in the Senate by any statement he ever made, or any vote he ever cast, is an utterly unwarranted aspersion. He never quoted the President of the United States, privately or publicly, as being in favor of this bill. His vote in the Senate for concurrence in the House amendments was not suggestive of any such thing to anybody who had sense enough to be a Member of the United States Senate.

Mr. President, I do not know whether I have less patience with supine submission to Executive authority than I have contempt for gross vituperation of the President of the United States. At least I occupy the happy position of never having manifested submission, or ever having been guilty of the gross impropriety of standing upon the floor of the Senate and insulting the President of the United States, and imputing to him unpatriotic motives, imputing to him a disregard for the uniform of the service men and an indisposition to reward their sacrifices.

Very likely I have more bitterly and repeatedly disagreed with the present occupant of the Executive chair than any other Member of the Senate, and therefore when I shall vote to sustain his veto in this particular matter it will not be from any sense of obedience to party regularity or submission to Executive authority, but it will be from a firm conviction that the President of the United States is right.

Moreover, I say of my own knowledge that, whatever may have been his attitude on the pay cut—and I have not especially interested myself in that question—he has never for one instant deviated from his conviction or hesitated in the expression of his conviction with respect to the particular matter of presumptive cases on the pension rolls.

The distinguished Senator from New Mexico [Mr. CURTIS], who did me the honor of suggesting that I, at least, was consistent, opined that no Senator would go out and say that he voted against the bill that contained the amendment of the Senator from Idaho [Mr. BORAH]. I wonder if all those in another branch of the Government may go out and claim that they did not masquerade behind the veterans in order to get their own salaries increased 5 or 10 percent? Separate these two questions, and I venture to express the belief that the President would not have a great deal of trouble in having his veto message sustained.

Mr. President, I have held to the position expressed at the last session of Congress, as the Senator from New Mexico [Mr. CURTIS] will recall, that in this time of desperate distress, if at any time, no man should be upon the pension rolls of the United States who is not entitled to be there. I also expressed the conviction in committee and on the floor of the Senate that no man who could trace his disability to service for his country should, as a mere matter of economy, have his compensation reduced one farthing. On the contrary, my attitude is that every unworthy man on the pension roll in that measure makes it impossible for the Treasury of the United States to reward adequately every worthy man on the pension roll.

It is not a question of money. The pension roll of this country should be a roll of honor and not have upon it any man who is willing to raid the Treasury of his country simply because he wore its uniform.

It has been suggested here that the leader on this side of the aisle and the President have derided the uniform, the Senator not being present in the Chamber when the suggestion was made. There is not a semblance of truth in the accusation.

I do not have to plead sympathy with the veterans in Virginia. They know and have always known my attitude. I come from a community that was so eager for the fray and for the service of the country that it did not have to answer the draft. So many of its boys volunteered that they were beyond the quota when resort was made to the draft. I think I have somewhat of the spirit of that community and of those boys, some of whom, as the Senator from Mary-

land [Mr. TYDINGS] said of his comrades, never came back from France and others of whom left their limbs on French soil.

I agree with the President and I agree with the leader on this side of the Chamber that the mere fact that a man had on a uniform does not entitle him in perpetuity to raid the Treasury of his country when it is in distress or at any other time. When he was drafted he had to go. His choice was as between getting shot here or shot at over there, and the mere fact that he wore a uniform does not entitle him, as I said, forever thereafter to be upon the pension rolls of his country. Thousands of them never got better food, never had better clothing, never had finer discipline in all their lives.

Among the volunteers I had two boys of my own; and I would disinherit them if they ever accepted a dollar from their Government, although they were in the front line of the trenches.

Only the exaltation of patriotism, of love of country, sustained mothers and fathers whose sons were in France fighting for their country; and to tell me that a sentiment such as that, which only God can instill, should be transformed into commercialism, is something so abhorrent to my conception of patriotism that I have never been able to tolerate it for a minute.

Mr. President, I rose chiefly to pay tribute to the patient efforts of the Senator from South Carolina [Mr. BYRNES] in performing the duty which ordinarily I should have had to perform, and performing it better than I ever could have performed it, and to resent some of the abominable suggestions that have been made upon the floor of the Senate.

I shall vote to sustain the President, not only because he is the President—for God knows I have differed with him enough to make that clear—but I am going to vote to sustain his veto because I believe it is right.

Mr. BAILEY. Mr. President, the matter pending presents to the Senate in a very direct and, I suspect, in a more vital way than could be wished the question of the leadership and the prestige of the President of the United States in his party and in his country, in a time of indescribable difficulty and distress. It also presents a question not of compensation or pensions or allowances to soldiers, but merely an incidental question of administration and of increases. It also presents the question of pay of the civil servants of the Nation, not being a question as to whether or not they will be paid, but mainly a question of how much their pay shall be restored as against the cuts under the Economy Act.

These three questions may be considered important, the first of them being of the first importance; but, if I mistake not, there is a higher and incomparably more vital question presented here with respect to the course of the American Congress and the present administration in the matter of the administration of the fiscal policy of the country, in the hope—not in the realization, but in the hope—of a recovery and of better days.

We are not out of the depression, Mr. President, and it is a serious question whether we are getting out. Senators who lay the flattering unction to their souls, because there has been a measurable and gratifying reaction, because there has been something in the nature of a rebound, something, I should be happy to say, in the nature of progress out, that we have found the way, that the storm is past, and that there is daylight ahead, I think have utterly mistaken the nature of what has happened within the year.

I am going to recall at this point, for the benefit particularly of those who have been described so often here as our friends on the other side of the Chamber, that an appeal was made here in the spring of 1932, and made from the other side, and made in the name of the President of the United States, that we should proceed forthwith and within specified hours, and by midnight of a certain date, to balance the Budget of the United States or take the alternative of a collapse the consequences of which no man could describe, and for which no man could afford to be responsible.

I take it my friends remember those hours and remember the speeches they made, and I hope they will remember,

with respect to me, that I responded to those appeals and voted for taxes which I have hated from the day I knew how to hate, and which I will hate as long as I live; but I voted for those taxes because I did feel that the situation of that hour was directly related to the interest of all the American people, and that it was my duty, come what might by way of political consequences, to rise to the occasion; and I have never regretted it. My name is written in the CONGRESSIONAL RECORD as voting for the bill to balance the Budget under the Hoover administration, and I am not ashamed of it.

Yet at this hour here is a veto from the Democratic President of the United States undertaking to prevent the Congress from hopelessly unbalancing the Budget, and there are men here who are doubtful about their course. I will not make the distinction as between one side and the other.

It is not a question with me, Mr. President, as to the soldier; it is not a question as to the civil servant; the question presented here to me, first, is the question of the relation of a balanced Budget to the recovery of the American people from the depths of a depression which has threatened for 5 years to destroy the country as well as themselves.

Now, hear me about that for a moment. We are not out of the depression. I was gratified that the Senator from Maryland [Mr. TYDINGS] spoke as he did, but I have been amazed as I have heard men here talk about spending \$228,000,000 over and above the Budget, increasing the salaries of the civil servants by \$125,000,000, as if by some sort of miracle prosperity had returned and all were well in this land.

A little progress has been made, I hope, and I am proud of the statistical showing that probably business has been accelerated by 20 percent over a year ago. Probably, we may say, the banks of the United States have been stabilized, but if we say it, we say it only on condition that the credit of the United States Government shall be maintained. We may say that farm prices have increased in the domestic relation, we may say that wages have been increased also, but have we forgotten that, as we sit here and fondly contemplate the prospect of increasing our salaries along with the others, every word that comes from over the land is to the effect that there are some 25 or 30 million human beings depending for clothing and food upon the largess of their Government.

Now raise your salaries, in view of that, and you will put yourselves with Louis XVI of France before the people of starving France. Vote your Government's civil workers a restoration of 10 percent of their pay, while 10,000,000 of our fellow Americans, the victims of the taxes from which we derive our salaries, eight or ten million human beings, are in the plight of the unemployed; and we have never measured that.

I hope I may say it reverently, I hope I may say it respectfully; the unemployed man is nearer to hell than any other human being can be this side of death and damnation. The man who wants work and cannot work is worse off than the slave who is allowed the consolation of work.

Carlyle painted the picture a hundred years ago of a man helpless for the want of a chance to bend his back, or employ his hands, or occupy his brain. And here we are, with eight or ten million of our fellow Americans deprived of the opportunity to work, and many of them have children, and many of them have wives; here are we, knowing that we have had to spend a billion dollars through the winter to keep them from revolting against the civilization, in a just revolution; for men who cannot work because there is no work for them to do, men who must starve because they are not allowed to work, have some rights. I would not make an incendiary speech for my right arm, but they have rights, and they have a right not to starve. God knows they have a right not to starve.

The father of a little boy has the right to go home, after a hard day's effort to earn the bread for the boy and his mother, he has the right to go home with something for

them to eat. That is an inalienable right. It is deeper than the Constitution. It is deeper than the Declaration of Independence. It is deeper than civilization. It is as deep as the heart of the God that made them.

Here we are, hearing men seriously propose to override the veto of the man to whom the millions of America turn as they never turned to any other human being from the foundation of this Republic. The man who was the center of their hope, he who is the anchor of their faith, he in whom their confidence is reposed—it is proposed that we destroy his prestige and override his veto in order that we may vote away moneys to people who are already receiving money, compensation to public servants who are already living on the Government, and living fairly well.

Mr. President, that is our situation. For my part I do not want to face the country under such a situation. I do not mean the electorate. I mean the country. There is a capacity back yonder for righteous indignation, and the first note of mass injustice that strikes in this country will strike to the depths that sound with righteous indignation. We will not hear the end of it until a righteous government and a just course shall be restored in America.

Mr. President, those are the considerations that move me.

Where is the unity of our country tonight? I heard that one of the Senators said something about the President being down yonder at Miami in the little boat on the Atlantic. Very well. If he were at the North Pole, the unity, the national unity, the hearts, and the hopes and the faith of 125,000,000 of human beings, the sense in the breasts of the 10,000,000 unemployed, the sense that justice will yet be done to them, will sleep in the bed in which his heart beats tonight. And here are you and I. Here are you and I inviting a course that will tell the American people that Congress and his party have broken with him.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. I yield.

Mr. LONG. Did the Senator vote against President Roosevelt's message to ratify the St. Lawrence Treaty?

Mr. BAILEY. I did. And if the Senator thinks that that is a commentary on my remarks, I will just have to let him think it.

I have said nothing here that meant, and I think every intelligent Senator here knows that I have said nothing here that meant that a man must just follow the President in everything he says.

I have not said that, and I have not thought that way and I have not acted that way. But when the President of the United States comes to the Congress with a veto of a matter of the fiscal policy of the United States, and when he tells us that the fiscal policy involved is the balancing of the Budget, or the keeping of the Budget in balance with a view to recovery, then that is a matter in which all doubts can be resolved. There is a matter in which every doubt can be thrown aside.

Mr. President, I want to talk about that balancing of the Budget. We do not ever seem to understand one simple thing here. With my latest breath I should like to bear witness to this, that the American people do not have a chance to get out of the depression until their Government balances its Budget. There never was a spark, there never was a little shining line under the clouds until the President sent us the message in March 1933, saying we must put our house in order, we must balance the Budget; and when that message came down and Congress responded to it, as it did, this country moved forward out of the depression at a speed that amazed it and all the world. We all know that.

The message he sent us on yesterday recalls the message of March 1933, and he is standing today where he stood then, and if we would stand today where he stands now and did stand then, if we balance the Budget, stabilize the country, quit spending money needlessly, I feel that I could at last give guaranty that the mud sills on which the Republic is to be rebuilt and the civilization restored would be, at last, in place.

We hear talk about us as if we had never done anything for the American soldiers. We hear talk here today as if the soldiers had been cruelly treated. They have been more highly honored by the American people, they have been paid more money by the American Government, than any other soldiers on the face of the earth. I have the data here, and I am going to read it into the Record. It is an amazing thing.

Total expenditure on behalf of World War ex-service men in the year 1931-32:

In France, \$277,000,000.

In Germany, \$285,000,000.

In the United Kingdom, \$240,000,000.

In the United States of America, \$860,000,000.

We spent, in 1931 and 1932, \$57,000,000 more for the veterans of our World War than France and Germany and the United Kingdom of Great Britain combined. And the statement is made and men talk as if we had done nothing for the soldiers.

But that is not all. Number of men as of 1919 disabled by wounds or sickness in the World War:

In France, 2,052,000.

In Germany, 4,202,000.

In the United Kingdom, 1,869,000.

A total in France and Germany and the United Kingdom of 8,124,000 disabled by wounds or sickness in those three countries.

In the United States of America—and I praise God for it—the number was only 192,369.

From which it appears that in the care for the combined number of war disabled men, exceeding those of the United States by over 7,900,000, the three European countries together expended in 1931 and 1932, \$57,000,000 less.

Does the Senate get the force of that? Eight million men in the United Kingdom, in France, and in Germany received less than 192,000 did in America. And yet we are told we have done nothing for the soldier. We are even told that unless we do more they will put us out of the Congress. Yet when the President, in the interest of the public welfare, asked that the Budget be balanced, or, rather, that we do not throw it out of balance, his name is bandied about here as if he were a gangster.

Those are not all of the figures, Mr. President. In the World War the United States had in combat service 1,390,000 men and in 1932 we had 771,000 on the pension rolls out of the 1,390,000. Not generous? Compare that with the figures I am about to read. The United Kingdom had 5,000,000 men in the service—that is, in the line of fire—and she had only 480,000 on the pension rolls. France had 7,900,000 men in combat and had 1,000,000 on the pension rolls. Germany threw 12,000,000 of her sons into that combat and had only 900,000 on the pension roll.

But that is not the whole story. We can take the statistics and look at them any way we please, and we will find by every mark and measure and standpoint—and this is my point—that the Republic of the United States has done more for its soldiers than any other government on the face of the earth. I say, Mr. President, and from the depth of my heart, that these men love their country, and I think that, out of honor to them, those who respect these men ought to love their country well enough to stand by the President when he asks that the Budget of the United States shall be kept in balance in order that a prostrate country and a prostrate people may have some hope, in order that the soldiers themselves may find a proper place in the sun in which, given a chance, to acquit themselves in ways worthy of their fathers.

Now I have a word to say about the public servant. There is not a man in America who can afford to go before the American people and demand that his own pay be increased or that the pay of any of the public servants be increased while the country is in the condition in which it now finds itself. I know the salaries of Government employees are low, but they are not as low as the salaries of the men who walk the streets hungry and in utter poverty.

Government employees say their salaries have been cut. They were cut 15 percent. There are millions of clerks in America whose salaries were cut 50 percent. The income of every farmer in America was cut practically to nothing. Yet here we are going to restore the Government employees to their pay and return them to prosperity and the condition in which they were when the dread panic struck, and leave 30,000,000 of their fellow human beings helpless and in the ditch.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Nevada?

Mr. BAILEY. I yield.

Mr. McCARRAN. I should like to ask the Senator whether he voted for the bill which took up the slack of the depreciated currency of America in foreign countries?

Mr. BAILEY. I never heard of a bill like that. If the Senator wants to know whether I voted for the devaluation of the American dollar, I did, and made a speech here about it, and I am not a bit ashamed of it. It has been endorsed all over the country since that time and I think accepted on both sides of the Senate.

Mr. McCARRAN. Will the Senator answer my question?

Mr. BAILEY. I could not answer the question. The Senator asked if I voted for a certain bill. I never heard of the bill.

Mr. McCARRAN. Did the Senator vote for the bill he mentioned?

Mr. BAILEY. Yes, I did. The Senator from Nevada is laboring under a delusion. He thinks that the bill to which I referred reduced the salaries of public servants in America. It did not do any such thing. It reduced the value of the American dollar in terms of gold in foreign commerce. The main trouble with the bill is that it has not had any domestic effect to speak of. If it is that at which the Senator from Nevada is driving, that answers his question. That is the way I voted.

Now I come again to the public servants. Let me say a sober word about these public servants. I am one of them. The public servant, whether he be a clerk or a Senator, or what not, who in circumstances like these seeks to better his estate at the expense of his fellow men throughout the land invites and deserves destruction. He will get it, too. Think of the mind of the man who walks the street here night and day. He has to stand in the bread line to get food to fill his stomach. Think of the father who returns to his little cottage at night without the money to pay the rent. Think of the mother who puts her little child to sleep without the hope of breakfast in the morning save by the aid of public charity.

Think of them, looking at you and looking at me, while we raise the pay of public servants in the United States over the will of their President to the tune of \$125,000,000 a year. The public servant who cannot suffer with the public is not fit to be a public servant. The public servant who cannot make sacrifices in these times, whether he be Senator or President or janitor or clerk, ought to be stricken from the pay roll of his country.

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. LOGAN. Does the Senator from North Carolina have any doubt that if the present public servants are dissatisfied with the salaries their places could be filled within a day's time by people as efficient or more efficient than they are?

Mr. BAILEY. I shall not go into that comparison. I should judge from the general correspondence that there is no want of people to fill public positions in the United States, and never has been! [Laughter.]

Mr. McCARRAN. Mr. President, will the Senator yield there for a suggestion in reply to a remark of the learned Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. McCARRAN. The Government of the United States tried that very system, and it has cost us millions of dollars, because we put out of the C.W.A. into the navy yards of this country and into the Federal employment agencies of this country men who do not know their business, and who today are on the Government pay rolls, although they could not perform the duties to which they were assigned.

A life devoted to industry is a worshipful thing, and a life given to a nation's welfare will always stand out; and a Federal employee who has devoted his life to his country, and knows that he has nothing save his pay check from then on, must of necessity be recognized.

Mr. BAILEY. Mr. President, if the President's veto shall be overridden, his message informs us that no provision has been made for the \$228,000,000 by the sum of which the Budget will be thrown out of balance.

Mr. SCHALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. BAILEY. I yield.

Mr. SCHALL. I understand from the analysis of the Senator from Oregon [Mr. STEWART], whose computation was not denied, that the increase will be only a little over \$80,000,000 instead of one hundred and twenty-eight million, as set forth in the veto message and as reiterated by the Senator from North Carolina.

It has been a source of no little wonder to me, as I have sat here during this entire administration, that the subject of balancing the Budget never is mentioned unless it is a question of doing something for our injured soldiers or for our Federal employees.

In this veto of the act of Congress restoring the pay cut of disabled veterans and Government clerks, the President presents the astounding pretense that he is trying to balance the Budget.

In his message to Congress in January, the President told us that instead of balancing the Budget he proposed to produce a Budget deficit of \$7,000,000,000 to \$10,000,000,000.

Since then he has bought preferred stocks of banks in the sum of several hundred millions, and has paid out \$200,000,000 in premiums on gold to London and Paris.

He is now spending nearly a billion a month, at the rate of \$3 of outgo to \$1 of collected revenue. It is only when disabled veterans and civil-service clerks need the restoration of earned dues that he resorts to the pretext of balancing the Budget.

Why unbalance the Budget by \$7,000,000,000, \$10,000,000,000, \$32,000,000,000, and then haggle at \$80,000,000? What a farce to talk about balancing the Budget when the President admits that he is going to unbalance it by \$10,000,000,000 by the end of this fiscal year!

We are asked to save at the spigot of the Government workers' wage, and then knock in the hoghead at both ends until we have wasted ten billions. Why "sic" the "big, bad Budget" upon the poor little injured soldier, with his tin cup, trying to salvage some of this wanton waste? Why be Shylock, and demand this pound of flesh nearest the heart of the laborer and the soldier of our country? Why not practice economy somewhere else than to take it out of the laboring man and the man upon whom we depend for the defense of our homes and our country? Why swallow the camel and gag at the gnat?

Mr. BAILEY. Mr. President, I take it that that is a speech and also a remark about a pound of flesh.

Here is a man down in a department—I will put it low—getting \$1,200 a year. Here is an American citizen walking the streets and begging for a living. Who has the pound of flesh?

The Senator asks me about balancing the Budget. I am not one of the Senators who have raised this question of balancing the Budget whenever soldiers' bills have come up. I have never had a doubt, from the moment I took the oath of office here, that a balanced Budget is the basis of recovery; and I will call the attention of the Senate right now to the fact that the brightest spot in the way of hope in

the whole world at this moment is England. She is coming through this depression. She has only 2,100,000 men out of work, and Sheffield, in England, is advertising for men; and the only thing England had to do was to bear the brunt, balance the budget, and carry on.

The main trouble in the United States of America, the basic trouble—and the Senator from Pennsylvania [Mr. REED] hears me almost reecho the words he uttered here in 1932 from this side—is the failure of the American Government to balance its Budget. Until we do it we shall never know whether or not our bonds will be worth a dollar. Until we do it we shall never know whether or not our banks will crash in 30 days. Until we do it the taxpayer will never know what a day will bring forth, or whether or not he can pay his taxes at the end of the year. Until we do it there can be no borrowing by industrial enterprises in America.

The uncertainty of Monte Carlo or the stock exchange is not comparable to the uncertainty of a country that tries to go along with an unbalanced budget. It gives the whole body politic, industrial and personal and commercial, delirium tremens; and yet here we are, for one reason or another, throwing out of balance the Budget, and saying not one word as to what we will do or where we will go to get the \$228,000,000 that the overriding of this veto will cost.

Mr. President, I desire to say another word about this matter, and then I shall take my seat.

It is very rarely that anybody in this body ever says a word for the taxpayer. Now and then a voice is weakly lifted in behalf of the consumer, but I do not know that I have heard anybody say anything about the taxpayer; and yet governments live by taxpayers. That is one thing the United States Government cannot get along without—taxpayers. Having loaded them down with what we conceive to be the prospect of some \$4,000,000,000 of taxes, counting the processing taxes, having exhausted every resource of taxation that is available to us, having carried the tariff as high as the skies, having lifted the income brackets as high as we could, having reached down into the cradle and robbed the heirs, having laid upon mankind every excise that we could conceive of and every excise tax is a tax defined as one that is passed on, here we are calmly proceeding to pile another burden of \$228,000,000 on top of all that.

Who pays it? There are men here who actually believe—and I give them credit for being sincere in their belief—that that tax burden is paid by a gang of millionaires on Wall Street; and then there are men here who believe that that tax burden is borne by certain big corporations scattered about the country. Men who believe that sort of thing are fit only for fairylands. There is not a tax in America, outside of the estate taxes and the income taxes—and they, together, will not come to one billion two hundred millions out of the four billions—that is not passed on to the back and the stomach of the worker and the farmer.

We tax the power company, and the man who buys the light pays the tax.

We tax the steel corporation, and the man who buys the plow pays the tax.

We tax the railroads, and the man who pays the freight pays the tax.

We ought to know, Mr. President, why there are 8,000,000 men walking the streets of America today looking for work. I will tell you. It is largely because they have been taxed out of their jobs.

The first thing this Government ought to do, and the first thing the government of North Carolina ought to do, and the first thing that my city of Raleigh ought to do, and the first thing that my county of Wake ought to do, is to find ways and means of lifting the burden of taxation in order that men may work and businesses may flourish; yet we come here and vote appropriations, \$150,000,000 at a stroke, like gamblers throwing dice in a crap game down in an alley.

Do we ever think how hard it is for somebody to pay these taxes? We say a hundred millions on the face of the bill, or two hundred and twenty-eight millions on the face of the bill. How many farmers must plow, how many workers must work, how many business men must keep store, how much goods must be bought, how many pennies must be saved in order that those taxes may be raised?

I wish to Heaven that we could once realize that every tax laid is a burden upon industry, upon agriculture, and upon commerce. I would that we could get out of our minds that we can lay a tax on a big bank, or a big corporation, or a rich man and run the Government. The taxes are passed on, and always will be. If I understand the laws of the United States aright, they are intended to be passed on. They are described in the Constitution as imposts and excises, and imposts and excises are, in contemplation of law, always to be passed on.

Mr. President, I ask not just for the sake of the prestige of the President of the United States, the chosen leader of the people, faith in whom is of more value right now in the United States than any amount of legislation we may enact; I ask not only in the interest of recovery from this depression, but I ask in the interest of the welfare of 125,000,000 people, that the veto of the President be sustained, and that America be told, and that the world be told, that this country has the courage and the wisdom to balance its Budget and make its way through this depression.

Mr. STEPHENS. Mr. President, it is not my purpose to detain the Senate more than a very few minutes. I simply desire to state quite briefly my reason for voting as I expect to vote when the roll is called. I will say in the beginning that I shall vote to sustain the President's veto of the bill.

Usually it is rather easy to make a choice between two courses of action, sometimes it is rather difficult. In this case I have no difficulty. There have come to me, as there have come to all of the Members of this body, numerous letters and requests that we support the bill for one reason or another. I can hear now the loud demand for overruling the veto of the President.

I know that there are groups and classes who are deeply interested, who are desirous of having an increase in pay and other legislative benefits. I sympathize with them as I sympathize with anyone who is in distress. But, sir, while I hear the voices come to me from my State and from people in other States I cannot forget that there is another side to this picture. This question has been discussed from every viewpoint and every angle. What I shall say will be nothing new.

Mr. President, I recall that only a little more than 12 months ago the whole land was in sorrow and distress. Many millions of people were unemployed, they were suffering and starving. A little more than 12 months ago there was not a single bank open in the Nation, manufacturing establishments were closed down, distress was the commonest thing in the whole Nation. As was well said by the Senator from North Carolina [Mr. BAILEY] a few moments ago, we have not yet gotten away from that distressful situation, from that great depression which covered the whole Nation.

Mr. President, I am not here making a plea for anyone to stand by the President simply because he is a member of my party. I am not supporting him in this matter because he and I belong to the same party; but he stands as the leader of the Nation, the one who has charge of the affairs of the Government, who is bending every effort to lead us into better and more prosperous times. He has a broader grasp of the general situation than anyone else. Information comes to him from every source and every section.

The President has suggested to the Congress in his veto message the reasons for this veto, the necessity for his action. He called attention to the fact that it was necessary to maintain the credit of the Nation.

Some gentlemen would sneer whenever the word "budget" is mentioned; but the Budget is an important factor in the present situation. The credit of an individual, of a State, of a nation, depends in a very large degree upon its

budget. We cannot maintain the credit of our Nation unless there is a sincere and honest and effective effort made to have the Budget balanced.

It has been suggested that vast sums of money are being expended by the Government, and that is true. Men talk about the billions of dollars of indebtedness and the billions of dollars being expended by this administration. Vast sums of money have been expended, of course; but why was that money expended? It was expended in order to relieve the distress of the people over all the country; not one class, so far as society goes, but in another sense a great class—much larger than either class that is now clamoring for the passage of this legislation—is interested very deeply. The multiplied millions of unemployed—why should they not be helped? It is not only a Christian duty that such action be taken, but it is in effect an insurance of the perpetuity of our national institutions.

I recall that there were not simply low whisperings, soft murmurs, but there were clamorous noises carrying menace, carrying threats to our Nation, and it became necessary that action be taken.

The Economy Act has been referred to as an infamous measure. I do not so consider it. In my opinion, if legislation of that character had not been enacted, it is entirely possible that there would have been a revolution that might indeed have brought destruction to us.

Occasionally I hear suggested that millions of dollars are being loaned to banks, to railroads, to industries, to corporations of various kinds. When money was loaned to a bank it served a splendid purpose if it kept that institution open. Deposits do not belong to the bank. If a bank has a thousand depositors then there are a thousand people who are interested in that particular institution. Not only are those people interested, but also those who live in that particular community, those individuals who do not have a dollar in the bank but who must depend upon money coming from some source in order to carry on their work, thus not only making a livelihood thereby for themselves but giving to many others perhaps, in some cases thousands of others, an opportunity to work and to earn a livelihood for themselves and their families.

Suppose the banks of the Nation should not have been reopened. Suppose the great railroads of the country should have stopped running their trains. Suppose the great manufacturing plants had not continued their work, then, instead of having 12,000,000 unemployed, the number would have been multiplied many times.

I recall that the Senator from North Carolina [Mr. BAILEY] referred to those who were dissatisfied because there has been a decrease in pay, a decrease in salary. I hear those complaints many times, and I have sometimes said to men who have complained to me that their salaries have been reduced, and sometimes have seemed to be rather bitter about it, "Walk the streets of your own community; go out along the country lanes, and there you will find many people who have no employment whatever, who live and wear clothing simply because of what they are able to receive from charity."

As I said in the beginning, I place on one side those who want an increase in pay, who want an increase in compensation, and I place on the other all the people of the Nation, including these in the first group, and when I view the situation in that light it is easy indeed to determine how I shall vote, because as has already been said, unless the credit of the Nation is maintained, unless the Budget is balanced, not only will the first group suffer but the entire population will suffer also.

So I stand for the Nation, I stand for the institutions of the Nation, I stand for all those things that have made us the greatest Nation on the face of the globe.

I shall say just one word more. In the veto message it is suggested that there will be some increase in pay before long. It is suggested also that the situation with reference to the veterans will be very materially changed. I shall not defend the Veterans' Administration, because I feel quite sure that many mistakes, many injustices have come about. But those

matters will be remedied, in my judgment, in a very large measure, inasmuch as the President of the United States himself has given his word to the Congress, to the veterans, and to the people of the Nation, that the mistakes will be remedied so far as possible, and that many injustices will be remedied, and that this work will go forward as speedily as possible.

My vote will express my desire to preserve the Nation. The fight against the depression is not over. It is only begun, and it must be carried on if employees are to continue to draw salaries, veterans compensation, and the normal business restored.

I might say much more, but I have simply desired to express, very briefly, my reasons for casting my vote as I expect to cast it in a very few moments.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding? Under the requirement of the Constitution, the roll will be called.

The Chief Clerk proceeded to call the roll.

Mr. ERICKSON (when his name was called). I have a pair with the junior Senator from Florida [Mr. TRAMMELL]. If permitted to vote I should vote "yea", and I understand the junior Senator from Florida, if present, would vote "nay."

Mr. McNARY. Mr. President, I did not hear the statement of the Senator from Montana.

The VICE PRESIDENT. The Senator from Montana announced that he had a pair with the junior Senator from Florida [Mr. TRAMMELL] and that if permitted to vote he would vote "yea", and the Senator from Florida would vote "nay."

Mr. McNARY. Mr. President, as the Vice President well knows, on such a question as that now being voted on, a single pair of that kind is not permitted.

Mr. PITTMAN. Mr. President, the Senator from Oregon has raised the question that in a case of this kind a Senator voting "nay" must pair with two Senators voting "yea."

Mr. McNARY. That is correct.

Mr. PITTMAN. I also, with the Senator from Montana [Mr. ERICKSON], have a pair with the junior Senator from Florida [Mr. TRAMMELL], which, I assume, makes the pair complete. I have received a telegram stating that the Senator from Florida [Mr. TRAMMELL] cannot be here but that, if he were present, he would vote "nay." If I were at liberty to vote I should vote "yea." I think that completes the pair.

The Chief Clerk resumed the calling of the roll.

Mr. PITTMAN (when his name was called). I again announce my pair with the junior Senator from Florida, and repeat the same statement that I just made on the floor.

Mr. TYDINGS (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the Senator from Illinois [Mr. LEWIS], who, I understand, if present, would vote "nay." The senior Senator from Rhode Island [Mr. METCALF] and also the junior Senator from Rhode Island [Mr. HEBERT] would vote "yea", and those two Senators being paired with the Senator from Illinois, I am at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF] and the junior Senator from Rhode Island [Mr. HEBERT] are unavoidably detained from the Senate. They are both out of the city. If they were present, they would vote "yea."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Florida [Mr. TRAMMELL] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

The roll call resulted—yeas 63, nays 27, as follows:

YEAS—63

Adams	Barbour	Capper	Copeland
Ashurst	Bone	Caraway	Costigan
Austin	Borah	Carey	Couzens
Bachman	Bulow	Clark	Cutting

Davis	Hatfield	McNary	Shipstead
Dickinson	Hayden	Neely	Smith
Dill	Johnson	Norbeck	Steiwer
Duffy	Kean	Norris	Thomas, Okla.
Fess	Keyes	Nye	Thomas, Utah.
Frazier	La Follette	Overton	Townsend
George	Loneragan	Patterson	Vandenberg
Gibson	Long	Reed	Walcott
Goldsborough	McAdoo	Reynolds	Walsh
Hale	McCarran	Robinson, Ind.	Wheeler
Hastings	McGill	Russell	White
Hatch	McKellar	Schall	

NAYS—27

Bailey	Byrnes	Harrison	Sheppard
Bankhead	Connally	King	Stephens
Barkley	Coolidge	Logan	Thompson
Black	Dieterich	Murphy	Tydings
Brown	Fletcher	O'Mahoney	Van Nuys
Bulkley	Glass	Pope	Wagner
Byrd	Gore	Robinson, Ark.	

NOT VOTING—6

Erickson	Lewis	Pittman	Trammell
Hebert	Metcalf		

The VICE PRESIDENT. On this question the yeas are 63; the nays are 27. Two thirds of the Senators present having voted in the affirmative, the bill is passed, the objections of the President of the United States to the contrary notwithstanding. [Manifestations of applause in the galleries.]

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, and it was signed by the Vice President.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting nominations of United States attorneys for the eastern and western districts of Washington, which were referred to the Committee on the Judiciary.

(For nominations received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of the following-named assistant surgeons to be passed assistant surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names: Mason V. Hargett, February 16, 1934; Cassius J. Van Slyke, March 3, 1934; Erwin W. Blatter, April 4, 1934; and Russell Thomas, April 6, 1934.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 7 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Thursday, March 29, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 28, 1934

UNITED STATES ATTORNEYS

James M. Simpson, of Washington, to be United States attorney, eastern district of Washington, to succeed Roy C. Fox, whose resignation is effective at the close of February 28, 1934.

J. Charles Dennis, of Washington, to be United States attorney, western district of Washington, to succeed Anthony Savage, resigned.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 28, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we praise Thee that behind the ebb and the flow of this ageless world is Thy spirit, which cannot die. The material things will fulfill their function and pass away, but the thought of man is higher than them all. Because we are Thine, made in Thy image, be with us in our aspirations; prevail at every point to make Thy counsel stand; correct the false and strengthen the weak. O let our finer instincts attain supremacy, and nourish in us the genius of heavenly love and power. Holy Spirit, be in us a purer and a diviner flame; may we have the qualifications of true workers for God and humanity. In the love of God, in the grace of Jesus Christ, and in the communion of the Holy Spirit may we have the satisfying and the abiding sweetness of life. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed bills of the House of the following titles:

On March 27, 1934:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the territories or territorial possessions through adverse possession or prescription; and

H.R. 7966. An act to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

HENRY A. BARNHART, GENTLEMAN AND FRIEND

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objections?
There was no objection.

Mr. LUDLOW. Mr. Speaker, a congenial, generous soul that once adorned these legislative halls and made everybody here happy by his presence passed through the portals of the unknown land day before yesterday.

The oldtimers in this great legislative body well remember Henry A. Barnhart, of Indiana, and news of his death has brought deep and sincere sorrow to the older Members of this House, who knew and loved him.

The sad tidings of his departure has been received with silent and reverential respect in the cloakrooms that used to reverberate with laughter when he assumed the role of entertainer, for in his heyday there was not among all the Members of this great body and among all the public officials at Washington his equal as a story-teller.

For 11 years, as a Member of Congress for the old Thirteenth Indiana District, he spread joy and sunshine around these legislative halls. His wholesome and infectious humor was a soothing balm to troubled spirits and contributed mightily to make congressional life worth living.

As an impersonator he was without a peer, and his mimicry was doubly enjoyable because it never left a sting. When he imitated Champ Clark's booming voice in Missouri dialect he seemed more like Clark than Clark himself. Gen. Isaac R. Sherwood, with his high falsetto voice, was no more real in the flesh than when he spoke through his Hoosier interpreter. One of the perennial delights of the Democratic cloakroom was Mr. Barnhart's florid rendition of Percy Quin's famous speech:

Gentlemen of the House, there comes a time in the lives of all of us when we must rise above principle!

The plantation humor of good old Ben Humphreys, of Mississippi, lived over and over in Mr. Barnhart's impersonations of that quaint character and he could portray Jo

Byrns, Jack Garner, or Henry Rainey with uncanny realism. For a long time after he quit Congress he made what he called a "hegira" once a year back to Washington and his coming was always hailed with delight by his old cronies because it always marked the beginning of the open season for a fresh rendition of the old stories that never lost their charm or any of their delectable qualities in the retelling.

Mr. Barnhart was made of the best quality of Hoosier homespun. He possessed a ruggedness of character that reminded one of something majestic, like the beauties of Lake Manitou or the gorgeous loveliness of the hills of Brown County clothed in the marvelous tints of autumn. His greatness was elemental and was composed of many virtues, outstanding among which were honesty, sincerity, and friendship of such quality that the older it grows the tighter it binds. It seemed so fitting that he should be always happy, because he made everybody around him happy.

All his life he was a newspaperman and, as one who also belongs to the fourth estate, I believe his newspaper experience gave him the human touch. His sympathy was abounding and his interest in people was intense.

He also loved his dog and, to my way of thinking, that is an omen of character. I have never known a man who loved dogs as Mr. Barnhart loved them who was not a good man. His eulogy on dogs is a cameo of literature, as perfect as Senator Vest's tribute to that faithful animal.

Mr. Barnhart died in the fullness of years, honored and revered by everybody in his home community where he had long been hailed as the first citizen. He was not called suddenly, but it seemed as if Providence, realizing the love that bound him to mortals, gave him, even after the seal of death was on him, opportunities to tarry yet a while. He had ample time to fold the draperies of his spirit about him before he entered the presence of the Great King and he finally went so quietly and peacefully it seemed he was not dead at all, but that in the language of the immortal Hoosier poet—

With a cheery smile and a wave of the hand
He vanished into an unknown land.

It is sad to part with one who was so sterling and so true, but we may find comfort in our simple Christian faith that when we, too, cross the borders of the unknown land we will find this true and loyal friend awaiting us.

RECIPROCAL TRADE AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 12 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, conditions existing in our country today are such that we, the elected representatives of the people, should think long and well before we enact this legislation, which, from every indication, is already adding to the millions of unemployed industrial workers who are denied an opportunity of profitable employment.

Reports which I have received from workers' representatives in my district indicate that there are thousands of workers unemployed today who had a job the early part and up to the middle of February.

During the past 10 months Congress has appropriated and spent billions of dollars of the people's money in an effort to eliminate unemployment among our industrial workers and to relieve distress among our agricultural workers.

Congress has decreed, through the N.R.A. and the three A.'s, that industrial workers shall not be employed for more than 40 hours per week and that farmers shall curtail their

production; that children shall not be employed in mills and factories.

Despite these measures we still have some ten or eleven millions of industrial workers unemployed, and we still have among our farming population many hundreds of thousands who are still in need of help.

We are now asked to pass a bill the very nature of which will eliminate the benefits which we have hoped for through the enactment of the legislation to which I have just referred.

Is it possible that any Member of this House expects the South American or Central American farmers to curtail their production as a result of any reciprocal trade treaty into which we may be inveigled?

Is there any Member of this House who expects that European or Asiatic countries will establish the 40-hour work week for their workers and eliminate child labor as a result of any reciprocal trade treaty to which the officials of our State Department may agree?

The answer is obviously "no." Yet the Members of this House are asked to enact this legislation and authorize the officials of the State Department to enter into reciprocal trade treaties with foreign governments whereby the products of the farms and the factories of those countries will be delivered into our American market at total delivered costs which are less than American costs of production.

The Committee on Labor has unanimously reported a 30-hour work week bill with the same wages to be paid for the 30 hours' work as the workers now receive for 40 or more hours per week. The Committee on Labor expects this bill to pass the House within the next few weeks and to become a law at this session, as, it is conceded by all fair-minded persons, it is only through the enactment of such legislation will it be possible to find employment for our ten or eleven millions of unemployed workers.

The Congress has passed legislation through which we have forced the curtailment of production on the part of American farmers, and we have placed a processing, or, better said, a consumers' tax on the products of the farm, to be paid by the millions of our industrial workers to recompense the American farmers for the acreage which they have withdrawn from production. Incidentally, it is interesting to note that no representatives of the industrial workers have protested or opposed the placing of this processing or consumers' tax for the benefit of the farmers.

The reason for the cooperation of the industrial workers and the farmers is obvious. Their interests are common. One cannot be prosperous without the other being prosperous, and personally I rejoice to see them working in harmony with one another.

The employed industrial workers constitute the backbone of the market which consumes the products produced on the farms. The purchasing power of the American farmers makes possible the employment of our millions of industrial workers.

When we enact legislation which will bring back prosperity to the industrial workers and the farmers of our country, the rest of our people will be better able to care for themselves.

Personally, I have voted for all this legislation, as I believe it is the duty of the Congress particularly to look after the affairs of our industrial workers and our farmers. They constitute the backbone of our population.

No Member of this House will charge me with voting on a sectional basis.

Therefore, I feel free to point out to my friends in the House, and, especially to the members of my own party, the dangers which confront the people of our country and especially those representing the Democratic Party, if we should pass this bill.

This bill, even while under consideration in the House and before the Ways and Means Committee, has resulted in depriving hundreds of thousands of industrial workers of an opportunity of a job.

There are few, if any, factory owners who will provide employment for industrial workers, on products which are

ordered for delivery, say 3 or 6 months ahead, while serious consideration is given to the passage of this pending bill. Should this bill be enacted into law, I doubt if any factory owner will produce anything except those goods which have a ready market and which do not have to meet the competition of foreign-made goods until he has received definite assurances that foreign articles, comparable to his production, will not be sold at prices below his costs of production.

Even were the factory owners willing to take a chance, they would not be able to do so. Almost every factory owner is more or less dependent upon the credit which he secures from the banks. It is common knowledge that credit is scarce at the present time, and, with this legislation under serious consideration, there are but few banks which will extend credit to the factory owners for the production of any merchandise, unless that merchandise will be paid for within the next few months.

Of course, the smaller producers, who have a limited credit with the banks, will be hit harder than will those large corporations, who, through agreements among themselves, and, through the suspension of the antitrust laws, practically constitute a monopoly.

Reports which I have received from my own district, from Lawrence where some of the finest cotton and woolen goods are produced, from Lynn where the finest shoes in the world are produced, from Peabody and Salem where some of the finest leathers in America are produced—to name but a few of the industries located in my district—indicate that since the middle of February, when it was definitely made known that this legislation would be insisted upon, many thousands of industrial workers have been laid off with no intimation of when they would be again reemployed.

That which is true of my district is likewise true of industrial conditions in other sections of New England, in New York, in New Jersey, in Pennsylvania, and sections of the Middle West.

Mr. Chairman, I can recall as a boy when the entire New England States were represented by one lone Democratic Congressman. I can recall the time not many years ago when the Democratic Party of New England did not have a representative in the Senate of the United States.

Those who made possible the growth of the Democratic Party in New England fought for principles. They believed in the principles of Jefferson. They believed that the Democratic Party was the party of the common people and not the party of class or privilege. Finally, after years of sacrifice and education, the seeds which they well planted came to life, and today we find the Democratic Party of New England represented in this House by 12 Members out of a total of 31. In the Senate the Democrats of New England are represented by 4 Members of a total of 12. In the 6 New England States we have our four largest States presided over by Democratic executives.

Next November the people of New England will vote for 6 Members of the Senate and 31 Members of the House.

Their verdict will be registered largely upon the record of this Congress, and, I regret to say, the decision of the Congress on this bill will have a large influence in the coming campaign of those States.

As one Member of the House I want to make my protest known against a policy wherein the Members of the House have been continually placed on the spot. So far as I have been able to learn, there is nothing definite known as to what will happen when this bill reaches the Senate.

If this bill should be enacted into law, which I hope will not happen, the Republican Party of New England will find many willing listeners to their plea for votes, I regret to say, among the unemployed industrial workers.

The workers of America want profitable employment and an opportunity to bring to their families sufficient wages each week to maintain decent standards of living. The farmers of America want a market for their products. Unless the industrial workers are employed and earning fair wages with which they can purchase the products of the farm, there can be no prosperity for the farmers.

What are the facts? The Tariff Commission recently submitted an exhaustive report to the Congress. This report shows that we, in America, consume more than 95 percent of the products which we produce each year. This report also shows that, here in America, we do more than one half of the trade of the entire world each year.

This report shows that there are but a few products which we export in any great quantity. They are cotton, of which we export about one half of that which we produce and with a foreign demand lessening each year. Wheat, of which we export less than 20 percent of what we produce. Tobacco, of which we export about one half of what we produce. Pork products, of which we export a percentage of what we produce. Copper, of which we have in the past exported some 20 percent of what we produced.

So far as our exports of copper go, the producers of American copper fully realize that they cannot continue to compete in the foreign market with the products of the near-slave labor of the Belgian Congo, with wages paid in the Belgian Congo, I am told, of some 5 cents per day.

Two years ago, to help relieve the distress among the copper miners and the copper producers of Arizona, New Mexico, Montana, Michigan, and other States, Congress placed an excise tax of 4 cents per pound on all imports of copper. Senator ASHURST, of Arizona, one of the leading Democrats of the Senate, only yesterday presented an amendment or announced that he would sponsor an amendment to this bill providing an import tax of 10 cents per pound on imports of copper, and, further, asked Congress to purchase all the available supply of copper in order to make possible the employment of workers in the copper mines of our country. I do not believe it necessary to remark that the American producers of copper are not looking for any foreign market for their products.

The Tariff Commission report shows that our exports of tobacco last year were sold at an average price of 18 cents per pound. The import duty on tobacco is 55 cents per pound. Does anyone expect that this duty will continue if we engage in the making of reciprocal trade treaties with foreign governments?

Personally, I do not believe that we need look for any foreign market to consume our surplus production of wheat and pork products. If the industrial workers were fully employed, at decent wages, I believe they will supply a better market for these products than we can find in any foreign country.

The one commodity for which it is essential that we have an export market is cotton.

One of the reasons for our present oversupply of cotton is the development of rayon. So far as I know, the principal rayon mills of our country are located in the Southern States. The foreign market for our cotton is, I am led to believe, fast diminishing.

At the present time the cotton planters of the Southland are forced to compete with the cheaper-produced cotton of the Asiatics.

This type of competition does not permit of the cotton planters of the South getting a fair price for their product. I am as much opposed to having the cotton planters of our country forced to compete with the intolerable near-slave conditions of the Asiatic countries as I am in having the industrial workers of New England forced to compete with the coolie labor of the Orient.

One of the great outlets for our cotton is Japan. It is to be expected that Japan will be one of the foreign nations with which we will be expected to enter into reciprocal trade relations. The one great ambition of Japan is the elimination on our part of the Asiatic Exclusion Act. The setting aside or, at least, the modification of that act will be demanded by Japan before she will agree to enter into any reciprocal trade treaty with us. This is not an idle dream, as those who read the Washington Merry-Go-Round may have noticed in the Washington Herald of Tuesday—yesterday—that Secretary of State Hull is credited with already arranging to ask for the repeal of the Asiatic Exclusion Act. Is it possible that the people of the Southland will tolerate

such a surrender on our part even though it were possible to dump some of our surplus cotton in that country?

To my mind, the Congress of the United States, in fairness to the people of the South, realizing that the great basic product of the Southern States is cotton and, further, that we must have an export market for that one great commodity, should make it possible for the cotton planters of the South to secure a decent return for their product.

I believe that we would help the cotton planters and we would be acting in fairness to the entire American people if, instead of jeopardizing the success of the recovery program by passing this legislation, we enacted a law whereby the cotton planters would receive a bonus or a bounty of say 5 cents per pound for each pound of cotton which is exported to foreign countries. This bonus or bounty should be paid only to the cotton planters, not to the New York and Chicago speculating gamblers.

The greatest market in the world is the American market. The one market in the world for which the Congress can legislate is the American market. Let us legislate for America.

The American people are fair. All of the propaganda which can be or may be put forth claiming that this bill, when enacted into law, will help millions of industrial and agricultural workers, falls flat when we find in the recent exhaustive report of the Tariff Commission that less than 500,000 industrial and agricultural workers combined have been deprived of employment through the loss of our foreign trade. In other words, the complete recovery of the foreign trade, which we hear so much about, would provide employment for only 5 percent of our millions of unemployed.

Mr. Chairman, I trust the Members of the House will bear in mind that our exports are valued on a basis of American values, while all our imports are valued on the basis of value in the European or Asiatic countries whence they come.

Mr. Chairman, the passage of this bill by the House will do more to retard the program of recovery instituted by our honored President than any one act I can think of. I sincerely hope that the Democratic Party will not make it possible for our Republican opponents to go before the American people and question the sincerity of our efforts to better the conditions of the great mass of the industrial and agricultural workers of our country. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, the debate on this bill indicates that the cleavage between those who favor the passage of the bill and those who oppose it goes deeper than the old sectional division between those who represent industrial sections to be benefited by a high tariff and those who represent agricultural sections that have never received any substantial benefits under the Republican policy of protective tariff. It goes to the heart of the fundamental issue of whether this Nation shall follow a course of isolation and endeavor to be economically self-contained or a policy of trading with the other nations of the world, sometimes referred to as the "internationalistic theory." In his very able discussion of the bill on last Friday, the distinguished gentleman from Michigan [Mr. WOODRUFF] said:

The only conceivable future we can hope to face under the internationalistic theory is a reduction of American living standards to the level of that of the pauper-ridden countries of the Old World and the Far East.

I take issue with my distinguished colleague on that theory. I feel that our Secretary of State, Hon. Cordell Hull, more correctly summarized the situation when he stated before the National Press Club last month that "International trade is the lifeblood of civilization." In fact, on Monday one of the leaders of the Republican side disclaimed any intention on the part of the Republican leadership to commit this Nation to a policy of economic nationalism.

The distinguished gentleman from Texas [Mr. SUMNERS] has ably pointed out that the constitutional point raised by

the opponents of this bill is not well taken. And it may not be amiss to call attention to the fact in that connection that on almost every major measure of the new deal some Republican opponent has insisted that the measure was unconstitutional, yet none of these measures has as yet been declared unconstitutional by a court of competent jurisdiction.

Realizing that the power conferred upon the President to raise or lower existing tariff rates by 50 percent is the same power that was conferred by a Republican Congress upon a Republican President, certain opponents of the bill have based their main objection to it on the ground that the trade treaties to be negotiated by the President will not have to be confirmed by the Senate, and that, therefore, the Congress will be abdicating its rights and duties in the premises. To this, advocates of the bill have replied that there are precedents for the conferring of such power upon the President and that in any event the whole effectiveness of the proposal will be nullified if each trade treaty must be referred to the Senate for approval before it becomes effective. In the first place, it is not likely that many of the trade treaties could be negotiated prior to the adjournment of the present session of the Seventy-third Congress, and, therefore, all efforts on the part of the President to win back through the negotiation of reciprocal trade treaties some of our lost foreign commerce would have to be held in abeyance until Congress reconvened on January 3, 1935.

We have likewise had a recent illustration of the time it takes the Senate to dispose of a treaty, the Inland Waterways Treaty with Canada having been before the Senate for approximately 2 months before it was finally acted upon. Assuming that 2 months would be a fair time for senatorial action, the negotiation of even 20 trade treaties would require nearly 2 years of continuous consideration by the Senate before all of them could be made effective, if at all. It should, therefore, be apparent to all fair-minded men that the real issue involved is whether or not we shall trade with other nations or endeavor to be self-contained, and I feel that those who vote on this bill should squarely and frankly face that issue, and determine their support or opposition accordingly. If we are to be a self-contained nation, let us frankly face the fact that we are producing in the United States more cotton, wheat, tobacco, apples, and hogs than are now being consumed domestically, and more than ever will be consumed.

The Secretary of Agriculture said that to be self-contained we must eliminate from agriculture at least 40,000,000 acres of land, which, of course, will involve the transfer from farming to some other activity of three to four millions of farmers and farm laborers. Let us frankly face the fact that to be self-contained we must strictly regiment not only the cotton growers, as we propose to do under the Bankhead bill, but likewise the wheat growers, the tobacco growers, the apple growers, the hog growers—in fact, everything that is now produced on the farm. If we are to be self-contained, let us frankly face the fact that there will come inevitably conflict between the 30 millions now directly dependent for a livelihood upon agriculture and those who labor in our mills and factories. Should the income of our farmers be artificially raised to a level with the wages of organized labor, the tendency will be for the cost of living from that point to rise faster than wages.

We have already had a good illustration of what it costs the consumer to artificially raise the income of one small class of farmers, namely the beet farmers of the United States. The subsidy granted that farm industry by the Hawley-Smoot tariff is costing the consumers of the United States about \$200,000,000 annually, an amount almost sufficient in any normal year to buy out the industry, lock, stock, and barrel, and likewise sufficient in any normal year to buy the entire acreage engaged in the raising of beet sugar at a valuation of \$200 per acre. There are at the present time about 200,000 farmers and farm laborers engaged in raising sugar beets, and considerably less than that for the past 5-year average, and about 30,000 engaged in the beet-sugar mills. In the district in Virginia from

which I was elected to the House, there are nearly 100,000 more people than the total number engaged in the beet-sugar industry, and six times as many acres as there were acres planted in sugar beets, even in the big year of 1933. No one has proposed under the pending bill to put the beet-sugar industry out of business, or to unduly hamper its present operation. All that has been contended is that it has been an expensive luxury and should not be further expanded at the expense of the general consumer. If instead of being scattered over 16 normally Republican States the beet-sugar industry had been confined to my district in Virginia, I have an idea that the Congress that framed the Hawley-Smoot tariff bill would have given to beet sugar the same protection that it gave to Virginia pine pulpwood, namely, none at all.

The distinguished gentleman from Michigan (Mr. WOODRUFF) contended that the loss of our foreign markets for farm products was a natural and normal economic evolution. In the first place, the fact remains that this so-called "economic evolution" did not occur until after the passage of the Hawley-Smoot tariff bill and not until long after our best European markets had felt the full and devastating effect of the World War, which meant for so many of them poverty and suffering. It was freely admitted by the European delegates to the London Economic Conference of last June that the policy adopted by the United States in the enactment of the Hawley-Smoot tariff had forced the nations with which we formerly traded to adopt trade barriers in self-protection. Had we held our 1929 ratio of world trade we would have exported \$700,000,000 more than we did in 1932. Take the case of France, for instance. The impetus for the extreme nationalistic spirit in France was undoubtedly given by our high protective policy. All our farm exports to France after the enactment of the Hawley-Smoot tariff fell off tremendously; the export of apples to France declined as much as 52 percent. France placed a tariff of \$1.75 per bushel against our wheat and urged French farmers to produce enough wheat to feed the nation. That certainly was no economic evolution. I do not know the exact tariff that France placed upon our beef, but I do know that last summer the cheapest cuts of beef sold in Paris at 30 cents per pound, and beefsteak at \$1.25 per pound, while our markets were so glutted with a surplus of beef that our farmers could scarcely realize 2 cents per pound for prime steers. What was the result of this policy of economic nationalism in France? Living costs went up faster than wages and there were constant labor strikes and industrial troubles. The price of wheat and other farm commodities went so high there was a buyer strike, and the farmers who had been encouraged to raise more and more wheat had it on their hands without a market. A ministry fell on January 31, 1933, another fell on October 20, 1933, another on November 24, 1933, another on January 30, 1934, and another on February 8, 1934.

When the French delegates reached the London Economic Conference, they appealed for some international agreement and a quota system on wheat to relieve France of the disastrous effect of its efforts at being self-contained, but Australia was unwilling to make concessions, Argentina was unwilling to make concessions, since these countries, like the United States, had conceived the bright idea that they could continue to sell to other countries but not continue to buy. We can learn something from France with respect to unsound money. We can learn something from France with respect to economic nationalism. Should we ever adopt such a policy in this country, we can expect class warfare and disastrous consequences.

I do not believe in artificially raising the necessities of life that come from the farm above the ability of the average consumer to buy; I do not believe in the regimentation of our farmers as a permanent and continuing policy; I do not believe that we have any right to say to some 3,000,000 farmers: "You can no longer engage in that type of making a livelihood for which you are best qualified by both inheritance and training and which you prefer." It is not our gothams but our rural sections where we find that strongest

allegiance to our established institutions and where we find best exemplified the sterling qualities of character that are so essential to the perpetuity of a nation.

Both the distinguished gentleman from Massachusetts [Mr. TREADWAY] and the distinguished gentleman from Michigan [Mr. WOODRUFF] express the belief that our foreign markets are irretrievably lost and that we will never supplant those nations that now have the foreign trade that we once enjoyed. I think I can demonstrate to you the fallacy of that with respect to the export of just one farm commodity—apples. Our State Department negotiated its first trade treaty with France in connection with the importation of French wines.

Prior to the enactment of the Hawley-Smoot tariff not a single nation had erected trade barriers against American apples, and our normal export of apples amounted to an average of 21,000,000 bushels per year, which was 20 percent of our commercial crop and about 50 percent of the commercial crop in the district I represent. The principal apple-exporting States are Washington, Oregon, California, Montana, and Idaho in the West; and Virginia, West Virginia, Maryland, Pennsylvania, New Jersey, Delaware, and New York in the East. The 5-year average up to 1932 of the value of export apples was \$28,362,052, which meant 100,000 carloads of freight and 100,000 carloads for trucks. It may surprise some to learn that the export value of apples ranked next to wheat and cotton and thirteenth in the list of all commodities exported by the United States. What happened when other nations of the world decided to retaliate against the United States? Did they buy their apples from other countries? Impossible, because it takes from 12 to 15 years to bring an orchard into bearing; and yet our exports for the 1932-33 year fell off 33 percent; 38 percent in the British markets, our best customer, and 52 percent in France. And then, as I have said above, the State Department negotiated one trade treaty with France whereby France agreed to accept 20,000 metric tons of apples in return for the privilege of shipping us wines that the citizens of the United States seemed very much to want, and the importation of which, to some measure, prevented local producers of wine from gouging the public.

Under this arrangement we promptly shipped to France 1,160,000 bushels of apples, and the price at port, which had been about a dollar a box, doubled. That was more apples than we had ever shipped to France during any similar period, and France has since agreed to accept an additional 5,000 tons. The apples shipped to France did not, as one speaker has contended, lie on the docks and rot. A few French importers failed to procure the required Government certificate for the importation of American apples and they had some difficulty in disposing of them. A few of these may have rotted on the docks, but most were reshipped to other countries. It is true that after entering into this agreement with us France boosted her tariff on apples from 30 francs per quintal, which is about 4 bushels, to 125 francs, but this tariff rate was maintained only 1 week, when the original tariff of 30 francs was restored.

Gentlemen have asked how the President would use the powers to be conferred upon him by this bill. I answer that there is a \$38,000,000 export business in apples that will be in great distress without foreign markets, and if the apples of the eastern and far-western export States can only be sold in our domestic markets the Midwestern States that produce primarily for home consumption will find their markets ruined.

The Democratic platform, upon which the Democratic Members of this House were elected, advocated reciprocal tariff agreements with other nations, and this is our opportunity to carry out that platform pledge. Our President is committed to a competitive tariff policy, and therefore no Republican Member of this House has the right to assume that he will negotiate a trade agreement that would admit foreign goods on an unfair noncompetitive basis. And the representatives in this body of industry should realize that the farmer is industry's best customer. If the farmer cannot sell his surplus crops abroad, he cannot purchase the

products of industry; and when the farmer cannot purchase, unemployment in industry commences and a general stagnation, such as we have witnessed for the past 3 years under our policy of isolation, results. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. I have tried to approach the problems involved in this proposed legislation from the standpoint of the general effect upon the country and then from the narrower view, the effect upon the district which I represent. I am frank to say that there are industrialists in my district who are in favor of this legislation, and they approach it from the standpoint of the possibility of reciprocal trade agreements. In viewing the question as to how I should vote on the proposal I have had in mind the suggestions which I have received from these same industrialists, some of whom are Republicans, to determine if in the larger aspects the benefits that they may derive—and I concede there are some—will outweigh the disadvantages. In this connection I was very favorably impressed with the remark made by the gentleman from Ohio [Mr. MARSHALL] when he said that under no circumstances did he want to intrust to the traditional enemies of tariff in this country the administration of an act which might under the most favorable circumstances mean doubt and uncertainty for every industry in the country. On the basis of the general effect of legislation of this character I have determined to vote against it.

I favor the idea of reciprocity. The possibility of tariff reductions in certain schedules even to the extent of 50 percent through reciprocal trade agreements does not alarm me in the least. I am not so deeply concerned about the constitutional phases of this legislation, but it occurs to me that when we pass a bill of this kind we strike at the very heart of the recovery program, because there is nothing that strikes terror to the hearts of human individuals more than uncertainty and doubt. This is exactly the way you are going to leave industry in this country when you pass a piece of legislation of this kind.

When you deal with industry you are dealing with individuals. The owners of a factory are not the only individuals involved. The laborers who man the plant and the producers of the raw material that are required to make the finished product, the citizens of the community dependent for their very existence upon such an industry are the subjects of the harmful effects of legislation which defines no policies, follows no principles, and leaves only doubt and uncertainty in its wake. Where in this entire debate can you show me a person who has dared to explain what product of the American farm or factory is to go on the bargain counter to be traded for foreign importations. That remains a secret locked in the bosom of men who have indicated by their utterances that they propose to trade away any industry which they have seen fit to label as inefficient. Cheese and sugar are two products of the American farmers which have been mentioned as inefficiently produced in America, and presumably they have been marked for slaughter if these men are invested with the authority to enter into trade agreements with foreign countries.

Let me at this point insert portions of a letter I received on this subject:

The competition which is working against manufacturers of wood-slat porch shades in the United States and which may eventually put us all out of business unless it is stopped, is the competition brought about by the importation from Japan of what is known as "wide-slat painted bamboo porch shades." These porch shades are imported by various importers.

Dealers inform us that they are being quoted by Wolf-Galluspan & Sons, 682-688 Grand Street, Brooklyn, N.Y., on wide-slat painted bamboo porch shades, which look very, very much like our porch shades and are made in the same way and painted in the same color, a price of \$1.60 for a porch shade 6 feet wide with a drop of 6 feet 8 inches, while we are obliged to get, in order to pay the wages we pay, the price we pay for lumber, cord, twine, taxes, etc., included in the cost of manufacturing our porch shades, \$3.88 for our porch shade woven 6 feet wide with a drop of 7 feet. That is, merchants can buy imported bamboo porch shades, wide slat, the style we make, painted green, the style we also make, of the above firm for \$1.60; and these importers get these bamboo shades in Japan, pay the freight from Japan, pay the present high import duty, and still sell them for

\$1.60 to the stores in the United States in competition with us who are obliged to get \$3.88; and I will frankly state that there is very serious doubt whether the price we get for them, \$3.88, will cover the cost of the shades to us this year.

Would it be fair to say that because Japan can produce a shade at a cheaper price than it can be produced in America under American conditions and by free American labor that this industry should be wiped out? This is not an isolated case. It is typical of thousands of American products, and yet we are asked to blindfold ourselves and vote industry into the uncertain position where they may be wiped out of existence by the stroke of the pen and without so much as a hearing. In the face of the President's recent request that industry increase employment and increase wages you now propose to these same industries now in competition with foreign manufacturers that they may at any time be face to face with a reduction in what tariff protection they now have. My contention is that you block recovery with any such proposal; I repeat that doubt and fear and uncertainty of the future will lead industry to contract rather than expand their activities, all of which decreases employment and purchasing power.

Without destroying the effectiveness of a reciprocal tariff bill the right to a hearing could be added, and the policy upon which the treaties are to be based could be defined. Labor, industry, and our farmers have a right to be heard; they have a right to protect their interests, and I do not propose to vote for any measure which is inimical to their interests and clearly contrary to American ideas and ideals.

Mr. TREADWAY. Mr. Chairman, I yield 11 minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Chairman, in order to understand what this bill really means and the motives back of it, one has only to bear in mind the extensive tariff powers which Congress has already given the President and the form in which they have been granted. From much of the discussion of the last 3 days one might gather that under present law the President is estopped from taking any quick action on the tariff in response to rapidly changing conditions throughout the world. I want to remind you that such is not the case, that Congress has by a series of acts given the President a large measure of authority to make changes in the tariff by Executive order and that these grants of authority are still valid and at his disposal. The essential point which distinguishes the powers already given him from the power which the President's advisers are now asking for, is that Congress hitherto has always formulated the general principles and fixed the general rules under which he can act, and that now his advisers want all of these rules and principles abrogated. What they want is unrestricted power given him to manipulate the tariff according to their own notions without the interference of any check or guidance. It is only when you realize this fact that you can grasp the full significance of what the President's advisers are now demanding in this bill.

For the purpose of clarifying this statement, let me instance some of the powers over the tariff which we have liberally given the President, and point out how in each case Congress has named the conditions and determined the policy under which he should exercise them.

First. In the so-called "flexible clause" of the Tariff Act of 1930, Congress gave the President the right to raise or lower customs duties by as much as 50 percent in either direction. But in that measure Congress at the same time established two rules to control his action. He could decree such changes in the tariff only for the purpose of equalizing domestic and foreign costs of production, and these changes must have the recommendation of the body of experts, of his own appointing, known as the "Tariff Commission." It may be worth recalling that only twice has he taken advantage of this right to increase duties, while on four occasions he has used it to reduce them.

Second. In the same act Congress gave him further power to make changes in the tariff. It provided that whenever he found that the foreign production or export of any dutiable commodity was being directly or indirectly subsidized

he was to decree countervailing duties upon the imports affected. Congress in this case ordered the Secretary of the Treasury to investigate and ascertain to what extent foreign governments were aiding, either the export or the production of commodities coming into this country, and he was then to levy additional corresponding duties upon their import. It should be noted that although this was a grant of power for the protection of American undertakings against unfair foreign competition, there is no evidence whatever that the present administration has made any endeavor to follow the instructions of Congress in this regard. It has never sought to ascertain which foreign industries or how far such industries are being subsidized, and it follows that it has never levied any countervailing duties.

Third. Under the act of last year which established the N.R.A., Congress gave the President greater authority over the tariff than had even been given a Chief Executive before, and again Congress named the conditions for its application. He was given blanket powers to fix the terms and fees for the entry of commodities, wherever rising costs of production in America, due to the N.R.A. codes, caused danger of foreign competition. Congress authorized him for this purpose not only to change the customs dues by Executive order, it authorized him to transfer articles from the free to the dutiable list; it authorized him even to declare embargoes.

Here also it must be observed that the President and his advisers have not given the slightest indication of any intention to use this power. American industry is now operating under innumerable codes throughout the country. Under them, the hours of labor have been reduced and the wages of labor have been increased. The American costs of production have been heavily raised, and the domestic level of prices is surging upward. Competing foreign producers have inevitably been benefited not only because increasing domestic costs hinder our export trade but because they help foreigners to undersell us in our own markets.

Yet, although the situation would justify the President's use of the power that Congress gave him for the protection of American industry and of American labor from the conditions brought about by the codes, and which are clearly advantageous to foreign competitors, he and his advisers have not seen fit to exercise it.

Instead of using the powers they already have the Presidential advisers come before us today urging that we yield them still further control over the tariff. They apparently are not much interested in the opportunity to use the tariff to protect American industry against changing comparative costs of production. They are not concerned about the effect of subsidies to foreign competitors upon American business and employment. They are not perturbed by the benefits which our codes confer upon these foreign competitors. They seem to be interested in only one aspect of the tariff, and that is how they can lower it so as to enlarge our imports from abroad and make foreigners more prosperous. They have a theory about the tariff which is as obscure and round-about as many of the other theories that have been tried upon our long-suffering people during the past year—that if they can make foreigners more prosperous, even at the expense of some of our own industries and workers, then other of our industries and workers may reap a gain through the greater sale of their goods to the foreigners whom we have thus endowed. They want the power, therefore, through tariff manipulation to trade one industry in this country for another. They want the power to sacrifice certain American businesses which they consider unimportant for the benefit of other businesses which they think more worthy of preservation. They want to be able to arrange these swappings by secret Executive action, without giving any of those who are about to be sacrificed an opportunity to appear and present their case. They want to be able to deal with every American industry as arbitrarily as they recently dealt with the aviation industry when they canceled the air-mail contracts without warning or hearing. They want to be able to withdraw all Govern-

ment aid or protection, wherever it may exist, without any previous notice and without extending a chance to be heard to those for whom such action may be a matter of economic life or death. They want this power to be given them unhampered by any prescribed rules or principles of guidance, without the necessity of any previous investigation or recommendation by the Tariff Commission, and without any possibility of subsequent rectification by the House or the Senate.

If there is any conceivable measure that would create greater uncertainty and instability in our economic life than this proposal, I must confess that I do not know what it might be. To many of us it has seemed doubtful for some time whether the ingenuity of theorists could devise any more effective means for upsetting business recovery than certain of the experiments already tried during the past year, but we have here in this bill exactly such a proposal.

Mr. Chairman, this is indeed the climax of the governmental policy initiated a year ago. On the 11th of last March Congress unwittingly took the first of a series of steps which have led consistently and inevitably to the bill before us. On that day, acceding to the insistent request of the President, Congress, without realizing what was to follow, voted to give him unheard-of power over the expenditures of the Government, including the compensation of our war veterans and the pay of our Government employees. Then Congress gave him and his advisers almost limitless power to experiment as they saw fit with our monetary system. Congress followed that by giving them like power to experiment with almost every branch of agriculture. As if that did not offer sufficient scope for the innovating spirit, Congress next turned over to them the management of every industry, large and small, in the country, with power to determine their wages and hours of labor, power to fix their prices, even power to control their output. By a series of other measures Congress put at their disposal vast authority and vast amounts of money, which has enabled them to displace private industry in many lines through heavily endowed Government projects. There remained, however, one field of control which Congress had not relinquished. It has turned over to the President and his experts control of all domestic trade and industry, but it had reserved some measure of power to regulate our commerce with foreign nations. The bill before us is an attempt to fill that gap and complete our abdication. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am glad of this opportunity to add my views to the marathon of words on this highly important issue, but due to the limited time, I will confine myself to a discussion of the tariff bill in relation to our representative form of Government and the Constitution of the United States. We Republicans are content with the Federal Constitution as it is and under which we have developed into the greatest and freest nation on earth. We only ask that it be administered in the spirit of its framers and that its privileges and blessings be preserved for the benefit and welfare of the American people of our own generation and generations yet to come.

The Republican party stands where it always has stood—the supporters of the Constitution as our fathers gave it to us. It still stands as the sworn friend of the Constitution and the sworn foe of its enemies.

The disastrous defeat of the Republican Party in 1932 left but a small number of us in the House of Representatives to carry on sound Republican principles. Although somewhat dazed by the extent of our losses we were not disheartened, knowing well the incapacity of the Democrats to function as a national party and to keep within bounds of reason and govern with moderation.

The President has established a new form of government. He leans but little on his Cabinet or on Congress. The real government consists of a kitchen cabinet of professors, radicals, and near Socialists. Many of them are admirers of the system of government in Soviet Russia, and are bend-

ing their efforts and energies to bring about an approach to that system in America.

President Roosevelt evidently is not concerned with either the Constitution or our representative form of government, or he would not have asked for unlimited powers to make reciprocal trade agreements with foreign nations. The request in itself is unworthy of the President, and must be another "brain trust" proposal entered into without mature consideration. I would have no objection to giving that power to a nonpartisan Tariff Commission, provided it could report back to the Congress for final approval. I would favor such a policy in dealing with Canada, Mexico, and Central and South America. We should be willing to make trade concessions to these countries which are our natural markets.

The President, in his recent N.R.A. speech, used these words:

The real truth of the matter is that for a number of years in our country the machinery of democracy had failed to function.

The President is not helping to uphold our American ideals and traditions by joining the hue and cry and carping criticisms both from within and from without our country against our free institutions.

The hardest blow ever dealt our democratic system of government is the request he has made on the Congress to abdicate its constitutional powers to enact tariff legislation which includes the taxing power.

The conferring upon the President the right to make trade agreements without the final sanction of Congress is not only unconstitutional but is an outright betrayal of our representative form of government. It amounts to an open admission by Congress that, after 145 years of dealing with tariff legislation, it is now incompetent and unfit to legislate properly, intelligently, and in the public interest. We are called upon to violate our oath of office to uphold the Constitution and betray our duties as representatives of the people by abjectly surrendering our taxing powers, the main reason for the existence of the House of Representatives, to the President. When we do that we become nothing more than rubber stamps. We have already provided for a 59-cent rubber dollar, and now we are asked to rubberize the Constitution of the United States.

For a number of years Mussolini, Stalin, and Hitler have been making public statements about the dismal failure of democracy, and particularly of the failure of parliamentary or representative government to function. They need no longer laugh up their sleeves, but if this bill passes they will cry out from the housetops the doom of democracy. What a travesty, without rime or reason or any emergency except a manufactured one it would be for Members of Congress to abdicate their main powers and functions and help to destroy the usefulness of Congress and our legislative system of government. To me it is a tragedy far beyond the merits or demerits of the pending legislation.

Both my father and grandfather, of the same name, served in this House, and no President, no matter what party he belongs to, can persuade or coerce me to betray my trust and help destroy our representative system of government which in the past has been the pride and glory of free men and of a mighty Republic. [Applause.]

My fellow Members, why sacrifice that which has been tried in the darkest days of the Civil War and in the midst of a World War to turn from our representative and legislative form of government to giving dictatorial powers to the Chief Executive? He holds no mandate from the American people to destroy American industries and the American market for goods produced by our own wage earners. Up to recently the United States has been the greatest free-trade country within its own boundaries in the world. However, this administration, by the use of subsidies and processing taxes on cotton and foodstuffs, has virtually imposed heavy duties on the American people for purchasing their own goods and mirabile dictu now proposes, through reciprocal trade agreements to show favoritism to the goods produced by cheap foreign labor in Europe, China, and Japan.

The Republican Party believes in maintaining the American market for our own producers and laborers. When we depart from that well-recognized policy of affording adequate protection to our own industries and wage earners it means smokeless factories and millions of more unemployed. What we need is more protection in these trying times, not less. Under Republican administrations for over 60 years the American people have been the best paid, the best housed, the best fed, and the best clothed, and the most contented in the world.

It is well to remember that the Republican Party under a protective tariff system gave the American people from 1921-29, the greatest degree of prosperity ever known in any country in the history of the world. It is not the fault of the Republican Party if the people were wasteful and extravagant, and abused the overabundance or surplus of prosperity we gave them and led on by the big international bankers went money mad and tried to get rich overnight by joining in an orgy of speculation and gambling.

Mr. SABATH. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that the gentleman from New York voted in 1922 and again in 1930, if I am not mistaken, for reciprocal trade agreements, and is it not a further fact that the gentleman voted with me for the Tariff Commission?

Mr. FISH. I just stated I would favor a nonpartisan Tariff Commission to investigate and report back to the Congress of the United States for final action. When we surrender our tariff-making power under the provisions of the pending bill we surrender it entirely. I favor also reciprocal trade agreements particularly to promote the export of our agricultural surplus provided such agreements would be submitted to Congress for approval.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5½ additional minutes.

Mr. KNUTSON. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Minnesota.

Mr. KNUTSON. There is no provision whatsoever in this legislation for hearings, and the American manufacturer will be absolutely at the mercy of the whims of one man or a small group of men whom the President may designate.

Mr. FISH. The gentleman knows that it is not the policy of the Democratic Party to allow hearings. This was proven in the air-mail controversy. [Applause.]

Mr. TRUAX. Will the gentleman yield?

Mr. FISH. I am sorry. I cannot yield further.

Thomas Jefferson would turn in his grave at the thought of transferring such autocratic and despotic taxing powers to the Chief Executive. Where are the constitutional and Jeffersonian Democrats in this contest against an economic dictatorship? If they vote for this bill, it must be in open violation of every principle of Jeffersonian Democracy. If they vote for this bill, it is a plea of confession and avoidance. They must confess to their constituents back home that as a party or individually they are not qualified to legislate or to act in a representative capacity in accordance with the provisions of the Federal Constitution, and in order to avoid the natural consequences of their incompetence must turn the entire tariff powers over to the President and the "brain trust."

What will be the logical answer of the people back home? "We sent you to Washington to look after our interests and to legislate intelligently and not to abdicate your constitutional powers and set up an economic dictatorship. If you are either unable or unwilling to perform your constitutional legislative duties why we will look around and get some one who will."

I do not seek the defeat of my colleagues, but the price of betraying their trust as representatives of the people back home warrants defeat at their hands. Has the flame of liberty burned so low that Members of Congress can betray the constitutional rights of a free people by turning the taxing power over to the Chief Executive without a

remonstrance? Have the memorable contests and oratory of John Hampden in England, Mirabeau in France, and James Otis and Patrick Henry in our own country against taxation without parliamentary representation been all in vain? As James Otis pointed out, this principle caused one English King to lose his head and another to lose his crown, and he might have added it also caused the American Revolution. Must we again revive this age-old fight? There is no alternative if this tariff bill is enacted into law.

The next national campaign will then have to decide as between the restoration of our American representative form of government and a socialistic dictatorship. On that issue of Americanism against socialism there can be only one answer, no matter what other issues are injected into the campaign.

What is needed badly at this juncture of our economic life, when business is at a low ebb and struggling to work its way out of a lengthy depression, is sound common sense, and there seems to be little of it.

What is really needed is a restoration of business confidence in order to turn the wheels of industry and provide employment. However, business, instead of being encouraged is discouraged at every turn by new shackles imposed by the "brain trust" and by doubts and uncertainties engendered by the proposed tariff bill.

What is needed is the restoration of individual effort and initiative which made our country the greatest, richest, and freest republic in the world.

Instead, the "brain trust" promotes collectivism and regimentation and rushes from one socialistic experiment to another. The Republican Party must not remain supine any longer. We must not look backward; economic conditions have changed. We must go forward on a sound liberal platform in favor of a square deal for both capital and labor. We must stand as we have always stood, against state socialism and for the Federal Constitution as the rock upon which our constitutional liberties and republican form of government is founded. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. Lewis].

Mr. LEWIS of Maryland. Mr. Chairman, although I have had more experience with the tariff subject matter than any other subject in my public work, I confess that I rise to address you this morning with little feeling of adequacy to the subject and the occasion. May I say in beginning that I shall not address myself to the philosophy of the tariff as a commercial or as an industrial policy, but should like to direct your attention specifically to methods in tariff making.

THE GENERAL POLICY

The first question, obviously, which a political party in Congress has to determine in approaching the subject of the tariff is the general policy which it intends to apply. May I say that as to determining the general policy itself I believe no body—certainly no other public body—in the United States would offer the same competency in making a wise decision on the general principle.

Having decided its general policy, it then must determine its methods of application of that policy to the subject matter, namely, the articles of commerce. In the existing law the general policy proclaimed is the imposition upon articles requiring it of a protective duty sufficient to measure the difference in cost of production between its domestic and foreign manufacture. The object, obviously, is to place the domestic manufacturer on the same terms of equality with regard to the foreigner that he enjoys with regard to his domestic rival.

The idea of the difference in cost has two objectives. The tariff should not be too high, having effected the purpose of protection to the domestic manufacturer, because the protectionists of the country are consumers as well as protectionists, and it was realized that in imposing this tariff they were imposing a sales tax on American consumers of the products, a sales tax collected, when the tariff is effective, not only from the foreign articles consumed but in effect from the competing domestic product as well.

This, then, is the general policy declared in the existing law. I shall accept this policy as the basis in discussing methods.

CATALOGING THE ARTICLES

Now, in order to apply this principle in determining the tariff rates, obviously, the first thing the Congress would need to know is the nature of the subject matter—that is, what are the articles involved? It must first catalog the articles in order to determine the rates which should be applied to them, and having cataloged the articles satisfactorily, it must then determine whether the articles are produced in the United States and are therefore subjects of possibly injurious foreign competition. The articles may not, perhaps, be produced in the United States and so no protective-tariff policy would be involved at all.

But the tariff is not one thing, not ten things, not a thousand things, not ten thousand things—do not smile at the statement, it is deliberately made—the tariff is not even limited to one hundred thousand things, when applied to our articles of commerce.

Let me give you a visual illustration. Here is a familiar Sears, Roebuck catalog. You are all familiar with its character and its contents. How many articles do you suppose there are in a Sears, Roebuck catalog? They run about 20,000. Only omniscience itself, it is obvious, could determine the differences in cost of production here and abroad of its articles or apply any other protective rule to them upon which the congressional mind might agree. There are over 20,000 articles of differing prices, and so of varying costs, in a Sears, Roebuck catalog alone. The Tariff Commission, in its reports, refers to the gross number of different articles of commerce in these words, "The almost countless articles of commerce."

TESTS IN APPLICATION

Having cataloged these articles, it would next be necessary to apply certain tests, say, first: Are these articles produced here in the United States? If so, then a second test: Are the articles produced here in quantities sufficient for our needs? For if an article were, like wool, of which we produce about one half of our needs, and where the imposition of such tariff sales tax would apply to all the consumed products, whether foreign or domestic in character, the Congress might conclude that such a burden upon the consuming American public was not justified by the protective policy, and would decline to make such an application.

There are other tests also that the rate maker would find it desirable to apply. I do not have time to discuss them now.

NO CATALOG MADE

Has any Congress even undertaken to so catalog the articles, to identify the articles, as to which these tariff rates have been applied? The answer is that Congress never has done it, and would have great difficulty in doing it.

Now, Mr. Chairman, let us be frank with ourselves. In all the history of tariff making in this body, during our lifetimes, can we fairly say that any body of men, whether gathered from the party of Abraham Lincoln or the party of Thomas Jefferson, could assume or pretend to possess the knowledge of the articles concerned absolutely essential to doing justice to the commerce involved, to the domestic manufacturers involved, and to the consumers who must bear the ultimate burden?

In default of such knowledge what then has Congress done in applying its policy—Republican or Democratic—to this subject matter. They have not cataloged the articles.

BASKET OR CATCH-ALL CLAUSES

What has been their method of treatment? Well, they have noticed about 3,000 articles only, the more familiar articles of human use, which are now named in the tariff act, and as to other articles said to be almost countless, what has happened? Well, they resorted to catch-all clauses. Let me give you some examples.

Look at this catalog of chemical glassware—paragraph 218 (a) of the act. It has thousands of different articles, all bearing the same rate of 85 percent, without regard to their

differences, even when they are not produced in the United States.

Here is another such catalog of scientific instruments. It contains upward of 5,000 items. Paragraph 360 of the present tariff act imposes on them all a duty of 40 percent, with the single words of description "Scientific articles, instruments, and apparatus." I make the declaration deliberately, that the probabilities are that of all the thousands of articles in that catalog not one of them ever came into the consciousness of any single Member of Congress when they were imposing these rates. Gentlemen, that is not rate making; that is anarchy. It is utterly impossible that such rates can be rational under any principle of protective policy that might be devised.

Now please observe this catalog, "Surgical Instruments", under the catch-all clause of paragraph 359. The number of articles in this catalog of about 1,000 pages are estimated to reach from ten to fifteen thousand, yet you have one single rate of 55 percent in the tariff act applicable indiscriminately to all. Yet it is well known that we have to import 90 percent of our hard-steel surgical instruments because they are not made here. The soft-steel surgical instruments we do make and their mass production permits them to take an export character besides. Even the sick were overlooked in this catch-all clause.

Here is another catalog of about 700 pages, which comes under the catch-all clause applied to metal cutting tools. Certainly, none of these could have come into the consciousness of this body in determining rates; and yet there are thousands of them, and the same rate of 50 percent is applied indiscriminately to them.

Take the porcelain catch-all clause. It carries thousands of different articles of porcelain of different prices, cost, and characteristics, all at one rate. Blown-glass tableware is another example, with a 60-percent rate. This catalog also carries thousands of different articles.

Observe now this swelling catalog of more than 500 pages with thousands of articles falling under the catch-all clause of paragraph 360 at 40 percent, namely, chemical and industrial laboratory apparatus.

Probably a hundred such catalogs could be exhibited, but I shall only ask you to note at this time catalogs on "Musical instruments", with its 176 pages, falling under paragraph 1541, and its catch-all clause, "Musical instruments." Also a catalog of 540 pages, estimated to contain 4,000 articles, which fall under the catch-all clause "Drawing instruments", with a 45-percent rate; and, finally, this catalog carrying from 3,000 to 4,000 articles at 35 percent, falling under the catch-all clause "Dental instruments", paragraph 359.

The use of these catch-all clauses is found in all the schedules of the tariff act. I have counted some 264 of them.

Some of the fundamental necessities are thus recklessly treated; for example—

Paragraph 917. Underwear and all other wearing apparel of cotton or fiber, machine or hand knitted, n.s.p.f., 45 percent.

Paragraph 923. All articles made from cotton cloth, n.s.p.f., 40 percent.

Paragraph 1017. Clothing and articles of wearing apparel of every description made of vegetable fiber other than cotton, n.s.p.f., 35 percent.

Paragraph 1120. Wool, all manufactures of, n.s.p.f., 50 percent.

Paragraph 1211. Silks, all manufactures of, n.s.p.f., 65 percent.

Paragraph 1531. Manufactures of leather, parchment, rawhide, n.s.p.f., 35 percent.

Paragraph 1536. Manufactures of amber, bladder, or wax, n.s.p.f., 20 percent.

Paragraph 1537. Manufactures of bone, chip, horn, quills, whalebone, grass, straw, weeds, india rubber, palm leaf, n.s.p.f., 25 percent.

Paragraph 1538. Manufactures of ivory, vegetable ivory, mother-of-pearl, shell, plaster of paris, and hard rubber, n.s.p.f., 35 percent.

Paragraph 1552. And all smokers' articles whatsoever, n.s.p.f., 60 percent.

Paragraph 1558. All articles manufactured, in whole or in part, 20 percent.

May I say, without offense, that men who are willing, in a body like this, to subject their country's commerce and consumers to a disposition as reckless as these catch-all methods are not showing the responsibility in public matters

which we know we can expect from them in individual affairs.

BLIND TARIFF RATE MAKING

Mr. Chairman, what is to be expected under such lack of method in applying a protective policy? Well, not only have prohibitive rates resulted from the sales taxes thus imposed without any knowledge of their application upon the part of congressional rate makers. I have a list compiled, which I shall also insert in my remarks, showing some 600 articles by name, equal to about one fifth of those named in the tariff act, where the rate exceeds 50 percent and rises in some instances to 300 percent. Indeed, there are applications of this blind tariff rate making where the rate has mounted to over 2,000 percent. Besides, literally thousands of articles not made in the United States at all are also subjected to the rates. I shall insert in my remarks a list of more than 250 of such articles by name.

PROTECTIVE RATES ON ARTICLES NOT PRODUCED IN UNITED STATES

May I cite a few examples which have come to my notice arising under the tariff on scientific instruments. Some time ago I, myself, desired to secure an electrical measuring instrument, which on inquiry was found not to be produced in the United States. It was produced in England and available there at \$125. But the tariff on top of the price increased the cost to the prohibitive point for me, and the purchase was not made. The department of physics, New York University, wished to purchase a number of instruments ranging in prices from \$600 to \$1,000, which were not produced in this country, but because of the added cost of the tariff it was decided that the purchase could not be made, and the students were denied the use of desired equipment. Harvard University needed two instruments for astronomical research, one a photoelectric stellar photometer it had ordered in Germany, the other a thermoelectric microphotometer which it might secure in Holland, to cost about \$1,000. But with the additional tariff of 40 percent it was not certain that college finances would permit the purchase. None of these articles were produced in the United States. There are very many other such articles not produced here. It is probable that the free admission of such articles (not produced here) would prove sufficient to cover and permit the annual war debt payments due the United States by other countries.

CONCLUSIONS

What is the lesson to be derived from such lack of methods in our rate making? The lesson, to my mind, can be very briefly presented. There is such a thing as function, there is such a thing as division of labor in this world. The auditor, the cost accountant, the specialist, have all become indispensable in our civilization. In our own private affairs we employ them, and we take no chances whatever. But with regard to this most important subject, the commerce of our country, the crudest methods of 150 years ago are still in vogue. It is a matter of the gravest consequence that in making these tariff rates we do not interfere irrationally with the free movement of commerce. I know there is a type of mind that can notice only the statistics of imports. Imports are easily visible to him while exports possess no visibility. My own view is that Newton's great law of mechanics is as applicable in commerce as it is in the physical world:

Action and reaction are equal and opposite.

The incoming tide must equal the outgoing tide. The incoming tide as imports and the outgoing tide as exports must balance. We can no more cheat the laws of equilibrium in commerce than we can cheat the immortal laws of Sir Isaac Newton himself. But in endeavoring to do so, in a childish way, we do sorely cheat ourselves; we may get a dime so close to the eye as not to see a dollar a yard off, such is the angularity of selfish vision.

In trying to effect these little advantages, what often happens? Knowing not the field before us, we set up influences—industrial and commercial influences—which work their destructive effects not only upon our own industries but upon industries in other parts of the world. A British banker some years ago gave a very striking concrete

illustration of the interdependency of world industries. He said that if Russia were suddenly to stop buying tea from India and Ceylon the demand of India for textiles in Great Britain would immediately suffer a decline, and with such decline for textiles there would be a falling off in the demand by the British factories for the cotton crops of our own South; and, of course, as our cotton crops fell in price, a fall in market demand for agricultural machinery would also follow with a whole trail of similar consequences.

Mr. Chairman, my public work has been such that I have had to read a great deal upon this subject. I think the wisest short statement I have ever read was a statement by Henry Sidgwick, an economist and philosopher of the last century, not only one of England's greatest men but perhaps one in a dozen of the greatest men of the nineteenth century.

In summarizing his view of the tariff he said—and I can only quote him roughly—that he did not wholly agree with the classical economists who contended that the tariff never could be made to work a national advantage for the country imposing it; that he himself thought he could conceive instances where a little protection imposed here and there would effect a national advantage in particular cases; but that what he could not conceive was a parliament of men with sufficient wisdom and knowledge of the commerce and industry of the world to pick out only those instances for the application of protection and with enough strength of character to withdraw inexorably the subsidy when the occasion for its application was passed.

Now, just another moment in conclusion. My view that this body is not now and never can be competent to calculate the rates necessary in the rational application of protection must be clear enough. The opinion of Henry Sidgwick, considering the countless number of articles involved, seems to be conclusive. But we cannot now abandon, and we do not wish to abandon, the principle of protection itself, or make violent changes in its application. We do recognize, however, that these rates should be rationalized if they are to serve and not defeat the purpose of the policy itself. In my view, that result can only be accomplished, the rates can only be rationalized, through the executive agencies of the Government; through agencies that can employ the proper staff, that can make the necessary study, and then, acting from a national point of view, not a district or perhaps a single factory view, but from a comprehensive national point of view, determine whether the rate and application serve the purpose of protection.

I welcome the presentation of this bill and the opportunity to vote for it. For the first time in our history we will place this rate making, like railway rate making, in hands, under auspices, where we have a right to hope that intelligent and responsible work will be done. We are saying to the world with regard to restraints upon commerce, "You are on stilts; we are on stilts in our tariffs. You get off your stilts; we will get off our stilts. You give us reasonable, quid pro quo, rates to encourage our manufactures and our industry, and we, on our side, will accord you the same rights and privileges; and so we will all work together to restore that international commerce which through the thousands of years has not only been a blessing to the human family but has been the principal factor in the development of civilization itself." [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. LEWIS of Maryland submitted the following appendixes:

Dutiable classes, grades, and types of imported articles not produced regularly in commercial quantities in the United States¹

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS		
Article or import class		Par.
Certain acids, n.s.p.f.	.....	1
Carbon dioxide (in containers weighing less than 1 pound)	.....	1
Lactic acid, medicinal	.....	1
Allyl, crotonyl, etc., alcohol	.....	2
Acetone oil	.....	3

¹Principal source of information Economic Analysis of Foreign Trade of the United States in Relation to the Tariff by the United States Tariff Commission in response to S. Res. 325, 72d Cong., 2d sess. The imports under some of the above indicated classifications, particularly basket clauses, are frequently composed principally of some specific item not produced commercially in the United States, although the generic name of the import classification may be the same as that of articles produced domestically. There may be numerous other articles belonging in this category.

Dutiable classes, grades, and types of imported articles not produced regularly in commercial quantities in the United States—Continued

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS—continued

Article or import class	Par.
Certain chemical elements, mixtures, etc., not containing alcohol	5
Eucalyptol	5
Aluminum compounds, n.s.p.f.	6
Ammonium perchlorate	7
Balsams, except Canada	10
Amber and amberoid	11
Gum arabic	11
Barium nitrate	12
Certain types of chemicals	23
Some flavoring extracts, etc., containing more than 50 percent alcohol	24
Some flavoring extracts, etc., containing 20 percent or less alcohol	24
Certain coal-tar products, intermediates	27
Certain coal-tar dyes	28
Certain coal-tar medicinals	28
Certain coal-tar flavor and perfume materials	28
Certain other finished coal-tar products	28
Cobalt oxide	29
Coca leaves	36
Digitalis (intermittent production)	36
Sumac extract, solid (different type from that produced)	38
Saffron, etc.	38
Quebracho extract, solid	38
Certain types of extracts for dyeing, coloring, etc.	38
Chlorophyll extract	38
Certain kinds of flavoring extracts	39
Isinglass (intermittent production)	41
Glue, glue size, etc., valued at 40 cents per pound or more	41
Bromide compounds, n.s.p.f.	45
Camphor, natural	51
Menthol, natural	51
Sperm oil, crude	52
Certain kinds of fish oils, n.s.p.f.	52
Sunflower seed oil	53
Poppy seed oil	53
Rapeseed oil	53
Hempseed oil	53
Certain combinations and mixtures of oils	57
Patchouli oil	58
Certain kinds of essential and distilled oils, n.s.p.f. (not containing alcohol)	58
Cajeput oil	58
Cedrat or citron oil	58
Vetivert oil	58
Pine-needle oil	58
Juniper oil	59
Opium	59
Ambergris	60
Castoreum	60
Civet	60
Musk in grains or pods	60
Certain kinds of perfume materials	60
Certain kinds of cosmetic and toilet preparations, containing alcohol	61
Floral or flower waters, containing no alcohol, n.s.p.f.	62
Special types of high-grade artists' colors	65
Certain grades of chemical pigments, n.s.p.f.	66
Mineral earth pigments	66
Acetylene black	71
Ochres, crude or not ground	73
Certain types of varnishes, n.s.p.f.	75
Potassium	79
Strontium carbonate	85
Strontium oxide	85
Titanium potassium oxalate and certain other titanium products	89
Venice turpentine	90
Vanilla beans	92
Tonka beans	92

SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE

Bath bricks	201 (a)
Pumice stone	206
Untrimmed phlogopite mica	208 (f)
Certain kinds of talc manufactures, n.s.p.f.	209
Talc steatite, etc.	209
Particular kinds of china and porcelain table and kitchen articles	212
Diamond bort	214
Cornwall stone	214
Christmas-tree ornaments	218
Prisms and glass chandeliers	218
Illuminating articles and parts thereof, glass	218 (c)
Agate, rock, crystal, and other semiprecious stones	233
Manufactures of alabaster	233

SCHEDULE 3.—METALS AND MANUFACTURES OF

Granular or sponge iron	301
Boron carbide	302 (f)
Pedicle nippers	354
Certain types of pocket cutlery, valued over \$6 per dozen	354
Stone cutters	355
Certain type of safety-razor blades	358
Certain types of surgical instruments	359
Certain types of drawing instruments and parts	360
Certain grades of shotguns, valued at over \$25 each	365
Jewels, for any watch, clock, etc.	367 (f)
Machines for making lace curtains	372
Arsenic metallic	379
Silver leaf (intermittent production)	383 (b)
New type (oriental type)	388
Nickel and alloys	389
Brass ware (specialties)	397

SCHEDULE 4.—WOOD AND MANUFACTURES OF

Brier root or brier wood, etc.	403
Bamboo splits	409
Rattan, bamboo, osier or willow manufactures, n.s.p.f. (specialties)	409
Bamboo porch screens	411
Certain types of furniture, chief value of wood, n.s.p.f.	412

SCHEDULE 5.—SUGAR, MOLASSES, AND MANUFACTURES OF
(Schedule inserted to show sequence)

SCHEDULE 6.—TOBACCO AND MANUFACTURES OF
(Schedule inserted to show sequence)

Dutiable classes, grades, and types of imported articles not produced regularly in commercial quantities in the United States—Continued

SCHEDULE 7.—AGRICULTURAL PRODUCTS AND PROVISIONS

Article or import class	Par.
Venison	704
Cheese, certain Italian types	710
Fish, dried and unsalted (specialties)	717
Anchovies, packed in oil	718 (a)
Antipasto, packed in oil	718 (a)
Fish balls, cakes, etc., in air-tight containers not packed in oil (certain types)	718 (c)
Oysters, oyster juice, etc. (certain specialties such as paste and sauce)	721
Fish roe, boiled and packed in air-tight containers (cod roe)	721 (d)
Fish paste and fish sauce	721
Lemon peel, crude	739
Orange peel, crude	739
Currants	742
Olives, in brine, green	744
Olives, pitted or stuffed	744
Mangoes	746
Pineapples (intermittent production)	747
Jellies, jams, etc. (tropical fruit jellies)	751
Lily bulbs	753
Crocus corms	753
Hyacinth bulbs	753
Cream or Brazil nuts, not shelled	757
Edible nuts, n.s.p.f.	761
Edible nuts, pickled, etc.	761
Cashew nuts	761
Pignolia nuts	761
Castor beans	762
Poppy seed	762
Canada bluegrass seed	763
Canary seed	764
Mushroom spawn	764
Kohlrabi seed	764
Certain kinds of tree and shrub seeds	764
Lentils	767
Lupines	767
Chickpeas or garbanzos	769
Potato flour	771
Bean sticks, etc.	775
Vegetables, n.s.p.f. (certain specialties)	775
Soybeans, prepared or preserved	775
Lupulin	780

SCHEDULE 8.—SPIRITS, WINES, AND OTHER BEVERAGES

Lime juice	806 (a)
------------	---------

SCHEDULE 9.—COTTON MANUFACTURES

Cotton yarn, finer than no. 120	901
Cotton yarns "prepared" for use in the brass bobbins of lace machines	901
Swivel-woven cotton cloths, including dotted Swisses	904
Filled or coated cotton cloths, n.s.p.f. (certain types)	907
Pile ribbons (velveteens and velvets)	909
Cotton knit underwear and knit outerwear (not embroidered) (certain grades)	917
Sanshu yarn rugs	921

SCHEDULE 10.—FLAX, HEMP, JUTE, AND MANUFACTURES OF

Flax fiber	1001
Woven fabrics, wholly of jute	1008
Flax or hemp padding or interlinings	1009 (b)
Jute paddings or interlinings	1009 (b)
Woven fabrics of vegetable fiber, except cotton, n.s.p.f.	1010
Fine, plain woven linen fabrics	1011
Table damask and manufactures of vegetable fiber, other than cotton	1013
Napkins of flax, hemp, etc.	1014
Sheets and pillowcases of flax, hemp, or ramie (certain types)	1014
Clothing and articles of wearing apparel of vegetable fiber other than cotton (special types)	1017
China, Japan, and India straw matting, etc.	1021
Rice-straw rugs	1021

SCHEDULE 11.—WOOL AND MANUFACTURES OF

Carpet wool and camel's hair	1101 (a)
Wool: Cashmere, alpaca, etc.	1102
Wool knit outerwear, hats, hoods, etc. (special types)	1114 (d)
Oriental rugs made by hand	1116 (a)
Wool carpets and rugs; all other floor coverings, etc. (special types)	1117 (c)

SCHEDULE 12.—SILK MANUFACTURES

Broad silks (certain types such as habutae and pongee)	1205
Silk pile ribbons (velvet and plush ribbons)	1206
Silk plush (hatters')	1206

SCHEDULE 13.—MANUFACTURES OF RAYON OR OTHER SYNTHETIC TEXTILE

Artificial horse hair	1301
Rayon pile ribbons (fast edges)	1307

SCHEDULE 14.—PAPERS AND BOOKS

Fashion magazines or periodicals (certain types)	1406
Hanging paper, processed (wall paper) (particular kind)	1409
Wall pockets	1413

SCHEDULE 15.—SUNDRIES

Ice and roller skate parts (replacement parts of foreign ice skates)	1502
Spangles and bugles, n.s.p.f.	1503
Imitation pearl beads valued less than 1/4 cent per inch	1503
Fiber hat braids, other than straw or manila	1504 (a)
Harvest hats valued at less than \$3 per dozen	1504
Straw hat braids, not bleached or dyed	1504 (a)
Manila hemp hat braids, not bleached or dyed	1504 (a)
Hat braids of natural fiber, not bleached or dyed	1504 (a)
Fiber hats, all kinds, not blocked or trimmed	1504 (b)
Bristles, sorted, bunched or prepared	1507
Special kinds of glass buttons	1510
Agate buttons	1510
Cork paper	1511
Firecrackers	1515
Plats, mats, etc., of dressed dogs skin, etc.	1519 (a)
Wearing apparel of fur, n.s.p.f.	1519 (a)
Fans, except common palm leaf	1521
Human hair, cleaned, dressed—Asiatic	1523
Manufactures of human hair—nets and nettings	1523
Human hair, raw, Asiatic	1523
Diamonds and other precious and semiprecious stones	1528

Dutiable classes, grades, and types of imported articles not produced regularly in commercial quantities in the United States—Continued

SCHEDULE 15.—SUNDRIES—continued

Article or import class	Par.
Pearls, and parts of, not strung or set	1528
Imitation half-pearls and hollow or filled pearls	1528
Imitation precious stones cut or faceted, etc.	1528
Hand-made lace of cotton	1529
Hand-made lace of vegetable fiber other than cotton	1529
Hand-made lace of silk	1529
Articles wholly or in part of lace, n.e.s., of vegetable fiber other than cotton	1529
Lace window curtains, n.s.p.f., of cotton or other vegetable fiber	1529
Cotton hosiery, embroidered other than with clocking	1529
Special types of fabrics and articles, embroidered, etc.	1529
Articles wholly or in part of silk lace, n.e.s.	1529
Fabrics and articles, embroidered, etc., n.s.p.f. and drawn work of silk	1529
Special types of wearing apparel, embroidered, of lace, etc., n.s.p.f., of flax	1529
Buffalo hides, n.s.p.f.	1530 (a)
Vegetable tanned, rough leather, made from goat or sheep skins	1530 (c)
Walrus leather	1530 (c)
Manufactures of wax, n.e.s.	1536
Manufactures of quills, n.s.p.f.	1537 (a)
Moss, sea grass, etc.	1540
Other musical instruments, parts, etc. (imports largely harmonicas)	1541
Certain types of rosaries, chaplets, etc.	1544
Sponges, silk, velvet	1545
Works of art, n.s.p.f., etchings, etc.	1547 (a)
Works of art, n.s.p.f., valued at not less than \$2.50 each, sculptures	1547
Fusians (charcoal crayons)	1549
Pipes, n.s.p.f. (certain grades)	1552
Cases for pipes, etc. (cases not sold separately from the pipes, etc.)	1552
Children's umbrellas, parasols, etc. (nature of toys)	1554
Stamping and embossing materials of pigments	1557
Manufactured edible vegetable substances, n.s.p.f. (certain articles)	1558
Incense	1558

PROHIBITIVE RATES

The following list includes about 655 articles, but does not include articles or grades of articles of which there were no imports in 1931, nor articles on which the rates may have been completely prohibitory. The available data is confined to articles actually imported and named in the reports.

Number of commodities and groups of commodities of which the ad valorem equivalents of the rates of duty were more than 50 percent in 1931¹

Schedule	Equivalent ad valorem duty classification				
	51 to 74	75 to 99	100 to 149	150 to 199	200 percent and over
1	48	20	10	4	1
2	46	12		1	
3	50	20	22	11	2
4	2		1		
5	1		2	1	
6	4	1	2	1	
7	49	30	14	3	3
8	3	2	1		
9	11	1			

¹ Based on list 3 of Economic Analysis of Foreign Trade of the United States in Relation to the Tariffs by the U. S. Tariff Commission in response to S. Res. 325, 2d sess. 72d Cong. In some instances, basket clauses, which may cover dozens of articles of commerce, were counted as 1 item or rate.

Trade of the United States compared with that of the world, 1929 to 1933
[Values in millions of gold dollars]

Year	Imports				Exports				Total trade			
	World ¹		United States (general imports)		World ¹		United States (total exports)		World ¹		United States	
	Value	Trend	Value	Trend	Value	Trend	Value	Trend	Value	Trend	Value	Trend
1929	\$35,606	100.0	\$4,339	100.0	\$33,035	100.0	\$5,241	100.0	\$68,641	100.0	\$9,580	100.0
1930	29,083	81.7	3,061	70.5	26,492	80.2	3,843	73.3	55,575	81.0	6,904	72.1
1931	20,847	58.5	2,091	48.2	18,922	57.3	2,424	46.3	39,769	57.9	4,515	47.1
1932	13,885	39.0	1,323	30.5	12,726	38.5	1,611	30.7	26,611	38.8	2,934	30.6
1933			1,449	33.4			1,675	32.0			3,124	32.6

¹ League of Nations, Review of World Trade, 1932, p. 19.

NOTE.—The world figures, except as indicated, include the United States figures.

Total trade (imports and exports)

	Percent decline	
	World	United States
Decline:		
1929 to 1930	19	28
1930 to 1931	42	53
1931 to 1932	61	69
1932 to 1933	67	67
1930 to 1931	28	35

Total trade (imports and exports)—Continued

	Percent decline	
	World	United States
Decline—Continued.		
1930 to 1932	52	58
1930 to 1933		55
1931 to 1932	33	35
1931 to 1933		31
Increase: 1932 to 1933		6

Number of commodities and groups of commodities of which the ad valorem equivalents of the rates of duty were more than 50 percent in 1931—Continued

Schedule	Equivalent ad valorem duty classification				
	51 to 74	75 to 99	100 to 149	150 to 199	200 percent and over
10	4	2			
11	33	20	5		
12	19				
13	19	18	2		
14	6				
15	69	60	16	2	1
Total	364	186	75	23	7

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST of Ohio. Mr. Chairman, during recent years the world has been experiencing a period of acute economic distress and suffering. There are today some 30,000,000 wage earners, accustomed to employment, living in forced idleness. The production and trade of the world have fallen to alarming proportions. Measured in value international commerce is today but 35 percent of what it was in 1929.

Many economic and monetary causes have contributed to this result. Primary among these causes is the almost universal existence of high trade barriers built up in a frenzied effort to gain a so-called "favorable balance of trade" by shutting out foreign goods in disregard of the inevitable effect upon those branches of production which depend upon a world market. Most of the nations have erected ever-mounting tariff barriers; they have imposed quantitative import restrictions; they have created State monopolies; they have established governmental control over foreign exchange which serves to limit the supply of funds made available for foreign trade. The difficulties resulting from such a network of barriers can be successfully overcome only by agreements between governments.

The outstanding fact is that the United States, competing with other nations for this diminishing trade, has not been able to hold its own. In 1929 the American share of the import trade of the world was 12.19 percent and of the exports of the world 15.61 percent; in 1932 it had fallen to 9.58 percent of the import trade and 12.39 percent of the export trade. The proportion which it lost, other countries, of course, gained.

The extent to which the trade of the United States has declined in comparison with that of the rest of the world is shown very clearly in the following table:

Total trade (imports and exports)—Continued

	World, less United States figures		United States	
	Value	Trend	Value	Trend
1929	\$59,061	100.0	\$9,580	100.0
1930	48,671	82.4	6,904	72.1
1931	35,254	59.7	4,515	47.1
1932	23,677	40.1	2,934	30.6
1933			3,124	32.6
<i>World exports, less United States exports</i>				
1929			\$27,794	
1932			11,115	
Percent decline, 60.				
<i>World imports, less United States imports</i>				
1929			\$31,267	
1932			12,562	
Percent decline, 60.				

If the United States is to regain prosperity and not sacrifice large and important agricultural and commercial interests which give employment to many hundreds of thousands of the workers of the country, it must sell certain of its surplus production abroad. This is imperative if the normal American standard of living over large sections of the country is to be maintained. But foreign countries cannot buy American surpluses except with goods or services given in exchange. Furthermore, the maintenance of the American standard of living depends upon our purchase of many foreign commodities. Some of these cannot be produced in the United States. Others can be produced, if at all, only at extraordinary expense or in quantities insufficient for our need.

Furthermore, the problem of maintaining satisfactory prices for many of the staple American products is intimately connected with the decline or revival of foreign commerce. If we are unwilling or unable to work out bargaining interchanges by which such branches of American production as cotton and cereal production, hog raising, fruit growing, and the like can dispose of part of their product in foreign markets, the pressure of supply on the domestic market will necessarily mean continued price depression. The more rigid the trade barriers of the world remain, the more vigorous will have to be the expedients employed to sustain prices.

To meet the present world situation, the first feasible step is to enable the Executive to enter upon a program of bargaining agreements with other nations. The very nature of international negotiation requires that it should be in the hands of the Executive; and to meet an international condition where foreign executives are being clothed with ever greater and greater power to effectuate speedy trade agreements, the United States, if it is to regain its lost proportion of world trade, must delegate similar powers to its President.

The proposed bill nevertheless does not remove from Congress its control of policy which must underlie every tariff adjustment. Although the exigencies of present-day conditions require that more and more of the details be left to Presidential determination, the Congress must and always will declare the policy to which the Executive gives effect.

Throughout this debate there has been considerable discussion with respect to the constitutionality of this proposal. My learned colleague from Pennsylvania [Mr. Beck], to whose discussions of constitutional law I always listen with great admiration, and whose judgment in matters pertaining to constitutional law I respect, has in his very lucid exposition made it appear that this measure is of doubtful or questionable constitutionality.

It is, indeed, true that Congress cannot delegate the legislative function to any other department of the Government. This is widely recognized as a fundamental principle of American constitutional law. This does not mean, however, that the powers which Congress has a right to exercise cannot be embodied in an act authorizing an administrative agency to put into effect in accordance with law upon the

determination of certain facts or conditions. In the case of Wayman against Southard (1825) Chief Justice Marshall said:

It will not be contended that Congress can delegate to the courts or to any other tribunal powers which are strictly or exclusively legislative. But Congress may certainly delegate to others powers which the Legislature may rightfully exercise itself.

In American constitutional law it is entirely clear that the establishment of principles or rules of conduct is the essential function of Congress. It is equally clear that this power itself cannot be delegated. But the power to put rules into effect and apply principles, once these are established by Congress, to facts or conditions as they may arise can be vested by Congress in some other governmental agency or department or executive official notwithstanding the constitutional prohibition against the delegation of legislative power.

In the Tariff Act of 1890 there was embodied a delegation of authority which was considered by some as an unwarranted surrender of the constitutional power of Congress. By this act, in order to secure certain reciprocal trade agreements with countries producing certain specified commodities, it was declared that the free importation of such goods therein provided for should be suspended whenever the President was satisfied that the exporting countries were imposing duties upon American products which were reciprocally unequal and unreasonable. When it was determined that these particular circumstances existed it was provided that certain duties specified should be imposed upon the goods that were named in the act. This provision was attacked on the grounds that it was a delegation of legislative authority to the President, but the Supreme Court, in the case of Field against Clark, refused to accept this view. In this opinion the Court declared:

... Legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was simply in execution of the act of Congress. It was not the making of law. He was the mere agent of the law-making department to ascertain and declare the event upon which its expressed will was to take effect. It was a part of the law itself as it left the hands of Congress that the provisions, full and complete in themselves, permitting the free introduction of certain commodities from particular countries, should be suspended, in a given contingency, and that in case of such suspension certain duties should be imposed.

In this notable case the whole subject of legislative delegation of power to an administrative officer was thoroughly examined and significantly upheld. In accordance with the principle established in this opinion, it is constitutional for Congress to enact legislation with a provision either that its operation shall go into effect or be suspended upon the existence of specified conditions which are to be ascertained by an administrative agency. As the Court said in the case of Field against Clark, quoting from a decision of the Ohio Supreme Court in the case of C. W. & Z. Railroad Co. against Commissioners:

The true distinction ... is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first cannot be done; to the latter no valid objection can be made.

Instead of being of questionable constitutionality, the provisions of this act are so plainly in accord with established principles of American constitutional law respecting the delegation of power that there is no doubt about the constitutionality of this act. As a matter of fact, the Supreme Court has never declared a specific delegation of legislative power to an administrative official unconstitutional when the limits and conditions of such delegation of authority were especially designated.

The wise founders of our Government, in the establishment of our Constitution, made provision for the national emergencies that might confront us. The Supreme Court of this country, in its great opinions interpreting its meaning, have clearly established the fact that our Constitution can be adapted to the various crises in our country's history. As

the great Chief Justice Marshall said in the notable case of *McCulloch* against Maryland:

We must never forget that it is a constitution we are expounding. . . . This is a Constitution intended to endure for ages to come, and consequently to be adapted to crises of human affairs. To have prescribed the means by which the Government should in all future time execute its powers would have been to change entirely the character of the instrument and give it the properties of a legal code. . . . Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and the spirit of the Constitution are constitutional.

It has already been made clear during this debate that the program of reciprocal tariff agreements embodied in the proposed measure is a part of the recovery program. In order to understand fully the importance of this measure it is necessary to remember the emergency which made imperative the adoption of the recovery program.

When the Roosevelt administration was inaugurated a year ago in March an emergency of unparalleled proportions existed. The financial system of the country was on the verge of collapse, industrial activity was paralyzed, and terror had seized the public mind. Widespread popular distress and suffering resulting from unemployment had undermined public confidence in the integrity and stability of our political and economic institutions. For 3 years the depression had proceeded unchecked and capacity for recovery through individual effort had been destroyed. The devastating effects of the depression had brought the country tragically and dangerously close to the point of national disaster.

The dangerous character of this national emergency has never been more vividly described than by Walter Lippmann. In these words he has described the condition that confronted this Nation just a year ago:

At the end of February, as I see it, we had reached a paralyzing deadlock in our affairs. The Federal Government was impotent. The Executive had lost his hold upon Congress, the party leaders had lost their hold upon the Members of Congress, public opinion was distracted and disheartened. There was neither direction nor unity in public life, and the result was a general conviction among the people that they were at the mercy of blind and ruthless economic forces which no one could understand or control. They came to believe that those forces were unmanageable by any conscious policy, and they saw that if this was true they were being pushed irresistibly toward a complete collapse of credit and established values.

This sense of hopeless impotence produced a great panic, in which men, acting on the impulse of each for himself and the devil take the hindmost, tried to save what they could from the wreck. They demanded their money from the banks. They demanded gold for their money. At the climax of the panic in the last week of February the paralysis of government had become so aggravated by a paralysis of the mechanism of exchange that the business of the country was brought virtually to a standstill.

No highly industrialized nation has been subject to greater potential dangers than we were at the end of February. We had an impotent Government in the midst of a universal breakdown of the machinery by which the great urban populations are sustained.

The crisis was one which had to be surmounted without delay. It was not possible to let nature take its course and trust, as in previous great depressions, that the process of adjustment through liquidation of debts and fixed charges and wages would restore a working equilibrium. However theoretically sound such a policy may have been, it was politically, socially, and psychologically impossible. The condition of the farmers and of the unemployed wage earners had become so desperate that a policy of *laissez faire* could not be contemplated. There is a limit to the endurance of a democratic people. In February we had reached that limit.

It was clear—in fact, it had become increasingly clear as the crisis was developing—that disastrous demoralization could be averted only by a series of rapid, positive measures. These measures would have to be taken by the Federal Government, and, therefore, the first necessity was the reestablishment of its authority. The country had to have a government which had the will and the power to govern. It had to have a government which could formulate measures, could get them adopted, and could apply them without the prolonged debate and the compromises of the ordinary legislative procedure. Men were bound to disagree as to what measures ought to be taken. But it was plain to everyone who had examined the situation that any coherent program resolutely and quickly put into effect was preferable to panic-stricken demoralization arising from the popular conviction that the Federal Government was powerless to have any program whatsoever.

The purpose of the proposed tariff measure accordingly is to extend to the field of our international trade the same

effort which has been directed toward the improvement of our national economic conditions in connection with the recovery program.

Whatever may be said in criticism now of the details of the reconstruction legislation or the administration of the recovery measures, this significant fact cannot be denied that the recovery program actually met the emergency toward which it was directed. The immediate task confronting the new administration at the very moment of its inauguration was the restoration of public confidence in the integrity and stability of our institutions and the capacity of the Government to function in a crisis. The outstanding product of the President's courageous action during the national emergency has been the revival of confidence on the part of the people in the integrity of their economic institutions and the ability of their Government to function. Nothing is so highly essential at this time as the maintenance of this renewed confidence and morale unimpaired. It may be true that the public sentiment in support of the recovery program will not in itself bring recovery. But it is also true that without this confidence the reestablishment of normal and wholesome economic conditions will either be indefinitely delayed or made impossible. Renewed confidence, working through the agency of the recovery administration, is the basis for improvement and is the foundation upon which the whole program rests.

During the course of the debate a number of gentlemen of the opposition have endeavored to make it appear that American foreign trade is insignificant and that even if this proposal were adopted that the beneficial results would be negligible. My colleague on the Ways and Means Committee, the gentleman from Michigan [Mr. WOODRUFF], sought to establish this view when he declared:

. . . Now, Mr. Chairman, the statistics compiled in the press, in economic studies, including those of the Department of Commerce, the Foreign Policy Association, and numerous other bodies, all show that for a period of 100 years our exports have never averaged more than 7 percent of our total production. There are those who claim that it runs as high as 10 percent, and I am ready to grant even that figure for the sake of argument, but it is an exaggerated figure. But even so, 90 percent of the market for American products lies within the limits of the continental United States. (Extract from CONGRESSIONAL RECORD, House, Mar. 23, 1934, p. 5278.)

Our first census of manufactures was in 1899, and any figures previous to that year are in the nature of guesses.

The table as compiled by the Department of Commerce, based on each census of manufactures, is shown below. Note that railroad freight receipts are included as part of the domestic production.

Year	Total domestic production, including freight	Exports of United States merchandise	Percent of total
1899	\$9,767,000	\$1,253,000	12.8
1904	12,706,000	1,426,000	11.2
1909	17,896,000	1,701,000	9.5
1914	21,407,000	2,071,000	9.7
1919	49,269,000	7,750,000	15.7
1921	35,504,000	4,379,000	12.3
1923	47,244,000	4,091,000	8.7
1925	47,494,000	4,819,000	10.1
1927	47,930,000	4,759,000	9.9
1929	52,795,000	5,157,000	9.8

From 1899 to 1919 the census of manufactures was taken only every 5 years. The figures through 1914 show a consistent trend, and we can only assume that the figures for the intermediate years would be close to those shown. It will be observed that in 1899 nearly 13 percent of domestic production was exported, and that this figure decreased to 11.2 percent in 1904 and to 9½ percent in 1909. It appears, then, that at the beginning of this century the percentage was well above 10 percent, but as the high rates of the Dingley tariff prevented foreign trade from expanding as rapidly as did domestic trade, the percentage fell.

Immediately after the war, as is shown by the figure of nearly 16 percent in 1919 and the figure of over 12 percent in 1921, while the lower Underwood tariff was still in effect, the figures were again much above 10 percent. Immediately

after the Tariff Act of 1922, which again checked the growth of imports and exports, the figure dropped below 9 percent; and, while there was some recovery, the figures for 1925, 1927, and 1929 show a slight downward tendency.

It is natural that, in a country so large as the United States and with such varied resources, the percentage of foreign trade to domestic trade should be small. But it is absurd to say that it is limited to 10 percent by any natural law. It has been limited to 10 percent in recent years by the tariff policy which excludes, or nearly excludes, practically every kind of product which can, at however great expense, be produced in the United States. There is every reason to suppose that, under a more liberal policy, the United States could find markets for 15 or 20 percent of its total production—to the great increase of its wealth—since it would export those things which it can produce most effectively and import products now produced at unreasonable cost in this country. Ever since the days of King Midas it has been known to those who reflect upon the matter that a high standard of living does not mean a high consumption of gold per capita but an abundance of commodities of every sort. A more liberal policy of exporting what we produce most effectively, in exchange for products which foreign countries produce much more cheaply than we do, would obviously increase the total supply of goods to be consumed by the American people.

The gentleman from Michigan [Mr. WOODRUFF] has also asserted in another part of his remarks that—

• • • There is a very singular fact in connection with this whole question, and it is that almost 90 percent of all of the items imported from these countries are items in competition with agriculture, while the leading exports from the United States to every one of these countries—Canada, Cuba, Mexico, Argentina, Uruguay, Spain, France, Italy, Switzerland, Australia, and New Zealand—was, first, automobiles; second, iron- and steel-mill products; and, third, electrical machinery. (Extract from CONGRESSIONAL RECORD, House, Mar. 23, 1934, p. 5279.)

The gentleman listed 11 countries and stated that it is a very singular fact that almost 90 percent of the imports from these countries are items in competition with agriculture. This result is easily obtained by the simple process of picking out countries most of which are primarily agricultural. The list includes, however, France, Italy, and Switzerland, which are predominantly industrial rather than agricultural countries. In 1931 only 14 percent of total French exports, 30 percent of Italy's exports, and only 11 percent of the exports of Switzerland were agricultural. If the gentleman's statement was intended to mean—it is somewhat ambiguous—that 90 percent of American imports from each of these countries are agricultural, it only shows that the American tariff rates on agricultural products have been less prohibitive than the rates on industrial products.

Once again we are presented with another angle of the fallacy of measuring trade and its potentialities on the basis of the limited amount of trade which has survived the drastic obstacles put in its way by the American tariff.

Another gentleman, the distinguished minority leader on the Ways and Means Committee [Mr. TREADWAY], has sought to establish this same point when he declared—

May I say that we consume over 90 percent of our entire products in this country. This Congress, under the leadership of the Democratic Party, seems more interested in the small balance of less than 10 percent than in the 90 percent. There is the real question. (CONGRESSIONAL RECORD, House, Mar. 23, 1934, p. 5268.)

This statement shows the lack of balance and exaggeration which characterizes attack of the opposition on the tariff bill. This administration and this Congress under Democratic leadership have devoted the whole of their first year to the recovery of the domestic market. The efforts in regard to the domestic market have not stopped. Probably 99 percent of the personnel of the Government is engaged in problems relating to domestic recovery. Certainly much less than 1 percent of the personnel, of the time, and of the attention of the Government has been given to the recovery of our foreign trade. Surely if there is any criticism it should be in the opposite direction, that the Government

should sooner have taken steps toward the recovery of some of our previous \$5,000,000,000 worth of export trade.

Other examples of the gentleman's exaggerated language are such expressions as "marked for slaughter", "factories closed", "sacrificed on the altar of foreign trade", "the assumption is that * * * the tariff should be reduced or removed altogether"—this under a bill which limits reductions of duties to 50 percent—"destroying the protective tariff system."

In order to make it appear that American export trade is insignificant the gentleman has taken the statistics of our export trade for the year 1933 which show a small volume and compares this trade with the national income for 1929 when this had reached the highest point in our history. In his remarks the gentleman asserted that our rich domestic market, the greatest in the world, would be sacrificed in order to enlarge our relatively small foreign trade.

As a matter of fact great groups of industries in this country depend upon export trade for their normal business activity as the following table indicates:

Ratio of exports to production of selected products, 1930¹

A. FARM PRODUCTS AND FOODSTUFFS					
Item	Unit	Production, 1930	Exports, 1930	Percent exported	
				1930	1914
Cotton.....	1,000 bales.....	16,066	7,176	44.7	62.6
Lard.....	Million pounds.....	2,344	674	28.8	28.1
Salmon, canned.....	1,000 pounds.....	292,147	27,288	9.3	27.9
Sardines.....	do.....	231,825	123,920	53.5	
Rye.....	Million bushels.....	42	3	7.1	5.5
Tobacco, leaf.....	Million pounds.....	1,525	600	39.3	47.2
Wheat.....	Million bushels.....	809	153	18.9	19.1
B. RAW MATERIALS AND SEMIMANUFACTURES					
Copper.....	1,000 tons.....	1,115	379	34.0	54.8
Gasoline.....	1,000 barrels.....	436,217	63,197	14.5	17.6
Kerosene.....	do.....	49,208	16,689	33.9	52.2
Lubricating oil.....	do.....	34,201	9,749	28.5	37.1
Lumber.....	Million board feet.....	36,886	3,078	8.3	5.6
Rosin.....	1,000 barrels.....	1,976	1,157	58.6	62.8
Turpentine.....	1,000 gallons.....	31,321	15,722	50.2	57.6
C. MACHINERY AND FINISHED MANUFACTURES					
Agricultural machinery.....	\$1,000.....	506,214	115,809	22.9	
Automobiles.....	Thousands.....	3,355	238	7.1	4.6
Cash registers.....	\$1,000.....	106,217	24,725	23.3	14.3
Locomotives.....	Units.....	995	207	20.8	
Motorcycles.....	Thousands.....	32	16	50.0	10.5
Rubber boots and shoes.....	1,000 pairs.....	100,765	12,372	12.3	3.2
Typewriters.....	\$1,000.....	55,057	22,844	41.5	36.9
Total manufactures (millions of dollars).....		45,400-47,100	3,745	8.0-8.2	9.3-10.0

¹ Data taken from the Commerce Yearbook, 1931 (Washington, Government Printing Office), vol. I, pp. 89, 90, 92; and Summary of United States Trade with World, 1931, Trade Information Bulletin, No. 791, U.S. Department of Commerce, p. 13.

² Data are for 1929.

This is a bill designed to regain some of the foreign trade lost through the enactment of the infamous Hawley-Smoot-Grundy Tariff Act of 1930. It provides the only modern facilities for preventing foreign governments adopting further restrictive measures against our products, and by equivalent and commensurate concessions for obtaining increased opportunities for the marketing of our products in foreign countries.

As usual in the consideration of any tariff bill, all sorts of fallacious arguments are heard. Much is made of the fact that our exports are only about 10 percent of our production. This figure is made to appear smaller (5 or 6 percent) by including in the comparative figures for the value of our production such expenses as transportation, distribution, and construction. Only such extreme protectionists as that

so-called "popular pseudoeconomist", Samuel Crowther, would take seriously such an absurd comparison. Much is also made of the fact that our exports are only an insignificant proportion of our internal trade. Is it any wonder that it is so, considering the efforts of the protectionists to make us completely self-contained by placing every obstacle in the way of foreign trade through such abominations as the Tariff Acts of 1922 and 1930!

But, mark you, the generalization that exports represent only a small fraction of our domestic trade is, like all generalizations, grossly inaccurate. To many industries and agricultural projects exports are all-important. Let us examine the record: The United States Tariff Commission, in its report to the Senate in response to Senate Resolution 325, Seventy-second Congress, second session, entitled "Economic Analysis of Foreign Trade of the United States in Relation to the Tariff", submitted a list of articles exported from the United States in substantial quantities. In examining this list the obvious conclusion is reached that certain industries are dependent upon foreign markets, if the industries are to prosper and be able to buy large quantities of United States raw materials and to employ large numbers of workers. I shall not call attention to agricultural products, such as cotton, tobacco, lard, and wheat, very considerable proportions of which must be exported if disturbing surpluses are not to accumulate in the United States. The distress brought upon many farmers by the decline of the export markets for these commodities is too well known to need repetition here; and certainly the attempt of the administration to remedy the deplorable situation with respect to these products need not be rehearsed here.

I wish rather to direct attention to other products whose dependence upon export trade is not so obvious as those mentioned. We find, for example, that in the production of canned vegetables, dried fruits, and canned fruits the loss of export trade would cause tremendous losses not only to the processor but to farmers producing the raw materials. Exports of fresh fruits also are large. Exports of fresh apples averaged in 1929 and 1932 approximately 20 percent of the total commercial production; the exports of fresh pears in 1932 represented 10 percent of production. In the case of all dried fruits the exports for 1929 to 1932 represented approximately 45 percent of the total production. The unhappy position of the producers and growers of raisins, dried apricots, and prunes, if their tremendous export markets should be taken away from them, need hardly be mentioned. In prunes, for example, our exports have actually been more than 50 percent of production. We have been exporting about 25 percent of our total production of canned fruits. The west coast growers of fresh fruits and the canners who process these fruits would be faced with ruin if deprived of this important export trade. As a matter of fact, foreign countries, buying normally large quantities of our fresh, dried, and canned fruits, have in some instances adopted sanitary and tariff measures which have greatly impaired our export trade, with the result that distressing conditions have arisen on the Pacific coast, and prices paid to farmers have declined materially because of the heavy carry-overs from season to season.

In the case of lumber we have been exporting between 7 and 9 percent of our production of southern pine; in 1929 and 1931 we exported 17 percent of Douglas fir production and a considerable part of our production of oak; our exports of cedar logs have run between 19 and 26 percent of production. As for other woods and wood manufactures, such as doors, handles for tools, and so forth, exports have represented a considerable portion of the total domestic production.

In the case of paper and manufactures of paper our total exports have run into many millions of dollars, and although in 1932 exports had declined to \$18,000,000 and the ratio of exports to production for the entire group was perhaps only 3 or 4 percent, nevertheless the volume has been exceedingly important. For certain items, such as fiber board and insulating material, the export has been 10 to 11 percent of the total production.

Examining nonmetallic minerals, like petroleum and its products, paraffin wax, petroleum asphalt, and so forth, we find that in some of these items exports have been quite large compared with domestic production. In the case of refined petroleum our exports have run between 16 and 20 percent of our production, and the values of such exports have been in the hundreds of millions of dollars. In the case of lubricants, greases, and so forth, exports have run between 34 and 40 percent of our total production. Exports of paraffin wax have been more than 50 percent of the total production; exports of earthenware and plumbing fixtures more than 25 percent of production. Other nonmetallic minerals and products thereof, such as emery wheels, abrasive paper and cloth, carbons and electrodes, show exports amounting from 10 to 20 percent of the total production.

Our manufacturers of iron and steel have always enjoyed an important export market. Certain specialized products, such as tin plate, have been exported in a volume running from 6 to 13 percent of production. Exports of iron and steel manufactures have declined sharply in recent years; for example, structural shapes declined in volume from 7 percent in 1929 to 2 percent in 1932. In terms of money, these finished steel-mill products declined from \$96,000,000 in 1929 to \$14,000,000 in 1932. It is such declines, in combination with other factors operating in the United States, that have forced so much unemployment in our steel plants and foundries.

Examining our exports of advanced manufactures of iron and steel, we find that exports of safety razors and razor blades declined from 16 percent in 1929 to 6 percent of the domestic production in 1932. Our exports of saws amounted to approximately 10 percent of our production; exports of files and rasps have been over 20 percent of production; exports of chains have been running between 16 and 20 percent of production.

Exports of copper and its products have always been important; exports of certain copper products having amounted to as much as 20 percent of total production.

In the case of electrical machinery and apparatus, our exports of this group in 1929 were valued at \$130,000,000; by 1932 they had declined to \$43,000,000. Exports of batteries represent 6 or 7 percent of production. Electrical refrigerators represent 6 to 8 percent; radio apparatus, about 11 percent; spark plugs, and so forth, about 8 percent.

Exports of industrial machinery have always been a powerful factor in the success of the domestic enterprise. For all industrial machinery, exports have been running approximately from 12 to 14 percent. Certain branches of the industry are obviously dependent upon exports; for example, exports of mining machinery have been approximately 20 percent of production; exports of power-driven metal-working machinery represented 39 percent of production in 1933; exports of sewing machines have been running over 30 percent of production; exports of shoe machinery, from 10 to 16 percent; printing and bookbinding machinery, 25 to 28 percent; and other industrial machinery, 19 percent. Exports of office appliances have represented approximately 27 to 28 percent of total production; exports of typewriters have run close to 50 percent of production.

Agricultural machinery produced in the United States has been exported in very large volume; in 1931 exports of this entire group represented 30 percent of production. Certain types of agricultural machinery have depended on foreign buyers for practically 50 percent of their business.

The deplorable conditions existing in the automobile business in recent years undoubtedly can be traced in part to the decline in exports; in 1929 exports were valued at \$529,000,000, and represented 14 percent of our production. In 1932 they had declined to approximately \$75,000,000.

We have been exporting between 20 and 30 percent of our production of aircraft engines and parts; our motorcycle exports have been running over 30 percent of our production.

In examining our chemical schedule any number of items can be found in which the exports represent a considerable portion of our production.

The foregoing is only a sketch in barest outline of the importance of our export situation to particular enterprises in the United States. No mention has been made of the fact that many of the items which are important in relationship of their exports to production have enjoyed a very large percentage of the total world export trade. For some of these the relationship of their present exports to the total world trade in the particular item has not materially changed, but restrictive measures adopted by foreign countries have caused serious declines in the total volume of the goods exported.

Obviously, then, many of our industries and farm operations depend to a large degree on foreign markets for their prosperity. Many are directly interested in exports, and others indirectly in that they furnish those directly concerned with exports their raw materials, supplies, and other requirements. Many industries, farms, and communities are directly interested in exports, and others indirectly affected by decline in export trade. To maintain our present foreign markets, or to extend them, will be impossible except through trade agreements which can be promptly executed. This bill provides the only facilities for doing so.

As a result of the adoption of the recovery program, we have been able to revive confidence in the basic integrity of our institutions and in the capacity of our Government to function in crises. If we are to complete the recovery program, if we are to extend this program of remedial legislation to meet the emergency in our foreign trade, this program must be extended into every part of our industrial activity, including that which involves our international trade.

There are those who seem to forget that there have been at work in our country prior to the crash of the stock market in 1929 basic economic forces that undermined the stability and integrity of our industrial system. In the period from 1913 to 1920 prices in this country rose from the level of 100 to a level of 246, and industrial profits increased accordingly. During the war the Allies bought from this country \$11,000,000,000 worth of products. They secured the purchase through loans. They bought \$7,000,000,000 more of products through the exchange of securities, and were able by a transfer of more than \$1,000,000,000 worth of gold to buy up another \$1,000,000,000 worth of our products.

From 1922 to 1929 the physical volume of production in this country increased 42 percent. At the same time the number of wage earners decreased 6 percent, but the industrial output per worker increased 50 percent.

During this period of 5 years prior to 1929 we had permitted the development in this country of a movement that was undermining the purchasing power of the American people. The volume of wages increased only 13 percent, while industrial profits increased 72 percent and profits in the form of corporate dividends increased 265 percent. At the height of industrial activity in 1928, when the increase over 1927 was \$7,000,000,000 in industrial income, we had a decrease in the volume of wages of \$600,000,000. At a time when we were increasing production of commodities over ordinary consumption in this country one would expect there would be an increased demand for labor. The fact is there was actually a decrease.

While we have had an increase in the volume of production, we had a decline in labor to such an extent that over this period of 5 years the volume of wages declined. This increase in profits went into industrial expansion, and we were producing a volume of goods that the purchasing power of the people of this country could not absorb. How did we finance the purchase of these goods? By instalment buying, by inflation of credit, and by permitting practices that made possible the consumption of this volume of production beyond the current purchasing power.

During this period of time we were sending the exportable surplus of our goods to foreign countries. We were financing this surplus by the extension of loans to foreign coun-

tries and foreign enterprises over this period of time to the extent of nine or ten billion dollars. We invested \$14,000,000,000 in private investments in foreign countries.

The basic principle of this whole economic situation that is ignored by the gentlemen of the opposition in their attack upon this measure is that we have a domestic purchasing power that rests upon the economic activities of our people, and the volume of wages must correspond to the volume of production, or else there is going to be such a tragic dislocation of the economic forces so that we will continue to have permanently an economic depression like that which this country has experienced during the last 3 or 4 years. At the same time we must have an outlet for this exportable surplus, which represents the employment of something like two or three million American workers directly and seven or eight million indirectly, or we shall never be able permanently to restore a normal and wholesome basis for economic activities in this country.

There is a fundamental fallacy in the argument of the opposition that favors the development of a degree of isolation that would cause us absolutely to restrict our trade activities to the domestic market. If we were a debtor nation, and if we had service and interest obligations to transmit to foreign countries, then their policy within reasonable limits might safeguard the transfer problem and permit the servicing of our debts to foreign countries; but in the last 10 years we have reversed our position from that of a debtor nation to that of a creditor nation. Whether we like it or not, we are obliged to receive every year in interest payments and in our service obligations on debts owed to the United States an amount of money which taken by itself with the diminished local production is so great a percentage of that production that we cannot absorb the interest charges paid to us.

If the gentlemen are going to talk about the destruction of inefficient industries and are going to say that this tariff proposal means that we are going to pick out selected industries that are inefficient and destroy them, putting into the hands of the President of the United States the power of life or death over American industries, they have also to face the proposal that if they go ahead with their program of self-containment they will have to acknowledge the impossibility of the payment of any obligation owed by a foreign nation to the American people, and logically the only next step they can take is the cancellation of the war debts and the cancellation of all these interest obligations due to American firms and business enterprises. This means the destruction of the system of international financing, the collapse of which, amounting to billions of dollars, would be so serious that our financial structure could not withstand the strain. It is only by increasing the volume of international trade to such an amount that the service obligations paid by foreign governments on account of war debts and by foreign business enterprises on account of our investments, that we are able to keep the percentage of this payment as related to the total volume of international trade so small that we are able to absorb the amounts that are paid to us on these international obligations.

Remember that nations pay for their trade in only one of four ways: Either by gold, by services, by securities, or by goods. The gold has already been transferred to this country. France and the United States have the great bulk of the gold. Securities were transferred to this country during the war. Services furnished Americans are inadequate. The only means of meeting trade balances is on the basis of an exchange of commodities, and if we are unwilling to recognize this fact we are running counter to the basic principles of international trade, for, after all, international trade, in its last analysis, is actual trade, and if we are going to restrict the volume of international trade to such a small total value or total volume that we stifle this international activity the financial structure in every commercial country in this world will be subjected to such a severe strain that it will not be able to withstand the shock of a

self-containment policy adopted by every major commercial nation in the world today.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. WEST of Ohio. I yield.

Mr. KNUTSON. I believe it was brought out in the committee hearings that 67 percent of all articles listed in the present tariff law are on the free list; in other words, only 33 percent pay a duty. Will the gentleman give the House some idea as to the things he would buy abroad in order to stimulate commerce; that is, things that are not now on the free list?

Mr. WEST of Ohio. I will be very glad to refer the gentleman to the three tables that are published in the report of the Tariff Commission and to which reference has already been made in the debates, of those articles that come into this country that lend themselves to reciprocal tariff agreements.

You will find in list 2, in list 3, and in list 9 of these reports of the Tariff Commission the very articles to which the gentleman refers at the present time.

LIST OF IMPORTS UPON WHICH DUTIES CAN BE REDUCED

List 2: Dutiable articles of which the imports are less than 5 percent of domestic production.

List 3: Articles on which the tariff rates exceed 50 percent ad valorem.

List 9: Dutiable articles more or less noncompetitive and with respect to which foreign countries possess advantages.

Based upon a study of the United States Tariff Commission entitled "Economic Analysis of Foreign Trade of the United States in Relation to the Tariff", in response to Senate Resolution No. 325, Seventy-second Congress, second session.

The fact of the matter is that retaliatory tariffs adopted by foreign nations against American products have so fettered international trade that unless some method of this character of dealing specifically with individual nations with respect to particular commodities, commodities that we must have for the maintenance of our domestic economy, and thereby incur the advantages of the most-favored-nation clauses of the treaties that other nations have with third nations, there is absolutely no way of meeting the problem of this system of trade quotas and devices of one kind and another that have brought international trade down to the alarmingly low levels that exist today.

Mr. KNUTSON. If the gentleman will yield further, the gentleman is making a very interesting statement and I dislike very much to interrupt, but the gentleman is referring to the present low levels of our foreign trade. This is not due to the tariff, surely, because we are on the lowest tariff level of any country in the world at the present time, and when the President revalued gold and reduced the gold content of the dollar, in effect he reduced the specific tariff rates on commodities by 40 percent. I think this was testified to before the committee.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. WEST of Ohio. The argument has been made again and again that because of our revaluation policy we have so altered the value of the dollar and depreciated it abroad that we have lowered the tariff, and statements have been made again and again by gentlemen of the opposition, just as my colleague has made the statement, that we have in effect altered by the revaluation program the value of the dollar to such an extent that we have lowered the tariff rates. As a matter of fact the reverse is true.

Let me take a practical example. When England was on gold and we were on gold, the British pound was worth \$4.84, and if an Englishman wanted to buy an American typewriter, he took £10 to the bank in order to get \$50 to buy an American typewriter. Then England went off gold and the British pound went down from \$4.84 to \$4, and down to \$3.50, and finally to \$3.11, and instead of bringing £10 to the bank and get \$50 he had to bring £16 to the bank to get the same amount of money. This prohibited the importation into England from our country of our products, and this extended to all other items.

Then we went off gold, 2 years too late, as was testified before our committee by gentlemen who represented your point of view. They made admissions that we went off too late, but when we did go off gold, the American dollar depreciated and the British pound, in terms of American dollars, went up from \$3.11 to \$3.50, to \$4, and ultimately, I believe, to \$5.50. So that once again the British citizens abroad wanting to buy an American product, instead of bringing £16 to the bank to get \$50, brought once again £10 and then £9; and as we further depreciated the dollar by altering the gold content of that dollar, we depreciated it on the foreign-exchange market and made possible the depreciation to the extent that foreigners can buy goods in this country to export abroad, and we encouraged our export trade.

The contention that this revaluation program was a lowering of tariff rates is unsound, because when you reverse the position and have an American buying goods abroad with cheap American dollars which have purchased dear foreign currencies, you have increased your tariff by the same percentage that you have devaluated the dollar. The contentions of the gentlemen of the opposition to the contrary notwithstanding are based upon a fallacy and a misunderstanding of the actual policy that was involved.

Every nation in this world, Mr. Chairman, except Holland and Switzerland and the United States, revealed their gold at percentages ranging from 65 or 70 percent to 150 percent, in the case of Japan, and 300 percent in the case of Italy and France; and we were only following, belatedly, a policy with reference to our monetary program that was in accord with the realities of international trade and for the purpose of reinforcing our export trade. That monetary policy, which was an integral part of the recovery program, did stimulate our export trade.

Now, this present tariff measure is for the purpose of supplementing and completing and reinforcing that monetary policy so that we will have reciprocal opportunities to deal with foreign nations on a basis of equality, with the same instruments and tools and devices that they use, in order that we can restore to American workers, two or three millions of them, the livelihood that they gain from pursuits that engage in international trade.

The opposition should not become alarmed at the mere suggestion of the reduction in the rates of duty. The enactment of the Gold Reserve Act of 1934 has automatically led to an increase from 50 to 70 percent in the cost of imports from gold-standard countries; an increase which has been somewhat less from countries having a depreciated currency. Even if a uniform reduction of 50 percent were made in all rates, and no such thing is contemplated by the pending bill, the rates on imports from gold-standard countries would still remain above the height of the Hawley-Smoot Act, which I am sure our protectionist friends on the other side consider high enough.

The Honorable Daniel C. Roper, Secretary of Commerce, in his testimony before the Ways and Means Committee on the pending bill, made the following statement regarding the increased protection resulting to domestic producers by reason of the devaluation of the American dollar. I quote from pages 65 and 66 of the Ways and Means Committee hearings:

* * * With the recent devaluation of the American dollar to 59 cents, it now takes nearly 69 percent more dollars to pay for any particular foreign import shipment than it did a year ago, assuming the foreign price has not changed. There has thus been brought into operation an additional all-around tariff protection or handicap on imports, which has been in only small measure offset by increased costs of production or prices of domestic products resulting from the N.R.A. or other recovery measures. In other words, prices in this country could increase to approximately 70 percent over a year ago before domestic producers would be under any increased pressure from foreign imports, except insofar as the exchange value of particular foreign currencies have also depreciated—and very few have depreciated as much as the American dollar. * * *

Mr. KNUTSON. Will the gentleman yield?

Mr. WEST of Ohio. I will yield to the gentleman.

Mr. KNUTSON. How does the gentleman reconcile his statement that the devaluation of money does not affect the tariff? I have in mind that when Japan devalued the yen from 50 to 20 cents it enabled them to flood our market with toys, rubber and electrical goods, and so forth, and it was necessary for the Government to put an embargo on several products coming from that country. I should like to have the gentleman reconcile the practical proposition and the theoretical.

Mr. WEST of Ohio. The gentleman's argument rests on a fallacy with reference to this factor, and that is the standard of living as involved in international trade. The standard of living in any country, which is a basic factor in international trade, does not rest on the labor cost alone, but on the per capita production, and its relation to the per capita production of other countries.

The minute you restrict the per capita production in this country, you lower the standard of living, and the only way to restore it is to increase the per capita production in the various industries, and that will be done by this bill. [Applause.]

Mrs. KAHN. Will the gentleman yield?

Mr. WEST of Ohio. I yield to the lady from California.

Mrs. KAHN. Reverting to the point where I asked the gentleman to yield, I should like to know the name of the gentleman he referred to as publisher.

Mr. WEST of Ohio. Walter Lippman.

Mrs. KAHN. Has the gentleman read the article in this morning's paper by Walter Lippman that the N.R.A. is an economic bedlam and has retarded rather than helped recovery?

Mr. WEST of Ohio. I have read some articles by Mr. Lippman that were critical. I said he was critical. But I have heard him on other occasions speak in praise of the economic soundness of the program and insist that it was essentially sound and economic from the viewpoint of meeting the emergency.

Mrs. KAHN. When was the article published the gentleman referred to?

Mr. WEST of Ohio. A month ago.

Mrs. KAHN. Evidently the gentleman has changed his mind since then.

Mr. WEST of Ohio. He said it was sound economically and met the emergency, and he is a gentleman that does not change his views over night.

Under recent tariff acts rates have become so high that international trade in any large volume has been impossible. Retaliatory rates against American goods have resulted in an alarming decrease in our export trade. The following tables indicate the rates in the various acts:

Average rates of duties under recent tariff acts¹
[Values in millions of dollars]

	Per- cent free	Per- cent duti- able	Aver- age annual im- ports	Aver- age annual duties col- lected	Equivalent ad valorem rates	
					Duti- able	Free and duti- able
Payne-Aldrich law, 1910-13 ²	52.6	47.4	1,621	313	40.7	19.3
Underwood law, 1914-20 ³	67.5	32.5	2,894	233	24.9	8.1
Emergency tariff, 1921-22 ⁴	61.3	38.7	2,815	372	34.0	13.2
Fordney-McCumber law, 1923- June 17, 1930.....	63.8	36.2	3,898	544	38.5	14.0
Hawley-Smoot law: June 18, 1930 to Oct. 31, 1932.....	67.8	32.2	2,055	337	50.7	16.4
Jan. 1 to Oct. 31, 1932.....	67.2	32.8	1,127	212	57.5	18.8

¹ Compiled from the report of the U.S. Tariff Commission, Statistical Division, October 1932.

² The Payne-Aldrich law became effective on Aug. 6, 1909, the Underwood law on Oct. 4, 1913, the emergency tariff on May 28, 1921 and the Fordney-McCumber law on Sept. 22, 1922. Certain inaccuracies will appear in the above table due to the fact that fractions of years are disregarded prior to the Hawley-Smoot tariff, but the difference is in no case large enough to affect the averages materially. The years given in the above table are fiscal years from 1910 to 1918, and calendar years from 1919 to the present time.

³ Of this amount, \$273,000,000 was collected on the agricultural commodities, including woolen and cotton goods, specified in the emergency tariff between May 28, 1921 and Sept. 21, 1922.

⁴ 9 months only.

Ad valorem rates of duty collected in major countries

Country	On dutiable imports		On total imports	
	1931	1932	1931	1932
United States.....	53.2	57.8	17.8	19.2
Japan.....	24.1	22.7	9.1	7.6
Germany.....	35.5		17.7	
Argentina.....	27.9	37.0	21.7	28.6
Canada.....	26.0	29.3	16.4	19.7
Belgium.....			5.5	9.5
Italy.....			20.7	29.3
France.....			13.9	
United Kingdom.....			15.0	23.0

Only the adoption of the proposed measure will make possible the encouragement of a normal and wholesome condition in international economic relationships.

Mr. TREADWAY. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, I have always been a staunch disciple of the doctrine of a high protective tariff as enunciated and expounded by that great Republican and illustrious American, William McKinley. I have subscribed to that doctrine because I have believed that only by such a tariff can American labor and American industry be safeguarded and protected against the pauper labor of foreign competitive nations. Corollarily, I have always favored a rigid immigration policy on the theory that every alien admitted to the United States reduces in proportion to the number admitted the opportunities of the American laboring man. But, Mr. Chairman, if we are to admit to the markets of America the products of the sweatshops of foreign nations, our restricted immigration policy automatically becomes an idle gesture.

During this debate we have heard a great deal about inefficient industry. If I understand Secretary Wallace correctly his definition of inefficient industry is that any industry that cannot operate and produce as cheaply as its competitor is inefficient. I understand that he has condemned and proposes to ban the further expansion of the sugar industry in this country because we cannot produce sugar as cheaply as Cuba or the Philippines. It seems to me that in the production of a commodity the cost of production is the chief element to be considered. I presume that we might produce sugar as cheaply in the United States as it can be produced in any other country, provided our sugar industries paid the same scale of wages to its employees as are paid to those performing similar work in other countries. But, Mr. Chairman, the American laboring man in all lines of industry demands a living wage. And when I speak of a living wage I do not mean a wage that will merely enable him and his family to eke out a miserable existence—to live from hand to mouth—but a wage that will permit him to enjoy the comforts and some of the luxuries of life. That is the American wage, and every red-blooded American wants to see this sort of wage condition maintained. And it is to preserve that sort of a living wage that necessitates the maintenance of a protective tariff of the William McKinley variety.

Apropos of what I have just said, I ask unanimous consent to print as a part of my remarks a brief excerpt from a short article by Robert Quillen appearing in the March 22 issue of the Washington Post, which is as follows:

In various reliable publications you find a printed list of articles that Japan is selling below the American cost of manufacture.

One of the articles is a gold-tipped fountain pen that sells for 7½ cents.

That is not the retail price. The retailer may get 49 cents or as much as 69. But the price that matters in world trade is the wholesale price fixed by the Japanese manufacturer.

Because it is so ridiculously and unbelievably low, the Japanese are rapidly monopolizing the export business of the world.

How do they do it?

Well, standing at a workbench in a Japanese factory is a little toylke boy. The factory record says he is 10 years old, 10 years being the legal minimum for wage earners in Japan, but he may be younger.

His pay is 4 cents a day.

Tens of thousands of children like him are making Japan's cheap products. And skilled adults who do the more difficult work are paid as little as 30 and 40 cents a day.

Knowing this to be true, and knowing that Japanese manufacturers unscrupulously imitate wrappers and packages and steal the trade mark of honest men in other lands, statesmen shudder in dread of such competition and picture the ultimate closing of American factories.

But the story has another side.

The fountain pen soon comes apart. The barrel is bamboo. It is an artful imitation of a fountain pen—nothing more.

And the other cheap products that Japan is now dumping in the markets of the world are of similar quality. They look good, but they are shoddy.

What Mr. Quillen says about Japan can be said with equal truth and propriety about goods manufactured in various other foreign countries and then dumped into the United States to be sold in competition with goods manufactured in American industry by American labor which demands a living wage for its toil.

Mr. Chairman, of course, the objective of this legislation is to reduce and lower our tariff wall. Otherwise, there would be no excuse or justification for it. I may be charged with being an isolationist. I am at least a nationalist, because I contend that charity should really begin at home. I am violently opposed to a reduction in any tariff schedule that will permit the merchandise from foreign countries to come into the United States and be sold cheaper than they can be efficiently manufactured by our own industry. The same principle applies with equal or greater force to the products of the soil. With agriculture prostrate, the livestock industry paralyzed, and with hundreds of millions of the taxpayers' money being expended in an effort, which appears to many to be in vain, to resuscitate these important basic industries, it is now proposed to vest in one man the power to revise our tariff laws which may place these industries in still greater jeopardy.

Mr. Chairman, notwithstanding the pathetic plight of the livestock growers of the United States, within the past few months we have seen tons after tons of canned-meat products shipped into the United States in competition with an already utterly demoralized domestic market. Old impoverished cows and infecundous bulls slaughtered and canned in the Argentine have been imported into this country and dumped upon our already glutted market. And, my friends, the melancholy and disgraceful feature of the affair is that our own Government purchased a large part of this inferior product and fed it to the boys in the C.C.C. camps throughout the country. When this disgraceful fact was revealed to the public, a great howl of indignation went up, followed by administrative apology and promise not to do so again. Is it any wonder that choice steers in this country were being sacrificed at 2½ and 3 cents a pound, and cows as low as 60 cents a hundred?

How do you expect the lumber industry of America to compete with timber products produced by slave and penal labor in Russia? Vast timber forests in Russia, most of which are inside the Arctic Circle, are being processed now and precipitated into the markets of the world. A witness testified before the Immigration Committee of the House a few days ago that the Soviet Government has numerous large prison camps in these vast forests, and that each prisoner is required to cut down and trim 18 trees per day, and that they are not allowed to return to camp until this task has been performed. This barbarous system is applied to women prisoners as well as men because under the Stalin government there is no distinction or discrimination on account of sex. This witness stated that thousands of such prisoners die yearly in those concentration camps from sheer exposure and exhaustion. I know it will be said that under our tariff laws goods manufactured by enforced labor cannot be admitted. But, my friends, there is bootlegging in all lines of industry, and there is no way to prevent it except by giving American industry adequate tariff protection.

Mr. Chairman, I shall not attempt to discuss the constitutionality, or rather the lack of constitutional grace of this measure. We all know that under the philosophy of the new deal the Constitution is in a state of inertia and abeyance at this time. That grand old document which

in the past has been regarded as the Ark of the Covenant and the bulwark of the Republic, has been indefinitely furloughed. To paraphrase what Mark Antony said over the body of the great Caesar:

Only but yesterday the Constitution might have stood against the world, but now lies it there and none are so poor as to do it reverence.

While discussing the Bankhead cotton bill in another body a few days ago the senior Senator from North Carolina [Mr. BAILEY], attacking the constitutionality of the measure, said:

If the Supreme Court passes that, I should know the end of all things had come in America, and I shall prepare for the socialistic regime and dictatorship.

I thoroughly concur in the sentiment thus expressed by the able and courageous Senator from North Carolina. And yet, my friends, this measure we are considering today is just another unit in the legislative procession that is rapidly rushing this Nation into downright absolutism. Congress has abdicated one constitutional prerogative after another until it stands today almost denuded of power.

If it continues to surrender its constitutional authority, this body will soon cease to function altogether. If this is to be our program, we might as well disband and go home and stop the useless expense incident to congressional sessions.

But, my friends, I am persuaded to believe that the heyday and honeymoon of the "brain trust" is on the wane. We are beginning to see unmistakable evidences of its disintegration. I believe the American people are beginning to get wise to this nefarious racket. I think it ought to be apparent to every student of recent events that the "brain trust" is much more interested in changing our form of government than it is in recovery. In fact, recovery is of secondary or less importance in their scheme. Regimentation and ultimate dictatorship is their paramount ambition.

Mr. Chairman, the American people are patient and long-suffering, but when they are aroused their indignation and vengeance know no bounds. Under the subtle influence of a subsidized press, a subservient radio, and all other avenues of intimidated and coerced publicity the people have been lulled into a stupor; but the spell is already showing signs of breaking, and when the people get their eyes open to this deadly menace this little "brain trust" will crumble beneath their wrath even as straw in the path of a tornado. When this awakening comes the Constitution will have a new baptism and the people will have a new appreciation of the virtues of liberty. They will have a new realization and conception of the meaning of Lexington, Valley Forge, and Yorktown.

Mr. Chairman, sometimes I am amused at the remarkable metamorphosis of the Democratic Party. The members of this great party used to be almost fanatical in their championship of State rights. Three score and ten years ago a bloody fratricidal war was fought on that issue. A short time ago the Democratic Party was violently opposed to subsidy and centralized government. Now they want to subsidize States, counties, municipalities, industries, and individuals. They have set up a colossal bureaucracy in Washington, the magnitude and complexity of which almost staggers the imagination—a bureaucracy whose tentacles penetrate every nook and corner of the Nation.

What has become of the old Jeffersonian Democracy? Alas! it has gone the way of the dodo, the mastodon, and the ichthyosaurus. States rights is now only a memory, and subsidy and centralized government are sweet morsels which our Democratic brethren roll on their tongues with increasing glee and gratification.

My friends, the gymnastics of our Democratic brethren on this character of legislation are indeed most ludicrous. When the Smoot-Hawley tariff bill, which invested a very limited and conditional flexible power over tariff rates in the Executive, the distinguished gentleman from North

Carolina, chairman of the committee that brought in the legislation we are now considering, had this to say:

This is too dangerous and alarming to contemplate. With all this power vested in the President of the United States he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States. In fact, with all this unrestricted and unlimited power he would be in a better position to overthrow our form of government and proclaim himself king than was the first consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself Emperor.

And yet only 5 years after these ominous words were uttered the same man on the same subject, except much more augmented and aggravated, in discussing this bill a few days ago had this to say:

The bill, in my judgment, is one of the most important parts of the President's recovery program, and will materially assist in restoring prosperity and setting the wheels of industry turning again.

Mr. Chairman, Consistency is indeed a precious jewel. But the constancy of the Democratic Party on public issues can only be compared to the fixedness of the North Star, about which the bards of old sang so eloquently. Seriously, Mr. Chairman, the inconsistency of the Democratic Party is indeed a challenge to one's credulity. The things they once loved they now hate, and vice versa.

Mr. Chairman, I assume, of course, that this measure, under the lash of the White House, will pass the House, but it is to be hoped by the friends of constitutional government that when it reaches another body it will be defeated or materially modified; but if not that, when it is presented to that great tribunal, the Supreme Court, it will receive the condemnation at the hands of that body which it deserves. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Chairman, while I agree with the criticism of this bill on constitutional grounds, I propose in the few minutes that I have to devote my attention particularly to the specific results which will occur, and just where they will occur, if this bill should be enacted into law. In all the years that I have been in Congress, I think there has been no bill which has excited such uniform objection from my own district, from the State of Connecticut, and from New England. I have telegrams and letters, the committee has had telegrams and letters, from practically every town setting forth fears that the industry which is represented will be liable to destruction if this bill should pass.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. KNUTSON. If these manufacturers, who, after all, are more concretely interested than anyone else, or should be, thought for a moment that this legislation would promote foreign commerce, they would be down here in hordes asking for its enactment, would they not?

Mr. MERRITT. That is correct. We hear from many members of the administration the doctrine that so-called "inefficient" industries should be stopped. Some of them say that the death should be immediate, while others say that it might be accomplished slowly and more mercifully. It is a fact that all over New England there are many industries, some of them large, many of them small, which have, under tariff protection given them, been sufficiently efficient to exist for generations, some of them for more than a hundred years, and during that time they have kept alive against all foreign competition, even exporting many of their goods, and have extended their trade all over the United States. Many of those industries are not only self-supporting, but they actually support the town in which they exist. A whole town has grown up around some special industry.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. KOPPLEMANN. The gentleman knows that my interests in Connecticut are like his own and in New England. I am considerably troubled by the statements that

have been repeatedly made about killing off so-called "inefficient" industries. Does the gentleman know of any industry in our State or in New England that would be subject to decapitation as a result of this measure?

Mr. KNUTSON. Mr. Chairman, will the gentleman permit?

Mr. MERRITT. Yes.

Mr. KNUTSON. It was testified to before our committee that there are a number of small, inefficient industries in New England that should go by the board. If the gentleman will read the hearings, he will find that out.

Mr. KOPPLEMANN. And the name of any such industry?

Mr. KNUTSON. I do not think any was specifically named; but these representatives of the administration said there are a number of small, inefficient industries that could not exist except for the protective tariff.

Mr. KOPPLEMANN. I will ask the gentleman from Connecticut the question then. Is not that very largely based on fear rather than fact?

Mr. MERRITT. Of course; this whole bill produces fear, and that is what I speak about. I do not think it would be wise to give the names of these concerns, because it might create a notion that the industries are at present in trouble, which is not the fact. Many have told me, and have said in telegrams and letters, that different articles they produce can be put down in New York, from Japan, for instance, at a less price than the articles cost them in the shop.

I think everyone agrees, from the President down, that what we want in this country as a basis for the increase of business and sound prosperity is confidence. When this bill is enacted, if it is enacted, what bank in Connecticut is going to lend money, and what industry will desire to borrow money, if they do not know from month to month whether their tariff protection is going to be taken away from them, so that they will not be able to do business at all?

I think that the very statement of the prospect of this bill's passing has slowed down business, and I think that the enactment of it would so increase that feeling of insecurity as largely to stop business.

Going back to the point argued by the gentleman from Ohio [Mr. WEST], I think there can be no doubt that the devaluation of the dollar has made it easier to import goods, because if the import duty on any article is, say, \$100, it is now much easier to pay that \$100 in foreign exchange, because the value of the dollar has declined. Some importers have told me that the result of this devaluation on the average was to decrease the actual duty by about 25 percent, and, therefore, the protection to that amount. On the other hand, the effect of the N.R.A. is unquestionably to increase cost. The whole cry of the administration is to take on men and increase wages. I do not think it is an exaggeration to say that the combined effect of the N.R.A. and the devaluation of the dollar is to reduce the protective effect of duties by nearly 50 percent. If, on top of that, all industries are threatened and no one knows where the blow is going to fall, the effect will be very destructive. If they would name the particular industries in mind, the others might feel free.

Mr. KNUTSON. Oh, we repeatedly tried to have the representatives of the administration name the industries or articles they propose to aim at, and they refused to do so.

Mr. MERRITT. I want the Members of this House on both sides to feel, as I do, that if this bill is enacted it is possible for any irresponsible member of the administration or any of its advisers to take a course which will not only stop some industries in some towns in New England but possibly will destroy that town and depopulate it and force its people to seek other places to live, which will be very difficult.

I cannot conceive how any man from any part of the country can wish to take upon his conscience that responsibility. Certainly, for my part, I do not. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I wish to file from Foley's History something that has been said by Thomas Jefferson and Andrew Jackson and Simon Cameron on the tariff question.

The matter referred to is as follows:

[Extract of message from Andrew Jackson, President of the United States, to Congress, Dec. 7, 1830]

Among the numerous causes of congratulation the condition of our impost revenue deserves special mention, inasmuch as it promises the means of extinguishing the public debt sooner than was anticipated, and furnishes a strong illustration of the practical effects of the present tariff upon our commercial interests.

The object of the tariff is objected to by some as unconstitutional; and it is considered by almost all as defective in many of its parts.

The power to impose duties on imports originally belonged to the several States. The right to adjust those duties, with a view to the encouragement of domestic branches of industry, is so completely incidental to that power that it is difficult to support the existence of the one without the other. The States have delegated their whole authority over imports to the General Government without limitation or restriction, saving the very inconsiderable reservation relating to their inspection laws. This authority having thus entirely passed from the States, the right to exercise it for the purpose of protection does not exist in them, and consequently if it be not possessed by the General Government it must be extinct. Our political system would thus present the anomaly of a people stripped of the right to foster their own industry, and to counteract the most selfish and destructive policy which might be adopted by foreign nations. This surely cannot be the case. This indispensable power thus surrendered by the States must be within the scope of the authority on the subject expressly delegated to Congress. In this conclusion I am confirmed as well by the opinions of Presidents Washington, Jefferson, Madison, and Monroe, who have each repeatedly recommended the exercise of this right under the Constitution, as by the uniform practice of Congress, the continued acquiescence of the States, and the general understanding of the people.

That our deliberations on this interesting subject should be uninfluenced by those partisan conflicts that are incident to free institutions is the fervent wish of my heart. To make this great question, which unhappily so much divides and excites the public mind, subservient to the short-sighted views of faction, must destroy all hope of settling satisfactorily to the great body of the people, and for the general interest. I cannot, therefore, in taking leave of the subject, too earnestly, for my own feelings or the common good, warn you against the blighting consequence of such a course.

[Simon Cameron's reference to George M. Dallas, Vice President, Congressional Globe, 29th Cong., 1st sess.]

We are told out of the House that this bill is to become a law by the casting of the Vice President. I am happy to say that I have seen no evidence of such intention; nor will I believe there is such a design until I am convinced by the evidence of my own senses. To all the inquiries that have been made of me, I have said that it cannot be—that no native Pennsylvanian, honored with the trust and confidence of his fellow citizens, could prove recreant to that trust and dishonor the State that gave him birth. His honorable name, the connection of his ancestry with her history, forbid it; his own public acts and written sentiments forbid it. If, as has been said, this question is to be settled by the casting vote of the Vice President, he will not, as a wise man, adopt a bill which no Senator will father, but will rather, taking advantage of his high and honorable position, make one which will contribute to the happiness of our people and the glory of our common country. Let him not be allured by the voice of the flattery from the sunny South. No man can be strong abroad who is not strong at home. Before a public man risks a desperate leap he should remember that political gratitude is prospective; that desertion of home, of friends, and of country may be hailed by the winning party when the traitor is carrying in the flag of his country; but when the honors of the Nation whom he has served are to be distributed, none are given to him.

Will any man believe that a son of South Carolina, occupying the chair, elected under such circumstances, with the casting vote in his hands on this bill, would give that vote contrary to the almost unanimous wishes of his own State? And shall it be said that a Pennsylvanian has less attachment for his Commonwealth than a son of Carolina? I have said that I will not believe it; and, as evidence that it cannot be so, I give, in conclusion, the following eloquent passage from a speech of the Honorable George M. Dallas, when occupying the seat I now hold, on a question precisely similar to the one now before us.

[Cyclopedia of Jefferson Foley. Extracts from Messages and Letters of Thomas Jefferson]

"Congress is the great commanding theater of this Nation, and the threshold to whatever department of office man is qualified to enter." (To William Wert, v. 223 (W. 1808).)

"The representatives of the people in Congress alone are competent to judge the general disposition of the people, and to what precise point of reformation they are ready to go." (To Mr. Rutherford, iii, 409 (p. 1792).)

"Preserve inviolate the fundamental principle that the people are not to be taxed but by representatives chosen immediately by themselves. (To James Madison, ii, 328; Ford ed., iv, 475 (p. 1787).)

"The authority of Congress can never be wounded without injury to the present Union." (To the President of Congress. Ford ed., ii, 286 (W.G. 1790).)

"The sense of Congress is always respectable authority." (Official Opinion, vii, 499; Ford ed., 209 (1790).)

"As I never had the desire to influence Members, so neither had I any other means than my friendships, which I valued too highly to risk by usurpation on their freedom of judgment, and the conscientious pursuit of their own sense of duty." (To President Washington, iii, 410; Ford ed., v, 1102 (1792).)

"The executive in our governments is not the sole, it is scarcely the principal object of my jealousy. The tyranny of the legislatures is the most formidable dread at present, and will be for many years. That of the executive will come in its turn, but it will be at a remote period." (To James Madison, iii, 5; Ford ed., v, 83 (1780).)

Mr. FOCHT. We have had most illuminating and instructive debate on a question that will never be settled here at all, and that is the tariff. That is not the question at issue. It is a fact, however, that this country started as an infant. It became the greatest nation in the world because of the protective tariff. We have infant industries which started in a small way, which became great competitors of the mightiest manufacturing institutions of England. Now it is proposed to do something unheard of in all history or all business. That is, to destroy American industries that have not yet grown to full manhood or rounded out into complete economic development. To me that is the grossest, rankest absurdity that I have ever heard coming from anyone, although most anything might come from the man who will be charged with the responsibility of administering this so-called "tariff law", the Secretary of Agriculture, since it has taken him more than a year to even gesture a proposition that will relieve the farmer in regard to the dairy question.

There was a great philosopher who sat here as Speaker of this House at one time, Thomas Reed. As to the tariff question, Thomas Reed said:

I care not as to your argument or the pedantic maxims of the bookmen, nor how a thing may sound or how a thing may look. What I want to know is, How does it work?

Anyone who knows anything about the history of his country knows that every time you ever tinkered with the tariff you brought wreck and ruin to American industry.

Mr. HOEPEL. Will the gentleman yield?

Mr. FOCHT. For a short question.

Mr. HOEPEL. Did the Tariff Act of 1930 bring ruin to this country?

Mr. FOCHT. The Tariff Act of 1914, before it was even in full operation, brought soup houses and calls for raiment; but I do not care to get into an argument with the gentleman from California. We agree on too many things.

I want to call attention to one of the most tragic incidents that ever occurred in American political life. It has a direct relation to this question of extending supreme power and confidence to any one man. I am not going into a long story of what I think of the President, because we all respect the President and believe in his patriotism; but as to his ultimate wisdom on a question of this kind, I asked the other day, "What are his tendencies?" Do I, as a protectionist, believing as I do and as you do, all of you, and as I will show your leaders believe, in a protective tariff, confide this to one man? If a commission cannot do it, how is one man going to revise the great tariff schedules which have developed three times over what they were in the last tariff bill?

How can President Roosevelt do justice to a revision of tariffs in this country if you cannot do it by a committee which has had long experience which he has not had? I have faith in him as far as he can go, but even he has his limitations. He never served in the Congress. I regret exceedingly that he has not spent at least 6 years here. He would not have been caught in the position he was last night if he had spent some time here. He could not comprehend what the people wanted yesterday or he would not have vetoed that bill. If he had spent some time here he would

have better understood the sentiment of the country yesterday, and if he could not understand that how could he know about a thousand complex tariff schedules? There is no great mysticism about it, no black art, no legerdemain, but there is so much to consider about it, on account of the vast variety of industries and interests in this country, that I doubt whether he or any other single individual has the capacity to do that job.

But even if he had the capacity, what would he do? What are his tendencies in regard to a protective tariff?

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. FOCHT. There was elected from Pennsylvania in 1844 a Vice President of the United States. A delegation of leading business men of Pennsylvania went to Philadelphia, and in the great parlor of the home of George M. Dallas they saw him raise his hand and swear before God that if elected Vice President and there came to him the question of deciding any tie vote on any tariff bill he would support the tariff of 1842.

On this sacred promise the Polk-Dallas ticket swept Pennsylvania. What happened? I say there was a near tragedy in the politics of the United States when this great man, with wonderful antecedents, great family tradition, a great man himself, when the hour struck for a test of his integrity and his loyalty, he voted in the United States Senate for the repeal of this tariff law of 1842, with resultant desolation and ruin throughout the country.

I say, my friends, a man is just as strong as he is. He is impelled by what has actuated his conduct in the past, and, therefore, unless I knew definitely what his tendencies are, what Mr. Roosevelt thinks about the tariff, what his environment and contact has been about it, the simple promise that he will make trades, to me, means nothing in the presence of the story of George Dallas.

Mr. KENNEY. Will the gentleman yield?

Mr. FOCHT. I yield briefly.

Mr. KENNEY. Does not the gentleman believe the present tariff ought to be revised?

Mr. FOCHT. I am amazed at the causes which have been assigned for our present difficulty. Let us not forget that half the wealth of the world cannot be destroyed in war, without making its effect felt, and still have it. We are having our difficulties; and if ever there was a time to correct them, now is that time. The great majority held by the party on the other side of the aisle should earlier in this session have been used to pass laws for the protection of the arm of labor, of the farm, and all industry. [Applause.]

[Here the gavel fell.]

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein the excerpts I previously referred to.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from California [Mr. ELTSE].

PROGRESSIVE ABDICATION OF POWERS—TARIFF

Mr. ELTSE of California. Mr. Chairman, passage of this tariff bill will constitute another successive step in the abdication by Congress of its constitutional powers and a delegation of them to the President. We are asked to give him unrestricted power over the life or death of any unit or section of American industry and agriculture. All industry and agriculture will be placed under the direct control of the President. We are asked to delegate to the President the sole and exclusive power to make tariff treaties or Executive agreements which is equivalent to granting the power to tax. Such a delegation of power is not authorized by the Constitution and is repugnant to and directly in conflict with section 8 of article I, which states that:

Congress shall have power to lay and collect taxes, duties, imposts, and excises.

I quote from the Washington Star of March 3, 1934:

With considerable boldness he (the President) has proposed that the President be clothed with complete authority to make reciprocal trade agreements between the United States and other nations, and to lower tariff duties by 50 percent to bring about such agreements, or to raise them by 50 percent if need be. In other words, he proposes to take over the tariff-making business from Congress. * * * Certainly it leaves with the President the power to amend the tariff duties by Executive order in such a way as to crush absolutely American industries. Now, no matter whether there are industries supported by the present tariff wall which are not wise economically, the owners and workers in these industries will not relish being wiped out.

Quoting from the Washington Post of March 26, 1934:

For over a year * * * he has been developing policies, first under the plea of national emergency, more lately with the vague objective of a planned economy, which have become increasingly at variance with campaign assurances. * * * Instead of lending his magnetic personality to the re-creation of a nation of freemen, the President has let the country be steered closer and closer to a system of rigid State regimentation, which is reminiscent of the feudal system. The criterion of that economy system was complete subordination of the individual to codes and standards prescribed from above.

From the inception of the Seventy-third Congress abdication of legislative powers has been a procession. A review of legislation passed reveals that in the Emergency Banking Act the President sought and received ratification and extension of authority over banking and finance; that under this act the President has power to regulate credit, currency, gold, silver, and foreign exchange transactions; that under this act he ordered all gold and gold certificates to be delivered at the Treasury; embargoed gold, fixed restrictions on the banking business of Federal Reserve members, passes on the reorganization of national banks; permits the purchase of preferred bank stock by the R.F.C.; regulates bank loans and permits the issuance of a large amount of new Federal Reserve bank notes on collateral not heretofore allowed as a currency base.

By the Economy Act there was delivered into the hands of the President the power to revamp the entire structure of veterans' benefits, to reduce all Federal salaries 15 percent, to eliminate, to consolidate, transfer, and curtail any governmental agency.

By the Farm Relief Act there was delivered into the hands of the President the power to reduce acreage, to specify the growing of farm crops on certain terms, to employ the allotment and land-leasing and cotton-option contracts on any of them, to buy the Farm Board's cotton or make loans against it, to enter into marketing agreements, to levy taxes on processing and require licenses for processors and distributors, to control the distribution of basic farm commodities in interstate and foreign commerce, in short, to practically regiment agriculture.

This Congress has delegated power to the President to direct credit expansion through purchase of Government bonds not to exceed \$3,000,000,000 through open-market operations; to issue greenbacks up to \$3,000,000,000 if the credit expansion does not work; by proclamation to fix the gold content of the dollar within certain limits; to provide for the unlimited coinage of silver at a ratio to be fixed by proclamation.

And we might go on multiplying examples of this wholesale delegation of power. There are many others.

Moreover, we have been given definite indication of what the administration has in mind for future legislation and action whereunder additional powers will be surrendered by Congress and delegated to the executive branch of the Government. We see the beginnings of an effort to establish central control over communications, including the telephone and telegraph lines and the radio. In that connection liberty-loving Americans are shocked by the deadly calm with which the Secretary of Agriculture, in his pamphlet, "America Must Choose", after discussing regimentation of agriculture, announces:

But these are minor considerations, in comparison with the extraordinary complete control of all the agencies of public opinion which is generally necessary to keep the national will at

a tensy necessary to carry through a program of isolated prosperity.

Freedom of the press? Not under regimented opinion.

The Secretary of Agriculture is one of the spokesmen for the administration, and it is commonly reported that the Secretary, along with Professor Tugwell, had much to do with drafting this tariff bill. Let us quote a little more at length from his pamphlet in order to learn the trend of political economic thought prevailing and becoming so dominant:

Much as we all dislike them, the new types of social control that we have now in operation are here to stay. * * * By the end of 1934 we shall probably have taken 15,000,000 acres out of cotton, 20,000,000 acres out of corn, and about half a million acres out of tobacco, nearly one eighth of all the crop land now harvested in the United States.

If we continue year after year with only 25,000,000 or 30,000,000 acres of cotton in the South, instead of 40,000,000 acres or 45,000,000 acres, it may be necessary after a time to shift part of the southern population. We will find exactly the same dilemma, although not on quite such a great scale, in the Corn and Wheat Belts.

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas, for every farmer for every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture. * * * Every plowed field would have its permit sticking upon its post.

DISCIPLINE NEEDED

As yet we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires. * * * It is quite as serious a question whether we have the resolution and staying power to swallow all the words and deeds of our robust individualist past, and submit to a completely armylike, nationalist discipline in peace time.

Our own maneuvers of social discipline to date have been mildly persuasive and democratic. * * * Regimentation without stint might indeed, I sometimes think, go further and faster here than anywhere else. * * * Great prosperity is possible for the United States if we follow the strictly nationalist course, but in such case we must be prepared for a fundamental planning and regimentation of agriculture and industry far beyond that which anyone has yet suggested. To carry out such a program effectively, with our public psychology as it is, may require a unanimity of opinion and disciplined action even greater than that which we experienced in the years 1917-19. * * * It may require a great amount of governmental aid to take care of people formerly engaged in import and export businesses. It will mean the shifting of millions of people from the farms of the South. But these are minor considerations, in comparison with the extraordinarily complete control of all the agencies of public opinion which is generally necessary to keep the national will at a tensy necessary to carry through a program of isolated prosperity.

Thus there seems to be more truth than poetry in the assertion on the part of many able students of governmental affairs and economists that we are undergoing what some choose to term "a palace revolution." In that connection our thoughts are arrested by the article of Mark Sullivan appearing on March 4, 1934, in a New York publication, wherein he said:

It is certain that the revolution now under way cannot go on to completion except by getting rid of the independence of the judiciary. The revolution cannot be made effective except by getting rid of the freedom of the press and by suppressing and punishing dissent and nonformity as thoroughly as they were suppressed during the World War. The revolution cannot go on to completion except by getting rid of the parliamentary form of government; and these are but three of the fundamental American institutions that must pass away if the revolution is to be complete and remain permanent.

Scattered all through the so-called "emergency legislation" which this Congress has passed, there exists the right to exercise peremptory legislative powers by the President. This tariff bill is no exception. Under this tariff-making power the President may decide without hearings that a certain industry has procured its tariff from Congress through a lobby or collusive bargaining and forthwith by a stroke of the pen completely wipe out the industry. If it be said that the President will not abuse the power, sufficient answer is found in the peremptory action canceling air-mail contracts.

This tariff bill is brought here under the guise of emergency legislation. It recites that it is based on the present

emergency. Expediency has been made a rule of construction in the interpretation of the Constitution. The direful prophecy of President Andrew Jackson in his veto message of May 7, 1830, has been fulfilled. He said:

When an honest observance of constitutional compacts cannot be obtained from communities like ours, it need not be anticipated elsewhere, and the cause in which there has been so much martyrdom, and from which so much was expected by the friends of liberty, may be abandoned, and the degrading truth that man is unfit for self-government admitted. And this will be the case if expediency be made a rule of construction in interpreting the Constitution. Power in no government could desire a better shield for the insidious advances which it is ever ready to make upon the checks that are designed to restrain its action.

President George Washington spoke clearly on this point in his Farewell Address when he said:

If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way in which the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

This tariff bill is a repudiation of tariff policies laid down by Thomas Jefferson and Andrew Jackson, to whom the Democratic party steadfastly points as the founders of its faith. Thomas Jefferson said:

My own idea is that we should encourage home manufacturers to the extent of our own consumption of everything of which we raise the raw materials. * * *. Experience has taught me that manufactures are now as necessary to our independence as to our comfort.

Andrew Jackson in a speech in the United States Senate said:

We have been too long subject to the policy of British merchants. It is time we should become a little more Americanized; and instead of feeding the paupers and laborers of England, feed our own; or else in a short time by continuing our present policy (that under the low tariff of 1816) we shall all be rendered paupers ourselves.

If this bill becomes the law home manufacturers will not be encouraged, but on the contrary many of them will be wiped out entirely. If this bill becomes the law we will have lost a large part of our economic independence; and we will be feeding the paupers and laborers of England and of Japan and other foreign nations and we shall render paupers of increasing numbers of our own people.

We must have an adequate tariff because (1) American labor, industry, and agriculture must be protected against cheap sweat shop and peasant labor and low living standards of foreign competitors and (2) because it is a means of providing revenue for the Government. That is sound Republican doctrine and the Democrats recognize it as such, for the distinguished Speaker of this House in a debate on the Hawley-Smoot Act on January 9, 1932, said:

Lower this tariff drastically? You (Republicans) will not do it and we (Democrats) do not dare to do it with conditions as they are. We do not want this market flooded with the products of cheap labor in other countries.

To permit European and other foreign manufacturers, in the present crisis, to sell more freely in our domestic markets—to sell what we already produce excessively—is to shut out our own manufactures—to complicate tremendously the problem of reorganizing its chaos.

The internationalists propose to cure the chaos of our domestic market by converting it into a world market. If our international bankers determine our foreign policy, then our domestic market must stay disorganized. They would lower our tariff and allow Europe to pay on their investments by flooding our domestic market with more surpluses.

Never has there been a time when we could so little afford to lower our tariff walls, behind which we already suffer from demoralizing surpluses, to permit more surpluses to flood us.

Very much in point with the subject under discussion is a telegram which I have received from the California State Chamber of Commerce, and I ask consent that it may be inserted here as a part of my remarks.

SAN FRANCISCO, CALIF., March 23, 1934.

HON. RALPH R. ELTSE,

House Office Building, Washington, D.C.

The California State Chamber of Commerce is of opinion that flexible provisions of Tariff Act of 1930 provide Tariff Commission and President with all necessary means of changing tariff schedules to meet changing conditions. Congressional H.R. 8430 proposes to give President power to change tariff schedules 50 percent by reciprocity treaties with other nations and without hearings. Such power would affect numerous tariff schedules vital to California. California State chamber is opposed to vesting such broad power in any individual, and believes it would result in uncertainty that would be extremely detrimental and disturbing to California agriculture. No changes should be made in tariff schedules without thorough investigation by Tariff Commission with adequate hearings. Proposed legislation would furnish opportunity for political pressure to be exerted in such way as to favor large industries of wide political influence at expense of small industries of less political influence. California State chamber urges that H.R. 8430 be not passed in view of fact that Tariff Commission and President already have power for adjustments with provision for full hearing by all interested parties.

NORMAN H. SLOANE,

General Manager California State Chamber of Commerce.

The passage of this bill will have one inevitable result: American labor, industry, and agriculture will suffer.

Let us more minutely examine the operation of this bill and note the result which will follow. As the tariff law now stands, articles are either on the dutiable or free list. The dutiable list is composed of those articles which come into competition with American products, while the free list is composed of noncompeting articles. It can be assumed that since it is one of the express purposes of this bill to promote foreign trade, the free list will not be disturbed by Executive order or reciprocal agreements. Consequently, any such order or agreement must be directed at or cover items on the dutiable list.

Now, under the power proposed to be granted to the President under this bill, he would enter into bargaining or swapping agreements with foreign nations for the exchange of commodities through the medium of export and import. If this delegation of power means anything at all, it means that the tariff on many dutiable items will be lowered in consideration of receiving from the other party to the agreement certain of its products which, under the circumstances, will necessarily come into competition with American grown and manufactured products. The power to determine what American products shall thus summarily be dealt with lies solely in the hands of the President. Therefore it is no empty statement to say that this bill delegates to the President unrestricted power over the life or death of any unit or section of American industry and agriculture. And Secretary Wallace, who must be considered a spokesman for the administration, has provided us with the rule or the yardstick by which it is to be determined whether or not a certain given industry shall have the decree of life or death pronounced upon it. That rule or yardstick is that of efficiency or inefficiency, as you choose.

In order to build up our exports under the application of that rule our shoe manufacturers will be told that they are inefficient as a reason for allowing our domestic markets to be flooded with cheap shoes manufactured in Czechoslovakia; for the same purpose our textile industries will be told that they are inefficient as a reason for allowing our domestic markets to be flooded with cheap textiles manufactured in Great Britain and other foreign nations; under the application of that rule the manufactures of woolen and worsted goods, of glass, of women's clothing, of pottery, of cement, of electric-light bulbs, of electrical appliances, and the producers of our agricultural products may be told that they are inefficient as a reason for allowing our domestic markets to be flooded with the cheap products from foreign nations. Under the application of that rule the cane- and beet-sugar industry in the United States is to be told that it is inefficient as a reason for allowing our domestic markets to be flooded with the cheap sugar produced in Cuba and elsewhere. Under the application of that rule there is not a single manufactured article or any agricultural product produced in the United States which could successfully compete with a like production of a foreign nation.

The unit cost of production of any given article abroad is much lower than it is in the United States, and, of course, such unit cost enters into the test of whether an article is efficiently or inefficiently produced. It is impossible under such a test for any given article to successfully compete because of the pitiful wages paid by our foreign competitors and of the low standards of living prevailing in foreign nations. Comparison of wages in the United States and leading competing foreign countries provides conclusive proof that we cannot compete successfully with those foreign nations under the application of the efficiency or inefficiency rule. Pass this bill and American labor, agriculture, and industry will no longer be protected. The American farmer with his higher costs, higher-priced land, and higher standards of living cannot compete with the foreign farmer with his lower cost, cheaper land, and lower standards of living without an adequate tariff. This was demonstrated under the Democratic Underwood Tariff Act, where a large percentage of American farm products was placed on the free list and rates on manufactured goods in general were greatly reduced. The result was logical and inevitable. Each month saw increased quantities of cheaply produced European agricultural and industrial products invading the American market, forcing our industries to curtail activities or close down entirely. It deprived American agriculture of a dependable and profitable market. Our exports declined 43.3 percent in 10 months immediately following the passage of that act.

And yet it is proposed that the American domestic question of the tariff shall be settled at a conference table with foreign nations. We are to be embroiled in all of the economic and commercial wars of Europe and the rest of the world through international conferences on tariff duties and reciprocal trade agreements. Think of permitting foreign nations with their vast quantity of cheap surplus competitive products seeking entrance into our markets to have a voice in determining what our tariff shall be.

If it is to be the policy of the Government to negotiate treaties, the practice followed in the past should be continued, and that practice was well defined in the recommendations of President Theodore Roosevelt in his annual message to Congress in 1901, where he said:

Reciprocity must be treated as the handmaiden of protection. Our first duty is to see that the protection granted by the tariff in every case where it is needed is maintained, and that reciprocity be sought for so far as it can safely be done without injury to our home industries. Just how far this is must be determined according to the individual case, remembering always that every application of our tariff policy to meet our shifting national needs must be conditioned upon the cardinal fact that the duties must never be reduced below the point that will cover the difference between the labor cost here and abroad. The well-being of the wage worker is a prime consideration of our entire policy of economic legislation.

This bill stands in glaring inconsistency with the administration program of curtailment in production and elimination of surpluses. Under the farm-relief act we established the processing tax for basic agricultural products. New items are being added to these basic products and the operation of the act extended for the benefit of the agriculturist at the expense of the consumer. The burden of the farmer is being saddled on the back of the consumer. The problem of the farmer is being laid on the doorstep of the consumer; it is not solved, it is shifted. In the face of the dire need, privation, and suffering by millions of our people in a land flowing with milk and honey, every third row of cotton has been plowed under, millions of pigs have been slaughtered, acreage in many other crops has been tremendously reduced in an effort to cut down and limit production. This program has been developed and instituted in order to eliminate surpluses of such basic agricultural products and to raise prices. And in addition it is proposed to further reduce cotton production through the means of a heavy penalizing excise tax on cotton baleage, confiscatory in nature. All agriculture is being regimeted with the foregoing purpose in mind.

But behold the inconsistency. On the one hand we propose to thus curtail production, while on the other hand it

is proposed under this tariff bill to permit products grown on foreign soil to have entry through our ports and such products will come into direct competition with our own agricultural products, and we have a clash of purposes and inconsistent objectives. Any products which we cannot efficiently grow as compared with those grown on foreign soil, are to be let into the country if we are to apply the rule or yardstick adopted by the Secretary of Agriculture.

Comparable to the inconsistency of this tariff bill with production curtailment is the illogical argument of the sponsors of this bill.

In order to prove the necessity for the passage of this tariff bill its sponsors point to the terrific falling off in exports and imports and argue that passage of the bill will again restore the export and import business. They make comparison of present imports and exports with those of the banner year of 1929 and years immediately prior thereto. In so doing they fall into error. The terrific export business for the year 1929 and prior years was financed and our products purchased through the means of loans which our people and the Government made to the foreign nations purchasing heavily in our markets. As Mr. Samuel Crowther testified before the Ways and Means Committee:

Now, we can have an export trade if we want to pay both ends of it.

Moreover, comparison of present export-import business with that of 1929 and prior years is odious because it assumes that the export and import business of foreign nations had not retrogressed, whereas in fact this business of the foreign nations had fallen off commensurate with that of our own. The truth is that the terrific decrease in the export-import business of the whole world was a result of the depression and not a cause. Foreign nations had become and are now essentially nationalistic and each is trying insofar as possible to become self-contained, and to do that they have built up their high tariff walls, and these are not retaliatory as so often charged. It has become the question of the survival of the fit.

Moreover the foreign nations to which we have heretofore exported such vast quantities of our products are terrifically in debt to the United States and they do not care to increase that debt burden. To buy in our markets and to establish a trade balance in our favor would only increase their debt burdens. Naturally, they will not do this, and consequently they have set up their tariff walls. No foreign nation is going to enter into any reciprocal trade agreement with us unless it is to its advantage, which will prove to be at our expense.

In conclusion, I wish to respectfully submit that it is high time that we call an abrupt halt to a further granting of legislative powers to the executive branch of the Government; that this Congress stop its march toward abdication of constitutional powers; that it reassert itself as the duly constituted representative body of the American people; that it resume its normal functioning; that it be wise enough to use the words of Chief Justice Hughes, "to see that the hope of the Republic is not in submission but in controversy—in the triumphs won through high and free debate."

This Congress must retrieve its position so that it can no longer be said that "representative government is dead."

It is time that we turn abruptly to the right. [Applause.]

[Here the gavel fell.]

Mr. ELTSE of California. Mr. Chairman, I ask unanimous consent to include in my remarks a telegram from the State Chamber of Commerce in California and also certain quotations from the Washington Post and the Washington Star.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, this Nation must choose—must choose between the "brain trust" and common horse sense—must choose between internationalism and national-

ism—must choose between seeing and buying America first and sojourning and bartering away our markets in Europe, in Asia, in Africa, and in other foreign countries. For my part, I find no great difficulty in choosing. I choose the course outlined by George Washington, the Father of this country, nationalism—real Americanism—rather than internationalism, that of the Latter Day Saints, the "brain trust." These have and are destroying this splendid administration of ours—the administration that started in so gloriously on March 4, 1933.

We are told that this Nation is on the brink of destruction, and I agree—not only is it on the brink, but it has been on the brink for several years. It was on the brink when this administration took charge, but why have we not taken it off of the brink—we have been at it for over a year. The answer is because we permitted the intellectual imbeciles known as the "brain trust", who were not elected Members of Congress, to write the Nation's laws. We would long ago have been off of the brink if we had followed the young Democratic colts who were newly elected in the last election—who came fresh from the soil and fresh from the people, and who had vision and foresight, but unfortunately we adopted as a national policy the lunacy of the "brain trust."

We also are warned not to rock the boat—to blindly follow the "brain trust" to destruction. I refuse to follow. We cannot save the Ship of State by blindly piling more "brain trust" rubbish into the boat. It is already on the verge of sinking with such rubbish as the Economy Act, the refinancing of farm indebtedness, the allotment plan, the regimentation of agriculture, subsistence homesteads, and submarginal lands. We cannot save the Ship of State by nipping a nickel from the men and women who work for the Government nor by the shameful and disgraceful manner in which we have treated the veterans of foreign wars while at the same time we have squandered billions and are plunging this Nation some thirty-two billions in the red by the end of this year.

Nor can we remedy our lot by giving to the "brain trust" the absolute power to fix the tariff and barter away the domestic market of the farmers in the interest of our international manufacturers. Some of these "brain trusters" are now being accused of infidelity and disloyalty to the administration. Some of my friends are afraid that they will go Stalin. No danger—they may go Hitler or Mussolini. They are internationalistic, but they will never go Stalin. They believe in an international capitalistic dictatorship but not a Stalin dictatorship. They are the products and tools of the coupon clippers and have as little use for a Stalin government as they have for the Government of the United States. Their aim is to go back to the eleventh century—to the feudal age, and establish a feudal system in which the farmers and laboring people will be the feudal serfs and they the lords and barons here in Washington.

The internationalism in the speeches and pamphlets and articles, and in the testimony before House committees of the Secretary of Agriculture and of members of the "brain trust" alarm me. According to these, the Secretary of Agriculture and the "brain trust" are more interested in the welfare of foreign than of our own people. I fear for the independence, the freedom, the protection, and the prosperity of the American farmers. First, the Government assures the farmers that it will systematically help them in a voluntary reduction of their surplus crops. Next, the same Government decides to order the farmers to reduce their acreage, whether they want to or not, with or without land rentals or benefit payments, and makes them criminals with fines and penitentiary sentences if they continue to farm their own land according to their own dictates. The so-called "50-percent tax" of the price of cotton imposed by the bill passed here recently is not a tax but a fine. Why not call it a fine? This is the beginning of a feudal system.

Next we are told that hundreds and thousands of farmers and their families are to be told that they are on submarginal land and that their land will be condemned and

they will be moved to subsistence homesteads—"sub" means "below"; "subsistence", below existence. We are to be taxed new billions of dollars to buy this land, not from the farmers but from the mortgage holders who are to be given something better than a mortgage in exchange—an interest-bearing, tax-exempt Government bond. These people have chosen their own homes. They know where they want to live. They feel injured when they are told that they are on submarginal land and are to be removed and their homes, schools, churches, and other community buildings abandoned. As part of this program, an attempt was made to destroy the dry-land agricultural stations by withholding appropriations, but the administration would not stand for that.

Now the tariff is to be reduced and the American market opened to the peasant farmers, serfs, and peons of other lands. The products of the tropics are to be substituted for those of our own Temperate Zone. We are told that the people know nothing about the tariff and that their chosen representatives in Congress may not act wisely. Therefore, we are asked in the bill here under consideration to turn the making of tariffs over to the "brain trust" and permit them to determine what branches of agriculture or industry are worth saving, which are inefficient, which shall be abandoned. We are told that perhaps it may be necessary to abandon 40,000,000 acres of farm land in order to get more foreign trade for our international manufacturers.

Let us turn to the report of the Department of Commerce and we find that during 1933, when our imports were at the lowest level since 1913, we imported products equivalent to 40,000,000 acres of land. It is true that some of these cannot be produced in this country to advantage, such as rubber, coffee, tea, cocoa, bananas, some spices, and some textiles. But the great bulk of these imports did and do displace American agricultural products which can be economically and efficiently produced here at home—but not without protection unless we want our farmers to be reduced to peonage and serfdom.

An examination of the reports of the Department of Commerce shows that in 1933 our imports in the first five groups of commodities, which include those of farm origin, were as follows:

General imports of merchandise by articles, 1933

Animals and animal products, edible.....	\$44,421,306
Animals and animal products, inedible.....	117,747,285
Vegetable food products and beverages.....	372,437,696
Vegetable products, inedible (except fibers and wood).....	160,002,244
Fibers and textiles.....	270,451,651
Total.....	965,060,182

For the sake of argument, let us deduct the large items which we cannot produce at home to advantage—although rayon, an American product, could and should be substituted for silk. The more obvious ones are:

General imports, 1933

Silk, unmanufactured.....	\$103,594,564
Silk, manufactures of.....	6,282,604
Bananas.....	20,204,698
Rubber, and manufactures of.....	51,517,940
Spices of all kinds.....	7,984,296
Coffee, tea, and cocoa.....	156,956,095
Total.....	346,540,197
Add for good measure for miscellaneous products.....	19,019,985
Grand total.....	365,560,182

This still leaves the value of the net balance of imports of products of agricultural origin, \$600,000,000. Taking the average of all American farm land, the farmers do not average more than \$15 an acre for their products. Thus it would require 40,000,000 acres to produce the \$600,000,000 worth of farm products imported over and above the chief things, which we need not consider because they have not as yet been developed in this country; that is, the coffee, tea, cocoa, rubber, silk, bananas, and miscellaneous products up to about \$20,000,000, which we have thrown in for good measure.

Even if we throw in another \$100,000,000 for imports which may be in the doubtful class, our imports of farm products, of the kind grown on our farms, were valued at over a half billion dollars in 1933. This is the foreign value. American values would bring it up to \$750,000,000. We must remember that these imported products set the lower price level for all the products produced by our own farmers. If we would raise our prices, we must first learn to control the prices of these foreign competitive farm products.

In 1933 we imported farm animals and meat products in excess of \$10,000,000—dairy products in excess of another \$10,000,000. During the same period I find we imported fish valued at \$22,000,000 and other edible animal products at over \$2,000,000, all competing with our livestock, dairy, and poultry industries. While our farmers were paid little or nothing for cattle, horse, and sheep hides, our imports of raw hides and skins amounted to over \$45,000,000. It is true that we have a tariff of 10 percent on hides and skins but that 10 percent does not measure the difference between our standard of living and the standards of other countries.

Again, in 1933 we imported leather and leather products amounting to \$18,425,350. The imports of furs and fur goods amounted to \$38,000,000, and animal oils and fats and animal products amounted to another \$15,000,000. All of these products could have been and were, as a matter of fact, economically and efficiently produced by our own farmers, but many of them were permitted to waste on the farms because of low prices.

It is ridiculous that we should have imported nearly \$15,000,000 worth of grains and grain preparations in 1933. While limiting the rice crop, we imported 30,000,000 pounds of rice. While limiting the farm acreage for wheat and rye, we imported 10,000,000 bushels of rye which displaced a million acres of rye or wheat in my own State, and imports of barley malt alone exceeded a hundred million pounds. In addition, we imported about \$4,000,000 worth of hay and feed crops. The farmers of this Nation are asked to allow their lands to lie idle and pay taxes on them so that we may import agricultural products in order to stimulate trade for the international manufacturers.

Our vegetable farmers are also at the mercy of foreign producers. We imported over \$15,000,000 of vegetables and vegetable preparations in 1933. The list shows everything from potatoes and tomatoes to peas and beans, all of which could have been successfully and economically produced on our own farms.

The fruit farmers are in the same predicament. We imported in 1933 nearly \$30,000,000 of fruit and fruit preparations, all of which could have been and should have been produced in our own orchards. Again, we imported over \$8,500,000 worth of nuts, the larger amount of which were of the kinds that have been for years grown efficiently and economically in this country. And, in addition, we imported corn oil, peanut oil, sunflower seeds, and so forth, to the amount of \$7,800,000, all of which were used in competition with similar products of our own farmers.

We come now to sugar. Our imports in 1933 were valued at \$114,272,830. This does not include sugar from the Territories of Hawaii and Puerto Rico, which are permanent parts of the United States. The United States now has over a million acres in sugar and last year produced an average of 3,275 pounds of refined sugar per acre at a cost of less than 4 cents per pound in the bag. This means 5-cent sugar to the consumer in 10-pound bags. The truth is that our own sugar producers have broken the monopoly enjoyed by foreign producers and have, in fact, brought down the price of sugar to the consumer, and a reasonable tariff on sugar protects both the producers and the public from exploitation. Our producers cannot produce as cheaply as Cuba and the Philippines because of the higher standard of living. On the other hand, they can prevent a monopoly.

Our farmers now produce from 20 to 25 percent more sugar per acre than the sugar-beet farmers of Europe. In place of destroying or restricting the sugar production, we

should increase it. Therefore, our beet-sugar industry should be expanded from two to three million acres rather than reduced below 1,000,000 acres. We should produce 100 percent of our domestic consumption in place of only 40 percent. The only reason Cuba can sell in our market and bring distress to our sugar farmers is because of her low standard of living and starvation wages.

We also imported some \$15,000,000 of alcoholic and other beverages in 1933. In 1934 this amount will be greatly increased. If we must drink, why not drink America? Why not use American beverages? If we must have wines and other liquors, why not use those made from American products? Again, we imported gum, resin, balsam, drugs, herbs, leaves, roots, and so forth, to an amount of \$12,000,000. Our people can and ought to produce practically all of these; they are a legitimate source of farm income. Why not keep that \$12,000,000 in the United States?

To the flaxseed growers may I state that last year we imported flaxseed, tungseed, linseed, and perilla oil to the extent of \$20,000,000. All of these are used in varnishes and paints. Therefore, in place of reducing our flaxseed acreage, we should increase by two or three million acres the production of paint and varnish oil seeds, because the imports of twenty million will be more than tripled when we again have a sufficient medium of exchange so that we can paint our homes and buildings. The farmers producing flaxseed must not be sacrificed in order to get trade for the international manufacturers.

Again, in 1933 we imported 58,000,000 pounds of fresh tomatoes. Do our friends in Florida and Texas wish to surrender that market to Cuba and Mexico? It has been said that winter vegetable growing, like sugar and flaxseed, was not economically sound. We also imported 76,000,000 pounds of canned tomatoes. Tomatoes are grown and canned in every State of this Union. Is canning also uneconomical? And in addition we imported 10,000,000 pounds of tomato paste. Do our friends, especially those in Maryland and California, feel that this market should also be abandoned to foreign countries to create trade for a few?

In addition, we imported some 60,000 pounds of canned meats and meat products equivalent to 250,000 head of cattle. Most of the canned meat was imported from the Argentine, and up until October last, some of it was used by our Army and C.C.C. camps. Thus we supplied our American boys, working on American projects in the interior of our country, the cheap canned meat of old cows and bulls produced by peons in the Argentine at about 1 cent per pound live weight and 2 cents per pound dressed, and which meats were invoiced at about 6½ cents per pound and placed in competition with the better grade meats that many of the parents of these same boys produced in this country. Surely we do not wish to increase these imports. I cannot cover in detail the fields of tobacco, cotton, wool, and other miscellaneous groups. They are just as important as those I have mentioned.

There is no reason why we should get from foreign countries, including the Tropics, these hundreds and millions of dollars worth of farm products which we can grow economically and efficiently. We have the land, the rainfall, the heat, the sunshine, the farmers, the skill, and the knowledge. Shall we surrender to the low standards of living of other lands and other peoples? If so, who is to decide what to abandon first, second, and third? I say Congress and Congress alone must decide. Members of Congress can tell of the needs of their State or district. We must not surrender to the "brain trust."

It is claimed that this bill gives the power to lower tariffs to the President and not to the "brain trust." I know, and you know, that the President cannot attend to this. He has too many other administrative duties that require his attention. He will have to delegate that power to someone. If such power were granted at all, it should be granted to the Tariff Commission, who have knowledge of the subject.

While I have the greatest confidence in the President, still, even if he should attend to it personally, I would not be willing to give him this power. The United States of

America is too large, too many cross currents, and too many interests in different localities. No one man can represent them all. I would not even have been willing to grant this power to President Lincoln or President Jefferson, the two greatest Presidents we have ever had and perhaps ever will have, although in their time the United States was not so large and so involved commercially, financially, and industrially. The power of regulating tariffs can be best performed by the Members of Congress who represent their individual States and districts.

Let us see who is backing this bill. I have before me a pamphlet entitled "American Manufacturers' Export Trade, 330 West Forty-second Street, New York City." This pamphlet has undoubtedly been mailed to every Member of Congress. In a letter accompanying this pamphlet we find this statement:

This association urges your support of the President's request for authority to negotiate reciprocal trade treaties under provisions embodied in bill H.R. 8430. We formerly passed a resolution urging such power be given the President in May 1933.

On page 3 of the pamphlet we find the following paragraph:

The United States has over \$15,500,000,000 of foreign investments, represented to a large extent by stocks and bonds distributed far and wide among thousands of American investors, including institutions such as banks, insurance companies, universities, etc., as well as individual holders, large and small. In addition, foreign governments owe this Government \$11,000,000,000 on account of war debts.

Again on page 4, we find this paragraph:

Since the United States cannot isolate itself from the rest of the world; since we have projected a credit balance abroad in the form of money and goods to the extent of \$26,000,000,000; it follows that America's interests demand the development of a foreign policy—governmental, financial, and commercial—that will prevent further huge losses to American investors and taxpayers and that will foster our foreign trade to the benefit of American capital and labor.

From the above statement by the international manufacturers, it is seen clearly that what they have in mind is to enter into trade agreements with foreign nations in such a way that the balance of trade will be against us in a sufficient amount to take care of the \$26,000,000,000 that the European nations owe to this Government and to the international bankers, and in addition, give a foreign market to the products of these international manufacturers. In other words, they wish to protect the \$15,500,000,000 that our capitalists have invested in foreign countries and, in addition, get back for our Government the \$11,000,000,000 that our international bankers bet on the wrong horse before we entered the war and that they juggled onto the shoulders of Uncle Sam. This at the expense of the American investor who invested at home and at the expense of American agriculture. That is their motive for supporting this bill. Hypocritically they say "for the benefit of American capital and American labor." Yes, for American capital invested in foreign lands and for the crucifixion of labor on the altar of the lowest foreign standard of living.

There is no question but what the "brain trust" would like cheaper food and foreign trade for New York and other coastal cities. They would subsidize the merchant marine, so that water freight would be low and at the same time boost railroad rates out West to the limit, forgetting that there are over a hundred million people west of New York. These people are New York's best market. If New York does not buy from our farmers and surrenders our market to foreign countries, we cannot buy from New York. Let us get reasonable prices for our own farm products. Let us get our own people back to work. Let us not forget that the \$600,000,000 of foreign agricultural imports would have meant \$600 cash for each of 1,000,000 farmers above the food, fuel, and shelter which they get on the farms at present. Let us take care of our own nationalists—American markets, as far as possible, for Americans.

In conclusion I will state that I favor the reduction of tariff wherever it is too high. I favor a tariff that will protect all American products, industrial or agricultural, at a price equal to the cost of production plus transportation

and storage charges plus 6 percent at the point of competition. Such a tariff would protect the American wage earner and the American standard of living and would be fair to the consuming public.

The pamphlet that I have referred to above clearly shows that the international manufacturers are back of this bill. I give below their application for membership and a list of their officers and directors and their connection, so that the Members may know who and what interests are in the background of this legislation.

APPLICATION FOR MEMBERSHIP

To the AMERICAN MANUFACTURERS EXPORT ASSOCIATION,
330 West Forty-second Street, New York, N.Y.:

We hereby offer to cooperate with the other members of the American Manufacturers Export Association in fostering our foreign trade, overcoming the obstacles that may be placed in its way, promoting legislation favorable to exports, and in maintaining the highest standard of American business ethics abroad.

We agree to pay toward the expenses of this cooperation the following annual sum: \$-----

Sustaining Membership	Multiple Membership	Single Membership
\$500 to \$1,000	\$100 (minimum)	\$75

We would prefer to be billed on a semiannual an annual basis.

Firm name -----
Business -----
Per ----- Official position -----
Postal address -----

(Make all checks payable to American Manufacturers Export Association)

(Forms will be mailed new members to obtain information for association's records.)

OFFICERS AND DIRECTORS OF THE AMERICAN MANUFACTURERS EXPORT ASSOCIATION

James D. Mooney, General Motors Export Co., president.
F. W. Nichol, International Business Machines Co., first vice president.

P. S. Duryee, Chase National Bank, treasurer.
L. O. Bergh, Marvin & Bergh, general counsel.
Regional vice presidents: L. C. Stowell, Dictaphone Corporation, New York; W. J. Shortreed, H. J. Heinz Co., Pittsburgh; George W. Koenig, International Harvester Co., Chicago; Col. H. R. Horsey, Coca-Cola Co., Atlanta.

Operating staff: Francis T. Cole, vice president and general manager; Harry Tipper, executive vice president; Oliver J. Abell, vice president.

Directors: George F. Bauer, National Automobile Chamber of Commerce, New York; Henry S. Beal, Sullivan Machinery Co., Chicago; Willis H. Booth, Guaranty Trust Co., New York; Walter S. Brewster, Pacific Mills, New York; Mason Britton, McGraw-Hill Publishing Co., Inc., New York; Walter P. Chrysler, Chrysler Corporation, Detroit; C. K. Davis, Remington Arms Co., New York; D. E. Delgado, Eastman Kodak Co., Rochester; James L. Donnelly, Illinois Manufacturers Association, Chicago; W. J. Edmonds, International General Electric Co., New York; E. A. Emerson, Armco International Corporation, Middletown, Ohio; James A. Farrell, New York; E. V. Finch, United States Alkali Export Association, Inc., New York; Harvey Firestone, Jr., Firestone Tire & Rubber Co., Akron; P. A. S. Franklin, United States Lines, New York; Charles J. Hardy, American Car & Foundry Co., New York; Cornelius F. Kelley, Anaconda Copper Mining Co., New York; H. J. Leisenheimer, the Cleveland Tractor Co., Cleveland; C. W. Linscheld, Fairbanks, Morse & Co., Inc., New York; John L. Merrill, All-America Cables, Inc., New York; Thomas A. Morgan, Curtiss-Wright Corporation, New York; W. W. Nichols, Allis-Chalmers Manufacturing Co., New York; L. A. Osborne, Westinghouse Electrical International Co., New York; Robert H. Patchin, W. R. Grace & Co., New York; C. M. Peter, Black & Decker Manufacturing Co., Towson; F. W. Pickard, E. I. du Pont de Nemours & Co., Wilmington; Edward V. Rickenbacker, North American Aviation Corporation, New York; George B. Roberts, National City Bank of New York, New York; G. Arthur Schieren, Charles A. Schieren Co., New York; George C. Scott, United States Steel Products Co., New York; Harold B. Scott, Denver Chemical Manufacturing Co., New York; Robert H. Sexton, Business Council Associates; A. P. Sloan, General Motors Corporation, New York; Edgar W. Smith, General Motors Export Co., New York; James L. Walsh, National Bank of Detroit, Detroit; Thomas J. Watson, International Business Machines Co., New York; John N. Willys, Willys-Overland Co., Toledo; Clarence M. Woolley, American Radiator Co., New York.

Executive offices: 330 West Fifty-second Street, New York City.
"Tariffs and two-way trade are twins."

SERVICES TO MEMBERS

1. Information, counsel, and assistance are continuously available regarding domestic laws affecting exports, exchange, export policies, financing, foreign law, freights, itineraries, overseas markets and marketing, packing, patents, tariffs, taxes, trade marks.
2. Active trade inquiries.
3. Collection of overdue foreign accounts.

4. Credit reports from several independent sources.
5. Funds frozen abroad.
6. Interchange of experience among members.
7. Overseas trading data.
8. Recommending qualified agents.
9. Translations.

The American Manufacturers Export Association "Register" of American Exporters. Distributed to the responsible buyers in foreign countries.

COMMITTEES

Policy: Executive, finance, economics, tariff, legislative, foreign relations, luncheon-speaker committee, membership, education for foreign trade, publicity, committee on functions of Government departments.

Service: Legal, patent and trade marks, banking, transportation, postal, advertising, insurance, sales policies, arbitration, entertainment.

One thousand members in 1934.

Mr. TREADWAY. Mr. Chairman, I yield 12 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I suppose there are few Members of this House who do not agree that it is desirable to increase our international trade just as it is desirable to increase our domestic trade. When it comes, however, to determining just how and under what circumstances this should be done there is, of course, room for a considerable difference of opinion. I am not one of those who believe that our past tariff policy has been responsible for the world decline in foreign trade. Neither do I believe that the Smoot-Hawley bill has been responsible for the decline in our foreign trade, the best evidence of this being that the decline in value of imports on the free list has been greater than the decline in value of dutiable articles. If every country had followed as honest and sensible a course as we have in the matter of tariffs, there could certainly be no legitimate complaints by anyone. The chief cause of the decline in trade among nations, in addition to the lower level of prices, lies in the fact that other nations have put into effect systems of quotas, permits, licenses, exchange control, and other export schemes for stopping up the channels of trade. In spite of the fact that this is admittedly true, we are asked to pass this legislation which would only complicate the situation by making this Nation a party to the system which has already done so much harm to international commerce. If it is our sincere desire to bring about an improvement in the conduct of international trade relations, then it seems to me that instead of imitating methods and practices of other nations, we should be doing what we can to bring about an abandonment of those policies.

There are, of course, many reasons for opposing this legislation. Many of us object to a further surrender by Congress of the powers given it by the Constitution, particularly that most important power of levying taxes. Some feel that this legislation will be a hindrance to recovery by reason of the fact that it will increase business uncertainty and will place every industry which has tariff protection in a position where it may suffer utter destruction through summary action and without opportunity to be heard.

All of these matters have been thoroughly discussed by those who have preceded me in a fashion so much better than I could do that even if I had the time I would hesitate to enter into a further discussion of them at this moment.

Instead, I wish to largely confine my remarks to the effect which this legislation is likely to have on the industry of agriculture. Coming from the great Middle West and representing one of the more important agricultural districts of the country, I am naturally interested in this question. It happens that I come from a district whose principal agricultural product has to a considerable extent gone into export channels in the past. My district is the greatest wheat-producing district in the United States, and if the effect of the measure would be to increase our exports of wheat and other surplus crops, my district would presumably benefit. Such a study as I have been able to make of the matter, however, convinces me that this measure affords little or no opportunity to increase our exports of cotton, wheat, tobacco, and lard, which have been our principal agricultural exports

in the recent past, and I fear that in attempting to do so through this type of legislation we are taking a great chance of losing protection upon many agricultural products upon which we are on an import basis, such as sugar beets, flax, wool, beef, and some types of dairy products and fresh fruits and vegetables.

Because I represent such a great wheat-growing district, I want to point out briefly the situation which affects international trade in that commodity today. While we have a surplus of wheat in this country and export markets are much to be desired, yet it is literally true that even by offering to lend money to foreign nations with which to purchase our wheat and by paying an export bounty, which at the present time amounts to about 28 cents a bushel, we are unable to dispose of any excepting the smallest quantities of this product. For the past several months we have not exported a single bushel of American wheat which was not subsidized. The Reconstruction Finance Corporation has arranged to make loans to China for the purchase of wheat and yet the best that we have been able to do in sending wheat into that market where millions and millions of people are undernourished is to dispose of something like 10,000,000 bushels, upon which there has been paid a subsidy amounting to an average of 22 cents per bushel. In all, through the medium of this subsidy, we have been able to export 22,000,000 bushels of wheat from the Pacific Northwest, a considerable part of which, however, instead of going into foreign markets has been carried through the Panama Canal and sold in markets in the southeast part of the United States in competition with wheat from the Middle West.

Consider how present wheat prices in this country compare with the world market. The price of May futures in Chicago on Saturday last was 87½ cents. On the same date May futures in Winnipeg closed at 68½ cents, practically 20 cents difference. The price in Liverpool of the same date was 67 cents. Inasmuch as it costs approximately 15 cents to get a bushel of wheat from Chicago to Liverpool, our prices were 35 cents above the world market. Obviously under those conditions exports are impossible, and if American prices should by any chance drop to the world level it would mean that while we might be able to export some wheat the price which the Kansas farmer would receive on his farm would be little more than 30 cents per bushel. Of course, the time is never going to come when we can afford to grow and sell wheat in this country for that price.

There is no product in the world today in the marketing of which there is more competition than wheat. That competition is going to continue and perhaps become even more intense. During the past 30 years Canada has increased its wheat acreage 375 percent; Argentina has increased its acreage 250 percent; and Australia 350 percent. In none of these countries has the limit of expansion been reached as yet, and competent authorities estimate that all of these countries can extend their wheat acreage at costs which are far below our production costs in the United States. This leaves Russia out of consideration entirely, and yet we know that the possibilities for increasing the production in that country are very great.

The above figures have not taken into consideration the matter of transportation rates. The American farmer suffers a tremendous handicap in this respect due to the fact that the wheat producing areas of our three principal competing countries not only have lower freight rates, but are near water transportation.

Not only have we suffered from the intense competition offered by other exporting countries but every importing country has offered inducements to its producers which have resulted in great increases in production so that the world market for wheat has become more and more restricted. It, therefore, appears that for a long time to come there is no possibility that we shall find an export market for wheat except at prices which are far below the cost of production in this country.

Leaving wheat, let us consider what the possibilities are as to finding a market for surplus lard. It is true we were

formerly able to dispose of a considerable quantity of our packing-house lard in central Europe. We have lost that market today, however, and in view of the competition of whale and fish oils and tropical vegetable oils it seems impossible that we shall be able to regain a market for lard at a price which will pay the cost of production in this country.

As far as cotton and tobacco are concerned, it is generally admitted, I am sure, that reciprocal tariff arrangements would not be of any assistance in finding markets. Those of you who have read the hearings will recall the statement of Secretary Wallace before the committee, where, in response to the question:

Now, do you see any way through trade agreements by which we can sell more cotton, for instance, to Great Britain?

Mr. Wallace replied:

Speaking for my own part, I don't see where trade agreements would enter into the cotton situation to any material degree, because cotton moves abroad anyway. We would not be getting any benefit by exchanging, well, say, cotton for champagne, which was the illustration used this morning, I believe, because France would be buying cotton anyway. It would not bring about expansion to do that.

What Secretary Wallace says with regard to cotton is, of course, equally applicable to those types of tobacco which we grow for export.

It would seem, therefore, that the possibility of securing further markets for our agricultural products, of which we have been producing an exportable surplus, is quite remote, if not utterly out of the question. That brings us to the other half of the equation, namely, whether the attempt to increase foreign trade through reciprocal tariffs might not do serious injury to branches of agriculture which are not on an export basis. In this connection we cannot overlook the policy of this administration toward agricultural tariffs as revealed by instances which have recently taken place. The policy of the administration toward the beet- and cane-sugar industry has been the subject of frequent discussion here on the floor and is too well-known to require further comment at this time. In connection with the hearings before the House Committee on Agriculture on the sugar bill Dr. Tugwell, Assistant Secretary of Agriculture, and the man who I understand represents that Department on the foreign policy committee of the administration, expressed his views as to tariff protection generally as follows:

Well, I am afraid that Mr. Weaver, who made that statement, is a better Democrat than most of us. I think he believes that no industry is entitled to support by tariff, and I may say personally that I agree with him.

It is only fair to Dr. Tugwell to state that he went on and stated that he did not favor the entire elimination of the domestic sugar industry by withdrawing tariff protection at this time. However, I am sure that he would not deny that the statement above quoted is a correct expression of his views on the subject of agricultural tariffs generally. Now, of course, if that is the view of the administration, as expressed by one who not only holds a high official position but who is credited with being the no. 1 man of the "brain trust" and the close advisor of the President on economic matters, it justly furnishes cause for alarm to all the producers of agricultural commodities. This is true because with the exception of cotton there is no important agricultural commodity which we produce which cannot be grown at a lower cost somewhere on the globe, and, consequently, in order to protect our own growers it is necessary to impose tariffs. In other words, to apply the test suggested by the proponents of the legislation, they are inefficient industries. Therefore, if Professor Tugwell's views are to prevail in the administration of this tariff measure we may look forward to the time when protection will be denied to any branch of agriculture in this country.

The attitude of the administration toward the protection of the American farmer was further revealed in the first draft of this legislation, the bill introduced on March 2. Section 2 of that bill, among other things, provides that the third paragraph of section 311 of the Tariff Act of 1930 shall not apply to any agreement concluded pursuant to this act.

Now just what does that mean? It means precisely this: That in the reciprocal treaties which are made by authority of this legislation preference shall be given to flour which is milled in bond in Buffalo from Canadian wheat over flour produced by American farmers on American farms. The third paragraph of section 311 of the Tariff Act of 1930 attempts to protect the American farmer in this regard by providing that in the case of exports to countries with which we have reciprocal tariff arrangements the Buffalo miller must pay into the Treasury of the United States an amount equal to the preference given flour from this country by the nation to which flour is to be exported, in this way preventing the Buffalo miller of Canadian wheat from securing the advantage over the miller of American wheat. The original draft of this act, however, provided that this legislation should be disregarded in making agreements under this act. Could there be any more flagrant case of disregard of the American producer in favor of the foreign producer than this? To the credit of the Committee on Ways and Means, be it said that when this matter was called to their attention they attempted to rectify it, but in my judgment have only partly done so by adopting the amendment which was proposed by the State Department. As the bill now reads, it provides that the third paragraph of section 311 "shall not apply to any agreement concluded pursuant to this act with any country which does not grant exclusive preferential duties to the United States with respect to flour." I am told that, owing to our treaties, embodying the most-favored-nation provision, there is no country except Cuba which can give exclusive preferential duties to the United States. This means, therefore, that, except in Cuba, the Buffalo miller of Canadian wheat is going to be given a great advantage over the miller of American wheat and that the benefits of such reciprocal treaties as we may make with respect to wheat is going to go to the Canadian farmer rather than the American farmer, also affording a further illustration of the fact that there is no opportunity under the provisions of this legislation to expand the market for American wheat and flour.

I cannot overlook the further fact that this legislation was proposed shortly after the return of the Secretary of State from a trip to our sister republics in South America. Obviously, it is the thought of the administration that it may be possible through this legislation to make reciprocal treaties with the South American countries. If we do that, what is the nature of the trade so developed going to be? Obviously, it will mean that we shall have to permit the importation of raw materials, because these countries have no manufacturing industries. Likewise, we will exchange for those raw materials manufactured articles, because those are the products which South American countries need and desire. If that is the case and it appears to me that it is very obvious that it will be the case, it means that the American farmer is going to be faced with the competition of Argentine beef, flax, hides, wool, and wheat; with cattle, fresh fruits and vegetables, hides, and other products from Mexico, with sugar from Cuba and other countries to the south, and with many varieties of fresh fruits and vegetables from Cuba and other Latin American countries. Canada furnishes a great market for industrial products; but if we are to extend our markets in that country, we must be prepared to take in exchange wheat, cattle, and dairy products to the detriment of our own producers.

Aside from agricultural products, if we build up a trade in manufactured articles with countries less developed than our own, we must be prepared to take in exchange nonagricultural raw materials such as petroleum, copper, and lumber. How is it going to help the petroleum industry in this country, centered in the great States of Texas, Oklahoma, Kansas, and California, to import petroleum from Venezuela, Mexico, and Colombia even if we are able to dispose of machinery and automobiles in exchange therefor? How are the States of Arizona and Montana to be benefited if we trade manufactured articles for copper from Chile and other countries, and of what avail is it going to be to the great lumber States of Washington and Oregon if in exchange for

automobiles, typewriters, and farm machinery we are compelled to take lumber and its products from Russia and Canada?

How would it adversely affect the wheat growers of Kansas to lower the tariff and increase our imports of flax, sugar, and dairy products? Assuming that wheat producers do not grow the products mentioned, it means that land now devoted to the production of flax, sugar beets, and dairy products will be brought into wheat production in competition with Kansas farmers.

Since, as I have already shown, it is nearly, if not entirely, impossible to increase our export markets are we to be entirely helpless in the matter? Is it true that we are going to have to put into effect compulsory crop control and have the Department of Agriculture in Washington tell our farmers what they can grow? What is the solution? Perhaps a hint of what it is can be taken from the fact that even in the depression year of 1933 we imported over \$500,000,000 worth of agricultural products which could have been grown in this country. Under the plan of those who are advocating this legislation we would not only continue to bring in these substitutes for American products but would increase the amount on the faint chance that by doing so we might find additional markets for cotton, wheat, tobacco, and lard.

Is this a sensible or reasonable course to follow? Rather is not it better to forget for the time being the illusion of foreign markets which do not exist and arrange to protect the American farmer in what he can produce for consumption in this country.

There may be those who think there is danger in this bill for the industrial sections of the country, but to me it appears that there is a far greater danger to the agricultural sections and that the result in the end will be to sacrifice the interests of the Mississippi Valley for the industrial sections on both coasts, as has so often been done before.

Therefore, I feel that every Member of this House representing an agricultural constituency should think twice before putting into the hands of the President and his advisors the power to destroy absolutely some of the important branches of agriculture in this country.

Of course, it is going to be said, as has already been said many times in the course of this debate, that this power will not be used in such a fashion. I have no doubt but that those who have made such statements believe sincerely that this is the case. A year ago, however, many of you believed just as sincerely that if the President were given the power which he asked for in the economy bill it would be exercised with justice and mercy. The question as to whether or not it has been so exercised is best answered by the fact that on yesterday 210 members of the President's own party voted to pass over his veto a bill which, in a large degree, takes away the power and discretion conferred in the Economy Act.

To say that the powers granted in the pending bill will not be exercised fairly or justly is not necessarily a criticism of the President, in whose integrity and good intentions all of us have the greatest confidence. It does mean, however, that those upon whom the President must necessarily depend to exercise these powers may fail as signally to do justice as has been the case in the administration of the Economy Act.

With the lesson of the Economy Act before us, it seems to me that all of us who in good faith want to protect the interests of our own districts, should hesitate a long time before conferring upon any individual the tremendous powers contained in this bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 8 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, the few remarks one can make in 8 minutes on such an important measure are made because of loyalty to the section from which one comes.

I have read practically all the hearings held by the Ways and Means Committee. We have listened to the somersaulting opinions that have been put in the Record until our heads swim, and whom of your present and former

Democratic leaders can you now follow? Even the President of the United States himself, referring to a campaign speech of 1932, has had a complete somersault of opinion; and only on Monday we saw a most complete somersault of opinion on the part of the very able gentleman from Texas [Mr. SUMNERS]. The only way he could extricate himself was through a very eloquent and tearful appeal that we must not rock the boat; that we must support the administration; yet that tearful appeal on Monday did not seem to have any effect on giving support to the President's veto on yesterday.

It has been mentioned that possibly fine textiles and toys may be classed as inefficient industries. Well, that should be sufficient to claim my opposition, coming from the district which I represent. Sugar is often mentioned, and I think that will be enough for those who come from the districts where beet sugar is manufactured. They have dared to mention only a very few articles, so that those must have been the outstanding ones in mind marked for destruction for trading purposes. Throughout this long debate and during the lengthy hearings great care has been taken to avoid naming the industries that are to be subjected to these contemplated horse trades.

It is evident that it would not do to mention any particular industry. I am pleading this afternoon that you do not jeopardize our industries in New England, which are so highly diversified. Many of these industries may be considered inefficient from the standpoint that they do need tariff protection. They cannot compete with foreign nations without this tariff protection and preserve our American standard of living conditions. Business is in a most precarious condition. I have been hoping that the patient might be allowed to get in a little healthier condition before we performed any more of these major operations. Industries in general may now well be terror-stricken lest they be traded away without notice, and the banks may well be most careful about getting further involved in extending credit to what may be finally adjudged a good trading possibility. There will be some consternation caused by the passage of this measure, and at a time, above all other times, when such an effect should be avoided.

May I remind the House this afternoon that recently we were often told that conditions are getting better. We do believe that world conditions are getting better, and we also know that the banks are in a stronger liquid position. However, may I at this time refer to the word "thermometer"? We can imagine some people with their fur coats this winter coming indoors and saying, "Why, the weather is not very cold outside." "I believe the thermometer must be going up many degrees." "I am not suffering from the cold." Then someone else comes in who has no outside coat. He is probably shivering. He says, "I think the thermometer is going down, and it seems to me very cold indeed."

Thus they put into the RECORD spots in the country that seem to be on the upturn, but we do not put in the RECORD those spots where business is not on the upturn. We do not go down to the R.F.C. and look over thousands of applications of industries that are trying to save themselves from annihilation or to get on their feet. Have we a reasonably good thermometer to tell us the real state of affairs? We have. Only day before yesterday it was stated that the Federal Reserve banks had to issue more Federal Reserve notes against United States securities; that commercial paper was at the lowest ebb at any time since the war. You cannot deny the truth in the reading of this thermometer. Two weeks ago the Federal Reserve reported that the member banks owed less than they did a year ago. There is another reliable thermometer of business conditions. The administration seems to have almost complete dominance of the radio and even of the press. But the whole truth should be presented. Sections of the country where conditions have improved may well be commented upon, but the public also should know where conditions still prevail of opposite character.

Mr. Chairman, before this major operation is really performed, I appeal for consideration for the diversified indus-

tries in my section of the country. Why put more fear in them that their very existence may be jeopardized? Certainly creditors will not allow more credit to those that are in the least suspected of being marked for annihilation or even reduction. There are but few Members here paying attention to the arguments. I rather think, however, that the Members are reading these speeches rather carefully. I think they are weighing these arguments, especially of the leaders who have somersaulted. How can these same people who opposed these suggestions so strongly a year or more ago now turn around and take such a different attitude? Is there not a principle here involved? Is it so clearly a matter of pure politics? I am hopeful that we may be throwing off the yoke that has been around our necks. During the whole of the year 1932 I had to listen to the continued and most biting sarcasm and criticism of our Republican President. Until very recently criticism has seemed to be unpatriotic if applied to this administration. If the minority suggest or attempt to criticize, you whine and call it unpatriotic criticism. Now you have set the example yourselves. You have recently not only said things, but you did it yesterday. When the time comes that a great majority like yours will not support an administration veto it is time to release the gentlemen on this side of the aisle who are supposed to criticize and really fulfill its mission as a minority party without the charge of unpatriotism being hurled.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 2 additional minutes.

Mr. GIFFORD. I was placed in an unenviable position this year as ranking member of the minority and was supposed to investigate these great, so-called "relief expenditures." Whether my activity had anything to do with the matter or not, great changes in the manner of relief expenditures have been made by the administration itself. They have embarked upon an absolutely new scheme of relief which, as far as I can understand the plans at present, I rather approve. There is a new method, another somersault, but in the right direction.

Mr. Chairman, I stand here pleading for my New England. We have not the fertile fields of the South and West. When you visit me you say, "How can these people earn a living?" They have been frugal all these years. That bare country up there in New England has been financing the rest of the country. Although fields are not fertile, we have built ourselves up gradually until today we have a large number of important industries. Why threaten our existence? We do need a tariff. Of course, we are inefficient if that is to be the measure, as we cannot get along without a tariff to protect us from cheap labor abroad.

Mr. SUMNERS of Texas said the other day "Do not rock the boat. Stick to the boat." His statement appealed to me very strongly, because he is a warm personal friend of mine, but when he came face to face with his own language of a year or two ago he lost his head and became simply rhetorical. He suggests that we keep on making experiments. He might have told us that not a single experiment has as yet succeeded. All these schemes of the new deal are yet in the experimental stage. Even the N.R.A. is sagging, but we are hopeful. He tells us to be patriotic because if the boat goes down we are all going down together. Because of this fear he seems ready to sacrifice his principles, so often and so forcefully expressed.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by including therein section 336, of the Tariff Act of 1930.

The CHAIRMAN (Mr. COLDEN). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COCHRAN of Pennsylvania. Mr. Chairman, on March 2, 1934, President Franklin D. Roosevelt sent to Congress a message asking that he be given the authority to

levy taxes, and to conclude treaties, "trade treaties" he termed them, without ratification by the Senate, or approval by the Congress.

On the same day the Honorable ROBERT L. DOUGHTON, Chairman of the Committee on Ways and Means of the House, introduced the administration's bill which would grant the authority requested.

On March 5 notice was given that the Committee on Ways and Means would commence hearings on the bill on March 8, and on the latter date the chairman of the committee announced his intention to close the hearings on March 12. This speed was in compliance with the President's "hope for early action", but permitted no adequate consideration for a measure of such vital importance to American agriculture, industry, and labor. On the latter date insistent and repeated requests became necessary to secure a hearing for two opponents of the bill—James A. Emery on March 13 and Samuel Crowther on March 15. The bill was reported to the House on March 17 and consideration there was commenced on March 23 and probably will be completed with its passage on March 29. There will then have passed the House in 6 days a bill upon which hearings were held for a like time, and which gives to one man the power to destroy every agricultural and industrial enterprise dependent upon a protective tariff for its existence.

It is at once apparent that the speed with which this measure was rushed through the committee prevented that careful, studied, and deliberate consideration which should have been given a matter of such far-reaching effect. Since the recent destruction of our Air Mail Service by Executive order, a letter mailed from Washington to Pacific coast points cannot receive an answer in 6 days. The result is that the views of agriculture, industry, and labor could not be and were not fully and fairly presented to the committee and are not now known to the membership of the House. Few, it seems, desire to have these views, but are supinely content to vote "yes" for any grant of power requested by the President, without consideration of its constitutionality or long-established governmental policy. Germany, a few years ago, had 22 political parties, but now, under the dictatorship of Hitler, has one: and her present Reichstag is known as the "Ya Reichstag". If the Seventy-third Congress does not soon commence to function by doing its own legislative thinking and voting, my fear is that it will go down in history as the "Yes Congress".

It should be unnecessary to state that my opposition to this bill is not based upon any doubt of the integrity and high purpose of the man at present in the White House.

Under our Constitution and the traditions of our people I could not justify the grant of such power to any man. It is not a question of politics or individuals.

The results of the honest but injudicious exercise of such power would be disastrous to large sections of our country, agricultural and industrial, and would impoverish large blocks of our workers. For instance, if the cotton interests of the country should gain the confidence of the Chief Executive and persuade him to conclude a trade agreement with Russia whereby the tariff upon wheat would be reduced 50 percent in consideration of more favorable trade conditions for American cotton in the Russian markets, the result in our wheat-growing States would be the despair and armed defiance of judicial process which obtained a year ago; and the result in our cotton-growing States would be no enlarged market for cotton in Russia, for no trade agreement with its government could compel its industries or people to buy our cotton. They would buy in the cheaper markets of India, Egypt, or the Sudan.

The results of the dishonest and corrupt exercise of such power, or the promise of it, might determine presidential and congressional elections, or might even plunge the country into a revolution by destroying large industrial enterprises and stagnating large agricultural areas.

These are not fanciful illustrations. Under the bill the President in negotiating a trade agreement acts without the aid, counsel, or advice of any governmental agency, fact-finding body, or commission. The agreement once

made becomes effective without submission to or approval by the Congress or either branch thereof; and its Members are the chosen representatives of the people to be affected thereby. The answer is made that the President will seek competent advice from existing governmental agencies and will be guided by the highest motives in administering the law. However, the road to destruction is paved with good intentions.

Inasmuch as his Secretary of Agriculture, Mr. Wallace, appeared before the committee and advocated the passage of the bill, he would undoubtedly be consulted if a trade agreement covering wheat were considered. Secretary Wallace advised the committee that American inefficient products should be made the subject of foreign trade agreements, and his test of efficiency is: Can the article be produced cheaper in the foreign country? This test would make many of our industrial and most of our agricultural products the subjects of trade agreements, and wheat would be one of them.

The Chairman of the Ways and Means Committee, the Honorable ROBERT L. DOUGHTON, as an argument for the passage of the bill, cited statistics showing the decline in our export trade during the years 1925 to 1933, inclusive. He argued that foreign countries could not buy from us because they could not sell to us, and that they could not sell to us because of our high tariffs. This argument falls when we consider the fact that exports of dutiable and nondutiable articles fell in the same proportion during the years named and when we consider the further fact that America had high tariff duties when our export trade was the largest.

This depression has been world-wide and exempted no country from its constricting effects. The commerce of all nations was greatly reduced, but has now begun to expand in Europe and both Americas. The statistics cited by Mr. DOUGHTON show that the low point in our export trade was reached in 1932, and that there was a gain of more than 4 per cent in 1933. More impressive is the gain in January of 1934 over January of 1933, where our export trade increased more than 42 per cent. It will be many years before it reaches its former high total, measured either in volume or in terms of dollars. Few of us sense the new economy. No longer are the nations of the earth divided into manufacturing nations and raw-material nations, but each seeks to become self-contained and self-sustained, and many have almost succeeded. The World War hastened the movement. Prior thereto the United States relied upon Chili for nitrates and upon Germany for potash and many chemicals and dyes. When these sources were shut off by the war our chemists supplied our needs, and a great step toward complete self-containment was taken.

I do not minimize the importance of expanding our export trade if same can be done without damage to our home markets, but I am firmly convinced that such expansion can be accomplished best under our present system of tariff laws, with appropriate changes in the rates of duty where costs of production have changed. These changes, in most instances, can be made under its flexible provisions.

The American market belongs to the American people and should be preserved for them. On it is sold more than 90 per cent of all we produce, and on it is done more than one half of the business of the entire world. It is because of these facts that the nations of the world seek to enter it, and no one should be permitted to barter or trade away any portion of it. It should be guarded from foreign invasion as carefully as our territorial limits.

The theory of protection for American industry, agriculture, and labor, although always advocated by the Republican Party and opposed by the Democratic, did not originate with the former. It was in the minds of those who framed the Constitution. The second act passed by the First Congress of the United States, July 4, 1789 (ch. 2, 1 Stat. 24), contained the following recital:

SECTION 1. Whereas it is necessary for the support of Government, for the discharge of the debts of the United States, and the encouragement and protection of manufacturers, that duties be laid on goods, wares, and merchandise imported:

Be it enacted, etc.

In this Congress sat many members of the Constitutional Convention of 1787.

From that day until this day the attempt has been made to prevent destructive foreign competition where the foreign article can be delivered in the principal markets of the United States at a price less than the cost of production of like articles here. The difference in such costs is added to that of the foreign article, and thus foreign and domestic products enter American markets upon a price equality.

If this price equality is maintained—and it can be maintained in most instances by the flexible provisions of the present tariff law—foreign trade will be encouraged, our exports will expand, and every benefit promised by the proponents of the bill will be secured.

The theory and practice of protection of industry and agriculture has so prospered the United States that all European countries and nearly all other countries of the world have adopted it. Prior to 1840 England had the most drastic protection laws enacted at any time by any nation. It was a penal offense to import a yard of cloth. Flemish weavers were brought to England to teach the English people the art of weaving and her varied industries were expanded to the highest volume of production. It became necessary to seek outside markets and England passed the corn laws about 1840, sacrificed agriculture to industry, and became a free-trade country. This policy was followed many years with increasing disaster until her statesmen, heeding past history and the experience of the United States, gradually returned to the protective policy. From 1927 to 1932 Lords Beaverbrook and Northcliffe, with their powerful newspapers, sponsored a campaign to "Buy British" and to preserve the British markets for the British people. This campaign resulted in the Imperial Economic Conference held in Ottawa, Canada, in 1932, whereat, on August 20, 1932, pacts, known as the "Ottawa Pacts", were executed between and among the United Kingdom and the British Commonwealths, preserving the British markets to the British peoples by a system of high protective tariffs. I was in Canada for a time while the conference was in session, and anxiety was expressed that above policy might be offensive to the people of the United States. I replied that no offense could be taken for we recognized the right of the British Parliaments to legislate for the benefit of the British people, just as the United States Congress exercised the right to legislate for the benefit of the people of the United States.

The wisdom of the Ottawa Pacts has already been demonstrated by the revival in business throughout Great Britain and the British Commonwealths. With that recent experience before us, shall we pass this bill and grant the President of the United States the authority to barter away our markets? It should be borne in mind that the bill provides no policy or plan by which the President shall be guided in negotiating trade agreements; his discretion, that of one man, will be unlimited. He is not compelled or even advised to consult the Tariff Commission with its trained personnel of 273 at home and abroad, many of them experts with years of experience. If he continues the practice he has followed since entering the White House, he will depend almost entirely upon the "brain trust" for advice and guidance. I do not entertain the common prejudice against this group of professors, but my criticism of these advisers is that they are a group of theorists and to it should be added men of outstanding achievements in the fields of industry, agriculture, and commerce. This group is responsible to no one save the President, and he must bear the odium of their errors, and they have been many.

During the course of the hearings before the committee, with other members of the minority, I attempted to secure from representatives of the administration an example of a trade agreement such as they contemplated to conclude if this bill became law. Answers were refused on the grounds that future negotiations might be jeopardized. However, the real reason was the fear that the passage of the bill would be jeopardized if the Members of this House knew

what industries and products of their districts were to be sacrificed in trade agreements.

For purposes of comparison with the bill before us, I will at this point in my remarks insert the flexible provisions of the Tariff Act of 1930. They are as follows:

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION

(a) Change of classification or duties: In order to put into force and effect the policy of Congress by this act intended, the Commission (1) upon request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The Commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the Commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 percent of the rates expressly fixed by statute.

(b) Change to American selling price: If the Commission finds upon any such investigation that such differences cannot be equalized by proceedings as hereinbefore provided, it shall so state in its report to the President and shall specify therein such ad valorem rates of duty based upon the American selling price (as defined in sec. 402 (g)) of the domestic article, as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total decrease of such rates of duty exceed 50 percent of the rates expressly fixed by statute, and no such rate shall be increased.

(c) Proclamation by the President: The President shall by proclamation approve the rates of duty and changes in classification and in basis of value specified in any report of the Commission under this section if, in his judgment, such rates of duty and changes are shown by such investigation of the Commission to be necessary to equalize such differences in costs of production.

(d) Effective date of rates and changes: Commencing 30 days after the date of any Presidential proclamation of approval the increased or decreased rates of duty and changes in classification or in basis of value specified in the report of the Commission shall take effect.

(e) Ascertainment of differences in costs of production: In ascertaining under this section the differences in costs of production, the Commission shall take into consideration, insofar as it finds it practicable:

(1) In the case of a domestic article: (A) The cost of production as hereinafter in this section defined; (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; and (C) other relevant factors that constitute an advantage or disadvantage in competition.

(2) In the case of a foreign article: (A) The cost of production as hereinafter in this section defined, or, if the Commission finds that such cost is not readily ascertainable, the Commission may accept as evidence thereof, or as supplemental thereto, the weighted average of the invoice prices or values for a representative period and/or the average wholesale selling price for a representative period (which price shall be that at which the article is freely offered for sale to all purchasers in the principal market or markets of the principal competing country or countries in the ordinary course of trade and in the usual wholesale quantities in such market or markets); (B) transportation costs and other costs incident to delivery to the principal market or markets of the United States for the article; (C) other relevant factors that constitute an advantage or disadvantage in competition, including advantages granted to the foreign producers by a government, person, partnership, corporation, or association in a foreign country.

(f) Modification of changes in duty: Any increased or decreased rate of duty or change in classification or in basis of value which has taken effect as above provided may be modified or terminated in the same manner and subject to the same conditions and limitations (including time of taking effect) as is provided in this section in the case of original increases, decreases, or changes.

(g) Prohibition against transfers from the free list to the dutiable list or from the dutiable list to the free list: Nothing in this section shall be construed to authorize a transfer of an article from the dutiable list to the free list or from the free list to the dutiable list, nor a change in form of duty. Whenever it is provided in any paragraph of title I of this act, or in any amendatory act, that the duty or duties shall not exceed a specified ad valorem rate upon the articles provided for in such paragraph, no rate

determined under the provisions of this section upon such articles shall exceed the maximum ad valorem rate so specified.

(h) Definitions: For the purpose of this section—

(1) The term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country.

(2) The term "United States" includes the several States and Territories and the District of Columbia.

(3) The term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions).

(4) The term "cost of production", when applied with respect to either a domestic article or a foreign article, includes, for a period which is representative of conditions in production of the article: (A) The price or cost of materials, labor costs, and other direct charges incurred in the production of the article and in the processes or methods employed in its production; (B) the usual general expenses, including charges for depreciation or depletion which are representative of the equipment and property employed in the production of the article and charges for rent or interest which are representative of the cost of obtaining capital or instruments of production; and (C) the cost of containers and coverings of whatever nature, and other costs, charges, and expenses incident to placing the article in condition packed ready for delivery.

(i) Rules and regulations of President: The President is authorized to make all needful rules and regulations for carrying out his functions under the provisions of this section.

(j) Rules and regulations of Secretary of Treasury: The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign particles of the class or kind of articles with respect to which a change in basis of value has been made under the provisions of subdivision (b) of this section, and for the form of invoice required at time of entry.

(k) Investigations prior to enactment of act: All uncompleted investigations instituted prior to the approval of this act under the provisions of section 315 of the Tariff Act of 1922, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the Commission in any such investigation may be given due consideration in any investigation instituted under the provisions of this section.

A judicious execution of the section of the present tariff law just quoted will secure all the benefits promised by the most ardent supporters of the bill under consideration. As indicated by its caption, its purpose is "equalization of costs of production." That is, foreign nations can offer their goods in our markets at the cost of production of like goods in the United States. The very purpose and intent of this bill is to permit foreign nations to offer their goods in our markets at prices below the cost of production of like goods in the United States. In making this statement I am mindful of the fact that the bill would permit the raising of tariffs, but an increase of tariffs would never be a consideration that would move a foreign nation to execute a trade agreement.

It should be borne in mind that a decrease in a tariff rate in favor of a foreign nation entering into a trade agreement with the United States would be effective in favor of all nations, though not signatory to the agreement. For example, in the illustration used at the beginning of my remarks, if we made a trade agreement with Russia whereby the tariff upon wheat would be reduced 50 per cent, the reduced rate would be effective world-wide, and Canada, Argentina, and other wheat-producing countries would enjoy the full benefits of the agreement without making trade concessions to the United States.

The flexible provisions of the present tariff law correct inequalities of tariff rates that may arise between sessions of Congress and between periods when general revisions become necessary. Provision is made for initiation of investigations before the Tariff Commission to determine whether inequalities exist. But, most important of all, the industry to be affected by a change in rate is given the right to be heard. The fact and the extent of any inequality alleged to exist is determined by a quasi-judicial body, the creature of Congress. The purpose of the pending bill is not the execution of trade agreements upon equality of costs of production at home and abroad but upon inequality, with the difference in favor of the foreign producer.

These agreements would be executed in secret, without notice to the industry to be affected or the right to be heard. The industries so treated would literally be lynched. The

enactment of this bill in its present form would be a continuing threat against agriculture and industry—a sword of Damocles that would stagnate both.

The best illustration of the effect upon industry and the American people of action in secret by the Chief Executive is afforded by his recent cancelation of the air-mail contracts without affording the companies affected thereby a chance to present their case. In this action, conceived in secret, there was another interest ignored—that of the public. Without warning 115 cities were deprived of air-mail service, 36 cities were deprived either totally or partially of passenger and express service by airplane, 650 pilots, copilots, and other persons were deprived of employment, and 82,400 American citizens, stockholders in the various companies affected by the order, lost large sums of money in the instant decline in the value of their holdings. This was followed by the ghastly and needless sacrifice of the lives of 11 Army pilots, who, under military orders and without adequate training, attempted to transport the mails in planes unsuited for the use and unsupplied with the instruments necessary for safe flying.

The President made a tragic mistake, and the excuse is offered that he was poorly advised. That is true, but it was a decision reached in secret conferences with persons who did not share the responsibility. All these catastrophes resulted because it was alleged that certain officers of certain companies had been guilty of wrongdoing in securing the air-mail contracts. No opportunity to be heard was given; no resort to the courts of the land was had. The contracts were simply canceled, and the right to make such cancelation left for judicial determination hereafter, with the almost certainty that the Government will be compelled to respond in damages for the wrongful cancelation. So confident were the officers of one company that they were innocent of wrongdoing that they offered to carry the mail for 30 days, to be compensated therefor only in the event that their contract was found untainted with fraud. The offer was refused. It is not conceivable that the order of cancelation would have been issued had the interested parties been afforded a prior opportunity for a hearing, and had the President sought the advice of Lindbergh and Rickenbacker and other outstanding pilots conversant with the problems and dangers of flying the mails.

The provisions of the bill are unconstitutional for the reasons so ably advanced by our colleague, Mr. BECK, and others. Its passage would seriously retard recovery. The exercise of the powers to be conferred therein would destroy many branches of industry, demoralize large agricultural areas, and result in widespread unemployment. [Applause.]

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, one of these days we will wake up to learn once more that the great majority of the people of these United States still believe in a representative form of government and the discharge by the several branches thereof of the duties and obligations constitutionally inherent therein. It is still true, and a great majority of Americans are so convinced, that democracy, representative government, free speech, and a free press, in spite of their faults, are best suited to the needs and demands we Americans make of the Government upon which we depend and under which we live. Someone has said that countries not so long accustomed to free representative government may not find despotism objectionable, but in America I believe that we have been working along better lines, more suited to our own habits of thought and more likely to lead to a permanent solution of the problems of this age.

True it is that government of the people, by the people, and for the people has steadily perished on European soil. We may well ask the question: Where next is autocracy to triumph in a world supposedly made safe for democracy 15 fantastic years ago?

I am in favor of reciprocal tariff agreements negotiated by those authorized and empowered to make such agreements under the law.

I am in favor of the reasonable extension of our foreign commerce under such trade treaties if the same can be so effected.

I believe in the theory of reciprocal trade agreements effectuated under constitutional authority and within the law of this land.

I am in favor of many things for which this measure attempts to provide the method of accomplishment, but I am unalterably opposed to the bill itself because I believe it is unconstitutional, and the policy for which it stands, so far as the means of attaining the end sought thereby, is un-American and wrong; it follows that compromise is impossible.

There are such unusual policies and problems of government involved in this measure so vitally affecting the welfare of the people of the United States and millions of citizens yet unborn as to relegate to the background and to make of trivial importance, comparatively speaking, all questions of temporary expediency, of tariff treaties, reciprocal trade agreements involving the extension of our commerce or our international relations.

The founders of this Republic undertook to establish a government in which the will of the people should be supreme. Every end they sought to attain or had in mind was motivated by a desire to found a democracy free, on the one hand, from the perils of autocracy and dictatorship, with which they were altogether too familiar, and, on the other, to protect themselves against anarchy and a disorderly government, in order to secure the blessings of liberty for themselves and their posterity.

Over and over again they wrote into their fundamental laws and declarations the challenging statement that frequent recurrence to fundamental principles, a strict adherence to justice, moderation, temperance, industry, and frugality are absolutely necessary to preserve the blessings of liberty and keep government free. The checks and balances they made a part of the governmental structure they erected, if observed and followed, will continue to guarantee the perpetuity of the nation they created, and will preserve the safety of the countless millions who now and in the days to come shall seek and be entitled to the protection it affords.

I am not an alarmist, but I am concerned that the permanency of our national life and its integrity is involved in the governmental policy we are asked to countenance and approve. I am sure that the preservation of our liberties and the perpetuity of our form of government is the tremendous stake at issue and which must be met. The question confronting us is too momentous and serious to be the football of partisan politics. It transcends all questions of tariff or trade agreements. This bill strikes at the very root of all our American institutions. It is another step toward a change in our form of government. This is the issue involved.

It is axiomatic that the Constitution does not give the President the right or the authority to legislate; that is not a function of the executive branch. Congress cannot delegate such power or authority to the President or anyone else. The Constitution specifically forbids it. I have not been able to find any, and it has been incontrovertibly stated that "there is no decision of any court anywhere by virtue of which it has been held that Congress has any right to delegate its power of legislation." It is equally true that there is no decision of any court anywhere upholding the constitutionality of any act undertaking to give the President the power to tax. "The Congress shall have power to lay and collect taxes," says the Federal Constitution; and who shall say that is not the fundamental law which he who runs may read? It is not susceptible of distortion or contravention.

The functions, duties, and responsibilities of the executive, legislative, and judicial branches of our Government are clearly defined by the supreme law of the land, limited and construed by the numerous decisions of our highest judicial tribunals.

It may be futile, as has been suggested, to oppose the enactment of this radical legislation which contemplates

the transfer of the taxing power from the legislative to the executive branch, an abdication of rights and powers absolutely in derogation of, and contrary to law—not a delegation of administrative authority involving the use of a discretion thereunder according to the law, but a delegation of authority, prerogatives, and certain duties resting in and inherent alone in the Congress, nondelegable by virtue of the very nature thereof. Such a delegation in effect makes the Executive not only the executive but the legislative and judicial branch—a 3-in-1 arrangement, which ipso facto undertakes to deprive the legislative and judicial branches of the very power and authority and prerogatives which by and under the Constitution cannot be so delegated.

Opposition to such proposed legislation, and the suggestion with respect to its un-American and unconstitutional characteristics may avail nothing, but I would be remiss in the discharge of my obligations as a representative of the people of Vermont and derelict in my duty as a citizen, did I not most strenuously resist and oppose the measure we are now considering.

This measure should not be permitted to become a law. It is subversive of the very principles of government on which this Nation was established and must retain as basic, if it is to survive the fate of others that have followed the path of experimentation, dictatorship, and final political oblivion. The great disillusionment is due to arrive. The unwise and increasingly daring, un-American, and dangerous policies which the advisers of the President are attempting to force him to adopt and recommend and which have heretofore been foisted on the American people must be stopped. America must choose!

The gravest peril that confronts the Republic today is the apathy and indifference of its citizens and the semi-paralyzed condition of the body politic. In a democracy such a disease is insidious and deadly. Such legislation as this can only serve to broaden the area of devastation and to furnish more food on which the germ of communism and other "isms" may thrive and grow strong and eventually consummate the complete disintegration of the body politic.

This is America—God save the mark—and the liberties of her people must be preserved and conserved, their freedom guaranteed, and the initiative of the individual, which has made her great, must be encouraged. Autocratic, dictatorial enforcement of cooperation or regimentation of labor or control of production under threat of fine or imprisonment has no place in our American scheme and system of government. No more has the measure we are considering, which is but another step toward dictatorship.

It has been well said that—

It is not the gravity of the crisis as it affects the Constitution which alone should give us concern. The spirit of individualism is almost extinct; the average artisan today looks not to his good right arm but to the great and incomprehensible machine for salvation—he feels the Government is something to live on and not to live under.

The foundations are fast sinking, and, if the present process of destruction proceeds, it is not unlikely that within the life of the present generation the whole structure will fall into careless ruin.

It is time to stop and look and listen. America has solved many problems, but, as she meets and eventually defeats such issues as this, so shall she stand or fall. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield such time as he may desire to use to the gentleman from California [Mr. Buck].

Mr. BUCK. Mr. Chairman, it occurs to me that some of my good friends, including my California associates on the minority side, have forgotten that a great proportion of the agricultural industry of the United States is built on an export basis, and that if this export agriculture is to continue to be strangled, not so much by our own tariff that we have today as by the tariffs and quotas that have been imposed by foreign countries, that all of this domestic agricultural production is going to be thrown back upon the home market to the ruin of their competitors in similar lines

throughout the Union. I refer, particularly, Mr. Chairman, to the fruit industry of the United States, and I want to assure you, on both sides of the House, that when the gentleman from California [Mr. EVANS] and the gentleman from California [Mr. ELTSE] read into the RECORD a while ago certain telegrams and dispatches, they were in no wise representative of what is California's most important agricultural industry.

To many of you it will probably come as a strange announcement that California is largely an exporting State. But it is. In the year 1930, which is the last year for which we can have any figures that may be called normal, its exports, in value, were exceeded only by the States of New York and Texas. These exports, very largely, consist of the fresh and processed fruits grown there, as well as other agricultural products.

In this connection I desire to read to you a telegram received from the Dried Fruit Association of California:

SAN FRANCISCO, CALIF., March 19, 1934.

HON. FRANK BUCK,

House Office Building, Washington, D.C.:

Pending legislation intended confer tariff powers upon President for purpose development reciprocal arrangements with foreign countries to benefit American agricultural exports believe of tremendous value to California dried-fruit industry, which is basic to fruit production this State. This association, with membership handling more than 95 percent of total dried-fruit production, earnestly requests your support of this legislation or any measure giving President necessary powers for reciprocal negotiations. Normally this industry dependent upon foreign trade for approximately 50 percent; total tonnage sold last year was reduced to 30 percent account various foreign restrictions, mainly tariff. Since dried-fruit outlet absorbs nearly 2,000,000 tons fresh fruit, successful exportation dried fruit vital to entire fresh-fruit industry.

Sincerely,

DWIGHT K. GRADY,

Vice President Dried Fruit Association of California.

What is true of the dried-fruit industry is equally true of the canning industry, not only of California but of the entire Pacific coast. The development of our orchards has been made on the basis of foreign exports of the products thereof. If the huge tonnage now available cannot be exported under favorable reciprocal agreements, it must either be sold in the United States or the orchards must be wiped out of existence and the farmers on them thrown into other channels of occupation. If we accept the figures of Mr. Grady as correct—and as a producer of fruit I can say that they err, if at all, on the conservative side—sale of this additional quantity in the United States will mean an increase of domestic consumption of California fruit products of 100 percent. This enormous quantity will be thrown on the market in competition with the apples and pears of New England and the Northern States and in competition with every other food product in the United States. It is with no false ideas of theory, therefore, but with a practical realization of the facts that confront us, that I have presented this telegram to you with my endorsement of the position which the author of it takes.

This position is endorsed by others. I had hoped that the minority Members who represent the great city of San Francisco would present for your consideration the position of the San Francisco Chamber of Commerce, whose members certainly no one can accuse of being partisan or interested in the destruction of industry. In view of the fact that they have not seen fit to do so, as one who is vitally interested in the welfare of San Francisco, I beg leave to present the position of the chamber, set out as follows:

SAN FRANCISCO CHAMBER OF COMMERCE,
Washington, D.C., March 16, 1934.

HON. FRANK H. BUCK,

House of Representatives, Washington, D.C.

MY DEAR MR. BUCK: The board of directors of the San Francisco Chamber of Commerce yesterday endorsed the reciprocal tariff bill and so notified me by telegraph this morning. This is H.R. 8687, and the chamber hopes you can see your way clear to support it.

Mr. J. W. Mailliard, Jr., president of the chamber, states in his dispatch:

"Experts are convinced that reciprocal tariff arrangements—that is, concessions for concessions in the matter of tariff rates—is the only way that the present log jam in the flow of international trade can be broken. I am convinced that the President will seek

advice from experts and that he will use these powers in a manner which will do no harm to our domestic production, but will find commodities, the import of which may be increased without detriment to our domestic economy."

Sincerely yours,

C. B. DODDS,
Washington Representative.

The directors of the San Francisco Chamber of Commerce are well aware of the great agricultural community that they have behind them and of the great opportunities that will accrue through its continued prosperity. They are aware that their own port facilities need and are awaiting the revival of the foreign trade that can only be accomplished through the passage of this bill.

Mr. Chairman, I regret that my time is limited. I shall only conclude by calling the attention of the committee again to the fact that not all industry, not all agriculture, can be limited to domestic markets and domestic consumption without upsetting them and in many cases ruining established forms of public enterprise that have been founded and developed to the profit of the individual American citizen on the basis of the natural flow of foreign commerce.

Mr. COOPER of Tennessee. Mr. Chairman, I yield to the gentleman from California [Mr. COLDEN].

Mr. COLDEN. Mr. Chairman, it has been interesting to follow the extensive debate in the House on the present tariff proposal and listen to the jibes, quotations, and repartee of both the Democrats and the Republicans as to what each points out as a reversal of opinions on reciprocity and the inconsistencies of each other. As a boy on the farm, I well remember the eloquent appeals of James G. Blaine, the Republican nominee for President, for his program of the development of foreign trade, as well as the determined declarations of Grover Cleveland, the Democratic candidate, for a tariff for revenue only. While I was not a convert to his party, I was deeply impressed with the Plumed Knight's tariff policy, and have remained until this day in the belief that reciprocity is a sound policy for the development of foreign trade.

I remember, too, in my early days of the intriguing pamphlets of Henry George and his argument for a single tax levied upon real estate alone. I found his Protection or Free Trade, Which? more convincing to me against the fallacies of a high tariff than I did in favor of his theory of single tax. Free trade is an appealing theory, and its doctrines have had a profound influence upon the British Empire that for a long period maintained her position as the leading commercial nation of the globe. But free trade is not desirable from the standpoint of the citizenship of a country that enjoys the highest wages and the highest standard of living of any country in the world. Free trade is not desirable or practical unless wages and the standard of living are on a par with the nations engaging in such an understanding. It would be commercial and industrial suicide for this country to open wide its gates and permit the products of cheap foreign labor to flood our markets. So I have chosen a middle path that lies between the commercial isolation advocated by the high-tariff extremists on one side and the tariff for revenue only and free trade on the other.

Neither is it desirable for our Nation to adopt an extremely high tariff policy and follow it to the conclusion of national isolation. Such a course is possible, but it would result in unsound economy and would detract from our national prosperity and not inure to our individual welfare. This country is a great consumer of coffee, tea, sugar, silk, rubber, and other products that can be produced more cheaply abroad and can, by reciprocal treaties, open corresponding markets for our surplus products. It is a well-worn economic axiom, but its truth is generally accepted, that if we sell to other countries, we must buy; and if we buy from them, we must sell. Since the fruit, cotton, and wheat growers of our country produce a large surplus of these products, it follows that it is a sound policy to develop a market for these products. The same is true of many of our industries. The Orient particularly, as well as Latin-America, affords a splendid market for our automobiles and trucks, for our typewriters, motion pictures, and many other

devices peculiar to American industry. While visiting Japanese cities, I was much interested in the information that the old-fashioned ricksha was being superseded by a modern rubber-tired one manufactured largely by a bicycle factory in New England.

To exchange our surplus fruit, wine, cotton, and wheat, oils and manufactured products for the coffee, tea, silk, sugar, rubber, and rope upon a reciprocal basis is fair trade profitable to both parties and of no injury to either. By this policy of reciprocity or fair trade we avoid the dangerous competition of free trade and low tariffs and we avoid the isolation and the unsound economy of extreme tariffs. Fair trade enables us to exchange our surplus products for those articles of commerce that we desire and does not require a drastic change in our economic set-up. The sudden raising or lowering of tariff rates is of such far-reaching effect that it is unsatisfactory to the manufacturer and the producer and may prove disastrous to the wage earner. But by reciprocal treaties these disastrous eruptions of commerce and industry produced by sudden tariff changes may be avoided.

Tariff legislation is necessarily difficult. Tariffs beneficial to one section may be disadvantageous to another. Each industry demands benefits for itself and battles to protect the special favors it is able to exact for its own enrichment. The shoe manufacturer desires a tariff on his finished product and is just as eager for free hides and reluctantly yields to the requests of the cattle industry for protection. Many other industries are in the same category. The wheat and cotton growers that sell their surpluses in the markets of the world clamor to buy in the world market.

In California we have vivid examples of the inconsistencies of the tariff system. Fish canners receive a niggardly tariff protection, while the fishermen are left with the forgotten men. The citrus growers have obtained generous protection but are unwilling to give the same consideration to the fish industry which produces fishmeal used for the fertilization of the citrus orchard. And so, from the first schedule to the last, a tariff revision up or down is a conflict of section against section, industry against industry, and those with the strongest political alliances, and perhaps have made the largest campaign contributions, usually win the war. Napoleon is recorded as saying that God was on the side of the heaviest artillery. In a tariff battle, destiny appears to favor those who have made the heaviest campaign contributions.

I cannot concur with my Republican colleagues that advocate higher tariffs and ultimate isolation as a panacea for all our ills. I feel some surprise and chagrin that some of the able Members of this House base their opinions upon such an unsound objective. High tariffs have too often been used as an instrument of special privilege and have been attained by loudly proclaiming generalities that appeal to the wage earner and the farmer, while the profits and benefits have been pocketed by the privileged few. It reminds me of a story of a shrewd friend in California who relates with gusto of the pool formed in California some years ago to buy grain sacks from the Orient and, by securing pledges from a successful Republican candidate for President, obtained a considerable tariff on said sacks and reaped a handsome fortune by their political ingenuity with no thought of developing a home industry. Such practices, I am informed, are not infrequent when tariff changes are contemplated.

California and the Pacific coast occupy a strategic location in regard to the trade of the Orient. The commerce of the Pacific and the industries of the Pacific Coast States have a splendid future with the encouragement of reciprocal treaties by the Government at Washington. With numerous rivers rushing from the mountains to the sea, an abundance of cheap electrical power is conducive to light manufacturing. With abundant supplies of timber, petroleum, copper, and other minerals, along with the products of the factory, the farm, the vineyard, and the orchard, the industrial and commercial development of the Pacific coast is but in its infancy.

Japan is now one of the important markets of America. China, too, is important but is now but a fraction of its pos-

sibilities as compared to the time when that unfortunate nation is able to establish a stable and a progressive government. China, in the near future, no doubt, will afford a great market for steel, timber, and equipment for her program of building railroads throughout the Republic. Her proposed highway system will demand materials and afford a great market for automobiles and supplies. Her cities and her modern homes, now developing, demand the comforts of electric lighting and modern appliances and will soon displace the kerosene lamp, which is to a considerable degree yet prevalent in China.

Siberia, the Russian door on the Pacific, affords another opportunity for American foreign trade in which the Pacific States will largely participate. Transportation costs from Pacific ports to Siberia are much less than from the heart of the Russian industrial sections which must use the more expensive railway transportation. The Philippines have already developed into an important customer which we trust will not be destroyed by the recent and ill-timed legislation. The Malay States are important consumers of California canned sardines. California fruits and milk products are finding a welcome in the markets of the Orient and these possibilities are beyond reckoning. Our products are sought in the East Indies as well as in the South Sea Islands, New Zealand, and Australia. The commerce of southern California is healthily increasing with Mexico, the nations of Central and South America.

Some Members from California feel a solicitude as to the effect reciprocity will have on the industries of southern California, particularly on the horticultural products, including the citrus products. This is a highly developed industry in southern California and its welfare has a marked influence upon our prosperity. The citrus industry represents a large investment and an intensive cultivation not equalled in the United States, and is a very important factor in our commerce, employment, and transportation. It has been the recipient of a reasonable tariff, but in return it has made available to the people of America the finest citrus products in the world.

Judging by the recent response of President Roosevelt to the appeals of the fishing industry in southern California, my section of California has an assurance that the President will use his powers under the proposed bill wisely and that his purpose is to build up markets and not destroy them. In this connection I desire to call the attention of the House to the bill, H.R. 7651, which I introduced on February 5, 1934, providing for the protection of the southern California fishing industry against the deadly competition of Japan. It is so patent that an American industry paying American wages cannot compete with the extremely low wages and the starvation standard of living of Japan that it seems needless to offer an argument. The American fisherman has no protection whatever against the frozen fish imported from that country.

Because of the heavy depreciation of the money in Japan the inadequate protective tariff designed to protect the tuna industry of California has been nullified to a great extent. At the present value of American money the yen shows a value of about 30 cents compared with its normal value of 50 cents. The average wages paid by the Japanese tuna industry is reputed to be but 33 cents for a day of from 12 to 15 hours compared with a daily wage of \$3 per day in the California industry for a day of 8 hours. According to this schedule, the Japanese pay less than 3 cents per hour as against 37½ cents paid by the American industry, or more than 12 times as much. Therefore, a 30-percent tariff, based on Japanese cost of production, is wholly inadequate. The additional 15 percent added by the Tariff Commission and President Roosevelt is clearly insufficient. Comparing wages, 1,000 percent is more equitable. To open the gates of competition to the scale of wages as paid in Japan can have but one result—the complete ruin of the American industry.

From a political standpoint, California reactionary Representatives in Congress in years past have followed too blindly the tariff policies designed to profit the industries of New England and the eastern section of the country. California

Congressmen have helped prepare the tariff feast and have accepted the crumbs from the table. The late Smoot-Hawley tariff bill increased the tariff schedules designed to benefit other sections and, at the same time, omitted a tariff on petroleum. Thus the products of Mexico and South America were brought in direct competition with the product of the leading industry of California—oil—and practically drove California oil from the markets of the Atlantic seaboard. This was a terrific blow to a State which so many years supported a high-tariff policy for other sections of the country and received so little or no consideration for itself.

With all its inequalities, its discriminations, its unfairness, it would be inadvisable to undertake a revision of all tariff schedules at the present time. Depreciated currencies, the economic paralysis of the world, the tariff wars of nation against nation, the comprehensive recovery plan inaugurated in our own country, the new codes of hours and wages—all counsel against throwing down the bars and permitting a flood upon our already-stagnant markets. But there is one path of procedure that can be safely followed for the restoration of our foreign commerce. Let us declare for reciprocity and for fair trade, heeding the requirements of industry at home and promoting such commerce abroad that will permit us to export and to receive those articles of consumption that will bring comfort to ourselves and equivalent benefits to those with whom we trade. Let us avoid the restrictions of isolation of extreme high tariffs and let us beware of the pitfalls of free trade and ruinous competition and devote ourselves to a profitable course of fair trade.

We all deprecate the tariff wars of nation against nation which have shut us from many profitable markets and left our own surpluses to rot and rust upon our shores. We have seen nation retaliate against nation and too often we have seen these impassable bulwarks erected against the products of our own land. We have seen our leading industries build thousands of branches behind these retaliatory walls, depriving our own factories and our own workmen of employment that rightfully belonged to them. But we ourselves in the Smoot-Hawley Tariff Act were among the first to erect barriers against the nations of the world and thereby invited their disastrous retaliation. Let us undo our folly by the same policy of reciprocity and fair trade.

It is opportune now, since California and the Pacific Coast States have overthrown the reactionary political oligarchy of the past, to insist in sharing the benefits of a new deal in the structure of tariffs, and to deprive some of the benefits we have given and from which we have received such a meager portion for ourselves. Instead of mere followers in the dust of a discounted and discredited tariff system of isolation, let us embark upon a new policy designed to promote our trade and commerce with the Orient and Latin America, where the beacon of opportunity invites us; with the Orient, where half of the world dwells in need of food, clothing, and shelter. Where hungry mouths will consume our wheat. Where the needs of cotton have never been supplied. Where a thousand of our products will be readily welcomed. Not only the Orient but with the isles of the far southwest and Australia. And with Latin America, where new nations await with new opportunities and afford new markets. Instead of supporting tariffs that enrich others, let us of the Pacific coast look to ourselves and to the opportunities that are afforded by giving our united support to the President's program for reciprocal and fair trade, to a new deal in foreign trade, in which the States facing the Pacific may profitably participate. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOEPEL].

Mr. HOEPEL. Mr. Chairman and members of the Committee, I am for this reciprocal tariff bill because it is an essential plank in our platform. As a Democrat I have faithfully followed the platform principles. For that reason I am going to vote for this bill.

I am pleased to see in the gallery the high type of representative American citizens in the young men students who are here, no doubt, to observe and gain experience as

they later enter the contest of life. Practically all my votes as a Member of Congress have been in their interest—not in the interest of international bankers, who are so well represented on the Republican side.

Mr. KNUTSON. Will the gentleman yield?

Mr. HOEPEL. In a moment. I have full confidence in the President that he will administer the act in the interest of the American people.

I notice that few Republican Members only are now on the floor. It is possible that those individuals who represent the super "brain trust" of America are on the Senate side of the Capitol, hoping and praying that the President's veto may be overridden.

I have found it to be a consistent feature of Republican Representatives to endeavor at all times to impede any measure which the Democrats bring on the floor.

Mr. TREADWAY. Mr. Chairman, I make the point of order that the rule provides that the gentleman's remarks shall be confined to the bill. I make the point of order that the gentleman is not speaking to the measure before the House.

Mr. KNUTSON. This is the first time the gentleman from California has not been with the Republicans.

The CHAIRMAN (Mr. UMSTEAD). The point of order is sustained, and the gentleman will confine his remarks to the bill.

Mr. HOEPEL. I should like to call attention to the fact that the gentleman from Massachusetts has voted consistently against—

Mr. TREADWAY. Mr. Chairman, I again make the point of order that the gentleman is not speaking to the measure before the House.

Mr. HOEPEL. I did not mention the gentleman's name.

Mr. TREADWAY. I know who the gentleman referred to, and I am going to continue to call him down.

The CHAIRMAN. The gentleman from California must confine his remarks to the bill.

Mr. HOEPEL. I am speaking in opposition to the Republican "brain trust." I call attention to the fact that in 1926 before we had a high tariff there was imported into America 74,000,000 pounds of lemons. We received \$2.81 per box then for our local California lemons. After the high tariff was enacted in 1930 the price of our lemons decreased to \$2.10 per box. We imported 30,000,000 of egg products in 1926 and received 31.1 cents per dozen for our California eggs. In 1932 we imported only 2,660,000 pounds and received only 17.2 cents per dozen for our eggs. Our importations were 1,300 percent less in 1932 than in 1926.

Mr. KNUTSON. How could it decrease 1,300 percent—

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that the gentleman from California [Mr. HOEPEL] has not yielded.

The CHAIRMAN. The point of order is sustained.

Mr. HOEPEL. Perhaps I should have said our importation of egg products were 1,300 percent more in 1926 than in 1932.

In 1926 the United States imported 49,000,000 pounds of walnuts, while our walnut growers in California received \$480 per ton for their walnuts. As soon as the Republicans put on a high protective tariff the price of walnuts dropped to \$240 a ton, exactly one half, notwithstanding the fact that we imported only one quarter as much. I should like the Representatives on the Republican side to explain why with a high tariff the price of our products has decreased, notwithstanding the fact that importation has decreased. I should like to have the gentleman from Massachusetts [Mr. TREADWAY] answer that. I should like also to have the gentleman answer this. During the Hoover regime the deposits in our banks in 1928 were \$58,000,000,000, and we had approximately 26,000 banks. At the end of the Hoover regime we had deposits of 45 billions of dollars in our banks and 7,050 banks had failed during his regime.

Mr. TREADWAY. Mr. Chairman, I make the point of order that the gentleman is not speaking to the bill before the House.

The CHAIRMAN. The gentleman from California will proceed in order.

Mr. HOEPEL. I am proceeding in order.

Mr. TREADWAY. I beg the gentleman's pardon. He is not proceeding in order, and I appeal to the decision of the Chair.

The CHAIRMAN. The Chair rules that at that time the gentleman was in order. The gentleman from California will proceed in order.

Mr. HOEPEL. Mr. Chairman, I make the observation that if I was talking here for the Wall Street interests, I would be in order.

Mr. TREADWAY. I again protest that the gentleman is not proceeding in order.

The CHAIRMAN. The point of order is sustained. The gentleman was not in order.

Mr. TREADWAY. The gentleman's remarks should be stricken from the RECORD.

Mr. HOEPEL. They shall not be stricken from the RECORD.

Mr. TREADWAY. I make the point of order that they must be, if the gentleman is going to get so uppish about it.

Mr. HOEPEL. I call the Republican Members' attention to the fact that the price of our commodities in America is not determined by the tariff, but is determined by the amount of currency in circulation and credit expansion. What have you Republicans done? You have taken credit from the people and frozen their deposits in the myriad of failed banks.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 2 minutes more to the gentleman from California.

Mr. HOEPEL. I am afraid that I cannot explain sufficiently my disagreement with the Republicans of this House when they assail a meritorious practical measure such as we now have before us.

"Constitutional government", is all that I have heard from the Republican side. Every time we Democrats launch a constructive, progressive provision looking toward national recovery and put it into the stream of recovery, if it is worth while the Republicans take a pike hook and try to snag it. The gentleman who has been opposing me, with many of his Republican colleagues, voted for every measure in favor of the bankers during this session of Congress, and now he is attempting to prevent me from reciting true facts regarding Republican opposition to reciprocal tariff agreements.

Mr. TREADWAY. I again make the point of order that the gentleman is not in order.

Mr. FULLER. Oh, I think the gentleman is in order. Finances and the tariff are mixed together, plainly.

Mr. HOEPEL. Every time we bring something forward that is progressive, such as gold devaluation and this reciprocal tariff provision, the Republican Members, acting under the stimulus of some "superbrain trust", take out their pike hooks and endeavor to extract it from the recovery stream. They appear to be more concerned in playing politics than in bringing recovery to the American people.

When we advance something here which is progressive, something which is in the interest of the whole people and not in the interest of the banking fraternity of Wall Street, we find Republican reactionaries opposing our efforts. There are many liberal-minded Republicans in this House but, unfortunately, they are outbalanced by the reactionary, archaic group who believe or, at least, act as though the only reason this Government exists is to pay homage to entrenched wealth and special privilege. These reactionaries are out of step and sympathy with the best interests of the people, and they cannot rescue themselves by seeking to play politics with administration measures of recognized merit such as this and which are for the benefit of the whole American people—a universally recognized need in this period of our economic existence.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, I was almost moved to tears when I sat here and listened to the distinguished gentleman from Pennsylvania [Mr. FOCHT] ask for sympathy and help for the infant industry in swaddling clothes. Lo and behold, we removed the swaddling clothes from the infant, and we found a full-grown man with long whiskers; and yet for him he sought further protection of a high tariff. [Laughter and applause.]

I am in favor of the passage of the bill now before us—the enactment of which will provide for an increase of foreign markets for the products of the United States. It will also increase the purchasing power of the American public in the present emergency, and will help to maintain a better relationship among the various branches of American agriculture, industry, mining, and commerce.

I favor the passage of this bill because I have faith and confidence in the sterling leadership of America's spokesman, Franklin Delano Roosevelt. My mind goes back to the ides of March 1933, when our Ship of State was wallowing in the throes of the worst economic storm that our country has ever known. The ship was sinking, the commander and crew were terror stricken, all hope had been abandoned and in fear and trepidation they awaited the end. In this dark hour the pilot boat hove in sight, and a new skipper and crew boarded the vessel. Almost immediately, under the guiding hands of the new commander and his crew, the Ship of State was successfully piloted to a safe anchorage.

Our countrymen who had been plunged into gloom and despair saw a new light shine on the horizon. Banks that were ready to close their doors were rehabilitated. Citizens' conservation camps were established, taking care of hundreds of thousands of young men. Additional moneys were brought into the Treasury through the repeal of prohibition. Through the passage of the National Recovery Act many millions are now working. The extensive Public Works program throughout the Nation has provided work and sustenance for millions of families. Through the enactment of the Home Loan Act, peace and security have been brought to the small-home owner throughout the Nation. The security of bank deposits has been guaranteed through the passage of proper legislation. Relief has been given to the farmers of our country. Loans to all kinds of projects have been made that would tend to put the Nation back on the path of a new prosperity.

All these things were done in order to bring these most desired results. This accomplishment has been termed the "new deal." I am in favor of adding a new plank to the new deal—that of empowering the President to make reciprocal trade agreements. I am not fearful that the President will misuse this power. I am not afraid that he will not have at heart the ultimate good of the people of the land. I trust him, because he has steered the ship straight, and I feel the ultimate accomplishments of his efforts will lead to a new and prosperous era for our beloved land.

In the past I have criticized some acts of Republican Presidents of these United States, but in no instance has my criticism been a captious one. My criticism was always uttered in a fair and dignified manner, due to the respect I had for their high office and for the orderly procedure of this House.

I have never so far forgotten myself as to accuse any of our Presidents of being guilty of legalized murder.

I am mindful of the multitude of difficulties, cares, and responsibilities pertinent to their high office, and I have always given them credit for the average performance of their duties. None of us would care to be judged by a few events in our lives; we would much prefer to have our average performance considered.

In reading the testimony taken before the Ways and Means Committee, we find foremost leaders of industry favoring the granting of this power to the President. The President himself in his message to Congress states:

The exercise of the authority which I propose must be carefully weighed in light of the latest information so as to give assurance that no sound and important American interests will be injuriously disturbed. The adjustment of our foreign trade relations must rest on the promise of undertaking to benefit and not injure such interests. In times of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

In the light of all these statements, and of the knowledge that the act for reciprocal trade agreements is but another plank in the new deal for the recovery of the Republic, I shall stand with the President and do all that I can to help the return of prosperity to our land. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I shall vote for H.R. 8687, which gives the President the power to enter into reciprocal trade agreements with foreign countries, authorizing him to reduce or raise tariff duties 50 percent by Executive order. My reasons for this grant of power are as follows:

IT WILL INCREASE FOREIGN TRADE

First. I believe there is still a chance to secure for this country a reasonable share of the world's trade. I want to try to secure it. It will not come to us without the understanding and continual readjustments possible under this bill.

Second. I dread to see the day come when this country sets its face solidly against exchange with other nations and fixes its course absolutely toward nationalism.

Third. I am for the bill because I stand for a planned middle course between economic nationalism and internationalism. It will be most difficult to steer this course, but it must be done for our own prosperity as well as for the world's peace and happiness.

Fourth. I am firmly convinced that the nationalistic spirit so prevalent in the world today will inevitably lead to distrust, to hatred, and finally to war. World trade relations have, from the most ancient times, brought about cultural contacts and relationships which have made for the progress we call civilization. This process must be continued or retrogression will be inevitable. Trade between nations leads toward peace and toward mutual understanding which is the greatest preventive of war. Isolation is not an insurance against political world entanglements and trade alliances do most emphatically insure against war. I am for this bill because I am against war.

Fifth. I know full well that we cannot tear down all tariff walls and admit, free of duty, all the products of the pauperized labor of Asia and Europe. We must maintain and guarantee that which we have temporarily lost through greed among our own people—the universally high standard of living in America. Nevertheless there are plenty of people in the world, beside ourselves, who could and would use our surplus wheat, fruit, and cotton. This bill will give to the executive branch of our Government the right and power to act expeditiously to close the trade bargains with other nations without bringing them back to this slow-moving, much-talking Congress.

Sixth. I am for the bill for the reason that I do not want to see weeds grow on almost one half of the acres now devoted to cotton, and one fifth of the acres devoted to wheat abandoned. I do not want to see the apple, pear, and cherry orchards of the Northwest, with their perfect fruits, destroyed. I believe our President can find countries which will take our useful products and give us in exchange those commodities that we cannot produce to advantage. In the Pacific Northwest two thirds of all our wheat and fruit must find a market outside of our own wheat- and fruit-producing States. I have said that under present world conditions a sufficient foreign market for our agricultural surplus is an iridescent dream. That is true. This bill affords the opportunity to change those conditions. The alternative to world trade is a hideous thing and startles one who envisions a future of idle hands, idle people, checked ambition, and destroyed initiative.

Seventh. I would go further than this bill and say to those countries that now have the right to send their goods into

this country free of duty, "We will no longer take your coffee, your tea, nor your raw silk unless you take in exchange a quantity of our agricultural surplus equal in value to that which you sell us."

Eighth. The knowledge that our exports have fallen in 5 years to less than one third of what they were in 1929 unquestionably warns us that drastic action must be taken at once if we are to remain a trading and a prosperous Nation.

Ninth. We have seven millions of our population directly engaged in foreign business and shipping. They must find places in other already overcrowded occupations if we retire permanently from foreign trade.

Tenth. I am for this bill because we must act quickly. Investigation and agreements will, of necessity, be conducted without publicity when they are the task of the executive department and not of the deliberative, legislative department of our Government.

Eleventh. I am for the bill because 48 other countries have invested similar power in their executives. We must be ready and able to meet them in the field of barter and trade. I repeat, it can be done only by the Executive. Congress would spend days, weeks, or months debating proposed agreements while other nations, with more quickly responsive systems, would take advantage of the commercial openings we would lose.

Twelfth. I have listened with interest to the arguments on constitutionality and have been convinced that our Constitution is sufficiently flexible to give us the right and the power to act as wisdom dictates for our own social welfare and our economic self-preservation. There would be no question of the constitutionality of this act in time of war. The condition today is vastly more dangerous than threat of foreign war.

Thirteenth. I believe the President can safely be entrusted with this very extraordinary power.

DISPOSAL OF AGRICULTURAL SURPLUS

The administration is striking at the so-called "agricultural surplus" from two directions; first, reduced acreage; second, increased purchasing power among the people. Now, it is our privilege and duty to give to the President another and most valuable power to reduce this troublesome surplus by trading with other nations which are short on foodstuffs but have something we desire, to give us in return.

Even though it be the economic policy of the new deal to seek to increase consumption, we can never absorb our entire output of wheat and cotton, if we produce to capacity. We must trade them for something that we want which we do not produce at all or not in quantity.

It will cost the Agricultural Adjustment fund almost \$3,000,000 to take our surplus wheat for 1933 out of the Pacific Northwest. Should we have the crop during 1934 that now appears possible, with a surplus of 60,000,000 bushels, the cost to the Adjustment fund may be as much as \$20,000,000 for the coming year. Already we hear bitter criticism from the Gulf and Atlantic wheat dealers who have found our wheat from the Pacific Northwest further depressing prices in their markets. How much better it will be when our President can say to China, "We will take so much of your tea for a stated amount of our wheat from the Pacific Northwest." The same can be said to Brazil for a certain quantity of coffee.

HOME PRICES FOR SURPLUS CROPS FIXED BY FOREIGN MARKETS

It is true that 90 percent of our total products from farm and factory are consumed in this country, but the price of that 90 percent, which spells disaster or success to farm and factory owner, is fixed by laws of trade, at the price paid for the surplus in the foreign country. That is the condition we seek to cure by this bill. We are importers of wool; hence the tariff duties keep out the cheap wool from South America and wool growers are, even today, receiving a fair price for that farm product. We raise 20 percent more wheat than we can consume. Had we, the wheat growers, been obliged to sell that excess in foreign markets, at world prices without Government interference, then wheat would be selling in Chicago today for 50 cents a bushel, and the wheat growers of Oregon would today be receiving at the

delivery station not over 20 cents a bushel. These wheat farmers should ever remember that the Roosevelt administration gave us the voluntary allotment plan for farm relief and removed our surplus from the Pacific Northwest at the cost of millions. By Government action the price received by the growers of wheat has been and is today double what it would be had it not been for Roosevelt and his administration. In the face of what he has done we can certainly trust him with all the authority this bill gives him to enter into reciprocal trade agreements with other countries.

FOREIGN TRADE OUR ONLY HOPE

For more than a half century wheat has poured in an unbroken golden stream out of the Pacific Northwest, first in vessels around the Horn and then by way of the Canal, into the ports of northwestern Europe, where it found a ready market because we were buying goods freely from those nations. Before the World War we were a debtor nation with an annual outgo for interest of \$200,000,000. Now we are a creditor nation with nations owing us \$500,000,000 annually for interest alone. Is it any wonder they have repudiated? We refuse their goods in payment and they have not the gold. Now, the only way to do business with those nations is by reciprocal trade agreements. Our hope, and our only one, lies in revival of foreign trade. Two thirds of the world's shipping is now tied up at docks and wharves and no longer sailing the Seven Seas. Every major nation of the globe is striving to be economically self-contained, at the same time increasing armies and armaments in a furious race for equality or superiority. This can lead only to one fatal catastrophe—another world war—which may fatally wound and wreck our civilization and all the accumulated wisdom and culture of the ages. How can we contemplate this destruction of our international amity without resolving to act quickly and effectively to reestablish the status of our most favored and most happy period of friendly and mutually profitable intercourse?

NATIONALISM

Our Republican friends across the aisle, by refusing to support this bill, point the way toward excessive nationalism. Should America be forced to go all the road and actually become self-contained, there must follow compulsory control of all marketing with licensing of plowed-land quotas and with Government control of surpluses. What? Make a public utility out of agriculture, subjecting it to the same control? Perhaps so. Our emergency legislation has been admittedly experimental. The depression has sent us a long, long way down the dark road and we really do not know where we are going; we are just feeling our way. I know all the world is moving toward nationalism. The only hope of escape is the passing of bills like this. America can, and must, exert a vast world influence toward a better world atmosphere, where the arts of peace and not the acts of war shall be taught and practiced.

I know full well that modern machinery has tended to make manufactured products in every country very much alike. American-made shoe machines make it possible for Czechoslovakia to drive North American made shoes out of South America. American machines in China and Japan are making it extremely difficult for the cotton and woolen mills of New England to hold their own in the markets of the world. But, machines do not wipe out all national differences in ability and genius. Ever since Thomas Jefferson formulated the Declaration of Independence and abolished the law of primogeniture, which gave all to the eldest son, America has pointed the way toward a fairer social order for the common man—a juster government, more equal opportunity, a greater freedom. After setting the pace, leading the world for a century and a half, are we now to close our ports, slow down our factories, allow our fields to lie idle? Shall we say to the cotton men of the Southland, "Yes, formerly one half of your cotton was sold in foreign ports; it cannot be so now, and half your acres must grow weeds"? Are we, as a nation, to say to the wheat farmers of my State, Oregon, "Yes, one half of all your wheat has in former years been sold in foreign markets; but we are now a self-contained

Nation, and one half your wheat acreage must lie fallow"? That is not the spirit that made America great, the spirit of '76, or the spirit of our boys in the Argonne Woods. The American Revolution made possible the French Revolution, and the French Revolution made possible the English industrial revolution. As we have led in free government, so we have led in agriculture and in industry. Shall we now renounce that leadership?

It is certainly an anomaly that nations, which have for three centuries sailed the seas and now span them with lines of floating palaces in safe and speedy travel; nations which, through the genius of man, find it possible to talk or to fly across the rolling waves; should erect barriers against trade. It is a tragedy for such nations to allow their selfish fears so to control them that they embark on the road toward national isolation, which means ultimate ruin for them all. This bill will put into the hands of the President the power to break the evil spell under which we go astray; power to create a more wholesome world feeling; safer world relations.

MODERN SOCIAL FORCES DEVELOPED

About a century and a half ago three great social movements or trends became apparent and began to grow: First, government by representation; second, modern capitalism; third, the spirit of nationalism.

Quite well do I know there has been so-called "republics" before ours, and that the foundation blocks were hewn out in England centuries ago for the structure of free representative government, but in America was the first real attempt at government of the people in the interests of the people. Our national growth, strength, and power will remain the marvel of all the ages. We have made and produced everything that man wants and desires in such profusion and quantity that warehouses and granaries are bursting with their overabundance. On the other hand, our prosperity is so ill-adjusted that only a comparatively few can enjoy this abundance. The free Government of America and its creative, independent spirit have provided an abundance, but there has been the tragic and ugly failure to divide, with any degree of equity, the rewards of human toil. Our representative government has been betrayed by powerful groups created by special privilege.

Developing and growing along with our new country has come capitalism based on profits, interest, and dividends. Capitalism has been largely responsible for our excessive and callous individualism. The inventor has been rewarded and encouraged until he has filled the world with machines which would today make this earth a paradise for millions, provided they were used for the benefit of all, instead of being made the tools for enslaving men for the benefit of the selfish, greedy owners. As America has proved both her worth and her unworthiness, so has capitalism ripened and matured until capitalistic society has brought bitterness into the minds and hearts of the masses.

As free representative government and capitalistic society have developed, flowered, and borne fruit, the spirit of nationalism has traced the same line of growth and borne the same bitter fruits. Love of home and native heath have been extant from the beginning of civilization, but intense, inbred nationalism has come since the boys of the Gironde commenced to sing the Marseillaise during the French Revolution, and the conscript armies of Napoleon's time commenced their marches into the capitals of Europe. Since the great World War, in which all nations were engulfed without comprehension, then or now, of the reasons impelling to the massacre, this spirit has been intensified by fear, propaganda, and calculated greed, and now the appeal comes to us to yield once more to this destructive menace.

These three major social, political, and economic movements, starting at about the same time, developing through the same century and a half, and flowering in our time, have, through misdirection of their finest qualities been bred to produce chaos and despair. What wrecked these forces which might have been beneficent? Our representative government suffers from the domination of the great financial interests which have led to corruption and distrust. Nationalism has been perverted by war profiteers. The

capitalistic system has been made repulsive by greedy demands for excessive interest for the use of money. Representative government, nationalism, capitalism—all must be rescued from the domineering greed which has been willing to wreck them to build fortunes. Let us preserve them and use them for the common good. We have come to the crossroads. The way is plain.

THE CHALLENGE TO AMERICA

But yet, what a challenge to those who understand the forces of nature and man, and have the will to convert these movements into factors for social betterment. The talk of return to normalcy and of rugged individualism is idle and irresponsible. We can never go back to those happy days, those pioneer days of fertile, unbroken acres freely given by a generous government, to days of westward treks, of mining booms, and cities springing up as if by magic. However, American ability and genius, which has solved every difficulty from Puritan and Cavalier days, can find a solution for our problems of adjustment and readjustment. A jobless, hungry, ragged, discouraged world of millions extends begging hands asking for a chance to labor, to eat, and to wear.

Constitutionality of the proposed law does not worry me as much as do these hungry millions. They beg of us that we grant opportunity to live securely; but they know, and we know, that the powers which control their fates and their futures are not here on this floor where they should be. Is it not even possible to give insight and understanding to those who control our financial destinies so they may understand that their own safety depends on a planned economic life which will guarantee jobs and give security in them through social insurance? Can they not be made to understand that youth, sickness, and old age must be cared for in a decently ordered society? Cannot those powerful ones who control nations see that another world war may end all and send us back into days like those that followed the moving of the Roman capital from the Tiber? Cannot those who control be brought to understand that excessive nationalism is sure to ripen into hatred, distrust, clashing of interests, and finally war? Cannot those who control see that enormous interest and dividends cannot be paid and must lead to repudiation? Can they not comprehend the fact that nations can be mutually tolerant and helpful only when they trade and traffic freely among themselves? Why not make all our international dealings just and natural, and break down barriers erected by greed and privilege and tradition? This bill is an attempt to simplify and to speed international trade agreements. It is an aid to and a part of the new deal.

Why are we so helpless in the face of greed and injustice? Why not recapture our Government from these evil forces, which exert such undue influence, and which through wealth and position gained by special economic privileges wield political power? That recapture is also part of our new deal.

Mr. COOPER of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL of Texas. Mr. Chairman, men may come and men may go, but taxes go on forever; and taxes or tariffs are the controversial issues in this bill.

In levying taxes or delegating authority it depends very largely upon whose ox is gored as to what position men will take on the question. This has been true throughout the ages. It has been shown from the RECORD that Members on both sides of the House have changed their minds on the gag rule and the delegation of authority.

I should like to be consistent, and have tried to be, but this is impossible at times, especially when one's position is based upon constitutional objections, and the Supreme Court comes along and knocks his preconceived opinions higher than a kite.

I am not a constitutional lawyer, but am a plain cornfield lawyer, and my opinions carry no weight, while the opinions of the Court carry all weight and are final. I am frank to

say that had it not been for the decision of the Supreme Court rendered by Chief Justice Taft on the Tariff Act of 1922, and some earlier opinions on very similar cases, I would vote against this bill, but we must take these decisions as the last word on the construction of the Constitution.

In regard to H.R. 8687, now under consideration, will say that its purpose is very similar to the act of 1922 and other acts which sought to confer upon the Chief Executive certain authority in carrying out the expressed will of Congress, which acts have been upheld by the courts from Washington's administration to the present time.

As said by President Cleveland, "we are confronted with a condition and not a theory." This condition is so apparent that the man who runs may read.

It is the loss of world trade, and some means must be found to restore that trade to take care of our surplus products before prosperity can be restored. I do not share the expressed opinion that this trade is forever lost and is not worth consideration. It is still evident that the people of the world must eat and wear clothes, and when they cannot produce this food and clothing they must buy them from some other country; and I want my country to have an even break in supplying these products, and we do not now have that opportunity because of trade barriers erected against us because of our prohibitive tariff walls erected against their products for the protection of certain industries in this country.

I would not under any circumstances strike down our tariff laws and cripple industry, but industry has already been crippled by its own folly in stopping almost entirely the importation of foreign products into this country; and this has cut off the markets of other countries for the products of our farms and factories because it is a self-evident fact that unless other countries can sell us they cannot buy from us. No one will deny this axiomatic statement. These highly protected industries, like Samson of old, have actually pulled the house down upon themselves.

The preamble of this bill, which I will not repeat here, sets out very clearly the purposes of this bill, and then authorizes the President in paragraph (2)—

To proclaim such modifications of existing duties and other import restrictions or such additional import restrictions or for such continuance, and for such minimum periods of existing customs of excise treatment of any article covered by foreign-trade agreements, as are required or are appropriated to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists.

This is practically the same language as found in the Tariff Act of 1922 and other similar acts, except that it does not require the Tariff Commission to find the difference between the cost of producing the articles in this country and in foreign countries, but said act is still on the statutes and can be used in finding the difference in cost.

The President will doubtless avail himself of all the information necessary before raising or lowering any rate of duty, and I would be willing to amend the bill by adding the following:

In performing the duties herein conferred the President may call upon the Tariff Commission, the Ambassadors, and consuls in foreign countries, and any other agencies of the Government to furnish such information as they can secure in regard to the justness and fairness of existing rates of duty and the desirability of raising or lowering such rates of duty and entering into reciprocal trade relations with foreign countries in order to increase our foreign trade.

This would be merely persuasive, as the President already has this authority.

The President has the authority now to raise or lower tariff rates, and if this is construed as levying a tax the court has settled the matter in favor of the statute in the opinion rendered by Chief Justice Taft in the case of Hampton against United States. I quote briefly:

If it is thought wise to vary the custom duties according to changing conditions of production at home and abroad, Congress may authorize the Chief Executive to carry out this purpose, with

the assistance of the Tariff Commission, appointed under congressional authority. This conclusion is amply sustained by a case in which there was no advisory commission furnished the President—a case to which this Court gave fullest consideration nearly 40 years ago.

This was the case of *Field against Clark*, in which the reciprocal trade provisions of the act of 1890 were under attack, in which the President was authorized to actually take articles from the free list and place them upon the dutiable list and authorize customs officers to collect the duties. This is a broader power than is conferred by this act, and it was held to be legal.

In the discussion of this case it was contended that this section delegated to the President both legislative and treaty-making powers and was unconstitutional. After an examination of all authorities the Court said:

While Congress cannot delegate legislative power to the President, this act does not in any real sense invest the President with power of legislation.

I shall have to yield my preconceived judgment in these cases to the decision of the Supreme Court, but my distinguished friend from Pennsylvania [Mr. Beck] is not willing to do this, and I have the highest regard for his legal opinion. He must concede, however, that the authority of the Supreme Court is greater than his in construing the constitutionality of acts of Congress.

In regard to the decision on the New York milk case, I share the same views expressed by my friend [Mr. Beck], and in case the Court should uphold the cotton-control act there will remain no more protection for the personal and property rights of the people guaranteed in the Constitution, either in the States or in the Federal Government. It seems that the courts can prove anything by the Constitution, just like the preachers can prove anything by the Bible.

It must be noted, however, that these short-term trade agreements, which can be terminated at any time, are far different from long-term treaties which require Senate concurrence, like the St. Lawrence Waterway Treaty.

As to the great necessity of taking some action to restore our foreign trade, there should be no dissenting opinion; and if a better plan than the one here presented is offered, I would be glad to support it. We are rapidly losing this trade, and unless it can be restored there is no outlet for our surplus farm and factory products, and depression is bound to continue.

Some inducements must be offered to foreign countries to get their trade, and the Dies silver bill that passed the House a few days ago is a gesture in the right direction. It offers a premium of 25 percent in the price of silver in order to induce them to buy our goods, and more than two thirds of the Members of the House voted for it.

We might secure some of this trade by a slight reduction in the tariff rates on some of the articles they desire to exchange for our surplus products, and this might be done without injury to any existing industry.

Congress cannot negotiate these reciprocal trade agreements, and must confer this authority upon some person or upon some board or commission, and I can think of no better authority than the President who will make these negotiations through the Secretary of State, or other existing governmental agencies. There is no time or necessity for approval of these trade agreements by the Senate in view of the urgency of the case, and the decisions of the court.

Without encumbering the RECORD with tables of exports and imports, which are shown in the report accompanying this bill, and some of which have already been placed in the RECORD, I desire to mention only a few instances clearly showing how rapidly our exports have fallen off, causing billions of dollars of losses to the people of this country.

During the year 1920-21 we exported 293,268,000 bushels of wheat, while during the year 1930-31 we exported only 76,216,000 bushels. This is a loss between these 2 years of 217,052,000 bushels, not counting the loss each year as our exports declined, and this applies to the losses in other products. There has been a very rapid decline the last few years, which is partly because of world depression, but not all

chargeable to the depression because we have lost a greater percentage of world trade than other competing countries.

Cotton is the great money crop of the South. It has been our boast for many years that our surplus cotton went abroad and brought back hundreds of millions of dollars annually, which constitutes our balance of trade. Cotton has the greatest value of any of our export products, and the market in foreign countries must be kept open for this product or our balance of trade will be permanently lost and the entire country will suffer.

During the years 1926 to 1928, inclusive, we exported 26,511,000 bales of cotton, while during the years 1929 to 1931, inclusive, we exported only 22,158,000, a loss of 4,353,000 bales in these years. Foreign countries consumed from 60 to 70 percent of our cotton before the World War—now they consume about 50 percent of it, and if some of this export trade cannot be regained, the loss will be reflected over the entire country, and it will cause the permanent loss of our export cotton trade and increase production in other countries to supply this loss.

What has been said about cotton and wheat is true as to other export articles, and our entire export trade has been crippled by prohibitive tariff rates which virtually denies countries the opportunity to trade with us.

It has been shown by investigations in the past that certain industries in this country raised the prices of their products in this country as high as the traffic would bear under the prohibitive tariff, and when they accumulated a surplus they shipped their surpluses abroad and sold them in competing markets for half what they sold for in this country, instead of giving the home people the advantage of these reduced prices.

They cannot do this so well now, as the foreign markets are practically closed to their products, and they had to devise another scheme to hold the market in this country, and also sell in foreign countries, so they have erected plants in foreign countries and use cheap labor and compete successfully with local capital in those countries.

Time and space forbid my discussing this phase at length. Suffice to say that within recent years 711 companies from the United States have erected 1,819 plants in foreign countries, with a capital of \$2,177,693,244, and employ 450,455 laborers to operate them, instead of investing that money here and employing a half million idle laborers here and paying taxes to this Government. They could have sold the products of their factories in this country without moving to other countries if it were not for our high-tariff barriers that forbid the people of other countries to trade with us on fair terms of exchange.

I want to show you one example of a prohibitive tariff, and there are many.

I am fond of hunting, and I wanted a 3-barrel gun, with 2 shotgun barrels and a rifle barrel—an all-purpose gun. I went to see a German in San Antonio, Tex., who had one of these guns made in Germany. Upon examination of the gun, I liked it very much. The man told me that it cost \$35 in Germany, but it would cost \$150 delivered here because of the high duty. He bought the gun for his own use, and did not want to sell it to me.

I wrote a sporting-goods firm in New York for prices on these guns, and they said that they did not keep them in stock but could get me one from Germany in about 60 days, and it would cost \$150, delivered. I ordered the gun, and it came in about 2 months, and I am well pleased with it, but the price is so high, because of the tariff, that few of them are sold in this country. They should be sold for \$50 with a reasonable duty, and a great many people would buy them and the Government would get considerable revenue, while it now gets very little because few people buy the guns.

I do not believe in free trade. It is a beautiful theory but will not work in practice. I believe in a moderate duty fairly well distributed over most all imported articles.

It was said of Hamilton, "He smote the rock of national resources and abundant streams of revenue gushed forth." Tariffs were levied for revenue in those days, and it was

thought that if the tariff were levied for any other purpose it would be illegal.

Robert J. Walk, of Alabama, Secretary of the Treasury under President Polk, was one of the greatest authorities in this country on the tariff, and he was the real author of the Tariff Act of 1846, which produced an era of prosperity throughout the country, lasting until the Civil War in 1861. He laid down certain fundamental rules to guide Congress in adopting tariff laws, but time will not permit a discussion of them, but I will mention a few:

First:

That no more money should be collected than is necessary for the wants of the Government economically administered.

Second:

That no duty be imposed on any article above the lowest rate which will yield the largest amount of revenue.

Third:

That below such rate discriminations may be made, descending in the scale duties, or for imperative reasons the article may be placed on the list of those free from all duty.

Fourth:

That the maximum revenue duty should be imposed on luxuries.

Fifth:

That the duty should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section.

This plan of levying tariff duties has never been improved upon, but has constantly been violated by discriminations against the South and West and has impoverished those sections for the benefit of the tariff-protected barons.

It is time the tariff should be adjusted to operate equally and fairly throughout the country and give the producers of farm products some of its benefits. It is fundamental that the tariff cannot protect the growers of surplus products that must be sold in a foreign market.

The tariff of 42 cents per bushel helps the wheat grower very little, if any, and a tariff of \$5 per pound on cotton would not help the cotton growers.

In order to help the growers of cotton and wheat, the two great export products, we must make trade agreements with the countries that want these products, so that they can pay us for our products, and the Congress cannot do that by enacting a tariff law which would apply to all countries, whether they bought our products or not.

We propose, under this bill, to lower our tariff only to those that will lower their embargoes against our products and permit us to exchange our products for theirs—a plan beneficial to both countries, and I believe this will open new fields for the exchange of manufactured products as well as raw products.

My young friend from Nebraska [Mr. CARPENTER] is greatly alarmed for fear Secretary Wallace or Dr. Tugwell will administer this law in the interest of the Cuban sugar-cane growers against the beet-sugar growers in Nebraska. I believe his fears are not well founded, and he has been ably answered by his colleague from Nebraska [Mr. SHALLENBERGER], who is supporting this bill, and is certainly well informed as to the beet-sugar situation in Nebraska, and he does not fear that the President will injure the beet-sugar growers in Nebraska. I agree with Mr. CARPENTER that the cane-sugar and the beet-sugar industries should not be curtailed in their output, but should be allowed to increase their production, because we do not produce half what we consume, and by increasing the production we take cotton land out of production in the South and wheat land out of production in the West, and this is desirable.

Sugar is cheap and I would be willing to raise the tariff to 3 cents per pound in order to increase production. It is the best revenue producer we have and the tariff should not be reduced.

We are closing down oil wells in this country because of overproduction, and I should like to see the tariff raised

on petroleum to limit imports, and these propositions should be adjusted for the best interest of our people.

It is not advisable to enact a general tariff law at this session, but after negotiations are had under this bill for reciprocal trade agreements, the President probably can recommend to Congress at its next session what permanent changes should be made in the tariff laws.

This law is temporary and is intended to get quick action before Congress can act on the whole tariff problem, and give us immediate relief in moving our surplus products into the channels of trade, and increase the buying power of the farmer and start the wheels of industry to turning and revive the drooping spirits of idle laborers by giving them a job instead of a dole.

While I am not in favor of cancelation of the foreign debts, which we cannot collect, I would be willing to include in the authority granted the President the scaling of these debts as much as 25 percent on every dollar that foreign countries will spend for our products, in order to still further increase our foreign trade and stimulate recovery. The enactment of this law is pressingly and immediately desirable as a means of stimulating recovery.

In conclusion, permit me to say that from time immemorial the nations that carried on the greatest commercial intercourse with the countries of the world have been the most prosperous nations of the world.

When Rome brought to her capital the wealth of the northern countries conquered by Caesar and her ships were laden with commerce of all countries and all roads led to Rome, she was the proud mistress of the world in wealth, culture, science, and civilization; but when this wealth began to encourage luxury and indolence and dulled the energy and enterprise of her people she lost her trade and commerce and soon ceased to be the proud Empire of the Caesars.

When Spain set her sails to win the commerce of the world, and Columbus discovered the Western Hemisphere, and her bold sailors, Ponce de Leon, Balboa, and Magellan roamed the wilderness of the western world, and Spain reveled in the riches of the Incas and the Montezumas, she became one of the mightiest nations of the earth, but when she lost her foreign trade and her western possessions to England her prestige began to decline and now she is only a third-rate nation.

China, one of the oldest nations of the earth, built a great wall 1,500 miles in length, almost across the continent, to keep her civilization from being contaminated by inferior races, and now she sits alone in darkness refusing to profit by the experience of more enlightened seafaring nations—the easy prey of all aggressive, enterprising, commercial nations.

England, a country less in area than my own State, began to extend her commerce as that of Spain declined, and she has continued to extend that trade with all nations until she became the mistress of the seas, with possessions upon which the sun never sets, and her ships are sailing the seven seas carrying her commerce to all the ports of the world. She brings her gold from South Africa to exchange for grain in the western world to feed her people who work in factories to make the goods that go to the uttermost ends of the earth. This is trade. This is commerce. And no nation has ever retained its supremacy when its trade is lost.

We cannot live alone and prosper. No nation has ever prospered when left alone and shut out from the trade of the world. We are in a deep eddy of commercial stagnation, and every effort to prime the pump and push the ship to a safe commercial landing must be made.

Thomas Jefferson declared that—

Agriculture, manufacture, commerce, and navigation are the four pillars of our prosperity.

And he exhorted us to—

Peace, commerce, and honest friendship with all nations—entangling alliances with none.

And we should heed this exhortation throughout the ages. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. Ford].

RECIPROCAL TRADE AGREEMENTS

Mr. FORD. Mr. Chairman, we are all well aware of the fact that either some 50,000,000 acres of fairly good farm land must be withdrawn from cultivation by our farmers or markets abroad must be secured for the products of as large a part of those 50,000,000 acres as seems possible. We are also convinced that lost markets for standard American industrial products must be regained.

If we fail to secure those markets, heart-breaking readjustments will become inevitable, as the President warned us in his message of March 2.

In that message the President shows how the success of wise tariff bargaining for the common good is dependent upon expert negotiation, swift decisions, and the authority to propose, discuss, accept, and reject proposals.

It is clear that such negotiations as these are not possible by this or any other legislative body. It is for us to decide upon the policy to be pursued. To put that policy into effect we must delegate authority.

The President requests that authority. And he tells us frankly how he will use it and to what end.

His policy is clear: To stimulate our exports by agreeing to take for them classes and types of imports that are as nearly as possible noncompetitive.

The argument put forth by those who have made no study of the subject is that foreign trade is of little importance to our people because it constitutes in normal times only some 10 percent of our total commerce. I maintain that we cannot afford to cut down our business activities and our employment 10 percent. It has been shown that over 9,000,000 of our people make their living in foreign trade. Are they of no consequence?

An analysis of our export trade reveals the clear fact that it is of paramount importance to most of our farmers. Regularly in normal times from one half to two thirds of our cotton, one fifth or more of our wheat, one third of our tobacco, and at least one third of our corn and hog products are sold abroad.

It becomes clear, then, that either we must restore our lost markets for these major products or we must cut production. Here is where the painful readjustments come in. To cut production means to force many long-established farmers into the cities, where there is no work for them. Such a national policy is fraught with tragedy. Homes will be broken up, people set adrift, while fertile acres will lie untilled.

Such tragedy must be averted. If anything will destroy our democracy it is to passively permit such conditions to develop. But they will develop unless we handle our tariff making in the modern way, unless we make trading agreements by which our farm and factory surpluses are marketed abroad, and at the same time definitely determine what foreign products we shall take in exchange for our exports.

For the 12 years preceding March 4, 1933, the United States went on producing huge surpluses for export, without providing for any sound basis of payment. No thought of readjustments was taken. We knew, our Government knew, our bankers knew, our industrialists knew, and our farmers and workers knew that exports of goods and services can be paid for only by imports of goods and services. And yet in a mad rush for immediate profits all of these closed their eyes to the plain facts and went on producing enormous surpluses for export, with no plan as to a return trade.

Under our iniquitous tariff policy only one method was left whereby our enormous surpluses could continue to be exported. That method is well known to the Members of this Congress and to their constituents. It was to extend loans to our customers abroad. To do this our international bankers and high priests of finance arranged to market and in many cases to underwrite at an unholy profit public and private securities issued by foreign states or

municipalities or by foreign corporations. Thereby credit was made available to finance our exports. The estimates of the total securities thus marketed in the United States vary from fourteen to seventeen billions of dollars.

Who paid for them? The innocent American investor. Who recommended them? The equally innocent American international banker, whose innocence in this case was either culpable ignorance or culpable greed. Who had a quasi-Government approval? Andrew Mellon, the greatest promoter of all times.

Now, throughout this land we have old people and middle-aged people who put their all in these foreign securities and who have thereby lost their all. Many of them are actually on charity.

It is not my purpose at this time to go further into this tragic chapter of American finance. The facts are well known and the economic unsoundness of that policy is now generally admitted.

But in passing I wish to register my protest against any revival of the policy of making foreign loans to stimulate American exports. To do so is to return to the policy of Mellon and of the Presidents who relied upon him. There is profit for a few in such a course. But that profit is at the expense of the many. Only if our export bank just organized confines its operations to making short-term credit arrangements with Russia and Cuba, can it pretend to be economically sound. Those credits should be extended only on sound assurances and agreements that they shall be canceled within a short period by the receipt of such imports or services as this Nation can afford to accept. An extension of the operations of this bank on any other basis should be opposed by Congress in the interest of the American people.

The President states the bold and unpalatable truth in his message of March 2 when he says:

American exports cannot be permanently increased without a corresponding increase of imports.

That is the basic fact. It is fundamental. Because previous administrations and previous majorities in Congress have been ignorant or unmindful of this fact, our people have suffered tragic losses and our whole system of economics and of government has been undermined and threatened.

The one and only sound method of stimulating exports is to decide what imports and services are to be taken in exchange for those exports. Trade is trade, whether it is national or international. In the long run, goods and services pay for goods and services. There is no other sound way.

Thank God the President knows this and his Secretary of State and his Secretary of Commerce know it. There is to be no hocus-pocus here, no attempted magic by which we sell to foreigners and profit by taking nothing in return. It cannot be done, gentlemen. If we are to sell abroad, we must buy there. That fact is as true as though it were written on tablets of stone by a superior and all-wise being.

It remains, then, to decide what imports we shall take for our surplus exports and what countries we shall take them from, and how we shall reach the wise decision. The President has the answer, as he has it to so many other exigent problems.

It is by reciprocal trade treaties.

If the plan involved the lowering of tariffs on competitive products from abroad, whereby established American industries might suffer, we would none of us be for it. Neither would the President. He knows that certain industries need protection, just as we know it.

Listening to the partisan attacks made on this proposal, the implication is that the President will use this power to betray and to ruin established agricultural or manufacturing industries. This is absurd and insulting.

We have in the White House a man whom we can trust. He will not work harm to any established industry. He will make only such tariff agreements as will benefit our people. And he will make them expeditiously, as opportunity offers, and in exchange for very definite advantages.

I am confident that if this grant of authority were put to a vote in my State, the people would endorse it by an overwhelming majority.

With no partisan bias, with the greatest good to the greatest number, with national recovery as the aim, with sound economic principles as their basis, I believe that reciprocal trade agreements can be made by executive negotiations and agreement. And I believe that we can entrust President Roosevelt with the authority to do this. He has the wisdom and the integrity. He knows his economics. He has at heart only one purpose, and that is to add to the happiness and the opportunities of the American people. To secure for them, in his own phrase, "a more abundant life." Let us take this next step in the recovery program. Let us delegate to the President the authority he asks and show that we have the same confidence in our leader that all America has. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 8 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, it is amusing to watch the two old parties wrangling on this question of trade agreements. In 1929 the Democratic Party waged a hard fight to prevent the then President Hoover from exercising rights under the flexible clauses of the tariff act, and now the Republican Party is opposing with all of their strength to giving trade-agreement powers to our distinguished leader in the White House.

We are faced with an emergency, and one that needs immediate action. The President is equal to this emergency and I know that he will act to the best interests of all of the people of this great country. Economic conditions of great importance are changing daily and with those changes we must be in a position to take full advantage so that our foreign trade will be best provided for.

I am confident in the leadership of Mr. Roosevelt. I am confident that he will see that the farmers and laborers of this country will get a square deal. I know that through trade agreements that can be executed when this body is not in session our Nation will be able to get the greatest possible benefits in furthering our foreign trade. I am fully aware that with the authority to raise and lower tariffs, the President will be in a good position to take advantage of every opportunity to further trade relations with other countries.

Never is legislation introduced that is not in many ways an experiment, and this is no exception. It is human to make mistakes, and I am confident that if any are made, the President will be quick to correct them under this bill. The President can, as the need arises, act quickly and dispose of our surplus agricultural and manufactured products in the world markets to the best advantage of the American people.

As a Member of the Senate 10 years ago—and I cite this as an example—I introduced a resolution which called upon the Tariff Commission to investigate the amount of butter being imported into this country and its effect on the domestic butter market. The Tariff Commission took approximately 6 months to investigate and, following their report, recommending a higher duty on butter, delay followed delay, and it took nearly 2 years before the increased duty became effective. I believe this will show the Congress the urgent need for action and passage of this bill at this time.

When I came to this country 43 years ago the first thing I found out about the two old parties was their different views on the tariff. Now, during this time the Democrats talked low tariffs and free trade, and for a like number of years Republicans have been singing the praises of the high tariff. I was not a Member of Congress when the Smoot-Hawley tariff bill became a law, but I am familiar with the contents of it, and I must say that the Republican Party has gone the full way of tariff powers in that bill. They have built a high wall over which products that our people can use from other countries cannot come in, and at the same time they have by this action served notice to other nations to do the same thing, making it impossible for us to trade with them.

I am sure that this measure will give the President the power that will enable him to make necessary changes and I know that he will do this at all times bearing in mind the needs of our people. It is needless for me to tell this Congress how, under the Smoot-Hawley Act, our trade relations with other countries dropped to unusually low marks, and that under this act it was impossible for our President, even under the flexible clause known as "336", to do anything about it. Give him a chance. I am sure he is worthy of an opportunity to revive our world trade. Surely he is in an excellent position to do so. Should this program fail Congress can remedy this in a few months.

The Republican Party never misses an opportunity to set up the cry of communism and socialism and revolution in this country, and are using every means that they know to make the people believe that the country is headed for disaster because we are departing from the reactionary policies of the previous administration. They are now trying to instill into the minds of the American people that the emergency measures that the President is asking for are a departure from the Constitution, and that the rights of our citizens are being taken away. I hope that they will not be misled in this. I have faith in the President and I know that he is trying to do everything he can to bring us out of the hole and restore us to normalcy again.

Selfish conservative leaders representing special privilege and big business have always dictated and have had written their own legislation. They have always dominated business and government to such an extent that they have choked the masses of our people and have not let up, nor will they, until everything has been taken from them.

Mr. HOEPEL. Will the gentleman yield?

Mr. JOHNSON of Minnesota. I yield.

Mr. HOEPEL. The gentleman is apparently referring to the Republicans, is he not?

Mr. JOHNSON of Minnesota. Surely, surely.

It is because of the reactionary leaders that we are in the plight we find ourselves today, and there is no one who can deny this. Their selfishness and greed is only surpassed by their stubbornness in relinquishing to the common man a small portion of that which they have taken from him.

Progressive leaders of other countries have gone far in adopting trade relations and trade agreements with each other, and I cite the splendid liberal leadership of the Scandinavian countries in this respect. I believe the President should have the authority to deal with foreign nations so that he can place our goods in world channels most effectively. [Applause.]

For years and years the Republican Party has opposed the granting to the Philippine Islands their independence, and have always dismissed this problem by stating that as soon as the islands were ready for their freedom they would grant it to these people. Well, ladies and gentlemen of this Congress, they are ready, and they have been ready for many years. No one can deny but what they should be entitled to self-government. I have a bill in Congress that would give these people their freedom within approximately 2 years. A bill that meets with the approval of the great masses of Filipino people. The people want this bill; the press of the islands has denounced other measures that meant independence in name only, and which would never grant the people the freedom they are certainly entitled to.

The bill which I have introduced is the companion measure of Senator KING's, and is the legislation that the people of the islands have been begging Congress to endorse. The passage of this bill would have meant once and for all the elimination of a market of oils and fats not desired by the American dairy farmer. It would have meant the elimination forever of this menace of a market which I am sure everyone in this Congress would like to see eliminated. Here is an island that offers nothing in the way of trade reciprocity with the United States and yet floods this country with products that are in direct competition with our dairy and sugar farmers. We sell little if nothing to the islands, and it is trivial to the tremendous flood of raw

products shipped into this country by this little group out in the Pacific.

The Republican Party of my State—and this holds true for this same party throughout the Nation—have represented the special interests of this country. They have forgotten the great rank and file that voted religiously for them. Unmindful of this solemn pledge they gave the people, they have exploited them almost beyond recovery. Under the false leadership of this once great party, the country kept sinking further and further into debt. Our farmers, as the result of the exploitation of the Republican Party, have lost their holdings through mortgage foreclosures, sagging markets, and a concentration of wealth on the part of Republican hierarchy.

The Republican Party suffered defeat at the hands of the voters in the last election, and it would be assumed that this defeat at the polls would have served notice on them to change their leadership, but they have not. Under the banner of the men who championed the rugged individualism of Herbert Hoover, Andrew Mellon, Grundy, and Vare, this selfsame Republican Party has asked to lead it in this House of Representatives many of the men who were responsible for putting into law the measures which have spelled ruin and disaster to this country.

It has been this leadership under the past Republican administration that passed the Esch-Cummins Act and the Smoot-Hawley Act. It was a Republican Congress that sustained the President's veto to give the worthy soldiers of this country the bonus, allowing all of this time to elapse so as to enable the bankers to drive a hard bargain and collect millions of dollars in interest on these certificates that should have been paid in cash.

They blocked the farmer at every turn of the road. They placed thorns in his side with idle words of aid which they had written into their party platform. They failed to pass the Frazier bill that millions of our clear-thinking and intelligent farmers were asking for. They served notice on the industrial workers of this country that they did not take cognizance of their needs, because in the years of Republican misrule they ignored the demands of organized and unorganized labor. In all of the last 12 years of Republican administration nowhere can we find evidences of good faith to the masses of people that go to make up this great Nation. However, we do find many evidences of the fingers of special privilege. We find the conservative wing of the Republican Party grasping everything and only the tricklings were allowed to drop through for the common man.

For years they have condoned the actions of our bankers and brokers. Instead of safeguarding the bank deposits of the millions of our people who placed faith in the Nation's banking system they watched this country's credit topple without doing anything about it. Their inaction cannot be laid at the door of stupidity. It can be and should be charged to their selfishness and greed. And when on that eventful day the stock market crashed and the earnings and the savings of millions of people were wiped out, nowhere can we find the G.O.P. offering any solutions to the problems.

For years they had been warned by liberal leaders as to the certain disaster they were headed for because of their misrule. Liberals have urged legislation that would spread the benefits of government, and yet in the knowledge of impending disaster these stubborn reactionary leaders would not yield. And now in the face of an overwhelming defeat they still cling tenaciously to that same leadership. Today's vote on this measure will bear this out. When the roll is called on this bill we are going to find the names of those who have for years stamped their seal of approval upon all of the conservative and reactionary measures that the people are now trying to erase.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, after listening to the extended remarks of the opposition to this bill for the past few days, I might, if I had not been guilty of having to sell corn for 10 cents a bushel during the last few years, think that perhaps this Nation had realized great prosperity

under the high protective tariff which we have had during the past administration. In view of that fact, I am inclined to take an opposite position and to feel that we are now undertaking a very important portion of the recovery program of this Nation, namely, a provision that will make it possible for the President of the United States to effect reciprocal trade treaties that will bring to this country the business and foreign trade it needs.

I feel that many of us do not accord the tariff the degree of importance it deserves. I am reminded of a story Woodrow Wilson told quite frequently to illustrate the important part the tariff plays in our economic picture. He likened it to the street plan of the great city of Boston. He said that a man who was standing at the entrance of one of the railway stations accosted a Bostonian and asked him which street he might take that would lead to the Common. The Bostonian replied, "Take any of these streets going in any direction and sooner or later you will come to the Common." So it is with American business. It is closely associated with the problem of the tariff. Regardless of what line of endeavor it might be, it is wrapped up in this picture of our relations with the rest of the world. For that reason it is of vital importance.

As a farmer and one interested in agricultural production, I feel it is only fitting and proper that we consider the tariff briefly from that particular angle. I hope the farmers of our Nation are coming to realize more and more that when they buy their steel tools and implements they are paying the tariff. Apparently they had not realized it prior to the last election. I hope the housewives of those American farmers will realize that when they buy aluminum utensils and things of that nature they are paying the tariff, and that the proceeds of those rates are thereby going into the coffers of American industrial giants, sometimes plaintively called "infant industries." I am fully aware of the fact that this country must be supported by certain tariff duties for revenue purposes, but when they get too high their prohibitive effect upon imports reduces rather than increases our national income.

I feel that we cannot in a surplus-producing country such as this continue with agricultural production unless we adopt one of three courses—either a plan of extreme nationalism, one of internationalism that will eventually absorb those surpluses, or a middle course that would have some marked advantages.

It is perfectly fitting and proper to my mind that we choose temporarily the course of nationalism in order to take care of an emergency; but, certainly, we should not follow it to its ultimate conclusion of State socialism. We should, in my opinion, adopt a policy of relations with the rest of the world that will make it possible to absorb farm and industrial surpluses. As the gentleman from Oregon so ably said a few moments ago, we should not, in this wealthy Nation and in this wealthy world, permit one fourth, or at least a large percentage, of our agricultural lands to lie idle and progressive, able farmers to go without work when there are people in this universe who are hungry. Which only reminds me of a story one of the largest grain dealers in America told me. I was riding on a train with him and in the course of conversation he said:

"A few months ago I was in the vast country of China talking to one of the largest Chinese merchants in the Orient. While we were visiting a parade marched by along the street and those Chinese were carrying banners. I asked the merchant what the banners said, and he replied, 'My friend, they read something like this: We do not want to have anything to do with America; America starves us.'"

My friend said to the Chinese merchant: "We do not starve anyone; far from it; we are extremely solicitous for the welfare of human beings", to which he replied: "If that be true, then I would like to have you go with me to certain sections of this great Chinese city."

Together they went into various portions of Peking; and as they were riding through the streets the merchant pointed to Chinese people sitting in the gutter eating the

guts of chickens and fish, fish heads, and refuse they had gathered from the gutter. The Chinese merchant said to my friend: "There, sir, is an example of people who are starving today because America will not exchange with us some of her surplus wheat for the things we can produce to good advantage." [Applause.]

There is much to be said for a middle path between economic internationalism and nationalism as far as American agriculture is concerned. A permanent policy of limited production in the face of our expansive capacities certainly seems unwise until we experiment with the possibility of rebuilding our foreign trade after its more or less complete collapse that has followed in the wake of recent policies of protection. Like many others I can see that great prosperity is possible for us under the banner of strict nationalism, but in order that the desired end may be realized we must accept a regimentation of agriculture, industry, and all other lines far beyond that which we are now experiencing or have even suggested. It appears to me that human nature in this boundlessly free country will not submit to it except in this emergency that is warlike in characteristics.

In my opinion, we should at least choose the middle course and begin a program of planned trade relations with the rest of the world. Unless we do that we cannot expect to dispose of possible surpluses in the field of agriculture or collect past debts. In previous remarks of mine on the floor of this House I indicated that there are three recognized methods of doing business—cash, credit, and exchange. It is perfectly obvious to any thinking individual that either of the first two methods must necessarily terminate in economic disaster if there is no exchange of goods and no trade balances. Unquestionably a planned middle course between nationalism and internationalism is going to require a reduction of some tariff rates, and why not? We have experimented with protection in the extreme for the past decade, and what has been the result? Tariff wars between nations have resulted in drastic reductions in the volume of world trade, not only in America, but in many other countries. Today we are struggling with an economic crisis, the like of which has never been known. We are exerting every effort, and properly so, to cope with a volume of unemployment that has engulfed the Nation; unemployment and a forced low standard of living that protection for industry was supposed to prevent.

Such a state of affairs has naturally reduced the purchasing power of the American working man, and thus had a disastrous effect upon American agriculture, the basic industry. Men who have no work cannot buy meat and bread.

If our trade channels can be opened, and I think they can, there is reason to believe that the wheels of industry will begin to move again in order to supply the demands created thereby. Men on their way back to work are naturally going to be in a position to buy the products of the American farmer, who will profit from the transaction. There is some question in my mind as to just how far we can proceed with such a plan. I think we may be able to carry it further toward internationalism than is now generally believed possible.

Too often when we talk of foreign trade we think of ships and oceans and things that are far away. We should remember that Canada is our next-door neighbor. We cannot make ourselves an island with only an imaginary line 2,000 miles long between two such great nations. Just beyond the Rio Grande are more of our natural trade allies. Mexico, Central and South America are waiting to buy vast quantities of American goods. We have only scratched the surface of that extensive market. Let it be remembered at this point that the world missed a big chance to prevent the collapse of 1929 when nations refused to march side by side in peace as they had done in war. We are on the verge of a new era now, as we were at the end of the great world struggle of 1914. We must either continue with nationalism and its marked restraints or we must choose to develop our international trade and thereby put millions of unemployed back to work again. We have looked beyond our boundary

lines for generations, and I venture to say we must do so in the future if we want to develop the greatest and most powerful nation in the universe.

The American farmer is a producer of surpluses in the field of his major products and therefore will be a leading benefactor.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. Sisson].

Mr. SISSON. Mr. Chairman, during the many hours of general debate upon this bill, we have listened to the usual number of funeral orations pronounced upon the death of the Constitution of the United States and the lamentations of a few gentlemen over the fact that conditions in this country, as well as in the world, have changed since the days of Washington and Jefferson and that we cannot live entirely unto ourselves. We have even heard a few Members from this side of the House speak against this bill. The gentleman from Nebraska [Mr. CARPENTER] said the other day in speaking upon this bill:

I happen to be one of those rare Democrats who believe in a high tariff. I believe this country is going to be self-contained some day.

Thank God such Democrats are rare! I happen to be one of those Democrats who believe in the democratic doctrine of equal opportunities for all and special privileges for none. The high protective tariff is entirely contrary to and subversive of that doctrine. One of the greatest of the American Presidents, a great statesman from my own State, the State of New York, a great American and a great Democrat, Grover Cleveland, speaking during his first administration when the Democratic Party had come into power for the first time since the Civil War and when that great leader was making an effort to secure the passage of a Democratic tariff, a tariff that would carry out the principle of the doctrine of equal rights and equal opportunities for all and the destruction of special privileges for the favored few, and speaking after his noble effort had been to some extent thwarted by the fact that certain Members of the Congress at that time, bearing the label of Democrats, had injected into that tariff bill provisions favoring monopoly, aptly quoted the lines:

Oh, for a tongue to curse the slave
Whose treason, like a deadly blight,
Comes o'er the councils of the brave
To blast them in their hour of might.

I am going to support this bill because I believe that it is the next important step designed to advance us on a road to recovery of our prosperity and to the restoration of our foreign trade. The able and indefatigable Chairman of the Committee on Ways and Means and several other gentlemen on this side of the House have, I believe, furnished the House with complete information as to the provisions of this bill, the results which it is intended and designed to secure, and the effects which it will bring about. I have read the excellent report of the committee upon this bill as well as the minority views contained therein. I have listened to the arguments advanced by some very able and distinguished gentlemen on the other side of the House who argued that this bill contains an unreasonable and, indeed, unconstitutional delegation of powers to the President. In the brief time which it would be proper for me to take at this time I cannot discuss, nor is it necessary to do so, the question of the constitutionality of the bill. Numerous precedents have been cited showing equally as great delegations of power during many times in our political history by the Congress to the President with respect to the tariff and the reciprocal tariff agreements with the other countries of the world. Many of these relate to times when no such emergency existed as exists today.

I have read the cases cited by the gentlemen who claim that this is unconstitutional, and I cannot find a single precedent by the Supreme Court of the United States which sustains their contention.

Let us therefore consider for a moment the matter of the wisdom, the necessity, of this legislation. In the first place,

the Congress has never successfully legislated a fair equitable tariff. It is, in fact, so far as the details of tariff making are concerned, an administrative task, rather than a legislative function. A Tariff Commission was created during the administration of another great Democratic President, the immortal Woodrow Wilson. That Commission was created as a fact-finding body, composed of experts, to secure information as to what rates or duties were necessary for the protection of American labor and the protection of American industry and the protection of the American farmer. Very little use has been made of the Tariff Commission under the three preceding Republican Presidents; but, in general, such tariff changes as have been made have been designed to effectuate the conditions which now obtain so far as the farmer is concerned that he buys his machinery and the other things that he needs for himself and his family in a protected and therefore dear market, while he sells his food products in an unprotected market and for what the big dealers and distributors are willing to give him. In other words, the farmer gets it in the neck both going and coming, on both sides of the neck, and he has never received a single bit of benefit from the so-called "protective tariff." Thank God the American farmer is beginning to get his eyes open. It takes 9 days after a pup is born before the pup first opens his eyes and sees the light of day. And the story is that one novice in dog raising, after waiting several days for the litter of puppies to open their eyes, became impatient and knocked them all in the head. Of course, in death their eyes opened.

Some of us used to think that in order for the farmer to get his eyes opened to the hypocrisy and bunk of the Republican Party, he would have to be treated as the fellow in the story treated his pups.

In 1932 it was apparent that the American farmer had his eyes wide open, and hundreds of thousands of farmers who formerly had followed the Republican Party joined in the election of another great President and leader. They now have confidence in him, and I may say to the gentlemen who have been lamenting about this delegation of power to the President that we have confidence in President Roosevelt and that he wants to restore prosperity to the American farmer as well as to American industry and the American laborer.

Gentlemen on the other side of the House, as well as one or two on this side of the House, have pointed to the fact that our export trade or our exportable surpluses are only about 10 percent of the total amount of our production; but any intelligent business man could tell them that the difference between selling 90 percent of his goods and 100 percent of his goods, or even between selling 95 percent of his goods and 100 percent of his goods, means the difference between doing business at a loss and doing business at a profit.

It is necessary for us gradually to restore our foreign trade; it is necessary to do this, in the present state of economic warfare, of trade war, of tariff walls erected by this country against other countries and by other countries against this country, by making reciprocal trade and tariff agreements. What gentleman here believes that the Congress, or even that other august body on the other side of the Capitol which has been assiduously passing the buck the past few days on veterans' legislation [applause], can alone negotiate effectively a trade and tariff agreement? Business is not done in that way by the nations who are now our competitors; business cannot be done that way by this or any other nation; we retain the power here in Congress, we delegate the administration of the power, we, with respect to certain broad vital policies affecting this Nation and other nations, determine and legislate a policy; we properly empower and direct the President to administer the details of such policy.

It has been done not only by other countries, it has been done by ourselves; it is being done in nearly every one of the several States in the Union with respect to the regulation of other matters. I recall that in my own State of New York it used to be regarded as a purely legislative func-

tion to regulate the rates charged for their services by the great utility corporations, and the Legislature of the State of New York, as the legislatures of other States, assumed and exercised the power to prescribe for the city of New York and for other cities and communities the rates which gas companies and electric companies, street railways, intra-State railroads might charge the public for their service and commodities. Such a system did not work; it never could work. The power existed in the legislature, but in the State of New York, under the leadership of Governor Hughes, our present great Chief Justice of the Supreme Court, the legislature created the Public Service Commission and delegated to it these administrative powers, and the same thing has been done in most of the other States in the Union.

Some gentlemen on this side of the House—and I may say that I have great respect for them—have indicated that they are fearful lest someone in this administration, particularly the Secretary of Agriculture, would do something to destroy or injure some less efficient or, perhaps, inefficient or uneconomic industry upon which their particular sections were dependent.

Personally, I have enough confidence in the Secretary of Agriculture and I am satisfied—from reading of his testimony in the hearings before the Committee on Ways and Means—that even if he had the power he would not injure any industry, even though it were inefficient. He has stated, of course, that he does not believe in further expanding an inefficient or uneconomic industry, and with that statement I am in entire agreement, because to expand an inefficient or uneconomic industry is a tax, an unfair tax, and a tax contrary to the Democratic doctrine opposing special privileges. It is a tax upon all the rest of us. But the Secretary of Agriculture is not going to administer this bill. He may, of course, be called upon by the President for information regarding details, but it is the President of the United States, informed by the Tariff Commission and by the other executive departments, who will administer this bill, and if we Democrats have any confidence in him, knowing as we do that we retain the final power, we will pass this bill.

Mr. Chairman, I am in favor of this bill because I believe it is in complete harmony with Democratic principles and because I believe it is absolutely necessary as the next step upon the road leading to the economic recovery of the Nation and to prosperity for the American farmer. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 7 minutes to the gentleman from Washington [Mr. KNUTE HILL].

Mr. KNUTE HILL. Mr. Chairman, one cannot choose his birthplace nor his early environment. My parents were Republicans, but they were Lincoln Republicans. As I grew older I began to read and I began to think. May I quote the Good Book, where Saint Paul says in First Corinthians?—

When I was a child I spake as a child, I understood as a child, I thought as a child; but when I became a man, I put away childish things.

So when I became of age I became a Democrat and cast my first vote for William Jennings Bryan. Twelve years later I convinced my good old mother that the Republican Party had so far departed from the ideals and principles of Abraham Lincoln that she cast her first vote for Woodrow Wilson. We had moved to Washington, a woman-suffrage State.

One of the reasons I became a Democrat was the tariff. The tariff has been a century-long issue between the Republicans and the Democrats. Away back during Jackson's time we had the tariff of abominations, and up until today we have had such abominable tariffs as the Payne-Aldrich, the Fordney-McCumber, and the Smoot-Hawley tariff bills. So I became a Democrat because of the tariff issue.

May I call the attention of my Republican colleagues to the origin of the word "tariff"? On the north coast of Africa there is a little place called "Tariffe." From this point pirates would go out when ships passed and would take a toll from those ships because the pirates were the

stronger. We have had in this country pirates of industry. Every time a housewife buys an aluminum dish or some aluminumware she pays tribute to these pirates. Every time a farmer buys an implement he pays a tribute to these pirates. Thomas Jefferson tamed the pirates of Tripoli during his administration, and Franklin Roosevelt will tame the pirates of industry during his term. My good friends over on the minority side say that Mellon was the greatest Secretary since Alexander Hamilton. I submit that he is the greatest humbug since P. T. Barnum. P. T. Barnum said there was a fool born every minute, and for years the Republican Party has fooled the American farmer.

Abraham Lincoln once made the statement that "You may fool part of the people all of the time, and all of the people part of the time, but you cannot fool all of the people all of the time." The farmers have awakened. They are not going to be fooled any longer by the proponents of high tariff.

I talked with a farmer at Trout Lake, Wash., in 1931. He told me he had purchased a manure spreader and paid \$15 more in 1931 for the manure spreader than he paid during the war. What was he getting for the eggs protected by your tariff? He was getting 11 cents. What was he getting for his butter under your protection? He was getting 18 cents. Yet he paid \$15 more for his manure spreader than he paid during war time.

I talked with another farmer and he told me he was going to buy a draper for his combine and that he was going to be charged \$10 more for this draper than he had paid during the war. His wheat was selling for 30 cents a bushel. You Republicans gave him a 42-cent tariff on his wheat. This is the kind of protection you have been giving to the farmers. A tariff on their surplus products. A tariff of \$5 per bushel on wheat would be of no benefit to the wheat grower. He must get rid of his surplus wheat and the Republicans have destroyed the foreign market for this surplus. Republican tariff help the farmer? What did the farmers think of the Payne-Aldrich bill which President Taft declared to be so beneficial to the farmer? He was the worst defeated man in 1912 of any in American history. What did the voters do to Fordney and McCumber, Smoot and Hawley, and President Hoover who signed the latter tariff bill?

Let us consider the Smoot-Hawley tariff bill. One thousand economists of this country urged Hoover to veto that bill. Thirty-eight countries of the world said they would retaliate if we passed it. Yet they went on and passed the bill and the President signed it, and what was the result? It was a game two could play at—all countries could play at. And how they have played the game!

The fruit industry of our Yakima Valley has been destroyed. We used to send hundreds of cars of soft fruit up into Canada. Today our soft fruit, including peaches, apricots, and so forth, is rotting on the ground because of your tariff and because of the retaliation of other countries. From Walla Walla we used to send 200 to 300 cars of vegetables into Canada. We are now sending about 10.

The tariff in Canada on a car of fruit is \$1,035, and this is what you brought about by your tariff through retaliation of other countries.

Let me read from a letter I have received from a man in Walla Walla, who states:

Rhubarb, which is produced at this time of the year by forcing with warm artesian water, is selling for only 2½ cents a pound. This is the lowest early price yet. Green onions, about five eighths of an inch in diameter, 9 to the bunch, 15 cents a dozen bunches, or approximately 108 onions. The growers here are sure discouraged and they are wondering what is to become of them, with the beginning prices as low as they are now. The people here formerly shipped large shipments of vegetables to Canada, but the market is closed now on account of the high tariff. If that market could be opened, it would sure be a blessing to this section.

Protection for the farmer! The farmers in my district in 1932 waked up and they helped elect President Franklin Delano Roosevelt. They sent the first Democrat in the history of our district to this Congress, and they are going to stay awake.

Let me quote from the leading Republican daily in my district, the Yakima Morning Herald:

HOW CONGRESS LEGISLATES

After the Secretaries of Agriculture, State, and Commerce had urged the House Ways and Means Committee to recommend that the President be granted wider latitude in adjusting the tariff, Representative TREADWAY, of Massachusetts, a member of the committee, turned to them and said: "You are looking at this thing nationally. We Members of Congress have to look at it from the standpoint of the districts we represent."

The Representative from Massachusetts ably summed up in those two sentences the procedure with respect to the tariff since the first act was written into law. Congress does look at tariff schedules from the sectional or State point of view and not from the national point of view. Because it does so, the tariff laws that finally reach the statute books are the result of wire-pulling and log-rolling and convenient trades. Congressman Smith may know very well that a schedule desired by Congressman Brown is not in the national interest but he votes for it because he needs Congressman Brown's help in putting over a tariff item of his own.

Now, how are our tariffs made? This is the way tariff bills have been made and the strong manufacturing sections of the East, of New York and New England, have prevailed. Mr. Grundy, of Pennsylvania, and his group dictated the provisions of the Smoot-Hawley bill and, of course, they discriminated against the farmers of the South and the West.

It is this industrial group, together with the powerful utility group, that made it possible for 504 men in 1929, according to United States Government statistics, to make a net income equal to the gross income of over 2,000,000 farmers—all the cotton and wheat farmers of the United States. This is how the Republican Party in the past 12 years has helped the American farmer.

Now, what do we propose to do in this bill. We propose to utilize two good features of former tariff bills, flexibility and reciprocity. Our President will be authorized to do what all other countries have authorized their leaders to do. They will all sit down together around the international table, confer, discuss, and determine what will be to the best interests of all concerned. I have complete faith in the President in this matter. I trust in his ability and integrity. So do an overwhelming majority of the American people. He will protect our interests in every respect. He declared our economic independence on July 4, 1933. He declared our financial independence a few months later. The leaders of other nations respect and admire our President, and we can rest assured that this game will be played with fairness and justice to all. The avenues of international trade will be reopened and our surplus products will be transported over them. New markets in the Orient will be established and the markets of Canada, Central and South America be restored to us through the friendly guidance of Secretary Hull and President Roosevelt.

We may not agree with the President on everything. He has stated that he respects honest differences of opinions. He has also stated that if he makes a batting average of 75 percent he will consider himself fortunate. Because of his integrity, his faith, his courage, his unfailing cheerful optimism, we love, admire, and will support his major policies. He is the greatest friend the common man has had in the White House since Lincoln. A former Roosevelt said: "This country in the long run will not be a good place for any one of us to live in unless and until it is a good place for all of us to live in." Our Roosevelt is sincerely and earnestly trying to make that dream come true and establish permanently that high ideal. I am heartily with him in these efforts to restore our foreign commerce, and thus bring prosperity to farm and labor, industry and home. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Chairman, we know out in my district, a great agricultural district, that we have lost the markets for our products and we believe that the high protective policy that this country has been pursuing is responsible for this loss. The figures that have been disclosed in this debate, in the committee report, and in the hearings show that our total exports have fallen from

\$5,241,000,000 in 1929 to \$1,670,000,000 in 1933, and it was brought out when the Dies silver bill was up for consideration that our agricultural exports have fallen from \$1,800,000,000 in 1928 to \$400,000,000 in 1932. These figures, I believe, therefore, prove that the people in my district are right in their conclusions that the high protective tariff policy is responsible for the decline in our exports.

The tariff was one of the principal issues in my district in the last election, and my people voted for tariff legislation calculated to help them regain their lost trade, and they would feel that they had been betrayed if they do not get it.

In 1927 I was in Paris, France, and became acquainted with a young American World War veteran, who had married a French girl and settled down in Paris. He was engaged in the typewriter business, principally buying and selling American typewriters. While I was there the Government of France entered into a trade agreement with Germany. According to said agreement with Germany, goods were to be let into France duty free, in return for certain French goods being permitted to enter Germany duty free, and at the same time the duty on a great many American products was raised. American manufactured products were popular in France and would outsell the French-made goods, which products consisted of automobiles, typewriters, adding machines, cameras, telephones, fountain pens, and all American standard manufactured goods. At once the American State Department protested. They said, "What does France mean by entering into a favorable trade agreement with a former enemy while at the same time discriminating against an ally?" The French Government retorted, "We will make the same sort of an arrangement or agreement with the United States; if you will let into your country certain French goods duty free or at lower tariff, we will then lower tariff on these goods on which the tariff had been raised and permit certain other American goods to come in duty free." But the State Department again said, "We request France to reduce the tariff on American products, but we cannot lower the tariff on French goods, because Congress alone has the power to do so." While these negotiations were going on, I stopped in my friend's place of business and said, "I expect you are rather provoked with the action of France in regard to the tariff on American goods, are you not? And he replied, "How is that? Haven't we in America always believed that we could have a high tariff if we wanted to?" I said, "Yes"; and he said, "Then why can't France have a high tariff too if she wants one?"

It occurred to me at that time that this high protective tariff policy had worked very well so long as the United States was the only country to maintain a high tariff. Thus we could prevent the products from other countries coming into our country, but there was nothing to restrain us from selling our goods to them. Now, however, the other countries of the world have seen how well it worked in the United States, and they have decided if it worked well for us it would work well for them. It was then that I began to give thought to this matter. It appeared to me we would eventually lose all of our foreign trade and that our products would begin to pile up on us at home, and that would mean that employees in different industrial enterprises would lose their jobs—that this would spread over all the United States, that people would lose their purchasing power, and that our country would be headed toward a depression in due time. Of course, I thought this would not come about immediately, but that it would occur in due time, probably in 25 or 50 years from then: I did not foresee at that time the Smoot-Hawley tariff law. However, not long after that came the Hoover landslide and apparently big business and the great greedy interests who had thrived under the high protective policy in the years gone by were smart enough to realize that the farmers and the laborers and the people in general in this country would soon have the blind removed from their eyes and would demand a reduction of our tariff. According to the old rules of the game always played by the big interests, they then began to follow out their usual tactics in

demanding as high a tariff as possible, knowing this would be their last opportunity in this country to ever obtain such a high tariff. They knew we did not need any such high tariff as they were demanding; but if they obtained such a high tariff, when the demand later came for a lower tariff and the tariff rates reduced, the reduction would not hurt them any because they were able to put over the Smoot-Hawley tariff bill.

When this Smoot-Hawley tariff bill was up before Congress, 1,028 economists, a great many, if not the majority, of whom were college professors, petitioned the Congress not to pass such a bill and if passed that it be vetoed by the President, and they pointed out what would happen to this country should said bill be passed; especially did they predict retaliatory tariffs. I quote from their petition as follows:

The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress, or if passed, be vetoed by the President.

We are convinced that increased protective duties would be a mistake. * * *

The vast majority of farmers, also, would lose. Their cotton, corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They cannot benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. * * *

Our export trade, in general, would suffer. Countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs the more we reduce the possibility of our exporting to them. This applies to such exporting industries as copper, automobiles, agricultural machinery, typewriters, and the like, fully as much as it does to farming. The difficulties of these industries are likely to be increased still further if we pass a higher tariff. There are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. * * *

America is now facing the problem of unemployment. Her labor can find work only if her factories can sell their products. Higher tariffs would not promote such sales. We cannot increase employment by restricting trade. American industry, in the present crisis, might well be spared the burden of adjusting itself to new schedules of protective duties.

Everything they predicted would happen in case this bill became a law and more too did occur. There is a lot of criticism today of college professors and a lot of ridicule of the so-called "brain trust." So far as I am personally concerned, I would not turn over the running of this country to the college professors or to any one class, be they lawyers, doctors, or so-called "statesmen"; yet I do want to say that here were some college professors who knew what they were talking about; and, alas! it was not only too bad for Hoover but also for the country that he did not take their advice.

Even before the Smoot-Hawley tariff bill was passed and when it was in the process of being passed—it being a good many months under consideration—the other countries of the world viewed with alarm what we were doing, and on the threat of the passage of this bill commenced to erect retaliatory tariffs against us. Then it was that this country and the whole world started the slipping that landed us in this depression. I say, if there was any one group in this country today that is responsible for the legislation requiring governmental control of agricultural surpluses—the N.R.A. and all these other emergency acts—it is this high-tariff crowd that ruined our foreign trade and thereby threw these surpluses back upon us. It is this high-tariff policy which is, in my judgment, the root of all evil in this country from an economic standpoint. It was this tariff policy causing retaliatory tariffs abroad that resulted in our great American industries going to foreign countries and establishing American manufacturing plants to get around these retaliatory tariffs, and where cheap foreign labor could be employed.

Thus these American products manufactured abroad were put in competition with our industries in this country, resulting in the closing of the factories in this country and a throwing of American workmen out of employment. Millions and billions of dollars have been taken out of this

country and invested abroad, and to stop such practice I introduced H.R. 5306, now pending before the Committee on Ways and Means, to tax all moneys and credits going out of this country for permanent investment abroad. Had such a law been in effect the last 10 years, not only would it have resulted in this money and capital remaining in this country, where it belongs, but it would also have brought in considerable revenue to the Treasury that was being taken out of this country never to return.

What would happen in any town or city if the merchants and the people in that town or city quit trading with each other? It would mean that the businesses in the city would cease and the city would die. The same thing would happen which has happened to the various countries in the world when they quit trading with each other.

In regard to the legislation provided in this bill, President Roosevelt said in his message to Congress:

Other governments are to an ever-increasing extent winning their share of international trade by negotiated, reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries, it cannot adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore, a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason any smaller degree of authority in the hands of the Executive would be ineffective. The executive branches of virtually all other important trading countries already possess some such power.

If we had had such a law as is here proposed by the President, we could have quickly and promptly negotiated a trade agreement with France back in 1927 on the occasion referred to in the beginning of my speech.

It is the duty of Congress to pass legislation that will benefit the whole country. We are not supposed to be just a debating society with nothing more involved than to try to see who can be victorious in the passing or defeating of some bill. It is not a question of whether the Democrats can defeat the Republicans or the Republicans can defeat or embarrass the Democrats upon the floor of this House. I supposed that the political party was merely the pony that we rode on up to Congress and that when we arrived here we would not ride our horse around on the inside of this Chamber, but would tie him on the outside and get down to the business of our country without regard to partisan politics, but I find to my sorrow that such is not the case.

The opponents of this measure are against the regulation by the Government of agricultural surpluses, and in this I do not disagree with them; but at the same time they say they are opposed to lowering the tariff rates and are opposed to international trade agreements. They want higher and yet higher tariffs. If they are serious in their opposition to the governmental regulation of agricultural surpluses, then they should be opposed to a high tariff; but if they are in favor of a high tariff to prevent our trading with other countries, then they should favor the governmental regulation of our agricultural surpluses. If they oppose one, they must oppose the other; if they are in favor of one proposition, then they must favor the other; they cannot work both sides of the street at the same time.

In my judgment, in considering a tariff bill in which the schedules are all contained therein, Congress is more apt to pass a high tariff bill than a low tariff bill, for the reason that each Member of Congress wants some special protection or a high tariff upon some product from his own district; so, in order to obtain the votes of other Members for his high-tariff schedule, he will vote for a high tariff on their products. The only way we can ever adjust our tariff regulations, so as to permit of trading with other

countries, is, therefore, to pass the legislation as proposed in this bill.

The two most important matters of legislation affecting the future economic welfare of this country, in my judgment, are:

First. Tariff legislation that will enable us to resume our trading with the rest of the world; and

Second. Legislation that will give us an expansion of the currency wherein we will have an adequate but sound medium of exchange, and I believe this can best come about through remonetization of silver, which will give us a medium of exchange to trade with that part of the world that has only silver with which to purchase our products.

There have been many statements read here by the gentlemen opposed to this bill, quoting distinguished Members of this body, and such being the case, then let me read to you certain statements from the CONGRESSIONAL RECORD applicable to conditions of today:

We hear much about a "stable currency" and an "honest dollar." It is a significant fact that those who have spoken in favor of unconditional repeal have for the most part avoided a discussion of the effect of an appreciating standard. They take it for granted that a gold standard is not only an honest standard but the only stable standard. I denounce that child of ignorance and avarice, the gold dollar under a universal gold standard, as the most dishonest dollar which we could employ. * * *

I am on sound and scientific ground, therefore, when I say that a dollar approaches honesty as its purchasing power approaches stability. If I borrow a thousand dollars today and next year pay the debt with a thousand dollars which will secure exactly as much of all things desirable as the one thousand which I borrowed, I have paid in honest dollars. If the money has increased or decreased in purchasing power, I have satisfied my debt with dishonest dollars. While the Government can say that a given weight of gold or silver shall constitute a dollar, and invest that dollar with legal-tender qualities, it cannot fix the purchasing power of the dollar. That must depend upon the law of supply and demand, and it may be well to suggest that this Government never tried to fix the exchangeable value of a dollar until it began to limit the number of dollars coined.

If the number of dollars increases more rapidly than the need for dollars—as it did after the gold discoveries of 1849—the exchangeable value of each dollar will fall and prices rise. If the demand for dollars increases faster than the number of dollars—as it did after 1800—the price of each dollar will rise and prices generally will fall. The relative value of the dollar may be changed by natural causes or by legislation. An increased supply—the demand remaining the same, or a decreased demand, the supply remaining the same—will reduce the exchangeable value of each dollar. Natural causes may act on both supply and demand; as, for instance, by increasing the product from the mines or by increasing the amount consumed in the arts. Legislation acts directly on the demand, and thus affects the price, since the demand is one of the factors in fixing the price.

If by legislative action the demand for silver is destroyed, and the demand for gold is increased by making it the only standard, the exchangeable value of each unit of that standard, or dollar, as we call it, will be increased. If the exchangeable value of the dollar is increased by legislation, the debt of the debtor is increased, to his injury and to the advantage of the creditor. And let me suggest here, in reply to the gentleman from Massachusetts [Mr. McCall], who said that the money lender was entitled to the advantages derived from improved machinery and inventive genius, that he is mistaken. The laboring man and the producer are entitled to these benefits, and the money lender, by every law of justice, ought to be content with a dollar equal in purchasing power to the dollar which he loaned; and anyone desiring more than that desires a dishonest dollar, it matters not what name he may give to it. Take an illustration: John Doe, of Nebraska, has a farm worth \$2,000 and mortgages it to Richard Roe, of Massachusetts, for \$1,000. Suppose the value of the monetary unit is increased by legislation which creates a greater demand for gold. The debt is increased. If the increase amounts to 100 percent the Nebraska farmer finds that the prices of his products have fallen one half and his land loses one half its value, unless the price is maintained by the increased population incident to a new country.

The mortgage remains nominally the same, though the debt has actually become twice as great. Will he be deceived by the cry of "honest dollar"? If he should loan a Nebraska neighbor a hog weighing 100 pounds and the next spring demand in return a hog weighing 200 pounds he would be called dishonest, even though he contended that he was only demanding one hog—just the number he loaned. Society has become accustomed to some very nice distinctions. The poor man is called a "Socialist" if he believes that the wealth of the rich should be divided among the poor, but the rich man is called a "financier" if he devises a plan by which the pittance of the poor can be converted to his use.

The poor man who takes property by force is called a "thief", but the creditor who can by legislation make a debtor pay a dollar twice as large as he borrowed is lauded as the friend of a sound

currency. The man who wants the people to destroy the Government is an anarchist but the man who wants the Government to destroy the people is a patriot.

The great desire now seems to be to restore confidence, and some have an idea that the only way to restore confidence is to coax the money lender to let go of his hoard by making the profits too tempting to be resisted. Capital is represented as a shy and timid maiden who must be courted, if won. Let me suggest a plan for bringing money from Europe. If it be possible, let us enact a law "Whereas confidence must be restored; and whereas money will always come from its hiding place if the inducement is sufficient: Therefore be it enacted, that every man who borrows \$1 shall pay back \$2 and interest (the usury law not to be enforced)."

Would not English capital come "on the swiftest ocean greyhounds"? The money lender of London would say: "I will not loan in India or in Egypt or in South America. The inhabitants of those countries are a wicked and ungodly people and refuse to pay more than they borrowed. I will loan in the United States, for there lives an honest people, who delight in a sound currency and pay in an honest dollar." Why does not someone propose that plan? Because no one would dare to increase by law the number of dollars which the debtor must pay, and yet by some it is called wise statesmanship to do indirectly and in the dark what no man has the temerity to propose directly and openly.

We have been called cranks and lunatics and idiots because we have warned our fellow men against the inevitable and intolerable consequences which would follow the adoption of a gold standard by all the world. But who, I ask, can be silent in the presence of such impending calamities? The United States, England, France, and Germany own today about \$2,600,000,000 of the world's supply of gold coin, or about five sevenths of the total amount, and yet these four nations contain but a small fraction of the inhabitants of the globe. What will be the exchangeable value of a gold dollar when India's people, outnumbering alone the inhabitants of the four great nations named, reach out after their share of gold coin? What will be the final price of gold when all the nations of the Occident and Orient join in the scramble?

This speech that I have just read to you states the conditions that prevail today; and if you ask me what Senator or Representative made that speech yesterday, last week, last month, or last year, I will have to tell you that this speech was made by no other than William Jennings Bryan on this very floor almost 41 years ago, and on August 16, 1893. It is found in the CONGRESSIONAL RECORD, No. 133, volume 25, part 1, page 401 and following pages.

Again I read to you:

The farmer labors under a double disadvantage. He not only suffers as a producer from all those causes which reduce the price of property, but he is thrown into competition with the products of India. Without Indian competition his lot would be hard enough, for if he is a landowner he finds his capital decreasing with an appreciating standard, and if he owes on the land he finds his equity of redemption extinguished. The last census shows a real-estate mortgage indebtedness in the five great agricultural States—Illinois, Iowa, Missouri, Kansas, and Nebraska—of more than \$1,000,000,000. A rising standard means a great deal of distress to these mortgagors. But as I said, the producers of wheat and cotton have a special grievance, for the prices of those articles are governed largely by the prices in Liverpool, and as silver goes down our prices fall, while the rupee price remains the same.

It is among the first principles in finance that the value of each dollar, expressed in prices, depends upon the total number of dollars in circulation. The plane of prices is high when the number of dollars in circulation is great in proportion to the number of things to be exchanged by means of dollars, and low when the dollars are proportionately few. The plane of prices at present and for some time past is and has been ruinously low. The increase of our population at about two millions a year, scattered over our immense territory, calls for increasing exchanges, and thereby demands an increasing number of dollars in circulation. The increase in the number of dollars when dollars are confined to gold is not sufficiently rapid to meet the growth of our exchanges. The consequence is a growing value of dollars, or a diminishing value of everything else expressed in dollars; which is to say, a tendency toward constantly declining prices.

The fountainhead of our prosperity has run dry. Our farmers over all the country have endured the depression in prices, until they get about \$8 or \$9 an acre for an expenditure of \$10 per acre, and the like. Their credit is exhausted at their country stores. The country store ceases to order from the city merchant, the city merchant reduces his demand upon the manufacturer. Manufactures are curtailed. The consequence is that employees and all elements of labor are being discharged and wages are lowered to those who continue in employment. The sufferings of the farmers, who constitute nearly one half of our population, are thus enforced upon the city merchant, the manufacturer, and all forms of labor. These combined elements constitute the overwhelming majority of voters. Their intelligent conclusion will be felt when expressed at the polls.

This speech sounds very much like some of the speeches of our colleagues here in Congress or some of the speeches

delivered not long ago by our good friend, the late John Simpson, but which is taken from the speech of William P. St. John, Esq., of New York, at the silver-party convention in 1896.

I quote the following resolution:

We are unalterably opposed to the issue by the United States of interest-bearing bonds in time of peace, and we denounce as a blunder worse than a crime the present Treasury policy, concurred in by a Republican House, of plunging the country into debt by hundreds of millions in the vain attempt to maintain the gold standard by borrowing gold; and we demand the payment of all coin obligations of the United States, as provided by existing laws, in either gold or silver coin, at the option of the Government, and not at the option of the creditor.

The demonetization of silver in 1873 enormously increased the demand for gold, enhancing its purchasing power and lowering all prices measured by that standard, and since that unjust and indefensible act the prices of American products have fallen upon an average nearly 50 percent, carrying down with them proportionately the money value of all other forms of property. Such fall of prices has destroyed the profits of legitimate industry, injuring the producer for the benefit of the nonproducer, increasing the burden of the debtor, swelling the gains of the creditor, paralyzing the productive energies of the American people, relegating to idleness vast numbers of willing workers, sending the shadows of despair into the home of the honest toiler, filling the land with tramps and paupers, and building up colossal fortunes at the money centers.

which resolution sounds as if it had been written up by the friends of the farmer and silver legislation, but which was a part of the silver-party platform of 1896.

Therefore, it is now clearly seen that those advocating a tariff policy that would permit foreign trade in our agricultural products and other products and advocating the free and unlimited coinage of silver at a fixed ratio 40 years ago were right, and those who favored high tariffs and opposed silver legislation eventually brought us where we are today.

The amount of wealth in this country increased from \$186,300,000,000 in 1912 to \$399,900,000,000 in 1923, and in 1929 it stood at \$361,800,000,000, whereas the total amount of gold produced in the United States from 1790 to May 2, 1933, is placed at approximately 226,384,295 ounces, with a value of \$4,679,778,700, therefore approximately in 1923 we had 400 billions of wealth in this country, all of which wealth was measured on a gold basis with approximately only four billion dollars of actual gold as a medium of exchange with which to move this great volume of business, and which when the demand was made for the gold would therefore cause one of two actions, either the \$4,000,000,000 worth of gold had to be increased toward the \$400,000,000,000 worth of property value or the four hundred billions of property value had to be deflated down to the four billions of actual gold. There being no more gold in existence, therefore, values had to fall and consequently our national wealth was decreased while the indebtedness remained where it was. While no one expects that we will have as much gold in existence as we have national wealth, the point is that it is very foolish to remain on a gold basis and to depend upon gold and gold alone as our medium of exchange; and if we do so, our wealth being so much greater than the gold in this country and increasing at a greater ratio, then it can only result in stagnation of trade. Instead of the medium of exchange controlling the wealth, the wealth of the country should control the medium of exchange; in other words, instead of the tail wagging the dog, the dog should wag the tail. It may be that the medium of exchange in ordinary transactions of business, of course, would not have to be of such a great volume, but it has been manifested that this amount of gold has been altogether too small and, therefore, if we should broaden our base and remonetize silver and issue a certain amount of currency instead of tax-exempt bonds, such action would thereby increase our medium of exchange sufficiently to lubricate our business and keep the channels of trade moving.

Most all forms of expansion of the currency are denounced by those opposing expansion as fiat money. How have we been transacting business here prior to the debacle of March 1933? I should judge over 90 percent by the medium of exchange was in the form of notes, bank checks,

and drafts, which did not even have the fiat of the Government behind them, and were nothing but paper money. While the Government now has more gold stored up in the Treasury than it has paper money outstanding, yet what kind of currency do we have in this country today? Primarily it is backed by gold, but practically, since the payment in gold is suspended and we are prohibited from possessing it or gold certificates, all we have behind this paper money is the credit of the Nation. Silver, except to a limited degree, is not recognized; and yet we are warned of all things to beware of printing-press money, and lo! that is all we have. We have just as much paper money as someone in the Treasury says we shall have; and yet the Constitution of the United States says that Congress shall be the one to determine this. Just let Congress attempt to determine how much currency we should have and hear the experts begin to howl and tell us that Congress is attempting to ruin the country.

The course we have been following in regard to our currency is a course that has been controlled by those who believe in a high protective tariff and the building of this tariff higher and still higher. They tell us that whatever expansion we have must be an expansion of credit, but not an expansion of the currency. In my judgment the motive behind the actions in regard to the currency policy this country is now pursuing and has been pursuing these many years is to give the big bankers and the moneyed powers of this country and abroad the advantage by creating an expansion of the credit upon which interest can be collected, whereas no interest can be collected upon currency. In other words, these great banks and moneyed powers will have control of the money, and hence the wealth of this country and at the same time compel every one else to pay them tribute in the form of interest, and therefore they will be our real masters.

With every other country having erected a high-tariff wall and refusing to let our goods in, perhaps we cannot all at once reduce our tariff and proceed on a basis of free trade and revenue only. However, if we did so, I believe we have no need to fear because American products are so much better than European products that they can outsell them even in their own countries; but for fear there would be a flood of cheap products in our country while our goods would be prohibited from selling abroad, the safest way to proceed is with trade agreements as provided in this bill.

This tariff power must be intrusted to someone. Some governmental agency will of necessity have to control, no difference what kind of a tariff bill Congress might pass; therefore, why not trust the President of the United States as a servant of Congress and the people of the United States in this regard? The President of the United States can be removed every 4 years and can be removed so much easier than the influence of big business that surrounds a Congress when tariff legislation is being considered.

Before I conclude let me read an editorial that appeared in the Kansas City Star sometime ago, entitled "The Tariff Factor in Trade" bearing upon this legislation and which reads as follows:

Discussion of the world's high tariffs, as a factor against trade revival persists. It is becoming more and more obvious, and therefore more and more accepted, that American import duties in many instances are too high, even from the protective point of view. There is much to the contention of Prof. Harry D. Gidionse, of the University of Chicago, in an address in this city, that a tariff policy serviceable to the United States when it was a debtor nation is not serviceable since we have become a creditor nation.

This country cannot expect to receive payments in gold on its foreign debts, public and private, and on goods which it sells abroad. It has been impressively demonstrated in the last year that there is not enough gold for that purpose. Payments must be accepted largely in goods if we are to continue to sell surplus products abroad. It is precisely such payment that a high tariff prevents.

The high-tariff policies in Europe are chiefly due to the outburst of nationalism evoked by the war and the desire of every nation, no matter how small, to make itself as nearly as possible self-sufficient, even at heavy expense to its people. The responsibility of the present American tariff rates for European tariffs is overstated, but in some instances retaliatory action was taken.

There is little prospect of early changes in world tariffs. Last year the European conference to obtain a standstill arrangement on tariffs broke down. The protected industries had enough political power to prevent action. It is possible that severe economic pressure may lead to a general mitigation of the high duties that are stifling European trade.

In the United States the pressure of public opinion ought to be exercised to obtain reciprocal arrangements under which American duties might be reduced in return for reduction in foreign schedules. But with a national election in prospect it is probably impossible to obtain the necessary legislation. The influence of protected industries is so strong that Congress feels any proposal of tariff changes would be full of political dynamite.

While I believe it to be the duty of every Representative in Congress to vote as he conscientiously believes for the best interests of his constituents, and I have no criticism of any Member of Congress for honestly voting in any way in which his judgment and his conscience dictates in the interest of the people of his district, his State, and this Nation, yet I have heard a great deal of hullabaloo of voting for and supporting the President on a lot of measures some of which were important and some of which were not important, some of which are good and some of which are not so good, but, in my judgment, here is a real test of whether a Member of Congress is not only voting for President Roosevelt but for the people of this country and therefore I am voting for this bill.

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from New Jersey [Mr. SEGER].

Mr. SEGER. Mr. Chairman, evidently there are some who do not agree with the statement made by the gentleman from New York [Mr. Sisson] that no industry will be put out of business by the enactment of this legislation.

I have just received a telegram from the secretary of the code authority for the lace-manufacturing industry, which I am going to read because it also affects many of my constituents.

NEW YORK, N.Y., March 27, 1934.

Congressman GEORGE N. SEGER,

House Office Building, Washington, D.C.:

Secretary Wallace cites lace industry as inefficient and offers our industrial head on executioner's block as sacrifice in the effort to secure the reciprocal trade agreement proposed in bill before House. The wiping out of more than \$20,000,000 of invested capital and the throwing out of employment of more than 8,000 people in our industry is the generous offer of Secretary Wallace. Complete destruction of industrial effort covering more than 20 years' work is promised by those officials to whom American industry should look for encouragement and support. The passage of the amendment to the Tariff Act of 1930 would spell complete disaster and ruin to an industry which was established in this country by Government invitation and encouragement. Our industry is today operating under the sixth code promulgated by the National Industrial Recovery Administration. Our operating costs, due to patriotic support of N.R.A., have been greatly increased to the advantage of industrial Europe, which is not operating under N.R.A. Is our loyal support of President Roosevelt's recovery program to be rewarded by annihilation as a reciprocal gesture to Europe. Are our 8,000 employees to be thrown out of employment and our capital investment to be dissipated in the hope of developing export trade without American industry being given even an opportunity to be heard? We earnestly appeal to you to use your best efforts to defeat this un-American measure. Incidentally, we greatly resent Secretary Wallace's characterization of the lace industry as "inefficient." We challenge this statement by asserting that the lace industry in America as organized today is vastly more efficient than the industry abroad, despite the hundreds of years of European historic background.

CLEMENT J. DRISCOLL,

Secretary of Code Authority for
Lace Manufacturing Industry.

Mr. Chairman, I ask at this time unanimous consent to insert in the RECORD three other telegrams which I have received and a short brief which I have prepared with respect to various tariff acts.

The CHAIRMAN (Mr. PARSONS). Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The matter referred to follows:

BRIDGEPORT, CONN., March 28, 1934.

HON. GEORGE N. SEGER,

House Office Building, Washington, D.C.:

Lace industry is opposed to any change to Tariff Act of 1930; especially denounces attempt to give President power to bargain away our protection through reciprocal tariff negotiations. Should duties on laces be reduced, an annual pay roll of \$10,000,000 will

be wiped out in the United States, to be replaced by pay rolls in foreign countries amounting to less than one sixth of this amount. These lace makers in foreign countries will have only limited purchasing power. Our workers buy more American-made products in our home markets than the whole lace industries of Europe combined. American lace industry is more efficient than any in the world. Contrary to Secretary Wallace's statement, our lace industry is the most efficient in the world.

H. A. PHILIPS,

General Manager the American Fabrics Co., Bridgeport, Conn.

NEW YORK, N.Y., March 28, 1934.

Congressman GEORGE N. SEGER,

Washington, D.C.:

Protesting in the name of the hand machine embroidery industry, representing 350 factories, 90 percent of which are in your State, against the bill known as H.R. 8687.

SIGMUND WEITZEN,

Chairman of the Code Authority Board of Administration.

NEW YORK, N.Y., March 28, 1934.

GEORGE N. SEGER,

House Office Building, Washington, D.C.:

We strongly oppose passage of H.R. 8687. It is obvious from newspaper reports and from statement of the executive commercial policy committee that if this bill is made law the powers granted the President will be used to destroy industries without proper consideration of facts. The lace-manufacturing industry has been cited as overprotected and inefficient. We deny it and are prepared to prove that the lace-manufacturing industry in this country is conducted more efficiently than anywhere in the world. To grant the President powers provided for in the bill would be un-American and contrary to all the principles of N.R.A.

LIBERTY LACE AND NETTING WORKS,
106 West Thirty-eighth Street.

HUGO N. SCHLOSS, Treasurer.

IMPORTANCE OF TARIFF PROTECTION TO THE LACE INDUSTRY

Mr. SEGER. From the time of the Tariff Act of 1890 to 1909, with the exception of the years from 1894 to 1897, the duty on lace edgings, embroideries, insertions, and the like was 60 percent ad valorem. In 1909 Congress encouraged the lace industry by raising the duty on all products of the Levers lace machine to 70 percent ad valorem and at the same time allowed the importation of Lever machines free of duty for a period of 17 months (normally there was a 45-percent duty on machines.)

This encouragement to the industry apparently came as a surprise to many of the lace and lace-curtain manufacturers in this country. By January 1, 1911, over \$20,000,000 was invested in the establishment of the industry. Mills were started in eight States and direct employment given to many thousands of persons. There was great difficulty in getting skilled weavers to run the machines. The industry had difficult technical problems. There was besides keen competition from foreign producers. The new factories were just about in working order when the rates on Levers lace goods were reduced by the Tariff Act of 1913. This came as a bitter blow to the industry. One manufacturer stated at the tariff hearings in 1921:

We believed that it was the intent of Congress to encourage the creation of a distinctive American industry and that it would not hastily revise a decision made on its own initiative. The act of Congress therefore in 1913 in reducing the tariff to 60 percent was a keen disappointment to many who had started in the new industry.

During the World War the lace machines of America were shown to be potential arms of national defense in that they produced bobbinet or what is commonly known as "mosquito netting" and other material required by the Army and Navy. Practically all of the lace machines were operating on Government contracts for much-needed material in the program of national defense.

At the close of the war the growth of the hand-made lace industry in the Orient with its low labor costs made it possible to market hand-made laces, in this and other countries, at low prices in competition with the higher grades of machine-made lace. This competition led the domestic manufacturers to ask for greater protection and in the Tariff Act of 1922 the rate on Levers products was raised to 90 percent ad valorem, which rate was again established in 1930, after the most intensive investigation by the Tariff Commission.

With the encouraging of the industry and the higher living costs in America a survey of the wages paid today will

show a greater differential between the wages paid in America and those paid abroad.

In this connection it is also well to remember that all our lace mills are maintained and operated in accordance with our well-established factory laws, while the manufacture of laces abroad is in a large measure home work and in mills not operating under the same expensive regulations as apply to mills in this country.

The lace industry is interconnected closely with the yarn industry, as well as the dyeing and bleaching industry.

In reviewing the economic conditions of maintaining this industry in America, consideration must be given to the moneys expended in the purchase of its raw materials such as yarn, dyestuffs, and other accessories.

Its production is consumed by the dress and underwear manufacturing industries. It must be obvious that if laces and lace-trimmed garments did not receive an adequate tariff protection, these garments would be manufactured in foreign countries and imported into this country in large quantities, throwing out of employment the greater part of approximately 187,500 wage earners now engaged in the manufacture of women's lace-trimmed dresses, lace-trimmed underwear, lace-trimmed nightwear, lace-trimmed neckwear, millinery, and so forth, in addition to the thousands of employees directly engaged in the lace industry.

During the tariff hearing of 1921 when the Ways and Means Committee was considering the lace schedule, Vice President Garner, then a member of that committee, made the following statement concerning the lace schedule:

Undoubtedly the statistics in this instance would show that it would stand, from a revenue standpoint, a considerably larger rate than it has now, and I presume equally as large from a protection standpoint.

Mr. Chairman, while the lace industry in this country may not be very profitable, it is far from inefficient. If it were not for the skill of the operators in this industry, it could not compete with the lace makers of foreign countries. Let me give you an example.

Very few people visit Italy without going to Venice, and very few people visit Venice without going to the lace factories, and few women leave the lace factories without buying some lace. I visited a lace factory in Venice with Mrs. Seger and in looking over the work we saw some very beautiful pieces of lace, among them a very fine lace collar which Mrs. Seger appraised at \$25 or \$30 in the United States. When we asked the price of the man in charge of the store he told us that the collar was worth 200 lire, which is \$10 in American money. I asked him how they could produce them so cheaply, and he invited us to go through the factory. In this factory were girls and women of ages ranging almost from the cradle to the grave. The younger group were learners and were receiving 4 or 5 lire a day, or 25 cents. Then we went into the next room and we found the mothers of these girls. They were very expert and were perhaps the best in the factory and were receiving 15 to 18 lire a day, or 90 cents. Then we saw the older women, and I naturally supposed they were very expert, and we were told they were in the past but they had devoted practically all their lives to lace making and such close application had badly injured their eyes and they were no longer very proficient, and they were paid from 6 to 10 lire a day, or 50 cents as a maximum.

How does Mr. Wallace expect to keep up the standard of the workers in industry in this country if the tariff is to be reduced, as could be done under this bill, without the advice of the Tariff Commission, or the consent of Congress?

I think there is more need today than ever for the advice of practical men who can study the facts and present them to the President, rather than trying out experiments of theorists and college professors. Manufacturers will hesitate to enlarge their plants or put in new machinery, not knowing when and if they are to be closed as inefficient and put out of business by foreign competition, which would be the result if this bill is enacted into law. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Chairman, the paramount object at the present time is to build for national recovery. The pending proposal to give the President authority to conclude tariff treaties with foreign countries without the consent of the Senate is hardly in this direction. Instead of aiding in the recovery eagerly sought by all, it will, through the creation of uncertainty, delay the return to better days. No industry in this country will be safe if this measure passes from the threat of the loss of the home market, the richest market in the whole world.

No enterprise is going to expand if the owner must always keep an eagle eye on Washington, never knowing at what moment, like a bolt of lightning out of the clear, he will find a treaty consummated which would mean the complete collapse of his industry. Everybody knows the slowing up of business which comes every time Congress revises the tariff. The slowing up would be infinitely greater if there is danger of a revision without warning or even an opportunity to voice protest.

The argument advanced for the legislation is that it will mean a larger volume of foreign trade. No one will quarrel with that worthy purpose. Every nation in the world seeks the same thing. I do not believe this legislation will be successful. The proposed effort will be a delusion and a snare.

It will be a delusion because we will not greatly increase our exports. We may conclude treaties with certain countries which will change the current of trade. We may buy more from that country and we may sell them more, but it will be either at the expense of some other country or our home industries. Foreign trade rises and falls as the purchasing power of a country ebbs and flows. That has been demonstrated during these depression years. Our imports have declined proportionately as our exports.

It will be a snare because it will entrap us into agreements which will stand for years, no matter how harshly the treaty may bear down on any industry. If a rate is fixed by Congress or promulgated by the Tariff Commission, it can be readily changed. But when two countries enter into a treaty it will not be subject to change during the length of the agreement.

It has been aptly said in the past the American people never lost a war or ever won a conference. I am afraid that record will be maintained if we go out seeking trade agreements. I fear Uncle Sam will come back from the conference with about as many clothes as would be needed for life in a nudist colony. The clever, wily diplomats of the Old World may have changed their habits, but I am a bit skeptical. They give little but they always demand much.

The advocates of this legislation frankly admit—to sell more abroad, we must increase our purchases. This in itself is an admission the volume of trade in dollars and cents will not be materially increased. It means some products will enjoy a greater market abroad while foreign imports in other commodities will be greatly increased. Then imports will replace home manufacture.

The increased exports will be chiefly in raw cotton. This is not disputed. Other exports will not experience any great stimulant. The advocates of the legislation frankly say the imports will be at the expense of inefficient industries. The determination of these industries must be more or less a personal one.

In the hearings before the committee, a number of industries such as fine textiles, lace, toys, surgical instruments were mentioned as in the class of inefficiency because they could be manufactured more cheaply abroad. It was further stated there were a hundred more industries in the same classification.

Frankly, there is not an industry in this country, unless it be the steel industry, the automobile industry, or some highly specialized industry, but would be in danger. All pay higher wages than their foreign competitors and consequently all have higher costs. If this is the yardstick to determine an efficient industry, there are going to be many heartaches throughout the country and millions of men and women are going to be thrown out of employment.

The cotton-goods manufacturer, the jeweler, the shoemaker, the silversmith, the woolen manufacturer would all come under scrutiny because every one of these industries finds it impossible to exist without a tariff to hold back the flood of imports from Japan and Czechoslovakia, and other countries.

Theorists with a passion for experiments sitting in their comfortable offices might easily, if so determined, classify any industry as economically unsound, and consequently be the basis for increasing our raw cotton export trade. The fact that these industries have been the means of providing the livelihood of countless thousands for generations would be of no avail. The fact that entire communities were dependent for their existence upon the industry might easily be passed over. The planners, dreaming of a new order, might casually decide these people must be sacrificed for the general good, and they would be given transportation and sent to some other part of the country to start life anew.

I can readily visualize a treaty where England would buy more raw cotton from America in exchange for a wider market for finished cotton goods in the United States. An arrangement could be made—indeed, it has already been suggested—that France would listen to an arrangement whereby she could send more lace and finer textiles to this country. Czechoslovakia would be delighted, I am sure, to increase raw-cotton imports if she could send here textiles, shoes, jewelry, and plate glass. Germany and Japan would eagerly grasp the opportunity to buy raw materials needed anyway to send toys, instruments, electric-light bulbs, and numerous small manufactured articles which even now flood our markets.

It may be said we are unduly alarmed. Perhaps we are, but we have every reason to be alarmed from the statements already made before the Ways and Means Committee. These intimations have had a way recently of becoming real.

Many of these small industries are scattered through New England. They give employment in the aggregate to many thousands of men and women. These industries have contributed to the wealth of the country and their employees have been the backbone of the Nation, a strong underlying force in every emergency.

I believe I know the needs of these industries and the working people of my section better than any of these so-called "experts." I believe I can best serve their interests by refusing to place them in peril, as they would be through the passage of this legislation.

Trade off these many thousands of workers and you may as a result sell a trifle more cotton abroad. But you will swell the ranks of the unemployed and swell the relief bill of the Nation. Trade off these workers and you destroy purchasing power at home—purchasing power which contributes to the prosperity of the cotton grower, the automobile manufacturer, and the western farmer, a market more permanent and more satisfactory to you than any you will win abroad. You will possibly win some trade abroad, but you will eventually close a larger market at home.

In seeking the mirage of increased foreign trade let us not forget that our total foreign trade, both imports and exports, in the aggregate totals less than 10 percent of our trade. The exports which we would stimulate are only about 4 percent of the volume and for the most part are commodities which the foreign countries must buy because they can buy here to the best advantage.

Let us be careful we do not destroy the golden home market in our zeal for markets abroad.

If there are any reciprocal treaties which can be of benefit to the United States, they can be made under present conditions. Let them be made, but bring them back to the Senate for review. If they are for our welfare, they will not suffer from the searchlight of examination. If they cannot stand the test of scrutiny, they should be rejected.

There is no need for haste. No emergency exists, otherwise this bill would not have been delayed over a year before being presented. The Tariff Commission possesses elasticity in revising rates, and under the N.R.A. the President has great tariff powers.

Good judgment should prompt us at this time to refrain from a new policy which obviously will help little, and through the uncertainty which it creates will delay recovery.

Mr. GIFFORD. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. GIFFORD. I should like to ask the gentleman if he has read one of the comforting things that Mr. Wallace suggested, that we might receive Federal aid while we were being liquidated?

Mr. MARTIN of Massachusetts. I read that, but I am sure our people do not want to risk that. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Iowa [Mr. THURSTON].

(Mr. THURSTON had leave to revise and extend his remarks and include therein three tables prepared by the Department of Labor.)

Mr. THURSTON. Mr. Chairman, the debate on the pending bill has been somewhat extended, but a great amount of valuable information has been offered which will prove of value to both the Members of the Congress and to the public.

However, it was only natural that a considerable part of the discussion should be based upon conclusions rather than facts. So it will be my purpose to mainly deal with known wage levels, rather than the general aspects of the subject matter, so I want to emphasize the importance of giving consideration to the present wage levels in the United States and in some of the principal European nations.

Recently, I requested the United States Department of Labor to compile information as to the wages being paid in certain lines of endeavor in the United States, and in France, Germany, Great Britain, and Italy, and I will have these tables set out in the RECORD to amplify my remarks upon the subject.

First, I desire to direct your attention to the matter set out in table 1, "Wages paid to agricultural workers in the United States and foreign countries in 1932", and you will note that the average wage paid for first-class ordinary laborers in Czechoslovakia is 18.6 cents per day; that in France the wage per day is about 80 cents to 90 cents, and women are employed in the same country for about 60 cents per day. In Germany, the wage for the ordinary male laborer runs about 8 cents or 9 cents per hour; while in Italy the wage per hour amounts to about 7 cents for men and 2½ cents to 5 cents per hour for women.

The farm wage per day in the United States, in 1932, was found to be about 89 cents, or \$1.23 if board was included. This wage is abnormally low, and is hardly a fair basis for computation, but these figures are included in the table and so reference is made thereto.

Table 2 contains statistics showing the wages per hour of adult male workers in the building trades in the month of October 1932, and comparable figures are given for the European cities of Paris, Berlin, London, and Rome, and a table is included showing wages paid in the same trades in New York and Philadelphia. This table is particularly interesting because it shows that the wages paid in several lines of skilled endeavor have a wide variation, and in most instances the laborers in the American cities are paid from two to six times as much per hour as the wages paid to persons doing the same class of service in the four European cities mentioned.

Table 3 is a compilation of the earnings in various trades in respective localities in the United States and foreign countries for the year 1931, or the latest available data in this respect. Again it will be noted that the wages paid to skilled laborers, which include bricklayers, carpenters, and painters, show the wages paid in the United States to be from two to six times the wages paid for like service in Europe.

In the coal-mining industry the average daily wage in the United States appears to be \$4.90, or more than twice the wage paid in any European country for this hazardous work.

The tables showing the wages paid for labor in China and India further emphasizes the vast differences that exist in

the wage levels as between the United States and those Asiatic countries.

If an exhaustive examination were to be made in all lines of human endeavor throughout the world and tables prepared showing labor costs, a mass of statistical matter would be required to explain the details necessary to present an accurate picture of the compensation paid for every character of service. So it would be impractical to make an exhaustive report upon this subject; but I believe that the three tables set out as a part of my remarks will present a concise yet clear picture of the situation and satisfactorily serve the purpose.

Mr. FOSS. Will the gentleman yield?

Mr. THURSTON. I yield.

Mr. FOSS. Can the gentleman furnish us with the hours of labor in this country and those in other countries?

Mr. THURSTON. I do not think the tables indicate the number of hours per day.

Mr. FOSS. The hours that they labor in foreign countries are more than they are in this country, are they not?

Mr. THURSTON. Yes.

Having in mind the great difference in the wage levels in the foreign countries as compared with our own, should not labor, as well as the employer of labor, be entitled to reasonable notice of a contemplated change as is now granted in the present tariff law? "Due notice" is a rule of action that has been indelibly written into the fabric of both personal and property rights in our country.

It is apparent that if we are to make reciprocal exchanges with other nations of the world, at all times we must have in our minds the differences in the cost of labor here and abroad and the cost of the raw article which has been enhanced in value by cheap labor.

While we are dealing with the low-wage levels of the rest of the world we should not overlook the fact that the cost of cargo or freight transportation by water has diminished from 20 to 25 percent in the last 5 years. It is also well known that the maritime nations of the world have greatly increased their ocean-going tonnage, and that a considerable portion of these ships are not being operated at this time, so we may assume that ocean freight rates will not increase and are more likely to be reduced.

As distinguished from the reduction in sea-borne commerce, freight rates in the United States have not been reduced in recent years; and, in fact, during the last 15 years have been considerably increased. So that the interior sections of the country are at a very great disadvantage in bringing their products to the eastern seaboard or the consuming section of the country.

Today practically any article of commerce can be shipped from Australia, or Central or South America, to a port on our Atlantic seaboard for a lesser charge than a like article can be transported from the State of Iowa, in the center of the Upper Mississippi Valley, to an Atlantic port. This rate barrier may not properly be called a tariff, but it is a charge that must be added to the selling price of agricultural products.

The duties under the existing tariff act have been reduced 40 percent on account of the revaluation of the American dollar, so when we consider existing facts as distinguished from conclusions, and know that the wage levels in other countries are from 50 to 90 percent lower than the wages paid in our own country, and that the lowest ocean freight rates of modern times are now in effect, plus the diminished value of our own dollar, we are all perplexed to know how we can limit or hold down the importation of the industrial and agricultural products from these cheap-land—cheap-labor countries.

To divert from facts and to enter the field of conclusions, it seems to me, that if the owner of an industry knew that he might be further subjected to foreign competition in the products turned out by his own concern, prudence would require operation on a basis of immediate sales, rather than building up a surplus of finished articles during the low-

demand period, and that employment would be more intermittent and less continuous than heretofore.

Then the question should be: Is the possibility of effecting some desirable reciprocal arrangement affecting a few or a limited number of commodities, of more value to our economic structure than this uncertain proposal?

Because of the great concentration of power in the Executive branch of the Government, it would appear that already the person who is called upon to fill this responsible position has a great multiplicity of duties, and exceedingly important duties, that should not be further increased or extended by the enactment of the pending measure. [Applause.]

The matter referred to above is as follows:

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, March 5, 1934.

HON. LLOYD THURSTON,
House of Representatives,
Washington, D.C.

MY DEAR CONGRESSMAN THURSTON: With reference to your request made by telephone for statistics of wages paid, particularly in agriculture and the building trades, in the United States, Czechoslovakia, France, Germany, Great Britain, Greece, and Italy, I am enclosing herewith tables and certain issues of the Monthly Labor Review.

Table 1 brings together statistics of wages paid to agricultural workers in the above-mentioned countries for 1932, with the exception of Greece, for which no figures are available. The figures shown have been taken from official sources and have previously been published in the Monthly Labor Review.

Table 2 shows hourly wages of adult male workers in the building trades by cities for 4 of the foreign countries mentioned and for 2 cities in the United States. This material likewise comes from official sources and has been collected by the International Labor Office.

As you know, the Bureau of Labor Statistics makes periodic surveys of wages in the United States and collects and publishes information as to wages in foreign countries. Practically all issues of the Monthly Labor Review include the results of wage studies, of which the following (being sent under separate cover) may be useful to you, as they contain comprehensive wage material covering the foreign countries for which you seek information and the results of recent studies for the United States:

MONTHLY LABOR REVIEW, 1933

September: Wages in Germany in 1933 (pp. 686-708).

July: Summary of wage surveys of Bureau of Labor Statistics, 1928 to 1932 (pp. 140-143).

June: General survey of wages in Italy, 1932 (pp. 1395-1411).

April: General trends in wages in Great Britain since 1924 (pp. 871-907).

March: Wages in France in 1932 (pp. 624-643).

February 1932: General survey of wages in Czechoslovakia (pp. 374-392).

Since wage reports for different countries vary so often as regards the unit of payment (hourly, weekly, piece, time, etc.) and also as to occupational names and classifications, deductions for social insurance, and additions, such as family allowances, the possibility of direct international comparison is limited. The results of a comparison of this kind are shown in table 3, enclosed.

Very truly yours,

ISADOR LUBIN,
Commissioner of Labor Statistics.

Enclosure.

TABLE 1.—Wages paid to agricultural workers in the United States and foreign countries in 1932

Country and class of worker	Unit of time	Unit of currency	Amount	Conversion rate	Amount in United States currency
CZECHOSLOVAKIA¹					
Basic wage for ordinary labor:					Cents (unless otherwise indicated)
Permanent workers:					
Class 1.....	Day.....	Crown.....	6.30	Crown=2.96	18.6
Class 2.....	do.....	do.....	4.50	do.....	13.3
Class 3.....	do.....	do.....	3.20	do.....	9.5
Seasonal workers:					
Class 1.....	do.....	do.....	6.00	do.....	20.4
Class 2.....	do.....	do.....	4.75	do.....	14.1
Class 3.....	do.....	do.....	3.45	do.....	10.2
FRANCE					
Average wage for males:					
Laborers.....	do.....	Franc.....	22.35	Franc=3.92	81.0
Farm hands.....	do.....	do.....	20.75	do.....	81.0
Teamsters.....	do.....	do.....	23.00	do.....	90.0

¹ Figures for 1931. Workers receive payments in kind in addition to money wage.

TABLE 1.—Wages paid to agricultural workers in the United States and foreign countries in 1932—Continued

Country and class of worker	Unit of time	Unit of currency	Amount	Conversion rate	Amount in United States currency
FRANCE—continued					
Average wage for females:				Cents	Cents (unless otherwise indicated)
Laborers.....	Day.....	Franc.....	15.33	Franc=3.92	60.0
Farm servants.....	do.....	do.....	14.72	do.....	58.0
GERMANY					
Average rates of male labor:					
Money wages.....	Hour.....	Pfennig.....	21.35	Pfennig=.238	5.1
Payments in kind.....	do.....	do.....	15.32	do.....	3.6
Total wages.....	do.....	do.....	36.67	do.....	8.7
GREAT BRITAIN¹					
Minimum rate for—					
35 districts, adult males.....	Week.....	{Shilling— Penny.....}	30-32/6	{Shilling=16.4. ⁴ Penny=1.37. ⁴	\$4.92-\$5.33
All districts, adult females.....	Hour.....	{Shilling— Penny.....}	0/5-0/6	{Shilling=16.4. ⁴ Penny=1.37. ⁴	7.0-8.0
ITALY²					
Wages in Province of Florence: ³					
Males.....	do.....	Lira.....	1.35-1.45	Lira=5.26	7.1-7.6
Females.....	do.....	do.....	.50-.99	do.....	2.6-5.2
Boys.....	do.....	do.....	.55-.75	do.....	2.9-3.9
UNITED STATES⁷					
Average wage rate:					
With board.....	Day.....				\$0.89
Without board.....	do.....				\$1.23

¹ The working day averages 9 hours but in summer nearly 11.

² England and Wales. Cash value of payments in kind, lodging, etc., may be deducted from wages.

³ Exchange rate.

⁴ Figures for 1931-32.

⁵ This Province has a higher pay scale than other parts of Italy. A farm laborer is entitled to food and drink and may receive lodging.

⁶ These rates are as of July 1, 1932. Rates for July 1, 1933, are \$0.82 and \$1.12, respectively.

Source: Monthly Labor Review, February 1932, p. 389; 1933: April, pp. 906-907; June, pp. 1394, 1407; August, p. 376; September, p. 707.

TABLE 2.—Wages per hour of adult male workers in the building trades in October 1932

[Conversions into United States currency on basis of par value of franc=3.92 cents, mark=23.8 cents, lira=5.26 cents, and average exchange rate of shilling=17 cents and penny=1.42 cents, as of October 1932]

Occupation	Hourly wages					
	Paris ¹	Berlin	London ²	Rome ³	New York ⁴	Philadelphia ⁴
	Francs	Marks	Shillings and pence	Lira		
Bricklayers and masons.....	6.25	1.09	17 1/4	2.98	\$1.65	\$1.50
Structural-iron workers.....			16 1/2		1.50	1.38
Concrete workers.....		1.09	13	3.35	1.40	1.05
Carpenters and joiners.....	6.18	1.10	17 1/4	3.05	1.25	1.05
Painters.....	5.85	1.00	16 1/2	2.98	1.40	1.00
Plumbers.....	6.25	1.16	17 1/2	3.27	1.40	1.04
Electrical fitters.....		1.11	18 3/4	4.45	1.65	1.50
Laborers (unskilled).....	5.35	.90	12 1/4	2.45	.65	.50

[In United States currency]

Occupation	\$0.25	\$0.26	\$0.28	\$0.16	\$1.65	\$1.50
Bricklayers and masons.....			.26		1.50	1.38
Structural-iron workers.....		.26	.21		1.40	1.05
Concrete workers.....	.24	.26	.28	.16	1.25	1.05
Carpenters and joiners.....	.23	.24	.26	.16	1.40	1.00
Painters.....	.25	.28	.28	.17	1.40	1.04
Plumbers.....		.26	.31	.23	1.65	1.50
Electrical fitters.....	.21	.21	.21	.13	.65	.50
Laborers (unskilled).....						

¹ More frequently paid wage or current wage.

² Time rates of wages.

³ Actual wages, July 1, 1932.

⁴ Union wage rates.

⁵ Including tool allowance.

Source: International Labor Office. International Labor Review, June 1933, pp. 817-838.

⁶ Cement finishers.

⁷ Carpenters only.

⁸ Plumbers and gas fitters.

⁹ Not including family allowances.

¹⁰ Inside wiremen.

TABLE 3.—Earnings in various trades in representative localities in the United States and foreign countries

[Data for 1931 or latest available year; all conversions into United States currency are made at par]

Country	Bricklayers	Carpenters	Painters	Hand compositors, printing	Iron molders	Iron and steel, all workers	Weavers, cotton, males	Mining, coal, all workers	Common laborer, metal trades
	Hourly	Hourly	Hourly	Hourly	Hourly	Weekly	Weekly	Daily	Hourly
United States.....	\$1.70	\$1.40	\$1.48	\$1.17	\$0.71	\$34.58	\$16.67	\$4.90	\$0.42
Austria.....	.24	.23	.27	.21	.17		4.78		12 6.75
Czechoslovakia.....	.15	.14	.17		.20	7.40		1.49	15.64
France.....	.25	.25	.26	.26	.26	9.01		1.53	17-.19
Germany.....	.37	.37	.36	.29	.30	12.39	7.57	2.28	.17
Great Britain.....	.41	.41	.39	.45	.32	14.58	8.05	2.40	12 12.41
Italy.....	.16	.16	.16	.19	.15				12-.14
Japan.....	.13	.10	.12	.16	.15		2.80	.83	
Portugal.....	.09	.10	.10	.12	.10	53-.88	57-.80	38-.80	53
Spain.....	.29	.29	.31	.30	.31		25		20
Sweden.....	.85	.76	.80	.43	.47	12.51		2.13	21
China.....	Daily \$0.30	Daily \$0.32	Daily \$0.33-\$0.35	Hourly \$3.00-15.00		Daily \$0.12-\$0.23	Hourly \$0.03	Daily \$0.12-\$0.20	Daily \$0.17
India.....	Monthly \$10.33	Monthly \$20.08	Monthly \$10.49	Monthly \$10.95	Monthly \$13.98		Monthly \$10.59		Monthly \$6.95

1 Weekly.

2 Foundries only.

3 Blast furnaces only.

4 Daily.

5 Hourly.

6 Machine shops only.

7 Monthly with board and lodging.

8 Shipbuilding in Ningpo.

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, in the Constitution of the Commonwealth of Massachusetts there is embodied a provision reading as follows:

In the government of this Commonwealth the legislative department shall never exercise the executive and judicial powers or either of them; the executive shall never exercise the legislative and judicial powers or either of them; the judicial shall never exercise the legislative and executive powers or either of them; to the end it may be a government of laws and not of men.

"A government of laws and not of men"—the guaranty and the safeguard of democracy.

During the past year we have witnessed the hasty enactment of measure after measure, departing from this principle of democratic government—measure after measure leading away from a government of laws in the direction of a government of men.

The bill under consideration is a further example of legislation of this character, a further example of a sweeping delegation of legislative power to the Executive—power which the forefathers entrusted to the legislative branch of the Government and never intended to be exercised by the Executive.

Despite the fact that the Federal Constitution expressly provides that Congress shall have the power "to lay and collect taxes, duties, imposts, and excises", the bill under consideration would delegate this power to the Executive with respect to tariff duties with almost no limitation upon the exercise of Executive discretion within the authorized 50-percent variation.

Despite the fact that the Constitution expressly provides for the submission to the Senate of all treaties with foreign governments, no treaty becoming effective in the absence of ratification by the Senate, the bill under consideration would authorize the Executive without such ratification not only to negotiate but to conclude trade agreements with foreign nations carrying with them the most profound consequences for American industry and American labor with no advance information whatsoever as to their character or content, with no opportunity whatsoever for a day in court for those who may be adversely affected.

The request for this legislation has been characterized as "casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification; without recommendation or guidance by the Tariff Commission; without check from any quarter; without the concurrence of any other person or official body; without revealed method or proven principle or established precedent or even thorough survey of the facts."

The proposed legislation is open to objection on constitutional grounds. It goes far beyond the requirements for reasonable flexibility. It carries with it the possibility of grave consequences for American industry and American labor.

Enactment of the bill in its present form will place the power of life and death with respect to many an industry in the hands of a single individual. It will carry with it for the workers of the Nation the possibility of all the dangers inherent in the displacement of American products by products manufactured abroad under reduced labor costs and reduced standards of living. It will, in my judgment, contribute materially to the underlying uncertainty which is serving to retard national recovery.

For some time past industry has suffered by reason of fundamental elements of uncertainty—uncertainty as to costs of production under the licensing power of the National Recovery Act; uncertainty as to the value of the dollar under the reservation of the right to vary that value to the extent of 16½ percent under the monetary bill. These are but examples of elements of uncertainty, serving, in my judgment, to deny to industry the full benefit of forces of recuperation which have been endeavoring to assert themselves throughout the world for over a year and a half. Recovery, in my judgment, is impossible in the absence of industry free from uncertainty and undue restriction—in the absence of industry given a sound basis for confident action.

The entire weight of the administration has been thrown behind a policy involving inevitably increasing costs of production. Any general tariff revision downward seems utterly inconsistent with that policy. The administration has reserved to itself the right to change the value of the dollar overnight to the extent of 16½ percent. Any general tariff revision on a scientific basis seems out of the question in the light of that reservation.

I cannot conscientiously vote for the bill in its present form. I cannot vote to expose the industries and workers whom it is my privilege to represent to the possible dangers inherent in its terms. I cannot vote for complete abdication of powers with respect to taxation of powers with respect to treaty making which the forefathers in the interest of the Nation intrusted to the legislative branch of this Government. I cannot vote for this further step away from a government of laws in the direction of a government of men. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. Mr. Chairman, I have not been in the habit of taking up the time of the House or filling the pages of the RECORD with my views on pending legislation. My opinions for the most part have been expressed in monosyllables, either "aye" or "no", and for the past year I have generally said, "no." The only effective thing I can say on the present bill will be my "no" when the roll is called. The measure before us is of such vital importance to the district I represent I am impelled to make a few remarks, even if it is to empty benches.

The people of the city in which I live and in the surrounding farming territory are dependent for existence almost en-

tirely upon factory pay rolls. When the factories are busy many thousands of men and women employees are happy. They have money to spend for food and clothing and rent. Our own merchants, farmers, and landlords prosper, and our purchasing power benefits and stimulates business everywhere in the United States. Most of those industries have been built up under the protection of tariffs and cannot exist without tariffs.

I assume that our local manufacturers of furniture, steel, clothing, shoes, chemicals, candles, cutlery, and hundreds of other articles are inefficient, under the definition of Secretary Wallace, because they cannot meet the prices of foreign competitors. In the country districts the farmers are engaged largely in raising fruits, vegetables, poultry, and eggs, and in dairy farming. They likewise need tariff protection and are therefore inefficient, according to the internationalistic philosophy of the men in control of this Government, alleged to have extraordinary brain development.

So far as I can now recall the only major business in my district which is efficient is the typewriter industry. Foreign competitors cannot yet compete successfully with the American typewriter manufacturers because they have not a comparable product, but I am told that certain foreign competitors are making improvements rapidly and when they are able to invade our markets, my typewriter friends automatically become inefficient, if we accept the strange new American doctrine of the President's pedagogical prodigies. We have had protective tariff laws in this country since the first Congress. It was one of Abraham Lincoln's planks when he ran for President. We have become something more than a nation of serfs and peasants because of them. "Infant industries", an expression which inspires our Democratic friends to pleasantries, were born when the inventive enterprising spirit of America was wedded to the protective tariff. The infants became giants and can compete with the industries of the world in the quality of their products, but they cannot meet the prices of foreign manufacturers because American wages and the American standard of living grew with industrial development beyond that of any other nation. This is the explanation of the inefficiency which this administration hopes to eliminate.

But can it be eliminated? If necessary tariff protection is taken away, American manufacturers must reduce costs of production to those of their foreign rivals or close their doors. Labor must accept wages only a little above the wage scale of Europe and the Orient. In no country on earth are the wages so high or the hours so short as in America. Every decent person in this country, except the internationalist, respects the honest American laborer and artisan and wishes to give him a greater share of the good things of life, but if protective tariffs are removed, the American workingman must come down to the level of his foreign rival or lose his job. The latter will be his fate, because under the N.R.A. foreign labor conditions are impossible in this country.

Let me give a specific example of what this new recovery step means. A protagonist of the new deal has cited cutlery as one of the American industries that ought to be sacrificed. In a village in my district there is a factory making cheap pocketknives. It employs about 300 men and is the sole industry in that fine little American village. It is doing business because the much-reviled Smoot-Hawley tariff law provides for a duty of 1¼ cents each and 50 percent ad valorem on pocketknives, and because an efficient management, an intelligent group of workers, the most modern machinery, and minimum wages make it possible to compete with German manufacturers. If the tariff is reduced that factory must close. Little boys will not buy their knives any cheaper when this factory and the others in America like it are put out of business. The price will go as high as the traffic will bear, and 300 families in one little village will be pauperized.

What is to become of these people? Accept, if you will, the planned economy theories of the Federal faculty and

ignore the feelings which cause human beings to form deep attachments to the hills and valleys of the country where they were born and lived their lives. The comparatively small group I have referred to cannot go to Germany to manufacture pocket knives; they cannot raise cotton, wheat, hogs, corn, even if they know how. There is already a surplus in these crops and the A.A.A. would stop them before they started.

The situation I have described may be multiplied several thousand times if this bill becomes a law and the internationalistic theories of Wallace, Tugwell, Ezekiel, Frank, and Frankfurter, the men behind the throne, are put into effect.

Apologists for this administration would have the country believe that the bill before us is a slight modification of the existing flexible provision in the Tariff Act of 1930, which has been sustained by the Supreme Court. Here is the essential language in that act: The Tariff Commission—

Shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings * * *. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production * * *. The President shall by proclamation approve the rates of duty * * * specified in any report of the Commission under this section, if in his judgment such rates of duty and changes are shown by such investigation of the Commission to be necessary to equalize such differences in costs of production.

The law limits the increase or decrease of any duty to 50 percent of the rates fixed by statute. That provision authorizes the President to raise or lower the duties fixed by Congress on imported articles, so that American producers of farm produce or manufactured articles may have protection in the amount of the difference between the cost of production at home and abroad, under changing conditions. He may exercise this authority only upon the report of a fact-finding body which is required to hold public hearings and give parties interested an opportunity to protect themselves against hasty and ill-considered action.

The corresponding language of the bill before us—skipping the long preamble and apology—authorizes the President—

To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and to proclaim such modifications of existing duties and other import restrictions as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

For some inexplicable reason, unless it is to hoodwink people into believing there is similarity between the bill and existing law, the President cannot change existing duties by more than 50 percent under the proposed law. An arbitrary reduction of 50 percent in the duty on almost any imported article would be as effective as 100-percent reduction in destroying the American producer of that article.

It should be noted that the bill empowers the President to raise or lower duties without the investigation and report of any fact-finding body, without regard to the difference in the costs of production at home and abroad, without public hearings, without affording labor and industry an opportunity to fight for their livelihood, without giving public opinion a chance to be formulated and its influence to be felt.

It is utterly futile to discuss constitutional questions in this Congress. The bill plainly violates the Constitution in three particulars: It surrenders to the President the duty of Congress to regulate foreign commerce, the exclusive function of the Senate to ratify treaties with foreign nations, the exclusive prerogative of the House to originate revenue bills. This administration and its supine, complacent, and obedient majority in Congress apparently cares nothing for the safeguards that our forebears struggled for centuries to acquire.

The bill before us when enacted into law will give the President more power than any potentate of any nation has ever had in modern times. Behind closed doors, in secret,

without notice, he may give the butter market of this country to Denmark, cheese to Switzerland, steel to Sweden, shoes to Czechoslovakia, chemicals to Germany, woolens to England, beef to Argentina, silk to France, wine to Spain, china to Italy, lumber to Russia, sugar to Cuba, and Heaven only knows how many American industries may be sacrificed for the benefit of Japan.

You Democrats have attempted to deify the President. You have rendered him a great disservice. The only men who can remain on pedestals long are dead. You can see nearly a hundred of them in Statuary Hall. Much as I admire the President as a man and a patriot, I am not willing to give him, or any President, the autocratic power contained in this bill.

In the hearings held by the Ways and Means Committee on this bill, I find a partial list of dutiable articles which foreign countries are deemed by the Tariff Commission to produce more advantageously than the United States. On that list are certain chemicals, china, wire cloth, pocket cutlery, filler tobacco, cheese, eggs, berries, grapes, beans, peas, tomatoes, cucumbers, eggplant, silk fabric, and several hundred other articles. The articles I have specifically mentioned are extensively produced in my district. The blanket clause at the foot of the list may include every other product of our factories and farms. I do not know what is in it. But I know this: I will never consent to giving the President or Professor Frankfurter's Phi Beta Kappa brigade the power to destroy the livelihood of any manufacturer, farmer, or workingman in my district without a hearing.

Ever since the Smoot-Hawley Tariff Act was passed, Democratic spellbinders have inveighed against its alleged iniquities. No Republican claims perfection for it. Congress, in the very nature of things, cannot enact any tariff measure that does not reflect compromises and coalitions between the divergent interests we represent here.

We have been honest enough to admit to ourselves that the widely advertised logrolling methods employed when a tariff bill is before Congress results in an unscientific law, and we have inserted the flexible provisions so that the President, who represents all our districts, may with the assistance of a nonpolitical Tariff Commission correct the inequalities of the law and make import duties conform with the declared purpose of our tariff legislation. The protective tariff law on the statute books is being savagely attacked, but no attempt is being made to correct its alleged defects through the legal machinery that has been set up. Instead, the President asks Congress to give him absolute authority, beyond his constitutional functions and contrary to the law of the land.

Mr. Chairman, millions of Americans are beginning to ask how far this bewildered Congress will go in surrendering its constitutional powers to the revolutionary group in the executive branch of the Government. It is not a partisan question. As the administration program unfolds there is increasing evidence of rebellion against what the President euphemistically describes as a "permanent readjustment of many of our social and economic arrangements." There are more conservatives, more constitutionalists, on the Democratic side of this House than there are on the Republican side; not so many in proportion perhaps but more numerically. All of you profess to admire Jefferson, Jackson, Cleveland, and Wilson; most of you believe in their political philosophy. I know it from my daily contacts with you outside this Chamber. You are not radicals. How long will you permit yourselves to be beguiled by the artful and adroit use of disarming words?

It is not the Republican Party that is being destroyed in this fateful year; it is the Democratic Party. We on this side of the aisle are standing steadfastly for American ideals. We wish to eliminate the inequalities and injustices in our economic and social structure. Every thoughtful person knows that the greed and avarice of stupid men in favored positions have produced conditions which can no longer be tolerated. But we are not willing to sink the ship to destroy a few rats on board. We wish to preserve for our children a country where equality of opportunity for success

in any useful field of endeavor is open to all our boys and girls, and where individual liberty is limited only by the requirements of a well-ordered society.

There is not any dispute between Democrats and Republicans on those two propositions when they speak frankly; but as long as the Democrats in Congress are anesthetized by the speeches of the floor leader ending in "stand by the President", and intimidated by the Speaker's blacklist, there can be no stopping of the program that is leading us straight toward Communism, which denies all liberty and is the worst form of autocratic government the world has ever seen.

Mr. Chairman, there is a rapidly growing number of worried people in this country praying that the Democrats will return to their party principles and election pledges.

The President recently said:

In common counsel and common purposes we shall find the corrective of a present unhappy tendency to look for dictators. The wisdom of many men can save us from the errors of supposed supermen.

If you accept that doctrine, you will vote against this bill. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, the daily press and a number of my colleagues have become greatly exercised over the disclosures made by Dr. Wirt of Gary, Ind., to the effect that a group, strong in the administration, is actually working toward a revolution subversive of this Government and that President Roosevelt is the Kerensky of this movement, the intimation being that his regime will be short-lived, and that it will be soon followed by a violent overturn of the Government with communism in control.

While statements of this kind made by such an eminent authority deserve investigation, I am not one of those who believe that the American people will turn toward drastic action of this nature. I do not believe that Professor Tugwell has a secret supply of machine guns in his residence, nor do I believe that Dr. Ezekiel carries bombs around in his pockets. I doubt if any of the disciples of Felix Frankfurter, sometimes referred to as the "hot-dog boys", have as yet been selected as the Lenin and Trotsky of the forthcoming October revolution.

I do believe, however, that we have embarked, and are proceeding further each day on a course of governmental regimentation which, if followed to its logical conclusion, will bring about a change in our form of government almost as great as that accomplished by those famous followers of Karl Marx to whom I have referred. I believe further that there is an active group of radicals—call it the "brain trust", or what you will, which is intentionally, though quietly, working toward bringing about this complete change in the form of our Government. If citizens such as the good Gary school teacher are helpful in focusing attention on these trends, they will have performed a real service.

In the course of the last Presidential campaign Mr. Hoover made a speech in which he predicted that certain results would follow logically from some of the policies which his opponent enunciated. Mr. Hoover was often and wrongly quoted as having said that if Mr. Roosevelt were elected the grass would grow in a thousand streets. He did not say this. He did say, however, that if some of the policies which Mr. Roosevelt apparently supported were carried to their logical conclusion, then the grass would grow in a thousand streets. At the time much capital was made of this speech. Mr. Hoover was ridiculed as a man who had lost all sense of proportion, as one who would go to any foolish extreme in attacking his opponent's policies, but I am wondering whether, to the thinking man today, Mr. Hoover was far wrong. I give it as my considered opinion that if we pursue very much further the course on which we have embarked then most assuredly will the grass grow in a thousand streets.

We are now being asked to turn over to the President the right to make or break an industry without any delineation of the method by which the facts shall be collated on which

he bases his actions; without any disclosure of the course of reasoning which should guide him in his decision; without any provision that the groups, large or small, capital or labor, whose very existence may hang in the balance, shall have the slightest right of protest or even of appearance to plead their case. If the test which the Secretary of Agriculture has laid down is to apply, the President shall have before him but one question, "Is the industry involved efficient?" And in this test of the efficiency of a particular industry the question of the cheapness with which it can produce is to be considered paramount.

Imagine for yourself the small town of one industry, and there are many of them in this country. Some adviser to the President, we do not even know how selected, from what Department, or even whether he is to be connected with the Government, gives him information as to the so-called "inefficiency" of such an industry, perhaps, forsooth, because those conducting the industry are trying hard to keep up their pay rolls to help their employees, or perhaps because the N.R.A. has compelled them to adopt certain wage scales and hours which require a certain selling price to keep alive.

Or perhaps some foreign country which has an exportable surplus of the particular article manufactured in this town offers some sort of a mutual arrangement for the import into that country of certain American goods, which arrangement appears to some other advisor of the President as a general advantage to the foreign commerce of the United States. Acting on the advice of one or the other of these gentlemen, the President reduces by 50 percent the duty on the particular article produced in the town to which I refer. By the inexorable operation of the law of supply and demand the foreign goods which thus come in make it impossible for the industry in question to compete further. This American plant, backed by American capital, employing American workmen, must close its doors, all for the benefit of a foreign plant, backed by foreign capital, and employing foreign workmen. Is there any doubt but that if enough of this kind of thing happens the grass will eventually grow in a thousand streets?

Do not misunderstand me. I do not say that the present tariff is perfect. There are undoubtedly some schedules which should be revised downward—some perhaps upward—but to give this power into the hands of one man, be he ever so able, public-spirited, and industrious, is casting on him a burden which he must perforce delegate, perhaps to a totally irresponsible subordinate.

It is a familiar argument on this floor, presented by administration supporters, that it is safe and satisfactory to give these enormous powers to the President, because he is such a great leader, has such wonderful judgment, and will, of course, exercise these powers with the greatest care and for the greatest good of the country. Such an argument shows a very naive view of the office of the President. Is there anyone who believes that the President can personally attend to the multifarious duties which have been cast upon him? Even in normal times the great majority of the Chief Executive's work must be delegated, and in times like these where new duty after new duty has been placed on his shoulders, no mortal man would be capable of attending personally to everything. It naturally follows that the great majority of these duties must be delegated, even though the Executive Orders which follow bear the President's signature. The question, however, of whose advice is being followed, or who prepared the Executive Orders, is usually shrouded in deep mystery. Under the proposed bill the very lifeblood of the industry of a particular locality may be within the control of some one of the group of gentlemen against whom we are now being warned.

The present bill is really another manifestation of the way in which administration measures are inextricably mixing the question of recovery and that of social change. We all want recovery, and we want it as soon as possible. I doubt if many people in this country want basic changes made in the social and economic structure of the Nation. Moreover, such great changes are calculated to retard rather

than advance recovery. We all want business to go forward, but it is axiomatic that business must necessarily languish in times of economic and social transition. Business must have reasonable certainty in order to prosper, and such transition brings nothing but uncertainty. If we review many of the chief administration measures adopted during the past year we see a continual development of this phenomenon.

A typical example of this is the Bankhead cotton bill just passed by this House. Last spring we had provided that certain agricultural commodities should be established as basic; that a processing tax should be levied for the benefit of those producers of these basic commodities who would voluntarily curtail their acreage. Serious objection though there might be to such a bill because of the fact that all consumers of the processed commodity would pay the tax for the benefit of the producer, there was at least no compulsion.

In the Bankhead bill, though concealed under the laudable argument that something must be done to protect the majority of the producers of cotton against the antisocial producer who is unwilling to cooperate, as a matter of fact, the vicious principle of compulsion first rears its ugly head. If the Government may exercise the power to tell the owner of a piece of property arbitrarily what he may or may not produce, what is to prevent the Government from taking equal action with respect to all production, both agricultural and industrial? Is this such a far cry from the Russia of today?

The securities bill passed last spring was ostensibly to protect the investor against himself, but here again the concealed vice of the measure was that it made new financing practically impossible, resulting in the drying up of the stream of long-term credit which industry needs to go forward. Is it beyond the realm of imagination that this may have been the actual purpose of the framers of the legislation? Long-term financing industry must have. If it cannot receive it elsewhere it must get it from the Government, and if it gets it from the Government, the Government can make whatever restrictive conditions it may choose.

The proposed securities exchange control bill is another step along the same lines. Here again is the surface appeal of protecting the investor from stock manipulation, but the basic, though concealed, principle is to place the Government in a directory position over all large industries. Is it beyond the realm of imagination that the unknown but powerful drafters of this legislation visualized this as another step in the social revolution?

The gold devaluation bill was another typical example. Most people looked at it solely as a revaluation of the dollar; whereas its concealed purpose was a direct and vital blow against the Federal Reserve System. Is it too much to imagine that the framers of this act had the cold, calculating purpose of crushing the Federal Reserve System, and thus making the central banking institution of the country a branch of the Government itself with all the political possibilities and consequences which have been found so disadvantageous wherever this system has been adopted?

Mr. Chairman, it may be argued that any single one of these steps does no immediate harm, and is justifiable in times of emergency. The accumulated effect, however, is far-reaching and yet the approach has been so insidious that the people of the country have not yet waked up to what is happening. When they do wake up they may be faced with an accomplished fact, and it will then be almost impossible to turn back the hands of the clock and retrace our steps. We may find ourselves completely in the control of an absolute centralized authority, which is a polite way of saying "dictatorship." That word may shock us, but if we become long enough used to the circumstance, the name will thereafter mean little.

A well-known quatrain from Pope seems to be most pertinent to this situation:

Vice is a monster of so frightful mien,
As to be hated, needs but to be seen;
Yet, seen too oft, familiar with her face,
We first endure, then pity, then embrace.

Mr. Chairman, it is so with dictatorial authority. Though we may resent it when first presented, when we are faced with it day after day, approaching us first from one direction and then from another, we finally become used to it, and thereafter remain supine and contented. That is the tendency today, and if that tendency remains long unchecked, our American liberty is gone forever. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 8687, the Tariff Act of 1935, had come to no resolution thereon.

EXTENSION OF REMARKS—H.R. 8687

Mr. HENNEY. Mr. Speaker, it is universally conceded that we have witnessed and are still in the greatest financial depression that has ever engulfed this Nation. Forty-two years ago this Nation experienced a similar depression, and during those years our agriculture and industry suffered in very much the same manner and to approximately the same extent as we are now suffering. Our banking institutions and finances in general were in a deplorable state.

I well remember that one of the chief controversial matters during the McKinley and Bryan campaign of 1896 was that of expanding our commerce and particularly our foreign trade. During his administration President Cleveland advanced precisely the same argument and took exactly the same stand against reciprocal tariffs and foreign-trade agreements that is taken today by the leadership of the Republican Party; and at that time, 1896, William McKinley, who was then a candidate for the Presidency of the United States, took exactly the same position that President Franklin D. Roosevelt is taking today. Following the election of 1896 President McKinley entered into many trade agreements and reciprocal tariff arrangements with foreign countries. Those of us who are members of the Democratic Party and who remember well those hectic days are glad to voice our opinion that, following these reciprocal agreements entered into by the McKinley administration, prices in general began to advance. The farmer, instead of \$2.50 per hundredweight for hogs, received a gradual increase until in 1900 he was selling his hogs for 5 and 6 cents per pound. All other agricultural commodities followed suit. Our foreign exports of agricultural commodities was built up under the McKinley administration until in 1898 it reached approximately \$1,000,000,000 per year, which was the high point in the history of this Nation, and I might say is approximately three times that which it is today, although during those 35 years the population of this country has approximately doubled and the wealth of the country is more than four times what it was at that time.

There is an old Latin phrase used in logic "post hoc ergo propter hoc", which translated means "coming after and therefore due to it." Whether this may be considered a fallacy or not, the cold fact remains that it was the contention of the Republican Party in 1896 that reciprocal tariff trade agreements would increase the foreign commerce and in turn would aid the American farmer in disposing of his surplus crops and would thereby assist in advancing the prices of American crops. And whether or not we accept the benefits which followed that program as due to the tariff policy of President McKinley, the fact remains that the treatment applied seemed entirely successful. Today we find the two parties have absolutely changed their positions in that the party of Franklin D. Roosevelt is advising that we return to the policies followed by President McKinley in building up our foreign commerce, and the Republican Party of today is alined solidly behind the arguments advanced by President Cleveland and the policy which he pursued. Certainly it would seem the part of good judgment to return to that program which we believe was largely responsible for the prosperity which followed the McKinley administration

and assuming that it was at least in part responsible for that prosperity, to again give it a trial.

Much criticism has been advanced during the past few days of Secretary of Agriculture Wallace's testimony before the Committee on Ways and Means. I wish to quote here some of the statements made by the Secretary, but before doing so I want to state emphatically that President Roosevelt and not Secretary of Agriculture Wallace will in the last analysis be the one who will control and correlate this program. I might well quote Secretary Wallace's statement on page 53 of the hearings, in which he stated as follows:

Mr. WALLACE. It seems to me, sir, that the essence of the new deal, if I may be permitted to say it, is to take account of human rights. It would seem to me, also, that a man of the character of the President, in administering powers of this sort, would not be so inhuman as to retire in any barbarous way, such as you seem to contemplate, inefficient industries.

On page 45 of the hearings Secretary Wallace gave as his opinion that tariffs which are high tend to the production of unemployment in the efficient industries. The reason why this is true is because under the high-tariff program of the last administration approximately 50 foreign countries built up tariff walls against our export industries to such a height that it was absolutely impossible for them to continue their foreign trade, and therefore, although these industries had been highly efficient in the past and well able to compete with foreign manufacturers, still these barriers put them out of business, so to speak, and produced a tremendous unemployment in these highly efficient industries. His statement is as follows:

For my own part I believe it is important for the Congress to realize that high tariffs cause unemployment just as surely as low tariffs, perhaps even more certainly. It is just a question of where the unemployment is to be. In the case of high tariffs, unduly high tariffs, the unemployment is in the efficient industries which have been able to produce goods for the export markets. In the case of the low tariffs the unemployment would tend to be in the inefficient industries which are exposed to competition from abroad. Now, while that is a general statement of philosophy it is not a statement that necessarily applies immediately, and it would seem to me in the action under this particular bill, in case it became an act, it would be necessary to take into account the human problems involved in the case of the specific industry so that the matter would be handled not in a jerky, sudden way, but in a way that would do justice to the humanity which might be exposed too suddenly to foreign competition.

Much stress has been laid upon the statements of Secretary Wallace as to what he referred when speaking of inefficient industries, and particular stress has been laid by some of the members of the committee to the sugar-beet industry and other manufacturing industries which have required a subsidy in the matter of high protective tariffs during the past few years in order that they might continue in business. I wish to quote Secretary Wallace from page 55 of the hearings with respect to his opinion as to the application of reciprocal tariffs to agriculture. Mr. REED of New York asked:

Would you lower the tariffs, for instance, on butter, milk, eggs, wheat, and all these farm products? Do you think that would benefit the situation now?

Mr. WALLACE. Why, obviously lower tariffs on agricultural products would not benefit agriculture in those cases where they are effective. The butter tariff has been effective up until—oh, it was moderately effective up until 2 or 3 years ago. The increase in dairy production has been such recently, however, that the benefit does not amount to much.

Mr. REED. Then, do you believe, if that tariff were lowered now, it would help agriculture?

Mr. WALLACE. Well, I am to some extent a partisan of agriculture, and I would hold on to all the agricultural tariffs I could get; from the national point of view, it seems to me that agriculture is entitled to exactly the same kind of tariff benefit as industry—to that and no more.

One of the articles that has brought forth an unusual amount of argument and criticism is that relative to the sugar-beet industry in the United States. Secretary Wallace, when asked about his opinion relative to this industry, replied as follows:

Mr. WALLACE. The sugar-beet industry, as measured from the standpoint of free world competition, is inefficient.

Mr. KNUTSON. And it should be abolished?

Mr. WALLACE. I did not say so.

Mr. KNUTSON. Should it?

Mr. WALLACE. I have stood precisely and definitely before the Senate Committee on Finance for maintaining the sugar-beet industry on the basis of 1,450,000 tons, which is the average of the past 3 years. I do not think the beet-sugar industry should be allowed to extend further, because if it is expanded further, it is doing it at the expense of our export agriculture, it is robbing the wheat farmer of a market for flour in Cuba; it is robbing the hog farmer of a market for lard in Cuba. I think it is unsound economically to allow an industry of that type to expand further at the expense of efficient agriculture.

Mr. KNUTSON. We produce 94,000,000 pounds of beet sugar a year, and we consume 250,000,000; we have, in round figures, about 800,000 acres in the Red River Valley peculiarly adaptable to raising beet sugar; we are not permitted to do so; we are going to be compelled to continue importing about 150,000 pounds.

Mr. WALLACE. You would be doing it definitely at the expense of the American consumer and our efficient export industries, and that you should not be allowed to do.

Mr. TREADWAY. You have been touching on beet sugar, and I would like to refer to the sugarcane problem.

Mr. KNUTSON. That is a Democratic problem.

Mr. TREADWAY. It is an industrial problem. To what extent do you think the cane-sugar industry should be limited or placed under quota?

Mr. WALLACE. You are referring to domestic cane?

Mr. TREADWAY. Yes; in Louisiana.

Mr. WALLACE. The same philosophy should apply; there is no difference between the North and the South.

Mr. TREADWAY. You would not approve of the expansion of the growing of cane sugar in Florida?

Mr. WALLACE. I would not, unless it is an efficient industry, and it is clearly not; they cannot produce as cheaply there as they do in Cuba.

Mr. TREADWAY. They can employ American hands.

Mr. WALLACE. We will have more net material welfare if we produce things we can produce efficiently and exchange them for goods produced more efficiently elsewhere; we can produce lard cheaper today than it can be produced in Cuba; Cuba has an outrageous tariff on lard. Why not send Cuba our lard and take from her sugar?

Mr. TREADWAY. And stop the production of cane sugar in Louisiana.

Mr. WALLACE. Stabilize it on the basis of the last 3 years.

Mr. TREADWAY. With no expansion?

Mr. WALLACE. With no expansion; no.

Mr. KNUTSON. What are we going to do with the people operating inefficiently?

Mr. WALLACE. I think we have to consider human rights. That is the reason we have proposed in the sugar plan to give quotas on the basis of the average of the past 3 years. They are not allowed to expand; they are to be paid the parity price on the average production of the past 3 years, a production greater than any year except the past year. They are not going to be thrown out of work; they are given certain benefits and not allowed to expand.

The Secretary has stated definitely his views relative to the expansion of this industry. I want to say again that they are only his views as a member of the Cabinet and that Secretary Wallace will not have the administration of this legislation, but in view of what he has said relative to the production of cane sugar, I wish to read a statement made by Prof. John R. Commons in a pamphlet entitled, "Agricultural Tariffs", and statements based on investigations under the direction of Benjamin H. Hibbard, John R. Commons, and Selig Perlman, of the University of Wisconsin.

In discussing the Hawley-Smoot tariff, then under consideration, Professor Commons said:

The present sugar duty cost the American public about \$289,000,000 during the year 1928. The average farm family consumes about 405 pounds of sugar annually in all forms; the urban family about 432 pounds. On the assumption—which is carried through the following calculations—that in the long run the sugar tariff is paid by the consumer, the annual cost of the present sugar duty is equivalent to about \$9 per farm family and about \$10 per urban family. The present tariff burden will thus be increased nearly \$4 per family, making the annual total cost to the American public \$384,000,000, or about \$13 per farm and \$14 per urban family. To the extent that the duty is absorbed by the manufacturer the actual burden on the family is decreased. The total burden to the Nation, however, remains the same.

BURDEN DOUBLE THE REVENUE

The Federal Government, however, derived an average annual revenue of \$135,000,000 during the 7 years 1922–28. This is equivalent to less than one half the cost to the consumer. The proposed tariff will net the Government \$160,000,000 annually if imports do not decrease, and will cost the consuming public an additional \$95,000,000, or a total of \$384,000,000.

NET LOSS TO ALL FARMERS

Less than 3 percent of the American farmers get about \$43,000,000 annually under the present tariff; and all of the farmers pay about \$60,000,000, a net loss of \$17,000,000 to all farmers. Under

the proposed Hawley-Smoot tariff a few farmers will get about \$59,000,000 based on present production. All farmers will pay nearly \$77,000,000 in increased prices. This tariff, therefore, represents a net loss to all farmers of \$18,000,000 per year.

These investigations and research work were made in 1928 at the time of the impending Hawley-Smoot tariff.

It is most illuminating, indeed, to reflect upon the conclusions drawn by Professor Commons regarding the amount which this tariff cost the farmers of this country for the sugar they used on their tables over and above the benefits which will accrue to the remaining 3 percent of sugar producers. Certainly no farmer in the whole United States would disagree with Secretary Wallace in his statements that such an industry should not be encouraged to expand. All of us believe that this industry should not be curtailed nor abolished entirely, but an industry requiring such a subsidy should not be encouraged to branch out.

The pineapple industry in this country, I think, is a glaring example of what might be termed inefficient industry, and certainly no one believes that this industry should be induced or encouraged to expand. Several years ago a group of promoters conceived the idea of developing the pineapple industry in southern United States. There were some 13 of these farmers who succeeded in logrolling a pineapple tariff through Congress which gave to these 13 farmers approximately \$1,800 of benefits per year for their industry. The industry did not expand, and, in fact, during the course of a short time 3 of the 13 growers discontinued their operations, leaving but 10 in the industry. The amount of revenue brought into the United States through this tariff amounted to approximately one-half million dollars, but the middlemen and handlers of pineapples pyramided their prices until this increase in the tariff cost the consumers of the United States approximately \$1,500,000. This in order that these 10 preferred growers might receive \$1,800 subsidy on their industry. This would amount to about \$180 per year apiece. It would have been far better financial economics if the Government had pensioned these growers for life than to saddle upon the consuming public a subsidy amounting to over \$1,000,000 per year.

In the manufacturing sphere, I wish to mention the matter of surgical instruments, and to include a statement made by the Honorable DAVID J. LEWIS, of Maryland, former member of the United States Tariff Commission, as summarized in his Tariff Studies:

Financial reports of companies producing these instruments show profits that are in keeping with the excessive prices being paid by users. One illustration will suffice to show that the industry is not lacking prosperity. The Central Scientific Co., of Chicago, which is seeking higher duties on its products, 5 years ago increased its capital stock from a total of \$100,000 to \$500,000 common and \$500,000 preferred by means of a stock dividend. In 1926 it paid dividends which averaged 13 percent on the \$1,000,000 of capital stock; in 1927 it paid 11 percent; and in 1928 it paid 13 percent. The latter rate is equivalent to 130 percent on original investment. In addition, the company has accumulated \$200,000 surplus since the stock dividend 5 years ago. For each \$1,000 worth of common stock held prior to the stock dividend the owner would now have \$10,000 in par value and more than twice that amount in value based on dividends and earnings, and would have received an average annual income of \$1,233 during the past 3 years.

Thus the prices of these surgical instruments, being 109 percent higher than pre-war, are at present 48 percent above normal, judged by the average prices now obtaining for other commodities. In the case of dental instruments, representative articles show an increase of prices in 1929 over 1913 of 266 percent. Since the general increase of prices as above stated was but 40.4 percent, these dental prices are now 160 percent excessive, judged by the average prices of other commodities.

As a member of the surgical profession I can truthfully state that there are practically no surgical instruments purchased by the ordinary surgeon that are not made abroad, largely in Germany. I have been reliably informed that there is but one manufacturing house in the United States that produces wholly all of their own surgical instruments. There are many manufacturers who produce a few of the surgical instruments which they sell. The greater proportion of such articles which they sell under their own name are manufactured abroad and imported into the United States. The tariff at the present

time on surgical instruments is terrifically high: 70 percent. Certainly, inasmuch as these instruments are purchased from Germany, why would it not be good business judgment to permit them to have the tariff rate lowered on these instruments in order that the American purchasers and the patients of surgeons, who in the last analysis must pay for these instruments, might receive the benefits of this lowered tariff and at the same time trade agreements entered into with Germany in order that American wheat, pork, lard, and cotton might be shipped into Germany.

Much has been said in the hearings by Secretary Wallace relative to German toys, and here again I feel that the same argument should apply. In this connection I wish again to introduce a statement made by the Honorable DAVID LEWIS in his summaries of Tariff Studies.

From 1909 to 1922 the tariff rate on toys and dolls had been 35 percent. The rates in the present law, 70 percent, were adopted in 1922 because of abnormal European currency conditions. In the pending tariff bill the rates are increased, by indirection generally. The rate on pyroxyline dolls increased from 60 to 165 percent. Cost comparisons of representative dolls and toys indicate that the present difference in costs between foreign and domestic production is 21 percent. A reduction of the present tariff of 70 percent to the Aldrich rate of 35 percent seems to be indicated by the investigation. The Tariff Commission found that the costs for wages and salaries combined in the manufacture of toys and dolls, compared with the wholesale value produced, is 34.5 percent, approximately the ad valorem rate of the Aldrich bill. Extraordinary profits of manufacturers appear to be realized on these dolls and toys through the excessive prices permitted by the present tariff. The Faultless Rubber Co. of Ohio makes rubber toys. Its annual dividends are at present at a rate equivalent to 20.7 percent on its stock of \$100 par value. In 1919 this company paid a special dividend of about 33 percent in Government bonds and in 1920 a special dividend of about 66 percent in preferred stock, which has since been retired at \$103. The principal witness before the Ways and Means Committee in behalf of manufacturers of toys was A. F. Gilbert, of the A. C. Gilbert Co., Connecticut. It was incorporated in 1928 to take over the business and property of another company of the same name. The predecessor company paid dividends of 10 percent in 1925, 25 percent in 1926, and 30 percent cash and 100 percent stock in 1927. In 1928 the net earnings showed an increase of over 17½ percent.

In both of these industries—surgical instruments and the toy industry—the President is not asking that these industries be wrecked or curtailed in their production but that they should not be encouraged or induced to expand their activities.

Abraham Lincoln, in his homely philosophy, advanced the best argument, I believe, that has ever been produced on behalf of the protective-tariff system and its effect upon America in general. However, I feel that President Lincoln could have gone further in his argument and have been more conclusive. He stated that if an American wished to buy a suit of clothes, and purchased such suit in England, that England would have the \$10—the price prevailing at that time—and America would have the suit of clothes, but if that American purchased the suit of clothes in Boston, America would have the suit of clothes and likewise the \$10.

As stated above, I believe his argument could have been carried further to say that if the American spent the \$10 for the suit of clothes in London, that the Englishman, under the reciprocity agreements, would come back to Kansas and buy up 10 bushels of surplus wheat with his \$10, and the result would be that America would have the suit of clothes, the \$10, and the Kansas farmer would have gotten rid of \$10 worth of surplus wheat that has piled up in America to depress the wheat market.

I wish to state here and now that I believe there is not a Democrat in America who believes in free trade, nor is there one who believes in tariff so low that foreign producers may be allowed to steal away the American markets, but the philosophy advanced by President Roosevelt is that tariff should be sufficiently high to prevent undue flooding of American markets, at the same time to produce a revenue for the American Government, thereby decreasing general taxation, and that tariff rates in general should not be disturbed excepting that trade agreements might be entered into with foreign nations to the end that particularly the American farmer shall be allowed to dispose of his surplus

production instead of destroying it, which in the last analysis is the only other alternative if he is to be protected from the effects of overproduction and underconsumption, and when such time arrives then the products of American agriculture may be disposed of in foreign markets sufficiently to absorb this price-depressing surplus.

The restrictions applied by the A.A.A., together with the unpopular and distressing processing tax, should be and will be absolutely removed if and when the free flow of agricultural products can reach foreign markets. There are just two methods at the present time of assisting the farmer to control his surplus production; namely, by restrictions in acreage and, secondly, by stimulating foreign and domestic purchases. During the prevailing emergency our Government has embarked upon the restriction program as a stop-gap, and the reciprocal trade agreement has been fostered and is being advanced with a view to future resuscitation of agriculture on a long-range program.

There are many who believe that if the country is prosperous the tariff must be increased to insure that prosperity; if the business of the country appears to be slipping, the tariff should be increased to start it back on the road to improvement; and if the country is in a severe panic or depression, the tariff should be stepped up and all will be hunky-dory. Most of us remember the statement made by ex-Senator Watson, of Indiana, on the floor of the other body when the Smoot-Hawley Tariff Act was under discussion in 1930. His statement in effect was:

I wish to say here and now—and I ask my colleagues in this Chamber to recall my prediction in the days to come—if this tariff bill is passed business conditions will begin to improve immediately, and within 1 year we shall have regained the peak of our prosperity.

Mr. Speaker, I submit that that prophecy did not materialize; in fact, the days and months which followed the enactment of that infamous bill saw increasing numbers of smokeless factory chimneys and motionless factory wheels. It saw increasing millions of unemployed walking the streets of our cities vainly seeking employment. Those predicted halcyon days saw farm prices reach the lowest levels that they have reached in the history of the country. Before this bill had been passed over 1,000 economists of this country, representing the largest universities and colleges in our land, petitioned President Hoover not to sign the bill, and we were informed by my colleagues the other day that he came near not signing the bill because it would not do for agriculture what had been promised them by the Republican platform of 1928. This I interpret as no defense of its admitted shortcomings.

I am in strict agreement with Secretary Wallace's statement in which he said:

I would hold on to all the agricultural tariffs I could get.

I believe they are absolutely necessary to protect particularly the dairy industry of this country as well as many other agricultural commodities. However, I do know that there are many industrial concerns that have grown hog fat entrenched behind tariff walls, and they have been veritable pirates on the people of this country. It is the old story of the American farmer getting a mouthful, while the industrialists are getting not only a meal but a real banquet. I cannot for the life of me understand the paradoxical argument that has been advanced on this floor in which advocates of the last tariff act accept glorified credit for having a \$3 per thousand tariff placed on lumber, which together with the additional dollar per thousand taxes which has increased the price of lumber to farmers and builders to that extent, and likewise, the increased tariff on cement, wire fencing, and other building materials. In contending that such increases in tariff were of benefit to the farmers who must build barns, silos, granaries, and so forth, to me would require a great deal of political dexterity to convince the man who sells his crops on an unprotected market at prices set by the purchaser, and who is obliged to pay the prices set by the seller when he buys industrial commodities, that he is going to benefit one iota. In fact, I am convinced that the farmer of today, who does a great

deal of reading and who has the radio at his command, is thoroughly awakened to the fact that the commodities which he purchases are protected 100 percent, and the commodities which he sells are protected in many instances not at all because of the surpluses produced on his farm. Therefore, if trade agreements can be entered into whereby he can have his surplus traded abroad and the stored grains that depress his market removed, he realizes that he can again go into the market and say he asks so much for his tobacco, corn, wheat, butter, and so forth, and will not have to submit to the humble pleading of, "how much will you allow me."

I have introduced a bill in the Congress, H.R. 3829, for the purpose of regulation of the importation of milk and cream and milk and cream products, such as cheese, butter, and so forth, which will prevent the importation into the United States of cheese and butter from countries in which the dairy herds contain a large percentage of tubercular cows and in which the dairy scoring does not conform to the standards as laid down by the Bureau of Animal Industry of the Department of Agriculture in the United States. This bill is simply a supplemental bill, or rather a substitute amendment to the Lenroot-Taber bill, which was passed by the Congress and signed by President Coolidge in 1926, and which applied only to milk and cream. The mechanics of my bill and the administration of the enactment would be precisely the same as the Lenroot-Taber bill, which legislation has been of untold benefit to the milk producers, particularly of New York State and the East.

In the hearings before the Agricultural Committee evidence was introduced showing that many of these foreign countries that ship cheese into the United States have tuberculosis existing in their herds ranging from 15 to 50 percent. It was the contention of these importers that the tubercular germs were automatically killed in the processing of the cheese. This contention is denied, and it has been conclusively shown through laboratory experiments by scientists and experts in tuberculosis to be untrue. It has been shown that the living tubercular germ can be recovered from such cheese in certain instances for a period of at least 200 days.

The herds in my native State of Wisconsin are tubercular free, there being less than two tenths of 1 percent of these herds that are infected. Wisconsin produces approximately 65 percent of the cheese in the United States, and the remaining 35 percent of the cheese is produced likewise in States that are largely tubercular free and accredited States. Therefore, our cheese producers are placed at the unfair disadvantage of being forced to compete with foreign importers who because of subsidies advanced to them by their governments are able to undersell our American producers, even after the tariff of 5 to 7.7 cents per pound on cheese has been deducted.

The matter of foreign organizations subsidizing their cheese importers was brought out in the hearings recently held on my bill before the Subcommittee on Agriculture, in which the evidence submitted and not denied showed that certain foreign governments organized so-called "import pools" in which such importers would sell their cheese in competition with American cheese and would be paid for the loss sustained by the foreign farmers who sold their cheese to the import pool, they, in return, remitting same to the farmers. In the last analysis, of course, the government from which this cheese was imported reimbursed the pool to the extent of their loss.

The only fair and right and just way of meeting this situation is to oblige such importers to comply with the health regulations of our country. If they can and will do it, there will be absolutely no restrictions on the importations. If they cannot and will not do it, they should not be permitted to import cheese into the United States.

It is my intention today, Mr. Chairman, to introduce an amendment to this bill for the purpose of protecting the rights of the American cheese producers and the American consumers against the unfair competition of this cheese which does not conform to the standards required of our

American producers. Our dairy industry is amply protected by tariff at present. But we shall not consent that this tariff be lowered, but we do recognize the fact that when such tactics as these are entered into by foreign importers, in which their farmers are subsidized, that even the present tariff is not protective—and in view of the fact that our American producers have spent millions of dollars in perfecting their herds in the eradication of tuberculosis, and that the Government likewise has spent millions of dollars, we believe that we are asking for no unfair discrimination when we demand that foreign importers comply with our standards.

Mr. CARTER of California. Mr. Speaker, the last few weeks there has been before this Congress a measure of vital importance which has been the subject of much discussion and debate. The bill (H.R. 8430), entitled "A bill to amend the Tariff Act of 1930", if approved, provides that the President whenever he (in his discretion) finds that any existing duties on other import restrictions are unduly burdening and restricting the foreign trade of the United States, then he shall have the authority to enter into foreign trade agreements with foreign governments and he shall have the further discretion to reduce or increase any existing rate of duty in an amount equal to 50 percent of the existing rate.

Under article 1, section 8, of the Constitution, Congress is given the power to fix and levy duties. It is to be observed that this power is given solely and only to Congress by the people of the United States. Congress is therefore under a solemn obligation to the people of this country to jealously guard such a power, and even though it may have authority to delegate some of its powers, the fact, clear and unambiguous, is that the people of this country never intended that such power should be given to the executive branch of our Government. Had such an intention been in the minds of the people, they would have manifested it in specifying the powers granted to the Executive. An examination of the powers granted to the Executive fails to disclose any such intention.

There was evidently a particular reason for this fact; import duties having a serious and far-reaching effect on the economic life of the people and the industries of this country. Today, as during the time the Constitution was framed, the industries of this country were either nonexistent or struggling for existence. It was recognized that in order to protect these home industries some measure would have to be taken to prevent this country from being flooded with cheaply made foreign goods, making it impossible for our industries to compete and enjoy a decent standard of living. Today we are faced with identically the same problem.

Congress was given this power for one very important reason if for no other, that it is so constituted, representing as it does every community in this country, that it is able to investigate and ascertain the necessity and extent of protection needed by the industries in these communities, and further, that before any legislation is enacted affecting this vital phase of our economic life, opportunity by petition or hearing could be afforded the interested parties.

This act contemplates divorcing Congress from this obligation and placing this power in the hands of the Executive to use as his discretion deems advisable.

While I have full confidence in the President, it is obvious that it will not be in the discretion of the President that this trust will ultimately repose in the discretion of one or more of the "brain trust." The air-mail contract cancellation fiasco is a glaring example of what we can expect when discretion is imprudently delegated. Just as in the case of the cancellation of the air-mail contracts without hearing, or proper investigation, disregarding entirely one of the fundamental principles on which our Government is founded, so without any hearing the protection now afforded our industries already struggling for survival could be wiped away.

It is submitted, therefore, that before we Members of Congress divest ourselves of this obligation which we have

sworn to fulfill and before we delegate this vital power to the members of the "brain trust", we consider carefully and thoroughly its consequences.

Mr. DITTER. Mr. Speaker, the tariff bill which we are presently considering is the most momentous and revolutionary measure which has ever come before an American Congress. It marks a departure from all time-honored precedents. It involves a further surrender on the part of the representatives of the people to the will of the Executive. It is another step toward absolute dictatorship and the destruction of constitutional democracy. The outstanding characteristic of the present Congress has been its submissiveness to the will of the Executive. It now proposes a complete surrender of its most important power.

This tariff measure comes to us as a result of the message of the President to the Congress requesting power to enter into Executive commercial agreements with foreign nations. The Executive bases his request for enlarged powers upon the decrease in foreign commerce and cites as a reason for these extensive demands the fact that the executive branches of other important trading countries already possess similar powers. To many Members of the House the reference to the arbitrary and dictatorial powers of foreign rulers is neither a persuasive factor nor a wholesome citation. The present emergency provides the excuse by which the Executive would take unto himself the determination of the taxing privilege of the American Congress. History records that the pleas of necessity and efficiency have always been the pleas upon which every despot has founded his excuse for the assumption of extraordinary power.

The taxing power has been the most jealously guarded right of the American people. The power to tax is the power to develop or to destroy. It is the power which gives life or decrees death. It is the power to encourage initiative or to discourage endeavor. The right of taxation must be preserved to the American people if our personal liberty and our free institutions are to survive. A study of the bill indicates that the proposal is a complete change in tariff-making practices.

The President is given absolute authority to enter into trade agreements with other nations, to determine tariff rates, reducing or increasing them; and to abolish not only the right of this House to pass upon and determine such tariff regulations but the right of the Senate to approve the treaties. It has been urged upon us by administration spokesmen that the measure involves no surrender of the taxing power vested in this body by the Constitution. The efforts of the distinguished gentlemen of the majority to defend the bill on the ground that it is not a taxing measure have been superficial. The futility of their efforts and the lack of sincerity is all the more apparent by an examination of the record of the observations of these gentlemen on previous tariff measures. A tariff bill is a tax bill, and if the power to fix the amount of such tariff, either to raise or lower it, is delegated by this body to the sole determination of the Executive, it is tantamount to granting to the executive branch of the Government a power specifically committed to the Congress by the Constitution. The wisdom of the framers of our Constitution can be appreciated by a consideration of the document as a whole, but no better evidence can be found of the precautions exercised by the fathers than the provision for levying taxes. This all-important function was safeguarded to the people by its commitment to the legislative and not the executive branch of the Government.

I have the honor to be a Representative of one of the great industrial States—a State which has always been in the forefront of the industrial life of the Nation. Pennsylvania is proud of her industries. She is jealous of their welfare. She is ambitious for their development. She is committed to their protection. Our concern for these industries is prompted by our conviction that the welfare of her people depends almost wholly on the employment which these industries provide. Their happiness, their contentment, and their prosperity must be safeguarded. Their very sustenance is threatened by the proposed enactment of this capricious, theoretical experiment in foreign marketing.

The homes of my people—homes in which industry and thrift are taught, and in which frugality and honest toil seek to provide advancement and respect—these homes which nurture worthy American ideals are menaced by this amazing effrontery. My plea is not for the industries, my prayer is for my people. God guard them against the menace of this threatened destruction.

A reasonable certainty of tariff protection has assured the workmen, in whom I am interested, against the ravages of cheap foreign competition. If this bill is enacted, this certainty disappears, and in its place there looms the prospect of the sacrifice of these industries and her workmen on the altar of fantastic foreign-trade benefits. We have been assured that no sound, important American industry will be injuriously disturbed by the proposed agreements with the foreign nations, but we have no assurance as to the basis upon which the soundness or the importance of an industry shall be determined. In fact, the expressed purpose of the bill is not the protection of American industry or the American workmen but the development and encouragement of the importation of foreign goods to compete with the products of our own mills and factories. It is alarmingly apparent that it is intended to destroy certain industries which are considered unsuited to, or unimportant in the proposed international bargaining and an anticipated but not certain benefit in an agreement with some foreign manufacturing country will be a sufficient warrant for the wanton destruction of a Pennsylvania factory, or mill, or foundry, and the consequent dismissal and distress of the employees.

Each factory, each mill, each loom, each forge which provides employment to a single wage earner is an important industry to such wage earner and those dependent upon him. I am committed to his interests. He has the right of protection against a program by which he would become a mere pawn to be moved about under the rules of a planned economic game of chance. Is this proposal another link in the chain of collectivism which some would forge for the complete enslavement of American initiative and individual endeavor? I cannot subscribe to nor support the proposal to extend a communistic doctrine in the industrial field at the expense of the freedom-loving workmen of my district.

The majority has taken a pride in the mandate of the people by which it enjoys its present power, but the mandate of the people never contemplated a program such as the one presently before us. No Member of the House can be bold enough to suggest that his campaign pledges included an avowed purpose on his part to surrender to the Executive the right to impose taxes. Have we become so insensible of our duties and obligations that we are dominated by a spirit of complete subserviency? Are we entirely devoid of any sense of self-respect? Have we reached the point of admitting our unworthiness of the trust committed to our keeping? The power to tax is our power. It is a power that has been committed to us by the American people. It is a power which we cannot evade. It is a power which belongs solely to the Congress of the United States and should be exercised by it.

The surrender of this power to the Executive is the creation of absolute despotic authority. It will enable the Executive to create favorites upon whom he may bestow his pleasure and privilege. The favored industry, the favored business man, the favored group of employees may receive extended privileges and unwarranted rights at the expense of those who may not measure up to the Executive's delight and pleasure. I attribute no improper motives or purposes to the President of the United States when I join with others in this House in raising my voice of objection to the measure. In the hands of the present Executive the privilege which he seeks may be exercised with justice and equity, but we are confronted with the danger of the establishment of a precedent which may be disastrous. Again, we must be mindful of the fact that in spite of proper motives the present Executive or any future Executive is human. The fallibility of the human factor is present. Mistakes in judgment, errors in analysis, faults in conclusions should be

guarded against by the customary methods of open hearings and public debate.

By this measure we create a star-chamber proceeding. Secret agreements, secret conferences, secret considerations, and secret determinations are to take the place of the open forum and public discussion of the taxing privilege. It is in the atmosphere of secrecy that collusion, intrigue, duplicity, and deception may breed. It is in the confines of the secret chamber that the rights of free men and free institutions are bartered away. Shall it be said of the Membership of the House that it was willing to trade its love of liberty, its love of free institutions, its love of American traditions, its love of American ideals, and accept in exchange therefor possible despotic abuses? I do not believe it. I cannot reconcile my understanding of the obligations of our oath with such wanton and abject surrender of our duties and privileges.

We must not lose sight of the fact that the foreign debt situation is definitely a part of the program of foreign commercial relations. The relationship of debtor and creditor is definitely a part of any trade relationship. The nation which buys from us becomes a debtor to us. The nation from which we purchase becomes our creditor. All of us are familiar with the debts presently owing to us by foreign nations and the people whom we represent are acquainted with the conditions prevailing at the present time in the international debt situation. Are we to become further involved in the intricacies of these foreign relationships by committing to one man the determination of advantage to be secured by entering into trade agreements with these countries, involving, as it must needs involve, some disposition of their present indebtedness to us? Is it not reasonable to suppose that each of the foreign nations will be alert and active in studying the advantages which come to them through such trade agreements and insist upon a favorable disposition of our claims against them before any possible trade benefits can come to us? Our experiences with foreign agreements have not been encouraging. We have had assurances and guaranties and agreements and covenants, none of which have been honored or kept. Is there any reason to assume that the contemplated trade agreements proposed by the Executive will have any greater binding force or efficacy than those which we have had in the past?

The plea of necessity and emergency has prompted the present Congress to give to the Executive unusual powers, but there is a time when even the most submissive man must realize the sense of danger which is present. We have vested in the President of the United States powers which were never sought by any of his predecessors and certainly never contemplated by those who framed our constitutional form of government. The President of the United States has assumed almost complete control of the destiny of the American people. The power which he now seeks would make him the most powerful ruler in the world. The quest for power has marked the efforts of all dictators. More power and still more power to the ruler means less rights and still less rights to the people. It is time to stop. It is time to call a halt. It is time to heed the danger of the course which we are following. The issue is clear. Popular government is on trial. Upon your vote and my vote depends the future destiny of the rights of free men, the continuance of free institutions, and the blessings given to us by our forefathers. We enjoy the privileges of a magnificent heritage—a heritage that has come down to us from the days when an English-speaking, liberty-loving people wrested from weak King John a Magna Carta; a heritage that has been further guaranteed by the Bill of Rights, the Habeas Corpus Act, the Declaration of Independence, and the Constitution. Shall this heritage be handed down by us to our children and our children's children unimpaired or shall we, in abject and servile surrender, destroy the blessings of liberty and the rights of free men? There is but one answer. God grant that there may be given to you and to me the courage to voice a positive and defiant declaration that there should be preserved for all time to come the rights of liberty and freedom without despotic spoliation.

Mr. CHASE. Mr. Speaker, this bill represents just one more step in the bloodless revolution in the throes of which America is alleged to be suffering.

It is a step through which the Congress is invited to abdicate still more of its constitutional power to a benevolent autocrat.

Never in American history, in war or in peace, have such tremendous powers been conferred upon the Executive as have been now naively asked by the administration of the present Congress, and each time the Congress has yielded its prerogatives to the executive branch.

There has been debate in the House as to whether or not this measure proposes to transfer taxing power to the President, the issue being, Is a tariff a tax? In his book, *Looking Forward*, published after he became the Nation's Chief Executive, the President says at page 177:

A tariff is a tax on certain goods passing from the producer to the consumer.

So, to the embarrassment of his supporters, he cuts through their mass of legal oratory and calmly states, "A tariff is a tax."

This bill constitutes a definite, clean-cut step away from the ideals of America toward the ideals of Soviet Russia. It is my purpose to discuss it from an agricultural standpoint only, and with particular reference to its effects upon the people and industries of Minnesota.

Following the Agricultural Adjustment Act, enacted at the special session, measure after measure has been forced through Congress, each granting greater powers to the Chief Executive, or some one or more of his appointees.

In nearly every instance, the powers of the legislative branch of the National Government have been lessened and those of the executive branch increased. In many instances the inspiration for the acts has come from Russia, and the theory of government back of it is economic planning.

A few weeks ago the House passed the cotton bill and introduced into American agriculture for the first time the principal of compulsory control. That act is described in the *Washington Herald* of March 20, as follows:

It is too complicated for an explanation to be made that would be intelligent, but in brief, it provides that hereafter the world's supply of cotton will be raised by India, Egypt, and Russia.

There is now before the House Committee on Agriculture a sugar bill, which proposes to restrict production of sugar beets and the manufacture of beet sugar in continental United States, in the interest of the cane-sugar producers of Cuba and the capital invested in refineries there.

The third step is a mysterious bill, frequently referred to on this floor but thus far not brought out into the light of day, by which it is proposed to amend the Agricultural Adjustment Act, by placing under the Secretary of Agriculture agricultural commodities other than basic agricultural commodities under such rules and regulations as the Secretary may deem necessary. Now, on top of these three proposals, comes this latest monstrosity, delegating to the President some of the legislative powers of the Senate and House, and the power of life and death over American agriculture.

The purpose of this talk is to prove that H.R. 8687 is:

First. Contrary to the principles of the Democratic Party as enunciated in its platform pledges.

Second. A violation of the campaign pledges of the Democratic candidate.

Third. A definite attack upon the interests of agriculture.

Fourth. Will prove harmful in practice.

During the life of the Democratic Party it has never proposed such unwarranted and autocratic delegation of congressional power to the President. In its 1932 platform the party declared:

We advocate a competitive tariff for revenue, with a fact-finding tariff commission free from Executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

You will note that the recommendation is for a fact-finding tariff commission. In 1928 the tariff plank in point said this:

(c) Abolition of logrolling and restoration of the Wilson conception of a fact-finding tariff commission, quasi-judicial and free from the Executive domination which has destroyed the usefulness of the present Commission.

It is noticeable in the above that the party went definitely on record as opposed to the principle of the present bill.

In its 1920 platform Democracy stated its policy on the tariff to be:

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only, and we confirm the policy of basing tariff revision upon the intelligent research of a nonpartisan commission rather than upon the demands of selfish interests temporarily held in abeyance.

Now, it is noticeable that there is no proposal to enlarge Executive powers, but, on the contrary, definite commitment to intelligent research by a nonpartisan commission.

In 1916, the tariff plank said in part:

The Democratic Congress is providing for a nonpartisan Tariff Commission to make impartial and thorough study of every economic fact that may throw light either upon our past or upon our future fiscal policy with regard to the imposition of taxes on imports or with regard to the changed and changing conditions under which our trade is carried on. We cordially endorse this timely proposal and declare ourselves in sympathy with the principle and purpose of shaping legislation within that field in accordance with clearly established facts rather than in accordance with the demands of selfish interests or upon information provided largely, if not exclusively, by them.

Here, it is noticeable that not only is there no suggestion of autocratic control by the Chief Executive, but the party commits itself to legislation within that field.

The same policy prevailed in 1912, when the tariff plank in point is this:

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

Again the proposal is this, "legislation that will not injure or destroy legitimate industry."

And so the party platforms ran. At no time has the Democratic high command declared in its campaign platforms for the dictatorship plan of government desired by the group of young professors, who are now serving as advisers in the formulation of the administration's agricultural program.

In no Democratic platform has there been either promise or request for such a bill.

In no campaign speech did the Democratic nominee for the Presidency promise, ask, propose, or suggest such legislation.

Every platform of the party has proposed some other form of action in the same way the campaign speeches of the candidate proposed either some other form of action or this form of action without any suggestion of autocratic domination by the Executive.

In his radio speech interpreting the party platform, delivered from Albany on July 30, 1932, the candidate said:

A tariff is a tax laid on certain goods passing from the producer to the consumer. * * * Peasants who live at lower levels than our farmers, workers who are sweated to reduce costs ought not to determine prices for American-made goods. There are standards which we desire to set for ourselves. Tariffs should be high enough to maintain living standards which we set for ourselves. * * * A commission of experts can be trusted to find such facts, but not to dictate policies. The facts should be left to speak for themselves, free from Presidential interference.

Surely nothing could be more definite than such a statement. A commission of experts to determine facts, free from Presidential interference.

On September 15, 1932, at Topeka, Kans., the President, then a candidate, declared, in dealing with the needs of agriculture.

I seek to give to that portion of the crop consumed in the United States a benefit equivalent to a tariff sufficient to give your farmers an adequate price.

I want now to state what seem to be the specifications upon which most of the reasonable leaders of agriculture have agreed, and to express here and now my whole-hearted accord with these specifications.

First: The plan must provide for the producer of staple surplus commodities, such as wheat, cotton, corn (in the form of hogs)

and tobacco, a tariff benefit over world prices which is equivalent to the benefit given by the tariff to industrial products.

Thus, by the middle of September, he had made public his tariff policy and his program to relieve agriculture. His statements were confirmed one week later, by the following statement in his Sacramento speech:

I have called for genuine governmental efforts to devise means by which the farmer may get the benefit of the equivalent of a tariff protection similar to that which industry has.

Continuing his discussion of agricultural problems, he said at Sioux City, Iowa, on September 30, 1932, the following:

What does the Democratic party propose to do in the premises?

The platform declares in favor of a competitive tariff which means one which will put the American producers on a market equality with their foreign competitors—one that equalizes the difference in the cost of production—not a prohibitory tariff back of which domestic producers may combine to practice extortion of the American public. * * *

But how is reduction to be accomplished? By international negotiation as the first and most desirable method, in view of present world conditions—by consenting to reduce to some extent some of our duties in order to secure a lowering of foreign walls that a larger measure of our surplus may be admitted abroad. * * *

Next the Democrats propose to accomplish the necessary reductions through the agency of the Tariff Commission.

Thus far, it is apparent that there has not been the slightest suggestion of transferring to the President powers of Congress to conclude tariff treaties.

The principles he had stated in his earlier addresses were reaffirmed by him in the closing days of the campaign. On November 4, 1932, at the Metropolitan Opera House in New York City, he declared:

I have sought during these months to emphasize a broad policy of construction, of national planning and of national building, constructed in harmony with the best traditions of the American system. I have concentrated of necessity upon the broad and immediately insistent problems of national scope. * * *

At Sioux City, Iowa, I proposed a tariff policy aimed to restore international trade and international commerce not only with this Nation but between all nations of the world.

In October, he vigorously proclaimed a tariff policy exactly opposite to that which his supporters are now urging in the present bill. He said on October 20, at Wheeling, W.Va.:

I have advocated a lowering of tariffs by negotiation with foreign countries. But I have not advocated, and I will never advocate, a tariff policy which will withdraw protection from American workers against those countries which employ cheap labor or who operate under a standard of living which is lower than that of our own great laboring groups.

Down in Atlanta, Ga., on October 25, he proclaimed his Americanism and emphasized the value of the American market. His words were:

FARMERS' PURCHASING POWER MUST BE REESTABLISHED

I, on the other hand, am saying over and over that I believe that we can restore prosperity here in this country by reestablishing the purchasing power of half of the people of the country, that when this gigantic market of 50,000,000 people is able to purchase goods, industry will start to turn, and the millions of men and women now walking the streets will be employed.

I am, moreover, enough of an American to believe that such a restoration of prosperity in this country will do more to effectuate world recovery than all of the promotional schemes of lending money to backward and crippled countries could do in generations. In this respect, I am for America first.

This doctrine I set forth when my campaign really began back in April. I said in a speech then that we had forgotten this potential market of the agricultural population and that the true interest of this country was to return to this forgotten market. We have, as in the old story of the Holy Grail, looked beyond the seas for the riches that were lying unnoticed at our very feet.

When we come to recognize this simple fact, when we get back to plain, common sense, when we stop worshiping false gods and chasing rainbows, happiness and prosperity will come to American workers and farmers and business men—to the American people.

On the following day at Baltimore he declared that it was silly to suggest that he would even think of such a program as that which is the real basis for the unfortunate bill now under discussion.

This bill contemplates restriction or destruction of inefficient industries in America in the interest of broadening the markets of those industries deemed to be efficient.

President Roosevelt, then the Democratic nominee, made the following definite statement:

My distinguished opponent is declaring in his speeches that I have proposed to injure or destroy the farmers' markets by reducing the tariff on products of the farm. That is silly. Of course I have made no such proposal nor can any speech or statement I have made be so construed. I said in my Sioux City speech in discussing the Hawley-Smoot Tariff Act of 1930:

"Of course the excessive, outrageously excessive rates in that bill must come down, but we should not lower them beyond the point indicated."

The point indicated was that no tariff duty should be lowered to a point where our natural industries would be injured. Again in my Sioux City speech I made the Democratic position plain where I said that negotiated treaties would be accomplished "by consenting to reduce, to some extent, some of our duties in order to secure a lowering of foreign walls that a larger measure of our surplus may be sold abroad."

Of course it is absurd to talk of lowering tariff duties on farm products. I declared that all prosperity in the broader sense springs from the soil. I promised to endeavor to restore the purchasing power of the farm dollar by making the tariff effective for agriculture and raising the price of farmers' products. I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

Could anything be more definite, clean-cut, and understandable than his statement that "it is absurd to talk of lowering tariff duties on farm products"?

Finally, at Boston, on October 31, he gave his final speech to agriculture:

CONTINUED PROTECTION OF FARMER PLEDGED

Moreover, we need to give to 50,000,000 people who live directly or indirectly upon agriculture a price for their products in excess of the cost of production. That will give them the buying power to start your mills and mines to work to supply their needs. They cannot buy your goods because they cannot get a fair price for their products. You are poor because they are poor.

I favor—and do not let the false statements of my opponents deceive you—continued protection for American agriculture. I favor more than that. I advocate measures to give the farmer an added benefit, called a "tariff benefit", to make the tariff effective on his products.

Not a word anywhere about the power to negotiate being transferred to the President. Every campaign speech indicates clearly that that was not his thought.

No Democratic candidate, President, or platform ever declared for such a dictatorial, autocratic assumption of power conferred on Congress by the Constitution and now proposed to be placed in the hands of one man. Again it seems a part of the program of the bright young man whose inspiration today lies in Red Russia.

After assuming the office of President, the Chief Executive said, on page 188 of his book, *Looking Forward*, published last year:

I propose to accomplish the necessary reduction through the agency of the Tariff Commission.

Now, there is presented to the House a bill authorizing the President to negotiate and proclaim modifications of existing duties, and on page 3, lines 4 to 7, inclusive, occurs the following suggestive statement:

Except that nothing in this section shall be construed to prevent the granting of exclusive preferential treatment to articles the growth, produce, or manufacture of the Republic of Cuba.

One of the valued interests of the State of Minnesota is the production of sugar beets with the companion industry of beet-sugar manufacturing.

It is elementary that where natural advantages favor foreign countries in the production of agricultural commodities, production of those commodities in this country must be tariff protected, or the American standard of living must be lowered to that of the competing nations.

American agriculture, like American labor, cannot compete with agriculture and labor drawing a lower wage and living on a lower plane, unless the advantages thus held by foreign producers are equalized or offset by a protective tariff or some other effective protective force.

In their program of sovietizing America, the Presidential advisers have given particular attention to the beet-sugar industry. In the beet-sugar industry Minnesota is particularly interested. The President of the United States in his tariff message, said in part:

I am requesting the Congress to authorize the Executive to modify existing duties and import restrictions.

In his message to the Congress recommending amendment of the Agricultural Adjustment Act he said in part:

I do not at this time recommend placing sugar on the free list. I feel that we ought first to try out a system of quotas with the threefold object of keeping down the price of sugar to consumers, of providing for the retention of beet and cane farming within our continental limits, and also to provide against further expansion of this necessarily expensive industry. * * *

The objective may be attained most readily through amendment of existing legislation. The Agricultural Adjustment Act should be amended to make sugar beets and sugar cane basic agricultural commodities. It then will be possible to collect a processing tax on sugar, the proceeds of which will be used to compensate farmers for holding their production to the quota level. A tax of less than one half cent per pound would provide sufficient funds.

Consumers need not and should not bear this tax. It is already within the Executive power to reduce the sugar tariff by an amount equal to the tax. In order to make certain that American consumers shall not bear an increased price due to this tax, Congress should provide that the rate of the processing tax shall in no event exceed the amount by which the tariff on sugar is reduced below the present rate of import duty. * * *

The use of such a base would allow approximately the following preliminary and temporary quotas: Continental beets, 1,450,000 short tons.

Taking the two messages together, and remembering that the proposed quota of 1,450,000 short tons for continental beets is a definite reduction of more than 300,000 short tons under last year, we have a definite, deliberate, and intentional suggestion from the Nation's Chief Executive that production of American beet sugar shall be reduced in the interests of Cuban producers and refiners. There can be no other interpretation and none need be sought, because it is practically admitted by those in authority that such is the case.

During the debates in the House there has been some effort to hoodwink Members by misquoting or partially quoting testimony. When the sugar bill was before the House Committee on Agriculture, on Monday, February 19, the President's message relative to sugar was presented, and thereafter Mr. A. J. S. Weaver, of the Department of Agriculture, testified. He spoke, in part, as follows:

Mr. HOPE. If it is not the purpose of the administration to reduce the price of sugar to the consumer, what objective is there then to permitting an expansion of the domestic industry in this country?

Mr. WEAVER. I do not follow that question.

Mr. HOPE. Well, I will repeat the question.

If there is no desire on the part of the administration to reduce the price of sugar to the consumer, what reason is there for restricting domestic production?

Mr. WEAVER. There, of course, is a desire; a desire on the part of the administration to reduce costs of living and to reduce the excessive costs of sugar to the population of the United States.

In this emergency situation it is not possible to do everything at once; but, now speaking from the point of view of long-time policy, if further expansion is continued, the United States will be saddled, possibly forever, with a high-cost industry, which is not a fair thing to contemplate for consumers.

Mr. HOPE. Well, then, in other words, the policy is to start in eliminating the industry before it gets any bigger. Am I correct in that assumption?

Mr. WEAVER. Yes; I think that is a reasonable statement.

Mr. CUMMINGS. What is that last statement?

Mr. WEAVER. My answer was, I think that is a reasonable statement.

Mr. CUMMINGS. Is it reasonable to say that the object of this bill is to give us a kind of a shot in the arm and slide us out of business while we are partly unconscious?

Mr. WEAVER. Yes; that is much more desirable than being in, in coming to the fundamental question.

Remember that this is the unexpurgated edition. The above is what Mr. Weaver actually did say, not what he is alleged to have said or should have said. It is a presentation of his testimony as he gave it.

His candor was as embarrassing to the administration as his statements were shocking to the American public.

Four days later the Secretary of Agriculture testified before the Senate Committee on Finance. The following is quoted from pages 32 and 33 of the hearings:

Senator VANDENBERG. Who is Mr. A. J. S. Weaver?

Secretary WALLACE. He is head of our sugar section.

Senator VANDENBERG. How long has he been head of the section?

Secretary WALLACE. Oh, I think since last October.

Senator VANDENBERG. As a matter of fact, he is really the rice expert in the Department, is he not?

Secretary WALLACE. Yes.

Senator VANDENBERG. Now, he has had no material experience with sugar?

Secretary WALLACE. That is true.

Senator VANDENBERG. You are familiar with Mr. Weaver's testimony before the House committee. Do you agree with his conclusion that this is a scheme to give the sugar industry a shot in the arm and slide it out of business?

Secretary WALLACE. No, sir. I may say, in all fairness to Mr. Weaver, he happens to be a very intelligent and—

Senator VANDENBERG. Candid?

Secretary WALLACE. Brainy man; but on that occasion he had been traveling all night on the airplane, and had been subjected—

Senator VANDENBERG. You mean he was still up in the air?

Secretary WALLACE. He had been subjected to a considerable cross-questioning, rather rapid fire, and possibly his ears were still dimmed by the roar of the airplane motor.

Mr. Wallace appeared also before the Committee on Ways and Means of the House. On page 60 of the hearings appears the following as a portion of his testimony:

Mr. WALLACE. The sugar-beet industry, as measured from the standpoint of free world competition, is inefficient.

Mr. KNUTSON. And it should be abolished?

Mr. WALLACE. I did not say so.

Mr. KNUTSON. Should it?

Mr. WALLACE. I have stood precisely and definitely before the Senate Committee on Finance for maintaining the sugar-beet industry on the basis of 1,450,000 tons, which is the average of the past 3 years. I do not think the beet-sugar industry should be allowed to extend further, because if it is expanded further it is doing it at the expense of our export agriculture; it is robbing the wheat farmer of a market for flour in Cuba; it is robbing the hog farmer of a market for lard in Cuba. I think it is unsound economically to allow an industry of that type to expand further at the expense of efficient agriculture.

In considering Mr. Wallace's testimony we must bear in mind that the figures he gave—1,450,000 tons—are more than 300,000 tons lower than the 1933 production, so that it is proposed by the President, by the Secretary of Agriculture, and by the Secretary of Agriculture's sugar adviser, to reduce the American quota nearly a third of a million tons in order to permit an increased importation of Cuban sugar.

Now, remember that sugar is a nonsurplus crop and that never yet have American producers been anywhere near able to approximate the demands of home consumption.

No President, no Congress, no candidate, and no public platform has ever before had the temerity to propose restrictions on American farmers producing a nonsurplus crop either in days of affluence or stress, and no Presidential advisers prior to these Presidential advisers ever had the impudence to suggest that American farmers like those in the Minnesota Valley and in the valley of the Red River of the North should be sacrificed in the interest of agriculture of a foreign country. Such a proposal is internationalism gone wild. It can be defended on no principle of justice, equity, or right. Nor can it be proven in any way by anyone that during a time of world-wide depression giving the American market increasingly to cheap Cuban labor will put in the pockets of said Cuban labor sufficient funds to noticeably increase their imports of American manufactured goods, American grains, or American pork and lard.

The people of Minnesota are vitally interested in the production of sugar beets. They are the State's one nonsurplus crop.

During the last season 37,000 Minnesota acres produced 94,517,200 pounds of sugar.

The records of the Beet Sugar Association show that more than 5,000 Minnesota field workers were given employment in sugar beets, and that the industry afforded employment to 894 office and factory workers.

Payments to railroads for freight last year totaled \$812,000, and the payment for supplies, including cotton bags and coal, amounted to \$559,000. During the past 5 years payments to farmers for sugar beets grown in Minnesota have averaged more than \$2,000,000 annually.

Sugar beets and the beet-sugar industry represent a valued establishment and important industry in the North Star State. As one authority puts it:

Sugar beets have been grown in Minnesota since 1906, when the first factory was established at Chaska, just outside Minneapolis. In 1926 when agricultural experts were seeking a crop to restore the thousands of acres in the Red River Valley, which had grown thin and sour by constant wheat crops, the second factory was erected at East Grand Forks. The improvement of the Red River lands and the restoration of their fertility since that time are matters of common knowledge throughout the State. From time to time since 1926 various communities in the Red River Valley have petitioned that additional factories be established so that the farmers might be assured of one staple crop with a definite cash value.

Beets cannot be grown successfully by haphazard plantings which are often the case in corn and wheat. Beet culture requires an intense and intelligent rotation of crop, not only requires but actually enforces it. As a consequence of the industry, feeding operations spring up to utilize the beet top and beet pulp, and this farm-and-animal economy rehabilitates the soil through natural fertilizers.

Beets, as I have suggested, are not planted merely because a farmer has a few spare acres. On the contrary, beet lands and beet farms are built up to their highest possible fertility by farm management which is at once far-sighted and intelligent. To ask farmers to reduce or abandon acres after they have spent years in building them to the point of highest efficiency is a matter far more serious than the withdrawal of marginal lands from the production of wheat and corn.

Another authority, nationally known, writes me, in part, as follows:

I think if you would take time to find out just who raises beets, you would find from California to Minnesota only the better class of farmers are raising beets. You would also find that especially here in Minnesota and Iowa we employ but very few Mexicans, most of the labor being done by local white workers, who, under our present system of growing beets, earn from 40 to 60 cents an hour, which I think is comparable to the average wage that is being paid for most laboring work and more than what is being generally paid for farm labor.

It is the one crop that is not overproduced in this country and also about the only field crop that has actually given the farmer a profit, and I think, if you would talk to any business man in a community where beets are raised in the entire United States, he would tell you the beet farmer is in much better financial condition than any of his neighbors who are not growing beets.

We, here in Minnesota, operate only two factories, but last year we paid around two and one half million dollars to beet farmers, who, in turn, paid about \$1,000,000 to beet labor, and we paid to railroads in excess of one million and a half.

The following is a telegram of protest from the president of the Northern Pacific Railroad to the Secretary of Agriculture:

ST. PAUL, MINN., February 19, 1934.

HON. HENRY A. WALLACE,

Secretary of Agriculture, Washington, D.C.:

Seconding the protests which reach me from sugar-beet areas and on behalf of the Northern Pacific I urge you to reconsider announced plans for bringing about reduction in beet acreage. Maintenance of present acreage is vital and indeed an expansion of present acreage is highly desirable to farm business and transportation interests in areas especially adapted to production of this crop. Curtailment of the beet crop would be definitely harmful from recovery standpoint as it would adversely affect fertilizer, machinery, coal, beet by-products, chemical, bag, and transportation interests as well as labor in field and machinery. No obligation to other countries can possibly be superior to that owing to the people of continental United States. To reduce production of a crop of which the present production constitutes less than half of domestic requirements is agricultural adjustment run wild and is wholly unwarranted blight on our domestic agricultural industry as well as on others associated with the handling of its products.

CHARLES DONNELLY.

These are illustrations only, but they are conclusive proof of the vital importance of the joint industries of sugar beets and beet sugar to the hard-pressed people of Minnesota.

However much politicians may talk partisan politics, certain facts in this discussion stand out as true, proved, and unrefuted:

First. The principle of this bill has never been urged by the Democratic Party through its platforms, its Presidents, its candidates, or its leaders.

Second. The bill itself is a creature of those Presidential advisers so steeped in sovietism that in their zeal they will sacrifice much to inaugurate in this country the theories and economic planning of Russia.

Third. The bill proposes to sacrifice the interests of that portion of agriculture and industry deemed by these zealots to be inefficient in the interests of some mythical agriculture or industry declared by them to be efficient.

Fourth. It is a step in a pointed path, planned now to restrict and ultimately to destroy the sugar beet and beet-sugar industry in the United States.

It is possible to enlarge the proof by discussion of proposed Presidential action relative to manganese—a Minnesota product—to lumber, cement, and many other lines. I am quite content to rest my case on the effect this misbegotten bill would have upon the sugar interests of my home State.

This bill is one more step down the soviet highway. It proposes to vest supreme power in one man.

For decades the Democratic Party has cursed the Republican tariff. Now, in a time of world crisis, when they hold the Presidency and control the Senate and House, is it possible that this bill represents the best effort of their united minds—to hand the job to the President?

Mr. HOEPPEL. Mr. Speaker and Members of the House, as a Democratic Representative in this Congress, I have endeavored to live up to the principles of our 1932 platform in casting my vote. In furtherance of this mandate, I will support this measure, granting reciprocal tariff authority to the President, as a basic plank in our platform.

In this connection, however, I wish to call attention to several other features of our platform which as yet our party has failed to recognize through proper legislation. I refer to that provision which urges the enactment of every constitutional measure which will guarantee prices for basic farm commodities in excess of cost of production. I also refer to another plank which guarantees equal rights to all and special privileges to none. As yet we have not adequately legislated in accordance with these two basic planks of our platform, and I propose to refer to them later before concluding my remarks.

As a Representative from California, it is self-evident that I should seek to protect the best interests of my constituents but, at the same time, I should not be oblivious to the interests of the entire Nation. If the East and Middle West is prosperous, it naturally follows that they will purchase California products; and, following the natural inclination of most Americans, the people from these sections, once they are again prosperous, will continue to visit and settle in our Golden State, thus directly and indirectly adding to our prosperity.

This measure we are now discussing is fraught with enormous potentialities—potentialities which can be serious if improperly developed and administered—while the great good which will follow fair and just administration is self-evident. Having the fullest confidence in the President and believing sincerely that no Executive since Lincoln has been so sincere and honest in his endeavors, I feel justified in casting my vote to give him the power in his discretion to lower or increase tariffs in accordance with present law. The leading nations of the world all have reciprocal tariff authorities; and unless we clothe our Executive with the same authority, our position is somewhat analogous to that of the knight of old, in his old-fashioned armor, meeting a combatant trained and equipped in the light of modern military science. We are now fighting at a disadvantage in the marts of trade with foreign competitors who are using the most modern legislative equipment to secure economic advantages over us in international trade.

Candidly, I admit that questions of tariff are a distinct science and have only too often been applied to the advan-

tage of certain groups or classes through the medium of politics and self-interest. It does not, however, require an expert to recognize the fundamentals of the Democratic platform, which pledges legislation for the farmers, to guarantee them the cost of production. For this reason, as far as agricultural commodities are concerned, I am in favor of increases in tariff rates wherever such, after due examination, are found to be to the best interest of agriculture and our Nation generally. I also favor granting the President authority for bargaining purposes to place a tariff on any article now on the free list. It must be borne in mind, however, that while the tariff may and should be utilized advantageously as a relief measure to aid in limiting our supply to a greatly diminished demand, it does not solve the problem by going to its heart.

The following table, showing a comparison of the imports of basic products of my district for the year 1926—before the enactment of the Smoot-Hawley Tariff Act of 1930—and the year 1932, and the average prices received for these products in California in those years, is enlightening:

Product	Year	Imports	Price in California
		<i>Pounds</i>	
Eggs (fresh, dried, and frozen).....	1926	30,000,000	31.1 cents per dozen.
Do.....	1932	2,660,000	17.2 cents per dozen.
Lemons.....	1926	74,000,000	\$2.81 per box.
Do.....	1932	7,700,000	\$2.10 per box.
Oranges.....	1926	942,000	\$3.05 per box.
Do.....	1932	1,745,000	\$1 per box.
Walnuts (shelled and unshelled).....	1926	49,000,000	\$480 per ton.
Do.....	1932	12,063,000	\$240 per ton.

During the regime of the do-nothing, around-the-corner Hoover misadministration, the record of the number of banks and their deposits tells an enlightening story.

June 30, 1928:		
Number of banks.....		26,213
Deposits.....		\$58,431,061,000
June 30, 1932:		
Number of banks.....		19,163
Deposits.....		\$45,390,269,000

From the foregoing we find that 7,050 banks failed during the administration of Hoover, notwithstanding that the Republicans promised us prosperity and a full dinner pail through the enactment of the high Tariff Act of 1930.

It will also be noted that during the period of the largest importation of certain basic products of my district the prices received were very much higher than they were during the year 1932, when the importation of eggs dropped 91 percent, and that of other basic products enumerated showed marked decreases, with the one exception of oranges, the importation of which, in 1932, was double that of 1926. These official figures indicate that a higher tariff, such as today exists, with diminished importations, does not control the domestic price of these commodities. The domestic price of American products is controlled by the law of supply and demand rather than by any artificial means, such as subsidized, diminished domestic production, or curtailed importations through the imposition of tariff barriers. Because of the greatly reduced purchasing power of our people, the demand for our products at home has been materially lessened, and we should recognize and admit that the restoration and increase of such buying power with its consequent natural increase in demand is an essential step in the practical solution of our present production problems.

It is my opinion that the N.R.A. must be amended to protect the interest of the consumer, as well as the employee, against the monopolistic control which today appears to be held by the employer class. It is not considered just to the consumer and the employee that the monopolies created under the various codes should permit price fixing and lack of competition without a compensatory enactment to limit the income of the code monopolists. In the interest of protecting the smaller business man, the consumer, and the worker, legislation should be enacted, amending the N.R.A., so as to limit the net income of the larger basic industries

of the Nation, including chain stores. If this is accomplished, it will permit the payment of higher wages with less hours of work and will contribute in a great measure to the solution of our unemployment problem.

Our transportation systems should also come under the provisions of the N.R.A. and their incomes be limited to an amount commensurate with their real value and not the watered value on which today they endeavor to pay dividends. False values (watered stock) of all basic industries should also be considered and incomes for these larger industries should be predicated entirely upon their real worth—and nothing more. Only in this manner will the consumer and employee be in a position to receive just compensation and the full benefits of the humanizing industrial advantages of the N.R.A.

Our platform declaration of equal rights to all and special privileges to none has not been observed by this Congress. An examination of the votes cast by the Members of Congress during this session, in my opinion, discloses that the virus of Wall Street and the anti-common-people serum of entrenched wealth has thoroughly inoculated many of the Members of this Congress. It is ridiculous to me to find the Republicans on the Ways and Means Committee bringing in a minority report, opposing the enactment of this measure, and insisting, as they are, that Congress is surrendering its rights to the Executive, which, in my opinion, is absolutely unfounded. This bill does not change one iota of law respecting the minimum and maximum tariff rates which the President may fix. The President has this right today under existing law, and this bill merely gives him the authority to apply the law immediately, in his discretion, without the inordinate delay incident to the application of the archaic tariff laws which the Republicans have saddled on the Nation, and which, in my opinion, have brought us to our present international trade stalemate.

I have closely checked the votes of the solid block of Republicans who have signed the minority report opposing this measure, and find that in the four last record votes, practically every one of them voted in the interest of Wall Street and against the interest of the common man. If Wall Street has representation in the Congress of the United States, such representation is preponderant in the Republican representation. To be more specific, check, if you will, as I have, the vote of this minority group and their Republican colleagues on the gold devaluation bill, the bonus bill, the silver bill, and on the bill which authorizes the Federal Reserve System (privately owned) to coin money on the basis of dubious paper security.

The new deal is progressing along the road to recovery, but not with the speed that I anticipated. In the interest of the common people, the bankers' influence in Congress must be overcome in order that we may have an adequate expansion of currency and credit through the exercise of constitutional prerogatives and not through the acts of private international bankers who, to the detriment of the people, now control the printing of currency and the extension of credit.

The administration and the Democratic Congress have two important steps to take. If we were justified and legally within our rights in devaluing the gold content of the dollar to 60 percent of its former value, we have the right to further devalue the gold dollar, which should be done at once in the interest of reducing our private and public indebtedness. By no stretch of the imagination, should we continue to hold our gold dollar at a higher value than the equivalent value of the gold of our foreign competitors. We must reduce our gold base to an equal if not lower base than that of our foreign competitors in order to regain our international trade and thus make this bill we are discussing more effective.

If the Congress and the President have the authority to devalue the gold content of the dollar and if the President has the authority to increase the value of domestic silver

to 64½ cents per ounce as today applies, he also has the authority and should exercise it, to increase the value of silver to \$1.29 per ounce. If this were done, our circulating medium would be increased, and credit expanded, with a result that credit could not be so easily controlled by the international bankers.

The remonetization of silver is anathema to the international banker and his American affiliates in Wall Street. If we remonetize silver, our country could move forward, free from the dominance of the Bank of England and the international group in Wall Street. Unfortunately for us as Americans, British influence, political, financial, and commercial—has kept our Nation from advancing economically as our wealth, energy, and national acumen would warrant. For this same reason, British influence, through propaganda, inveigled us into the World War.

Gold devaluation and complete rehabilitation of silver will free us from the control of the international bankers and the privately owned Federal Reserve System, neither of which rightfully has any place in this progressive age of the new deal. The American people are thinking as never before. Having the fullest confidence and the highest regard for a thorough Americanism and being fully conscious of the activity of American youth who are suffering more than any other, due to the thralldom in which they are placed by the international bankers, I anticipate that the next Congress will be composed of men younger in public service and endowed with a more sympathetic interest and understanding of the problems of the people. I predict that as a result of the infiltration of new blood in the Congress, we will reach that long-looked-for day of financial freedom, a freedom predicated upon the part ownership or control of the banking industry of America by our own Government, with the extension of credit to the farmer and worker by the Government upon the same liberal terms which the Government today offers the corrupt banking hierarchy of Wall Street and its affiliates.

Not only should control of our finances be taken from the small group of Wall Street financiers, but under the new deal we should initiate legislation which will more equitably distribute the profits received from labor in order that the farmer and wage earner may have not merely a living but a saving wage as a safeguard to themselves and families. Instead of taxing creative wealth by a consumption or sales tax, we should tax unearned and entrenched wealth by a larger tax on inheritances, estates, and gifts. Taxes on incomes in the higher brackets should also be increased. The new deal in order to be effective must abolish all tax-exempt securities, and thus force unearned wealth to pay its fair share of taxation. If we will tax those most able to pay we will then be in a position to provide old-age pensions and unemployment insurance, and thus by a more equitable distribution of the profits derived by the farmer and laborer in the production of wealth, and by granting to them proper protection under the law free our worthy citizens from the stigma of charity.

This tariff measure is a major forward move, and I gladly support it, but I am not oblivious of the greater benefit which will come to our people, provided we will remain free from the influence of paid propaganda of certain newspapers and radio speeches and think for ourselves when we cast our ballots in the approaching elections. Our ultimate solution is of our own making. Will we continue to flounder along, permitting the virus of the bankers to beguile the voters and contaminate the Congress, or will we demand in the new deal that there be shuffled out and discarded both the Republicans and Democrats in the Congress who by their past votes have indicated that they are more interested in maintaining the monopolistic financial hierarchy than they are in bringing economic freedom and recovery to our people?

Mr. COLMER. Mr. Speaker, so far as I am personally concerned, the approach of the conclusion of the debate on

this important piece of tariff legislation comes with a great deal of pleasure to me. I know of nothing that offers as bright a rift in the dark clouds of the depression as does this bill.

We have passed much legislation in the brief time that I have been a Member of this body that has as its purpose in the aggregate relief from the depression. However, much of this legislation has been of a transitory nature. Its purpose was to relieve it is true, and relief it has given in a large measure, but most of it has been in the nature of relief to particular instrumentalities of endeavor, as well as being of a temporary nature. It has in many instances been as surface treatment of particular eruptions, as salve or ointments applied to a cancerous growth. But in this particular piece of legislation we have something that is fundamental, that goes to the very bedrock of the economic morass; it goes to the root of the cancer itself. If this legislation is passed by the Congress, as I have every reason to believe that it will be, we will see relief of a permanent nature, a market for our crops, and an outlet for our manufactured products.

I am sure that it is not necessary for me to point out to you that it has been the custom of the nations of the world for the past decade to continue the fallacious policy of building their tariff walls higher and higher. This largely originated in this country when another political party and another school of thought were in the ascendancy, the political party which has as its policy the theory of government that government is for the purpose of enriching the few at the expense of the many. It originated with the enactment of the iniquitous Fordney-McCumber Tariff law. It was subsequently aggravated by the Smoot-Hawley Tariff law. Its purpose was to enrich the manufacturers of this country at the expense of the masses of American people. The result was inevitable. The other nations of the world with whom we formerly traded, naturally in self-defense, one after the other adopted a policy of retaliation. As a result of this short-sighted policy of selfishness in the minds of the big manufacturing interest of this country and enacted into law through the domination of a Republican Congress, our tariff walls were built so high that it was impossible for the nations of the world who imported our products to in turn export their products into this country. In retaliation they have been continually building their tariff walls higher and higher against the exports from this country until today, Mr. Chairman, we have the unfortunate spectacle of the principal trading nations of the world having built veritable Chinese walls about themselves, this Nation having been the aggressor.

The foreign nations have said in substance to us that if we cannot ship our exports into your country then you cannot ship yours into ours. This is but another way of the child saying to its neighbor child, "If I can't play in your back yard, then you can't play in mine."

The inevitable consequence of this selfish, short-sighted policy is reflected in the exports and the imports of this country. It has further resulted in the factories which the Government sought under this regime to assist becoming idle. It has resulted in distress and unemployment among our laboring people. Moreover, it has resulted in the surplus products of our farms, which we formerly shipped to the other countries of the world, having no market and our farms being foreclosed under the mortgage hammer. Millions of our people who formerly labored in the factories of our industrial centers have been pounding the sidewalks of our cities seeking an opportunity to earn an honest livelihood, while millions of our farmers and farm hands have been forced to walk down the dusty highways of our rural sections, unemployed and in many instances the recipients, through necessity, of a dole system which is sapping the vitality of the Nation. Our ships which once sailed the high seas are tied up in the harbors of this country growing barnacles and sea weeds upon their hulls, while the sailors who sailed them through the lanes of the sea have been added to the lists of unemployed.

The difference between prosperity on the one hand and depression on the other in America is a market for the surplus products, both agricultural and manufactured, on the one hand and the absence thereof on the other. America has always been a nation which produced a surplus. A market for that surplus is essential to the welfare and prosperity of its people. Until we can restore this world market, we will have the necessity with us for such expediences as plowing up cotton, wheat, and corn or limiting their production. It is my sincere opinion that if the President is given the broad powers provided for in this bill to make reciprocal trade agreements, there will be no longer a necessity for such drastic expediences as acreage reduction, doles, and other forms of Federal financial assistance to our people.

Prior to the enactment of the Fordney-McCumber and Smoot-Hawley Tariff laws and the subsequent retaliatory barriers erected by the other nations of the world, this country enjoyed a marked degree of prosperity. I do not have the figures available farther back than 1929, but these show that the export trade of certain important countries of the world has declined alarmingly since that time under the short-sighted retaliatory tariff policy of those countries. In 1929 the export trade of this country was \$5,157,083,000. In 1932 the export trade of this country had declined to a new low of \$1,576,821,000. This has been the experience of certain other important countries of the world, as is reflected by the following tabulation of statistics, furnished me by the United States Tariff Commission.

Export trade of certain important countries (in currency of the country reported), calendar years 1929-32, inclusive, showing percent of change from 1929¹

[In thousands; i. e., 000 omitted]

Country	Monetary unit	1929	1930	1931	1932
United States.....	Dollar.....	5,157,083	3,781,172	2,377,982	1,576,821
Percent of change.....			-26.7	-53.9	-69.4
Canada.....	Dollar.....	1,182,412	885,996	605,336	493,809
Percent of change.....			-25.1	-48.8	-58.2
United Kingdom.....	Pound.....	729,349	570,755	390,622	365,138
Percent of change.....			-21.7	-46.4	-49.9
France.....	Franc.....	50,139,151	42,835,321	30,435,794	19,093,236
Percent of change.....			-14.6	-39.3	-60.7
Germany.....	Reichsmark.....	13,482,670	12,035,593	9,598,608	5,739,168
Percent of change.....			-10.7	-28.8	-57.4
Belgium.....	Franc.....	31,783,644	26,060,207	23,235,797	15,130,450
Percent of change.....			-18.0	-26.9	-52.4
Italy.....	Lira.....	15,235,977	12,119,181	10,036,967	6,197,249
Percent of change.....			-20.5	-34.1	-59.3
Denmark.....	Krone.....	1,615,605	1,523,660	1,259,681	1,081,992
Percent of change.....			-5.7	-22.0	-33.0
Norway.....	do.....	752,046	684,001	466,472	567,356
Percent of change.....			-9.0	-38.0	-24.6
Poland.....	Zloty.....	2,813,359	2,433,244	1,878,597	1,083,801
Percent of change.....			-13.5	-33.2	-61.5
Switzerland.....	Franc.....	2,104,455	1,767,502	1,348,798	801,008
Percent of change.....			-16.0	-35.9	-61.9
Japan (proper).....	Yen.....	2,103,719	1,434,644	1,121,580	1,365,812
Percent of change.....			-31.6	-46.6	-34.4

¹ Affected by change in both price and quantity.

² 11 months ended November.

³ Includes salt-water fish exported directly to foreign countries.

Source: Official statistics as published by each country.

In this connection, if I may, I should like to call the attention of the Congress to the fact that under this policy of tariff legislation many of our larger manufacturers, in order to escape the penalties provided by the other countries in the way of import duties in retaliation against this country for the Chinese walls that it had built about itself in its tariff policy, have erected factories in many of the foreign countries. They found that by doing this they could market and manufacture products profitably to themselves. But what has been the effect on this country? An analysis of this shows that millions of dollars of American capital, accumulated in America and which should be employed in America in order to give work to unemployed Americans, is being utilized in foreign countries to employ foreign labor at the expense of the American citizenship. This has been notably true in the case of the automobile industry. We find that many of our leading automobile manufacturers

of popular-priced cars are today manufacturing their automobiles and tractors with American capital and foreign labor on foreign soil. America is the loser.

But the argument is made—and chiefly on the other side of this Chamber by those who were responsible for this condition—that this legislation gives to the President too much power. This argument is fallacious and unworthy of consideration. It is animated by two factors: First, it is political; and, second, the gentlemen over there (Republican side), as we unfortunately too well know, belong to that school of thought which believe in a protective-tariff policy for the enrichment of the moneyed interest of this country at the expense of the masses of the people of the country. May I not say to my Republican brethren, in all sincerity and candor, that they must realize that had it not been for the fact that an all-wise Providence saw to it that this great President of ours, Franklin Delano Roosevelt, was elected to the Presidency of the United States at the time when there were clouds of unrest, unemployment, chaos, and a condition bordering on a revolution, this country could not have gone on for another 6 months as it was going; and may I not say further along this line that you had just as well come along with him in his program of the new deal, however foreign it may be to your tastes and however contrary it may be to your wishes. For you must realize that if he does not succeed in his program of the new deal there is not going to be a Republican to succeed him. The people of this country have awakened from their lethargy and they are for the new deal. They have tried the party represented by the gentlemen to my left; and of one thing you may be assured, and that is that they are not going to place you in power again, at least at any time soon.

Of course, we realize that there are many Members of Congress who are opposed to giving the President this power to lower and raise the tariff within a 50-percent degree as he would have the power to do under the provisions of this legislation. There are too many selfish and conflicting interests for it to be otherwise. Picture what would happen if we were to undertake here in Congress to fix, either by lowering or raising, the tariff on the thousands of commodities affected. This Congress, should it undertake to do so, would be wrangling here for the next 6 months on this tariff bill alone, and at the end of that time we would have gotten no place. This bill provides for an all comprehensive, equitable, and just scheme for the control of this vexatious problem. It gives to the President the power to promote and expand foreign trade for the products of the United States as a means of assisting in restoring the American standard of living, in overcoming domestic unemployment, and in increasing the purchasing power of the American public in the present emergency as well as an opportunity to establish and maintain a better relationship among the various branches of American agriculture, industry, mining, and commerce. It also offers a wonderful opportunity in a strife-ridden world for a better international understanding and more amicable relations between the nations of the world.

In 1921 the immortal Woodrow Wilson, whose body rests a few blocks from here in a crypt in Bethlehem Chapel, in speaking on this tariff question, gave expression, as the great Democratic leader that he was, to the everlasting truth of the thought which animates my mind today. It was true then; it is truer now. He said:

Clearly, this is no time for the erection of high trade barriers. It would strike a blow at the successful efforts which have been made by many of our great industries to place themselves on an export basis. It would stand in the way of the normal readjustment of business conditions throughout the world, which is as vital to the welfare of this country as to that of other nations.

Mrs. CLARKE of New York. Mr. Speaker and Members of the House, as we have listened here to the highly technical discussion of tariff rates and figures in this debate, it has occurred to me that the situation we are facing might perhaps be more sharply presented by specific cases of particular industries.

For that purpose I am citing the shoe industry, which is of great value and importance to the people whom I represent.

There is in my district a plant that was transformed by one man from a struggling, indifferent enterprise located in a small country town, with a single factory that gave employment to but 200 people and produced but a thousand pairs of boots per day, into three thriving, prosperous manufacturing cities—all within a radius of a few miles—having an aggregate population of 30,000 and 22 factories, with a combined production averaging over 130,000 pairs of shoes per day. There are 17,000 workers, each with a personal interest in the enterprise, because after a dividend has been paid on the preferred and the common stock the balance of the profits is equally divided between the workers and the owners of the common stock. In addition, many of the workers are stockholders in the company. There has never been a strike, production is maintained, and, in 1925, the workers gathered dividends amounting to to nearly \$1,200,000, or practically 5 percent on the \$21,000,000 paid in actual wages in 1 year. The employer watches over and protects the interests of every employee. Food is assembled in public markets promoted by a community organization. The workers' city provides three hospitals, with complete medical service without charge to the employees and their families. Pensions are allowed for the old, and sick-relief and death benefits are provided for. The community supports a large park and playground, swimming pools, and everything to make life attractive to the workers and promote the feeling of shareholders in this great common enterprise.

The homes which are mostly owned by the employees are built and sold at cost and sometimes less.

Just 3 or 4 years ago, for the first time in the history of the shoe industry, the competition of cheap labor abroad and the introduction of American shoe machinery and American methods into foreign countries threatened this city as well as the industry, so the workers and owners of these manufacturing concerns came before Congress urging that the shoe industry, in common with other American industries, should have protection from cheap labor and unfair competition and so do its part toward the restoration of prosperity.

There are many unique features in this particular enterprise, because its founder is unique; yet I know from personal observation that in a general way it fairly reflects the life, the problems, the standards, and the people of dozens of shoe-manufacturing communities in the districts represented by nearly 100 of the Members of this House.

In the manufacture of shoes alone, Mr. Speaker, 17 of our States are vitally concerned, and by actual count there are 72 of our congressional districts where shoemaking is one of the leading industries. What I am going to say this afternoon touches the lives and the welfare of many millions of persons outside of my own district.

The people of our factory city, like the people of the other shoe-manufacturing communities of the country, Mr. Speaker, are fairly representative of the American standard of living. When I speak of the American standard, I mean bathtubs as well as radio sets, comfortable and hygienic houses, as well as automobiles, well-dressed, well-educated children, as well as fur coats, and money to put on the collection plate on Sunday, as well as money to spend on vacation in the summer.

In short, I am talking about a typical American cross-section of modest, reasonable, but comfortable living, which includes some things which were regarded as luxuries a few years ago. Now, note, if you please, they still are regarded as luxuries in many parts of the world but are taken as a matter of course in the American standard of living.

Some of those things, ladies and gentlemen of the House, strike the line of demarcation between the living standards of the American workman and the living standards of workmen and their families in other parts of the world.

Realization of that fact is fundamental in this entire tariff question which Congress is now facing in an entirely new aspect.

The American workman lives as he lives because of the prosperity attendant upon the industry in which he is engaged. Just as long as the industry continues in normal prosperity, just so long will he be able to enjoy the same sort of substantial, sensible living that his neighbors in other lines of industry enjoy.

I am not one of those who believe that Congress can or should attempt to legislate prosperity. I think that is the wrong way of looking at the whole problem. I urge that it is not the function of Congress and it is not the intent of government to lift any group bodily from a particular economic condition through artificial means. That is not the American idea. History suggests that it is a trick of the legislative bodies of decadent peoples.

But I think we are all agreed, Mr. Speaker, to this general proposition: That it is the function of the Congress to insure equal opportunity. That is all we are discussing when we talk about the threat which is now menacing the American shoe business generally.

The shoe industry is unique among American industries in its relation to the tariff schedules of this country. It has not enjoyed until recently the tariff protection accorded to most of the other manufacturing industries of the United States on the bulk of its output. Now and again, as tariff schedules have been revised, there have been suggestions for a protective duty on the all-leather boots and shoes which have had no protection, and the superiority of American shoemaking machinery has been such that no real economic necessity was then found to exist by the tariff makers for a protective schedule on boots and shoes. The placing of such a tariff came later.

One result of economic conditions has been to stimulate the master shoemakers of this country to a high plane of mass production, so that they have improved their machinery both in efficiency and in total output. They have made, and are making, more shoes and better shoes than may be found anywhere else in the world.

American brains and American hands made that possible. Sallying forth into the world arena with no protective tariff shield to aid them, they fought a good fight and they held their own. As long as their mechanical weapons of production were superior they could do that and still pay American wages in competition with the cheap-labor-made shoes of other countries. If it had been merely a case of competing on a base of labor costs alone, Mr. Speaker, the American shoe industry would have found protection necessary long before it did, because there is a vast difference between the wages paid the American shoemaker and the wages paid the foreign shoemaker. The average wage in the city I am citing as an example is \$1,500 a year, and I understand the average wage of the foreign shoemaker is about \$300 to \$500 a year—from one fifth to one third of the reasonable American scale.

But there was a compensating factor, and that factor was the American invented and produced shoemaking machinery of which I have spoken. Its mass production, its high state of perfection gave the American manufacturer an advantage in production costs which enabled him to compete with the foreign shoe manufacturer and still pay American labor a living wage.

So things went along very well until the foreign shoe manufacturer, as was inevitable, began to buy and use American machines for shoe manufacture, and then it was a different story. The land was flooded with shiploads of cheap shoes from Czechoslovakia, which, with a great ballyhoo of advertising, were scattered throughout the stores of the land. I myself—I blush to state—succumbed to the bargain lure and bought two pairs of so-called "Deauville" sandals for \$2.95. They looked as good as any shoe, but after one tramp through the dew-laden grass of my country home they be-

came so shrunken and distorted as to be no longer wearable—not much of a bargain.

This shoe industry located in my district, which I have described, approximates the American ideal of a localized manufacturing plant. It, indeed, approximates the President's own ideal of a manufacturing community. Also its present operation assures all the objectives of the N.R.A. And yet it is almost certainly one of those industries which would be subject to destruction under this new definition of an inefficient industry. If plants of this sort are to be destroyed in order that we may all be forced to wear the cheap and shoddy shoes produced for a pittance in foreign factories—whose cheapness is to be proof of their efficiency—then it follows, of course, that all the less ideal plants will already have been destroyed, and hundreds of the employer class will no longer be able to employ anybody. Then, when the employer class is destroyed, what is there left but for the Government to furnish everyone with a living? May I ask, Where is the money to come from when there is no longer prosperous industry in this country to be taxed?

Is this not a perfect illustration of the well-known "vicious circle", the process sometimes described as "killing the goose that lays the golden eggs"?

Mr. PEAVEY. Mr. Speaker, I voted for the reciprocal tariff bill to give the President authority to raise or lower tariff rates for the following reasons:

First, the platform of the National Republican Party for 1928 promised to revise the tariff rates so as to place agriculture on a parity with industry. Those promises have never been fulfilled. In 1930, under Republican control, the Congress passed the Hawley-Smoot tariff bill. That bill, because of the high rates fixed on manufacturer and industrial commodities, increased the disparity between agriculture and industry. I voted against the Hawley-Smoot bill for that reason.

Republican opponents of this bill say the President will reduce some of these high tariff rates. I hope they are right. That is another reason I am for this bill; to reduce some of the extortionate rates on iron, steel, aluminum, and textiles named in the Hawley-Smoot tariff bill. The farmers and common people of my district know that they are being made to pay these high tariffs every time they buy a plow, a wagon, or a machine of any kind. Our wives and mothers know they are being made to pay a tariff in the high prices they pay every time they buy a dress or a dish pan.

We people from the Middle West are being made the goats under the present tariff system. Eastern manufacturers and industrialists are collecting their tariff tribute or subsidy direct from us because they can control their production and fix the price free from competition. It is true the Hawley-Smoot bill provides protection on our agricultural products, but we produce more of these than we can consume and hence we must sell them in competition with the world market and even then the American farmer can realize little benefit from the tariff because they can neither control their production or fix their sale price.

I am a firm believer in the principles of a protective tariff to cover the difference in labor at home and abroad, but further than that I refuse to yield. I am unalterably opposed to the license granted by the Hawley-Smoot bill to exact a tribute from the consumers of the country and to swell the profits of industrial monopolies. Such license is contrary to the very essence of free government. I am opposed to the present tariff law because it raises the cost of living, because it puts the farmers further in the hole, because it seriously injures our foreign trade.

So, Mr. Speaker, the bill offers the only chance Members of this House will have in this Congress to vote for a possible 50-percent reduction of the Hawley-Smoot tariff rates.

I am for this bill because I believe that President Roosevelt will reduce some of these high rates and thereby reduce

the cost of living. The Wisconsin farmer and working man cannot continue to pay high prices for the necessities of life on present prices of farm products and low wages.

I have another reason for supporting this bill. The Republican candidate for President in 1928, Mr. Hoover, promised the people of the Northwest the St. Lawrence waterway. That is another unfulfilled promise. The St. Lawrence Treaty was submitted to the United States Senate this year by President Roosevelt. It was defeated but everyone will concede that President Roosevelt did everything in his power to secure the adoption of the treaty. Passage of this bill gives the President power to reduce by 50 percent the extortionate tariff rates put on nearly everything the American farmer has to buy to eat, to wear, to live, and to operate the farm as fixed by the Hawley-Smoot Tariff Act.

I voted for this bill because I believe the President has the wisdom and political backbone to put agriculture on a parity with industry by reducing the high protection afforded industry which is being paid by the American farmers and consumers. There is only one way to put agriculture on a parity with industry and that is by reducing the tariff on the industries that produce what the farmer has to buy. Hoover promised to do this in 1928, but he got cold feet. Under the terms of this bill Roosevelt can, as he did with the St. Lawrence Waterway Treaty, redeem another 1928 Republican platform pledge to the folks of Wisconsin. I believe he will.

Mr. HASTINGS. Mr. Speaker, the tariff question is as old as our Government. The debates on the present bill have been illuminating and exhaustive. The report submitted by the Committee on Ways and Means abundantly justifies the enactment of this bill.

The bill as introduced contained but two sections. The purpose of the bill, to expand our foreign markets, is clearly set forth in the first section.

For the purpose of expanding our foreign trade the President, under the terms of the bill, is authorized from time to time—

- (1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and
- (2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions * * * as are required or appropriate to carry out any foreign trade agreements that the President has entered into hereunder.

The bill provides that no increase or decrease of the tariff shall be greater than 50 percent of the present rate of duty, nor shall any article be transferred from the free to the dutiable list.

The President is given broad powers to suspend the application to articles grown, produced, or manufactured by any country, because of its discriminatory treatment of American commerce.

The life of the bill has been limited to 3 years, by amendment.

The exhaustive discussion of the bill has been largely directed to two points:

First, the constitutionality of the bill has been assailed.

The report of the committee deals exhaustively with the question of the constitutionality of the bill and the history of similar tariff legislation delegating such powers to the President.

Similar power was conferred by the act of Congress of June 4, 1794, in which the President was authorized and empowered—

Whenever, in his opinion, the public safety shall so require, to lay an embargo on all ships and vessels in the ports of the United States * * *

In the act of June 13, 1798, to suspend commercial intercourse between the United States and France, it was provided:

Then and thereupon it shall be lawful for the President of the United States, being well ascertained of the premises, to remit and discontinue the prohibitions and restraints hereby enacted and

declared; and he shall be, and is hereby, authorized to make proclamation thereof accordingly.

This authority granted by the act of June 13, 1798, was very similar to the authority conferred upon the President in the present bill.

As the report of the committee indicates, similar authority was conferred over commerce to the President by various other acts of Congress. Many of them are cited in the report of the committee.

By the act of March 3, 1815, it was provided:

Whenever the President of the United States shall be satisfied that the discriminating or countervailing duties of such foreign nation, so far as they operate to the disadvantage of the United States, have been abolished.

In the Tariff Act of 1890 it was provided:

Whenever and so often as the President shall be satisfied that the Government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which, in view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend, by proclamation to that effect, the provisions of this act.

This power is almost identical to that conferred upon the President in the present bill.

Mr. Justice Harlan, in the case of *Field v. Clark* (1892; 143 U.S. 649, 681), speaking for the Court, said:

The Court is of opinion that the third section of the act of October 1, 1890, is not liable to the objection that it transfers legislative and treaty-making power to the President.

The Tariff Act of 1897 conferred similar authority upon the President and authorized and empowered him to suspend during the time of such agreement or concession, by proclamation to that effect, the imposition and collection of the duties mentioned in that act.

Similar authority was contained in the Tariff Act of 1909 and the Fordney-McCumber Act of 1922.

The constitutionality of these delegations of power was challenged, but was sustained by the Supreme Court in the case of *Hampton & Co. v. The United States* (1928; 276 U.S. 394), wherein the Chief Justice, speaking for the Court, said:

The same principle that permits Congress to exercise its rate-making power in interstate commerce, by declaring the rule which shall prevail in the legislative fixing of rates, and enables it to remit to a rate-making body created in accordance with its provisions the fixing of such rates, justifies a similar provision for the fixing of customs duties on imported merchandise.

The history of tariff legislation and the fact that similar powers were delegated to the President as early as 1794, soon after the Constitution was adopted, and while many members of the Constitutional Convention were alive and some of them were serving in Congress, and the uniform holding of the courts in the interpretation of similar powers delegated in a large number of acts of Congress, justifies our assuming that this act is constitutional and is not an unreasonable delegation of power to the President.

The second question involved is what is sought to be accomplished through reciprocal trade agreements authorized by the act.

Everyone knows that our foreign trade has fallen off for the past few years and has reached a point where it is almost negligible. We must have a foreign market for our surplus agricultural and manufactured products. The effect of the loss of our foreign trade has been particularly disastrous to the agricultural sections of the country. The 1933 cotton crop sold for as low as 5 cents per pound at the end of the marketing season, and everyone knows that this price was ruinously below the cost of production.

We regularly export about 60 percent of our cotton. When our foreign market is lost the cotton produced is sold upon our domestic market, and the result is an extremely low price for the South's staple product, which is cotton.

For the year 1933 we produced 13,177,000 bales of cotton. It is estimated that our carry-over cotton was approximately 11,500,000 bales.

For the year 1933 we produced 527,413,000 bushels of wheat. We export on an average of 10 percent of our wheat. In the event we cannot find a foreign market for our surplus wheat it is dumped on our domestic market, which results in a ruinously low price for wheat to the farmers.

For the year 1933 we produced 2,330,237,000 bushels of corn, and exported 5,364,649 bushels. Most of our corn is fed to livestock.

Everyone knows that our imports as to cotton, wheat and corn are negligible. We import a little long-staple cotton from Egypt, which is used in thread and automobile manufacturing, and a little corn from the Argentine, used in the manufacture of breakfast foods, and we import no wheat of any consequence except a little from Canada, which is shipped in, in bond, milled, and then shipped out.

Anyone familiar with the facts, and who makes a reckless statement that a tariff on our imports of wheat, cotton, and corn, or any other agricultural product, of which we regularly raise a surplus, is beneficial, should be "bored for the hollow horn." It is an irresponsible statement, one that is not justified, and one that cannot be defended.

However, the entering into of trade agreements in order to expand our foreign markets for our agricultural and manufactured products, is beneficial, it is extremely important to the people of this country, and there is no other piece of legislation which is so essential to recovery, particularly to the farmers of the country, than legislation such as this, which has for its purpose the regaining of our foreign trade.

This bill is temporary legislation as the following amendment clearly shows and is to meet an emergency: "The provisions of this act shall terminate 3 years from the date

of its enactment." It gives the President broad powers in this emergency. We hope to see many new agreements entered into immediately.

Instead of cotton selling for 5 cents per pound, as was the case at the close of the marketing season of 1932, our hope is that it will sell around 20 cents per pound, which would enable the producers to pay their taxes, meet their other obligations, and live on the farm with some degree of comfort.

Instead of wheat selling at 25 cents per bushel, as in the summer of 1932, we hope, with an expanding market for wheat, that it will sell around \$1.50 per bushel and enable the wheat farmers of the country to meet their indebtedness.

With general prosperity returned, and with an active foreign market restored, we look forward to seeing our livestock, in the form of meats, in every foreign market of the world, thus insuring a better price for both livestock and corn. The advantages of this bill can hardly be overestimated.

Everyone appreciates that we cannot live commercially to ourselves alone. We hope to see trade agreements entered into with foreign countries and our foreign trade restored.

In order to avoid any doubt upon the subject of foreign debts there was added an amendment to the bill which provides:

Nothing in this act shall be construed to give any authority to cancel or reduce in any manner any of the debts of any foreign country to the United States.

I heartily favored this amendment, as I have never voted for the reduction of any of these foreign debts.

After we entered the World War we paid all of our own indebtedness, and I do not favor the reduction by one penny of the indebtedness of any foreign country.

I am appending hereto for the information of the public a statement relative to the indebtedness of the foreign governments to the United States prepared by the Treasury Department showing balance due as of January 4, 1934:

Statement relative to indebtedness of foreign governments to the United States as of Jan. 4, 1934

	Total indebtedness	Amounts not paid according to contract terms			
		Total	Original funding agreements		Under moratorium agreements (Joint resolution of Dec. 23, 1931) (amount)
			Principal	Interest	
FUNDED INDEBTEDNESS JULY 1, 1932-JAN. 4, 1934					
A. Countries which have made payments in full of amounts due: Finland.....	\$8,726,645.63				
B. Countries which have made payments on account of amounts due, July 1, 1932, to Jan. 4, 1934:					
Czechoslovakia.....	165,283,195.35	\$2,852,898.61	\$2,670,085.83		\$182,812.78
Great Britain.....	4,636,157,358.30	176,120,246.63	32,000,000.00	\$134,399,481.53	9,720,765.05
Greece.....	32,583,338.65	1,379,690.83	694,000.00	605,384.00	80,306.83
Italy.....	2,008,103,288.76	13,687,010.12	12,300,000.00	490,854.24	896,135.88
Latvia.....	7,312,653.38	286,452.10	47,800.00	223,687.84	15,274.26
Lithuania.....	6,554,544.23	221,169.92	39,705.00	167,781.66	13,683.26
Rumania.....	63,871,783.49	1,048,750.08	1,000,000.00		48,750.08
Total.....	6,919,866,167.16	195,596,228.29	48,751,290.83	135,887,189.32	10,957,748.14
C. Countries which have made no payments on account of amounts due, July 1, 1932, to Jan. 4, 1934:					
Austria.....	23,757,934.13	34,767.23			34,767.23
Belgium.....	411,166,529.09	11,309,453.88	4,200,000.00	6,625,000.00	484,453.88
Estonia.....	17,784,695.59	989,985.29	135,500.00	817,900.00	36,585.29
France.....	3,990,772,238.30	82,308,312.22	21,477,135.00	57,784,297.50	3,046,879.72
Germany (reichsmarks converted at \$0.2382).....	724,186,740.53	959,377.17		595,157.59	364,219.58
Hungary.....	2,051,933.61	114,628.64	25,070.00	85,333.06	4,225.58
Poland.....	222,560,466.43	12,317,829.71	1,625,000.00	10,236,600.00	456,229.71
Yugoslavia.....	61,625,000.00	525,000.00	525,000.00		
Total.....	5,423,905,542.68	108,559,354.14	27,987,705.00	76,144,288.15	4,427,360.99
Total under funding agreements.....	12,352,498,355.47	304,155,582.43	76,738,995.83	212,031,477.47	15,385,109.13
UNFUNDED INDEBTEDNESS					
Armenia.....	20,313,416.66	20,313,416.66	11,959,917.49	8,353,499.17	
Nicaragua.....	416,550.13	416,550.13	289,898.78	126,651.35	
Russia.....	337,223,288.14	337,223,288.14	192,601,297.37	144,621,990.77	
Total unfunded indebtedness.....	357,953,254.93	357,953,254.93	204,851,113.64	153,102,141.29	
Total.....	12,710,451,610.40	662,108,837.36	281,590,109.47	365,133,618.76	\$15,385,109.13

Compare the indebtedness shown by the above table with the table inserted below and it will be found that the indebt-

ness has been increased instead of decreased. I feel sure that every patriotic citizen of this Nation, when he realizes

that our Nation paid its expenses in full during the World War, will agree that all foreign nations should pay in full for our advancements to each.

On December 12, 1929, I made a speech in the House against the French debt settlement, which canceled \$4,627,225,895.83 of France's indebtedness to our country. When the Italian debt settlement was up for consideration I also vigorously opposed it. I urged, on all occasions, when these bills came up for consideration that the amounts remitted or canceled were transferred to the taxpayers of our own country. That was literally true.

For the information of the people of the country I am again inserting an official table, prepared by the Treasury Department as of date when the settlements were made, showing (1) the countries with which settlements have been made, (2) the date of agreement, (3) the amount of debt funded, (4) interest to be received, (5) total amount to be received, (6) the amount that would have been received on a British basis (3-3½ percent interest), (7) total amount that would have been received on a 4¼-percent interest basis, (8) total amount canceled on a 4¼-percent interest basis, and (9) total aggregate amount, being \$10,705,618,006.90, canceled, lost, or remitted in all of the settlements.

Countries	Date of agreement	Funded principal	Interest to be received	Total	Total that would be received on British basis (3-3½-percent interest basis)	Total that would be received on 4¼-percent interest basis	Total canceled on a 4¼-percent interest basis
Belgium.....	Aug. 18, 1925	\$417,780,000.00	\$310,050,500.00	\$727,830,500.00	\$1,041,597,000.00	\$1,191,052,000.00	\$463,221,500.00
Czechoslovakia.....	Oct. 13, 1925	15,000,000.00	197,811,433.88	312,811,433.88	252,890,000.00	327,854,000.00	15,042,566.12
Estonia.....	Oct. 28, 1925	13,830,000.00	19,501,140.00	33,331,140.00	33,331,000.00	39,428,000.00	6,096,860.00
Finland.....	May 1, 1923	9,000,000.00	12,695,055.00	21,695,055.00	21,695,000.00	25,658,000.00	3,962,945.00
France.....	Apr. 29, 1926	4,025,000,000.00	2,822,674,104.17	6,847,674,104.17	9,708,825,000.00	11,474,900,000.00	4,627,225,895.83
Great Britain.....	June 19, 1923	4,600,000,000.00	6,505,965,000.00	11,105,965,000.00	11,105,965,000.00	13,114,172,000.00	2,008,207,000.00
Hungary.....	Apr. 25, 1924	1,939,000.00	2,754,240.00	4,693,240.00	4,693,000.00	5,535,000.00	834,760.00
Italy.....	Nov. 14, 1925	2,042,000,000.00	365,677,500.00	2,407,677,500.00	4,923,820,000.00	5,821,552,000.00	3,413,874,500.00
Latvia.....	Sept. 24, 1925	5,775,000.00	8,183,635.00	13,958,635.00	13,950,000.00	16,464,000.00	2,505,365.00
Lithuania.....	Sept. 22, 1924	6,030,000.00	8,501,940.00	14,531,940.00	14,532,000.00	17,191,000.00	2,659,060.00
Poland.....	Nov. 14, 1924	178,590,000.00	257,127,550.00	435,687,550.00	435,688,000.00	509,058,000.00	73,370,450.00
Rumania.....	Dec. 4, 1925	44,590,000.00	77,916,290.00	122,506,290.00	107,488,000.00	127,122,000.00	4,615,739.95
Yugoslavia.....	May 3, 1926	62,850,000.00	32,327,635.00	95,177,635.00	154,651,000.00	179,179,000.00	84,001,365.00
Total.....		11,522,354,000.00	10,621,185,993.10	22,143,539,993.10	27,819,134,000.00	32,849,158,000.00	10,705,618,006.90

1 Settlement made on British basis.

This table is official. The figures prepared by the Treasury Department cannot be disputed. We lose, cancel, forgive, or remit on the settlements with the 13 countries, based on 4¼-percent interest, the amount we pay on our Liberty bonds, the proceeds from which we loan these Governments, \$10,705,618,006.90.

On the basis of the British settlement, 3 percent for the first 10 years and 3½-percent interest thereafter, we cancel or lose \$5,675,474,006.10.

This is a gift through the remission of interest of nearly a million dollars per day to 12 European countries.

The difference between 4¼-percent interest our Government pays on our Liberty bonds and the interest received by us in these settlements represents a loss to the American taxpayers of \$332,261,750 for 1929.

I am sure the people generally are not advised as to what Congress has done in these debt settlements, nor do they know that these settlements agreed upon aid the large financial interests to negotiate large loans with generous discounts.

I do not believe the people of my State, for example, would approve this settlement or the Italian debt settlement. Italy pays no interest this year, but in 5 years from the date of the settlement will begin to pay at the rate of one eighth of 1 percent. We are paying Liberty bondholders on this debt in 1929 \$85,935,000 and receive no interest—not a penny—in return. The interest on the Italian debt is increased during 5 yearly periods at the rate of one eighth of 1 percent per period, until, during the last 7 years, the maximum interest received is only 2 percent.

Surely this is a large burden for the taxpayers to bear to appease the greed of the bankers who are making loans at high rates and upon large commissions. The people, when they know the truth, will withhold their approval of these settlements.

Mr. DINGELL. Mr. Speaker and Members of the House, I want to express my views in connection with the bill to amend the Tariff Act of 1930, and in connection therewith I want to touch upon the absolute necessity for reciprocal trade agreements as a means toward recovery.

I have heard so much in these debates about destruction of inefficient industries, and invariably the inference is drawn that the President of the United States intends that certain

industries shall be sacrificed, even though it were possible to save them.

Every Member of the House of Representatives, I presume, has received correspondence from the American Manufacturers Export Association, urging the support of the Membership for the President's request for authority to negotiate reciprocal trade agreements under the provisions embodied in this bill. A specific resolution urging such powers was passed in May of 1933. A pamphlet expressing the policy of this association of exporters was appended with each communication. There is not an individual in Congress who is not impressed with the significance of this expression when we take into account the industrial giants whose names appear on the official letterhead. I should like to include as part of the Record the names which appear thereon.

James D. Mooney, General Motors Export Co., New York.
F. W. Nichol, International Business Machines Co., New York.
Harry Tipper, American Manufacturers Export Association, New York.
O. J. Abell, American Manufacturers Export Association, New York.
Francis T. Cole, American Manufacturers Export Association, New York.
L. C. Stowell, Dictaphone Corporation, New York.
P. S. Duryee, Chase National Bank, New York.
L. O. Bergh, Marvin & Bergh, New York.
W. J. Shortreed, H. J. Heinz & Co., Pittsburgh.
George W. Koenig, International Harvester Co., Chicago.
H. R. Horsey, Coca-Cola Export Co.
C. E. Arnott, Socony-Vacuum Corporation, New York.
George F. Bauer, National Automobile Chamber of Commerce, New York.
Henry S. Beal, Sullivan Machinery Co., Chicago.
Willis H. Booth, Guaranty Trust Co., New York.
Walter S. Brewster, Pacific Mills, New York.
Mason Britton, McGraw-Hill Publishing Co., Inc., New York.
Walter P. Chrysler, Chrysler Corporation, Detroit.
C. K. Davis, Remington Arms Co., New York.
D. E. Delgado, Eastman Kodak Co., Rochester.
James L. Donnelly, Illinois Manufacturers Association, Chicago.
W. J. Edmonds, International General Electric Co., New York.
E. A. Emerson, Armco International Corporation, Middletown, Ohio.
James A. Farrell, New York.
E. V. Finch, United States Alkali Export Association, Inc., New York.
Harvey Firestone, Jr., Firestone Tire & Rubber Co., Akron.
P. A. S. Franklin, United States Lines, New York.
Charles J. Hardy, American Car & Foundry Co., New York.

Cornelius F. Kelley, Anaconda Copper Mining Co., New York.
 H. J. Leisenheimer, the Cleveland Tractor Co., Cleveland.
 C. W. Linscheid, Fairbanks, Morse & Co., New York.
 John L. Merrill, All America Cables, Inc., New York.
 Thomas A. Morgan, Curtis-Wright Corporation, New York.
 W. W. Nichols, Allis-Chalmers Manufacturing Co., New York.
 L. A. Osborne, Westinghouse Electric International Co., New York.
 Robert H. Patchin, W. R. Grace & Co., New York.
 C. M. Peter, Black & Decker Manufacturing Co., Towson.
 F. W. Pickard, E. I. du Pont de Nemours & Co., Wilmington.
 Edward V. Rickenbacker, North American Aviation Corporation, New York.
 George B. Roberts, National City Bank of New York, N.Y.
 G. Arthur Schieren, Charles A. Schieren Co., New York.
 George C. Scott, U. S. Steel Products Co., New York.
 Harold B. Scott, Denver Chemical Manufacturing Co., New York.
 Robert H. Sexton, Business Council Associates.
 A. P. Sloan, General Motors Corporation, New York.
 Edgar W. Smith, General Motors Export Co., New York.
 James L. Walsh, National Bank of Detroit, Detroit.
 Thomas J. Watson, International Business Machines Co., New York.
 John N. Willys, Willys-Overland Co., Toledo.
 Clarence M. Woolley, American Radiator Co., New York.

These men, among others, represent that great group of manufacturers of automobiles, an industry which is leading the Nation back to prosperity, and this industry was made to suffer more than any other by the iniquitous provisions of the Smoot-Hawley tariff bill which was forced through the Congress, labeled as the "Grundy bill."

I want to call to the attention of the Members that in spite of the assurances of President Hoover, when he campaigned for the Presidency in 1928, that there would be no tampering with the tariff excepting possibly a downward revision, as a matter of fact, hundreds of items were boosted so high on the tariff scale as to cause international resentment and the erection of corresponding tariff barriers which paralyzed industry and disturbed the comity between nations. I remember distinctly what happened as a result of this short-sighted policy. American manufacturers, and automobile manufacturers in particular, found it necessary, because of the retaliatory tariff walls which were erected to exclude our American products, to build in self-defense automobile and other manufacturing plants in foreign countries all over the world. It is a significant fact that Canada at the time sent a special emissary here to Washington to plead with the administration for a sane and sensible tariff policy and against any measure which would further paralyze the trade between these two friendly nations, the United States and Canada. I remember that it was without success that he made this appeal. The rapacious interests in this country were determined to make the local market pay, and pay dearly. They cared not about the international market, without which there can be no prosperity, if they were permitted to exploit the American people. The Canadian market alone was worth approximately three quarters of a billion dollars per annum to the American public, while the Canadians sold to the United States approximately \$500,000,000 worth of goods per year, with a net trade balance in favor of the United States of about \$250,000,000 per annum. The antagonism which was aroused brought about an order in council which made it exceedingly difficult for the American manufacturer to compete in a Canadian market. In fact, it made it impossible for him to sell in Canada at a profit without the production of American goods within Canadian territory. As a consequence, American manufacturers, following the adoption of the Grundy tariff, built branch plants north of the American boundary at the rate of 2 factory buildings every week, or more than 100 factory branches a year. This not only gave great impetus to the construction business of Canada but also meant an increase in the employment of Canadians, with a corresponding decrease in the employment of our own workers in the United States.

Has it never occurred to the opposition, in its desire to block the President, that, far from having in mind the destruction of inefficient industries, he has in mind the re-

vitalizing of industries that have been dead in this country and in other countries because of the paralyzing effect of a plundering, robber tariff? The President has in mind—and of that we may be sure—the bringing-about of a condition by reciprocal agreements that will bring back to commercial activity industries that have remained dormant for quite some time past. The short-sighted policy of the previous administration, as regards the tariff, has caused irreparable harm and is responsible for the frightful condition that laid low the shipping industry of this country. We need not show any unusual signs of brilliancy to understand that it is impossible for American merchantmen to depart from our shores loaded to the gunwhales with cargoes destined for foreign countries and not expect them to return in ballast.

President Roosevelt has shown himself to be keenly interested in the question of reviving international trade, and in this movement he has the support of America's foremost manufacturers, producing every conceivable kind of manufactured products. It is clearly apparent that we cannot bring about a reduction of international tariffs without negotiation. It is said that American negotiators will be quite capable of maintaining their position. In fact, I believe they will have an advantage when discussing reciprocal trade treaties. I am in favor of this bill because I realize that the tariff excesses of recent memory have been so great as to cause the stasis which we know in this country and throughout the world as the depression. There are very few in this House, I daresay, who believe in the theory of free trade under present circumstances. The provisions of this bill will amply protect American industry, will definitely bar goods produced under conditions that are intolerable and disapproved of in this country, and, while we concede somewhat cheaper labor in foreign countries, we at the same time must admit that our production methods are far superior to theirs. This wipes out any advantage which they may have. This may not be true in every instance, but American ingenuity has shown itself capable of competition against any and all foreign producers except when a product is produced under conditions of slavery or imprisonment. Any free labor, even though paid less than the American worker, cannot produce efficiently enough to overcome our advantage.

One of the most potent arguments that can be advanced in behalf of this bill at the present time is the declaration of the automobile industry some time ago when it declared for a 10-percent horizontal reduction of all tariffs as a stimulus to world trade. The automobile manufacturers export approximately 0.1 of their products and depend upon the local market for the sale of the other 90 percent. I dislike to quote statistical figures—in fact, I have refrained from doing so in most of my discourses. I submit that the latent possibilities of trade revival are very great in this instance, and I contend that the most direct and effective method is that of friendly conversation between nations with an object of reciprocal action between them. There are industries in America and there are industries in foreign countries that are dormant and have been so as a result of the paralyzing effect of international tariff barriers. This unfortunate condition can be remedied by giving the President the necessary power to negotiate trade agreements that will be mutually advantageous. I am sorry to hear Members of the House, who are apprehensive lest they suffer from temporary disadvantages, referring to this bill as though it were the deathknell to America's industrial life. The President has for his purpose the uplift and the revitalizing of industry which has been mired for the past 4 or 5 years.

Mr. WELCH. Mr. Speaker, I must differ with those who have indicated their opposition to this proposal authorizing the President of the United States to enter into reciprocal trade agreements. They seem to have lost sight of the real terms and purpose of the measure. Even before the Committee on Ways and Means offered an amendment limiting

the duration of this legislation, I have recognized it as an emergency measure.

On every hand it is apparent we cannot follow our present policy and meet the competition of other nations in the effort all are making to find an outlet for their commodities. We must insure a competent method for successfully combating this competition. Millions of our people are out of employment, billions of dollars' worth of machinery and equipment are standing idle, our foreign trade has been decreasing in alarming proportions, the result of which our merchant marine faces greater difficulties than at any time in its history. The enactment of this bill will place a weapon in the hands of the Executive with which outlets can be found for our commodities to a degree that will largely overcome many of these difficulties. It will give the President an opportunity to bargain with other nations in a manner that can be wholly beneficial to our people.

Other Members of this body have ably presented the constitutional questions, if any, that are involved; they have laid stress on the advantages to be gained by a foreign market for our agricultural and manufactured products, and I do not desire to reiterate these facts. I desire simply to call attention to a matter directly connected with this proposal, an industry of vital importance to this Nation which this measure, when adopted and carried into effect, will prove of great assistance in rehabilitating.

The American merchant marine is an auxiliary navy. It is to our Navy what railroads and good transportation facilities are to the Army. It is the means of securing supplies, of transporting necessities. Our merchant marine ranks with our fighting ships in importance of defense, for without an adequate merchant marine we cannot hope to successfully supply our Navy with its requirements in time of war. It is the Navy's very lifeblood. Any policy dealing with foreign trade which does not take these facts into account is short-sighted.

We must increase our international trade to build up our merchant marine unless the Federal Government is to openly subsidize the merchant marine in far greater amounts than are now paid under ocean-mail contracts. Isolation, either deliberately planned or forced upon us by slow and backward methods of tariff revision, means the death of our merchant marine. No one denies that, if necessary, the United States can be self-contained. But in the normal course of affairs the United States must find an outlet for between 10 percent and 12 percent of all its products. Isolation closes the ports of foreign nations to this surplus. This cannot be.

The falling-off in our foreign trade during recent years has been a major contributing cause to the depression. The district I represent is located in a seaport city, San Francisco. San Francisco has one of the greatest natural harbors in the world and is a principal outlet for our overseas export trade with the Orient. In 1929 the total foreign trade of the Port of San Francisco amounted to \$418,696,000. In 1933 this traffic had decreased to only \$140,026,241. The value of the exports from the United States passing through San Francisco in 1929 was \$206,018,000. By 1933 these exports had fallen to \$84,511,952. These are exact figures from the United States Department of Commerce reports, and they speak eloquently for the enactment of this legislation.

This bill cannot be successfully construed as giving the President any tariff-making authority he does not already possess under the terms of the Tariff Act of 1930. It simply changes the basis for his authority in such a way that he can use it to greater advantage for the people of this country. The Tariff Act of 1930 gives the President the authority to increase the tariff as much as 50 percent to protect American industry. This bill will give the President the authority to increase or decrease the tariff as much as 50 percent to protect and assist American industry in its efforts to find a foreign market for its products; to find jobs

for workingmen; to find traffic for our merchant marine. It will give him this authority during a temporary period when every resource of the Nation is being used to restore normal conditions.

Mr. Speaker, I do not fear the misapplication of this authority. I cannot conceive of a President of these United States, vested in this power, doing that which the opponents of this measure predict will be done, and that is the drying-up of American industry. The problem of the Nation today, and the problem throughout the depression, has been to return men to useful occupations. Not millions but billions of dollars are being spent for that purpose. Can it be anticipated in any way that any President of the United States, invested with this authority, would deliberately dry up an industry in this country and turn more men and women into the streets to join the millions of unemployed? It is beyond my conception. The Presidency of the United States is the greatest trust any free people can bestow, and to anticipate its betrayal in such a manner as this is absurd.

The same may be said for the products of the farm. I do not represent a farming district. There is not a single farmer in my district. But I have given a sympathetic ear to his problems and have rubbed elbows with him, as I have with his brother in poverty, the American workingman. I know the difficulties he is facing, and I have supported every measure presented to this body since I have been a Member of Congress that would prove of assistance to him. The Government of the United States, upon the recommendation of the Executive, is paying untold millions to the farmers of this country for the curtailment of farm crops, including pigs, if you please; and how can it be logically anticipated in the same breath that the President would admit into this country the products of other nations that would create further competition with these products of the farm?

This legislation, as amended, limits the Executive to the promotion of foreign trade and expressly prohibits foreign debts owed to this country becoming involved in any trade agreement.

Mr. Speaker, I firmly believe the enactment of this bill will go far toward lifting us out of the terrible depression; I believe it will aid the American workingman, the American farmer, American industry, and the American merchant marine. I shall therefore support it.

Mr. McGRATH. Mr. Speaker, when I became a candidate in the primary campaign of 1932, I published throughout my district a platform which contained as one of its main planks the advocacy of reciprocal tariff.

I have watched the creeping paralysis of the depression cast its pall over agriculture and industry under the baneful influence of the Smoot-Hawley-Grundy tariff. I represent the district extending along the Pacific coast for 200 miles immediately south of San Francisco. It has a variety of interests. The northern part of the district has been called the "bedroom of San Francisco." Eighty-five percent of the 85,000 people residing in San Mateo County are essentially part of the life of that great industrial and export center. In the great Santa Clara Valley we produce almost one third of the prunes of the world and a large part of the apricots grown in the United States. At Santa Cruz and Monterey we have one of the greatest fish-canning sectors. In the Pajaro Valley is located the great apple belt of California, while the Salinas Valley is one of the great farming and vegetable-growing areas of the United States. Many of the largest fruit and vegetable canneries of the world are located in these valleys.

All of these activities are largely dependent upon export trade. This export market has practically disappeared. As we erected our tariff barriers, we met the retaliatory responses in those countries which comprised our national market. Germany, one of the great outlets for our dried fruits, barred the doors in our face. France, the leading market for our sardines, established a practical embargo. So the story runs. Canada, our great, friendly neighbor, no

longer accepted the products of our soil. Our fruit and our produce rotted in the fields. Nature responded bountifully to the labors of our people, but our accumulating surpluses drove our canners and our farmers into bankruptcy. The natural result was stagnation and fast-approaching ruin for all our people.

The people of my district are typically American. Their ancestry runs back through years of toil and devotion to those great strains of western Europe which have made us a people. They are honest, hard-working, God-fearing people. They have solved the problems of production. All that they ask is that the artificial barriers which have been erected against our people shall be broken down.

Foreign peoples have given their governments power to act and to secure their share of the markets of the world. The opportunity is now presented to us to enter into markets of the world and to compete, by permitting the President to break through the present impossible conditions and to introduce reciprocal relationship with the friendly powers of the world, in order that we may exchange with these people our surpluses for those goods of theirs which we cannot profitably and economically produce for ourselves.

I have been delighted and encouraged to know that the San Francisco Chamber of Commerce, the first representative commercial body in the United States to propose and to urge exactly the plan that the President is now asking Congress to adopt, is today standing firmly and vigorously in the same position.

They state today, as they stated 2 years ago, that our hopes for the development of Pacific trade and shipping in San Francisco harbor will not be developed under the present high-tariff policy. They say today, as they stated in a former resolution adopted by the San Francisco chamber on February 4, 1932, that the revival of our foreign trade depends on the liberalization of our commercial policy to our customer countries as well as our own, and they join with me in urging upon this body the establishment of machinery for reciprocal concessions in tariff rates in the interest of the revival and upbuilding of our foreign commerce.

I am willing to confer this power upon the President in order that he may have a fair opportunity to bargain upon an equal footing in behalf of our people and their interests.

I am looking forward with hope to the day when agriculture and industry can stand proudly upon their own feet, not begging for salvation from disaster, but finally forming the foundation for social and economical justice and prosperity to a forward-looking and progressive people.

I vote for this measure conferring reciprocal bargaining powers upon the President in the belief that it constitutes a real advance toward that goal.

CENTURY OF PROGRESS—WORLD'S FAIR, CHICAGO (H.DOC. NO. 293)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on the Library, and ordered printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Chicago World's Fair Centennial Commission to the end that legislation may be enacted extending the availability of funds previously appropriated for Government participation in A Century of Progress, the Chicago world's fair centennial celebration, in 1933, to June 30, 1935, and also authorizing the appropriation of funds in the amount of \$405,000 for the purpose of defraying the expenses of participation by the Government of the United States in the reopening of A Century of Progress, the Chicago world's fair centennial celebration, in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 27, 1934.

TARIFF ACT OF 1935

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within

which to extend their own remarks in the RECORD on the tariff bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the time for general debate on the tariff bill may be extended 30 minutes, one half of such time to be used and controlled by the gentleman from Massachusetts [Mr. TREADWAY] and one half by myself.

Mr. SNELL. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. SNELL. How much will that make for tomorrow?

Mr. DOUGHTON. Forty-five minutes on each side.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

HOURLY MEETING

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

EXTENSION OF REMARKS

Mr. WEST of Ohio. Mr. Speaker, during the course of my remarks on the tariff bill I made reference to several statistical tables. I ask unanimous consent to include them in my remarks.

The SPEAKER. Without objection it is so ordered.

There was no objection.

AMERICAN LEGION DID NOT ENDORSE ECONOMY ACT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to insert a letter and statement from the former National Commander, Louis Johnson, in regard to veterans' matters.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. PATMAN. Mr. Speaker, during the debates on the independent offices appropriation bill it was stated on the floor of the House that the national commander of the American Legion, the Honorable Louis Johnson, endorsed the passage of the so-called "Economy Act" which became law March 20, 1933. I have received a letter from Commander Johnson in which, referring to this matter, he stated:

I should like the record straightened out once and for all. I did not at any time, anywhere, under any circumstances approve the economy bill, and all statements to this effect are false; and after the passage of both the House and the Senate of the economy bill over the opposition of the American Legion I issued a statement which did not approve the economy bill but pointed out to the President of the United States that matters affecting the life and death of the veterans were by that act placed in his hands, and asked for the needed compassion and mercy in the regulations the President was authorized to issue thereunder.

This statement was predicated upon the belief (afterward expressed in practically every speech I made and from coast to coast) that even though we had never approved the economy act, had opposed its enactment and the veterans "had taken a licking in its passage", that we of the Legion were still American citizens and still supported our Government. For that statement, a copy of which is hereto attached, I have no apologies to make to anyone.

STATEMENT ISSUED BY COMMANDER JOHNSON MARCH 15, 1933

On the day following the new President's inaugural oath, I pledged the million men of the American Legion to give their utmost loyalty and help in the complex and difficult problem now facing the Chief Executive. I stated then in a Nation-wide broadcast, in which the President participated, that the American Legion wants nothing more than to be of service to America in this situation as our members were in 1917-18.

The time to render that service has arrived. Congress has given to the President the authority to put into effect the economies the President believes necessary to restore the financial stability of our country. This new legislation is fraught with gravest consequences

to the disabled veteran. The President, under the authority given him, has powers of life and death over thousands of men who once gladly offered their lives in a period of national emergency.

The Legion has every faith in the discretion, fairness, and the justice with which the President will deal with this problem, involving, as it does in many instances, the need for compassion and mercy.

The President needs the support of every loyal American, and today I am calling upon the 10,709 Legion posts and our 1,000,000 members throughout our great organization to uphold the pledge that I have made as the National Commander of the American Legion. I am asking that special meetings be held by every Legion post where it will officially express by resolution such loyalty and utmost help. Many of our posts have already taken the initiative and set dates for such meetings.

In addition, I am tendering to the President of the United States the benefit of exhaustive studies the Legion has made through the years and the entire facilities of the Legion national rehabilitation committee that he may have direct contact with and the expert advice and experience of these American Legion officials who have devoted their lives to the rehabilitation of disabled veterans of the World War.

"There is no question of Legion loyalty. The patriotism of every member has been proved in his war service and in his peacetime devotion to the welfare of our country as evidenced by his membership in the Legion. In this hour of emergency we are but eager to serve the Stars and Stripes again under whatever orders our new Commander in Chief may give. Many disagree with the new law, but now in this crisis we must take his orders. We have never asked anything for ourselves but what we felt was just and what was first proposed by the American people through their Representatives in Congress. We have fought long and hard for the proper care of our disabled comrades and they will always remain our first and greatest obligation save only God and country.

"Our President is confronted with problems as great as ever faced the Chief Executive of the United States at the beginning of his administration. He has not faltered in action needed as he sees it. Like a brave soldier in battle, he is giving unstintingly of himself. Yet, with all his leadership and fine courage, he cannot win the war on the depression, and he cannot lead us back to the mountain top unless all citizens accord him their utmost help. The need for patriotism is as urgent today as it was in 1917-18. Our Nation needs a reawakened spirit of unity and confidence. Our citizens need a re-inspired willingness to follow the leadership of our newly elected Chief Executive. The American Legionnaire is that kind of a citizen, and it is the purpose of our organization to set an example for all to follow in giving to our President and Government our utmost faith and assistance whenever it is needed and whatever the necessary costs in sacrifice may be, including life itself.

"I call upon all Legionnaires to emulate the spirit of Washington and the Nation's fathers 'that we may go down in history honored and respected among the Nation's favored.'

"I again pledge the Legion to fulfill its preamble declaration of service to God and country and to keep on keeping on."

HOUSE RESTAURANT

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (Rept. No. 1102) to accompany House Resolution 236, for printing under the rule:

House Resolution 236

Resolved, That a committee of five Members of the House be appointed by the Speaker to investigate by what authority the Committee on Accounts controls and manages the conduct of the House restaurant, and by what authority said committee or any members thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed in said House restaurant, grill room, or other public appurtenances or facilities connected therewith under the supervision of the House of Representatives.

Said committee is authorized to send for persons and papers and to administer oaths to witnesses, and shall report their conclusions and recommendations to the House at the earliest practicable moment.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7513. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p.m.) the House, pursuant to its order previously entered, adjourned until tomorrow, Thursday, March 29, 1934, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 29, 10 a.m.)

Continuation of the hearings on the railroad bills—full crew, car lengths, and 6-hour day.

COMMITTEE ON THE PUBLIC LANDS

(Thursday, Mar. 29, 10:30 a.m.)

Room 323, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

394. Under clause 2 of rule XXIV, a letter from the Acting Secretary of the Navy, transmitting a proposed draft of bill for the relief of Ciriaco Hernandez and others, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CONNERY: Committee on Labor. S. 2639. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes; without amendment (Rept. No. 1096). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on Immigration and Naturalization. H.R. 8850. A bill to amend and extend the act of March 2, 1929, relating to issuance of a certificate of registry to certain aliens; without amendment (Rept. No. 1097). Referred to the House Calendar.

Mr. O'MALLEY: Committee on Indian Affairs. S. 1881. An act to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; without amendment (Rept. No. 1098). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'MALLEY: Committee on Indian Affairs. S. 1888. An act to provide for the protection and conservation of the grazing resources of the undisposed-of ceded Indian lands, the tribal title to which remains unextinguished; without amendment (Rept. No. 1099). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'MALLEY: Committee on Indian Affairs. S. 1889. An act to facilitate a more economical administration of forest and grazing lands on Indian reservations; without amendment (Rept. No. 1100). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'MALLEY: Committee on Indian Affairs. S. 2026. An act providing for payment of \$25 to each enrolled Chipewewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; without amendment (Rept. No. 1101). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 6930. A bill for the relief of John Doherty; with amendment (Rept. No. 1092). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 6931. A bill for the relief of Bennie Morrison; with

amendment (Rept. No. 1093). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 6933. A bill for the relief of George Morrison; with amendment (Rept. No. 1094). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 7504. A bill for the relief of George Parker; with amendment (Rept. No. 1095). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mr. BIERMANN: A bill (H.R. 8862) to amend the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. HOIDALE: A bill (H.R. 8863) to make permanent the office of additional judge in the district of Minnesota referred to in the act of March 2, 1925; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: A bill (H.R. 8864) authorizing loans by the Reconstruction Finance Corporation to aid in financing industry; to the Committee on Banking and Currency.

By Mr. DARDEN: A bill (H.R. 8865) to amend section 1 of the act approved May 6, 1932 (47 Stat. 149; U.S.C., supp. VII, title 34, sec. 12); to the Committee on Naval Affairs.

By Mr. POWERS: A bill (H.R. 8866) to amend the naturalization laws of the United States; to the Committee on Immigration and Naturalization.

By Mr. DOCKWEILER: A bill (H.R. 8867) to remit interest on moneys borrowed on adjusted-service certificates; to the Committee on Ways and Means.

By Mr. SUMNERS of Texas: A bill (H.R. 8883) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of *United States of America v. Weirton Steel Co.* and other cases; to the Committee on the Judiciary.

By Mr. CANNON of Wisconsin: Resolution (H.Res. 316) permitting Gen. Joseph Haller, of Poland, to address the House of Representatives assembled; to the Committee on Rules.

By Mr. BULWINKLE: Resolution (H.Res. 317) to create a select committee to investigate certain statements made by one Dr. William A. Wirt, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN: A bill (H.R. 8858) for the relief of the Manhattan Produce Co.; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 8869) for the relief of Mr. and Mrs. Charles F. Carter, parents and guardians of Louise Marie Carter, a minor; to the Committee on Claims.

By Mr. COLMER: A bill (H.R. 8870) for the relief of Mrs. J. A. Joullian; to the Committee on Claims.

Also, a bill (H.R. 8871) for the relief of Capt. Henry T. Korner; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8872) for the relief of Howard E. Miller; to the Committee on Naval Affairs.

By Mr. GAMBRILL: A bill (H.R. 8873) for the relief of Charles H. Reed; to the Committee on Naval Affairs.

By Mr. HEALEY: A bill (H.R. 8874) authorizing the President to commission John M. McKeague a second lieutenant in the Field Artillery of the United States Army to rank as such from June 14, 1929; to the Committee on Military Affairs.

Also, a bill (H.R. 8875) for the relief of Harry Tyler; to the Committee on Military Affairs.

By Mr. LUCE: A bill (H.R. 8876) for the relief of Rosella Webb; to the Committee on Claims.

By Mr. MULDOWNEY: A bill (H.R. 8877) for the relief of Henry A. LeVake; to the Committee on Military Affairs.

By Mr. POWERS: A bill (H.R. 8878) granting a pension to Mary Quirk; to the Committee on Invalid Pensions.

By Mr. PRALL: A bill (H.R. 8879) for the relief of the widow and next of kin of James J. Curran; to the Committee on Claims.

Also, a bill (H.R. 8880) for the relief of Edward C. Burke; to the Committee on Claims.

By Mr. REED of New York: A bill (H.R. 8881) for the relief of Charlotte Martin, widow of Norman B. Martin; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 8882) granting an increase of pension to Anna Hudson; to the Committee on Invalid Pensions.

By Mr. KENNEY: Joint resolution (H.J.Res. 309) to admit Albert Einstein to citizenship; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3353. By Mr. BOYLAN: Resolution adopted at the regular meeting of the John G. Butler Camp, No. 86, United Spanish War Veterans, Syracuse, N.Y., petitioning the Congress for the restoration of Spanish-American War veterans' pensions; to the Committee on Pensions.

3354. Also, resolution adopted by the Military Order of Foreign Wars of United States, New York Commandery, New York City, N.Y., recommending that the amount provided in the Army appropriation bill for the citizens' military training camps and the training of officers of the Reserve Corps for the years of 1934-35 be increased by 25 percent; to the Committee on Military Affairs.

3355. By Mr. BUCKBEE: Petition of William Schmidt, La Salle County chairman, Illinois Workers' Alliance, asking Congress to provide unemployment insurance, minimum wages, etc.; to the Committee on Labor.

3356. By Mr. CROWE: Petition bearing approximately 25,000 names from the Ninth District of Indiana presented through Anton Koerber, Washington representative, Watch Tower Bible and Tract Society, protesting against alleged wrongful interference of the rights of these citizens of the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3357. By Mr. DE ROUEN: Petition of the Vinton Baptist Church, of Vinton, La., protesting against, and urging Congress to refuse to pass the Celler bill or any similar bill; to the Committee on the Judiciary.

3358. By Mr. FITZPATRICK: Petition signed by Mary A. Friedman, Emil Mendell, and a number of other residents of Bronx County, New York City, N.Y., protesting against the payless furlough of postal employees; to the Committee on Appropriations.

3359. Also, petition signed by 11,000 citizens of the city of Yonkers, N.Y., protesting against the payless furlough days of Federal employees; to the Committee on Appropriations.

3360. By Mr. FORD: Petition of associated students, University of Southern California, urging the establishment and operation of a university of public affairs; to the Committee on Education.

3361. By Mr. KVALE: Petition of 55 citizens of Hennepin County, Minn., opposing House bill 1608 and Senate bill 885; favoring legislation for the purpose of curbing the sale of machine guns or submachine guns; to the Committee on the Judiciary.

3362. Also, petition of Farmers Union Waverly Local, Truman, Martin County, Minn., urging enactment of Frazier bill; to the Committee on Banking and Currency.

3363. By Mr. LINDSAY: Petition of American Rattan & Reed Mfg. Co., Brooklyn, N.Y., protesting against the passage of the Wagner-Connery bills; to the Committee on Labor.

3364. Also, petition of the Spielman Motor Sales Co., Inc., Brooklyn, N.Y., opposing the Wagner labor dispute bills; to the Committee on Labor.

3365. Also, telegram from Crown Cork & Seal Co., Inc., Baltimore, Md., opposing the Wagner labor bill and stock exchange bill in their present form; to the Committee on Interstate and Foreign Commerce.

3366. Also, telegram from the Torrington Co. of New York, opposing the Wagner-Connery labor dispute bills; to the Committee on Labor.

3367. Also, petition of Metropolitan Builders Association, New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3368. Also, petition of the Empire State Silk Label Co., New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3369. Also, petition of Military Order of Foreign Wars of the United States, New York City, recommending that amount provided for in military appropriations bill for citizens' military training camps be increased by 25 percent; to the Committee on Military Affairs.

3370. Also, petition of the Ideal Novelty & Toy Co., Brooklyn, N.Y., opposing House bill 8430; to the Committee on Ways and Means.

3371. Also, petition of the Ohio Chamber of Commerce, Columbus, Ohio, opposing the Wagner-Connery bills; to the Committee on Labor.

3372. Also, petition of the Bay Ridge Dock Co., Inc., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3373. Also, petition of Augustus C. Froeb, Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3374. Also, petition of the Associated Cooperage Industries of America, Inc., St. Louis, Mo., opposing the Wagner-Connery bills and the Connery 30-hour week bill; to the Committee on Labor.

3375. Also, petition of the Cork Institute of America, New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3376. Also, petition of E. R. Squibb & Sons, New York, concerning the Connolly amendment to House bill 7835; to the Committee on Ways and Means.

3377. Also, petition of James H. Ward, New York and Brooklyn, opposing the Rayburn stock exchange bill (H.R. 8720); to the Committee on Interstate and Foreign Commerce.

3378. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., requesting early hearings and favorable action on the Patman motion picture bill (H.R. 6097), providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3379. By Mr. MUSSELWHITE: Petition of public schools of the city of Muskegon, supporting legislation authorizing the Federal Government to advance to school districts loans of money to be secured by uncollected taxes; to the Committee on Banking and Currency.

3380. By Mr. RUDD: Petition of John G. Marshall, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bill; to the Committee on Labor.

3381. Also, petition of the St. Clair Oil Co., New York City, opposing the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3382. Also, petition of the Torrington Co., of New York, opposed to the Wagner-Connery bills; to the Committee on Labor.

3383. Also, petition of the Crown Cork & Seal Co., Inc., Baltimore, Md., opposed to the passage of the Wagner-Connery bills; to the Committee on Labor.

3384. Also, petition of the H. L. Judd Co., New York City, opposed to the passage of the Wagner-Connery bills, Fletcher-Rayburn securities bill, and tariff bill; to the Committee on Interstate and Foreign Commerce.

3385. Also, petition of Augustus C. Froeb, Brooklyn, N.Y., stating seven reasons for opposing the Wagner-Connery bills; to the Committee on Labor.

3386. Also, petition of the American Fruit & Vegetable Shippers Association, of Chicago, Ill., favoring the elimination of the process tax as a direct relief to the potato grower; to the Committee on Agriculture.

3387. Also, petition of the Ohio Chamber of Commerce, Columbus, Ohio, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3388. Also, petition of the Bacon, Steverson & Co., New York City, opposing the Fletcher-Rayburn stock exchange control bills in their present form; to the Committee on Interstate and Foreign Commerce.

3389. Also, petition of the Bay Ridge Dock Co., Inc., of Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3390. Also, petition of the C. Kenyon Co., Inc., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3391. Also, petition of the American Rattan & Reed Manufacturing Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3392. Also, petition of the J. B. Mast Co., New York City, opposing the passage of Senate bill 2936; to the Committee on Labor.

3393. Also, petition of Military Order of Foreign Wars of the United States, New York City, favoring appropriation for citizens' military training camps be increased by 25 percent; to the Committee on Appropriations.

3394. Also, petition of the Citizens' Committee for Sane Liquor Laws, New York City, favoring reduction of taxes and license fees to a level which the incentive for the illegal business ceases to exist; to the Committee on Ways and Means.

3395. Also, petition of E. R. Squibb & Sons, New York City, concerning proposed Connolly amendment to House bill 7835; to the Committee on Ways and Means.

3396. Also, petition of the Chamber of Commerce of the Borough of Queens, New York City, opposing the passage of the Connery 30-hour week bill; to the Committee on Labor.

3397. Also, petition of the Ideal Novelty & Toy Co., Brooklyn, N.Y., opposing House bill 8430; to the Committee on Ways and Means.

3398. Also, petition of the Cork Institute of America, New York City, opposing the Wagner-Connery bills; the tariff reciprocity bill, and the national securities exchange bill; to the Committee on Labor.

3399. Also, petition of the Metropolitan Builders Association, New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3400. Also, petition of the Empire State Silk Label Co., New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3401. Also, petition of the Associated Cooperage Industries of America, Inc., opposing the Wagner-Connery bills; to the Committee on Labor.

3402. By the SPEAKER: Petition of numerous citizens of Illinois, urging passage of Senate bill 2926 and House bill 8423; to the Committee on Labor.

3403. Also, petition of the borough of Cresskill, Bergen County, N.J., urging passage of House bill 3082; to the Committee on Banking and Currency.

3404. Also, petition of members of the Columbia County Farmers' Union, endorsing a bill to eliminate direct marketing of livestock; to the Committee on Agriculture.

3405. Also, petition of the Negro Mechanics and Farmers Association; to the Committee on Ways and Means.